

**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 ) Docket No. 14-0496  
the Public Utilities Act for authority to )  
engage in a Reorganization, to enter into an )  
agreement 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. )

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**SUPPLEMENTAL REBUTTAL TESTIMONY OF  
SEBASTIAN COPPOLA  
ON BEHALF OF  
THE PEOPLE OF THE STATE OF ILLINOIS**

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**AG Exhibit 6.0**

**January 29, 2015**

**TABLE OF CONTENTS**

**Introduction .....1**

**Summary .....2**

**Supplemental Rebuttal Testimony.....3**

**Conclusions and Recommendation.....19**

**EXHIBIT LIST**

AG Exhibit 6.1..... Liberty Consulting Group Interim Report to ICC

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Sebastian Coppola. My business address is 5928 Southgate Rd., Rochester,  
4 Michigan 48306.

5 **Q. ARE YOU THE SAME SEBASTIAN COPPOLA WHO SUBMITTED DIRECT**  
6 **TESTIMONY ON NOVEMBER 20, 2014, REBUTTAL TESTIMONY ON**  
7 **JANUARY 15, 2015, AND SUPPLEMENTAL TESTIMONY ON JANUARY 22 IN**  
8 **THIS DOCKET?**

9 A. Yes.

10 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL**  
11 **TESTIMONY?**

12 A. I am responding to the Supplemental Rebuttal Testimony filed by Wisconsin Energy  
13 Corporation (“WEC”) witnesses Allen Leverett and Andrew Hesselbach on January 22,  
14 2015 in JA Exs. 12.0 and 13.0. In their respective testimonies, Messrs. Leverett and  
15 Hesselbach address certain matters with regard to the Interim Audit Report (“Interim  
16 Report”) prepared by the Liberty Consulting Group (“Liberty”) and filed by Illinois  
17 Commerce Commission (“ICC”) Staff witness Harold Stoller as Attachment A to his  
18 Rebuttal Testimony. In this testimony, I will analyze and respond to the Supplemental  
19 Rebuttal Testimony offered by Messrs. Leverett and Hesselbach, and I will discuss the

20 adequacy of the Joint Applicants’<sup>1</sup> commitment to implement recommendations  
21 contained in the Interim Report to fix Peoples Gas’s accelerated main replacement program  
22 (“AMRP”).

23 **Q. IS YOUR SUPPLEMENTAL REBUTTAL TESTIMONY ACCOMPANIED BY**  
24 **ADDITIONAL EXHIBITS?**

25 A. Yes. I have attached a copy of the Liberty Interim Report as AG Exhibit 6.1.

26 **SUMMARY**

27 **Q. PLEASE SUMMARIZE THE CONCLUSIONS OF YOUR SUPPLEMENTAL**  
28 **REBUTTAL TESTIMONY.**

29 A. The Supplemental Rebuttal Testimony filed by WEC witnesses Leverett and Hesselbach  
30 does not make a convincing case that the Joint Applicants have fully embraced the  
31 recommendations contained in the Interim Report. First, conspicuously absent from the  
32 Joint Applicants’ evidentiary presentation was any testimony from the companies now  
33 operating and in charge of the AMRP – Peoples Gas and its parent company, Integrys.  
34 Second, the continued reluctance by WEC to unequivocally accept Liberty’s audit  
35 recommendations in the Interim Report, as discussed below, raise doubt that the Joint  
36 Applicants are ready, willing, and able to implement improvements to the AMRP.  
37 Therefore, the Commission should reject the proposed Reorganization unless and until the

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<sup>1</sup> WEC along with Integrys Energy Group, Inc. (“Integrys”), Peoples Energy, LLC, North Shore Gas Company (“North Shore”), The Peoples Gas Light and Coke Company (“Peoples Gas” or “PGL”), ATC Management Inc., and American Transmission Company LLC submitted the application that is the subject of this proceeding. These entities are referred to collectively as “Joint Applicants” or “JA”.

38 Joint Applicants agree to the conditions outlined in my Rebuttal Testimony and, given the  
39 Liberty auditor's [REDACTED] findings and [REDACTED] recommendations contained in the  
40 Interim Report, provide specific evidence that clearly establishes that (1) Peoples  
41 Gas's/Integrys's [REDACTED]  
[REDACTED] (2) [REDACTED]  
[REDACTED]  
[REDACTED] (3) the post-merger transition will not stall or in any way negatively affect  
45 [REDACTED]; and (4) WEC has the commitment and capability to [REDACTED]  
[REDACTED] going forward.

