ILLINOIS COMMERCE COMMISSION

ANNUAL REPORT ON ELECTRICITY, GAS, WATER AND SEWER UTILITIES

2016

ILLINOIS
COMMERCE COMMISSION

ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES

2016

Contacting the ICC

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701
217-782-9671

Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601
312-814-2850

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.
Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)

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Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available online from the Commission's
web site: www.icc.illinois.gov

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Plug In Illinois—Choosing an Electric Supplier
https://www.pluginillinois.org/

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January 31, 2017

The Honorable Bruce Rauner
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service

313 State Capitol

Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2016 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2016 through December 31, 2016.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications Markets in Illinois
- Annual Report on Cable and Video Service Deployment by Providers Granted State Issued Cable and Video Service Authorization
- Annual Report on the Transportation Regulatory Fund
- Annual Report on Accidents / Incidents Involving Hazardous Materials on Railroads in Illinois
- Crossing Safety Improvement Program
- Office of Retail Market Development Annual Report

Additional information about the Commission and its activities is available from the Commission's web site listed on the previous page.

Sincerely,

Brien J. Sheahan
Chairman

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ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

2016

JANUARY

Commissioner Sherina Maye Edwards was featured in the Chicago Defender.

Commissioner Sherina Maye Edwards was appointed Vice Chair of the Subcommittee on Education and Research for the National Association of Regulatory Utility Commissioners.

Inclusion Committee Announced

As part of the Commission's Office of Diversity and Community Affairs, an Inclusion Committee was announced to implement the Diversity and Inclusion Policy of the Illinois Commerce Commission. This committee is focused on advancing diversity and encouraging the inclusion of different perspectives, ideas, and experiences within the ICC. Its mission is to foster an environment where individuals from all segments of society and backgrounds may thrive professionally and contribute to the goals of the ICC as a whole.

FEBRUARY

Danisha Hall was named the Bureau Chief of External Affairs.

ICC Initiated a Proceeding to Evaluate Utility Investment in Cloud Computing

The Commission initiated a proceeding to solicit information and opinions on the utilization of cloud computing in the utilities it regulates. Led by Chairman Sheahan, the Commission unanimously approved a Notice of Inquiry (NOI), a fact-gathering tool through which the Commission will seek comments from the public and the industry to help determine whether utility investment in cloud computing is prudent and whether leveling the playing field between cloud and on-premises solutions would encourage utilities to make the most cost-effective investments. The NOI came as a follow up to a Commission Policy Session on Business and IT Investments in Cloud Computing Arrangements held in September 2015.

ICC Initiated Proceeding to Investigate Lincoln Towing

By unanimous vote, the Commission initiated a proceeding to investigate Lincoln Towing's commercial vehicle relocator license. [The company's legal name is "Protective Parking Service Corporation" but operates as "Lincoln Towing Service" and is known in the Chicago area as "Lincoln Towing."]

The proceeding, which takes place in the form of a fitness hearing examining Lincoln's relocation towing operations, is ongoing.

MARCH

Chairman Brien Sheahan and Legal and Policy Advisors Elizabeth McEarlean and Anastasia Palivos co-authored an article in *Electricity Policy* titled, "Are Regulators' Heads in the Cloud? Primary Challenges to Utility Adoption of Cloud-Based Solutions."

Executive Director Cholly Smith was named Chair of the nine-member Smart Grid Advisory Council.

ICC Hosted a Policy Session on Energy Efficiency in Affordable Housing

The Commission hosted a policy session on Energy Efficiency in Affordable Housing. Led by Chairman Sheahan, the session invited leaders in the housing field and related industries to share regional best practices in green housing preservation and energy efficiency in order to explore ways to develop and implement strategies through innovative partnerships, policy development, and legislative reform.

ICC Offered Tips for National Consumer Protection Week

In observance of National Consumer Protection Week, the Commission highlighted the variety of consumer assistance options it provides.

Through the Transportation Bureau, the Commission licenses household goods movers operating in Illinois. To check to see if a mover is licensed in Illinois and to review complaint history of licensed movers, visit the ICC's website at https://www.icc.illinois.gov/utility/defaulthhg.aspx. For information and assistance related to a household move, visit the household goods consumer information section on the ICC website at https://www.icc.illinois.gov/householdgoodsmovers/#hhgmover .

Through the Consumer Services Division, the agency offers consumer education and helps utility customers resolve complaints involving natural gas, electricity, water, sewer and telecommunications services. In addition, dispute resolution through the informal complaint process is available for consumers who have chosen competitive gas and electric supply services. Consumer counselors can be reached Monday through Friday from 8:30AM to 5:00PM at 1-800-524-0795, out of state callers 217-782-2024, and TTY 1-800-858-9277. Consumers with questions or complaints that are not immediately time sensitive can also contact the division online at https://www.icc.illinois.gov/complaints/ or via mail addressed to 527 East Capitol Ave, Springfield, IL 62701.

Lastly, the ICC urged the public to beware of scam artists posing as utilities representatives demanding payment.

Fix-A-Leak Week Encouraged Water Conservation and Efficiency

The Commission joined the National Association of Regulatory Utility Commissioners (NARUC) and the Environmental Protection Agency (EPA) to commemorate National Fix-A-Leak Week.

ICC Hosted Smart Cities Policy Session

The Commission hosted a policy session on Smart Cities, a concept which has been defined as the ability to integrate multiple technological solutions in a secure fashion to manage a city's assets. The session, led by Chairman Sheahan, was designed to highlight the value of smart cities and discuss how stakeholders can utilize information and communication technologies to deliver innovative customer services, realize cost savings, and optimize operational efficiencies.

ICC Initiated Proceeding to Investigate Rendered Services

The Commission initiated a proceeding to investigate the commercial vehicle relocator license of Rendered Services (Rendered) of Chicago.

Since August 2012, the date Rendered's most recent commercial vehicle relocator's license The proceeding, which takes place in the form of a fitness hearing examining Rendered's relocation towing operations, is ongoing.

APRIL

ICC Announced E-Docket E-Mail Notification

The Commission announced that eDocket, its online case management system, now features an email notification option. Users can simply search for the case they are interested in tracking, clicking on email notifications, and entering their name and email address. Once an email address is verified, the user will begin receiving emails when a document has been accepted in that case.

Call Before You Dig Month

The Commission adopted a resolution recognizing April as National Safe Digging Month reminding communities to stay safe by calling 811 before digging. The resolution highlighted JULIE, Inc., the Joint Utility Locating Information for Excavators, serving residents of Illinois outside of the city of Chicago and Digger, the Chicago Utility Alert Network, serving the city of Chicago, who provide the 811 one-call system for homeowners and contractors to assist in marking and locating utility service lines and protect against accidental damage.

MAY

ICC, CUB and Chicago-area Utilities Issued Utility Scam Warning

The ICC, ComEd, Nicor Gas, Peoples Gas, North Shore Gas and the Citizens Utility Board (CUB) held a press conference to warn Chicago-area customers about scam artists posing as utility representatives.

The Better Business Bureau states that the number of reported scams generally rises with warmer weather. Nationally, there has been an increase in people claiming to be utility company workers over the past several years.

ICC Approved $18.5 million in Settlements with Peoples Gas

The Commission approved two landmark settlements under which $18.5 million will be paid to customers of Peoples Gas and the State of Illinois by Peoples and its parent company, Integrys Energy Group (Integrys), which is owned by WEC Energy Group Inc. (WEC). The settlements resolved investigations into statements made by representatives of Peoples, Integrys and WEC before the Commission concerning the estimated long-term cost of the Accelerated Main Replacement Program (AMRP).

As part of the settlement, officials with Peoples and Integrys admitted information was omitted, namely the preliminary cost estimate indicating the AMRP would cost more than $8 billion, from their discussion of the AMRP at the ICC's May 20, 2015 open meeting. Peoples admitted the omitted information was material to the Commission's oversight and regulation of Peoples and the AMRP, pursuant to the Public Utilities Act. The ICC approved the Integrys/WEC merger on June 24, 2015 and company officials apprised the ICC of the revised estimate on July 27, 2015.

A $7.5 million settlement resolved the ICC's investigation. In this agreement, the companies will pay $4 million into the Public Utilities Fund and $500,000 into the General Revenue Fund. Three million dollars will be dedicated to Peoples' "Share the Warmth" fund, a program that provides heating grants to limited and fixed-income households. A related $11 million settlement resolves the Illinois Attorney General's investigation. The company will pay $10 million in rebates to all of Peoples' customers and $1 million to reconnect and forgive outstanding debt to low-income customers who have had their gas disconnected.

ICC Hosted Summer Preparedness Policy Session

During the Summer Preparedness Policy Session, the Commission heard from energy stakeholders on ways to ensure Illinois ratepayers continue to receive safe, reliable and affordable electricity during the high-demand summer months. Led by Commissioner John Rosales, the session featured presentations from the electric utilities and the regional transmission organizations (RTOs) that serve the state as they detailed their plans to handle traditional peak seasonal summer usage.

JUNE

Commissioner Sherina Maye Edwards authored an article published in the 5th Edition of the *International Confederation of Energy Regulators Chronicle* "Women in Energy Series" titled, "Shaping a Powerful Future for Women."

Commissioner Ann McCabe was elected president of the Mid-America Regulatory Conference (MARC) at the annual meeting that was held June 12-15 in Bismarck, North Dakota.

Nakhia Crossley, a legal and policy advisor, was appointed Chair of the National Association of Regulatory Utility Commissioners (NARUC) Subcommittee on Supplier and Workforce Diversity.

ICC Hosted Third Annual Supplier Diversity Policy Session

The Commission hosted its Third Annual Supplier Diversity Policy Session with a focus on encouraging Illinois utilities to work with more diverse businesses, including those owned by minorities, women, and veterans. Commissioners Miguel del Valle, Sherina Maye Edwards and John Rosales led the session.

The utilities presented an overview of their 2015 expenditures with women-owned, minority-owned and veteran-owned businesses, as well as goals for future procurement opportunities. The participants also highlighted current outreach programs designed to identify, promote and increase engagement with diverse businesses.

The policy session ended with a roundtable discussion on some of the current trends in supplier diversity, procurement challenges and triumphs, and best practices for increasing and sustaining the pool of qualified vendors.

ICC Approved Southern Company's Merger with AGL Resources

The Commission unanimously approved Southern Company's merger with AGL Resources Inc. (AGL). AGL is the parent company of Nicor Gas, which has more than 2 million customers in Illinois and 4.5 million customers in seven states. The ICC previously approved AGL's purchase of Nicor in 2012.

The Commission's order requires that Nicor maintain 2,070 full-time equivalent employees in the state of Illinois for at least three years. In addition, Nicor will maintain current employment levels for at least two years in the following departments: Corrosion Control; Technical Compliance; Locating Services; the Transmission Integrity Management Program; and the Distribution Integrity Management Program. The companies will also honor all existing union contracts.

Any financial savings at Nicor as a result of the merger are required to be returned to Illinois customers. The companies will also file semi-annual compliance reports on the Commission's e-Docket system reporting on the status of progress of all Commission-imposed conditions. These status reports will continue until all conditions have been satisfied and the Commission approves ceasing the reporting. There will also be an annual status report given to the Commission by AGL's CEO. Nicor will also work with ICC Pipeline Safety Program staff to provide more detail regarding when and how the company will implement a Pipeline Safety Management System that meets and exceeds all state and federal regulations in going beyond basic compliance.

Finally, the Commission's order requires that AGL and Nicor honor their prior agreement to discontinue use of the "Nicor" name and logo by Prairie Point Energy, L.L.C. d/b/a Nicor Advanced Energy LLC and Nicor Solutions, L.L.C., no later than December 31, 2017.

Annual Report Analyzed Illinois Retail Electric Market

The Commission's Office of Retail Market Development (ORMD) released its ninth annual report to the General Assembly describing the competitive retail electric market in Illinois, a requirement of the Retail Electric Competition Act of 2006. The report details the specific accomplishments achieved by the ORMD in promoting retail competition.

JULY

Commissioner Sherina Maye Edwards received the Redefine Possible Women's Leadership award from WNBA Chicago Sky.

ICC Launched Overhaul of Peoples Gas Main Replacement Program

On July 20, the Commission initiated a proceeding to formally investigate the cost, scope, schedule and other issues related to the Peoples Gas Natural Gas System Modernization Program, formerly known as the Accelerated Main Replacement Program (AMRP).

The action followed Commission-led efforts, including the December 2015 suspension of the former AMRP and a series of stakeholder workshops, to reevaluate the regulatory treatment of the company's gas system modernization program focused on replacing aging natural gas infrastructure in the City of Chicago. Along with the ICC and Peoples Gas, stakeholders involved in the workshop process included the Office of the Illinois Attorney General, the Gas Workers Union Local 18007, the Citizens Utility Board, the City of Chicago, and the Illinois Industrial Energy Consumers.

After hearing stakeholder recommendations on issues such as the program's emphasis on safety and reliability, scope, schedule, cost forecasts and controls, and plans for measuring and monitoring progress, ICC staff conducted a policy session in April summarizing the six workshops and on May 31 presented to the Commission a comprehensive staff report. The report described in detail the positions of the various stakeholders, made recommendations for the scope of the initial proceeding, and identified program information that the company is to report monthly to the Commission until the investigation is completed in early 2017.

ICC Hosts Customer Service & Technology in the Utility Space Policy Session

The Commission hosted a policy session addressing customer service and new technology. The purpose of the meeting was to discuss current trends in utility customer engagement including innovative technologies, evolving services, and customer awareness and expectations, and how these factors have contributed to an overhaul of the customer service landscape.

Participants discussed how new technologies can improve customer service and pinpoint how to overcome some of the existing barriers to deploying customer-enabling technologies.

Some utilities now include services such as managing distributed energy resources, supporting electric vehicles and home area networks, and finding a better way to engage the customer in energy-efficiency, demand-response, and conservation activities by utilizing multiple social media platforms.

ICC Hosted Cybersecurity Policy Session

The Commission hosted a Cybersecurity Policy Session that focused on the specific roles of government, industry, and third-party stakeholders in protecting the nation's critical energy infrastructure.

Following the December 2015 Ukrainian power outage, which left more than 225,000 customers powerless for six hours, as well as other recent indications of cyber espionage targeting the United States, state regulators have started asking questions of their utilities and taking steps to gauge the cyber vulnerabilities that exist in the nation's critical utility infrastructure, including electricity, gas, water and telecommunications.

While cybersecurity has not traditionally been addressed by state public utility regulators, this emergent threat has made it necessary for regulators to discern how to best protect the services, data and information valuable to the customers and companies they serve. In an effort to ensure adequate, safe and reliable public utility services, the ICC convened the policy session to address these cybersecurity concerns. Commissioner Sherina Maye Edwards coordinated the policy session.

SEPTEMBER

State of Illinois Acknowledged Illinois Rail Safety Week

The State of Illinois declared September 11th to 17th as Illinois Rail Safety Week in order to promote vehicle and pedestrian safety around railroad tracks and trains. During the week, ICC staff helped educate people at the Springfield Amtrak station and the James R. Thompson Center about rail safety and enforcement.

