

**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 )

)  
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. )

Docket No. 14-0496

Supplemental Rebuttal Testimony of

**ANDREW HESSELBACH**

Project Director – Wisconsin Energy Corporation

On Behalf of  
Wisconsin Energy Corporation

**PUBLIC VERSION**

**TABLE OF CONTENTS**

**I. INTRODUCTION AND BACKGROUND ..... 1**

**A. Witness Identification..... 1**

**B. Background and Experience..... 1**

**C. Purposes of Supplemental Rebuttal Testimony ..... 2**

**D. Summary of Conclusions..... 3**

**II. REVIEW OF AND GENERAL REACTION TO THE INTERIM REPORT ..... 3**

**III. [REDACTED] ..... 4**

**IV. [REDACTED] ..... 4**

**V. [REDACTED] ..... 5**

**VI. [REDACTED] ..... 7**

**VII. CONCLUSION ..... 8**

1 **I. INTRODUCTION AND BACKGROUND**

2 **A. Witness Identification**

3 **Q. Please state your name and business address.**

4 A. My name is Andrew Hesselbach. My business address is Wisconsin Energy  
5 Corporation (“Wisconsin Energy”), 231 West Michigan Street, Milwaukee, Wisconsin  
6 53203.

7 **Q. In what capacity are you employed?**

8 A. I am a Project Director.

9 **Q. What are your duties in your position as a Project Director for Wisconsin Energy?**

10 A. In my current role I am responsible for managing various project development,  
11 permitting, engineering, environmental, construction, and financial aspects of a variety of  
12 generation projects undertaken by Wisconsin Energy and its subsidiaries.

13 **B. Background and Experience**

14 **Q. Please describe your educational and business experience.**

15 A. I have spent approximately 25 years in the energy industry in positions ranging from  
16 engineering and power marketing, to the development, permitting, and construction of  
17 electric generating facilities. I graduated from the University of Wisconsin – Madison in  
18 1990 with a Bachelor of Science in Industrial Engineering. In 1994, I received my  
19 Wisconsin certification as a Registered Professional Engineer. In 1996, I earned a master  
20 of Business Administrative degree from Marquette University, with an emphasis on  
21 finance. I began my career as a natural gas system design and construction engineer for  
22 Northern Illinois Gas Company in 1990. In 1992, I accepted a position with Wisconsin

23 Natural Gas Company, where I had responsibility for a number of roles, including new  
24 customer development and system inter-connection as well as engineering services to  
25 large natural gas customers. I was also a member of the Guardian pipeline project team.  
26 Additionally, I worked on the integration of Wisconsin Southern Gas Company and  
27 Wisconsin Gas Company operations when Wisconsin Energy acquired them, Since  
28 2002, I have been involved in the project management of the purchase, sale, and  
29 development of new fossil and renewable generation projects for Wisconsin Energy and  
30 its subsidiaries.

31 **C. Purposes of Supplemental Rebuttal Testimony**

32 **Q. What are the purposes of your supplemental rebuttal testimony in this proceeding?**

33 A. My supplemental rebuttal testimony addresses the interim report prepared by The Liberty  
34 Consulting Group (“Liberty”) regarding its investigation of The Peoples Gas Light and  
35 Coke Company’s (“Peoples Gas”) Accelerated Main Replacement Program (“AMRP”),  
36 which was attached to Illinois Commerce Commission (“Commission” or “ICC”) Staff  
37 witness Harold Stoller’s rebuttal testimony as ICC Staff Exhibit (“Ex.”) 8.1  
38 CONFIDENTIAL (the “Interim Report”). My testimony addresses the Interim Report  
39 for the limited scope established by the Administrative Law Judge’s January 14, 2015  
40 ruling: (1) whether the Joint Applicants are aware of the scope and scale of the potential  
41 obligations under AMRP; and (2) whether the Joint Applicants are ready, willing and able to  
42 implement the AMRP consistent with additional remedies as recommended by the Liberty  
43 audit. In particular, I will address the Interim Report’s preliminary findings in [REDACTED]  
44 [REDACTED]  
45 [REDACTED].