47 **SUPPLEMENTAL REBUTTAL TESTIMONY**

48 **Q. WHAT IS YOUR OVERALL REACTION TO THE SUPPLEMENTAL**  
49 **REBUTTAL TESTIMONY FILED BY THE JOINT APPLICANTS IN RESPONSE**  
50 **TO THE INTERIM AUDIT REPORT?**

51 **A.** I am extremely surprised by the limited response provided by the Joint Applicants. It is  
52 also surprising and disappointing that only WEC chose to respond to the findings and  
53 recommendations contained in the Interim Report and that neither Integrys nor Peoples  
54 Gas cared to respond. The AMRP is a major program which both Integrys and Peoples  
55 Gas have been responsible for implementing since its inception and are responsible for its  
56 current state. The Interim Report contains [REDACTED]  
[REDACTED]

█ [REDACTED]

█ [REDACTED].

60 In their Rebuttal Testimony filed on December 18, 2014, Integrys’s witnesses Schott and  
61 Giesler refused to acknowledge deficiencies with the AMRP or accept any improvements  
62 offered by City/CUB witness William Cheaks or me in our Direct Testimony. *See* AG Ex.  
63 2.0 at 34 and AG Ex. 4.0 at 8, 10, 20, 27 and 32; City-CUB Ex. 3.0 at 48. Many of those  
64 deficiencies and recommendations are also [REDACTED]

65 Yet, it is strange that Integrys or Peoples Gas now do not see the need to provide  
66 comments or file a response to the Interim Audit Report, which as I said [REDACTED]

█ [REDACTED]

█ [REDACTED]

69 In the Administrative Law Judge’s January 14, 2015 ruling (“the Ruling”), the scope of  
70 the testimony to be offered with regard to the Interim Report was defined as: “(1) whether  
71 the Joint Applicants are aware of the scope and scale of the potential obligations under  
72 AMRP; and (2) whether Joint Applicants are ready, willing and able to implement the  
73 AMRP consistent with additional remedies as recommended by the Liberty audit.”

74 The Ruling refers to Joint Applicants, not only WEC. The other key Joint Applicants in  
75 this matter, namely Integrys<sup>2</sup> and Peoples Gas, have a duty and obligation to respond to  
76 the Interim Report and state clearly “(1) whether they are aware of the scope and scale of

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<sup>2</sup> It is important that Integrys responds to the Interim Report because it will continue to have responsibility for the AMRP at least until the proposed reorganization is completed or, if the reorganization is not consummated, for the indefinite future.

77 the potential obligations under AMRP; and (2) whether [they] are ready, willing and able  
78 to implement the AMRP consistent with additional remedies as recommended by the  
79 Liberty audit.” That fact is particularly true since Peoples Gas (1) is the company that is  
80 implementing the AMRP now, and (2) will continue to be implementing it post-merger,  
81 should the proposed acquisition be approved. Further, such testimony, [REDACTED]

[REDACTED], should have provided [REDACTED]

86 and (3) evidence that the post-merger transition will not stall or in any way negatively  
87 affect [REDACTED]

[REDACTED]. Only then can the Commission be assured that the proposed  
89 merger will not negatively impact service quality, reliability and customer rates, as  
90 Section 7-204 of the Public Utilities Act (“the Act”) requires.

91 As Mr. Leverett stated in his Supplemental Rebuttal Testimony, WEC cannot make  
92 decisions or otherwise control the management and operations of Integrys and/or its  
93 utilities before the closing of the merger.<sup>3</sup> Therefore, WEC cannot make any  
94 commitments at this time on behalf of Integrys or Peoples Gas for improvement initiatives  
95 and changes to the AMRP that may be on-going or [REDACTED]

[REDACTED] before the merger is completed. The absence of any testimony  
97 by Integrys and Peoples Gas addressing the findings and recommendations contained in

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<sup>3</sup> JA Ex. 12.0 at 7:140-156.

<sup>4</sup> AG Ex. 6.1 at 1.

98 the Interim Report leaves a significant void. This lack of commitment between now and  
99 the time that WEC receives a Commission decision or closes on the Reorganization will  
100 likely have a detrimental impact on the operation, safety, and rates of Peoples Gas.