ICC Issued Detailed Rules for Retail Electric Suppliers

By unanimous vote, the Commission issued a First Notice Order proposing significant changes to the marketing rules retail electric suppliers must follow in Illinois. After electricity prices spiked during the "polar vortex" winter of 2013-2014, the Commission's Consumer Services Division recorded a sharp increase in complaints from the public about the aggressive marketing practices of retail electric suppliers. This decision came after a thorough review of the marketing practices these companies must follow and significantly enhances requirements for consumer protection.

The new rules include the following key provisions:

- Expanded consumer protections through additional marketing controls of sales solicitations.
- Standardized contract content and descriptions, including a "Uniform Disclosure Statement" for all retail electric supplier solicitations that will allow consumers to better compare offers and make informed decisions.
- Requiring retail electric suppliers to post their residential offers on the ICC's PlugInIllinois.org website.

OCTOBER

ICC Announced On-Line Transactions

The Commission's Transportation Processing section announced that *eTransportation* is now available for on-line payment of administrative citations and the annual Unified Carrier Registration (UCR).

ICC Authorized Continued Lifeline Telephone Service Assistance

The Commission approved connection fee assistance for landline service as the state's Universal Telephone Service Assistance Program (UTSAP) supplemental assistance for eligible customers. The ICC determined the state's mandated Lifeline supplemental program shall provide up to $35.00 in a one-time fee waiver to assist eligible new subscribers with their landline telephone service connection fees. The ICC also reaffirmed the $9.25 federal Lifeline support eligible consumers may receive for the telephone service.

As of December 31, 2015, approximately 428,539 Illinois customers were participants in the federal Lifeline assistance program. Of this total, approximately 417,447 were wireless Lifeline customers and approximately 11,092 were landline Lifeline customers.

NOVEMBER

Commissioner John Rosales was elected to serve as secretary of the Organization of PJM States (OPSI).

ICC Hosted Winter Preparedness Policy Session

The Commission hosted a policy session to explore and discuss issues surrounding 2016-17 winter preparedness. Led by Commissioner Sherina Maye Edwards, the session brought together representatives from the gas industry, regional transmission organizations (RTOs), and Illinois local distribution companies (LDCs) in effort to discuss and display their efforts to meet upcoming winter demand.

Panelists discussed the U.S. natural gas market and agreed that in a time of a changing mix in resources, RTOs and LDCs alike are well positioned to meet the expected demands of the upcoming winter. Following the polar vortex, stakeholders continue to rely on increased coordination between gas and electricity markets to avoid some of the problems experienced during January 2014 when the nation endured prolonged periods of bitterly cold temperatures – driving up energy use and stressing available power supplies.

The session also featured discussions on energy efficiency and customer outreach efforts. Given warmer than normal temperatures during the winter of 2015-16, customers should be prepared to see higher bills this winter. Panelists highlighted available resources and noted low-income customers are encouraged to apply for funding assistance such as LIHEAP (Low Income Home Energy Assistance Program) and other programs offered by individual utility companies. Panelists also discussed the availability of energy saving efficiency tools such as home energy audits and other measures that can help reduce bills.

DECEMBER

ICC Authorized a Decrease in Electric Distribution Rates for Ameren Illinois

The Commission authorized new lower electric distribution rates for Ameren Illinois (Docket No.16-0262) for 2017. The new rates will generate approximately $14.488 million less, or 1.41 percent, in annual revenue for the company compared to the rates approved in the 2015 formula rate case.

Ameren originally proposed a decrease in annual revenues of $14.371 million, but the Commission made adjustments to the company's advertising expense and cash working capital.

The Commission order followed a review during the past eight months of the company's formula rate case filing in April 2016. That review involved two major components: 1) a reconciliation of Ameren's actual 2015 revenue requirement, and 2) a determination of the new revenue requirements that included the company's 2016 projected plant additions. The net effect of both components will be reflected in the lower rates to be charged in 2017.

The order reflects an overall rate of return of 7.282 percent and a return on equity of 8.64 percent.

ICC Approved New Delivery Rates for ComEd Customers

The Commission issued an order authorizing ComEd to increase electric delivery rates by 5.07 percent, which is expected to generate approximately $127,499,000 in additional annual revenue for the company compared to the decreased rates approved in the 2015 formula rate case.

The Commission made adjustments to ComEd's expenses and rate base, lowering the proposed increase by $10,016,000 from ComEd's initial request of $137,515,000.

The order (Docket No.16-0259) is a result of a thorough review during the past eight months of the company's formula rate case filings in April 2016. The review involved two main components: 1) a reconciliation of ComEd's actual 2015 revenue requirements; and 2) a determination of the new revenue requirement that includes the company's 2016 projected plant additions. The net effect will be reflected in the rates to be charged in 2017.

The Commission order reflects an overall rate of return of 6.71 percent and a return on equity of 8.64 percent for the new revenue requirement. Pursuant to a statutory requirement applicable to the company's performance metrics, the order also reflects a lower overall rate of return of 6.69 percent and a return on equity of 8.59 percent for the reconciliation of the 2015 revenue requirement.

New rates are expected to be reflected on customer bills beginning with the January 2017 billing cycle.

ICC Adopts New Interconnection Rules for Distributed Generation Facilities

The Commission approved an Order finalizing changes to the state's interconnection standards for distributed generation facilities (Docket No. 14-0135).

The amendments streamline the Commission's rules on interconnection for distributed generation and promote smart grid infrastructure improvement in Illinois, and are consistent with the statutory goal of minimizing barriers to the interconnection of distributed generation facilities. The rules also establish greater transparency beforehand about the potential costs associated with interconnection.

The decision came in response to a February 2014 request from the Citizens Utility Board (CUB) and the Environmental Law and Policy Center (ELPC) to amend Illinois Administrative Code Parts 466 and 467, the Commission's rules on interconnection.

In addition to a waiver provision, mandated on-line applications and electronic signatures, the amended rules require utilities to provide a pre-application report outlining technical specifications for the location specified by a generation developer applying for connection. The report will be available to developers at a cost of $300. The amended rules also require utilities to maintain their procedures on-line, allowing distributed generators to narrow their search for acceptable locations without costly infrastructure studies.

Advocates say the ruling is a positive step for providers of renewable energy in Illinois because it will allow larger projects to move forward using an expedited interconnection process, which makes it quicker and easier to add clean energy to the power grid.

Governor Signed Future Energy Jobs Act

Governor Bruce Rauner signed the Future Energy Jobs Act (SB2814) into law on December 7. The sweeping energy bill will save thousands of jobs by keeping two nuclear power plants owned by parent company ComEd operational for a minimum of 10 years, create thousands of new clean energy jobs and increase the overall usage of zero-emission energy across Illinois.

ICC Approves Reduced Rate Request For Illinois American Water Company

The Commission approved approximately $35.3 million in additional annual revenue for Illinois American Water Company (IAWC), $14.2 million less than the company requested (Docket No.16-0093).

IAWC filed a request to increase annual revenue by approximately $49.5 million on February 24. The Commission determined certain expenses the company proposed to recover through consumer rate increases were too high and should be reduced, and the order reflects major reductions to the company's cost of capital, deferred income tax expense and incentive compensation, among others.

INTRODUCTION

The following report for calendar year 2016 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

A general review of agency activities;
A discussion of the utility industry in Illinois;
A discussion of energy planning;
The availability of utility services to all persons;
Implementation of the Commission's statutory responsibilities;
Appeals from Commission orders;
Studies and investigations required by state statutes;
Impacts of federal activity on state utility service; and
Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.illinois.gov.

During 2016, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Miguel del Valle

Sherina Maye Edwards

Ann McCabe

John R. Rosales

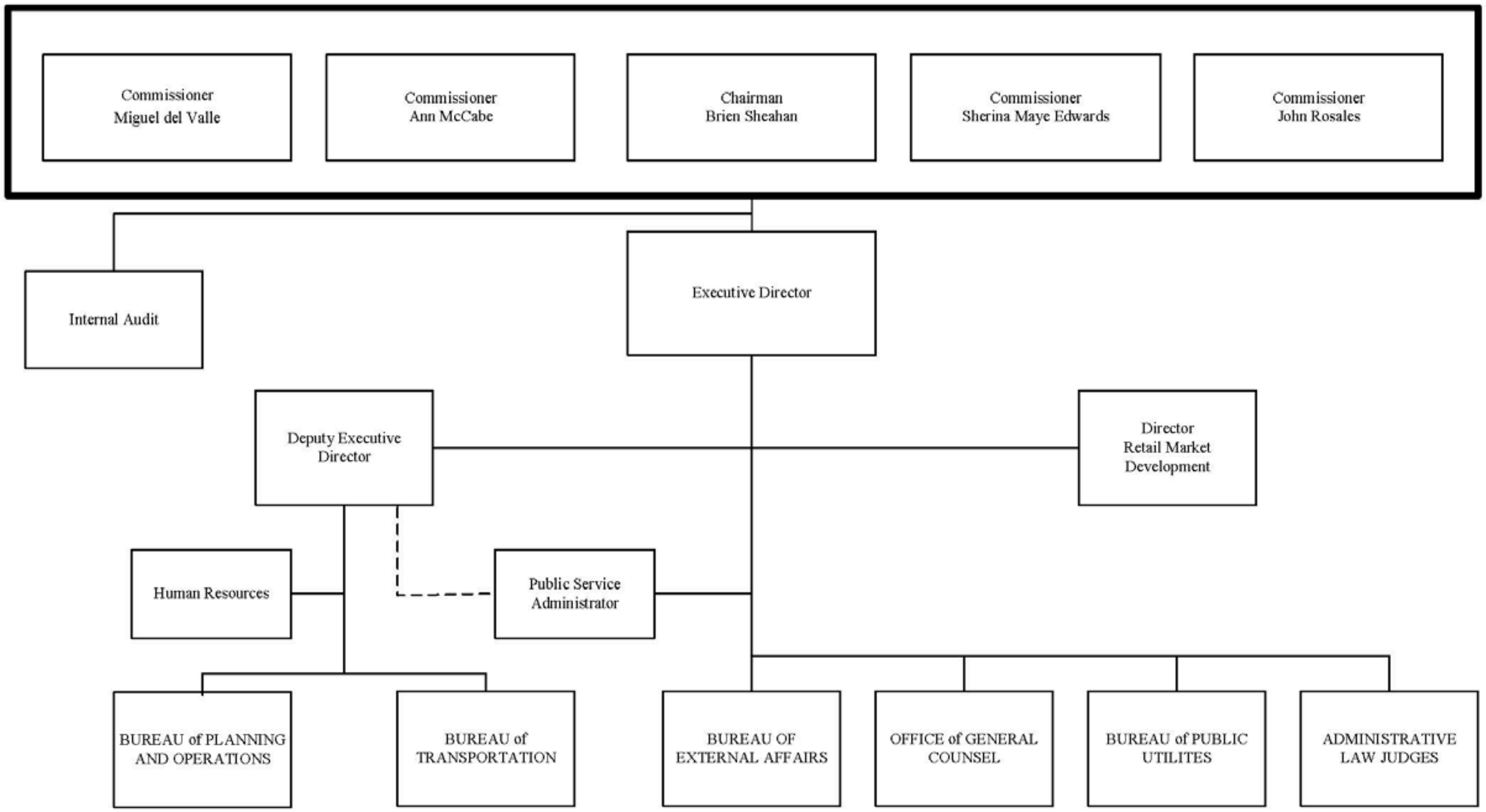
Brien J. Sheahan

ILLINOIS COMMERCE COMMISSION

MISSION STATEMENT

The Illinois Commerce Commission's mission is to balance the interests of consumers and utilities to ensure adequate, efficient, reliable, safe and least-cost public utility services.

Illinois Commerce Commission



SECTION 1

General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2016. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's website (www.icc.illinois.gov) or in the Commission's electronic docketing system (http//eweb.icc.illinois.gov/e-docket). More information about the e-Docket system follows in the next section.

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office and through the ICC's e-Docket system.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2016 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a *description of the Commission's budget, caseload, and staff levels, including specifically:*

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2016
Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2012, 2013, 2014, 2015 and 2016. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM
To aid both the Commission Staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the Commission website.

e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- Search for cases: permits searches by case types, service types, companies, and/or a date range as parameters.
- Search for documents: permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at http://eweb.icc.illinois.gov/e-docket and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL
PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket user's manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.

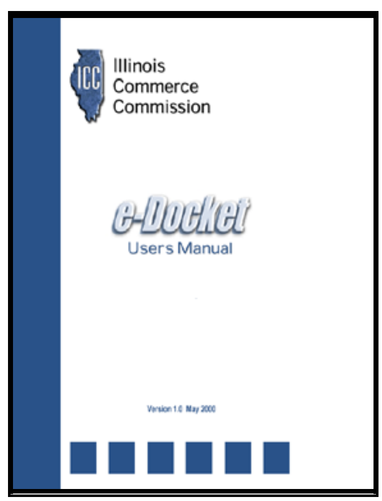


Table 1-1
Utility Cases Monthly Report

	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date
Filings:														
New Cases	2016	54	52	126	55	54	23	15	37	48	30	80	19	593
	2015	79	77	95	74	47	33	36	63	44	38	33	31	650
	2014	99	79	91	89	41	44	46	47	56	64	46	65	767
	2013	103	71	82	77	34	44	39	43	45	55	52	58	703
	2012	82	72	101	61	53	41	51	45	38	46	53	56	699
Filings/Reports (SPI)	2016	252	303	394	651	474	495	556	489	510	597	440	473	5,634
	2015	456	402	471	486	441	369	480	461	428	405	317	263	4,979
	2014	784	650	837	849	577	395	407	431	547	523	406	445	6,851
	2013	894	659	753	795	445	487	494	502	485	836	555	501	7,406
	2012	740	757	970	771	797	575	730	653	494	773	563	587	8,410
Filings/Reports (CHI)	2016	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2016	134	125	150	127	104	153	90	108	102	106	120	114	1,433
	2015	156	137	175	181	171	196	167	163	191	143	129	119	1,928
	2014	172	180	196	182	139	134	98	140	167	153	130	116	1,807
	2013	186	125	162	182	189	140	121	169	156	176	129	113	1,848
	2012	181	203	213	208	185	88	171	182	138	200	173	137	2,079
Supplemental/Reopen Petitions	2016	-	3	-	-	-	-	3	-	1	-	-	-	7
	2015	1	-	-	-	-	-	-	-	-	1	-	-	2
	2014	-	-	-	-	-	1	-	1	1	1	1	-	5
	2013	1	-	-	-	-	-	-	-	1	1	-	-	3
	2012	-	-	3	-	-	-	2	-	-	-	-	-	5
Petitions for Rehearing	2016	7	-	1	4	-	1	1	-	-	-	1	3	18
	2015	8	3	-	1	2	4	2	3	1	2	-	8	34
	2014	13	7	8	2	4	1	2	-	3	2	3	4	49
	2013	7	2	-	6	-	4	16	2	4	-	1	3	45
	2012	2	14	3	-	3	10	2	2	1	5	2	4	48
Notice of Appeals	2016	5	-	-	-	3	-	-	-	-	-	-	-	8
	2015	3	6	2	1	-	-	5	-	-	1	1	4	23
	2014	5	4	10	1	1	2	1	1	-	1	-	-	26
	2013	1	3	-	-	1	6	-	2	1	2	-	-	16
	2012	-	-	3	-	-	-	2	1	1	3	-	2	12
Cases Closed (Orders/Commission Actions)	2016	38	73	79	73	56	80	29	50	83	32	33	58	684
	2015	57	48	106	131	62	38	55	34	83	40	39	51	744
	2014	36	86	94	110	84	73	52	54	64	47	80	43	823
	2013	64	47	44	64	60	110	58	57	43	37	52	47	683
	2012	56	55	63	61	91	88	45	55	59	70	71	57	771
Tariff Filings	2016	58	60	65	119	107	111	85	60	50	44	70	77	906
	2015	64	54	89	61	158	102	99	60	63	50	63	92	955
	2014	73	68	95	74	165	94	88	64	119	64	56	67	1,027
	2013	86	89	98	98	235	133	111	108	141	94	83	79	1,355
	2012	154	102	165	170	245	252	130	158	157	114	85	108	1,840

