

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

WISCONSIN ENERGY CORPORATION,	)	
INTEGRYS ENERGY GROUP, INC.,	)	
PEOPLES ENERGY, LLC, THE PEOPLES	)	
GAS LIGHT AND COKE COMPANY,	)	
NORTH SHORE GAS COMPANY, ATC	)	
MANAGEMENT INC., and AMERICAN	)	
TRANSMISSION COMPANY LLC	)	Docket No. 14-0496
	)	
Application pursuant to Section 7-204 of the	)	
Public Utilities Act for authority to engage in a	)	
Reorganization, to enter into agreements with	)	
affiliated interests pursuant to Section 7-101, and	)	
for such other approvals as may be required under	)	
the Public Utilities Act to effectuate the	)	
Reorganization	)	

**RESPONSE OF THE OF THE CITIZENS UTILITY BOARD  
TO THE PEOPLE OF THE STATE OF ILLINOIS’  
AND THE CITY OF CHICAGO’S MOTION TO EXTEND THE SCHEDULE**

Now comes The Citizens Utility Board (“CUB”), through one of its attorneys, and hereby responds to the People of the State of Illinois’ and The City of Chicago’s Motion to Extend the Schedule (“Motion”) filed on January 2, 2015, in accordance with the Administrative Law Judge’s (“ALJ”) ruling. The Motion should be granted for the reasons set forth in the Motion and below.

The Motion sets out compelling reasons to extend the schedule in this docket to accommodate review of an Interim Audit Report regarding the capital-intensive Accelerated Main Replacement Program (“AMRP”) of Peoples Gas Coke & Light Company (“Peoples Gas” “PGL” or the “Company”), due to be filed with the Commission this week. The audit was ordered after the Commission found, in PGL’s last general rate proceeding, that the AMRP program as it existed at the time did not include sufficient detail and was behind schedule. ICC

Docket No. 12-0511/0512, *North Shore Gas Co., Peoples Gas Light & Coke Co.*, Proposed General Increase in Rates, Order of June 18, 2013 at 61.

Under the Public Utilities Act (“PUA”), the Commission has the obligation to ensure that the proposed merger will not “diminish the utility’s ability to provide adequate, reliable, efficient, safe and least-cost public utility service” and “is not likely to result in any adverse rate impacts on retail customers.” 220 ILCS 5/7-204(b)(1), (b)(7). CUB joined the City of Chicago in sponsoring the testimony of Mr. William Cheaks, Jr., who testified about PGL’s mismanagement of the AMRP program and its failure to coordinate its activity with the City. *See, generally*, City-CUB Ex. 3.0. Mr. Cheaks’s testimony presents substantial concerns regarding PGL’s execution of the AMRP program, as well as the program’s escalating costs. For example, Mr. Cheaks notes that, between 2014 and 2015, PGL expects the operations and maintenance costs associated with AMRP to increase by approximately 100%, including costs for field safety, document control, quality management, community relations, consulting rates, and safety training. *Id.* at 7. Mr. Cheaks also discussed the incurrence of substantial fines and penalties by PGL, due to PGL’s code and ordinance violations. *Id.* at 25.

The Commission has an obligation to address these issues within the context of this docket, considering the AMRP program has serious consequences not only for the utility’s service reliability, but also with regard to the future rate impacts of the program. The Joint Applicants, which include PGL, Wisconsin Energy Corporation (“WEC”), Integrys Energy Group, Inc., Peoples Energy, LLC, North Shore Gas Company and American Transmission Company, have neither adequately responded to these concerns nor made commitments that can reasonably assure the Commission the conduct of the AMRP program will significantly improve with new management. *See* JA Ex. 6.0 at 16.

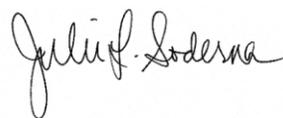
The Commission must base its decision in this proceeding exclusively on the record in the proceeding (220 ILCS 5/10-103), and this record would substantially benefit from the additional information in the Interim Audit Report (and, later, the final audit report), regarding recommendations to improve the AMRP program. Section 7-204(d) specifically provides for the opportunity to extend the statutory period for reviewing merger filings for up to three months “to consider amendments to the Applicant's filing, or to consider reasonably unforeseeable changes in circumstances subsequent to the Applicant's initial filing.” 220 ILCS 5/7-204(d). While City-CUB witness Cheaks has proposed several reasonable and supportable conditions to impose on Joint Applicants with regard to the AMRP program, the Commission would benefit from the parties’ ability to review the Interim Audit Report and avail the record of Joint Applicant’s response to the Interim Audit Reports’ findings and recommendations.

Alternatively, CUB would agree that a separate track could be established for the filing of testimony directly in response to the Interim Audit Report.

**WHEREFORE**, the Citizens Utility Board respectfully requests that the Commission grant the Motion and extend the existing schedule in this docket to accommodate testimony in response to the Interim Audit Report and JA’s response to it.

Dated: January 12, 2015

Respectfully submitted,



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