

ICC Docket No. 14-0496
Joint Applicants' Response to
Illinois Attorney General's Second Set of Data Requests AG 2.01-2.13
Dated: September 8, 2014

REQUEST NO. AG 2.11:

Referring to JA Exhibit 2.1, if the "Separation Costs" relate to costs associated with separation of Integrys employees, please quantify the annual reduction in personnel costs from the separation of those employees. The response should include all supporting documentation and workpapers.

RESPONSE:

The separation costs relate directly to specifically named personnel as found in the SEC 2014 Form S-4 on pages 95 and 97. At this time, the Joint Applicants have not developed an estimate of a reduction in cost attributable to these employees since a final decision concerning continued employment has been made with respect to only one individual -- Charles A. Schrock, Chairman and Chief Executive Officer of Integrys Energy Group -- as he intends to retire.

ICC Docket No. 14-0496
Joint Applicants' Response to
Illinois Attorney General's Second Set of Data Requests AG 2.01-2.13
Dated: September 8, 2014

REQUEST NO. AG 2.09:

Referring to JA Exhibit 2.1, please itemize each of the "Approved Related Costs."

RESPONSE:

For purposes of answering this question, the Joint Applicants assume the inquiry concerns "Approval" Related Costs, for which an estimate is provided in JA Exhibit 2.1.

The Joint Applicants object to this data request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence, as the Joint Applicants have agreed that they will not seek the recovery of these transaction costs.

Notwithstanding the foregoing objection and their General Objections, the Joint Applicants state that as discussed in the Joint Applicants' response to AG. data request 2.08, Wisconsin Energy set an estimate for legal fees, consultants and other professional costs associated with obtaining approval of the merger which was based on other utility transactions involving multiple states. Actual costs are being tracked as they are incurred.

ICC Docket No. 14-0496
Joint Applicants' Response to
Illinois Attorney General's Fourth Set of Data Requests AG 5.01- 5.17
Dated: October 24, 2014

REQUEST NO. AG 5.01:

Referring to the response to AG 3.02, please provide the requested study, or state that no such study exists.

RESPONSE:

The Joint Applicants object to this data request as being vague, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence because it is based on a misrepresentation of what the Joint Applicants stated in their response to Staff data request ENG 1.23, and because neither AG 3.02 nor the present data request specify a time period in which the FTE levels in question are to have been analyzed or studied as being sufficient to provide safe and reliable gas distribution service.

Notwithstanding the foregoing objections and the Joint Applicants' General Objections, the Joint Applicants respond as follows:

As explained in the Joint Applicants' response to AG data request AG 3.02 and Staff data requests ENG 3.04 and DGK 3.01, the FTE levels of Peoples Gas and North Shore set forth in the Joint Applicants' response to Staff data request ENG 1.23 were not provided as and are not intended, forecasted, or targeted headcount levels for Peoples Gas and North Shore for the period of time after the closing of the Transaction. Nor do the FTE levels for Peoples Gas and North Shore set forth in the Joint Applicants' response to Staff data request ENG 1.23, to which this question and AG data request AG 3.02 are addressed, represent a specific headcount commitment for those companies by the Joint Applicants. As explained in the Joint Applicants' responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01, there is only a commitment that the WEC Energy Group will locate, at a minimum, an aggregate number of FTE positions (1,953 FTEs) in Illinois for two years after the closing of the Transaction. As explained in Joint Applicants' responses to Staff data requests ENG 3.04, and DGK 3.01, the numbers of FTE positions of the specific companies listed in the response to Staff data request ENG 1.23 from which the aggregate floor-level commitment of 1,953 FTE positions in Illinois was derived were the positions in place as of December 31, 2013. Accordingly, while the Joint Applicants believe that the number of FTE positions listed in their response to Staff data request ENG 1.23 represented a sufficient number of FTEs for Peoples Gas and North Shore to provide safe and reliable gas distribution service at that time (*i.e.*, as of December 31, 2013), there was no study, analysis or other documentation reviewed in the context of the Reorganization with respect to this point because the specific company headcounts for that time period are not relevant to the Reorganization and, as stated above, are not intended, forecasted, or targeted headcount levels for Peoples Gas and North Shore for the period of time after the closing of the Transaction.