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3

Budget and Headcount by Division

For Fiscal Year 2015

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $
Public Utility Fund	11	1,593,700	144	31,310,000	0	0	155	32,903,700
Transportation Fund	1	139,000	0	0	62	17,725,800	63	17,864,800
Underground Utilities Damage Prevention Fund	0	0	0	151,000	0	0	0	151,000
Wireless Carrier Reimbursement Fund	0	0	0	14,000,000	0	0	0	14,000,000
Wireless Services Emergency Fund	0	0	0	77,130,000	0	0	0	77,130,000
Totals	12	1,732,700	144	122,591,000	62	17,725,800	218	142,049,500

Headcount is shown at the authorized level for FY16
Budget $ shown represents the FY16 appropriation.
From Forms 150A

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

Effective January 1, 2016, pursuant to legislative changes to the Wireless Emergency Telephone Safety Act (WETSA), the regulation and oversite of 9-1-1 authorities has moved from the ICC to the Illinois State Police. The ICC retains oversight and regulation of the telecommunication carriers' delivery of 9-1-1 calls to 9-1-1 authorities.

SECTION 2

A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 (the 1997 Law). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 95-0481 (the IPAA). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("ComEd") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP). In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, produced significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directed electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans to their customers; these plans would provide assistance to customers paying more than 6% of their income for electric and gas utility bills combined. The Act also directed the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allowed all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a "rider." The Act clarified the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and required gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also added restrictions on the employment of former Commissioners and Commission employees, required the Commission to address specifically utility rate case expenditures for attorneys and experts in each general rate case, required transcripts of all Commission meetings to be a part of the record in each case, and expanded the scope of prohibited communications pertaining to rate matters. Finally, the Act imposed renewable portfolio standards on alternative retail electric suppliers and utilities operating outside their service territories.

ELECTRIC POWER PROCUREMENT OBLIGATIONS

Wholesale electricity purchased by ComEd and Ameren Illinois Companies is subject to Section 1-75 of the IPAA[1] and Section 16-111.5 of the PUA[2]. These laws include the following major features:

- An annual procurement plan is prepared by the IPA.
  - A draft plan is first submitted (by August 15) and subject to a 30-day public comment period.
  - At the end of the 30 days, the revised plan is filed with the Commission.
  - Parties have five days to raise objections with the filed plan.
  - The Commission has another five days to determine if hearings should be held.
  - A Commission order approving or modifying the plan must be entered within 90 days of the plan filing.[3]
- Procurement of "standard products" must be made through sealed-bid, pay-as-bid RFP processes.
- Procurement of "renewable energy resources" is also required according to the States' renewable portfolio standard ("RPS"), consisting of a schedule and a set of restrictions and preferences detailed in Section 1-75(c) of the IPAA[4].
- The RFP process is conducted by an IPA-hired and Commission-approved "procurement administrator."
- The RFP process is monitored by a Commission-hired "procurement monitor." At present, the Commission's procurement monitor is the consulting firm of Bates White LLC.
- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids.
- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within two business days after receipt of the reports.

[1] 20 ILCS 3855/1-75
[2] 220 ILCS 5/16-111.5
[3] The Commission issued its final order approving the IPA's plan on December 13, 2016 (Docket 16-0453).
[4] 20 ILCS 3855/1-75(c)

- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within three business days.

To date, the implementation of plans subject to the above-cited portions of the IPAA and the PUA has concluded with a series of five separate bidding events in the spring for five types of contracts:

1. Financial energy swaps entered into by Ameren to establish fixed-quantity price hedges vis-à-vis MISO[5] day-ahead and real-time spot prices over portions of a one to three-year period.
2. Analogous physical energy contracts entered into by ComEd, to establish fixed-quantity price hedges vis-à-vis PJM[6] day-ahead and real-time spot prices over portions of a one to three-year period.
3. Contracts for a fixed quantity of renewable energy certificate ("REC") generated during the upcoming 12-month plan year, in order to enable Ameren to satisfy the State's RPS.
4. Analogous REC contracts to enable ComEd to satisfy the State's RPS.
5. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to three-year period.[7]

The results of previous procurements can be found on the Commission's website at http://www.icc.illinois.gov/electricity/ElectricityProcurement.aspx.

Shortly after the conclusion of the spring procurement events, Ameren and ComEd revise the base level of retail charges through which the costs of electricity and RECs are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

RETAIL ELECTRIC CHOICE

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. At the end of December 2015, 86 suppliers were certified to serve nonresidential customers, although 10 of those sought Commission authority to only serve themselves or affiliates. Sixty-four suppliers were certified to serve residential customers.

As of November 30, 2016, over 1.9 million residential customers were purchasing power and energy from a Retail Electric Supplier (RES) and approximately 280,000 non-residential customers in Illinois were purchasing power and energy from a RES. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of Ameren Illinois and Commonwealth Edison remains around 90 percent. Detailed electric customer switching statistics can be viewed on the Commission's website at http://www.icc.illinois.gov/electricity/switchingstatistics.aspx.

Since electric competition was beneficial to larger commercial customers but little competitive activity occurred in the residential and smaller commercial customer classes, the Illinois General Assembly passed Public Act 94-1095 (the "Retail Electric Competition Act") in 2007 reiterating "its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers." Public Act 94-1095 created the Office of Retail Market Development to actively seek out ways to promote retail competition in Illinois to benefit all consumers. The Office of Retail Market Development initially spent much of its

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5 MISO is the Midcontinent Independent Transmission System Operator, Inc. It is the regional transmission organization ("RTO") to which Ameren and MidAmerican belong. MISO coordinates the movement of power in 15 U.S. states and the Canadian province of Manitoba. https://www.misoenergy.org/Pages/Home.aspx

6 PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. http://www.pjm.com/

7 ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM's Reliability Pricing Model ("RPM").

time with the implementation of Public Act 95-0700 (which became effective November 2007) requiring ComEd and Ameren Illinois to provide utility consolidated billing and the purchase of RES receivables. The requirements of Public Act 95-0700 were designed to remove some barriers to competition for residential and small commercial customers in Illinois. Ameren implemented a utility consolidated billing and purchase of receivables program on October 17, 2009. ComEd's consolidated billing and purchase of receivables program was implemented on December 21, 2010. Public Act 95-0700 also requires Ameren Illinois and ComEd to implement a purchase of uncollectibles or POU program. The Commission approved the Ameren Illinois program on November 8, 2011 and the program has since been implemented. ComEd filed its POU tariffs on May 15, 2011 and the Commission entered an order approving the program in March 2012.

In the Commission's Order approving the Ameren Illinois Utilities' consolidated billing and purchase of receivables program, the Commission concluded that "consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers." Staff was ordered to submit a proposed First Notice Rule of consumer protections and education measures by the end of 2009. In December 2009, the Commission entered a First Notice Rule and in December 2012, the Commission entered a final order adopting Illinois Administrative Code Part 412 Obligations of Retail Electric Suppliers, with the rules becoming effective January 1, 2013.

On September 30, 2014, the Commission initiated a Notice of Inquiry ("NOI") as a vehicle for gathering information and opinions on retail market issues that have been experienced thus far including proposals to create definitions for "fixed" and "variable" rate offers as well as additional ways to enhance consumer education. Following several rounds of written comments by numerous parties, in July 2015, the Commission adopted Staff's recommendation to initiate a rulemaking proceeding to consider changes to the marketing and internet enrollment rules applicable to retail electric suppliers in Illinois. The rulemaking addresses several areas of concern involving the marketing and enrollment practices of retail electric suppliers. The Commission received a Proposed First Notice Order in March 2016, and a First Notice Order was issued by the Commission on September 22, 2016. Initial comments on the First Notice Rules were filed on December 20, 2016 and reply comments January 17, 2017.

In July 2012, the Commission entered an order initiating a proceeding to develop rules regarding municipal aggregation to implement the appropriate provisions of the IPAA and the PUA. On November 6, 2013, the Commission entered a First Notice Order and the final rules became effective on April 1, 2015. To date, 741 communities have passed municipal aggregation referenda with 7 more referenda on the November 2016 ballot. There are 597 active municipal aggregation programs.

The Office of Retail Market Development has participated in docketed proceedings against three Retail Electric Suppliers (RESs) two of which were concluded this year. Each proceeding was based on informal complaints received by the Commission's Consumer Services Division relating to questionable marketing and sales practices with residential customers. The two cases that were concluded reached settlements with refunds issued to customers. The Office of Retail Market Development also participated in 29 docketed proceedings against Agents, Brokers and Consultants (ABCs) that failed to file annual recertification reports resulting in five license revocations and 12 license suspensions.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Four investor-owned public utilities provide electric service to retail customers in the State of Illinois: [8]

Ameren Illinois Company
Commonwealth Edison Company
MidAmerican Energy Company
Mt. Carmel Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.[9]

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[8] On October 1, 2010, AmerenCILCO, AmerenCIPS, and AmerenIP merged into one operating company based in Peoria, called Ameren Illinois Company.

[9] Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

A detailed presentation of the 2015 sales statistics presented below can be found in the Commission's "Comparison of Electric Sales Statistics for Calendar Years 2015 and 2014" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx.

Northern Illinois

Two investor-owned public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company serves 3,896,654 customers in the northern Illinois, including the Chicago metropolitan area. MidAmerican Energy Company serves 85,219 customers in northwestern Illinois.

For 2011 through 2015, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2011	2012	2013	2014	2015
Commonwealth Edison	11.77	11.56	10.27	10.55	11.41
MidAmerican Energy	6.21	6.50	6.83	7.13	7.83

Central Illinois and Southern Illinois

Two investor-owned public utilities provide electric service to central and southern Illinois: Ameren Illinois Company (AIC) and Mt. Carmel Public Utility Company. AIC serves 1,221,988 customers in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,372 customers in southeastern Illinois.

For 2011 through 2015, these utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2010	2011	2012	2013	2014	2015
AIC	9.69	9.46	8.94	8.06	8.86	8.90
Mt. Carmel	12.45	12.53	13.07	12.36	11.70	11.78

The bundled service price of electricity sold by these electric utilities varied between utilities and within utilities depending upon the class of customer served.

Electric Reliability

Pursuant to Section 16-125 of the PUA and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the electric utilities under the Commission's jurisdiction files an annual electric reliability report summarizing the utility's reliability performance, its actions to maintain or improve its reliability, and other electric system reliability issues that may be specific to the utility. Ameren Illinois Company (AIC), Commonwealth Edison Company (ComEd), MidAmerican Energy Company (MEC), and Mount Carmel Public Utility Company (MCPU) filed annual electric reliability reports in 2015 for the calendar year 2014. The annual electric reliability reports can be found on the Commission's web site at:
http://www.icc.illinois.gov/electricity/utilityreporting/ElectricReliability.aspx.

The following table presents the annual CAIDI each utility reported for the years 2010 through 2014. CAIDI, expressed in minutes, provides the average duration of interruptions that customers of each of the reporting electric utilities experienced. CAIDI is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.

CAIDI					
	2010	2011	2012	2013	2014
Ameren Illinois Company	152	234	136	199	130
Commonwealth Edison Company	181	366	196	143	196
MidAmerican Energy Company	172	87	84	211	164
Mt. Carmel Public Utility Company	121	154	93	105	74

The following table presents the annual SAIFI each utility reported for the years 2010 through 2014. SAIFI provides the average number of electric service interruptions that customers of each of the reporting electric utilities experienced. SAIFI is calculated by dividing the total number of customer interruptions that occurred on the utility's system by the total number of customers that the utility served (as with CAIDI, a lower value means better reliability).

SAIFI					
	2010	2011	2012	2013	2014
Ameren Illinois Company	1.14	1.35	1.05	1.44	1.36
Commonwealth Edison Company	1.35	1.57	1.16	0.99	1.01
MidAmerican Energy Company	2.99	2.04	2.36	2.24	1.46
Mt. Carmel Public Utility Company	4.89	6.26	3.57	4.01	4.16

NATURAL GAS

Nine (9) investor-owned gas public utilities currently provide natural gas service in the State of Illinois:

Ameren Illinois
Consumers Gas Company
Illinois Gas Company
Liberty Utilities
MidAmerican Energy Company
Mt. Carmel Public Utility Company
Nicor Gas Company
North Shore Gas Company
Peoples Gas Light and Coke Company

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are not subject to regulation by the Commission.[11]

During 2016, natural gas service was available without major interruption to all firm customers served by these nine Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Additionally, residential customers served by Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2017, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2015 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2015 and 2014" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g.

[11] Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the State and provides service to 1,910,294 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, has 742,022 customers. North Shore Gas Company serves 142,225 customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,337 customers in northwestern Illinois.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2010 through 2015, these four utilities charged the following average prices shown in cents per therm:

	2010	2011	2012	2013	2014	2015
MidAmerican	84.11¢	82.47¢	78.36¢	77.81¢	82.18¢	54.49
Nicor Gas	75.65	68.50	58.26	58.44	69.54¢	53.60
North Shore	89.86	82.56	75.88	78.63	101.39¢	78.49
Peoples Gas	96.54	87.85	86.25	91.71	112.72¢	88.78

Central and Southern Illinois

Ameren Illinois provides gas service to 809,496 customers in central and southern Illinois, making it the second largest gas utility in the state. Liberty Utilities provides service to 21,711 customers in a number of distinct service areas in central and southern Illinois. Additionally, southern Illinois is served by the following three smaller distribution companies: Consumers Gas Company, Illinois Gas Company, and Mt. Carmel Public Utility Company. Illinois Gas Company serves 9,538 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,351 customers in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,483 customers in the Mt. Carmel area.

