

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission,)
 On Its Own Motion)
)
 v.)
)
 Peoples Gas Light and Coke Company, The)
)
 Reconciliation of revenues collected under)
 Coal Tar riders with prudent costs associated)
 with coal tar cleanup expenditures.)
)

ICC No.: 16-0092

DIRECT TESTIMONY OF
BRIAN F. BARTOSZEK

- 1 Q. Please state your name.
- 2 A. My name is Brian F. Bartoszek.
- 3 Q. Please describe your educational background and employment history.
- 4 A. I received a Bachelor of Science degree in Environmental Engineering
- 5 from Michigan Technological University in 1994. I began my career as a Staff
- 6 Engineer in 1994 with an environmental consulting firm where I remained
- 7 employed until 2004, leaving with the title of Senior Engineer. In August 2004 I
- 8 began employment with Wisconsin Public Service Corporation (“WPSC”), now an
- 9 affiliate of the Respondent, The Peoples Gas Light and Coke Company
- 10 (“Respondent”, “Peoples” or the “Company”) as an Environmental Consultant. I
- 11 became the Manager of Remediation and Solid Waste in 2007. On February 21,
- 12 2007, WPSC’s then parent company, Integrys Energy Group, Inc.; (“Integrys”),
- 13 acquired Peoples and its affiliates including North Shore Gas Company and then
- 14 formed Integrys Business Support, LLC (“IBS”) Peoples’ affiliate service provider

15 company. I then became the Manager of Remediation and Solid Waste for IBS.
16 When WEC Energy Group, Inc. ("WEC") acquired Integrys and its subsidiaries on
17 June 29, 2015, WEC changed IBS' name to WEC Business Services LLC
18 ("WBS"). I am currently WBS' Manager of Remediation. In my prior position with
19 IBS I have overseen, and in my current position with WBS I continue to oversee,
20 certain environmental activities for both Peoples and North Shore Gas Company
21 along with Integrys' and now WEC's other utility subsidiaries.

22 Q. What are your responsibilities as Manager of Remediation?

23 A. As Manager, I have responsibility for the management of environmental
24 activities conducted for Respondent by the Environmental Department. I
25 managed these responsibilities exclusively beginning in July 2009 and am
26 therefore familiar with all such activities that took place during the four quarters
27 beginning January 1, 2015 and ending December 31, 2015, the reconciliation
28 year for purposes of this proceeding ("Fiscal Year 2015").

29 Q. Please describe the environmental activities and responsibilities of the
30 Environmental Department as they relate to the Company's former manufactured
31 gas operations.

32 A. The Environmental Department has the primary responsibility for the
33 oversight of the environmental operations of the Company. Personnel from the
34 Environmental Department review and comment upon documents and technical
35 materials that are prepared by the Company's environmental consultants and
36 also review the invoices that those consultants submit to the Company for the
37 work that they perform. In addition, personnel from the Environmental

38 Department oversee and assist the Company's environmental consultants in
39 conducting field investigations.

40 Q. What is the purpose of your testimony?

41 A. My testimony is given for the purpose of describing the environmental
42 activities that have given rise to the incremental costs that were recorded by
43 Peoples under its Rider 11, "Adjustment for Incremental Costs of Environmental
44 Activities," during Fiscal Year 2015.

45 Q. What is the nature of the incremental costs that Respondent records under
46 Rider 11?

47 A. The incremental costs that Peoples' records under its Rider 11 are the
48 costs that it incurs in connection with the environmental activities that are
49 required in order to comply with environmental laws and regulations. These
50 incremental costs relate to manufactured gas operations that were formerly
51 conducted by Peoples and its corporate predecessors and affiliates.

52 Q. What is Respondent's policy on complying with environmental laws and
53 regulations?

54 A. It is the Company's policy to comply fully with environmental laws and
55 regulations.

56 Q. What is Peoples' policy regarding the costs that are incurred as a result of
57 its policy to fully comply with environmental laws and regulations?

58 A. It is the policy of Peoples to control such costs to the fullest possible
59 extent. Because of this policy to control costs, Peoples will make expenditures
60 only when it is determined to be prudent to do so.

61 Q. What standard does Respondent use in determining the prudence of the
62 expenditures that it makes in complying with environmental laws and
63 regulations?