101 **Response to Mr. Allen L. Leverett's Supplemental Rebuttal Testimony**

102 **Q. ON PAGE 2 OF HIS TESTIMONY, MR. LEVERETT STATES THAT THE JOINT**  
103 **APPLICANTS ARE READY, WILLING AND ABLE TO IMPLEMENT THE**  
104 **AMRP CONSISTENT WITH LIBERTY'S ULTIMATE RECOMMENDATIONS IN**  
105 **ACCORDANCE WITH THE PROCEDURES AND CONDITIONS OUTLINED IN**  
106 **STAFF'S AND THE JOINT APPLICANTS' REBUTTAL TESTIMONY. HOW DO**  
107 **YOU RESPOND?**

108 A. Two issues arise from Mr. Leverett's testimony in this area. One, Mr. Leverett purports to  
109 speak for all of the Joint Applicants. As I pointed out above, Mr. Leverett has  
110 emphatically stated in his Supplemental Rebuttal Testimony that, as an officer of WEC, he  
111 cannot exercise any authority or control over Integrys or Peoples Gas before the close of  
112 the Reorganization.<sup>5</sup> Therefore, his statements can only apply to WEC. He has made it  
113 clear that on the topic of AMRP, he cannot represent or make commitments on behalf of  
114 the other Joint Applicants. As a result, WEC's statements that the Joint Applicants are  
115 ready and able to begin to implement those recommendations made by Liberty ██████████  
██████████ have no practical meaning as to what can and will proceed to occur before

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<sup>5</sup> JA Ex. 12.0 at 7:140-156.

117 or after the merger. Therefore, according to Mr. Leverett’s own testimony, there is no  
118 commitment from the rest of the Joint Applicants.

119 Second, the commitment made by Mr. Leverett is still contingent on the many conditions  
120 he identified in his Rebuttal Testimony, which is detailed below:

121 [Joint Applicants] Agree to condition that Peoples Gas will  
122 evaluate each recommendation of the Liberty audit and implement  
123 it if the recommendation is possible to implement, practical and  
124 reasonable from the standpoint of stakeholders and Peoples Gas  
125 customers, and cost-effective, and, if Peoples Gas determines the  
126 recommendation does not meet these criteria, that Peoples Gas will  
127 provide an explanation of that determination with all necessary  
128 documentation and studies to demonstrate to the satisfaction of  
129 Staff that strict implementation is not possible, practical, or  
130 reasonable, along with an alternative plan to accomplish the goals  
131 of the recommendation as fully as is possible, practical, and  
132 reasonable. In the event that Peoples Gas and Staff cannot reach  
133 agreement on whether a recommendation should be implemented  
134 and/or how it should be implemented, then a petition may be filed  
135 to obtain the Commission’s determination on whether and/or how  
136 the recommendation is to be implemented.<sup>6</sup>

137 Despite the availability of the Interim Report, Mr. Leverett’s commitment is still the same  
138 as it was before issuance of the report. For purposes of the Commission’s review of the  
139 merger application, nothing significant related to the operation of the AMRP has really  
140 changed with WEC’s commitment. Therefore, I find Mr. Leverett’s commitment that  
141 they are “ready, willing and able” to implement audit recommendations troubling based on  
142 his contingent-laced conditions.

143 In assessing Mr. Leverett’s testimony here, the Commission should observe that the  
144 process outlined in the conditions on pages 10 and 11 of Staff witness Lounsberry’s

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<sup>6</sup> JA Ex. 6.0 at 2.

145 Rebuttal Testimony is almost verbatim to what Mr. Leverett proposed in his Rebuttal  
146 Testimony. This process, which remains unchanged since the Joint Applicants' Rebuttal  
147 Testimony, gives WEC considerable and inappropriate leverage and de-facto preliminary  
148 veto power on implementation of Liberty recommendations. Basically, only an appeal to  
149 the Commission can override WEC's objections. This would be a lengthy and  
150 cumbersome process that can waste time that could be better used to implement useful  
151 and important recommendations WEC may unilaterally decide are distasteful.

152 The Commission decided to retain Liberty to audit and make recommendations to  
153 improve the administration and planning of the AMRP because it had lost confidence in  
154 the ability of Peoples Gas to effectively and timely implement the program. Liberty  
155 brings considerable knowledge and experience on how to establish and improve a large  
156 and critical construction program like the AMRP. To give de-facto veto power to WEC  
157 or to any of the other Joint Applicants undermines the goal of making timely, significant  
158 and structural changes to an AMRP program that is in a state of chaos.