For 2010 through 2015, these five utilities charged the following average prices shown in cents per therm:

	2010	2011	2012	2013	2014	2015
Ameren Illinois	101.23¢	99.82¢	105.08¢	92.52¢	97.80¢	94.77
Consumers Gas	90.97	81.48	81.70	72.27	72.23¢	66.91
Illinois Gas	89.15	84.04	78.84	80.79	79.91¢	66.27
Liberty Utilities	88.26	91.53	84.81	81.42	73.90¢	87.58
Mt. Carmel	119.80	98.28	88.94	91.61	114.47¢	101.05

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2015 price per therm information for all gas utilities under the Commission’s jurisdiction.

Table 2-2

Illinois Gas Utilities

Revenue in Cents per Therm by Class of Service and by Company

2015

	Ameren Illinois	Consumers Gas	Illinois Gas	Liberty Utilities
Residential Sales	99.25	74.30	75.80	91.70
Small (or Commercial) Sales	91.16	71.81	64.33	85.52
Large (or Industrial) Sales	37.77	46.22	48.34	63.04
Other Sales To Public Authorities	58.67		-	-
Total Sales To Ultimate Customers	94.77	66.91	66.27	85.78

	Mid-American	Mt. Carmel	Nicor Gas	North Shore Gas	Peoples Gas
Residential Sales	75.59	105.30	54.40	80.23	92.09
Small (or Commercial) Sales	56.61	92.14	51.65	70.67	73.85
Large (or Industrial) Sales	34.40	-	45.20	65.92	67.07
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	54.49	101.05	53.60	78.49	88.78

WATER AND SEWER UTILITIES

Overview

The Commission currently regulates five water, one sewer, and six combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,750 community public water suppliers and 850 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 362,000 customers and sewer service to approximately 47,000 customers. Investor-owned water utilities serve 7.9% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 39 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 313,058. Only three investor-owned water utilities and four investor-owned sewer utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission continues to pursue the reduction of the number of small investor-owned utilities. These small utilities often tend to lack the financial and technical expertise and capabilities to effectively and efficiently provide safe drinking water and/or proper wastewater services. The Commission has found that, in most cases, customers receive better water and sewer service from larger utilities due to the economies of scale. Therefore, the Commission has encouraged acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. Larger investor-owned utilities that are pursuing growth opportunities often seek to acquire these small water and sewer utilities where such an acquisition is practical. Subsequent to such acquisitions, the large acquiring utilities typically invest in these systems to enhance the adequacy, reliability, efficiency, and safety of service provided to the customers of the acquired utility.

In addition, many small, non-investor owned, water and sewer utilities have issues similar to those suffered by small investor owned utilities and also have difficulty in providing safe and proper water and service. These issues are due to or exacerbated by increasing regulatory demands and costs, and a political climate adverse to utility rate increases. Larger investor-owned utilities are also pursuing the acquisition of these small utilities. This type of activity was evident during 2016:

- In December 2015, the Commission approved the acquisition by Aqua Illinois, Inc., of the water systems of a water district in LaSalle and Livingston Counties (Docket No. 15-0374).
- In February, the Commission approved the acquisition by Illinois-American Water Company of the water systems of the Village of Ransom in LaSalle County (Docket No. 15-0544).
- In March, the Commission approved the acquisition by Aqua Illinois, Inc., of the water systems of Crystal Clear Water Company, a small investor-owned utility in McHenry County (Docket No. 15-0596).
- In May, Illinois-American Water Company filed an application to acquire the water system of the Village of Sadorus in Champaign County (Docket No. 16-0341).
- Also in May, the Commission approved the acquisition by Illinois-American Water Company of the wastewater system of the City of Grafton in Jersey County (Docket No. 15-0458). Illinois-American had previously acquired the water system assets of Grafton in 2013 (Docket No. 13-0073).

Regulatory Activities

In December 2016, the Commission issued an Order approving a general increase in water and sewer rates for all districts of Illinois-American Water Company (Docket No. 16-0093). For the Company's Lincoln district, the approved revenue level will result in a decrease in water rates.

As a consequence of the new rates approved by the Commission in 2015 for Utility Services of Illinois (Docket No. 14-0741), some customers for the first time incurred monthly charges based on the size of their water meter. (Previous monthly charges in some service areas were not dependent upon meter sizes.) In February 2016, the Commission granted authority for a new tariff provision allowing for procedures and fees in circumstances where a customer requests a smaller meter in order to incur a lower monthly charge (Docket No. 16-0045).

In previous years, the Commission approved requests by Aqua Illinois, Inc. to construct a water transmission main extending north from its Kankakee facility to its University Park facility to provide improved water service to University Park customers (Docket Nos. 13-0246 and 15-0253). In September 2015, the Commission granted to Aqua eminent domain authority for construction of a portion of the planned transmission main route (Docket No. 15-0252). In August 2016, the Commission granted to Aqua eminent domain authority for the remainder of the planned transmission main route (Docket No. 16-0085).

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Illinois-American Water Company has purchased sewage treatment surcharges; Aqua Illinois, Inc. and Illinois-American Water Company have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have qualifying infrastructure plant surcharges.

Discussion of Water and Sewer Utilities

Water supplies for investor-owned water utilities were generally adequate in 2016.

Three of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for all small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not unsafe to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Two of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average $45 to $50 per month.

Of the seven investor-owned utilities that provide sewer service, four utilities provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average $35 to $40 per month.

Table 2-3

Table 2-3 presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

Table 2-3
Illinois Water Utility Rate Areas Serving 1,000 or More Customers
Comparison of Monthly Bills — Residential Customers with 5/8 Inch Meters
Based upon Rates in Effect on November 30, 2016

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage 1,000 Gallons	5,000 Gallons	10,000 Gallons
NORTHERN				
Aqua Illinois				
Candlewick	1,822	$ 21.75	$ 41.57	$ 66.35
Kankakee	29,420	27.74	52.76	84.03
North Maine	4,729	13.60	57.54	112.45
University Park	2,443	20.88	34.64	51.83
Willowbrook	1,037	30.23	57.69	92.03
Illinois-American				
Chicago Metro				
Well Water	1,587	29.58	51.07	77.93
Lake Water				
Chicago Suburban	4,351	37.63	62.82	94.31
DuPage County	6,254	39.17	78.92	128.61
Fernway	2,018	34.40	74.87	125.46
Sante Fe/SW & W Suburban	30,703	36.11	83.75	143.30
South Beloit	2,877	26.60	48.03	74.80
Sterling	6,535	26.43	47.97	74.91
Streator	7,543	27.03	48.57	75.51
Utility Services of Illinois				
Apple Canyon	2,634	30.44	53.28	81.83
Galena Territory	2,270	30.44	53.28	81.83
Lake Holiday	2,052	30.44	53.28	81.83
Whispering Hills	2,332	30.44	53.28	81.83
CENTRAL				
Aqua Illinois				
Vermilion	20,035	28.92	56.38	90.71
Illinois-American				
Champaign	54,066	26.46	48.01	74.94
Lincoln	5,816	26.61	46.01	70.25
Pekin	14,065	27.16	38.81	53.37
Peoria	52,981	27.22	48.76	75.69
Pontiac	4,316	26.52	48.07	75.00
Utility Services of Illinois				
Lake Wildwood	1,399	30.44	53.28	81.83
SOUTHERN				
Illinois-American				
Alton	18,048	26.28	47.83	74.76
Interurban	67,677	26.16	47.70	74.63

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on default risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their debt issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

Standard and Poor's defines its highest issuer credit ratings as follows:

> AAA
> An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
>
> AA
> An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.
>
> A
> An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.
>
> BBB
> An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. (Source: Standard & Poor's, RatingsDirect on the Global Credit Portal, August 20, 2010, pp. 3-4)

The following table shows the average nationwide electric utility industry credit rating, as well as the ratings for the three major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

Standard and Poor's Electric Utility Credit Ratings
November 2012 through November 2016

	2012	2013	2014	2015	2016
Electric Utility Industry Average	BBB	BBB	BBB+	BBB+	BBB+
Ameren Illinois	BBB-	BBB+	BBB+	BBB+	BBB+
Commonwealth Edison	BBB	BBB	BBB	BBB	BBB
MidAmerican	A-	A-	A-	A-	A

In February 2016, Standard & Poor's upgraded MidAmerican Energy Company to A from A- after reassessing the importance and contributions of Berkshire Hathaway Energy Co. (the parent company of MidAmerican Energy Company) on the consolidated earnings of the ultimate parent company, Berkshire Hathaway Inc.

The next table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

Standard and Poor's Gas Utility Credit Ratings
November 2012 through November 2016

	2012	2013	2014	2015	2016
Gas Distribution Industry Average	A-	A-	A-	A-	A-
Nicor Gas	BBB+	BBB+	BBB+	BBB+	A-
North Shore	A-	A-	A-	A-	A-
Peoples Gas	A-	A-	A-	A-	A-

Standard & Poor's upgraded Nicor Gas' credit rating from BBB+ to A- following Southern Co.'s acquisition of AGL Resources in June 2016.

Illinois-American Water, the largest water utility serving the State of Illinois, raises debt through a financing affiliate, American Water Capital. None of the water utilities serving Illinois has its own credit ratings. The next table presents credit ratings for American Water Capital and the average credit rating for the nationwide water utility industry.

Standard and Poor's Gas Utility Credit Ratings
November 2012 through November 2016

	2011	2013	2014	2015	2016
Water Industry Average	A-	A-	A-	A	A
American Water Capital	A-	A-	A-	A	A

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

(c) a discussion of the powers by which the Commission is implementing the planning responsibilities of Article VIII, including a description of the staff and budget assigned to such function, the procedures by which Commission staff reviews and analyzes energy plans submitted by the utilities, the Department of Natural Resources, and any other person or party; and

(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any and all barriers to residential and small business consumers' financing, installation, and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).

Section 8-402 of the PUA, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter. Since 2007, however, the General Assembly has enacted several laws concerning electricity planning and procurement, renewable energy, distributed generation, and energy efficiency. The Commission's activities related to these topics are discussed below.

ELECTRICITY PLANNING AND PROCUREMENT

Since 2008, the Illinois Power Agency ("IPA") annually prepares a plan for the acquisition of electricity needed to serve retail customers supplied by Commonwealth Edison Company ("ComEd") and Ameren Illinois Company ("AIC"). Other utilities may request inclusion in the IPA's electric procurement plans; and, in 2015, MidAmerican Energy Company ("MEC") requested that the IPA develop plans to acquire a portion of MEC's total supply. The IPA includes in these plans not only standard wholesale electricity products, but also renewable energy resource contracts, energy efficiency and demand response programs, and special "clean coal" sourcing agreements, to the extent necessary to comply with statutory provisions. These plans are subject to the approval of the Commission.

Approved procurement plans may call for the IPA to conduct procurement events on behalf of a utility, which are generally in the form of requests for proposal, where sealed bids from potential suppliers are solicited and evaluated by an IPA-hired procurement administrator. Such events are also overseen by a Commission-hired procurement monitor, and the selection of winning bids by the procurement administrator is subject to the approval of the Commission. Each winning bidder then enters into a paid-as-bid contract with the utility company. In 2016, the IPA conducted the following procurement events on behalf of AIC, ComEd, and MEC:

IPA Procurement Events Conducted in 2016 on Behalf of the Electric Utilities as Buyers

Bid Day	ICC Approval	Product Type	Delivery Period	Buyer(s)
4/25/2016	4/29/2016	Standard Energy Blocks	2016-2019	AIC, ComEd, MEC

5/4/2016	5/10/2016	Renewable Energy Credits	2016-2017	AIC, ComEd, MEC
6/23/2016	6/29/2016	Distributed Generation Renewable Energy Credits	2016-2021	AIC, ComEd, MEC
9/12/2016	9/16/2016	Standard Energy Blocks	2016-2019	AIC, ComEd, MEC
9/16/2016	9/22/2016	Planning Resource Credits	2017-2019	AIC

Note: More information concerning Commission-approved IPA procurement events can be found on the Commission's web site (http://www.icc.illinois.gov/electricity/workshops/) and the IPA's RFPs website (https://www.ipa-energyrfp.com/). The IPA does not necessarily conduct procurement events for all elements of its procurement plans. For example, the utilities manage the hourly balancing of energy supply and load through direct sales and purchases with RTOs. The utilities also directly procure energy efficiency and demand response programs without the aid of the IPA.

RENEWABLE ENERGY AND CLEAN COAL PORTFOLIO STANDARDS

The IPAA and the PUA include special requirements for the acquisition by the State, electric utilities, and ARES of electricity from "clean coal facilities" and "renewable energy resources." To date, there have been no successful acquisitions of electricity from "clean coal" facilities. However, there have been significant purchases of renewable energy resources since 2008.

In 2016, as noted in the table above, the IPA conducted procurement events for the acquisition by AIC, ComEd, and MEC of Solar Renewable Energy Credits and Distributed Generation Renewable Energy Credits. Additionally, the IPA conducted the following procurements events, on behalf of the State, pursuant to a "supplemental" solar photovoltaic procurement plan:

IPA Procurement Events Conducted in 2016 on Behalf of the State of Illinois as Buyer

Bid Day	ICC Approval	Product Type	Delivery Period	Buyer
3/31/2016	4/6/2016	Solar Renewable Energy Credits	2016-2022	State of Illinois

Finally, ARES must comply with a separate renewable portfolio standard by making payments to the State, which are deposited into the Illinois Power Agency Renewable Energy Resources Fund ("IPARERF"), ultimately for the IPA to purchase renewable energy credits on behalf of the State. The level of such payments is determined by the ARES' retail energy sales in each utility service territory, multiplied by a factor that directly reflects the cost of renewable energy resources embedded in the rates of retail customers supplied by that utility. However, ARES have the option of directly purchasing renewable energy resources, in lieu of making such payments to the State, for up to one-half of their retail energy sales multiplied by a percentage set forth in the IPAA. In 2016, most ARES made payments for the minimum one-half of their retail sales, and acquired renewable energy credits for the other half. The quantities of renewable energy credits "retired" by ARES for each compliance period, along with payments by ARES to the IPARERF, are shown in the following table:

ARES Compliance with Renewable Portfolio Standard

Compliance period June 1 - May 31	REC Retirements (MWH)	Payments to IPARERF
2015-2016	4,392,258	$71,649,806
2014-2015	4,222,218	$86,278,411
2013-2014	3,949,264	$77,172,263
2012-2013	2,990,584	$38,382,345
2011-2012	1,624,264	$2,118,687
2010-2011	1,159,196	$5,606,245
2009-2010	393,718	$7,148,252

DISTRIBUTED GENERATION

Distributed generation refers to electric generating resources owned or operated by or for retail customers, primarily to meet some or all of their own energy needs. It may include cogeneration, roof-top solar, or other renewable or non-renewable technologies.