For purposes of what levels of FTEs the Joint Applicants forecast and plan for there to be in place at Peoples Gas and North Shore in the years 2015 and 2016, the Joint Applicants adopt the levels of FTEs forecasted by Peoples Gas and North Shore in their pending rate cases (Docket Nos. 14-0224/14-0225 consol.), which are the FTE levels for Peoples Gas and North Shore provided in the Joint Applicants' responses to Staff data requests ENG 1.14 and ENG 1.20, respectively (1,356.0 FTEs for Peoples Gas and 177.7 FTEs for North Shore). With respect to those FTE levels being sufficient to provide safe and reliable gas distribution service for Peoples Gas and North Shore during the 2015 and 2016 time periods, the Joint Applicants have relied on the analysis and documentation in the record on this issue in Docket Nos. 14-0224/14-0225 consol.

ICC Docket No. 14-0496
**Joint Applicants' Response to
City of Chicago's Data Request 2.01-2.33
Dated: September 12, 2014**

REQUEST NO. 2.10:

Do the Joint Applicants intend that their commitment in terms of FTE employee positions would permit

- a. substitution of part time positions for full time positions?
- b. substitution of (1) employees or positions with reduced or no employee benefits for (2) current employees or positions that have such benefits?
- c. movement of jobs for the utility serving the City of Chicago to locations outside the City?

RESPONSE:

- (a) The Joint Applicants do not intend that their commitment in terms of FTE employee positions would permit substitution of part time positions for full time positions.
- (b) The Joint Applicants do not intend that that their commitment in terms of FTE employee positions would permit substitution of (1) employees or positions with reduced or no employee benefits for (2) current employees or positions that have such benefits.
- (c) The Joint Applicants do not intend to move the locations of the Peoples Gas jobs to locations outside the City. Similarly, the Joint Applicants do not intend to move the locations of the North Shore jobs from their current locations.

ICC Docket No. 14-0496
Joint Applicants' Response to
Staff Data Requests ENG 1.01-1.30
Dated: August 14, 2014

REQUEST NO. ENG 1.23:

Referring to Mr. Leverett's testimony, page 18, provide a breakdown of the proposed 1,953 FTEs for each Illinois entity (i.e. number of FTEs assigned to Peoples Gas and North Shore).

RESPONSE:

The commitment in Mr. Leverett's testimony was to locate an aggregate number of FTE positions in Illinois for two years after the closing of the Transaction. That commitment was based on the following headcount located in Illinois, but the commitment is in the aggregate, not by company.

Peoples Gas	1,294 FTEs
North Shore	166 FTEs
Integrus Business Support	493 FTEs

ICC Docket No. 14-0496
Joint Applicants' Response to
Staff Data Requests ENG 1.01-1.30
Dated: August 14, 2014

REQUEST NO. ENG 1.14:

Provide the number of FTE positions that Peoples Gas expects to have in place as of January 1 for the years 2015 through 2019 under the assumption that the proposed reorganization does not occur. Also, provide the expected number of FTEs that are associated with the AMRP program for these same years.

RESPONSE:

The following is Peoples Gas' forecasted FTE positions as of January 1, 2015 and 2016:

2015	1,356.0
2016	1,356.0

Peoples Gas does not have forecasted headcount for 2017 through 2019.
Peoples Gas does not forecast FTE positions associated with the AMRP program.

ICC Docket No. 14-0496
Joint Applicants' Response to
Staff Data Requests ENG 1.01-1.30
Dated: August 14, 2014

REQUEST NO. ENG 1.20:

Provide the number of FTE positions that North Shore expects to have in place as of January 1 for the years 2015 through 2019 under the assumption that the proposed reorganization does not occur.

RESPONSE:

The following is North Shore's forecasted FTE positions as of January 1, 2015 and 2016:

2015	177.7
2016	177.7

North Shore does not have forecasted headcount for 2017-2019.

ICC Docket No. 14-0496
Joint Applicants' Response to
City of Chicago's Data Requests 5.01-5.07
Dated: October 2, 2014

REQUEST NO. 5.01:

Regarding JA Exhibit 1.0 at 383-393:

- a. In what locations will the two training programs take place? Do the Joint Applicants expect that the locations will remain the same if the reorganization is approved? If yes, for how long does that expectation last? If not, why not?
- b. What is the number of trainees/apprentices/students in each program? Do the Joint Applicants expect to enroll the same or similar amount of trainees/apprentices/students if the reorganization is approved? If yes, for how long does that expectation last? If not, why not?
- c. What is the graduation rate of each program? Do the Joint Applicants expect a same or similar graduation rate if the reorganization is approved? If yes, for how long does that expectation last? If not, why not?
- d. What number and what percentage of program participants have become employees of PGL or NS? Do the Joint Applicants expect a same or similar number and percentage if the reorganization is approved? If yes, for how long does that expectation last? If not, why not?
- e. Please provide all documents in your possession regarding the two training programs.