159 **Q. ON PAGE 2 OF HIS TESTIMONY, MR. LEVERETT STATES THAT**  
160 **WISCONSIN ENERGY AGREES WITH THE PRELIMINARY CONCLUSIONS**

161 [REDACTED]  
[REDACTED]  
[REDACTED]

164 **HOW DO YOU RESPOND?**

167 A. Although I am encouraged by Mr. Leverett's agreement with [REDACTED]  
168 [REDACTED], I am befuddled by his statement that WEC  
169 does not "oppose" Liberty's recommendations. The statement does not seem to fully  
170 embrace the recommendations [REDACTED]. There is a  
171 significant difference in management's attitude when implementing improvements  
172 between not opposing an initiative and fully embracing it. Mr. Leverett's commitment  
173 seems to be a lukewarm acceptance of a change that may be short-lived or watered down  
174 after a merger approval.

173 **Q. ON PAGE 3 OF HIS TESTIMONY, MR. LEVERETT SUMMARIZES HIS**  
174 **CONCLUSIONS [REDACTED]**  
175 **[REDACTED]. HOW DO**  
176 **YOU RESPOND?**

177 A. Most of Mr. Leverett's statements in these areas are duplicative of the Supplemental  
178 Rebuttal Testimony of Mr. Hesselbach. Therefore, I will address those topics in my  
179 response to Mr. Hesselbach's testimony.

180 **Q. ON PAGE 5 THROUGH 6 OF HIS TESTIMONY, MR. LEVERETT DISCUSSES**  
181 **WEC'S COMMITMENT [REDACTED]**  
182 **[REDACTED]**  
183 **[REDACTED]. HOW DO YOU RESPOND?**

184 A. I am encouraged by the multiple statements of support and commitment that Mr. Leverett  
185 has included in his testimony which appear to be a sincere desire to improve the

186 implementation of the AMRP assuming approval and close of the Reorganization.  
187 Unfortunately, his testimony continues to be littered with qualifications and hedges such  
188 as: “However, given that Liberty’s investigation is ongoing, and Liberty’s  
189 recommendations and the initiatives being designed to address them, are preliminary<sup>7</sup>, the  
190 Joint Applicants expect that there will be ongoing refinements to those initiatives as they  
191 are further developed, their effectiveness is monitored, and Liberty’s investigation  
192 continues.”<sup>8</sup>

193 These qualifications are troubling because they do not give a strong sense of confidence  
194 that WEC fully endorses the recommendations put forth by Liberty. Moreover, because  
195 neither Peoples Gas nor Integrys provided any testimony related to the Interim Report  
196 and what is happening *now* to address [REDACTED]  
[REDACTED], the  
198 Commission is left wondering what it is that Mr. Leverett’s commitment brings to the  
199 management of the AMRP.

200 The Commission has no idea at this point who will be overseeing project management of  
201 the AMRP at Peoples Gas and Integrys (or Integrys’s successor subsidiary), and whether  
202 those people currently in charge of the AMRP will be summarily dismissed, retained,  
203 promoted, demoted, or otherwise removed from their duties upon completion of the

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<sup>7</sup> It is worth noting that Mr. Leverett and Mr. Hesselbach repeatedly use the word “preliminary” to describe Liberty’s recommendations and findings. Yet, the word “preliminary” does not appear in the Interim Report. WEC’s use of the word “preliminary” appears to be an effort to cast the Interim Report’s findings and recommendations as less firm than Liberty intended them to be.

<sup>8</sup> JA Ex. 12.0 at 6:120-124.

204 merger. WEC has not announced yet who will occupy key management positions at  
205 Peoples Gas or Integrys.<sup>9</sup>

206 Again, this makes it impossible for the Commission to evaluate the proposed acquisition  
207 and its effect on service quality, reliability and customer rates, as required under Section  
208 7-204 of the Act.