With respect to solar-powered generation, Public Act 99-107, effective July 22, 2015, directs the Commission to provide a summary of the adoption of solar photovoltaic (PV) systems in Illinois among residential and small business customers (customers with an annual kilowatt-hour usage of less than 15,000 kWh). The summary is provided in the following table.

As of the end of 2016, 782 residential customers had installed PV systems in the service territories of the four electric utilities regulated by the Commission. The total capacity of residential PV systems is about 6 Megawatts (MW). About 158 small business customers (including customers with a demand level of up to 0.1 MW in the ComEd service territory) had installed PV systems; the total capacity of these systems is about 3.2 MW.

ADOPTION OF PV SYSTEMS BY RESIDENTIAL AND SMALL BUSINESS CUSTOMERS IN ILLINOIS, BY ELECTRIC UTILITY SERVICE TERRITORY, 2016
(NUMBER OF CUSTOMERS AND MEGAWATT CAPACITY OF PV SYSTEMS)

	RESIDENTAL CUSTOMERS		SMALL BUSINESS CUSTOMERS	
	NUMBER OF CUSTOMERS	CAPACITY OF PV SYSTEM (MW)	NUMBER OF CUSTOMERS	CAPACITY OF PV SYSTEM (MW)
Ameren	78	1.6	78	0.9
ComEd	688	4.0	76	1.7
MidAmerican Energy	13	0.1	3	0.6
Mt. Carmel	3	0.1	1	0
TOTAL	782	5.8	158	3.2

The adoption rate of solar photovoltaic systems may be affected by a prospective customer’s estimate of the economic cost of installing and operating a PV system. The cost estimate may be influenced by a number of factors, including Federal and State tax credits and rebates. Currently, residential customers who install PV systems are eligible for a 30% Federal tax credit. Additionally, the Illinois Power Agency administers a bidding process for the procurement of Renewable Energy Credits from PV systems. Another economic factor that may influence the adoption rate of PV systems is the level of compensation available through participation in the net metering programs offered by Illinois electric utilities.

COGENERATION

Commission Rule

The rules for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2015 avoided costs as filed annually by Illinois electric utilities.

Special Rates

Cogeneration/self-generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self-generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self-generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

ENERGY EFFICIENCY PROGRAMS

Sections 8-103 and 8-104 of the PUA respectively require electric and gas utilities and the Department of Commerce and Economic Opportunity to submit three-year energy efficiency plans for Commission approval. The status of recent Commission proceedings initiated to consider these energy efficiency plans is summarized in the table below:

Docket	Utility	Planning Period	Initiated	Status
13-0423	MEC	2014, 2015, 2016, 2017, 2018	7/1/2013	Closed
13-0495	ComEd	2014, 2015, 2016	8/30/2013	Closed
13-0498	AIC	2014, 2015, 2016	8/30/2013	Closed
13-0499	DCEO	2014, 2015, 2016	8/30/2013	Closed
13-0549	Nicor	2014, 2015, 2016	9/30/2013	Closed
13-0550	Peoples/N.Shore	2014, 2015, 2016	9/30/2013	Closed
16-0413	AIC	2017, 2018, 2019	8/30/2016	Open
16-0420	ComEd	2017, 2018, 2019	9/1/2016	Open
16-0421	Nicor	2017, 2018, 2019	9/1/2016	Open
16-0422	DCEO	2017, 2018, 2019	9/2/2016	Open
16-0466	Peoples/N.Shore	2017, 2018, 2019	9/30/2016	Open

Sections 8-103(i) and 8-104(i) of the PUA require determinations to be made concerning energy savings goal compliance. The open Commission proceedings initiated to make these determinations are summarized in the table below.

Docket	Utility	Compliance Period June 1 - May 31	Initiated	Status
14-0075	ComEd / DCEO	2012-2013	1/23/2014	Open
14-0595	AIC / DCEO	2012-2013	9/30/2014	Open
15-0274	ComEd / DCEO	2013-2014	4/8/2015	Open
15-0296	AIC / DCEO	2013-2014	4/22/2015	Open

The results of Commission proceedings initiated to make determinations concerning energy savings goal compliance are summarized in the table below.

Docket	Utility Service Territory	Compliance Period June 1 - May 31	First-Year Net Savings Achieved	Savings Goal Achieved?	Initiated	Closed
10-0519	AIC	2008-2009	89,955 MWh	Yes	8/30/2010	6/6/2012
	AIC	2009-2010	129,748 MWh	Yes	8/30/2010	6/6/2012
11-0592	AIC	2010-2011	263,374 MWh	Yes	8/23/2011	11/25/2014
	DCEO (AIC Territory)	2010-2011	26,536 MWh	No	8/23/2011	11/25/2014
14-0594	AIC	2011-2012	353,664 MWh	Yes	9/30/2014	9/8/2016
	DCEO (AIC Territory)	2011-2012	37,396 MWh	No	9/30/2014	9/8/2016
	AIC	2011-2012	5,771,819 therms	Yes	9/30/2014	9/8/2016
	DCEO (AIC Territory)	2011-2012	1,157,810 therms	Yes	9/30/2014	9/8/2016
10-0520	ComEd	2008-2009	163,717 MWh	Yes	8/30/2010	5/16/2012
	DCEO (ComEd Territory)	2008-2009	18,636 MWh	No	8/30/2010	5/16/2012
	ComEd	2009-2010	472,132 MWh	Yes	8/30/2010	5/16/2012
	DCEO (ComEd Territory)	2009-2010	34,038 MWh	No	8/30/2010	5/16/2012
11-0593	ComEd	2010-2011	626,715 MWh	Yes	8/23/2011	3/5/2014
	DCEO (ComEd Territory)	2010-2011	54,130 MWh	No	8/23/2011	3/5/2014
13-0078	ComEd	2011-2012	944,111 MWh	Yes	1/24/2013	1/20/2016
	DCEO (ComEd Territory)	2011-2012	107,640 MWh	No	1/24/2013	1/20/2016
15-0297	Nicor	2011-2014	49,218,260 therms	Yes	4/22/2015	9/28/2016
	DCEO (Nicor Territory)	2011-2014	4,559,873 therms	No	4/22/2015	9/28/2016
15-0298	N.Shore	2011-2014	3,895,802 therms	Yes	4/22/2015	9/22/2016
	DCEO (N. Shore Territory)	2011-2014	676,653 therms	No	4/22/2015	9/22/2016
	Peoples	2011-2014	21,586,878 therms	Yes	4/22/2015	9/22/2016
	DCEO (Peoples Territory)	2011-2014	6,405,466 therms	Yes	4/22/2015	9/22/2016

Section 16-111.5B of the PUA outlines the requirements for the consideration of energy efficiency in the Illinois Procurement Plan. The 2013 Procurement Plan in Docket No. 12-0544, was the first plan to include consideration of incremental energy efficiency programs pursuant to Section 16-111.5B. Approved programs started implementation on June 1, 2013. The Commission approved additional energy efficiency programs in Docket Nos. 13-0546, 14-0588, 15-0541, and 16-0453 for implementation beginning June 1, 2014, 2015, 2016, and 2017, respectively.

Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2015

Electric Utility	Summer Rates	Winter Rates
Ameren IL		
On-Peak	4.237¢/kWh	3.817¢/kWh
Off-Peak	2.742¢/kWh	3.212¢/kWh
Commonwealth Edison		
On-Peak	3.942¢/kWh	3.718¢/kWh
Off-Peak	2.576¢/kWh	2.768¢/kWh
MidAmerican Energy		
On-Peak	3.18¢/kWh	2.39¢/kWh
Off-Peak	2.10¢/kWh	1.92¢/kWh
Mt. Carmel Public Utility		
On-Peak	4.053¢/kWh	4.053¢/kWh
Off-Peak	4.053¢/kWh	4.053¢/kWh

Source: Annual filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions

SECTION 4

Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:
(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.
(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which the Commission has no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by gas and electric utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2015 through November 2016 are as follows:

The average heat related residential class customer base equaled 7,969,625 households. In this class, 308,238 accounts were disconnected and 218,931 were reconnected. This yields a 71.03 percent reconnection rate leaving 89,307 accounts not reconnected. The disconnected accounts represent 3.87 percent of the average residential customer base, while those accounts not reconnected represent a rate of 1.12 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment, such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

If gas or electricity is used as the only source of space cooling or to control or operate the only space cooling equipment at a residence or master-metered apartment building, then a utility with over 100,000 residential customers may not terminate gas or electric utility service to the residential user, including all tenants of master-metered apartment buildings on a day when the National

Weather Service forecasts that the temperature for the next 24 hours will be 95 degree or above, or on a day before a holiday or weekend when the weather is forecasted to be 95 degrees or above any time during the holiday weekend.

Disconnection of Military Personnel on Active Duty

Utilities are prohibited from disconnecting gas and electric service to military personnel in military service for non-payment.

Disconnection of Certain Customers during the Winter Heating Season

Initial Credit and Deposit Requirements

Utilities defer initial credit and deposit requirements for 60 days for a residential customer who is a victim of domestic violence.

Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program (LIHEAP) funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Certain Electric Space-Heating Customers

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not be disconnect electric service to a residential space heating customer for non-payment.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2015-2016 and who were given a payment plan, 37.51 percent were allowed six months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one-third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one-third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2015, letters were sent to 39,322 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 10,622 former customers requested that their service be reconnected. Of these, 4,098 customers were reconnected upon payment of the total bill and 5,184 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 1,340 customers were denied. The reasons for denial are categorized as follows:

34 former customers failed to make a required down payment;

3 former customers failed to pay one-third of the amounts billed since December 1, 2014;
1,238 former customers had been reconnected under this rule last year; and
65 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 28,700 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance

ICC-regulated electric and natural gas utilities participate in the LIHEAP, administered by the Department of Commerce and Economic Opportunity (DCEO). LIHEAP provides a one-time per year grant to eligible low-income customers and reconnection assistance.

The Percentage of Income Payment Plan (PIPP) was implemented effective September 2011 and became available for LIHEAP eligible households who are customers of one of the following utilities: Ameren Illinois, ComEd, Nicor Gas and Peoples Gas/North Shore Gas. Under PIPP, a customer pays a percentage of income, receives a monthly benefit towards his or her utility bill and arrearage reduction for every on-time payment the customer makes. DCEO administers this program. The PIPP program was suspended July 1, 2015 but was reinstated in September of 2016.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

THE FINANCIAL IMPACT OF UNCOLLECTIBLE EXPENSES

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

Public Act 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. Ameren, ComEd, Peoples Gas, North Shore Gas, and Nicor Gas have tariffs on file with the Commission to enact the uncollectible automatic adjustment clauses.

CONSUMER EDUCATION ACTIVITIES

Electric Customer Choice—“Plug In Illinois”

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

The ICC Plug In Illinois website, located at www.pluginillinois.org, is updated as information changes and contains an overview of customer choice, guidelines for choosing an electric supplier including residential prices to compare for Ameren Illinois and Commonwealth Edison customers, a listing of RES offers for comparison and a list of municipalities pursuing aggregation programs.

Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be certified by the ICC. In accordance with Section 19-125 of the Public Utilities Act, the Commission web site includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.

SECTION 5

Implementation of The Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

COMMISSION REORGANIZATION

During 2016, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements

Section 8-407(b) and 9-213 of the 1986 PUA grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Sections 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities

In order to comply with the PUA, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued for the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities

No activities were required during 2016.

Section 9-213 Activities

No activities were required during 2016.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the PUA to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company' Accelerated Main Replacement Program (AMRP) under Section 8-102 of the Act (220 ILCS 5/8-102). The Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty's investigation involved two phases. The first phase involved Liberty's investigation of AMRP planning and execution. Specifically, Liberty investigated Peoples Gas' management, control, and oversight of the AMPR and how these key obligations affect cost and schedule. Phase 2 involves Liberty overseeing Peoples Gas' implementation of the recommendations from the Phase 1 report. The Commission received Liberty's Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the AMRP. The second phase of the investigation ends in May 2017, and Liberty is to provide the Final Report at that time. The Second Phase also requires Liberty to provide quarterly reports. The Commission received the fifth quarterly Second Phase report on Nov. 14, 2016.

EXCESS CAPACITY, USED, AND USEFUL

Section 9-215 of the PUA gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2016.

RATE MODERATION PLAN

The PUA authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2016 no new power plants were placed in service in Illinois that fall under the Commission's jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The PUA considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. Equity is the fair treatment of public utility consumers and investors. Under the PUA, the Commission can consider other factors besides cost to determine whether rates are just and reasonable [Section 1-102(d)(iv)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases that were handled in 2016. The following is a list of the gas and electric rate cases handled by the Commission in 2016 (See Section 2 for list of water and sewer rate cases handled in this period).

Gas

In August 2016 Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities filed a gas rate case (Docket No. 16-0401). The proposed tariffs were suspended. The Commission will enter an order in June 2017.

Electricity

In August 2016, Mt. Carmel Public Utility filed a general rate increase (Docket No. 16-0428). The Commission will enter an order in July 2017.

SEC. 16-108.5 ELECTRIC FORMULA RATE CASES & RECONCILIATIONS

The PUA was amended in 2011 by Public Act 97-0616 to include a new provision under Sec. 16-108.5 that provides for participating electric utilities to file performance-based formula rates, allows for annual updates to those formula rates, and annual reconciliations of those rates.

In April 2016, Commonwealth Edison Company filed its formula rate tariff (Docket No. 16-0259) for its distribution delivery services. The Commission entered an order on December 6, 2016.

In April 2016, Ameren Illinois filed its formula rate tariff (Docket No.16-0262) for its distribution delivery services. The Commission entered an order on December 6, 2016.

In July 2016, Ameren Illinois filed an electric rate design case (Docket No. 16-0387) pursuant to Section 16-108.5(e). The Commission will enter an order in March 2017.

In December 2016, Commonwealth Edison Company filed an electric rate design case pursuant to Section 16-108.5(e). It is anticipated that the Commission will suspend the filing with an order expected in August 2017.

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MERGERS

On May 13, 2016, Fortis Inc., and ITC Midwest, LLC filed for an approval of a reorganization pursuant to Section 7-204. The matter was docketed as Docket No. 16-0315. An Order approving the reorganization with conditions was entered on August 24, 2016.

On October 8, 2015, the Southern Company, AGL Resources Inc., and Northern Illinois Gas Company d/b/a Nicor Gas filed for an approval of a reorganization pursuant to Section 7-204. The matter was docketed as Docket No. 15-0558. An Order approving the reorganization with conditions was entered on June 7, 2016.

On December 14, 2015, Shawnee Communications, Inc., Moultrie MultiCorp, Inc. and Moultrie Independent Telephone Company filed for an approval of a reorganization pursuant to Section 7-204. The matter was docketed as Docket No. 15-0636. An Order approving the reorganization with conditions was entered on June 1, 2016.

ASSET TRANSFERS OR SALES

There were no asset transfers or sales filed with the Commission during 2016.

INFORMATIONAL FILINGS

There were no informational notices filed with the Commission during 2016.

