

BEFORE THE
ILLINOIS COMMERCE COMMISSION
PUBLIC UTILITIES OPEN MEETING
Springfield, Illinois
May 2, 2024

Met pursuant to notice via video-conference at
11:30 AM.

PRESENT:

MR. DOUGLAS P. SCOTT, ACTING CHAIRMAN
MR. MICHAEL T. CARRIGAN, COMMISSIONER
MR. CONRAD REDDICK, COMMISSIONER

MS. STACEY PARADIS, COMMISSIONER
MS. ANN MCCABE, COMMISSIONER

MAGNA LEGAL SERVICES
BY: Evelyn Carter, CER,
Notary Public

1 VIA WEBEX:

2 A P P E A R A N C E S:

PRESENT:

3 MR. DOUGLAS P. SCOTT, ACTING CHAIRMAN

4 MR. MICHAEL T. CARRIGAN, COMMISSIONER

MR. CONRAD REDDICK, COMMISSIONER

5 MS. STACEY PARADIS, COMMISSIONER

6 MS. ANN MCCABE, COMMISSIONER

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9 SPEAKERS;

10 MR. JIM KERR, CEO, Southern Gas

11 MR. WENDELL DALLAS, President, Nicor Gas

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1 ACTING CHAIRMAN SCOTT: Good morning,
2 everyone. Under the Open Meetings Act, I call the May
3 2, 2024 Regular Open Meeting to Order. Commissioners
4 Kerrigan, McCabe, Reddick and Paradis are with me in
5 Springfield. We have a quorum. There are no requests
6 to speak today, and we will start today's meeting with
7 the transportation agenda.

8 (Whereupon the Transportation Agenda was
9 held.)

10 ACTING CHAIRMAN SCOTT: We'll now move
11 on to our Public Utilities Agenda.

12 For today's Public Utility Agenda, we
13 will begin with item 0-1. So we'll go out of Order.
14 We'll begin with 0-1, which concerns the report by
15 Chief Executive Officer of Southern Company Gas, Mr.
16 Jim Kerr, and the president of Nicor Gas, Mr. Wendell
17 Dallas, on Nicor's compliance with Docket Number
18 15-0558.

19 This docket concerns the merging of
20 Nicor Gas into Southern Company. If there are no
21 objections for logistical reasons, we'll hear this item
22 first.

1 Hearing no objections, Mr. Kerr, Mr.
2 Dallas, if you would please move forward. Appreciate
3 you being here today and look forward to your
4 presentation, so floor is yours.

5 MR. KERR: My name is Jim Kerr. I'm the
6 Chairman, President and CEO of Southern Company Gas,
7 one of America's leading natural gas providers and a
8 subsidiary of the Southern Company. Proud to be joined
9 today by my partner, Wendell Dallas, the president and
10 CEO of Nicor Gas.

11 It's great to be in Springfield and to
12 share our annual update with you. I'm pleased to
13 report that since the closing of the AGL resources and
14 Southern Company merger in 2016, we continue to remain
15 in full compliance with the merger conditions and all
16 local, state and federal regulatory requirements with
17 no issues to report.

18 The full details of our merger
19 conditions compliance were filed with the Commission on
20 December 6, 2023. We continue to demonstrate a strong
21 track record of successful operation under the relevant
22 conditions set forth and through your support and

1 constructive engagement with a variety of government
2 officials and other stakeholders, we will continue to
3 do so.

4 As Illinois's largest natural gas
5 provider, we continue to deliver the clean, safe,
6 reliable and affordable natural gas service to our 2.3
7 million customers that they expect and deserve in more
8 than 650 communities across Illinois.

9 The safety of our employees and the
10 customers and communities that we serve remains our
11 number one value and our highest priority. That's why
12 we design, construct, operate and maintain our
13 infrastructure to ensure regulatory compliance with
14 both the state of Illinois and the Pipeline and
15 Hazardous Materials Safety Administration, or PHMSA.

16 In fact, approximately 70 percent of our
17 proposed infrastructure investments are necessary to
18 meet federal and state regulated safety and compliance
19 requirements. With respect to employment, we have met
20 or exceeded all required employment thresholds and will
21 continue to do so. Our investments in safe, reliable
22 infrastructure and improved service to customers create

1 an ongoing need for not only internal skilled labor and
2 corporate staff at Nicor Gas, but also external
3 resources provided by our labor partners.

4 I'm especially proud to share that with
5 your support and encouragement, Nicor gas is a leader
6 in supplier diversity and inclusion. We serve as a
7 model for our state, our industry and across Southern
8 Company's, multiple states and subsidiaries. I know
9 Wendell will share more on this.

10 We also continue to meet or exceed our
11 community commitments. Last year, Nicor Gas and its
12 foundations donated more than \$5.3 million to the
13 United Way, Boys and Girls Club and more than 160
14 nonprofits in Northern Illinois. This is in addition
15 to the \$10 million in shareholder dollars donated in
16 2021 and '22 for energy and basic needs assistance for
17 residents.

18 As reported in previous years, the
19 merger has not negatively impacted Nicor Gas' cost of
20 capital. In fact, the credit rating agencies have
21 consistently noted the benefit Nicor receives as being
22 part of the Southern Company family. And to be fair,

1 the addition of Nicor Gas to Southern Company Gas and
2 to Southern Company has also been positive.

3 We are committed to working
4 constructively with the Commission to continue to
5 support Nicor's credit quality through a resilient
6 capital that maintains robust access to the capital
7 markets at low cost for our customers.

8 In summary, the safety of our customers,
9 communities and employees remains our number one value
10 and our highest priority. Coupled with a strong focus
11 on customer service and a constructive regulatory
12 environment, we look forward to providing affordable,
13 reliable and increasingly clean natural gas service to
14 our Illinois customers for decades to come.

