Illinois Commerce Commission

**NEWS**

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June 24, 2015 312-814-2489

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**ICC Approves Merger of Wisconsin Energy Corporation and Integrys Energy Group, Parent Company of Peoples Gas and North Shore Gas, with Strong Conditions Attached**

Chicago - The Illinois Commerce Commission today approved the merger of Wisconsin Energy Corporation (WEC) and Integrys Energy Group, the parent company of Peoples Gas and North Shore Gas, with 47 required conditions of approval. Among the conditions are the requirement that WEC/Peoples Gas implement all of the Liberty Audit recommendations for the Accelerated Main Replacement Program (AMRP) and produce an official transition plan for the AMRP to the ICC. The gas companies must also maintain current Illinois employment levels and institute a two-year rate freeze post-merger.

“The merger approval comes with strong conditions to help ensure important reforms are made to the AMRP, maintain employment levels for Illinois workers, and provide rate stability for consumers.” said Brien J. Sheahan, chairman of the ICC. “The Commission and our Staff will aggressively enforce the conditions of the merger and the implementation of the Liberty Audit’s AMRP recommendations to protect Illinois rate-payers while ensuring that this critical infrastructure investment is fulfilled.”

Key conditions of the merger include:

* **Accelerated Main Replacement Program:** 
  + As a result of the Liberty Audit findings, WEC/Peoples Gas is required to provide an implementation plan for each of the Liberty Audit’s recommendations, an AMRP master scheduling plan, and its cost plan model.
  + The Commission includes as a condition of approval the Attorney General’s recommendation that WEC/Peoples Gas be required to submit a transition plan that provides detailed changes to the AMRP needed as a result of the merger.
  + These four plans detailing size, scope, schedule and cost for the AMRP will be provided to the Commission and its Staff within 75 days of the merger approval.
  + WEC/Peoples Gas will be required to implement each of the Liberty Audit recommendations for the AMRP. If WEC/Peoples Gas determines that it cannot fulfill a recommendation, it must propose an alternative to ICC Staff and if WEC/Peoples Gas and Staff cannot agree on the implementation, then WEC/Peoples Gas must file a petition with the Commission, or Staff will file a report with the Commission, and the Commission will determine how the recommendation will be implemented.
  + The Commission also agrees with the Attorney General and other intervenors that the completion of the AMRP by 2030 is unlikely. The Liberty Audit requires quarterly reporting to the Commission on the status of the AMRP until June 2017. Following that, the merger order requires WEC/Peoples Gas to report on the AMRP’s status to the Commission every six months, beginning on January 1, 2018, until the project is completed.

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* **Rates:** 
  + The gas companies will not seek increases in their base rates already set by previous Commission order, for at least two years after the merger closes.
  + Transaction costs incurred during the merger will not be recoverable from customers.
* **Employment Requirements:**
  + The Commission requires that the gas companies retain 2,026 full-time equivalent (FTE) employees, as recommended by Staff and approved in Peoples Gas’ last rate case, for at least two years.
  + WEC/Peoples Gas must report to the Commission any additional positions hired related to the AMRP; these positions cannot be included in the 2,026 FTE total.
* **Labor Agreements:** The gas companies’ existing labor agreements must be honored.
* **Community Involvement**:
  + The gas companies have agreed to extend for five years from April 2015 Peoples Gas’ funding of technical training for future gas utility workers at Dawson Technical Institute at a satellite location of the City Colleges of Chicago’s Kennedy King College.
  + The gas companies will contribute $5 million of shareholder money over the next five years to the Peoples Gas Share the Warmth program, with $1 million being contributed in 2015.

Post-merger, the ICC retains its statutory authority to oversee and approve rates for the gas companies’ Illinois customers and to closely monitor WEC/Peoples Gas’ implementation of the Liberty Audit’s AMRP recommendations.

In addition to ICC approval, the merger of Wisconsin Energy Corporation and Integrys Energy Group was subject to approvals from the shareholders of both companies, the Federal Energy Regulatory Commission, Federal Communications Commission, Public Service Commission of Wisconsin, Michigan Public Service Commission, and the Minnesota Public Utilities Commission.

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***About the Illinois Commerce Commission***

The Illinois Commerce Commission’s mission is to pursue an appropriate balance between the interests of consumers and existing and emerging service providers to ensure the provision of adequate, efficient, reliable, safe and least-cost public utility services. The Commission pursues this mission through three bureaus: the Consumer Services Bureau provides educational information on utility issues, resolves customer/utility disputes and develops rules on utility service and consumer protection; the Public Utility Bureau focuses on financial and operational analysis, policy development, public safety and enforcement activities related to electric, natural gas, water, sewer and telecommunications companies; the Transportation Bureau includes trucking insurance and registration, railroad safety, relocation towing, safety towing and household goods moving company enforcement activities. The ICC’s five commissioners are appointed by the Governor and approved by the Illinois State Senate for five-year terms.