209 **Response to Mr. Andrew Hesselbach's Supplemental Rebuttal Testimony**

210 **Q. ON PAGE 4 OF HIS TESTIMONY, MR. HESSELBACH DESCRIBES WEC'S**  
211 **PRACTICE IN DEVELOPING LONG-TERM PROJECT PLANS AND STATES**  
212 **THAT WEC IS READY, WILLING AND ABLE TO IMPLEMENT THE TYPES**  
213 **OF RECOMMENDATIONS PROPOSED IN THE INTERIM AUDIT REPORT.**  
214 **HOW DO YOU RESPOND?**

215 A. Mr. Hesselbach has given a very brief description of the type of plan that WEC typically  
216 uses to manage projects of the scale of the AMRP versus [REDACTED] envisioned by  
217 Liberty in the Interim Report. The type of plan described in his testimony consists of a  
218 comprehensive project schedule, cost profiles, team responsibilities and performance  
219 metrics. These are little more than very basic elements. [REDACTED]

[REDACTED] As detailed beginning  
221 on page 11 of the report, [REDACTED] should include:

222 [REDACTED]

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<sup>9</sup> JA Ex. 12.0 at 8-9.

[Redacted]

[Redacted]

229

[Redacted]

[Redacted]

234

[Redacted]

[Redacted]

243

[Redacted]

[Redacted]

[Redacted]

261 When comparing the [REDACTED] to the description offered by Mr.  
262 Hesselbach of WEC's typical practices, it is clear that there is [REDACTED]  
[REDACTED], on WEC's part, perhaps even a lack of knowledge and experience with  
264 developing an [REDACTED]  
265 Mr. Hesselbach's description of WEC's typical approach to large-scale projects gives me  
266 no confidence that (1) WEC will be ready, willing and able to implement the type of  
267 [REDACTED] and (2) Mr. Hesselbach or other members of the  
268 executive team at WEC fully understand what it will take to implement the  
269 recommendations made by Liberty.

270 Furthermore, the qualification added by Mr. Hesselbach to his commitment to implement  
271 [REDACTED] subject or pursuant to the process<sup>10</sup> addressed in the Rebuttal Testimony of  
272 Staff witnesses Stoller and Lounsberry, and Joint Applicants witness Leverett, gives me  
273 even less confidence that an effective [REDACTED] will see the light of day any time soon,  
274 if at all.

275 **Q. ON PAGE 4 AND 5 OF HIS TESTIMONY MR. HESSELBACH DISCUSSES**  
276 **WEC'S COMMITMENT TO [REDACTED]**  
[REDACTED] **HOW DO YOU**  
278 **RESPOND?**

279 A. His testimony states that the approach proposed by Liberty is consistent with WEC's  
280 practices. However, he does not provide any evidence or support for his statements. He

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<sup>10</sup> JA Ex. 13.0 at 4:85-87.

281 dismisses the [REDACTED] as details to be worked out  
282 later as part of the implementation, but he does not endorse them. His commitment to [REDACTED]  
[REDACTED] is to “work” with Liberty, Staff, and Peoples  
284 Gas after the approval and close of the Reorganization is again subject to the process  
285 addressed in the Rebuttal Testimony of Staff and Joint Applicants.<sup>11</sup> To “work” with the  
286 parties is different than endorsing the recommendations and expressing willingness to  
287 adopt them.

288 In other words, there is no firm commitment here. WEC wants to keep its options open  
289 to manage the AMRP as it sees fit after the merger. Such a diluted commitment to a  
290 multi-billion-dollar infrastructure project that directly impacts safety, reliability and the  
291 affordability of utility service should not be accepted by the Commission, and certainly  
292 does not constitute evidence that the proposed merger will not slow or otherwise  
293 negatively impact any progress now being made by Peoples Gas/Integritys to begin  
294 [REDACTED].

295 **Q. ON PAGE 5 THROUGH 7 OF HIS TESTIMONY MR. HESSELBACH**  
296 **DISCUSSES WEC’S COMMITMENT [REDACTED]**  
[REDACTED] **. HOW DO YOU RESPOND?**

298 A. Again, his commitment to [REDACTED]  
[REDACTED] is to “work” with Liberty, Staff, and Peoples Gas on implementing final  
300 recommendations after the approval and close of the Reorganization and is again subject

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<sup>11</sup> JA Ex. 13 at 5:100-106.

301 to the process addressed in the Rebuttal Testimony of Staff and Joint Applicants.<sup>12</sup> It  
302 says nothing of [REDACTED]  
[REDACTED] will be impacted post-  
304 merger. Again, the Commission needed to hear from Peoples Gas and Integrys on [REDACTED]  
[REDACTED] to be able to put Mr. Hesselbach's  
306 commitments regarding his "ready, willing and able" assurances in any practical context.  
307 No such evidence exists.