15 Before I hand it over to Wendell, please
16 allow me a point of personal privilege. As a former
17 regulator, I understand and appreciate more than most,
18 the hard and necessary work that each of you does.
19 Like you, customers are the center of everything we do
20 and everything I think about. Their safety, well being
21 and quality of life are at the heart of every decision
22 we make and every request we bring to this Commission.

1 Today, natural gas is responsible for
2 delivering 75 percent of northern Illinois' energy
3 needs at approximately half the cost of electricity,
4 and more than 70 percent of Illinois households rely on
5 natural gas for their heating needs.

6 As customer demand for natural gas
7 continues across Nicor Gas' service territory and
8 customer classes, especially in the context of economic
9 development, we believe natural gas is well positioned
10 to provide a foundation for the state's clean energy
11 future. We remain committed to working with you to
12 achieve an optimal balance of clean, safe, reliable and
13 affordable natural gas to help continue to serve our
14 customers, meet Illinois clean energy goals and
15 position the state for continued growth and prosperity.

16 Thank you for your service and for your
17 time. I'll let Wendell take it from here. And then he
18 and I welcome any questions.

19 ACTING CHAIRMAN SCOTT: Thank you Mr.
20 Kerr. Mr. Dallas?

21 MR. DALLAS: Thank you, Jim. Good
22 morning, Mr. Chairman and members of the Commission.

1 I will tell you it's been an honor and a
2 privilege to lead Nicor Gas. I've been at the helm now
3 for about two years, but I'm inspired every day by the
4 total commitment of our over 2000 employees, their
5 experience, their skill, the way they partner with our
6 diverse contractors. We're focusing on improving the
7 lives of the 2.3 million customers we serve in hundreds
8 of communities across Illinois. And again, it's a
9 privilege. As Jim mentioned, Nicor Gas continues to
10 meet and exceed the merger requirements. But our story
11 is much bigger and more impactful than that.

12 We're proud to provide clean, safe,
13 reliable and affordable service to our customers.
14 We're invested in growing our communities and we're
15 committed to providing a solid foundation for our
16 state's clean energy future.

17 Nicor Gas is the largest natural gas
18 provider in Illinois, and we safely operate more than
19 34,000 miles of pipeline and eight natural gas storage
20 facilities across the state. This infrastructure is
21 critical to ensuring reliable service to customers,
22 especially during extreme weather conditions that may

1 cause power outages.

2 For example, in January, Winter Storm
3 Gerri brought a week of cold temperatures with wind
4 chills dropping below negative 30 degrees Fahrenheit.
5 And during the three coldest days that week, Nicor Gas
6 delivered 12.41 billion cubic feet of natural gas
7 without a single major outage.

8 In fact, during the coldest hour of the
9 coldest day of the storm, Nicor Gas delivered nearly
10 2.5 times the highest quantity of electricity ever
11 delivered by the electric grid during any hour for
12 consumption in northern Illinois. And on that day, the
13 natural gas delivered to customers was half the price
14 of electricity. Our customers were further cushioned
15 because approximately 40 percent of the natural gas we
16 delivered was reserved in our underground storage
17 facilities.

18 Put simply, Nicor Gas was there when our
19 customers needed us the most. While natural gas
20 remains the most cost effective energy choice for
21 customers, we're aware that the lingering effects of
22 inflation, high interest rates and other economic

1 pressures make it difficult for customers to meet -- to
2 make ends meet. That's why last year we applied nearly
3 50 million in company and third party resources to
4 assist income-eligible customers.

5 We also launched the Community
6 Connection Center, which we favorably refer to as C-3,
7 a free service linking customers with bill payment and
8 other assistance services. Since opening in April of
9 2022, I'm proud to report that the C-3 team has
10 connected nearly 7000 customers with energy efficiency
11 programs and \$13 million in energy assistance grants.
12 Like you, Nicor Gas is committed to a sustainable
13 energy future. We believe the most practical, reliable
14 and affordable way to achieve that future is through
15 the continued use of natural gas and the infrastructure
16 that supports it.

17 Since 2012, the increase of natural gas
18 has reduced carbon emissions from electricity
19 generation by 30 percent in Illinois. With your
20 support, Nicor Gas has been able to make investments in
21 pipeline and infrastructure modernization that reduced
22 our annual operations emissions by 54 percent over the

1 ten year period from 2009 to 2019, and we continue to
2 make progress.

3 In addition to modernizing our system,
4 next generation clean energy solutions like renewable
5 natural gas will support our company's goal to achieve
6 net zero emissions from our operations by 2050 and
7 broader economy wide emissions reductions, which is in
8 line with our state's clean energy goals.

9 Nicor Gas is proud to partner with
10 MachH2, a regional clean hydrogen hub selected by the
11 US Department of Energy for federal funding under the
12 Infrastructure Investment and Jobs Act. The hub aims
13 to unlock the potential of clean hydrogen in Illinois
14 and across the Midwest.

15 Additionally, Nicor Gas and Habitat for
16 Humanity are partnering on a smart neighborhood
17 initiative designed to build net-zero homes that
18 integrate natural gas and electricity, and as research
19 shows, this hybrid approach will drive greater
20 emissions reductions at lower overall cost.

21 Through these initiatives and many
22 others, Nicor Gas is playing an essential role in

1 community and economic development. We support an
2 estimated total economic impact to the state of more
3 than \$1.5 billion, including the creation of nearly
4 11,000 jobs and over 900 million in total supply chain
5 effects, and we expect this impact will continue to
6 grow. Since 2010, the use of natural gas by Illinois
7 businesses has increased by nearly 10 percent and
8 natural gas remains the main fuel source used by
9 manufacturers across the state.