DECOMMISSIONING

During 2016, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006 (Docket No. 00-0361).

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2016 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

Appeals from Commission Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes appeals filed in 2016, decided appeals which were pending further action as of December 31, 2015, or appeals upon which judicial decisions were received in 2016. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*. However, federal cases taken under 47 USC 252(e)(6) are included.

I. APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2016 THAT ARE STILL PENDING

A. Under the Public Utilities Act, 220 ILCS 5

1. *Commonwealth Edison Company v. Illinois Commerce Commission, et al.*
   Illinois Appellate Court No. 1-16-2410
   Ill.C.C. Docket No. 14-0567

   Appeal from reconciliation of revenues collected under Rider EDA with the actual costs associated with energy efficiency and demand response programs

   Status: Cause is being briefed.

2. *The Illinois Public Telecommunications Assn. v. Illinois Commerce Commission and Illinois Bell Telephone Co.*
   Illinois Appellate Court No. 1-16-1139
   Ill.C.C. Docket No. 15-0254

   Appeal from grant or denial of a refund for allegedly excess charges or, alternatively, a reopening on the Commission's own motion of Ill.C.C. Docket No. 98-0195

   Status: Briefing has been completed. Awaiting oral argument and/or judicial decision.

B. Under Other Utility-Related Acts

None

II. APPEALS DISMISSED IN 2016 WITHOUT DECISION ON THE MERITS AND WITH NO FURTHER ACTION EXPECTED

A. Under the Public Utilities Act, 220 ILCS 5

1. *Betty J. Speckhart Revocable Trust, et al. v. Illinois Commerce Commission, Ameren Transmission Co. of Illinois, et al.*
   Illinois Appellate Court No. 4-16-0053
   Ill.C.C. Docket No. 15-0562

   Appeal from the grant or denial of a petition for an order pursuant to Section 8-509 of the Public Utilities Act authorizing use of eminent domain power

   Status: The Petitioners voluntarily withdrew their administrative review. Cause was dismissed and the mandate issued on May 11, 2016.

2. *Commonwealth Edison Company v. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-13-2861
Ill.C.C. Docket No. 13-0034

Appeal from Phase 2 of the initial approvals for a proposed sourcing agreement, subject to 20 ILCS 3855/1-75(d)(3)

Status: On July 7, 2016, cause was dismissed as moot. This case is related to the earlier appeals involving the now cancelled Future Gen 2.0 project. *See* Item IV. A. 1. below.

3. *Grace Bible Center v. Illinois Commerce Commission and Commonwealth Edison Company*
Illinois Appellate Court No. 1-16-2028
Ill.C.C. Docket No. 13-0469

Appeal from grant or denial of complaint regarding unlawful establishment of retail service accounts by a person who is not a retail end-use customer

Status: This cause was dismissed for want of prosecution on October 21, 2016.

B. Under Other Utility-Related Acts

1. *Citation Oil & Gas Corp. v. Illinois Commerce Commission, et al.*
Tri-County Electric Cooperative, Inc. v. Illinois Commerce Commission, et al. (cross-appeal)
Illinois Appellate Court No. 4-16-0390
Ill.C.C. Docket No. 05-0767

Appeal from grant or denial of right to serve area or customer under Electric Supplier Act, 220 ILCS 30

Status: On July 14, 2016, cause was dismissed on the Commission's motion.

2. *Citation Oil & Gas Co., et al. v. Illinois Commerce Commission, et al.*
Sangamon County Circuit Court No. 2016 MR 455
Ill.C.C. Docket No. 05-0767

Appeal from grant or denial of right to serve area or customer under Electric Supplier Act, 220 ILCS 30

Status: Administrative review was consolidated with 2016 MR 000458. Causes were dismissed on stipulation of the parties by the Court on July 12, 2016.

3. *Tri-County Electric Cooperative, Inc. v. Illinois Commerce Commission, et al.*
Sangamon County Circuit Court No. 2016 MR 458
Ill.C.C. Docket No. 05-0767

Appeal from grant or denial of right to serve area or customer under Electric Supplier Act, 220 ILCS 30

Status: Administrative review was consolidated with 2016 MR 000455. Cause was dismissed by the Court on stipulation of the parties on July 12, 2016.

III. APPEALS IN WHICH DECISIONS WERE RENDERED IN 2015 BUT WERE PENDING REHEARING OR PETITIONS FOR LEAVE TO APPEAL TO THE ILLINOIS SUPREME COURT AT THE TIME OF THE ANNUAL REPORT

A. Under the Public Utilities Act, 220 ILCS 5

1. *Citizens Utility Board ("CUB") v. Illinois Commerce Commission and Ameren Illinois Company*
Illinois Appellate Court No. 4-15-0562
Appellate Court Opinion 2015 IL App (4th) 150562

Ill.C.C. Docket No. 15-0283

Appeal from dismissal of complaint filed pursuant to Subsection 16-108.6(e) of the Public Utilities Act

On December 30, 2015, the Appellate Court affirmed the dismissal order of the Commission. The Appellate Court found that the statute (220 ILCS 5/16-108.6(e)) does not require an investigation by the Commission, that CUB's complaint, if not granted, is denied by operation of the statute, and that the Commission was not required to provide written findings or a legal analysis in its order of dismissal.

No further filings were made in this administrative review, and the mandate was issued on February 4, 2016.

2. *Citizens Utility Board v. Illinois Commerce Commission and Commonwealth Edison Company ("ComEd")*
Illinois Appellate Court No. 1-15-1911
Appellate Court Opinion 2015 IL App (1st) 151911-U
Ill.C.C. Docket No. 15-0284

Appeal from dismissal of complaint filed pursuant to Subsection 16-108.6(e) of the Public Utilities Act

On December 31, 2015, in a Rule 23 Order, the Appellate Court reversed the Commission's dismissal order and remanded for further proceedings. The court held that the Commission must issue findings in all cases.

The Commission and ComEd filed for rehearing, but both petitions were denied on March 23, 2016. The mandate of the Appellate Court was issued on July 13, 2016.

B. Under Other Utility-Related Acts

None

IV. APPEALS IN WHICH DECISIONS WERE RENDERED EITHER BY OPINION OF THE COURT OR BY AN ORDER ISSUED UNDER SUPREME COURT RULE 23 IN 2016. (A Rule 23 order decides a case on its merits, but has limited effect as precedent in other cases.)

1. Under the Public Utilities Act, 220 ILCS 5

a. *Commonwealth Edison Company, Illinois Competitive Energy Assn. ("ICEA") and Illinois Industrial Energy Consumers ("IIEC") v. Illinois Commerce Commission, et al.*
Illinois Supreme Court No. 118129 (ICEA and IIEC)
Supreme Court Opinion: 2016 IL 118129
Illinois Appellate Court Nos. 1-13-0544, 1-13-0632, 1-13-0653, 1-13-1063, & 1-13-1120 (cons.)
Appellate Court Opinion: 2014 IL App (1st) 130544
Ill.C.C. Docket No. 12-0544

Appeal from approval of Illinois Power Agency's Procurement Plan, pursuant to 220 ILCS 5/16-111.5(d)

The Illinois Power Agency ("IPA") is tasked with procuring electricity for customers of Commonwealth Edison Co. ("ComEd") and Ameren Illinois Company ("Ameren"). To this end, the IPA develops annual electricity procurement plans for the utilities and submits the plans for final approval by the Commission. 220 ILCS 5/16-111.5(b). Relevant to this appeal, the clean coal portfolio standard contained in the IPA Act states that the IPA's "procurement plans shall include electricity generated using clean coal." 20 ILCS 3855/1-75(d).

The IPA filed a proposed procurement plan for 2013 with the Commission. The plan required ComEd, Ameren, and alternate retail electric suppliers ("ARES") to enter into sourcing agreements with FutureGen 2.0, a project of the FutureGen Industrial Alliance, Inc., which is a nonprofit corporation "formed to create the world's first coal-fueled, near-zero emissions electric power plant" in Meredosia, Illinois. The IPA determined that the utilities and ARES should purchase the facility's output in an amount consistent with their proportional share, or in a "competitively neutral" manner.

The Commission found that, pursuant to Section 1-75(d)(5) of the IPA Act, 20 ILCS 3855/1-75(d)(5), the Commission had the authority to compel both the utilities and ARES to enter into sourcing agreements with retrofitted clean coal facilities approved by the Commission. However, given the number of ARES involved (approximately 70), the Commission's Staff suggested an alternate approach whereby FutureGen 2.0 would contract only with ComEd and Ameren, and each utility would purchase FutureGen 2.0 power for its own eligible retail customers as well as the retail customers of the ARES. The utilities would then recover the additional costs through a competitively neutral charge assessed to ARES' customers for their share of the output.

On December 19, 2012, the Commission issued its final order approving the IPA's procurement plan, but modified the plan to reflect the Staff's alternate approach regarding sourcing agreements with FutureGen 2.0. Petitions for Administrative Review were brought by ComEd, the Illinois Competitive Energy Association ("ICEA"), and the Illinois Industrial Energy Consumers ("IIEC").

On July 22, 2014, the Illinois Appellate Court for the First District affirmed the Commission's order related to the IPA's annual electricity procurement plan for 2013. 2014 IL App (1st) 130544.

Both ICEA and IIEC sought review by the Illinois Supreme Court. On November 26, 2014, the Illinois Supreme Court granted leave to appeal.

However, after the Court allowed the petition for leave to appeal, federal funding for the FutureGen 2.0 project was suspended, project development efforts had ceased, and the sourcing agreements that were the subject of this appeal were terminated. For this reason, on May 19, 2016, the Illinois Supreme Court dismissed this appeal as moot and vacated the judgment of the Appellate Court without expressing an opinion on its merits. The Supreme Court held that, given the uniqueness of the underlying case, it is uncertain whether the issues involved will ever recur and, therefore, the case was not subject to the public interest exception to the mootness doctrine.

The mandate was issued on June 23, 2016.

b. *Air Products & Chemicals Co., et al. (Illinois Industrial Energy Consumers) v. Illinois Commerce Commission, Ameren Illinois Co., et al.*
Illinois Appellate Court No. 5-14-0266
Appellate Court Order 2016 IL App (5th) 140266-U
Ill.C.C. Docket No. 13-0476

Appeal from revenue-neutral tariff changes related to electric formula rate design of Ameren Illinois Co.

The petitioners, collectively Illinois Industrial Energy Consumers ("IIEC"), are large electricity consumers served by Ameren Illinois Company ("Ameren"). In this case, Ameren had proposed certain revenue-neutral modifications to its rate design.

One of the changes was to the recovery of the Electric Distribution Tax ("EDT") that is based on the amount of electricity Ameren distributes in a year. Evidence showed that residential and small business customers were subsidizing large industrial customers by paying a disproportionate share of the EDT when compared to the amount of electricity distributed among the various classes of customers. Various proposals were made for ending the subsidy.

During the proceeding, IIEC proposed that Ameren's embedded cost of service study be further refined by segregating primary delivery system costs into single-phase and three-phase components, with a view of assigning the single-phase costs exclusively to secondary customers, *i.e.*, customers that take service at voltages below 600 volts. IIEC suggested that further workshops or investigations be held into the segregation of primary delivery system costs into single-phase and three-phase components. In the meantime, IIEC proposed that a 10-20% reallocation of the primary delivery system costs to single-phase service customers only take place in this case because of the supposed "cross-subsidy" by large industrial customers.

The Commission adopted a rate design that would end the EDT cross-subsidy over five years. The Commission rejected IIEC's request for cost allocation by phase of service. The Commission denied further workshops or investigations into this cost-allocation refinement because, given the complexities and uncertainties of the proposal, the potential benefit did not outweigh the costs for such further study. The Commission rejected the 10-20% reallocation of the primary delivery system costs in this cause for lack of evidence to support such a reallocation. IIEC appealed.

On March 14, 2016, the Illinois Appellate Court affirmed the Commission's orders in a Rule 23 Order. The court held that the Commission's rate modification decision was supported by the evidence and did not constitute rate shock or discriminatory treatment for the affected rate subclasses of large customers. The court also held that the Commission's refusal to further study segregation of Ameren's plant in service was within its discretion. Finally, the court affirmed the Commission's rejection of IIEC's 10-20% adjustment as not contrary to the substantial evidence in the record.

The mandate was issued on April 25, 2016.

c. *Amcor Flexibles, Inc. v. Illinois Commerce Commission and Commonwealth Edison Company*
Illinois Appellate Court No. 1-15-2985
Appellate Court Order 2016 IL App (1st) 152985-U
Ill.C.C. Docket No. 11-0033

Appeal from grant or denial of consumer complaint under Section 10-108 of the Public Utilities Act

The underlying case arose from a consumer complaint brought by Amcor Flexibles, Inc. ("Amcor"), a commercial delivery services customer of Commonwealth Edison Co. ("ComEd"). Amcor was contesting a back bill for under billing for which ComEd sought payment. During the proceeding, ComEd sought to submit evidence of its testing of the meter to justify the back bill. Amcor sought to have the evidence excluded through a motion *in limine*. The ALJ denied the motion *in limine* without comment. Although the Commission's final order endorsed the denial of the motion *in limine*, the Commission did not explain its decision.

After an initial appeal, the Illinois Appellate Court found that the Commission had erroneously failed to rule on the motion *in limine*. In a Rule 23 Order, the Appellate Court reversed the Commission's decision of April 2, 2014, and remanded the case to the Commission for further proceedings. That order is identified as 2015 IL App (1st) 141964-U.

On remand, the Commission denied the motion *in limine*. The Commission found that the Act and the Commission's rules do not provide for testing of utility meters by customers and that the proposed sanction of excluding the evidence was not justified under the six-factor balancing test used by the courts to determine a proper sanction. Amcor took a second appeal.

On July 21, 2016, upon further review, the Appellate Court held that the testing of utility meters by customers is provided for by the Commission's adoption of the discovery rules. The Appellate Court further found for Amcor on all six factors of the balancing test for sanctions, overturning the Commission on the issue of whether to exclude the evidence. The Appellate Court reversed the Commission Order on Remand and remanded the case to the Commission for further proceedings in a Rule 23 Order.

The mandate was issued on September 12, 2016.

d. *Citizens Utility Board and Environmental Defense Fund v. Illinois Commerce Commission, Commonwealth Edison Company, et al.*
Illinois Appellate Court No. 1-15-2936
Appellate Court Opinion 2016 IL App (1st) 152936
Ill.C.C. Docket No. 15-0156

Appeal from grant or denial of a consumer complaint brought under Sections 10-101 and 10-108 of the Public Utilities Act, 220 ILCS 5/10-101 and 10-108

The Citizens Utility Board and Environmental Defense Fund (collectively referred to as "CUB/EDF") filed a petition requesting that the Commission initiate a proceeding to order a modification to Commonwealth Edison Co.'s ("ComEd's") tariff to provide for a community-owned solar pilot program for three years. ComEd's tariffs offered "net electrical metering" to "eligible customers" who generate their own electricity from a renewable source, such as solar panels located on the customer's own premises. The proposed pilot program would extend net electrical metering to customers who collaboratively participate in the operation of eligible renewable electrical generating facilities that are not located on their own premises.