64 A. In determining whether or not to make expenditures in complying with
65 environmental laws and regulations, the Company uses the following standards:
66 1) reasonable and appropriate business standards; 2) the requirements of other
67 relevant state and/or federal authorities; 3) the minimization of costs to
68 ratepayers in a manner that is consistent with safety, reliability and quality
69 assurance; and 4) the facts that are known to the Company at the time that the
70 expenditures are made.

71 Q. How does Peoples control the costs it incurs in connection with complying
72 with environmental laws and regulations?

73 A. The most effective way for Peoples to control those costs is to be actively
74 involved in the determinations that are made regarding the timing, choice and
75 scope of environmental activities. This participation is necessary because of
76 Peoples' desire to keep the cost of its service competitive.

77 Q. When did Peoples and its corporate predecessors and affiliates conduct
78 manufactured gas operations?

79 A. In Peoples' territory, manufactured gas operations were conducted over
80 some 110 years -- from 1850 to about 1960. Manufactured gas was essentially
81 the only gas sold in Chicago until 1931, when natural gas became available
82 through the interstate pipeline system. From 1931 to 1956, Respondent sold a
83 mixed gas comprised of manufactured gas and natural gas. Natural gas became

84 the sole base supply in 1956. For a few years after 1956, manufactured gas was
85 used in declining quantities, and then only for peaking purposes.

86 Q. Does Peoples currently conduct any manufactured gas operations?

87 A. No. The gas supply that Peoples currently distributes to its customers is
88 the natural gas obtained from the gas producing regions of the United States and
89 Canada that is transported to Peoples' service territory through the intrastate and
90 interstate pipeline systems.

91 Q. Please describe the process by which Respondent and its corporate
92 predecessors and affiliates previously manufactured and stored gas.

93 A. Coal, coke (an energy rich material converted from coal) and oil were the
94 primary raw materials used in the manufacturing processes. Depending upon
95 the type of manufactured process, coal or coke was loaded into ovens and
96 heated, which thereby produced a low-Btu gas. Oil was then added to enrich the
97 heating value of the gas to the required level, which was approximately half the
98 heating value of the natural gas that is distributed today. At this point in the
99 manufacturing process, the gas stream passed through a variety of purifying
100 processes in order to make the gas suitable for distribution.

101 The manufactured gas was then stored in vessels, called holders, until it
102 was later distributed to customers. In addition to the holders that were located at
103 these manufacturing facilities, holders were also placed at strategic locations in
104 the utility's system to assist in balancing the gas sendout requirements.

105 Q. Do the costs that are recovered through Rider 11 arise because of a
106 failure to comply with laws in effect at the time the manufactured gas operations

107 were conducted?

108 A. No. The incremental costs that Peoples incurs are the result of various
109 duties and obligations that are imposed by laws and regulations enacted long
110 after Peoples discontinued manufactured gas operations. The manufactured gas
111 operations were conducted in accordance with then-existing industry standards.
112 We have found no indication that those operations violated any laws in existence
113 at that time.

114 Q. Please describe the types of costs that Peoples has typically incurred
115 during the course of its environmental activities.

116 A. Costs have been incurred, and continue to be incurred, in connection with
117 a variety of environmental activities that are related to former manufactured gas
118 operations. These activities can generally be divided into four phases.

119 First, there are those activities which are conducted before the actual
120 study of a site begins. These activities may include negotiations with the United
121 States Environmental Protection Agency ("USEPA") or the Illinois Environmental
122 Protection Agency ("IEPA"), as well as with other potentially responsible parties
123 ("PRPs"). A PRP is a party that is potentially liable for any contamination, or
124 portion of any contamination that might be present at a site. Therefore, a PRP is
125 potentially liable for the cost of any necessary investigative and remedial work at
126 the site. Costs which are associated with the negotiation of a consent decree or
127 of any other formal agreement may also be incurred during the first phase.

128 Second, an actual study of the site is conducted in order to determine the
129 nature and extent of the contamination that is present, and to identify and

130 develop alternative remediation strategies.

131 Third, a remediation strategy is chosen which may entail public hearings
132 conducted by the USEPA or the IEPA.

133 Fourth, the remediation strategy is implemented and monitored.

134 The activities that are conducted during each of these phases require a
135 highly technical and specialized level of experience and expertise that is obtained
136 from carefully chosen environmental engineers and consultants, laboratory and
137 testing services, law firms, and contractors who perform field work during the
138 investigative and remedial phases. Substantial costs are incurred by the
139 Company as a result of the work that is performed by these vendors.