10 Last year, Nicor Gas was proud to
11 support Goshen as they introduced the cutting edge
12 battery technology, manufacturing and energy storage
13 solutions to Illinois through a \$2 billion giga-factory
14 in Manteno. Nicor played a pivotal role in landing
15 Goshen by providing the necessary energy for their
16 operations.

17 Like Nicor, Goshen is committed to
18 collaborating with the state to achieve a net-zero
19 energy future, foster job creation and accelerate
20 Illinois' economic growth.

21 I was also honored last year to join
22 Governor Pritzker on a Trade Mission to the United

1 Kingdom, where Nicor Gas and other Illinois energy
2 companies signed a memorandum of understanding to
3 advance collaboration for a net-zero energy future in
4 line with the state's clean energy leadership and
5 carbon free energy by 2050 goal. And as Jim mentioned,
6 our state's clean energy future must be an inclusive
7 one that reflects and empowers the communities we're
8 privileged to serve. That's why we're leading the
9 state and the nation in supplier inclusion.

10 Last year, we achieved 42 percent of our
11 overall sourceable spending with minority, women and
12 veteran-owned businesses totaling more than \$378
13 million. And over the past eight years, we've spent
14 \$2.7 billion with these enterprises.

15 Additionally, thanks to bipartisan
16 support at the federal, state and local levels, we were
17 able to advance energy choice and equity by extending
18 our natural gas infrastructure to the residents of
19 Hopkins Park and Pembroke Township. Now, with access
20 to clean, safe, reliable and affordable natural gas,
21 these communities are better positioned to thrive and
22 compete for jobs and opportunities.

1 As you can see, I'm incredibly
2 passionate about the work that we do and the impact
3 we're making. We appreciate our constructive
4 relationship with the Commission and shared commitment
5 to customers and communities. We look forward to
6 working through the regulatory process as well as the
7 initiatives like the future of gas to reinforce the
8 value proposition to customers of clean, safe, reliable
9 and affordable natural gas, and to demonstrate a clear
10 path forward for this foundational fuel in our state's
11 growing economy and clean energy future.

12 Thank you again for your time today, and
13 Jim and I welcome your comments or questions.

14 ACTING CHAIRMAN SCOTT: Thank you, Mr.
15 Dallas. Questions from the commissioners? Okay,
16 Commissioner Reddick? I have some too, so you won't be
17 the only one.

18 COMMISSIONER REDDICK: I always have
19 questions. I didn't have a chance to jot down the
20 details on your 2050 goal and how you're planning on
21 getting there. You mentioned that earlier and you gave
22 us some specifics, but I didn't have a chance to write

1 them down. Could you repeat that portion?

2 MR. DALLAS: So I think you were talking
3 about our -- we focused on renewable natural gas. That
4 comment there. We're basically working that through
5 our operations and also focusing on the reductions
6 across the state. So in our business, we're minimizing
7 the impact of emissions and so we're improving on the
8 operations. We're also partnering with other
9 organizations to work through. How do we actually help
10 get the state of Illinois to the place that we're all
11 trying to get to in this clean energy future. And
12 we're participating in the future of gas, and in fact,
13 at the next future of gas workshop, one of our
14 colleagues will be presenting, talking about renewable
15 natural gas and the path that we're recommending on how
16 we can get there.

17 COMMISSIONER REDDICK: So what does
18 Nicor look like in 2050 in terms of its pipeline
19 network and what's going through the pipes?

20 MR. DALLAS: Well, I think that when you
21 look at where we are today and how we got here today as
22 a state, as companies working with other utilities

1 providing energy. What we want to do right now is just
2 be a part of the solution. So what we will look like,
3 to my opinion, we feel like natural gas can be part of
4 that future and we want to do it in a responsible way.
5 So leveraging the infrastructure, leveraging the
6 technology, leveraging the new, like, for instance,
7 what's going on with the MachH2 hydrogen hub, the role
8 that we can play in that, focusing on how we're working
9 with customers and energy efficiency improvements,
10 obviously, renewable natural gas, we feel like all
11 these elements are going to be able to enable us to be
12 in a place where we're providing safe, reliable and
13 affordable service to customers. So we feel like
14 natural gas is going to be here in 2050 as part of the
15 solution for customers.

16 COMMISSIONER REDDICK: And your smart
17 city initiative, it's early, but do you have at this
18 point any indication of what the segmentation might be,
19 gas, electric, other?

20 MR. DALLAS: Well, we don't actually
21 have -- I'm trying to predict exactly what's going to
22 come out of that, we're not doing -- what we did do is

1 we worked with a national renewable energy lab and they
2 actually took 20 different models. And based upon the
3 conditions here, weather and other things, they tried
4 to figure out what's the most optimum design that will
5 enable you to produce a carbon-free net-zero home. And
6 so what this is, what we're going to find is we're
7 going to study, working with other partners in this
8 process, but we're going to study the dynamics, what
9 the outcome is, and we'll be able to figure out what's
10 working effectively.

11 And from that, we plan on sharing that
12 information with all the stakeholders here in Illinois,
13 because we feel that when you do the combination of all
14 those different components, working with what I
15 consider experts in this space, working with the folks
16 that are actually charged with delivering this, we feel
17 we're going to be able to learn from that and grow and
18 make adjustments. And ultimately, I think we'll be
19 able to make recommendations on things that work well.

20 And as new technologies introduce
21 themselves, we want to be in a position to be able to
22 combine that with where we're headed.

1 COMMISSIONER REDDICK: Before I yield to
2 the Chairman, going to what brought us here, the merger
3 and working together, do you -- how should I phrase it?
4 Do your colleagues in the Southern Company, your other
5 operating companies in the Southern Company, they
6 operate in states that may have pretty different
7 policies from Illinois. And I wonder two things; one,
8 does benchmarking within the corporation for operating
9 companies directly affect Nicor; and does Nicor feel
10 that when it comes to strategic planning and the
11 dollars devoted to that, that they have sufficient
12 independence to answer the needs of Illinois policies?