ComEd moved to dismiss CUB/EDF's petition, arguing, *inter alia*, that the Commission is prohibited under Subsection 16-103(e) of the Public Utilities Act, 220 ILCS 5/16-103(e), from making such a change to ComEd's tariffs. On July 28, 2015, the Commission granted ComEd's motion to dismiss, finding that CUB/EDF's proposal constituted a "new service," which the Commission was prohibited from imposing on ComEd, pursuant to 220 ILCS 5/16-103(e). CUB/EDF appealed the Commission's decision.

On June 10, 2016, the Appellate Court affirmed the Commission's order. The Court held that whether the CUB/EDF proposal constituted a prohibited "new service" was a question of fact for the Commission to resolve. The Court was unable to find that the Commission's finding that the CUB/EDF proposal was a new service was not supported by the substantial evidence.

The mandate was issued on October 21, 2016.

e. *City of Elgin v. Illinois Commerce Commission, Commonwealth Edison Co., et al.*
Illinois Appellate Court No. 2-15-0047
Appellate Court Opinion 2016 IL App (2d) 150047
Ill.C.C. Docket No. 13-0657

Appeal from grant or denial of a Certificate of Public Convenience and Necessity, pursuant to 220 ILCS 5/8-406.1, and of an Order pursuant to 220 ILCS 5/8-503, to construct, operate and maintain a new 345 kilovolt transmission line in Ogle, DeKalb, Kane, and DuPage Counties, Illinois

Commonwealth Edison Co. ("ComEd") filed a verified petition for a certificate of public convenience and necessity under the expedited procedure set forth in Section 8-406.1 of the Act, 220 ILCS 5/8-406.1. The petition sought authorization to install, operate, and maintain an overhead 345-kilovolt electric-transmission line starting from ComEd's existing substation in the city of Byron, running east through Ogle, De Kalb, Kane, and DuPage Counties, and ending at ComEd's substation in the Village of Wayne. ComEd named the proposed line the Grand Prairie Gateway Transmission Line Project ("the Project"). For the eastern 20% of the Project, including the portion running through Elgin, ComEd had not provided an alternative route.

On October 22, 2014, the Commission approved the Project pursuant to 220 ILCS 5/8-406.1. In particular, the Commission found that good cause had been shown by ComEd in not proposing an alternative route for the eastern portion of the Project as provided in 220 ILCS 5/8-406.1(a)(1)(B)(viii). The City of Elgin appealed.

On March 31, 2016, the Appellate Court affirmed the Commission's Order in its entirety. The Court rejected Elgin's arguments that (1) the Commission had improperly found that ComEd demonstrated good cause for failing to identify an alternate route for the line through Elgin; (2) the Commission had improperly found that the proposed route was the least-cost means to achieve the project's objectives; and (3) the Commission's Staff had failed to adequately consider the issues of good cause and least-cost.

The mandate was issued on May 19, 2016.

f. *Commonwealth Edison Company v. Illinois Commerce Commission, et al.*
Illinois Appellate Court No. 1-15-0425
Appellate Court Opinion 2016 IL App (1st) 150425

Ill.C.C. Docket No. 14-0316

Appeal from the grant or denial of housekeeping revisions and a compliance change to the filed rate formula pursuant to Sections 16-108.5(c) and 9-201 of the Public Utilities Act, 220 ILCS 5/16-108.5(c) and 9-201

Commonwealth Edison Co. ("ComEd") filed a petition pursuant to Sections 16-108.5(c) and 9-201 of the Act requesting that the Commission "approve a housekeeping revision and a compliance change to its delivery service rate formula." During the proceeding, a number of controverted issues were raised, including what constitutes the formula rate's structure and protocols under 220 ILCS 5/16-108.5(c) and (d)(3) and whether changes to the schedules, appendices, and work papers that support ComEd's Schedules FR A-1 and FR A-1 REC could be changed only by proceedings under Section 9-201 of the Act, 220 ILCS 5/9-201. The significance of this "formula rate structure" issue was that its resolution determined which changes to the formula rate may be made in annual rate update proceedings under Section 16-108.5(d) of the Act, and which changes can only be made in separate rate proceedings under Section 9-201 of the Act.

In its order of November 25, 2015, the Commission found that the statute itself does not define formula rate structure. The Commission ruled that, for ComEd, the formula rate structure did not include the schedules, appendices, and work papers because (1) such documents were not approved by the Commission, unlike the information and formatting that appear on Schedules FR A-1 and FR A-1 REC, and (2) there could be an unreasonable delay in imposing the just and reasonable rates if an adjustment to the schedules, appendices, and work papers was needed. ComEd appealed, challenging the Commission's definition of "formula rate structure" as it applies to ComEd.

On August 11, 2016, the Court affirmed the Commission's order. The court concluded that the term "formula rate structure" is ambiguous and, therefore, it gave substantial weight and deference to the Commission's interpretation. Despite ComEd's various contentions, the Court found nothing sufficient to overcome the *prima facie* reasonableness of the Commission's order and, so, ComEd did not meet its burden of proof.

The mandate was issued on October 21, 2016.

g. *Illinois Landowners Alliance, NFP, et al. v. Illinois Commerce Commission, et al.*
Illinois Supreme Court Docket Nos. 121302, 121304, 121305, and 121308 (cons.)
Illinois Appellate Court No. 3-15-0099, 3-15-0103 & 3-15-0104 (cons.)
Appellate Court Opinion 2016 IL App (3d) 150099
Ill.C.C. Docket No. 12-0560

Appeal from an Order granting Rock Island Clean Line LLC a Certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Public Utilities Act as a Transmission Public Utility and to Construct, Operate and Maintain an Electric Transmission Line and Authorizing and Directing Rock Island Clean Line LLC pursuant to Section 8-503 of the Public Utilities Act to Construct an Electric Transmission Line

Rock Island Clean Line LLC ("RICL") was formed to construct and manage a high voltage, direct current electric transmission line project that would run from O'Brien County in northwest Iowa to Grundy County in northeast Illinois, approximately 500 miles. The primary purpose of the project is to connect wind generation facilities in northwest Iowa, South Dakota, Nebraska, and Minnesota with electricity markets on the PJM interconnection grid. PJM is a regional transmission organization that coordinates the movement of wholesale electricity to markets in Illinois, Indiana, Michigan, Ohio, Kentucky, the District of Columbia, and eight other states in the northeast. PJM includes the service territory of Commonwealth Edison Co. ("ComEd").

The Illinois portion of the proposed transmission line would start near Cordova, Illinois and extend approximately 121 miles in Illinois to a ComEd substation in Grundy County (Collins substation). RICL applied for a certificate of public convenience and necessity and the right to construct the Illinois portion of the transmission line as a public utility under Sections 8-406 and 8-503 the Public Utilities Act, 220 ILCS 5/8-406 and 8-503.

On November 25, 2014, the Commission granted RICL a certificate of public convenience and necessity ("CPCN") to transact business as a transmission public utility and to construct, operate, and maintain the proposed transmission line over the preferred route described in the application. Based on the record, the Commission found RICL is a public utility. The Commission also determined RICL had presented sufficient evidence to demonstrate that the proposed line will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives. 220 ILCS 5/8-406(b)(1). Finally, because of concerns over RICL's financial ability, the Commission conditioned its approval by requiring RICL to submit compliance documents to demonstrate the necessary financial commitments before construction of the transmission line in Illinois can begin. Appeals were taken by ComEd, a group of affected landowners (Illinois Landowners Alliance NFP), and the Illinois Agricultural Association (a/k/a the Illinois Farm Bureau).

On August 10, 2016, the Illinois Appellate Court reversed the Commission's Order and remanded the case for further proceedings to enter an order consistent with the Court's Opinion. The court determined that the Commission had no jurisdiction to grant RICL a CPCN because RICL was not a public utility within the meaning of Section 3-105 of the Public Utilities Act, 220 ILCS 5/3-105. The court interpreted Section 3-105 and cases decided under it to require that, for an entity to be a public utility, it must (1) own, control, operate, or manage utility assets, directly or indirectly, within the State; and (2) it must offer those assets for public use without discrimination. The court determined that RICL had made neither showing.

Although the Court agreed that an applicant under Section 8-406 of the Act does not have to be a public utility at the time of its application, the Court held that an applicant must own, control, operate, or manage utility assets within the State before a CPCN can be granted. The Court also held that a transmission public utility must have Illinois generators or a preference for Illinois shippers in order to receive a CPCN. RICL does not currently own, control, operate, or manage utility assets related to this transmission line, and this transmission line does not have Illinois generators of electricity or a preference for Illinois shippers.

The Commission, RICL, the IBEW Local Unions 51, 9, 145 & 196, and Wind On The Wires and Natural Resources Defense Council filed Petitions for Leave to Appeal with the Illinois Supreme Court. Answers to the Petitions were filed. On November 23, 2016, the Illinois Supreme Court granted leave to appeal and consolidated the four dockets. The cause is pending further briefing.

h. *The Illinois Public Telecommunications Assn. v. Illinois Commerce Commission, Illinois Bell Telephone Co., et al.*
Illinois Appellate Court No. 1-04-0225
Ill.C.C. Docket No. 98-0195

Appeal from Commission Order related to the provision of payphone service in Illinois

This administrative review was affirmed by the Appellate Court in 2005, and the mandate was issued on July 25, 2006. On March 26, 2016, the Illinois Public Telecommunications Association ("IPTA") sought recall of the mandate.

On December 22, 2016, the Appellate Court denied the IPTA's motion to recall the mandate. The Court found that the request was time-barred under the Supreme Court rules. The IPTA has until January 26, 2017, to seek further review.

i. *Lake Holiday Property Owners Assn., Inc. v. Illinois Commerce Commission, Utility Services of Illinois, Inc., et al.*
Illinois Appellate Court No. 3-15-0816
Appellate Court Order 2016 IL App (3d) 150816-U
Ill.C.C. Docket No. 14-0741

Appeal from grant or denial of rate increase of water and sewer service rates

Utility Services of Illinois, Inc. ("USI"), a corporation created from 23 previously independent water systems, filed tariff sheets with the Commission seeking to raise water rates and establish a consolidated rate structure for all of its water service customers who were then subject to 22 separate rate divisions. Lake Holiday Property Owners

Assn., Inc. ("Lake Holiday"), is a homeowners association consisting of customers of the Lake Holiday Water Division of USI.

On September 22, 2015, the Commission issued a final order, finding that USI's "consolidated rate structure is reasonable, supported by the evidence and should be adopted." Evidence showed that USI's Lake Holiday Water Division was one of seven USI water divisions that would receive a higher increase under the consolidated rate structure than on a stand-alone basis. However, most, if not all, of these seven water divisions would still be subject to a rate increase if they were left as "stand alone" rate divisions. Lake Holiday appealed.

On October 14, 2016, the Illinois Appellate Court affirmed the Commission's order in a Rule 23 Order. The Court rejected claims that the consolidated rate structure (1) is a departure from the Commission's established practice of setting rates for individual water utilities; (2) unfairly imposes costs on systems that did not incur them; and (3) causes adverse impacts, including rate shock, to some customers. The Court found that the evidence supported the Commission's decision on each of these three issues. In particular, the Court noted that the Lake Holiday Water Division, if left standing alone, would still have received an above average rate increase, when the new standing alone rates for all of USI's water division were averaged, because the rates for the Lake Holiday Water Division had been undercharged for years.

The mandate was issued on December 6, 2016.

j. *Pliura Intervenors and Turner Intervenors, et al. v. Illinois Commerce Commission, Illinois Extension Pipeline Co., L.L.C. f/k/a Enbridge Pipelines (Illinois), et al.*
Illinois Supreme Court Nos. 120757 and 120835
Illinois Appellate Court Nos. 4-15-0084 & 4-15-0101 (cons.)
Illinois Appellate Order 2016 IL App (4th) 150084-U
Ill.C.C. Docket No. 07-0446 (Reopened)

Appeal from reopening of proceeding that had granted a certificate to operate as a common carrier by pipeline under Section 15-401 of the Public Utilities Act, 220 ILCS 5/15-401, and authorizing the construction of a new petroleum pipeline from Livingston to Marion Counties, Illinois

On May 19, 2014, Illinois Extension Pipeline Co., L.L.C. ("IEPC"), filed a motion to reopen and to amend the Commission's order requesting an alteration to its July 2009 certificate of good standing. IEPC's amendment sought only to reduce the diameter of this pipeline from 36 to 24 inches.

During the Commission proceeding, certain affected landowners, who had unsuccessfully appealed the original grant of the certificate, likewise opposed the amendment of the certificate. In addition, the Commission's Staff, concerned about the possible dominance of a single shipper over the lower capacity, 24-inch diameter pipeline, urged the Commission to adopt certain restrictions to assure the public availability of the altered pipeline. The proposed restrictions were on the amount of shipping capacity that Marathon Petroleum Co., a part-owner of the line, could obtain, as well as upon the percentage of ownership that Marathon could acquire.

On December 17, 2014, the Commission issued its Order on Reopening, granting the amended certificate and imposing the restrictions that its Staff had proposed. Appeals were taken by some of the affected landowners and by IEPC.

On March 31, 2016, the Appellate Court in an unpublished Rule 23 Order affirmed in its entirety the Commission's Order on Reopening. First, the Court rejected the claims of the affected landowners that (1) the Commission's findings were not supported by substantial evidence; (2) IEPC's certificate in good standing had expired by operation of law; and (3) IEPC was not a common carrier by pipeline because of self-imposed limits that excluded the public. Second, the Court held that IEPC's claim concerning federal preemption of the Commission's capacity restriction was unripe for review; and the Court rejected IEPC's claims that the ownership and capacity restrictions were not authorized by Illinois law, unsupported by evidence, and constituted an unexplained departure from prior agency practice.

On September 28, 2016, the Illinois Supreme Court denied the landowners' and IEPC's requests for review.

The mandate was issued on November 4, 2016.

k. *Mary Weathersby v. Illinois Commerce Commission and Illinois Bell Telephone Co. d/b/a AT&T Illinois*
Illinois Appellate Court No. 1-15-1021
Illinois Appellate Court Summary Order 2016 IL App (1st) 151021-U
Ill.C.C. Docket No. 14-0129

Appeal from grant or denial of a consumer complaint brought under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108

Mary Weathersby filed a verified formal complaint with the Commission, alleging that, for over four years, Illinois Bell Telephone Company's increases for her "All Distance" package resulted in overcharges of more than $300. After an evidentiary hearing, the Commission found that (1) part of the complaint was time-barred; (2) the Commission only had jurisdiction over the intrastate portion of her bill; and (3) Weathersby was properly notified of all intrastate rate increases, except for one. Because of the one missing notice, the Commission ordered a $19 refund plus interest. Weathersby appealed from the Commission's order.