46 **D. Summary of Conclusions**

47 **Q. Please summarize the conclusions of your supplemental rebuttal testimony.**

48 A. The preliminary findings and recommendations made in the Interim Report regarding  
49 [REDACTED]  
50 [REDACTED] are consistent with Wisconsin Energy's practices with respect to the project  
51 management of large capital projects. Further, while the various findings and  
52 recommendations contained in the Interim Report are subject to change as Liberty's  
53 investigation continues, the Joint Applicants will be ready, willing, and able to implement  
54 the AMRP consistent with recommendations in those areas like those appearing in the  
55 Interim Report after the approval and close of the Reorganization.

56 **II. REVIEW OF AND GENERAL REACTION TO THE INTERIM REPORT**

57 **Q. Have you reviewed the Interim Report?**

58 A. Yes, I have reviewed the Interim Report along with other members of the Wisconsin  
59 Energy management team. The President of Wisconsin Energy, Allen Leverett, also  
60 reviewed the report and will also provide supplemental rebuttal testimony on the Interim  
61 Report.

62 **Q. What is your general response to the portions of the Interim Report that address**

63 [REDACTED]  
64 [REDACTED]?

65 A. Liberty's preliminary recommendations in those areas are consistent with Wisconsin  
66 Energy's beliefs and practices as to how large capital projects should be managed and  
67 implemented. Wisconsin Energy is ready, willing, and able to adopt these types of  
68 recommendations into the implementation of the AMRP.

69 **III.** [REDACTED]

70 **Q.** A specific substantive area in which the Interim Report provides preliminary  
71 findings and recommendations is [REDACTED]

72 [REDACTED]

73 [REDACTED]. (See Interim Report at pp. 11-14) Is such

74 [REDACTED] consistent with Wisconsin Energy's

75 practices?

76 A. Yes. For large and/or long-term capital projects, Wisconsin Energy's practice is to  
77 develop a comprehensive project schedule and cost profiles, define project team  
78 responsibilities and accountability, and establish performance metrics. Furthermore,  
79 personal accountability for results and the direct linkage between compensation of the  
80 project team and project metrics is a given for any of Wisconsin Energy's major projects.

81 The Interim Report proposes [REDACTED]. Based  
82 upon my experience with Wisconsin Energy and the expectations and accountability of  
83 our senior management team, I conclude that Wisconsin Energy will be ready, willing  
84 and able to implement the types of recommendations in this area with respect to the  
85 AMRP that are being proposed preliminarily in the Interim Report pursuant to the  
86 process addressed in the rebuttal testimony of Staff witnesses Mr. Stoller and  
87 Mr. Lounsberry and Joint Applicants witness Mr. Leverett.

88 **IV.** [REDACTED]

89 **Q.** Liberty preliminarily concludes that Peoples Gas [REDACTED]

90 [REDACTED]

91 [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]. (See Interim Report at pp. 14-18) Is the

approach to [REDACTED] proposed in Liberty’s preliminary findings and

recommendations consistent with Wisconsin Energy’s practices?

A. Yes. While Liberty raises many preliminary details regarding [REDACTED]

[REDACTED]

[REDACTED], these are implementation issues to be worked out with Liberty and Staff

once Liberty’s investigation is completed and final recommendations issued. Overall, the

type of [REDACTED] recommendations being made by Liberty at this

preliminary stage make sense to Wisconsin Energy, which will be ready, willing and able

to work with Liberty, Staff, and Peoples Gas after the approval and close of the proposed

Reorganization to implement such recommendations when they are finalized pursuant to

the process addressed in the rebuttal testimony of Staff witnesses Mr. Stoller and

Mr. Lounsbury and Joint Applicants witness Mr. Leverett.

V. [REDACTED]

Q. Liberty preliminary concludes that Peoples Gas [REDACTED]

[REDACTED]

[REDACTED].

(See Interim Report at pp. 18-23) What is your reaction to Liberty’s preliminary

findings and recommendations concerning [REDACTED]?