13 MR. DALLAS: Do you want to --

14 MR. KERR: He's asking you.

15 COMMISSIONER REDDICK: Yeah, listen, I
16 tried to avoid that, but, yeah, that's --

17 MR. DALLAS: So we're, first of all,
18 first of all, thanks for the question. I do feel that
19 the tremendous support that we received from Southern
20 Company in general has been just invaluable. And what
21 we're doing is we focus on taking care of Illinois.
22 We're here. We're part of the community. We're the

1 infrastructure of the ground. And true to how we
2 leverage best practices, and we learn, looking at this,
3 the future, on how energy is integrated and how we're
4 able to provide better service to customers, we're
5 leveraging the full weight of all the resources
6 available to us within Southern Company. So we have --
7 we get tremendous support. And, yes, we're not --
8 we're making decisions that are right for Illinois, and
9 that's what we'll continue to do. And then we get
10 tremendous support in this. And we're actually, in the
11 true sense, charged to stand alone. And that's what
12 you want to be. But the nice thing is not only being
13 able to stand alone from the standpoint of running the
14 organization of the business, but when you have
15 additional knowledge and experience and expertise that
16 you can bring to the state of Illinois to make it
17 better, that helps us tremendously.

18 I mean, a case in point, when we look at
19 our supplier inclusion numbers, one of our main
20 contractors and vendors here not only is doing
21 exceptionally well, and we've actually helped them grow
22 their business, they are now even extended into other

1 parts of Southern Company as a result of it. So a
2 company based in Illinois, growing in Illinois, is also
3 now serving other states. So we're taking advantage of
4 all those best practices. We tend to be very
5 intentional about our efforts. We continue to learn,
6 we continue to focus on continuous improvement. So
7 being within the rest of our Southern Company family,
8 it's been a treat, because I know that I have
9 tremendous support coming from other areas. But the
10 key is that we're making sure that we understand here
11 and we're doing our very best, and we'll continue to
12 receive that support.

13 MR. KERR: And I (inaudible). I would
14 agree.

15 Maybe the one other advantage that we
16 thought might happen is opened up broader job
17 opportunities within the electric industry, down to
18 other parts of the suburb and vice versa. We've
19 actually (inaudible) --

20 JUDGE KINGSLEY: Excuse me, we can't
21 hear you in Chicago.

22 THE REPORTER: The court reporter can't

1 hear you either.

2 MR. KERR: -- into the career
3 opportunities.

4 ACTING CHAIRMAN SCOTT: Is your
5 microphone on?

6 MR. KERR: Yes. It is now. The career
7 opportunities, we really have had I think a fairly
8 fluid situation. We've been able to accommodate
9 people's desires or needs for family reasons to move
10 across the system. I would echo the supplier
11 diversity. I think this Commission was a leader
12 nationally in emphasizing supplier diversity through
13 the regulatory process.

14 And let's be honest, the bully pulpit
15 that the Commission has was out in front of some of the
16 traditional states that Southern had served. We've
17 used that as a model. We've actually been able to
18 identify diverse suppliers that we've worked with for
19 years in Illinois and created opportunities for them in
20 the south, in the southeast.

21 In fact, I met with an owner of a
22 business that does a lot of work now across our system.

1 And I thought he had traveled from Chicago to come see
2 me, and he said, no, I've got an office right across
3 the street from you in midtown Atlanta. So I think
4 those sorts of things have been particularly important
5 from a financial standpoint, I would echo what Wendell
6 said. I think the opportunity, the constructive
7 regulatory environment in Illinois has been a terrific
8 opportunity to be in business here. And it's -- I
9 think we've been, I think being part of the southern
10 family has certainly provided a access to capital,
11 capital markets. We're part of a bigger balance sheet,
12 a bigger income statement, and I think it's been a win-
13 win. It surely has.

14 And I would say that the merger
15 conditions have not been an impediment to sort of the,
16 either the local operation of the local utility or the,
17 you know, the whole, the way we run the holding
18 company.

19 Last thing I would say, I think Southern
20 Company has traditionally had a somewhat unique
21 approach within the larger utilities in the country,
22 where we really do operate as autonomous, independent

1 operating companies at the state level, bound together,
2 some would say too loosely, by kind of a loose
3 confederation as a holding company. And so it is
4 important that local leadership is here in Illinois
5 autonomously running the business with sort of support
6 and coordination with the Southern Company Gas Holding
7 Company, as well as with the larger Southern Company
8 Holding Company. It's important to our employees,
9 important to our communities, that we not consolidate
10 decision making and authority and autonomy in Atlanta
11 and try to operate. These are inherently local
12 businesses.

13 Two and a half million Illini pay a bill
14 to us every month, right? And so it's just been an
15 approach that I do think is somewhat unique, that the
16 Southern Company really does embrace the importance of
17 operating local utilities and trying to get advantages
18 of being part of a larger family and avoid the
19 potential negative implications of that.

20 ACTING CHAIRMAN SCOTT: Thank you.
21 Commissioner Carrigan?

22 COMMISSIONER CARRIGAN: Thank you,

1 Chairman. Mr. Kerr, Mr. Dallas and your team, thanks
2 for being here today. This has been a good discussion.
3 Mr. Dallas, you talked about, I'm going to call it
4 Kankakee County. It may be bigger than that. You
5 talked about Hopkins Park. You talked about Pembroke
6 from former dockets. We're pretty familiar with how
7 Nicor has been part of that. But you talked about the
8 EV, the battery plant up in the Manteno area.

9 MR. DALLAS: Yes.

10 COMMISSIONER CARRIGAN: That obviously
11 fits into the state's initiative. That's a big deal.
12 Lots and lots of jobs. But you talked about Nicor
13 participated in that. You played a part. Can you talk
14 a little more about what exactly you're doing?