140 The Company may also incur costs because of the issuance of a
141 judgment, or of an order entered by a court, or of a state or federal regulatory
142 agency. In addition, costs may arise from activities related to the identification of
143 PRPs and insurance carriers and in connection with cost recovery litigation
144 against them.

145 Q. What is Respondent's policy with regard to PRPs and insurance carriers?

146 A. It is the Company's policy to make all reasonable efforts necessary to
147 vigorously pursue recovery of incremental costs from PRPs and insurance
148 carriers that are incurred as a result of environmental activity.

149 Q. Does the Company incur any other types of costs in connection with
150 environmental activities at its sites?

151 A. Yes. With respect to property acquired before October 1, 2005, the
152 Company has incurred and will continue to incur costs in connection with the

153 acquisition and subsequent ownership of all or a portion of a site. The purpose of
154 such an acquisition is to enable the Company to better control the timing and
155 extent of remediation of the property which it acquires and to eliminate or reduce
156 the potential for various types of claims associated with the property. The
157 Company bases its decision to purchase the property after evaluating some or all
158 of the following factors: (1) information about market value of the property without
159 consideration for environmental factors; (2) nature and extent of contamination;
160 (3) range of remedial levels and associated costs; (4) litigation costs and
161 potential litigation outcomes; (5) timing of remedial expenditures; (6) claims for
162 reimbursement of technical and legal fees associated with the review of
163 environmental reports; (7) claims for lease payments or access payments during
164 remediation; (8) claims for reimbursement of business interruption and relocation
165 costs; and (9) claims for reimbursement of costs associated with the
166 management of contaminated soil and groundwater remaining on the property
167 after remediation.

168 Q. What does the Company do with any income which it realizes in
169 connection with a property which it has acquired under the circumstances
170 described above?

171 A. In the event that the Company realizes income on a property which it has
172 acquired (through sale, lease or otherwise), it credits the income back to the
173 ratepayer under Rider 11.

174 Q. Does Respondent incur costs in connection with environmental activities
175 that it does not recover under Rider 11?

176 A. Yes. The in-house environmental engineers, regulatory personnel and
177 attorneys of WBS, the Company's corporate affiliate, are actively involved in the
178 Company's environmental activities. The Company incurs costs for wages or
179 salaries of these employees in connection with their environmental-related
180 activities. These costs are not "incremental costs" under Rider 11, and therefore
181 are not recoverable by the Company under Rider 11.

182 Q. Please describe Respondent's Exhibit 1.

183 A. Respondent's Exhibit 1 includes Peoples' verified report regarding its
184 Incremental Costs of Environmental Activities, which was filed with the Illinois
185 Commerce Commission on February 12, 2016. It was filed pursuant to the
186 Commission's Order dated October 6, 1992 in Docket 91-0586, and Section D of
187 Rider 11 of the Company's Schedule of Rates. Respondent's Exhibit 1 details
188 the incremental costs of environmental activities that Respondent incurred during
189 the quarter ended December 31, 2015, and during Fiscal Year 2015, and
190 cumulative through December 31, 2015. Also included in Respondent's Exhibit 1
191 is the related certification by Peoples' independent public accountant, Deloitte &
192 Touche, LLP, as required by the Company's Rider 11.

193 Page 7 of Respondent's Exhibit 1 consists of "Statement of Activity in,
194 Account 182.3, Other Regulatory Assets, Quarter Ended December 31, 2015,
195 Fiscal Year 2015 and Cumulative through December 31, 2015". Line 1 of
196 Column C shows that Respondent had a balance at the beginning of Fiscal Year
197 2015 of \$22,241,714.27, which represents environmental costs incurred prior to
198 Fiscal Year 2015 which were subject to recovery. Line 4 of Column C represents

199 increases to the account of \$26,054,322.95, which were incurred during Fiscal
200 Year 2015. Line 7 of Column C represents decreases to the account of
201 \$23,688,199.73 that were recovered from ratepayers during Fiscal Year 2015
202 through operation of Rider 11. Line 12 of Column C represents the Fiscal 2015
203 year-end balance in the account of \$24,607,837.49. This balance will remain in
204 the account until recovered through rates, through the settlement fund, or
205 through reimbursement by other PRPs or insurance carriers.

206 Page 8 of Respondent's Exhibit 1 consists of a "Statement of Activity in
207 the Settlement Fund, Quarter Ended December 31, 2015, Fiscal Year 2015, and
208 Cumulative through December 31, 2015".

