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BEFORE THE  
ILLINOIS COMMERCE COMMISSION  
BENCH MEETING  
PUBLIC UTILITY  
Wednesday, December 16, 2015  
Chicago, Illinois

Met, pursuant to notice, at 10:30 A.M.,  
at 160 North La Salle Street, Chicago, Illinois.

- PRESENT:
- BRIEN J. SHEAHAN, Chairman
  - ANN McCABE, Commissioner
  - SHERINA E. MAYE EDWARDS, Commissioner
  - MIGUEL DEL VALLE, Commissioner
  - JOHN R. ROSALES, Commissioner

SULLIVAN REPORTING COMPANY, by  
PATRICIA WESLEY  
CSR NO. 084-002170

1 CHAIRMAN SHEAHAN: Good morning. Are we ready to  
2 proceed in Springfield?

3 EXECUTIVE DIRECTOR SMITH: We are, Chairman.

4 CHAIRMAN SHEAHAN: Pursuant to the Open Meetings  
5 Act, I call to order the December 16, 2015 Bench  
6 Meeting of the Illinois Commerce Commission.

7 Commissioners McCabe, del Valle,  
8 Edwards and Rosales are present with me in Chicago.  
9 We have a quorum.

10 We have no requests to speak and will,  
11 therefore, move into our regular agenda. We have no  
12 minutes to approve.

13 Moving on to our Public Utility  
14 agenda, are there any edits to the minutes of our  
15 November 19, 2015 Policy Session?

16 (No response.)

17 Are there any objections to approving  
18 the minutes as edited?

19 (No response.)

20 Hearing none, the minutes as edited  
21 are approved.

22 There are no edits to our minutes from

1 the November 24th meeting.

2 Are there any objections to approving  
3 those minutes?

4 (No response.)

5 Hearing none, the minutes are  
6 approved.

7 Item E-1 are housekeeping changes and  
8 procedural revisions to Ameren's Supplemental  
9 Customer Charge.

10 Are there any objections to not  
11 suspending the filing?

12 (No response.)

13 Hearing none, the filing is not  
14 suspended.

15 Item E-2 is Ameren's filing to update  
16 its Real-Time Pricing Rider.

17 Are there any objections to not  
18 suspending the filing?

19 (No response.)

20 Hearing none, the filing is not  
21 suspended.

22 Item E-3 concerns ComEd's motion for a

1 Protective Order. Are there any objections to  
2 dismissing the proceeding?

3 (No response.)

4 Hearing none, the Order is dismissed  
5 and the Order is approved.

6 Items E-4 through 9 concern various  
7 billing complaints filed against ComEd and Ameren.

8 Are there any objections to  
9 considering these items together and approving the  
10 proposed Orders granting the parties' Joint Motions  
11 to Dismiss?

12 (No response.)

13 Hearing none, the motions are granted  
14 and the complaints are dismissed.

15 Item E-10 concerns a billing complaint  
16 filed against ComEd.

17 Are there any objections to approving  
18 the proposed Order granting the Motion to Dismiss?

19 (No response.)

20 Hearing none, the motion is granted  
21 and the complaint is dismissed.

22 Item E-11 concerns the Reconciliation

1 of Revenues collected under Ameren's Hazardous  
2 Materials Adjustment Clause Rider.

3 Are there any objections to approving  
4 the proposed Order?

5 (No response.)

6 Hearing none, the Order is approved.

7 Item E-12 concerns Illinois Power  
8 Agency's Petition Seeking Approval of its 2016 IPA  
9 Procurement Plan.

10 There are non-substantive edits  
11 throughout the proposed Order and substantive edits  
12 which clarify that while the underlying statute of  
13 the IPA requires sub-targets for the IPA resources,  
14 it also clearly limits the total procurement of  
15 renewables on rates.

16 I move for the adoption of all of the  
17 edits. Is there a second.

18 COMMISSIONER ROSALES: Second.

19 COMMISSIONER McCABE: Second.

20 CHAIRMAN SHEAHAN: Is there a discussion?

21 COMMISSIONER McCABE: I just have a few comments.

22 CHAIRMAN SHEAHAN: Sure, Commissioner.

1           COMMISSIONER McCABE: I proposed two edits to the  
2 post exceptions proposed Order in support of the  
3 IPA's recommendations in its BOE. One would require  
4 Ameren to conduct Total Resource Cost, or TRC, Test  
5 Analyses for all programs and the second would  
6 require the IPA to include the two Ameren Energy  
7 Efficiency Programs excluded by the Order.

8                       On the first, prior Commission Orders  
9 require the IPA to conduct its duplicative analysis  
10 with, quote, "all of the underlying documents as it  
11 would for any other bid," end quote, so it can  
12 perform an independent review. That information  
13 would not be provided under the Order.

14                      If a program passes the TRC, the law  
15 requires the IPA to include it in its plan, per the  
16 General Assembly.

17                      On the second issue, the PEPO imposes  
18 a new cost test, which is not explained in the  
19 statute, has not been vetted by stakeholders, and  
20 was not examined in this case. Ameren's programs  
21 have never been screened using this new test before  
22 2015, nor have ComEd's programs been screened this

1 way.

2 The new test fails to consider  
3 benefits of energy efficiency that are required to  
4 be analyzed by the Commission, such as, quote,  
5 "avoiding or delaying the need for new transmission  
6 and distribution infrastructure" and "avoided  
7 electric utility costs," unquote.

8 I will support the Order, though I  
9 believe the Commission and the IPA would have been  
10 better able to implement a required energy  
11 efficiency policy with these changes. Thank you.

12 CHAIRMAN SHEAHAN: Okay. Thank you,  
13 Commissioner.

14 Just for the record, I would point out  
15 that Commissioner McCabe's amendments are not part  
16 of my motion.

17 So, Commissioner del Valle.

18 COMMISSIONER del VALLE: I want the record to  
19 show that if you had offered those edits and they  
20 were being voted on, I would have supported those  
21 edits.

22 COMMISSIONER McCABE: Thank you.

1 CHAIRMAN SHEAHAN: Thank you.

2 So I have a motion to adopt certain  
3 edits. Is there a second?

4 COMMISSIONER ROSALES: Second.

5 CHAIRMAN SHEAHAN: We have had some discussion.  
6 All those in favor, say aye.

7 (Chorus of ayes.)

8 Opposed, say nay.

9 (No response.)

10 The ayes have it and the edits are  
11 adopted.

12 Is there a motion to enter the Order  
13 as edited?

14 COMMISSIONER McCABE: So move.

15 CHAIRMAN SHEAHAN: Is there a second?

16 COMMISSIONER ROSALES: Second.

17 CHAIRMAN SHEAHAN: It's been moved and seconded.

18 Is there any discussion?

19 (No response.)

20 All those in favor, say aye.

21 (Chorus of ayes.)

22 Opposed, say nay. The ayes have it



1 and the Order as edited is approved.

2 Items G-1 concerns North Shore and  
3 Peoples Gas Reconciliation of Revenues collected  
4 under their EOA Riders.

5 Are there any objections to approving  
6 the proposed Order?

7 (No response.)

8 Hearing none, the Order is approved.

9 Item G-2 concerns Dakota Access's  
10 Application for a Certificate of Good Standing to  
11 construct and operate a petroleum pipeline as a  
12 common carrier.

13 Are there any objections to approving  
14 the proposed Order?

15 (No response.)

16 Hearing none, the Order is approved.

17 We have one additional item under our  
18 gas agenda concerns Staff's report to the Commission  
19 regarding Peoples' compliance with Condition 5 of  
20 the Commission's Order in Docket No. 14-0496.

21 For some time the Commission has been  
22 concerned about the cost and management of Peoples'

1 Accelerated Main Replacement Program.

2 After a review, the Commission agrees  
3 with ICC Staff, and auditors, the Attorney General,  
4 CUB, and City of Chicago, that the current program  
5 needs to be reconsidered.