308 In other words, there is also no firm commitment here. WEC wants to appear to be  
309 cooperative but also wants to keep its options open to manage the AMRP as it sees fit  
310 after the merger. Again, such a weak commitment should not be accepted by the  
311 Commission. Too much is at stake for Peoples Gas's customers.

312 **Q. ARE THERE OTHER KEY ITEMS AND RECOMMENDATIONS IN THE**  
313 **INTERIM AUDIT REPORT WHICH THE JOINT APPLICANTS NEGLECTED**  
314 **TO ADDRESS IN THEIR SUPPLEMENTAL REBUTTAL TESTIMONY?**

315 A. Yes. First of all, the Joint Applicants' Supplemental Rebuttal Testimony is void of [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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<sup>12</sup> JA Ex. 13.0 at 7:139-142.



[REDACTED]

[REDACTED]

[REDACTED] Instead, we are left wondering if there is real substance in the  
346 initiatives that Peoples Gas has communicated to Liberty or if they are merely empty  
347 promises.

348 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

352 Whatever the status of those remedial plans, Peoples Gas should have reported on them  
353 in Supplemental Testimony filed January 22, 2015.

354 In addition, it would have been useful for WEC to stress the importance for Peoples Gas  
355 (its potential future subsidiary) and Integrys to implement improvements quickly and  
356 without hesitancy, assuming the Reorganization is approved. This would have shown  
357 their sense of urgency to get the AMRP fixed sooner rather than later in anticipation of  
358 their corporate take-over.

359 It is important to note that the Supplemental Rebuttal Testimony of WEC witnesses  
360 Leverett and Hesselbach, for the most part, focus on [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This is a critical omission that the Commission should understand in  
366 deciding whether or not the Joint Applicants have agreed to the necessary conditions to  
367 the Reorganization.

368 Other glaring omissions from the Supplemental Rebuttal Testimony of WEC witnesses  
369 Leverett and Hesselbach include a lack of response to the [REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

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<sup>13</sup> AG Ex. 6.1 at 21.

<sup>14</sup> AG Ex. 6.1 at 12.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 6-8.

<sup>17</sup> *Id.*

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These are items critical to the success of the AMRP [REDACTED]

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[REDACTED] They should have been addressed by the Joint Applicants in response to the Interim Report. The absence of testimony from the Joint Applicants on these items raises doubt on their readiness, willingness and ability to implement all of the recommendations included in the Liberty Interim Audit Report.

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**CONCLUSIONS AND RECOMMENDATION**

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**Q. WHAT IS YOUR CONCLUSION AS TO WHETHER OR NOT THE JOINT**

398

**APPLICANTS ARE READY, WILLING AND ABLE TO IMPLEMENT THE**

399

**AMRP CONSISTENT WITH THE ADDITIONAL REMEDIES RECOMMENDED**

400

**BY THE LIBERTY AUDIT?**

401

A. The Supplemental Rebuttal Testimony filed by WEC witnesses Leverett and Hesselbach

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gives me no confidence that the Joint Applicants have fully embraced the

403

recommendations contained in the Liberty Interim Audit Report. The continued

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reluctance by WEC to unequivocally accept the Liberty audit recommendations, as well as

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the absence of testimony from Peoples Gas and Integrys on what is happening now in

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<sup>18</sup> *Id.* at 12.

<sup>19</sup> *Id.*

406 response to the Interim Report and how that work will or will not be impacted by the  
407 proposed merger, raise doubt that the Joint Applicants are ready, willing and able to  
408 implement improvements to the AMRP. Moreover, the information the Commission  
409 needs to assess the merger under Section 7-204 of the Act to ensure that Peoples Gas's  
410 reliability, service quality and customer rates will not be negatively impacted is missing  
411 from this record.

412 Therefore, the Commission should reject the proposed Reorganization, unless and until the  
413 Joint Applicants agree to the conditions outlined in my Rebuttal Testimony and, given the  
414 Liberty auditor's troubling findings and very specific recommendations contained in the  
415 Interim Report, provide specific evidence that clearly establish that (1) Peoples

416 Gas's/Integrys's [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] and (4) Wisconsin Energy has the commitment and capability

421 to continue [REDACTED] going forward..

422 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

423 A. Yes. However, I reserve the right to amend, revise and supplement my testimony to  
424 incorporate new information that may subsequently become available.