A. The Interim Report indicates that [REDACTED]

[REDACTED], which Wisconsin Energy supports and would continue through to its

115 completion if that extends past the time that the proposed Reorganization is approved and  
116 closed. Wisconsin Energy further supports Liberty's preliminary recommendations  
117 concerning [REDACTED]  
118 [REDACTED]  
119 [REDACTED] (Interim Report at p.  
120 22) As it is my understanding that the issuance of Liberty's final recommendations in  
121 mid-2015 and the approval of the proposed Reorganization are likely to coincide roughly  
122 with each other, Wisconsin Energy will then be in a position to work with Liberty, Staff,  
123 and Peoples Gas on the implementation of those final recommendations concerning [REDACTED]  
124 [REDACTED] to the process addressed in the rebuttal testimony of Staff  
125 witnesses Mr. Stoller and Mr. Lounsberry and Joint Applicants witness Mr. Leverett.

126 **Q. Liberty also made some preliminary findings concerning [REDACTED]**  
127 [REDACTED]  
128 [REDACTED]  
129 [REDACTED]. (See  
130 **Interim Report at pp. 20-21) Do you have a reaction to these preliminary findings**  
131 **and recommendations?**

132 A. Yes. While preliminary, Liberty's interim conclusions at pp. 20-21 regarding [REDACTED]  
133 [REDACTED]  
134 [REDACTED]. Wisconsin  
135 Energy uses [REDACTED] referenced in the Interim Report to [REDACTED]  
136 [REDACTED] in my response above. These preliminary  
137 recommendations appear to be designed to [REDACTED]

138 [REDACTED].  
139 Wisconsin Energy is ready, willing and able to work with Staff, Liberty and Peoples Gas  
140 on implementing final recommendations from Liberty that would improve performance  
141 in this area pursuant to the process addressed in the rebuttal testimony of Staff witnesses  
142 Mr. Stoller and Mr. Lounsberry and Joint Applicants witness Mr. Leverett.

143 **VI. [REDACTED]**  
144 **Q. The final substantive area in which the Interim Report provides preliminary**  
145 **findings and recommendations is [REDACTED], concluding preliminarily that**  
146 **[REDACTED]**  
147 **[REDACTED]. (See Interim Report at pp.**  
148 **23-28) Are Liberty's preliminary findings and recommendations concerning [REDACTED]**  
149 **[REDACTED] consistent with Wisconsin Energy's practices?**

150 **A.** Yes. Liberty's preliminary recommendations regarding [REDACTED]  
151 [REDACTED] is consistent with Wisconsin Energy's own commitment to improving safety.  
152 Wisconsin Energy has a strong focus on and commitment to safety, which has resulted in  
153 improved safety over the last decade. Since 2003, Wisconsin Energy's injury metrics  
154 have improved by an average of 11% each year. Indeed, Wisconsin Energy just achieved  
155 its safest year ever in 2014, with a record low number of OSHA reportable incidents and  
156 tying its record for the lowest amount of lost time for its employees. Wisconsin Energy's  
157 management will continue this focus on safety after the approval and close of the  
158 Reorganization, applying it to the operations of its utility subsidiaries, including Peoples  
159 Gas' AMRP. Further, Wisconsin Energy has a strong commitment to training, as  
160 demonstrated by its commitment to build a new, state-of-the-art training facility for

161 Peoples Gas' employees in the City of Chicago if the proposed Reorganization is  
162 approved, as discussed in the rebuttal testimony of Mr. Leverett. The Joint Applicants  
163 will work with Liberty and Staff on the implementation of such recommendations after  
164 Liberty completes its investigation and issues its final report pursuant to the process  
165 addressed in the rebuttal testimony of Staff witnesses Mr. Stoller and Mr. Lounsberry and  
166 Joint Applicants witness Mr. Leverett. Moreover, after reviewing the Interim Report,  
167 Wisconsin Energy is not opposed to any of the remedial actions currently being proposed  
168 and developed by Integrys with respect to the concerns raised in this area and supports  
169 their continued development and refinement in collaboration with Liberty.

170 **VII. CONCLUSION**

171 **Q. Does this conclude your supplemental rebuttal testimony?**

172 **A.** Yes, it does.