6 Today the ICC is suspending the AMRP  
7 as it currently exist and authorizes Staff to  
8 convene a series of stakeholder workshops that will  
9 within approximately six months culminate in a  
10 recommendation to the Commission regarding the  
11 scope, pace and cost of Peoples' critical efforts to  
12 replace century old infrastructure under nearly half  
13 the streets in the City of Chicago.

14 Staff recommends that the Commission  
15 take the following key actions. Suspend the AMRP as  
16 it currently exists; however, it's important to note  
17 that the suspension has no bearing on the company's  
18 existing and ongoing duty, pursuant to state and  
19 federal regulations, to repair, rehabilitate and  
20 replace the highest risk pipeline infrastructure in  
21 this jurisdiction; stay and docketed proceedings  
22 both current and future related to Peoples' Rider

1 QIP until the issues highlighted in Staff's report  
2 have been resolved; beginning in January 2016  
3 convening a workshop and comment process of all  
4 interested parties to address stakeholders near and  
5 long-term recommendations for a new Peoples Gas  
6 system modernization program, including retaining a  
7 qualified engineer and consultant to assist the  
8 Commission in overseeing the new program.

9 And, finally, upon conclusion of  
10 Staff's outline in its recommendation, Staff will  
11 issue a report on or before May 31, 2016 advising  
12 the Commission to initiate a docketed proceeding  
13 that will result in an order with final and binding  
14 recommendations regarding the new program.

15 I invite my fellow Commissioners to  
16 make statements at this time, and then Gene Beyer  
17 will join us to answer questions.

18 Commissioner McCabe, would you like to  
19 make a statement?

20 COMMISSIONER McCABE: Thank you, Mr. Chairman.

21 My main concern remains that the  
22 ratepayers in Peoples' territory are not held

1     accountable for any cost overruns or mismanagement  
2     prior to the merger.

3                     With that said, Gene, I have a couple  
4     of questions.

5             CHAIRMAN SHEAHAN:   Commissioner, why don't we get  
6     through the statements.

7             COMMISSIONER McCABE:   That's all I want to say.

8             CHAIRMAN SHEAHAN:   Commissioner del Valle.

9             COMMISSIONER del VALLE:   Before we proceed to the  
10    questions, I want to say this is probably the most  
11    controversial project that has come before the  
12    Commission since -- certainly since I have been  
13    here.  I'm sure there was controversy before I  
14    arrived, but this is the most controversial for me.

15                     I have done a lot of work on this  
16    issue and I sponsored the audit that led to Liberty  
17    being brought on board -- I should say that required  
18    the audit that led to Liberty being brought on board  
19    that gave us a lot of information that I think set  
20    the stage for where we are at today.

21                     I got the November 30th report.  We  
22    scheduled a meeting and we went over that report and

1 went to a cost model and the other contents of the  
2 report.

3 I was waiting for that Staff report.  
4 Sunday night -- late Sunday night I got an E-mail  
5 from the executive director indicating that there  
6 was a report coming the next day, which would be the  
7 day before yesterday, Monday. Monday afternoon I  
8 got the report.

9 We scrambled in our office to put  
10 together some questions knowing that we didn't have  
11 time to think of all the questions that this  
12 raises -- that this report raises.

13 We sent you those questions, Gene, and  
14 you were gracious enough to respond quickly. This  
15 was Monday afternoon that our -- I should say  
16 Tuesday -- Tuesday afternoon. Yesterday I found  
17 out -- I was informed by the Chairman that not only  
18 would we be getting this report and hearing from you  
19 today that we would also be voting on the  
20 recommendations -- the three recommendations. I  
21 certainly have a lot questions about those  
22 recommendations.

1                   This is a big issue, and I know that  
2 the timing of this is not Gene's call. The timing  
3 of it is the call of the Chairman and other  
4 Commissioners, but I think it's wrong for us to be  
5 proceeding in such haste when there are so many  
6 questions that need to be responded to.

7                   While I appreciate the effort and the  
8 fact that everyone's doing their job, including the  
9 Chairman and all the Commissioners, I suggested that  
10 we have at least a couple of days to be able to get  
11 back to you, and, as a matter of fact, we got back  
12 with you with a second set of questions and you  
13 responded to those questions yesterday, and then  
14 that led to other additional questions, some of them  
15 I have ready for you today.

16                   I had suggested that we wait till next  
17 week so we could have time to address those  
18 questions. I thought that just out of professional  
19 courtesy, if anything else, that that request would  
20 be granted, just a couple of days, because certainly  
21 I understand the need for us to take action, but I  
22 wanted this to be more than just a political cover

1 with this Commission.

2 I wanted this to be a real step that's  
3 going to right the ship, a ship that needs to be  
4 righted, because public safety is at stake, and what  
5 ratepayers pay for this program is at stake.

6 So I'm glad we are moving, we are  
7 taking action, but I'm very, very disappointed with  
8 the process here, and I would hope that in the  
9 future we would be given the time that we need in  
10 order to be able to ask questions and get adequate  
11 responses to those questions before I am asked to  
12 cast a vote every single member of this Commission  
13 has one vote, and each vote is weighed the same, and  
14 if there isn't that common courtesy to grant the  
15 time to be able to review, without affecting the  
16 outcome, of course, in terms of the process of  
17 casting votes and moving on, then I think that  
18 common courtesy should be granted.

19 So, Mr. Chairman, I want the record to  
20 show that I'll leave my questions for when it's my  
21 turn to ask questions.

22 CHAIRMAN SHEAHAN: Thank you, Commissioner.

1 Commissioner Edwards.

2 COMMISSIONER MAYE EDWARDS: Thank you,  
3 Mr. Chairman. I have a short comment. It's just  
4 that I'm almost opposite I guess of my colleague  
5 here, Commissioner del Valle.

6 I think that this should be moving. I  
7 don't think that we should move in haste in the  
8 sense we don't get to the accurate results, because  
9 I think time is of the essence. I think this has  
10 gone on for a very long time.

11 I think that the public has lost our  
12 -- citizens of the State of Illinois, people that we  
13 are here to serve, I think they have lost trust in  
14 the sense of the work that's being done with the  
15 AMRP.

16 I think they lost trust in the  
17 Commission as the body that regulates this program  
18 and the utilities, and so I think time is of the  
19 essence. Any time that we don't need to delay I  
20 think is in the best interest of both this project  
21 and the Commission.

22 So with that said, I know that we have



1 a few dates here, the main one for me which is  
2 May 31, 2016, and at that point, Gene, I think you  
3 did a terrific job here with this report in a short  
4 period of time, but I'm just asking if at that point  
5 that can be the final point. I know we say on or  
6 before. If once we get to May 31st there's no more  
7 delay, we actually do have a vote with some  
8 recommendations to the Commission to vote at that  
9 time and that we don't see a unnecessary request for  
10 an extension and unnecessary delay here, that has  
11 always been to me a priority, so thank you.

12 CHAIRMAN SHEAHAN: Thank you, Commissioner.

13 Commissioner Rosales.

14 COMMISSIONER ROSALES: I would like to comment on  
15 Commissioner Edwards' statement. I felt that I  
16 understood what the Staff report was saying.

17 Thank you, Gene, for the time you put  
18 in and I think the Staff report gives us, as  
19 Commissioners, enough time to delve into issues that  
20 many of us on the Commission would like to deeper  
21 delve into, so I approve of our timing and I'll vote  
22 at the proper time to move forward.

1           CHAIRMAN SHEAHAN: Thank you.

2                           Do we have any questions for  
3 Mr. Beyer?

4                           Commissioner del Valle.

5           COMMISSIONER del VALLE: Yes. I remind the  
6 Commissioners that I request one or two days at the  
7 most.

8           MR. BEYER: If I may, please speak up. I don't  
9 know if you recognize it, but right out here in this  
10 room is kind of a dead zone. I can hear better  
11 sitting in the back row.