15 MR. DALLAS: Well, just from economic
16 development standpoint, whenever you're attracting new
17 business, you focus on what are their energy needs.
18 And obviously Goshen had energy demands in terms of
19 being able to start their production. So we were a
20 part of that equation. And then some of the challenges
21 around having enough energy to be able to run their
22 operation and what we were able to do is actually be a

1 part of the solution for them. I think initially there
2 was a little bit, I think we got a little bit of an
3 increase. I don't have all the details, but the key
4 was that being there, available and being ready to go
5 when they were ready to go was a major advantage for
6 them. And which is, I think I feel really good about
7 the fact that they selected here. And so for us to be
8 a part of the process and be able to serve them, they
9 have their own goals, clean energy goals, and they're
10 also to them. It was important for us to be focused on
11 clean energy as well. So it was -- but we were there,
12 we needed them and were able to meet the demand. And
13 we felt really good that we're going to be able to
14 continue to serve them here going forward.

15 ACTING CHAIRMAN SCOTT: Thank you.

16 Commissioner Paradis?

17 COMMISSIONER PARADIS: I wanted to
18 follow up a little bit, and we can follow up. We don't
19 have to follow up at all here, but I was interested
20 about your C-3 team and the connections making it to
21 understanding your customers that are challenged from a
22 financial perspective, how you're connecting them with

1 other resources in the community. Sorry. I think that
2 would be good to learn more about that. Obviously,
3 that's going to be a continued focus for the Commission
4 and making sure you're doing that community serving
5 role. You're one of the first people that interacts
6 with those people in the community. So love to hear
7 just a little bit more about that. And then you and I
8 can follow up after.

9 MR. DALLAS: Well, I'll credit our team
10 for obviously knowing that there's resources available
11 to help customers. That's one thing. So that's great
12 when we are able to do that, but at times, sometimes
13 it's hard for them to figure out exactly how to
14 leverage or utilize those resources.

15 And what our team was doing was looking
16 at in terms of numbers of bill payment history and
17 other dynamics going on with customers. And what they
18 decided to do was a little bit of this pilot was said,
19 well, we know that this group of customers is most
20 likely going to leverage some of the resources
21 available. And some of the things we heard from
22 feedback from customers was, well, how do I do this?

1 And I didn't really know. So they proactively are
2 going out, they reached out to customers and then
3 offered these services and made sure were they aware of
4 what's available to them. And then they walked them
5 through all things available and they were able to
6 better serve. And so you're able to dig a little bit
7 deeper, get into there's energy efficiency
8 opportunities there. Of all the resources available,
9 here's the ones that you qualify. And so that process
10 of, in a sense, holding their hand through the process
11 made it extremely easier for them. And we were able to
12 provide better service. And it's been extremely
13 successful. We're getting great feedback from all
14 those that are going through the process.

15 It's that compassion for our customers
16 that this team decided to try this pilot, and it's
17 proven to be very successful. We have numbers. We're
18 tracking what we've seen to track. I'm sure we'll be
19 glad to share this information with you.

20 COMMISSIONER PARADIS: Yeah, that would
21 be great to hear. Also, I hope that when you do your
22 supplier diversity report, you share how you are able

1 to help Illinois companies go to other parts of
2 Southern Company. I think that's a good thing to
3 model.

4 Last thing I would ask, obviously, I
5 have a passion for energy efficiency. There's a great
6 discrepancy in Illinois in what the electric utilities
7 are required to do for energy efficiency versus natural
8 gas. So as you think about the future, do you see a
9 need to increase those targets on the gas side?

10 MR. DALLAS: Yes, I think we're going
11 to, we definitely are looking at, that's one of the
12 things there is that we feel is going to have the
13 greatest leverage. And so it's involvement in
14 educating the customer as well in the process. So
15 we're definitely looking for opportunities or ways that
16 we can go down that path so that it could create the
17 balance and so, but yeah, it makes the most sense when
18 you, because all of those within the entire value chain
19 around energy really should understand what's available
20 to them. And we know that customers as well want to do
21 better in this space. They want to be a part of the
22 process and the goal. So that's one nice way that all

1 of us can do it.

2 MR. KERR: If I may add a couple of
3 things here, going back to Commissioner Reddick's
4 question and to yours, probably we didn't highlight how
5 important increasing energy efficiency is going to be
6 part of our net-zero goals. I think in various
7 conversations that we've had and matters that we've
8 discussed with environmental interests here in the
9 states, it's a big part of the conversations and the
10 work that we've done there.

11 I would also share with you that at the
12 Southern Company board last week, we spent a lot of
13 time with the Southern Company board discussing the
14 increasing, I would use the word urgency, not unfairly,
15 around energy efficiency, especially with respect to
16 our customers who, you know, lower-income customers.
17 There's a lot of talk now nationally. Look, this
18 transition that we are going to make is going to
19 require significant amounts of capital and is going to
20 press affordability in the natural gas, on the natural
21 gas side, on the electric side. We talk a lot about
22 energy share of wallet, and people will say, well, it's

1 only about 3 percent. If you will look, though, if
2 you'll segment that and look at lower-income
3 households, the numbers become significantly greater.

4 Traditional energy efficiency will
5 continue to be important. But frankly, I think we as a
6 country, if we're going to do this, have to go after
7 the real problem, which is housing stock, whether
8 that's building codes, more weatherization, those sorts
9 of things, because we can't make the transition at the
10 cost that's going to have -- to everybody, I mean, I'm
11 not -- without, you can't send molecules or electrons
12 into an envelope that is utterly incapable of retaining
13 it.