209 Page 9 consists of a "Summary of Incremental Costs, Quarter Ended
210 December 31, 2015, Fiscal Year 2015, and Cumulative through December 31,
211 2015". Line 36 of Column D shows the Fiscal Year 2015 costs of
212 \$26,054,322.95, broken down by site, or by other category for those costs that
213 are not attributable to a specific site.

214 Q. Please describe the Settlement Fund.

215 A. On February 26, 1999, the Commission, in Docket R-18958, granted
216 Peoples' Request for Special Permission to revise Rider 11 to add provisions
217 relating to amounts received from insurance carriers or other entities in
218 settlement of the Company's claims where the payments apply to future costs.
219 The occasion for the Company's filing was the receipt of a substantial payment
220 by an insurance carrier in settlement of claims made in a pending lawsuit. The
221 Commission approved Peoples' proposal to establish a settlement fund to

222 identify and track the amounts arising from settlements with insurance carriers or
223 other entities that are available to pay costs otherwise recoverable under Rider
224 11. Beginning with incremental costs incurred in December 1998, 50% of such
225 costs are recovered through the settlement fund and 50% through Rider 11.

226 Q. Did any Settlement Fund recoveries occur during Fiscal Year 2015?

227 A. No. Respondent did not have any recoveries from the Settlement Fund
228 during Fiscal Year 2015.

229 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
230 incurred a total of \$12,049.27 in incremental costs for environmental activities
231 related to the Archives Site. Please describe the activities that resulted in
232 Peoples incurring incremental costs related to the Archives Site during Fiscal
233 Year 2015.

234 A. Costs incurred at the site were primarily related to professional services
235 provided by outside legal counsel. Costs were also incurred for grounds
236 maintenance.

237 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
238 incurred a total of \$611,737.61 in charges related to the Calumet Station. Please
239 describe the activities that resulted in Peoples incurring incremental costs related
240 to the Calumet Station during Fiscal Year 2015.

241 A. Costs related to Calumet Station where primarily related to remediation
242 activities performed by outside consultants. These costs also include the
243 transportation and disposal of environmental source and waste material by an
244 outside waste disposal company.

245 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015 Respondent
246 incurred a total of \$14,103,887.89 11for environmental activities associated with
247 the Crawford Station. Please describe the activities that resulted in
248 Respondent's incurring incremental costs related to the Crawford Station during
249 Fiscal Year 2015.

250 A. Costs were primarily incurred in connection with environmental site
251 investigation and remediation activities performed by outside consultants and for
252 transportation and disposal of environmental waste material by an outside waste
253 disposal company. Also contributing were costs incurred for real estate taxes
254 accrued on the property previously purchased under the Rider prior to October 1,
255 2005. Additional costs were incurred for professional services provided by
256 outside legal counsel, security services, and site maintenance activities. Rent
257 payments received under lease agreements offset these costs.

258 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
259 incurred a total of \$82,783.83 in incremental costs for environmental activities
260 related to the Division Street Station. Please describe the activities that resulted
261 in Peoples incurring incremental costs related to the Division Street Station
262 during Fiscal Year 2015.

263 A. Costs were primarily incurred for environmental site investigative activities

264 performed by outside environmental consultants. Costs were also incurred for
265 transportation and disposal of environmental waste material by an outside waste
266 disposal company.

267 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
268 incurred a total of \$92,308.70 in incremental costs for environmental activities
269 related to the Hawthorne Station. Please describe the activities that resulted in
270 Peoples incurring incremental costs related to the Hawthorne Station during
271 Fiscal Year 2015.

272 A. Costs were primarily incurred for environmental site investigative activities
273 performed by outside environmental consultants.

274 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
275 incurred a net total of \$354,482.03 in incremental costs for environmental
276 activities related to the Hough Place Station. Please describe the activities that
277 resulted in Peoples incurring net incremental costs related to the Hough Place
278 Station during Fiscal Year 2015.

279 A. Costs were incurred for environmental site investigative activities
280 performed by outside environmental consultants and for professional services
281 provided by outside legal counsel. Costs were also incurred for transportation
282 and disposal of environmental waste material by an outside waste disposal
283 company.

284 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
285 incurred a total of \$214,228.99 in incremental costs for environmental activities
286 related to the Mutual Fuel Gas Works site. Please describe the activities that

287 resulted in Peoples incurring incremental costs related to the Mutual Fuel Gas
288 Works site during Fiscal Year 2015.