RESPONSE:

- (a) The Joint Applicants object to this data request to the extent it mischaracterizes the referenced testimony as committing to "two training programs." In Joint Applicants Exhibit 1.0 at page 18:383-393, Mr. Leverett testified that the Joint Applicants will commit to maintaining the training programs that currently exist at the Gas Companies for their employees for a period of at least two years after the close of the Transaction. These programs were described in detail in the Joint Applicants' response to Staff data request ENG 1.24. These training programs currently take place at various locations: some take place at existing Gas Companies' facilities, some are online courses, and the ones that are provided by third-parties – such as corrosion certifications provided by NACE International and training on CFR Parts 191 and 192 – take place at locations chosen by the providers of that training. This training includes an extensive internal training program the Gas Companies operate through their Technical Training and Standards Department located at 1235 South Kilbourn Ave, Chicago, Illinois. This internal training program includes, but is not limited to, new hire training for utility gas workers, operator qualifications, regulatory compliance, and emergency response training, all of which Mr. Leverett referred to in his testimony.

The "second" training program referenced in Mr. Leverett's testimony is the gas workers training program offered through the City Colleges of Chicago. In this program, the Gas Companies work with the Power 4 America Training Trust Fund, in cooperation with the Utility Workers of America, Local 18007, to fund 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 located at 3901 S. State St., Chicago, Illinois.

The Joint Applicants currently are in the process of determining their plans for the location(s) and duration(s) of where their various training programs will take place after the close of the Reorganization.

- (b) With respect to the training programs for existing Gas Companies' employees, the Joint Applicants cannot answer this question as it is phrased, as the specific number of employees receiving such training varies by type of training and department, and time period. With respect to the Technical Training and Standards Department's annual Gas Company employee training programs vary based on annual employee requalification dates. In past years, approximately 2,000 employees received various types of training throughout the year.

With respect to the training program at the Dawson Technical Institute of Chicago, the average number of students per cohort group at the Dawson Technical Institute has been 25.

The Joint Applicants expect similar figures to continue for at least two years after the close of the Transaction.

- (c) With respect to the training programs for existing Gas Companies' employees, the Joint Applicants cannot answer this question as it is phrased, as there are not "graduates," *per se*, of such training provided to its existing employees.

With respect to the training program at the Dawson Technical Institute of Chicago, over the last three years with seven cohort groups completed, the certificate completion rate is 87% (144 of 166 completed), with one additional student cohort group still in progress. The Joint Applicants expect similar figures to continue for at least two years after the close of the Transaction.

- (d) With respect to the training programs for existing Gas Companies' employees, the Joint Applicants cannot answer this question as it is phrased, as this training is provided to persons who already have become employees of the Gas Companies.

With respect to the training program at the Dawson Technical Institute of Chicago, 83% (119 of 144) of students who have completed the certification program have been hired as Utility Worker interns of Peoples Gas. There is a one month internship for on the job training and evaluation. Of this intern group,

Peoples Gas has hired 74% (107 of 144) of the interns that have applied for a position. While ultimately dependent on the employment needs of Peoples Gas and the qualifications of the applicants involved, the Joint Applicants expect similar figures to continue for at least two years after the close of the Transaction.

- (e) With respect to the various training programs for existing employees identified in Joint Applicants' response to Staff data request ENG 1.24, the Joint Applicants object on the grounds that the request is overbroad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

With respect to the training program at the Dawson Technical Institute of Chicago, the program description and courses are noted as follows in the City Colleges of Chicago, Kennedy King College Gas Utility Worker Program:

The Gas Utility Worker Program consists of general education courses and core courses that feature specific competencies in the safe construction and operation of natural gas distribution systems. The program takes a student through a series of basic and advanced skill sets designed to enhance on-the-job performance and to quickly bring the student to the level of a full-functioning, skilled worker once employed. Upon completion, students who graduate from this program will be prepared to work as a utility worker in the gas utility industry.

General Education Requirements

Computer Information Systems

CIS 120	Intro to Microcomputers	3
English		
ENGLISH 107-1	Report Writing	3
History		
HISTORY 113	United States Labor History	3
Mathematics		
MATH 107-3	Math For Technicians I	3
Speech		
SPEECH 101-1	Fundamentals of Speech Communication	3

Program Core Requirements

Construction Management

432CMGT 609	Construction Safety II	3
Technology 332		
332TECH 434-1	Introduction To Plumbing	3
332TECH 435-1	Plumbing Tools & Equipment	2
332TECH 448-1	Vocational Physical Training I	1
332TECH 449	Professional Development	2
332TECH 452	Basic Electrical Theory	3
332TECH 462	Vocational Physical Training II	1
332TECH 503	Gas Utility Training I	6
332TECH 504	Gas Utility Training II	6

332TECH 505	Gas Utility Training III	3
332TECH 506	Gas Utility Training IV	4

ICC Docket No. 14-0496
Joint Applicants' Response to
Illinois Attorney General's Data Requests AG 7.01-7.05
Dated: November 5, 2014

REQUEST NO. AG 7.03:

Ref: JA Exhibit 1.0. When discussing the Joint Applicants' ("JA") plans post-merger related to the PGL/NS employee complement, JA witness Allen Leverett states at pages 17 and 18:

Q. Is Wisconsin Energy making any commitments with respect to employment levels and training in Illinois after the Reorganization is closed?