14 So, bill assistance is great, but
15 pouring good money after bad to inefficient envelopes,
16 it just has a broader matter of public policy. So we
17 are, and if you can imagine in the southeast with the
18 heat, air conditioning load during the summer, it is a
19 particularly acute problem. So we or will be working
20 hard on that at the system level, and certainly that
21 work will be applied here as well.

22 ACTING CHAIRMAN SCOTT: Commissioner

1 McCabe?

2 COMMISSIONER MCCABE: One of
3 Commissioner Paradis' mantras is braiding funds, state
4 federal utility programs, braiding and stacking, and
5 whether it's energy efficiency, grid resilience or
6 pipeline infrastructure, just curious if you're
7 pursuing some opportunities under the availability of
8 federal funds.

9 MR. KERR: Well, unfortunately, there
10 wasn't as much available for our business as the
11 electric business in the federal world. But yes, to
12 the extent that it is available, yes, absolutely.

13 ACTING CHAIRMAN SCOTT: Commissioner
14 Reddick asked my merger-related questions, so I take
15 advantage of having here to ask about a couple other
16 things. Mr. Kerr, you mentioned the work that you do
17 to comply with the PHMSA regulations. We got new ones
18 coming at some point. They keep promising at some
19 point we're going to get them.

20 Do you expect any particular challenges
21 with the new regulations? I know you've been, your
22 company and you have been involved in the development

1 of those, so could you maybe talk about that a little
2 bit?

3 MR. KERR: You know, they will largely
4 go more towards leak and higher -- we, I think, without
5 the pressure of federal regulation have done a really
6 good job across the system in going after leaks and
7 sort of tightening up the system. And I think that's a
8 large part of our net-zero plan is, you know, and
9 generally, and I think this is right, I've certainly
10 been told that 99 plus percent efficient with the
11 molecule we take at the city gate that ultimately gets
12 delivered. But some of that goes to we're enhancing
13 leak detection, right? We're getting better at it.
14 It's just a matter of we know how to do it, we've done
15 it. It will increase capital investment and cost, but
16 we'll go do it.

17 I will tell you, one of the things that
18 concerns me a little bit is smaller systems. We were
19 talking earlier about small water systems, the
20 municipal systems, smaller systems. I think that it
21 will be a inordinate burden on them. We have been
22 comfortable with a level of leak in the system that we

1 just haven't gone after. Larger, better capitalized
2 businesses like ours with regulatory and local state
3 level support have gone ahead and done a lot of it. It
4 won't be, it'll be more workforce, but that's what we
5 do, right? I mean that doesn't bother me. I do worry
6 about the smaller ends of the system. And will some of
7 these small municipalities that are providing natural
8 gas service really be able to, to acquire the capital,
9 the workforce to do the work that would concern me.
10 But we welcome the regulator. I mean we're working on
11 them. We certainly want them to be reasonable, hope
12 that they will be, but we will comply with whatever
13 we're asked to do.

14 ACTING CHAIRMAN SCOTT: And then from
15 both kind of the corporate-wide global perspective and
16 then from a Nicor-specific supply chain issues, we keep
17 hearing horror stories about that. How acutely is that
18 affecting the business?

19 MR. DALLAS: Well, for us it's having
20 some impact. I mean when it comes to supplies or some
21 of our, when it comes to meters, things we use every
22 day is going to impact our system design. We are

1 basically leveraging fact, the full weight of the
2 Southern. In terms of that, economies of scale gives
3 us, I think, sometimes a advantage when it. To find
4 the things that we need to run our business. But for
5 the most part, for us, we are staying on top of those
6 needs, and we've been managing those fairly well.

7 And, yeah, when things did get tight, we
8 really looked at, are there things that we can leverage
9 from different parts of the business? And we did that
10 effectively. So while they're there, we try to factor
11 that into our design and then the design time required
12 to deliver those.

13 So we've done a fairly good job in terms
14 of managing that dynamic. Yet again, as new challenges
15 introduce themselves, then we respond to them. One of
16 the reasons why that we feel really good about our
17 investment in supplier inclusion is that the diversity
18 of our suppliers sometimes gives us an advantage.

19 Like even during, when the pandemic hit,
20 some suppliers, when you would consider your
21 nontraditional suppliers, had the resources we needed
22 and were able to utilize them, which is the win-win

1 scenario.

2 So that constant effort that the
3 discussion around the challenges out there, placing the
4 challenges on our partners to help us with this, is
5 proving to be invaluable because we're learning from
6 that and growing and making more investments in that
7 space. So this, as it adjusts or changes, we'll adjust
8 with the times.

9 But I think the key thing is just making
10 sure that we're -- when we say that we're ready to go
11 and our customers need us, then we, from a design
12 standpoint, determine what they need. Those long term
13 items, we go out to them fairly quickly and get them
14 and hold them the most, the riskiest things. But then,
15 at the same time, in terms of growing, we try to create
16 the right kind of balance.

17 MR. KERR: I would add, we have -- we
18 don't experience the kind of lumpy supply chain issues
19 that are affecting, I think, the electric side, and
20 that's not here in Illinois. It's everywhere. It's as
21 true in Georgia as it is here. Long lead times for
22 transformers, Commissioner Carrigan, to your question,

1 had a lot to do with the opportunity for us to step in
2 and support the Goshen, and we're seeing that across
3 our footprint and data centers. There's a re-
4 domestication of industrial manufacturing across the
5 country, post COVID. I mean, we as a nation are
6 shortening our supply chains, the move towards
7 globalization. Transformers are tough.

8 I'm on the board of a nonprofit that was
9 interested in whether I could help them get a
10 transformer quickly from Georgia Power. And I said, I
11 ain't asking because it's not going to happen. So, you
12 know, that's just the reality. I think this applied to
13 change in that world, will catch up to it eventually,
14 but for now it's a three to four year I think would be
15 a pretty good estimate nationwide.