12           COMMISSIONER del VALLE: Okay.

13           MR. BEYER: It is kind of a dead zone.

14           COMMISSIONER del VALLE: Once again, thanks for  
15 all your work.

16                           This Order has three recommendations.  
17 The first is to suspend the AMRP program. Can you  
18 tell me what that means exactly and be specific  
19 about the direct result of that suspension?

20           MR. BEYER: The program itself has grown and is  
21 now comprised of many pieces. The major piece of  
22 the program that we have been addressing for many

1 years now is the work in the street, improving the  
2 system, modernizing the system, making the system  
3 safe.

4                   It is not Staff's recommendation that  
5 any of that work be held up or suspended at this  
6 time. A thorough reading of the Staff report with  
7 footnotes, and what have you, I hope gives that  
8 picture in that in no way are we recommending that  
9 the work to modernize the system, to remove the  
10 adverse pipe and adverse facilities, to switch from  
11 a low-medium pressure system or to move meters  
12 outside is to be interrupted. That's not our  
13 recommendation.

14                   The term "AMRP" came up relatively  
15 recently. A lot of the other work I just described  
16 about modernizing the system or accelerating  
17 replacement of cast iron pipe began back in the 80s.

18                   The company, as well as gas companies  
19 across the country, recognize the need to update  
20 their systems and remove facilities, the pipes from  
21 their system that were considered at risk.

22                   What we did with recent mergers,

1 beginning about seven, eight, nine years ago, is we  
2 elevated that -- that whole program into a new  
3 construct, if you will, called an AMRP, and it is  
4 several pieces of that AMRP that we are recommending  
5 be suspended now and carried over into the workshop  
6 process for all stakeholders to consider and to  
7 re-examine.

8           For example, recently we have had  
9 changes in management at Peoples Gas. We have had a  
10 couple of changes in management in recent years,  
11 most notable or most recently this year with the  
12 2015 merger. We have had concerns regarding  
13 questions to their schedule, updates to their  
14 schedules, updates to the cost estimates.

15           We are reviewing a lot of conclusions  
16 that have been provided by the auditor we engaged a  
17 couple years ago. There are questions on evaluating  
18 progress of the program, how to monitor the program,  
19 affordability, the impact on the rates for  
20 customers. All of those things are what we are  
21 recommending -- what staff is recommending be  
22 reconsidered and reviewed at this point in time, not

1 work, but, how we are reviewing all this work, how  
2 the company is planning its work, how the company is  
3 estimating its costs.

4 A lot of those issues have been called  
5 into question this past year, especially, we are  
6 starting to get reports that were provided to you  
7 pursuant to the merger condition, reports from our  
8 auditor that we engaged, and even recently repeated  
9 in the CUB and AG petition to look at a lot of these  
10 issues.

11 What we are proposing is that we take  
12 that off into a different track, all of that work,  
13 and review that with all the stakeholders.

14 COMMISSIONER del VALLE: Why wasn't that spelled  
15 out in this report? The description of what  
16 activity is being suspended, since the work is not  
17 being suspending and the suspending is not being  
18 suspended, why didn't you spell out the activities  
19 that are being suspended?

20 MR. BEYER: I had hoped that we had. I thought  
21 that talking about continuing the work, and  
22 reviewing, and identifying all of the topics that we

1 have identified for a series of workshops that we  
2 could see that the work that we are going to talk  
3 about in the workshops relate to cost models,  
4 whether or not there's a firm end date, how the city  
5 and company coordinate their work, that sort of  
6 thing, and then emphasize that we are not stopping  
7 the work.

8                   If you notice in our workshop topic,  
9 we are not talking about ever stopping the work. We  
10 are talking about all these other topics related to  
11 AMRP that we think stakeholders for the past year or  
12 so, as well as what we have observed and what you  
13 have seen, are the issues that need to be reviewed  
14 in the workshops but not a question ever of  
15 shouldn't we stop this work that's going on in the  
16 streets.

17           COMMISSIONER del VALLE: I guess I see a  
18 difference between review and suspend. To me, those  
19 are two very different words. I thought we are  
20 going to be doing a lot that will more than likely  
21 hopefully lead to some changes, but you indicate,  
22 and I'm quoting from your response here to one of my

1 questions yesterday "Throughout all of that, the  
2 company must continue with its gas system  
3 modernization plans." That means everything will  
4 continue.

5 So I'm trying to pinpoint here what it  
6 is that we are suspending. Suspending means to  
7 stop, to halt. So tell me what it is that we are  
8 halting.

9 MR. BEYER: Well, the most and obvious example I  
10 think is the 2030 end date that the Commission in a  
11 previous Order applied to this program.

12 COMMISSIONER del VALLE: That's cancelled out.

13 MR. BEYER: So it's Staff's recommendation that  
14 we put a firm end date aside for now, talk with the  
15 stakeholders, including the company, and review how  
16 we are going to monitor that and how we are going to  
17 set dates, whether they're targets, whether they're  
18 short-term, whether they're long term, that sort of  
19 thing, so certain things that we have said about  
20 this program as to how we are going to do it.

21 For example, we are also in an  
22 implementation phase of the audit. If you recall,

1 Liberty recommended the company pursue 95  
2 recommendations and they're right now in the  
3 implementation phase. New management, problems with  
4 estimating, problems with forecast, perhaps that  
5 affects some of those, too.

6           So I'm not saying we are suspending  
7 any of the auditor's work on anything like that, but  
8 these are the kind of things that we've attached to  
9 the replacement program in recent years that we are  
10 saying let's step back from that and that plan, that  
11 construct that we have developed surrounding the  
12 replacement program, needs to be reviewed, but, once  
13 again, not the work itself.

14           COMMISSIONER del VALLE: So everything will  
15 continue. The work will continue. The company will  
16 continue to be paid by ratepayers as they are now  
17 for that work. No changes in that.

18           MR. BEYER: I understand -- I have to say I  
19 understand your search for that line as when we say  
20 suspending AMRP, what does that mean? I understand  
21 that, and I'm hoping that my explanations here are  
22 helping paint a better picture.



1           COMMISSIONER del VALLE:  No.  What would have  
2   been helpful is to include that in the report and so  
3   that we would have time to look at whether or  
4   not we're --

5           MR. BEYER:  I understand.

6           COMMISSIONER del VALLE:  -- affecting all the  
7   activities that need to be affected at this point in  
8   time.

9                            Liberty's audit and role in the second  
10  phase, that will continue and we won't be affected  
11  at all by this recent report in the recommendations?

12          MR. BEYER:  And there's nothing in this report  
13  that affects that.  Right now Staff wears two hats.  
14  We are looking at this moving ahead with a workshop  
15  process and with the stakeholders to talk a lot  
16  about these issues related to the Gas System  
17  Modernization Program, but, at the same time, we  
18  continue to work weekly and monthly with the company  
19  and with the auditor on the work that's going on for  
20  this program -- for this project.

21                           We get status reports.  We meet with  
22  the company.  We meet with the auditor.  We talk

1 about how everything is going on in the project  
2 right now.

3 In the company's November 30th  
4 submission on what their proposal is -- on their  
5 proposal for the next three years -- they indicate  
6 they're going to continue giving us the quarterly  
7 reports as well as the annual reports.

8 Staff will review those, but we're not  
9 bound by that. We can meet with the company as  
10 frequently as we can, because we want to. So our  
11 gas engineers, our pipeline safety inspectors and I  
12 will continue to meet with all of the -- with the  
13 company and the auditors all during the time when  
14 they're continuing their work.

15 At the same time we are going to start  
16 this process to discuss all of these other issues,  
17 so Staff will be wearing two hats at this point in  
18 time.

19 COMMISSIONER del VALLE: So going back to  
20 Liberty, I notice in your list of topics to be  
21 covered in the workshops that Liberty's  
22 recommendations were not mentioned.