289 A. Costs were incurred for professional services provided by outside legal
290 counsel and site investigation and remediation activities performed by outside
291 environmental consultants. Costs were also incurred for transportation and
292 disposal of environmental waste material by an outside waste disposal company.

293 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
294 incurred a total of \$47,430.79 in incremental costs for environmental activities
295 related to the North Shore Avenue Station. Please describe the activities that
296 resulted in Peoples incurring incremental costs related to the North Shore
297 Avenue Station during Fiscal Year 2015.

298 A. Costs were incurred for environmental site investigative activities
299 performed by outside environmental consultants and for professional services
300 provided by outside counsel.

301 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
302 incurred a total of \$341,169.27 in incremental costs for environmental activities
303 related to the North Station. Please describe the activities that resulted in
304 Peoples incurring incremental costs related to the North Station during Fiscal
305 Year 2015.

306 A. Costs were incurred for environmental site investigative activities
307 performed by outside environmental consultants and professional services
308 provided by outside legal counsel.

309 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent

310 incurred \$402,561.66 in incremental costs for environmental activities related to
311 the Pitney Court Station. Please describe the activities that were conducted in
312 Fiscal Year 2015 relative to the Pitney Court Station that resulted in Respondent
313 incurring incremental costs.

314 A. Costs were incurred for real estate taxes accrued on the property
315 previously purchased under the Rider prior to October 1, 2005. Costs were also
316 incurred for environmental site investigative activities performed by outside
317 environmental consultants, professional services provided by outside legal
318 counsel, grounds maintenance as well as transportation and disposal of
319 environmental waste material by an outside waste disposal company.

320 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
321 incurred \$5,683.12 in incremental costs under Rider 11 for environmental
322 activities associated with the Roosevelt Road Station. Please describe the
323 activities that were conducted in Fiscal Year 2015 that resulted in incremental
324 costs for Roosevelt Road Station.

325 A. At Roosevelt Road Station, costs were incurred for a payment made to the
326 IEPA for professional services.

327 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
328 incurred \$265,745.91 in net incremental costs for environmental activities related
329 to the South Station. Please describe the activities that were conducted in Fiscal
330 Year 2015 that resulted in incremental costs for South Station.

331 A. Costs were primarily incurred at South Station for environmental site
332 investigation activities performed by outside environmental consultants and real

333 estate taxes accrued on the property previously purchased under the Rider prior
334 to October 1, 2005. Costs were also incurred for transportation and disposal of
335 environmental waste material by an outside waste disposal company and site
336 maintenance activities. The costs were partially offset by credits for space being
337 used by Peoples at the site not related to environmental activities.

338 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
339 incurred a total of \$492,415.34 in incremental costs for environmental activities
340 that are associated with the Throop Street Station. Please describe the activities
341 that were conducted in Fiscal Year 2015 that resulted in incremental costs for
342 Throop Street Station.

343 A. Costs were incurred for environmental site investigative and remediation
344 activities performed by outside environmental consultants and for professional
345 services provided by outside legal counsel. Costs were also incurred for
346 professional services supervised under the USEPA and for transportation and
347 disposal of environmental waste by an outside waste disposal company.

348 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
349 incurred a total of \$167,516.20 in incremental costs for environmental activities
350 that are associated with the Willow Street Station. Please describe the activities
351 that were conducted in Fiscal Year 2015 that resulted in incremental costs for
352 Willow Street Station.

353 A. The Company incurred costs primarily for environmental site investigative
354 activities by outside environmental consultants.

355 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent

356 incurred a total of \$242,481.07 in incremental costs for environmental activities
357 related to the 22nd Street Station. Please describe the activities that resulted in
358 Peoples incurring incremental costs related to the 22nd Street Station during
359 Fiscal Year 2015.

360 A. Costs were primarily incurred for environmental site investigation activities
361 performed by outside environmental consultants and professional services
362 provide outside legal counsel.

363 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
364 incurred a total of \$35,536.52 in incremental costs for environmental activities
365 related to the 24th Place Station. Please describe the activities that resulted in
366 Peoples incurring incremental costs related to for 24th Place Station in Fiscal
367 Year 2015.

368 A. Costs were incurred in connection with environmental site investigation
369 and remediation services performed by outside environmental consultants and
370 professional services provided by outside legal counsel.