A. Yes. Wisconsin Energy will agree to maintain at least 1,953 FTE employee positions in Illinois for two years after the closing of the Transaction. Also for two years after the closing of the Transaction, Wisconsin Energy agrees to maintain all of the Gas Companies' existing training programs, including those designed to ensure compliance with pipeline safety requirements in their current format. Additionally during the same time period, the Gas Companies will maintain their commitments to the gas workers degreed training program developed in partnership with the City Colleges of Chicago and the UWUA Power for America Training Trust Fund at the Dawson Technical Institute of Chicago. These commitments will help ensure that after the Reorganization, the Gas Companies will continue to provide a high-level of service that is adequate, reliable, efficient and safe.

- a) Please describe what the Joint Applicants' plans are after the referenced 24-month period relative to each of the above-mentioned training programs.
- b) Please provide a breakdown by assigned function of the number of Gas Workers' Union 18007 employees within the 1,953 FTEs referenced above who work on customer service related activities, including meter reading, meter repair, meter replacement, gas leak checks, service connections, service disconnections and service reconnections.
- c) Please provide a breakdown by assigned function of the number of PGL/NS employees within the 1,953 FTEs referenced above who work on safety- and reliability-related activities, including meter, main and other distribution equipment repair and maintenance.
- d) Please indicate the number of union workers (identified by union name and customer service function) that are currently and will be employed within the 1,953 FTEs.

- e) Have the JAs made any commitments to retain the number of Gas Workers' Union 18007 (and any other existing Union) currently employed by PGL/NS beyond the existing Union contract?

RESPONSE:

- (a) Please see Joint Applicants' response to City data request City 5.01.
- (b) The Joint Applicants object to this data request as being unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence because it is based on a misrepresentation of what is stated concerning the commitment to maintain at least 1,953 FTE employee positions in Illinois for two years after the closing of the Transaction in the referenced testimony, as well as the explanations of this testimony provided in responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01 and Attorney General data requests AG 3.02, AG 5.01, and AG 5.02.

Notwithstanding the foregoing objections and the Joint Applicants' General objections, the Joint Applicants respond as follows:

The Joint Applicants cannot "provide a breakdown by assigned function of the number of Gas Workers' Union 18007 employees within the 1,953 FTEs" referenced in the testimony quoted in this data request because as explained in the Joint Applicants' responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01 and Attorney General data requests AG 3.02, AG 5.01, and AG 5.02, there is only a commitment that the WEC Energy Group will locate, at a minimum, an aggregate number of FTE positions (1,953 FTEs) in Illinois for two years after the closing of the Transaction. It does not refer to a company specific and/or position specific commitment.

Further responding, the Joint Applicants state that for purposes of what levels of FTEs the Joint Applicants forecast and plan for there to be in place at Peoples Gas and North Shore in the years 2015 and 2016, the Joint Applicants adopt the levels of FTEs forecasted by Peoples Gas and North Shore in their pending rate cases (Docket Nos. 14-0224/14-0225 consol.), which are the FTE levels for Peoples Gas and North Shore provided in the Joint Applicants' responses to Staff data requests ENG 1.14 and ENG 1.20, respectively (1,356.0 FTEs for Peoples Gas and 177.7 FTEs for North Shore). Within those forecasted levels of FTEs, the breakdown of Peoples Gas employees who are represented by Gas Workers Union Local 18007 and who work on customer service related activities, including meter reading, meter repair, meter replacement, gas leak checks, service connections, service disconnections and service reconnections, are approximately 300 employees.

- (c) The Joint Applicants object to this data request as being unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence

because it is based on a misrepresentation of what is stated concerning the commitment to maintain at least 1,953 FTE employee positions in Illinois for two years after the closing of the Transaction in the referenced testimony, as well as the explanations of this testimony provided in responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01 and Attorney General data requests AG 3.02, AG 5.01, and AG 5.02.