1                   What role will Liberty play in terms  
2 of review or your recommendations, status of  
3 implementation in the workshop process?

4           MR. BEYER: I see everybody participating in the  
5 workshop process as equal participants. There are  
6 readily identifiable parties that have taken a keen  
7 interest in this. Of course, you have got the  
8 company. You have the Attorney General's office,  
9 certainly the city, CUB, others who might have an  
10 interest in this, but we will invite all  
11 stakeholders and work with all of them during this  
12 process.

13                   Staff will facilitate the process, and  
14 I expect we are going to have some ideas of our own  
15 as to how things ought to go, and we are going to  
16 put those out on the table as well as inviting other  
17 parties to do the same thing.

18                   Our report at the end of this process,  
19 which we will have to you by the deadline, will  
20 summarize everything that's gone on.

21                   Typically when we provide reports like  
22 this we have already run that report back to the

1 stakeholders to let them see what that report looks  
2 like. They won't be surprised when the report is  
3 delivered to you as to what it says. We will work  
4 with them.

5                   We can modify it if we have misstated  
6 somebody's position or we reached the wrong  
7 conclusion, based on the discussions in the  
8 workshops, but we intend to work with all of them on  
9 this open discussion to come up with a summary of  
10 what everyone's had to say and some recommendations  
11 for going forward.

12                   Our proposal at that time is to then  
13 start a case -- start a docketed case and let people  
14 bring their ideas to the table formally. Hopefully  
15 we will have reached agreement on a lot of those  
16 things, but I see the workshop process as providing  
17 us an opportunity outside of that formal process to  
18 reach agreement or at least get a lot of things on  
19 the table, make sure we all understand what the  
20 issues are that we want to address.

21                   I'm not going to force anybody to  
22 reach some agreement, but we are going to try to

1 make a lot of progress there so that when we do get  
2 to a docketed case -- excuse me -- bring something  
3 before you to move forward with, that we will have  
4 at least identified what the issues are, we will  
5 have identified what the arguments are, and perhaps  
6 some agreement.

7 COMMISSIONER del VALLE: Will the 95  
8 recommendations, the Liberty recommendations, be the  
9 basis for the discussion as to what needs to be done  
10 and what needs to change?

11 MR. BEYER: I believe so. Let's focus, for  
12 example, on the end date. Years ago when the  
13 company first began talking about accelerating a  
14 pipe replacement or a main replacement program, it  
15 was a 50-year program. That seemed like very, very  
16 far out into the future. As it is, it would have  
17 ended somewhere in the middle 2030s.

18 So now as we get closer to that, we  
19 are talking about a 2030 end date that's all of a  
20 sudden not so far out there, but we are going to  
21 talk to all the parties and to talk to the company.

22 They have revised the way they are

1 planning the program. The companies have revised  
2 the way they're setting up their schedules and  
3 estimating their costs, and I expect to see a lot of  
4 improvement in that area, and I'll be interested in  
5 hearing what all the parties have to say about that.

6 We will then bring something to you  
7 that says here's what the parties have addressed in  
8 the workshops regarding an end date for the project.  
9 Is it a firm end date? Is it a moving target? Are  
10 there interim dates that we are focused on? We are  
11 bring a lot of those issues that parties talked  
12 about, and we are going to say the general consensus  
13 is or we are going to say what the disagreements  
14 are, that sort of thing, and then we are going to  
15 bring that to you.

16 The Commission at one time did say  
17 2030 is the end date. I don't know what we'll say  
18 after we conclude this workshop process and after  
19 you hear parties bring those issues to you in a  
20 formal case, but I expect we are going to say  
21 something about when this should end or how this  
22 should end, but we will be bringing to you that May

1 report, what we have learned in the workshop process  
2 and set it up for a formal case.

3 COMMISSIONER del VALLE: In the report you  
4 indicate that you mentioned a call to action and  
5 then you indicated that the Commission should  
6 direct --

7 MR. BEYER: I'm sorry. Could you speak up.

8 COMMISSIONER del VALLE: You mentioned first a  
9 call to action.

10 MR. BEYER: Yes.

11 COMMISSIONER del VALLE: You go on to say that  
12 the Commission should direct the company to repair,  
13 rehabilitate and replace hazardous pipe  
14 infrastructure to ensure the replacement program is  
15 based on relevant risk factors. That means now,  
16 right?

17 MR, BEYER: Yes. Yes.

18 COMMISSIONER del VALLE: It doesn't mean after  
19 the workshops are completed or after the Commission  
20 has opened a new docket and that's been litigated  
21 and all that, right?

22 MR. BEYER: You are absolutely right. That means

1 to continue right now.

2 COMMISSIONER del VALLE: And, of course, Peoples  
3 make recommendations that they're focused on the  
4 first or the next three years, right?

5 MR. BEYER: Right.

6 COMMISSIONER del VALLE: Is this in line with  
7 that Staff recommendation that at the risk of  
8 prioritizing in the next three years, and if that is  
9 the case, if that's the intent here, how are you  
10 going to monitor that, and what will be the  
11 reporting mechanism that will be in place to monitor  
12 that, and will Liberty assist in monitoring that  
13 through their continuing work?

14 MR. BEYER: We will continue to work with the  
15 company on this project, just like we have for many,  
16 many years, primarily the front Staff or the  
17 pipeline safety inspectors that audit the company's  
18 books and records and visit the companies, the gas  
19 companies, the gas system operators throughout the  
20 state, but in Peoples' case it would be visiting  
21 them again and continuing to monitor their work  
22 that's going on.



1                   We also keep very close ties with  
2 PHMSA on all of these issues. Tomorrow our manager  
3 of pipeline safety is meeting with PHMSA to discuss  
4 and learn about PHMSA'S newer ideas for risk  
5 management that we will evaluate and possibly apply  
6 to the Peoples' program as it's continuing, but we  
7 will keep in touch with the company. We will  
8 continue to monitor as we always have been.

9                   Before we ever called it AMRP, before  
10 we ever got into some of the questions we are  
11 dealing with today, we have been monitoring the  
12 program and working with the company on their  
13 progress. Now we are going to continue that and we  
14 have new management, new plans, and we are  
15 continuing to work with them, too.

16           COMMISSIONER del VALLE: Monitoring is part of  
17 your pipeline safety responsibilities, right?

18           MR. BEYER: Part of our pipeline safety  
19 responsibilities is to review how a company is  
20 addressing the situation of what's generally known  
21 as at-risk facilities.

22           COMMISSIONER del VALLE: How many Staff do we

1 have at the ICC to do that?

2 MR. BEYER: I believe we have right now six  
3 inspectors. When I say "I believe," because we have  
4 had some turnover this year, most recently one of  
5 our inspectors resigned in October, and I believe  
6 that left us with six inspectors now.

7 COMMISSIONER del VALLE: Do you propose to fill  
8 that position?

9 MR. BEYER: Pardon?

10 COMMISSIONER del VALLE: I saw that that position  
11 has been posted.

12 MR. BEYER: Yes, and we are trying to attract  
13 candidates to fill those positions.

14 COMMISSIONER del VALLE: Because they're dealing  
15 with the entire state?

16 MR. BEYER: We cover the entire state. Pipeline  
17 safety is a unique area within the Commission. For  
18 rates purposes, we look at gas utilities; for  
19 operational purposes, we look at gas utilities; for  
20 pipeline safety purposes, we look at every gas  
21 system operator throughout the state. So if a  
22 municipality operates its own gas system, we

1 inspect. We have responsibility for their systems  
2 too. There are about 106 systems overall.

3 COMMISSIONER del VALLE: So, again, when you talk  
4 about suspending activities, that in no way affects  
5 this process of monitoring the at risk?

6 MR. BEYER: We are going to continue doing our  
7 best to stay on top of this from the pipeline safety  
8 program. As I said, too, we also have a couple of  
9 our gas engineers who are very familiar with gas  
10 system operations. I will stay on top of this one  
11 as well.