16 We don't experience those sort of big
17 lumpy problems, but we have, I will say we have
18 experienced, and I think this will probably flow
19 through in some of the filings you'll see from all of
20 us, the general inflation in the construction projects.
21 I mean, we have, inflation has, you know, a larger part
22 of the investments we're making are just covering the

1 general inflations in the workforce and the labor and
2 so forth. That seems to be getting better, but that
3 was a bubble in there.

4 We are seeing, I would just say a little
5 bit off point, but the '22, the peak in spike in
6 natural gas prices that we saw in '22 for geopolitical
7 reasons is coming down. And I think, I think prices
8 will go up because production will catch up. You know,
9 we'll, it'll correct itself. But we are forecasting
10 sub \$4 gas out for the next decade. And I mean, it is
11 an opportunity for the economy.

12 ACTING CHAIRMAN SCOTT: You had my last
13 question, so I don't have to ask it. Appreciate.
14 Anybody else? Any other questions? Yes, Commissioner
15 Reddick?

16 COMMISSIONER REDDICK: I just wanted to
17 say we do smile.

18 ACTING CHAIRMAN SCOTT: Yes.

19 MR. KERR: Let me just say we are better
20 because of the leadership and the encouragement that
21 you all have given us. It's given us, as Wendell said,
22 more resilience. We have a broader universe of

1 suppliers, so there's not altruism and it's the way we
2 run the business. Thank you for your leadership.

3 ACTING CHAIRMAN SCOTT: Thank you, Mr.
4 Kerr, Mr. Dallas, thank you very much. We really
5 appreciate you being here. Thank you.

6 We will continue on now with the Public
7 Utilities Agenda. There are edits to the April 4th
8 Public Utilities Regular Open Meeting Minutes. Are
9 there any objections to approving the minutes as
10 edited?

11 (No verbal response.)

12 Hearing none, the minutes are approved
13 as edited.

14 Moving on to our electric items. Item
15 E-1 concerns a complaint against ComEd in Belvidere,
16 Illinois. Comed has filed a Motion to Dismiss in the
17 document arguing the Commission lacks jurisdiction in
18 the matter. The Order dismisses the complaint with
19 prejudice, finding that the Commission does indeed lack
20 jurisdiction over the matter. Are there any objections
21 to approving the Order?

22 (No verbal response.)

1 Hearing none, the Order is approved.
2 Items E-2 and E-3 concern complaints against Comed and
3 NRG in Kankakee and Machesney Park, Illinois,
4 respectively. Parties in both dockets have filed
5 Stipulations and Joint Motions to Dismiss indicating
6 that all matters in the proceedings have been settled.
7 The ALJS recommend dismissing the dockets with
8 prejudice.

9 Are there any objections to considering
10 these matters together and dismissing them with
11 prejudice?

12 (No verbal response.)

13 Hearing none, both matters are dismissed
14 with prejudice.

15 Item E-4 concerns a petition from the
16 Illinois Department of Transportation to acquire or
17 damage certain properties owned by ComEd. The Order
18 grants the petition.

19 Are there any objections to approving
20 the Order?

21 (No verbal response.)

22 Hearing none, the Order is approved.

1 Items E-5 and E-6 concern applications
2 for Certifications to install distributed generation
3 facilities in Illinois. The Orders grant the
4 certificates, finding that the applicants meet the
5 requirements. Are there any objections to considering
6 these items together and approving the Orders?

7 (No verbal response.)

8 Hearing none, the Orders are approved.

9 Item E-7 concerns an application for
10 certification to Install, Maintain, or Repair Electric
11 Vehicle Charging Station Facilities. The Order grants
12 the certificate, finding that the applicant meets the
13 certification requirements.

14 Are there any objections to approving
15 the Order?

16 (No verbal response.)

17 Hearing none, the Order is approved.

18 Item E-8 concerns an application for a
19 Certificate of Service Authority to act as a retail
20 electric agent, broker and consultant in Illinois. The
21 Order grants the certificate, finding that the
22 applicant meets the requirements.

1 Are there any objections to approving
2 the Order?

3 (No verbal response.)

4 Hearing none, the Order is approved.

5 Items E-9 through E-11 concern petitions
6 for confidential treatment of all or portions of the
7 petitioner's reports for a period of not less than two
8 years. The Orders grant the protections, finding that
9 the information is highly proprietary and confidential.

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

12 (No verbal response.)

13 Hearing none, the Orders are approved.

14 Item E-12 concerns a petition from
15 Ameren to incur indebtedness up to \$625 million for the
16 purpose of refunding, redeeming, and/or refinancing
17 outstanding indebtedness. The Order grants the
18 petition.

19 Are there any objections to approving
20 the Order?

21 (No verbal response.)

22 Hearing none, the Order is approved.

1 Item E-13 concerns a petition to cancel
2 a certificate of service authority to install energy
3 efficiency measures. The Order grants the petition and
4 cancels the certificate.

5 Are there any objections to approving
6 the Order?

7 (No verbal response.)

8 Hearing none, the Order is approved.

9 Items E-14 through E-16 concern
10 applications for certifications to install energy
11 efficiency measures in Illinois. The Orders grant the
12 certificates, finding that the applicants meet the
13 requirements.

14 Are there any objections to considering
15 these items together and approving the Orders?

16 (No verbal response.)

17 Hearing none, the Orders are approved.

18 Moving on to our Gas items.

19 Item G-1 concerns a complaint against
20 Peoples Gas in Chicago. On June 15, 2023, the
21 Commission issued an Interim Order granting and denying
22 in part, a Motion to Dismiss from Peoples Gas. On the

1 issues remaining in the matter, the Order denies the
2 complaint, finding that the complaint had failed to
3 sustain his burden of proof. The Order further
4 encourages Peoples Gas to work with the complainant to
5 resolve any outstanding balances he has with the
6 company.