371 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
372 incurred a total of \$7,158,425.10 in incremental costs for environmental activities
373 related to the 96th Street Station. Please describe the activities that resulted in
374 Peoples incurring incremental costs related to the 96th Street Station during
375 Fiscal Year 2015.

376 A. Costs were primarily incurred for environmental site investigation and
377 remediation activities performed by an outside environmental consultant and real
378 estate taxes accrued on the property previously purchased under the Rider prior

379 to October 1, 2005. Costs were also incurred for the transportation and disposal
380 of environmental waste material by an outside waste disposal company, security
381 services and grounds maintenance. Costs were also incurred for professional
382 services provided by outside legal counsel.

383 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
384 incurred \$11,861.53 in incremental costs for environmental activities related to
385 the 110th Street Purifying Station. Please describe the activities that resulted in
386 Peoples incurring incremental costs related to the 110th Street Purifying Station in
387 Fiscal Year 2015.

388 A. Costs were primarily incurred for real estate taxes accrued on the
389 property previously purchased under the Rider prior to October 1, 2005 and
390 grounds maintenance.

391 Q. Respondent's Exhibit 1 shows that during Fiscal Year 2015, Respondent
392 incurred \$327,208.75 in General and Unallocated Costs for environmental
393 activities. Please describe the activities that gave rise to these costs.

394 A. Costs were primarily incurred for professional services provided by outside
395 legal counsel, outside environmental consultants, and other miscellaneous
396 charges.

397 Q. According to Respondent's Exhibit 1, Respondent incurred \$1,084,809.37
398 in carrying charges in Fiscal Year 2015. Please explain.

399 A. Pursuant to Respondent's Rider 11 and the Commission's Order on
400 Remand in Consolidated Dockets 91-0080, *et al.*, Respondent is entitled to
401 recover carrying charges on its unrecovered balance of incremental costs of

402 environmental activities. The amount of \$1,084,809.37 was calculated and
403 recorded pursuant to Rider 11.

404 Q. In the Initiating Order for this proceeding, the Commission ordered the
405 Company to include as part of its filing cumulative totals of recoveries by
406 customer class. Has the Company provided this data?

407 A. Yes. Respondent's Exhibit 2 presents, by customer class, the cumulative
408 total of recoveries through rates of \$396,906,690.73 as summarized in Line 7,
409 Column D, Page 7 of Exhibit 1.

410 Q. In Ordering Paragraph No. (8) in the Final Order entered in Docket No. 04-
411 0112, the Commission directed the Company to provide information in its direct
412 testimony regarding the status of all properties for which purchase costs were
413 previously recovered through Rider 11. Has the Company provided this data?

414 A. Yes. Respondent's Exhibit 3 presents all land acquisitions for
415 environmental remediation purposes that were made prior to October 1, 2005
416 and for which recovery was allowed under Rider 11.

417 Q. Since October 1, 2005, has the Company made any additional land
418 acquisitions for environmental remediation purposes?

419 A. Yes. The Company has made one land acquisition for environmental
420 remediation purposes after October 1, 2005. The Company purchased that
421 certain real estate located at the Crawford Plant remediation site referred to as
422 Parcel K ("Parcel K"). The Company purchased the land on October 5, 2011.

423 Q. How did the Company treat the costs associated with land acquisitions for
424 environmental remediation purposes incurred after October 1, 2005?

425 A. Pursuant to the Commission's Order, as outlined in Order Paragraph No.
426 (6) in the Final Order entered in Docket No. 04-0112, if any land purchases are
427 made, any costs associated with land acquisitions for environmental remediation
428 purposes shall be treated as a rate base asset to be recovered in rate
429 case. Parcel K's acquisition cost is not recoverable through Rider 11 and has
430 not been included in the Rider 11 reconciliation.

431 Q. How does the Company plan to treat any costs associated with land acquisitions
432 for environmental remediation purposes incurred after October 1, 2005?

433 A. Pursuant to the Commission's Order, as outlined in Order Paragraph No.
434 (6) in the Final Order entered in Docket 04-0112, if any land purchases are
435 made, any costs associated with land acquisitions for environmental remediation
436 purposes shall be treated as a rate base asset in a rate case.

437 Q. In the Initiating Order for this proceeding the Commission ordered the
438 Company to provide notice of its filing in the manner that notice be made for a
439 general rate increase prescribed under Part 255 of the Illinois Administrative
440 Code. Will the Company comply with those filing requirements?

441 A. Yes.

442 Q. Does this conclude your direct testimony?

443 A. Yes, it does.