12 COMMISSIONER del VALLE: Now we are going to  
13 bring in a consultant. You indicate -- you indicate  
14 in a response to one of my questions that it's  
15 uncertain how much time that would take. We are all  
16 very familiar with the state procurement process, a  
17 lengthy process.

18 When do you anticipate that person  
19 coming on board and how will that person's role be  
20 different from what Liberty has done for us?

21 MR. BEYER: Liberty's engagement was fairly  
22 specific. It was to come in and look at the project

1 as it stood and make a determination as to whether  
2 or not its components are set up properly, whether  
3 or not the company has a plan for executing the  
4 program, whether or not management is paying  
5 attention to the program, whether or not resources  
6 are there, whether or not contractor change orders.

7 We ask them to come in and give us a  
8 review of the program as it stands and to make  
9 recommendations for improvements. That first phase  
10 took a year. The second phase of the implementation  
11 of those recommendations is scheduled for two years.  
12 So really it's to look at the program, continue  
13 monitoring as they go, but to make recommendations  
14 and then see that those recommendations are carried  
15 out.

16 What we are talking about in our  
17 recommendation for a consultant down the road is  
18 someone that's going to come in and on a long-term  
19 monitor -- help us monitor Peoples Gas' Pipe  
20 Replacement Program.

21 COMMISSIONER del VALLE: Which include  
22 implementation of the Liberty program?

1           MR. BEYER: Well, I suppose they can continue.  
2 They might have interest in the implementation of  
3 what's going on, but, as of right now, Liberty is  
4 continuing to do that work.

5                     The consultant we have on board right  
6 now, who's reviewing the recommendations that they  
7 have and see how the companies implemented those,  
8 has another year-and-a-half roughly to see how those  
9 recommendations are being implemented.

10                    What we are talking about now is  
11 monitoring the program in the long run and the  
12 longer run, and --

13           COMMISSIONER del VALLE: How long do you  
14 anticipate the consultant being on board?

15           MR. BEYER: What's that?

16           COMMISSIONER del VALLE: How long do you  
17 anticipate the consultant being in the process?

18           MR. BEYER: Well, I asked that question the other  
19 day, how long we engage an outside consultant in a  
20 contract, and learned that CMS may go out three  
21 years, five years, but at that point in time it's  
22 possible we have to redo the contract, redo the

1 engagement, and try to renew their term, but that  
2 question is in our minds, too, but we are going to  
3 try to get the most out of that we can out of the  
4 consultant and certainly a longer-term view is to me  
5 of more value than a short-term view.

6           Of course, with any consultant, if we  
7 are unhappy with their work, we can end the  
8 engagement promptly, so I'm not worried about  
9 getting locked into a bad deal here, but our goal is  
10 to come up with a monitoring program.

11           One of Liberty's assignments in this  
12 current engagement that they have satisfied, and we  
13 will continue to work with them on, is to provide  
14 the Commission with a plan for monitoring in the  
15 long term, and if you look at the report that  
16 Liberty gave us last May -- I believe it's Chapter  
17 V. They go alphabetically. So I'm not misnaming  
18 Chapter 5, it's Chapter V, that's near the end of  
19 the report -- that talks about a recommended program  
20 for the Commission from the long-range monitoring  
21 long after Liberty has ended its current engagement.

22           So we are reviewing that. We are

1 talking to Liberty about that, because, as you know,  
2 there have been many changes at the company, and  
3 some of those changes may affect the recommendations  
4 that Liberty has made and it may affect how they  
5 have recommended we monitor the program.

6 For example, if one of their  
7 recommendations is that we have to devote a lot of  
8 resources to monitoring the company's ability to  
9 come up with a proper cost estimate and, in the  
10 meantime, the company approves their ability to  
11 provide cost estimates, then we can modify that  
12 monitoring program, but Liberty has already provided  
13 us with a very detailed plan. That's one we would  
14 follow. We think we would benefit from having a  
15 consultant help up follow that plan.

16 COMMISSIONER McCABE: Commissioner del Valle, can  
17 I jump in. You are covering a lot of questions the  
18 rest of us might have also. If I can just get a  
19 few. I would like to switch to the suspension of  
20 the QIP docket.

21 COMMISSIONER del VALLE: Mr. Chairman, I respect  
22 that. I understand. I just want to --

1           CHAIRMAN SHEAHAN:   Let Commissioner del Valle  
2   finish his line.

3           COMMISSIONER del VALLE:   I'm fine with waiting so  
4   long as I can come back.

5           COMMISSIONER McCABE:   Let's see.   What else.

6           COMMISSIONER del VALLE:   I have a long list of  
7   questions.

8           CHAIRMAN SHEAHAN:   Sure.

9           COMMISSIONER McCABE:   One of the other  
10   recommendations is to stay docket proceedings such  
11   as the Rider QIP.   And what kinds of information do  
12   you think will come out in the meantime to help in  
13   evaluation of that QIP proceeding?

14          MR. BEYER:   Well, I think with a renewed focus on  
15   all of the components of this program by addressing  
16   all of these issues with the workshop process by  
17   just some respect just gives us more time, I think  
18   that will have a better approach to the QIP Rider  
19   reconciliation docket.

20                        There are many, many parts to that  
21   case.   We've been working on the case since it was  
22   filed last March, for various reasons, some of which



1 are in all the ongoing proceedings that have  
2 affected Peoples Gas during this past year and a  
3 couple that we have recently set up.

4 We didn't want to rush this cost  
5 docket that's going to determine what the reasonable  
6 prudent costs are that are to be allowed in the  
7 rider, so primarily to make sure we didn't -- I  
8 don't want to say negatively -- primarily to ensure  
9 that we gave ourselves every opportunity, including  
10 additional time, we recommended that those cases be  
11 put on hold for right now.

12 COMMISSIONER McCABE: Procedurally, since that is  
13 an actual docket, once the Commission or another  
14 party have to make a motion to stay that proceeding.

15 MR. BEYER: Staff will take care of that. We  
16 will file a motion in the case and other parties  
17 will then respond to that, and at some point the ALJ  
18 will make a ruling on that as to that  
19 recommendation.

20 Depending upon the parties' reaction  
21 to that ruling, it may or may not come at all again  
22 in the form of an interlocutory review per se, but

1 if all parties are in agreement that we should stay  
2 those proceedings right now, the ALJ will rule  
3 accordingly and it's not an item that you would need  
4 to address at this point.

5 COMMISSIONER McCABE: Thanks.

6 CHAIRMAN SHEAHAN: Other questions, Commissioner  
7 del Valle?

8 COMMISSIONER del VALLE: No other questions,  
9 Mr. Chairman.

10 COMMISSIONER MAYE EDWARDS: I do. Thank you very  
11 much.

12 Gene, so regarding the -- you talked  
13 about the workshop process, and I know you  
14 said -- I think in the report I kind of read that  
15 Staff would be more so the facilitator throughout  
16 the workshop, but hearing you today, it sounds like  
17 Staff would be more of an interested party and that  
18 they will also be making recommendations and  
19 providing the overall recommendation of everyone in  
20 the whole workshop process to this Commission. So  
21 which is it?

22 MR. BEYER: That's correct. We'll be the

1 facilitator. We will do the scheduling. We will do  
2 the coordination with all the parties in setting up  
3 the workshops and everything, but certainly we have  
4 an interest in this, and we are going to be a  
5 participant at the table with everyone else.

6 At the end then we will have the task  
7 of putting together the report. I'm not going to  
8 hand that off to other parties to ask them to try to  
9 summarize the report. We will put together the  
10 report, but we will continue to work with the  
11 parties as we do normally in workshop processes,  
12 give them an opportunity to review that report to  
13 make sure we grasp their positions accurately and  
14 recorded them accurately, that sort of thing, but  
15 Staff will have certainly an interest.