Notwithstanding the foregoing objections and the Joint Applicants' General objections, the Joint Applicants respond as follows:

The Joint Applicants cannot "provide a breakdown by assigned function of the number of PGL/NS employees within the 1,953 FTEs referenced above who work on safety- and reliability-related activities, including meter, main and other distribution equipment repair and maintenance" referenced in the testimony quoted in this data request because as explained in the Joint Applicants' responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01 and Attorney General data requests AG 3.02, AG 5.01, and AG 5.02, there is only a commitment that the WEC Energy Group will locate, at a minimum, an aggregate number of FTE positions (1,953 FTEs) in Illinois for two years after the closing of the Transaction. It does not refer to a company specific and/or position specific commitment.

Further responding, the Joint Applicants state that for purposes of what levels of FTEs the Joint Applicants forecast and plan for there to be in place at Peoples Gas and North Shore in the years 2015 and 2016, the Joint Applicants adopt the levels of FTEs forecasted by Peoples Gas and North Shore in their pending rate cases (Docket Nos. 14-0224/14-0225 consol.), which are the FTE levels for Peoples Gas and North Shore provided in the Joint Applicants' responses to Staff data requests ENG 1.14 and ENG 1.20, respectively (1,356.0 FTEs for Peoples Gas and 177.7 FTEs for North Shore). Peoples Gas and North Shore do not have forecasted levels of FTEs who solely work on safety and reliability related activities. There are employees within both companies that support safety and reliability related activities, as well as customer service related activities. This includes employees who are represented by a union, as well as non-union and exempt employees. All employees have some level of responsibility to ensure the safe and reliable delivery of our product.

- (d) The Joint Applicants object to this data request as being unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence because it is based on a misrepresentation of what is stated concerning the commitment to maintain at least 1,953 FTE employee positions in Illinois for two years after the closing of the Transaction in the referenced testimony, as well as the explanations of this testimony provided in responses to Staff data requests ENG 1.23, ENG 3.04, and DGK 3.01 and Attorney General data requests AG 3.02, AG 5.01, and AG 5.02.

Notwithstanding the foregoing objections and the Joint Applicants' General objections, the Joint Applicants state that as of November 1, 2014, the current union employment level at North Shore Gas is 122 (which is the number of employees represented by Local 2285 International Brotherhood of Electrical Workers) and at Peoples Gas is 949 (which is the number of employees represented by Gas Workers Union Local 18007 Utility Workers Union of America).

- (e) The union contracts for Peoples Gas (JA AG 7.02 Attach 02) and North Shore (JA AG 7.02 Attach 01) referenced in this subpart expire on April 30, 2018 and June 30, 2019, respectively. The Joint Applicants have not yet forecasted the levels of employment that will be needed by Peoples Gas and North Shore at those times, and thus have not yet made any commitments with respect to employment levels for the time period after the expiration of those contracts.

ICC Docket No. 14-0496
Joint Applicants' Response to
Illinois Attorney General's Data Requests AG 7.01-7.05
Dated: November 5, 2014

REQUEST NO. AG 7.01:

Ref: JA Exhibit 1.0. When discussing the Joint Applicants' ("JA") plans post-merger related to the PGL/NS employee complement, JA witness Allen Leverett states at pages 17 and 18:

To the contrary, the vast majority of any reductions in employee headcount are expected to occur over time through attrition – i.e., voluntary decisions by employees to leave the company, such as retirements and voluntary departures.

- a) Please explain in the context of years what "over time" means in that sentence.
- b) Please provide all PGL/NS and Wisconsin Energy forecasts of how many "voluntary decisions by employees to leave the company, such as retirements and voluntary departures" will occur on an annual basis over the next 10-year period, including any analyses or support used to arrive at such forecasts.

RESPONSE:

- (a) Joint Applicants' witness Allen Leverett did not intend for the words "over time" in the referenced passage from his direct testimony to mean a particular period of time measured in years. The Joint Applicants presently do not have any targeted or intended levels of reductions in employee headcount to be achieved over time through attrition as described in the referenced passage, nor a time frame in which any such reductions in employee headcount would occur.
- (b) Wisconsin Energy and North Shore Gas do not have any such forecasts. Peoples Gas does not have a 10-year forecast for all its employees. However, Peoples Gas has a 5-year forecast of attrition for employees represented by Gas Workers Union Local 18007, and it is contained in the following table:

Peoples Gas Attrition Forecast for Employees Represented by Gas Workers Union Local 18007				
2014	2015	2016	2017	2018
44	53	60	51	63

This forecast was created based on historical attrition data and estimated future attrition rates given current demographics. Further, this forecast is in terms of gross levels of attrition, not net levels of attrition (i.e., it does not account for actions that may be taken to fill the positions vacated by departing incumbents).