7 Are there any objections to approving
8 the Order?

9 (No verbal response.)

10 Hearing none, the Order is approved.

11 Items G-2 and G-3 concern petitions to reconcile
12 revenues under riders from Liberty Utilities and Nicor.
13 Commission Staff has reviewed the findings and found
14 the reconciliations to be prudent and reasonable and
15 appropriately reconciled as set forth in the appendices
16 to the Orders. The Orders approve the reconciliations.

17 Are there any objections to considering
18 these items together and approving the Orders?

19 (No verbal response.)

20 Hearing none, the Orders are approved.

21 Item G-4 concerns Liberty Utilities filing for a
22 proposed increase in natural gas rates. The Commission

1 has yet to conclude its investigation in this matter.

2 The Order re-suspends the proposed rate increases for a
3 further period of six months.

4 Are there any objections to approving
5 the Order?

6 (No verbal response.)

7 Hearing none, the Order is approved.

8 Moving on to our telecommunications
9 items. Items T-1 through T-7 concern petitions for
10 confidential treatment of the petitioners' reports for
11 a period of not less than two years. The Orders grant
12 the protection, finding that the information is highly
13 proprietary and confidential.

14 Are there any objections to considering
15 the items together and approving the Orders?

16 (No verbal response.)

17 Hearing none, the Orders are approved.

18 Items T-8 and T-9 concern applications
19 for Certificates of Wireless authority to operate as
20 resellers of telecommunications services throughout
21 Illinois. The Orders grant their Certificates, finding
22 that the applicants meet the requirements.

1 Are there any objections to considering
2 these items together and approving the Orders?

3 (No verbal response.)

4 Hearing none, the Orders are approved.

5 Item T-10 concerns a petition to cancel
6 a Certificate of Service Authority to provide
7 interexchange telecommunications services. The
8 Petitioner has transferred all of its customers and the
9 public can seek these services from other providers.
10 The Order cancels the certificate.

11 Are there any objections to approving
12 the Order?

13 (No verbal response.)

14 Hearing none, the Order is approved.

15 Moving on to Water and Sewer items.

16 Item W-1 concerns Aqua Illinois'
17 Petition for a proposed rate increase for water and
18 sewer service. The Commission has yet to conclude its
19 investigation in this matter. The Order re-suspends
20 the proposed rate increases for a further period of six
21 months.

22 Are there any objections to approving

1 the Order?

2 (No verbal response.)

3 Hearing none, the Order is approved.

4 Item W-2 concerns the petition from
5 Prairie Path Water seeking a certificate of Public
6 Convenience and Necessity and other relief to own and
7 operate water and wastewater systems currently owned
8 and maintained by Port Barrington Shores. As a part of
9 its application, Prairie Path is seeking to engage
10 appraisers to determine the fair market value of Port
11 Barrington Shores assets. Commission Staff recommends
12 the Commission issue an interim Order approving the
13 engagement agreements with appraisers identified by
14 Prairie Path and the Interim Order approves the
15 engagement agreements.

16 Are there any objections to approving
17 the interim Order?

18 (No verbal response.)

19 Hearing none, the Order is approved.

20 Moving on to other items. Item 0-1 was
21 the presentation from Nicor and Southern Company that
22 the Commission heard at the beginning of today's Public

1 Utilities Agenda. And again, thank you to Mr. Kerr and
2 Mr. Dallas for their presentation.

3 Items 0-2 and 0-3 concern approval of
4 Batches, Contracts and Confirmations under the Illinois
5 Adjustable Block Program and the Illinois Solar For All
6 Program.

7 Are there any objections to considering
8 items 0-2 and 0-3 together and approving the Program
9 Administrator's Submissions?

10 (No verbal response.)

11 Hearing none, the submissions are
12 approved.

13 This concludes our agenda. Judge Teague
14 Kingsley, do we have any other matters to come before
15 the Commission today?

16 JUDGE KINGSLEY: No, Mr. Chairman.

17 ACTING CHAIRMAN SCOTT: Thank you. Do
18 the Commissioners have other business to discuss?

19 (No verbal response.)

20 ACTING CHAIRMAN SCOTT: Before we
21 adjourn, the Commission would like to take a moment to
22 remember Robert "Rob" Williamson, who was a valued

1 member of the ICC's IT operations team since 2002. His
2 sudden passing on April 24 is an unfathomable loss.

3 The IT team specifically wanted to
4 express their gratitude for the years they spent
5 working with Rob on laptop deployments, various
6 software and system upgrades, and the day-to-day
7 support they give to the agency. Rob had a unique
8 ability to connect with people. He was always
9 available to listen, offer help, and share a word of
10 encouragement. His technical expertise, willingness to
11 chat about anything, especially the Cubs, and easygoing
12 attitude, touched many. Rob was not only a colleague,
13 but a cherished friend, a mentor, and an integral part
14 of the IT team's professional family. The Commission
15 would like to extend our deepest sympathies to Rob's
16 entire family, especially his wife Mandy, son Tyler,
17 and daughters Raina and Clara.

18 If there are no further comments and
19 without objections, this meeting is adjourned. Thank
20 you.

21 (WHEREUPON, the above-entitled
22 proceedings were adjourned at 12:16 PM.)

1 I, Evelyn Carter, CER and Notary Public,
2 being first duly sworn on oath says that I am an
3 electronic reporter; reported the proceedings that were
4 held on the date, time and place set out on the title
5 page hereof; and that the foregoing is a true and
6 correct transcript of report of proceedings so taken
7 aforesaid.

8 I further certify that I am not related to any
9 of the parties, and I have no financial interest in the
10 outcome of this matter.

11

12 Evelyn Carter

13 EVELYN CARTER

14 Certified Electronic Reporter

15 Notary Public

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