16 Let's say, for example, all the  
17 parties come to the table and say we don't want to  
18 set any end date for this and whenever it gets  
19 completed down the road and it gets completed, Staff  
20 would oppose that.

21 We believe there needs to be a target  
22 out there of some sort, whether it's a firm end

1 date, whether it's an end date that we modify as we  
2 go along or whatever, but staff would oppose  
3 parties' recommendations to ignore any sort of end  
4 date. We don't think that's a prudent way to go.  
5 So we would speak up on things like that.

6                   When we talk about all the other  
7 issues, customer issues, affordability, customer  
8 notice, everybody will have something to say at that  
9 point in time. It's at that point in time I expect  
10 we will bring our Consumer Services people in for  
11 the process to have them talk about what they have  
12 heard so far about customer complaints regarding the  
13 program that's ongoing right now.

14           COMMISSIONER MAYE EDWARDS: Thank you.

15                   Regarding the consultant and the  
16 procurement process for the consultant -- can you  
17 hear me, Gene? Can you hear me --

18           MR. BEYER: Yes, I can hear you. Go ahead.

19           COMMISSIONER MAYE EDWARDS: -- who will ultimately  
20 pay for the consultant? Who would be paying for  
21 that process?

22           MR. BEYER: Whenever we hire an consultant like

1 this, we do it pursuant to the Public Utilities Act  
2 and if we can show good cause for hiring consultants  
3 in this case, and that will all come before you and  
4 you agree there's good cause that we should hire a  
5 consultant, then the company pays the consultant's  
6 bills. Those costs then are forwarded or passed  
7 along to the customers.

8 COMMISSIONER MAYE EDWARDS: So will there be a  
9 point in time where there will be two consultants  
10 and they will be paid by the company?

11 For example, right now that Liberty's  
12 on board and we will be getting a new consultant,  
13 will there be a point in time where there will be a  
14 crossover there?

15 MR. BEYER: When it overlaps?

16 COMMISSIONER MAYE EDWARDS: Right.

17 MR. BEYER: Yes, I guess so. I hadn't thought  
18 about it before your question, but I think it's  
19 going to depend a lot on how this workshop process  
20 goes, and what kind of ideas people bring up, and I  
21 can tell you right now what's brought up today  
22 that's one of the pros and cons of having two

1 consultants at one time.

2 Like I said, right now the Liberty  
3 contract goes for another year-and-a-half, however,  
4 we know that certain things may be changing the  
5 scope of that Liberty contract a little bit, so we  
6 have begun discussions with them as well, but that's  
7 a good question. We'll make sure to address that.

8 I haven't gotten far enough along on  
9 developing the full list of requirements for this  
10 next consultant project. We certainly haven't  
11 developed yet the request for proposals which would  
12 outline thoroughly what we expect and when we expect  
13 them to start and things like that. All that is  
14 under development but that would all come to you  
15 before it is finalized, too.

16 COMMISSIONER MAYE EDWARDS: My last question is  
17 if we determine that, based on the scope of how  
18 things are right now, it makes more sense to go to  
19 the direction of a new consultant and Liberty's work  
20 is kind of winding down, is their contract able to  
21 be terminated so we do not have to have two?

22 MR. BEYER: All contracts with outside vendors

1 have a 30-day termination clause.

2 COMMISSIONER MAYE EDWARDS: Thank you.

3 CHAIRMAN SHEAHAN: Any other questions?

4 Commissioner del Valle.

5 COMMISSIONER del VALLE: Well, thank you for  
6 those questions. I appreciate it, because it's  
7 getting at an issue that I was concerned about.

8 Liberty has done, in my opinion, an  
9 excellent job. They now know this company inside  
10 out.

11 What you just indicated, in response  
12 to Commissioner Edwards' question, there's a  
13 possibility that given the changes here, the  
14 suspension of activities, whatever those activities  
15 are -- because I still don't fully understand what  
16 those activities are that were suspended -- that  
17 because of Liberty's mandate and what it is that  
18 they're auditing, then that could change. Their  
19 work product could change. It will probably change  
20 because they would be looking at different things.

21 And I understand, even Liberty said in  
22 its report, that we need a reset here for this

1 program, and I understand that, but you just  
2 indicated that there is the possibility that Liberty  
3 could be pushed aside, moved aside, and a new  
4 consultant takes over. That's a possibility?

5 MR. BEYER: That's not accurate. What I said was  
6 Liberty has a job to do, and when Liberty completed  
7 its Phase I of their job, they made 95  
8 recommendations, and then Phase II of the job is to  
9 see if the company is implementing those  
10 recommendations.

11 Perhaps with management's new  
12 approaches to the program or perhaps with management  
13 engaging a new outside consultant to help them focus  
14 on cost estimates, scheduling forecasts, and that  
15 sort of thing, perhaps some of those 95  
16 recommendations don't apply any more, perhaps  
17 there's no need for the company to implement some  
18 recommendations if they have become moot simply by  
19 management's new approach to everything, their new  
20 focus on things, the number of resources they have,  
21 their control over outside contractors, and what  
22 have you.



1                   So perhaps some of the new things that  
2   are happening now with this program, new management,  
3   there may not be as many recommendations that have  
4   to be implemented, because they become moot, okay,  
5   so that's one way that the company's new approach to  
6   things or management's new approach to things might  
7   affect Liberty's work.

8                   Liberty's work though is very specific  
9   to what it's been doing, look at the project, make  
10  recommendations. It's not designed to be the  
11  ongoing monitoring of this project three years down  
12  the road, five years down the road, ten years down  
13  the road. It's not designed for that, and it never  
14  was designed for that.

15                  And, in fact, as I mentioned before,  
16  we asked Liberty, and made it part of their work  
17  plan -- as part of this project, when you are doing  
18  your work, look at a snapshot of the company and  
19  making recommendations, please give us  
20  recommendations for a long-term monitoring program,  
21  and they have done that, so they understand that  
22  their work is very specific and limited to this

1 three-year period.

2 And I'm not -- well, while answering  
3 the question, for example, that the contract has a  
4 30-day out clause, that shouldn't be taken as an  
5 indication that I know that because I'm considering  
6 that or anything like that.

7 COMMISSIONER del VALLE: So you are saying  
8 Liberty will do all the work that's required by  
9 their contract within the time frame established by  
10 the contract?

11 MR. BEYER: Yes. We will get that done by the  
12 time frame of the contract.

13 To the extent that something impacts  
14 that and Liberty says, you know, I don't need these  
15 last number of months or whatever, because things  
16 have changed such that there's no further  
17 implementation work, I would imagine that the  
18 project or the contract would be shortened, but I'm  
19 not recommending moving Liberty out or replace them  
20 with somebody else. There's really two different  
21 projects.

22 COMMISSIONER del VALLE: Who will make that

1 decision that the contract is shortened?

2 MR. BEYER: That would come to you. Staff  
3 wouldn't make a decision to end a project like this  
4 without Commission input.

5 COMMISSIONER del VALLE: It comes to us? Does it  
6 come to us for a vote as a full Commission?

7 MR. BEYER: We never had to do it before. I'll  
8 have to get some consult on exactly how we would do  
9 that, but you approve everything that starts out. I  
10 just cannot imagine that we wouldn't follow that  
11 same process if something were to change.

12 Perhaps if we were to change the terms  
13 of the engagement, not the time but some things we  
14 wanted them to do, that's also a possibility, too.

15 Let's say, for example, we have some  
16 time and budget remaining on the contract. If we  
17 want Liberty to provide more help to us on a longer  
18 term, designing a long-term monitoring program,  
19 perhaps we could shift some things around, but we  
20 always keep you informed on what's going on there.  
21 If there are any drastic moves, we would certainly  
22 come to you, and I will double check that with you.

1           COMMISSIONER del VALLE: Please. This process  
2           that we are going to engage in now with the  
3           workshops leading to a report that then leads to a  
4           docket -- formal docket, given your experience, how  
5           long do you anticipate all of that will take before  
6           approval of an Order?

7           MR. BEYER: Right now I've sketched out a plan  
8           for two workshops a month, January, February and  
9           March, and then begin rapping that up and putting  
10          together a report.

11                         Depending upon how much progress we  
12          make there with the parties as far as an agreement  
13          on what the issues are, perhaps a second consensus  
14          on some of those issues on how it should proceed, I  
15          can't predict how long the formal pace might take  
16          for you to consider all those.

17                         When we considered those before, they  
18          had been handled within the context of a rate case,  
19          so that's an eleven-month rate case. Certainly I  
20          hope it doesn't take that long. I don't know  
21          there's a need for it to take that long, but I'm  
22          also putting it in perspective of the project

1     itself, that, as I mentioned before, started off a  
2     50-year project remains a long-term project.

3                     If we take a little bit more time to  
4     reset what our regulatory oversight is to redefine  
5     what sort of reports and what sort of monitoring we  
6     want on this program and to be clear to the company  
7     what our expectations are from them to spend a  
8     little time now on that much longer, longer program  
9     I don't think will be a bad idea.

10            COMMISSIONER del VALLE:   So it very well could be  
11     well over a year.

12            CHAIRMAN SHEAHAN:   It will absolutely not be more  
13     than about six months.

14            MR. BEYER:   I don't think we need a rate case  
15     term, and I think that with this six-month informal  
16     process leading into it I'm hoping that there's a  
17     lot of cooperation among all of us that are going to  
18     be sitting at the table to resolve or at least  
19     identify some ways to address this issue  
20     so that when we get to the docketed case to bring  
21     something to you for a decision, it won't take a  
22     long time.

1                   I don't want to tell the parties who  
2   are sitting in the audience today to get ready we  
3   are going to rush you through this. I don't want  
4   them to leave the room with that in mind.

5                   I'm just hoping that the informal  
6   approach first will provide us with a lot of  
7   progress, so when we get to the formal case, maybe  
8   it will be a little easier.

9           COMMISSIONER MAYE EDWARDS: I think at some point  
10   keep in mind that ratepayers are paying for this  
11   cost. They're paying for every delay, so we ride it  
12   out for two years, ratepayers are paying. We finish  
13   in six months, ratepayers are paying. I think  
14   that's important to keep in mind.

15           COMMISSIONER del VALLE: So, speaking of  
16   ratepayers, according to Moody's PGA Annual Rate --

17           MR. BEYER: I'm sorry.

18           COMMISSIONER del VALLE: I'm sorry.

19           MR. BEYER: That's okay.

20           COMMISSIONER del VALLE: I forgot to bring this  
21   closer. These are not working well.

22                   According to Liberty's final report

1 and PGA Annual plans, Peoples have been in the  
2 Beverly, South Austin, South Shore areas in Chicago  
3 for two years now.

4 Why are they just allowed to continue  
5 what's been found to be a problematic program just  
6 in these areas?

7 MR. BEYER: Despite -- despite any setbacks in  
8 the program, despite schedule overruns, despite  
9 possible cost issues, the program overall needs to  
10 continue.

11 Looking at Liberty's report from last  
12 May, Liberty says that the work that goes on in the  
13 streets is going well. The people they have on the  
14 project, the materials they use for the project, the  
15 design for the project, that's overall going well.  
16 That's the key to having a safe project.

17 Some of these other issues -- we want  
18 that to continue. Some of these other issues that  
19 we are looking on sort of extend beyond that require  
20 a deeper look to make sure we have good schedules,  
21 we have good cost estimates, that things are  
22 prudent, that things are reasonable, but continuing,

1 and even though there have been some problems that  
2 have been identified, we believe certainly the work  
3 needs to continue, and Liberty did give some good  
4 scores on the actual work out on the street.

5 So we don't really have a fear that  
6 the work going on now is not proper for this sort of  
7 project.

8 COMMISSIONER del VALLE: Mr. Chairman, I have  
9 several other questions, but what I will do is give  
10 those to you in writing.

11 CHAIRMAN SHEAHAN: Sure.

12 COMMISSIONER MAYE EDWARDS: Mr. Chairman, I have  
13 one last question if that's okay.

14 Gene, I just want to go back to  
15 revisit the suspension. I know we are voting on  
16 these recommendations, and one of the issues today  
17 is to suspend the AMRP as it currently exist. I  
18 just want to get clarification if we are endorsing  
19 the November 30th plan by Peoples Gas to move  
20 forward at full speed.

21 MR. BEYER: Staff has begun its review of the  
22 November 30th plan that was presented to you. The



1 bulk of that plan was in regard to the McDonald  
2 report and how they're studying the whole program  
3 and how they're scheduling and forecasting the cost  
4 and things like that.

5 Our first review of that indicates  
6 that it's set up in a good fashion, and we do  
7 mention that in the Staff report. We talk a little  
8 bit about what our preliminary work has been. We do  
9 have some concerns that they have to do the work  
10 kind of quickly.

11 We do have some concerns that the data  
12 and the information they relied on was existing  
13 data, not information they could really develop on  
14 their own from a longer term engagement, but we are  
15 going to continue reviewing that and working with  
16 them on that.

17 I don't know that I answered your  
18 question.

19 COMMISSIONER MAYE EDWARDS: I don't either.

20 CHAIRMAN SHEAHAN: Gene, I think what she's  
21 getting at and what I think Commissioner del Valle  
22 was sort of getting to is the time frame of the AMRP

1 sort of drives certain expectations and has a  
2 material impact in particular on the cost.

3 The company proposed, you know,  
4 basically let us keep doing what we are doing for  
5 three years and we will see how it goes. I think  
6 this is a pretty stronger rejection of that.

7 I think what we're saying today is we  
8 are going to take six months. We are going to get  
9 everybody around the table. We are going to figure  
10 out what the scope, time frame and cost is, whether  
11 it's a reasonable time and cost with everybody, all  
12 the stakeholders, CUB, Attorney General, the  
13 company, the Staff, others, and we are going to  
14 figure out what are, you know, the best approaches.  
15 I think this is what you are saying.

16 MR. BEYER: Right. Right.

17 CHAIRMAN SHEAHAN: And so, no, I think it's a  
18 pretty clear rejection of the three-year time frame.  
19 I think far from doing nothing, you know, we are  
20 saying -- I think what Staff is saying is we're not  
21 going to keep going down the same path. We're not  
22 going to keep going 10, 15 years or 20. We are not

1 going to keep going down the same path we are going  
2 for three years. We are going to get to the bottom  
3 of this where we are going to get everybody talking  
4 about what are the best approaches, what kind of  
5 impact there may be on ratepayers, and then come  
6 back and come to a formal docketed case where the  
7 Commission says, look, this is what you folks are  
8 doing going forward. I think that's -- I think  
9 that's what they're saying.

10 From a practical standpoint, I don't  
11 think anybody says just stopping all work is a good  
12 idea. There's folks putting pipe in the ground, and  
13 that's what needs to keep happening while we take a  
14 little bit of time to figure out what the scale, and  
15 the pace, and cost is.

16 MR. BEYER: Right. And that gets to the question  
17 that I didn't answer where I lost track of your  
18 question.

19 The company has brought together --  
20 brought to us and you a new plan, a new approach,  
21 new forecasts, new estimates, new schedules, and  
22 that has to be an improvement over what we had.

1                   If we were -- I think we ought to  
2 continue the work, as the Chairman just described,  
3 certainly we are going to do that, but based on the  
4 company's November 30th filing, we believe that work  
5 will be improved, okay, but we are going to continue  
6 doing our work with them on that project and then  
7 we'll come back to them at a later date to see after  
8 following these formal and informal processes if we  
9 have other recommendations for changing the program  
10 at that time.

11                   We're not -- I want to emphasize,  
12 we're not saying, well, it's not working, well,  
13 let's just continue. That's not it. As Liberty  
14 said, the work out in the street seems to be going  
15 along pretty well and the new management has given  
16 us some indication that they have made improvements  
17 to all of that. We will monitor that and make sure  
18 while all this other stuff is going on that it's  
19 going on efficiently, effectively, and prudently.

20           COMMISSIONER ROSALES: And the high-risk pipeline  
21 infrastructure continues, correct?

22           MR. BEYER: Oh, yes. Yes.

1           COMMISSIONER del VALLE:  It's that monitoring  
2           that I want to hear more about.  How are you going  
3           to do that in this time span?  A lot can happen  
4           between now and then as we finalize this process  
5           recommended by this report.

6           MR. BEYER:  We are going to continue to get  
7           reports from the company.  We are going to continue  
8           working with Liberty during its implementation  
9           phase.  We are going to continue meeting with the  
10          company on a regular basis.

11                               How is it going?  What was your  
12          forecast for this prior three months?  How did you  
13          do in your forecast?  What was your cost estimate  
14          for those projects during the prior three months and  
15          how did you do regarding your cost estimates?  What  
16          problems did you run into?  What delays were there?  
17          How is your coordination with the city?  That's kind  
18          of the work that we are going to keep meeting with  
19          them.  We call them, sometimes they come down, but  
20          we meet with them and discuss all this as we go, and  
21          we have been doing that for a number of years.

22          COMMISSIONER del VALLE:  Well, we've been doing

1 it for a number of years, but look at where we are  
2 at.

3 CHAIRMAN SHEAHAN: So, Gene, when Commonwealth  
4 Edison Company was building new generator power  
5 plants, the Commission retained sort of consultant  
6 firms, accounting firms to do the cost accounting  
7 and it seems like this role is more of a project  
8 management role as opposed to sort of an  
9 accounting/auditing role. Is that kind of what I  
10 think you are getting at?

11 MR. BEYER: My Staff right now is actually  
12 reviewing those documents from that time period.  
13 They were large projects. They cost billions of  
14 dollars. They were in progress, and we hired  
15 consultants at the time to follow along those  
16 projects to see how they were doing, to look at the  
17 schedules, because the schedule slips cost money to  
18 look at the cost overruns. It was a very broad  
19 review of those projects.

20 Staff is looking at that right now and  
21 we will be giving to them shortly a recommendation  
22 for what this new monitoring project would look like

1 and what we would ask of a consultant in this new  
2 monitoring project.

3 We are using those previous  
4 construction projects though as guides to see what  
5 we like and what might be applicable to this project  
6 and, as soon as we have those, I will make sure  
7 everybody sees those.

8 CHAIRMAN SHEAHAN: Any other questions?

9 (No response.)

10 Okay. Thank you, Gene.

11 With that, I would move that we accept  
12 the Staff report.

13 Is there a second?

14 COMMISSIONER ROSALES: Second.

15 CHAIRMAN SHEAHAN: Any further discussion?

16 (No response.)

17 All those in favor of adoption?

18 COMMISSIONER del VALLE: Question, Mr. Chairman.  
19 I'm assuming that accepting the Staff report means  
20 approving the recommendations of the report.

21 CHAIRMAN SHEAHAN: Correct, although I think, as  
22 Commissioner McCabe pointed out -- as she just

1 pointed out, accepting the recommendation is a  
2 little bit different than we have to come back  
3 within, you know, the formal cases to sort of clean  
4 up, you know, the QIP. For example, for suspending  
5 QIP, we can't do it today. It's not in front of us.  
6 It's a docketed matter.

7 So there are things that --  
8 recommendations that, you know, they make that we  
9 are accepting. The effect of this would be that we  
10 are accepting the recommendation, but then there  
11 are -- you know, we will come back with  
12 implementation of it.

13 The RFP for an consulting engineer,  
14 for example, we are not approving an RFP today.

15 COMMISSIONER McCABE: I understand that, but we  
16 are accepting as a Commission the recommendations?

17 CHAIRMAN SHEAHAN: Right.

18 COMMISSIONER del VALLE: Okay. Thank you.

19 CHAIRMAN SHEAHAN: Any other discussion  
20 questions?

21 (No response.)

22 All those in favor, say aye.



1 COMMISSIONER ROSALES: Aye.

2 CHAIRMAN SHEAHAN: Opposed, say nay.

3 (No response.)

4 Any abstentions?

5 (No response.)

6 All in favor?

7 (No response.)

8 And the Staff report is accepted.

9 Thank you.

10 MR. BEYER: Thank you.

11 CHAIRMAN SHEAHAN: Moving on to the  
12 Telecommunication's Agenda, Items T-1 and 2, are  
13 Applications for Certificates of Non-Prepaid  
14 Cellulcar or Wireless Telecommunications Services.

15 Are there any objections to  
16 considering these items together and approving the  
17 proposed Orders?

18 (No response.)

19 Hearing none, the Orders are approved.

20 Item T-3 is Talk America Services'  
21 Application for a Certificate of Exchange Service  
22 Authority to provide Facilities-Based Local

1 Telecommunication Services.

2 Is there any objection to approving  
3 the proposed Order?

4 (No response.)

5 Hearing none, the Order is approved.

6 Items T-4 through 8 are various petitions  
7 seeking authorization to modify existing 9-1-1  
8 Emergency Telephone Number Systems.

9 Are there any objections to  
10 considering these items together and approving the  
11 proposed Orders?

12 (No response.)

13 Hearing none, the Orders are approved.

14 Item W-1 concerns Illinois-American  
15 Water's Petition Seeking Approval of its Qualifying  
16 Infrastructure Reconciliation for 2012.

17 Are there any objections to approving  
18 the proposed Order?

19 (No response.)

20 Hearing none, the Order is approved.

21 Item W-2 is Illinois-American Water's  
22 Application for a Certificate of Public Convenience

1 and Necessity to provide water service in the  
2 Illinois counties of La Salle and Livingston and for  
3 the approval of the purchase of certain assets.

4 Are there any objections to approving  
5 the proposed Order?

6 (No response.)

7 Hearing none, the Order is approved.

8 Item W-3, Aqua Illinois' Petition for  
9 Approval of an Asset Purchase Agreement Issuance of  
10 a Certificate of Public Convenience and Necessity to  
11 Operate a Water System and for the Issuance of an  
12 Order approving rates.

13 Are there any objections to approving  
14 the interim Order?

15 (No response.)

16 Hearing none, the interim Order is  
17 approved.

18 Item M-1 concerns an Order setting the  
19 rate of interest debt one-half percent to be paid on  
20 customer deposits from January 1, 2016 through  
21 December 31, 2016.

22 Are there any objections to approving

1 the proposed Order?

2 (No response.)

3 Hearing none, the Order is approved.

4 Our consideration of M-2 will be  
5 postponed for a future meeting.

6 M-3 concerns the Attorney General's  
7 Petition for the Approval of an Illinois Energy  
8 Efficiency Policy Manual.

9 Are there any objections to approving  
10 the proposed Order?

11 (No response.)

12 Hearing none, the Order is approved.

13 Item PR-1 concerns Sprint  
14 Communication's Petition to Discontinue Offering  
15 Basic Local Exchange Service.

16 Are there any objections to denying  
17 the Application for Rehearing and entering a  
18 mandatory Order?

19 (No response.)

20 Hearing none, the Application for  
21 Rehearing is denied and the mandatory Order is  
22 approved.

1                    Judge Kimbrel, do we have any other  
2 matters to come before us today?

3            JUDGE KIMBREL: We do not, Mr. Chairman.

4            CHAIRMAN SHEAHAN: Commissioners, do we have any  
5 other business to discuss this morning?

6    (No response.)

7                    Hearing none, we stand adjourned.

8 Thank you.

9    (Whereupon, the above  
10 matter was adjourned.)

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