On April 19, 2016, the Illinois Appellate Court affirmed the Commission in a Rule 23 Summary Order. Weathersby's only contention in the Appellate Court was that the Commission was obligated to create and supply her with an audio tape of the certified transcripts of the proceedings. The Appellate Court rejected the contention as not being supported by any law or rule of the Court.

Weathersby request for review by the Illinois Supreme Court was denied on September 28, 2016.

The mandate was issued on November 14, 2016.

2. Under Other Utility-Related Acts

Complaints for declaratory and other relief challenging an arbitration decision of the Commission under 47 USC 252.

a. *Cbeyond Communications, LLC v. Brien J. Sheahan, et al.*
U.S. Court of Appeals for the Seventh Circuit, Docket No. 16-1237
U.S. District Court for Northern Illinois, Eastern Division, Docket No. 1:13-cv-03731
Ill.C.C. Docket No. 11-0696

Complaint for declaratory and other relief challenging the grant or denial of a complaint brought pursuant to Sections 13-515 and 10-108 of the Illinois Public Utilities Act, 220 ILCS 5/13-515 and 10-108

Cbeyond filed a complaint against Illinois Bell Telephone Co. ("AT&T"), alleging that AT&T was breaching their approved interconnection agreement, pursuant to Sections 13-515, 13-801(g) and (k) of the Illinois Public Utilities Act, 220 ILCS 5/13-515, 13-801(g) and 13-801(k). The Commission dismissed Cbeyond's complaint, finding that AT&T was in conformance with the agreement.

On January 13, 2016, the U.S. District Court for the Northern District of Illinois denied Cbeyond's petition for review, holding that the Commission did not violate federal law when it interpreted the Cbeyond/AT&T Illinois interconnection agreement.

On February 5, 2016, Cbeyond filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit. On October 18, 2016, the Seventh Circuit affirmed the decision of the District Court. 840 F.3d 360 (7th Cir. 2016). The Seventh Circuit held that neither the Commission when it interpreted the Cbeyond/AT&T Illinois interconnection agreement nor AT&T in conforming to its agreement with Cbeyond violated federal law.

On November 9, 2016, the Court of Appeals issued its mandate.

SECTION 7

Studies and Investigations Required by State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-304: ADOPTION OF SOLAR PHOTOVOLTAIC SYSTEMS

Section 4-304(3)(d) reads as follows:

(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any all barriers to residential and small business' consumers' financing, installation and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).

Section 3 provides a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois.

Section 4-305: EMISSION ALLOWANCE REPORTS

Section 4-305 of the Public Utilities Act reads as follows:

Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report.

Section 8-304: ESTIMATED BILLING PRACTICES

This section, added September 19, 1985, required the Commission to perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services. The study was conducted in 1987. No activities were performed in 2016, and no further activities are anticipated.

Section 9-202: TEMPORARY RATE INCREASE

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided for refunds with interest if the temporary rate increase granted exceeded the permanent rate increase granted.

Section 9-214: STUDY OF CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

Section 9-216: RULEMAKING FOR CANCELLATION COSTS

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Section 9-223: EVALUATION OF THE FIRE PROTECTION CHARGE

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

ECONOMIC DEVELOPMENT PROGRAM

A summary of the Commission's economic development program and its activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions in the following areas: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.

INVESTIGATION OF PEOPLES GAS LIGHT AND COKE COMPANY'S ("PEOPLES") ACCELERATED MAIN REPLACEMENT PROGRAM

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company' Accelerated Main Replacement Program ("AMRP") under Section 8-102 of the Act (220 ILCS 5/8-102). The Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty's investigation involved two phases. The first phase involved Liberty's investigation of AMRP planning and execution. Specifically, Liberty investigated Peoples Gas' management, control, and oversight of the AMPR and how these key obligations affect cost and schedule. Phase 2 involves Liberty overseeing Peoples Gas' implementation of the recommendation from the Phase 1 report. The Commission received Liberty's Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the AMRP. The second phase of the investigation ends in May 2017, and Liberty is to provide the Final Report at that time. The Second Phase also requires Liberty to provide quarterly reports. The Commission received the first quarterly report on Sept. 30, 2015. Subsequently, Liberty submitted four quarterly reports. The Commission received the fifth quarterly report on November 14, 2016. Further, the Commission initiated docket number 16-0376 to investigate the cost, scope, schedule and other issues related to the Peoples Gas' natural gas system modernization program (formerly AMRP) and establish Program policies and practices pursuant to Section 8-501.

Section 8-103: ELECTRIC ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAM SPENDING LIMITS

Section 8-103 of the Public Utilities Act ("PUA") sets forth requirements for electric utilities to create and implement ratepayer-funded energy efficiency and demand response programs. The statute also provides for a limitation on the amount of spending on such programs, if the result of the spending would be to increase retail rates of retail customers by more than certain prescribed percentages. Subsection (d) of Section 8-103 concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand response measures implemented pursuant to this Section and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of energy efficiency and demand response measures.[12]

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's website in the Reports section: http://www.icc.illinois.gov/reports.

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12 220 ILCS 5/8-103(d)

ILLINOIS POWER AGENCY ACT, Section 1-75(c): Renewable Energy Resource Procurement Spending Limits

Subsection (c) of Section 1-75 of the IPAA sets forth a renewable portfolio standard ("RPS") pertaining to electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. The statute also provides for a limitation on the amount of renewable energy resources that shall be purchased, if the result of such purchases would be to increase retail rates of eligible retail customers by more than certain prescribed percentages. Paragraph 2 of 1-75(c) concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources. [13]

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's website in the Reports Section: http://www.icc.illinois.gov/reports.

[13] 20 ILCS 3855/1-75(2)(2)

SECTION 8

Impacts of Federal Activity on State Utility Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Policy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are just and reasonable for Illinois energy consumers.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Much of the FERC's current policy regarding interstate natural gas pipeline transportation service stems from the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications. The FERC's natural gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition, and protecting consumers against excessive pipeline transportation rates. In recent years, the FERC has focused on improving coordination between the natural gas and electricity industries.

In 2016, natural gas production in the United Sates fell for the first time in almost a decade. This decline is likely attributable to the very low natural gas prices that resulted from record-high levels of gas storage at the start of the 2015-16 winter and warm winter weather that kept storage withdrawals below seasonal norms. However, in the second half of 2016, natural gas prices increased rapidly due to record natural gas-fired electricity generation during the summer of 2016 and expectations that the 2016–17 winter would be significantly colder than the previous winter. In spite of the slight increase in 2016, natural gas prices are still well below historic averages and are likely to remain low for some time in the future.

In recent years, shale gas production has continued to expand, accounting for more than half of U.S. natural gas production in 2015 and is expected to make up 70 percent of total U.S. natural gas production by 2040. This expansion of shale gas continues to place downward pressure on natural gas prices in virtually every region of the United States. The abundance of cheap natural gas has contributed to the shift towards increased natural gas-fired electricity generation, largely at the expense of coal-fired generation. In 2016, the amount of electricity generation fueled by natural gas surpassed generation from coal-fired power plants for the first time, with natural gas supplying an estimated 34 percent of total U.S. electricity generation in 2016 compared with 30 percent for coal. This trend appears likely to slow a bit in 2017, as a slight increase in natural gas prices should allow some coal-fired plants targeted for retirement to remain viable.

The shift from coal to natural gas-fired generation has resulted in an increasing interdependence of natural gas pipelines and electricity markets. The FERC has recognized this interdependence and has initiated numerous proceedings intended to improve the coordination between the natural gas and electricity industries, with particular emphasis on improving the scheduling practices of the natural gas transportation and electricity markets. In 2015, the FERC approved its Final Rule regarding the coordination of wholesale natural gas and electricity market scheduling. The Regional Transmission Organizations ("RTOs") in 2016 complied with the FERC rule by revising the nomination cycle deadline for scheduling gas transportation and adding an additional intraday nomination cycle during the gas operating day to help shippers adjust their scheduling to reflect changes in demand.

As one would expect, the increase in natural gas production and changes to traditional supply sources have led to expansions and upgrades to existing pipeline capacity and development of new capacity. In recent years, the FERC has recognized this trend and implemented policies that allow interstate natural gas pipelines to recover certain capital expenditures made to modernize and upgrade pipeline system infrastructure in a manner that enhances system reliability, safety and efficient operation of the pipeline systems. The FERC approved numerous pipeline expansion projects in 2016, including the Natural Gas Pipeline Company of America's "Chicago Market Expansion Project" which seeks to construct a 30,000 HP compressor station in Livingston County at an expected total cost of $61 million. This expansion is expected to increase Natural's capacity into the Chicago area by 238,000 dekatherms per day.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

Much of the FERC's current electric policy stems from several sweeping reforms concerning the regulation of the transmission grid that were initiated in the late 1990s. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs.

Order 2000 called for the voluntary creation of RTOs which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy Policy Act of 2005 and Orders 890, 890-A, and 890-B. Order No. 1000 reforms the FERC's electric transmission planning and cost allocation requirements for public utility transmission providers by building on the reforms of Order No. 890 and addressing lingering deficiencies with respect to transmission planning processes and cost allocation methods.

In 2016, the FERC focused on numerous issues relevant to Illinois, including the interdependence of natural gas pipelines and electricity markets, addressing seams issues between PJM, MISO and neighboring RTOs, the production and deliverability of renewable energy in the Midwest, Eastern and Southern United States, current and potential EPA regulations and resource adequacy in RTO regions. The manners in which the FERC allocates the costs of regional transmission projects continues to be a major issue for Illinois.

As it has been since their inception, seams issues between PJM and MISO continue to be an issue for their members. In 2016, the two RTOs continued to meet regularly to discuss how to best address inter-RTO market and planning-related items such as cross-border transmission planning and cost allocation, pseudo-tied generators and the deliverability of capacity across the seam, coordination of generator interconnection, market settlement process and interface pricing. Given the complexity and volume of the issues related to RTO seams, it is likely that the FERC, the RTOs and their members will continue to address these issues well into the future.

The production and transmission of renewable energy continues to be a major topic of emphasis for the FERC. While the ICC generally supports the integration of renewable energy resources into established wholesale electricity markets, renewables penetration can require the construction of high voltage transmission facilities to move wind power from wind-rich geographic areas to points generally to the east of Illinois. Some high voltage projects are also constructed for the purpose of addressing transmission constraints in the South and the East. These regional transmission projects present cost allocation concerns for Illinois and there is a strong possibility that the FERC will continue to address these issues in the coming years.

Present and potential EPA regulations regarding air emissions are also a concern for both the FERC and state regulators. The move towards proposed carbon regulations have the potential to significantly impact generation reserve margins and present challenges for reliability of the transmission grid, given the amount of coal-fired generation capacity is potentially at risk to retire by the 2020s. This risk is somewhat diminished at least in the near term, given that in early 2016, the U.S. Supreme Court granted a stay, halting the implementation of the EPA's Clean Power Plan intended to control greenhouse gas emissions under the Clean Air Act. Nevertheless, the key concern is to ensure that adequate replacement generation is maintained and brought on-line to avoid allowing generation reserve margins to fall below levels that can jeopardize the reliability of the transmission grid. Retirements will likely result in increased pressure on natural gas supplies as well, as the industry turns to natural gas-fired generation to help offset the loss of coal-fired generation. While resource adequacy is a state-jurisdictional issue, the FERC (and the states) will likely have to address the impacts of resource portfolio changes and their effect on the electricity generation and natural gas industries in the near future.

The allocation of costs associated with regional transmission projects continues to be an issue for Illinois. The ICC has appealed several FERC orders regarding the cost allocation of certain transmission projects in PJM on the basis of load, rather than benefit. In December of 2014, after several FERC orders were remanded by the U.S. Court of Appeals back to the FERC, the FERC issued an order establishing hearing and settlement judge procedures to determine the assignment of cost allocation for the projects at issue in this proceeding. In 2015 and 2016, the ICC engaged in negotiations with parties regarding the appropriate cost allocation and refunds for the projects that remain at issue in this proceeding. After more than a year of negotiations, a majority of participants reached agreement and filed a settlement agreement for FERC approval. A small number of participants opposed the settlement agreement and FERC has not issued an Order as of December 31, 2016.

Resource adequacy in certain parts of RTOs became an issue in 2016 when MISO issued a report detailing resource adequacy concerns in the portions of MISO that have competitive retail access, specifically Illinois and Michigan. MISO's concern is that its current capacity market construct does not provide generators in competitive retail areas that rely on competitive wholesale market sufficient entry and exit signals to ensure long-term resource adequacy in those areas. In light of that concern, in late 2016, MISO filed a "Competitive Retail Solution" with the FERC that, in general, would implement a three-year forward resource auction, with an administratively determined, downward-sloping demand curve to support entry at high enough reserve margins to meet predetermined reliability objectives and a bright-line test for mandatory participation of demand. MISO has requested that the FERC approve its proposal in time to implement its proposal prior to the 2018-19 planning year. Such a request would require the FERC to approve the MISO proposal by March of 2017.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission.

(220 ILCS 5/16-108(a)) Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

> The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at the FERC, working to ensure that the components of delivery service for which the FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets because transparent wholesale markets are key for Illinois' open access retail program to provide greater benefits to retail customers. All of the issues discussed in the previous sections have the potential to impact the price and reliability of electric service in Illinois. As such, the ICC has been, and will continue to be, engaged in the processes before the FERC to ensure that Illinois' interests are adequately represented.

SECTION 9

Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 100th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant
Commission Decisions

CASE SUMMARIES FOR 2016 ANNUAL REPORT

Electric

12-0244 Ameren Illinois Company d/b/a Ameren Illinois

Petition for Approval of Smart Grid Advanced Metering Infrastructure, Reopening.

On September 22, 2016, the Commission entered an Order approving Ameren Illinois Company's ("Ameren") request to accelerate implementation of its Advanced Metering Infrastructure ("AMI") Deployment Plan pursuant to Section 16-108.6 of the Public Utilities Act. The Order expanded installation of AMI to 100% of Ameren's electric delivery customers.

13-0105 Ameren Illinois Company d/b/a Ameren Illinois

Application for Approval of a Peak Time Rebate Program.

On October 19, 2016, the Commission entered an Order approving, with no modifications, Ameren Illinois Company's Rider PTR – Peak Time Rebate, pursuant to Section 16-108.6(g) of the Public Utilities Act. The Order specifically found that the PTR program should operate as designed without expending program funding on a further Direct Load Control ("DLC") study or on the deployment of DLC technologies.

14-0135 The Citizens Utility Board and
The Environmental Law And Policy Center

Petition to Initiate Rulemaking With Notice and Comment for Approval of Certain Amendments to Illinois Administrative Code Parts 466 & 467 Concerning Interconnection Standards for Distributed Generation.

On December 13, 2016, the Commission entered an order adopting proposed amendments to 83 Ill. Adm. Code 466, Electric Interconnection of Distributed Generation Facilities, and 83 Ill. Adm. Code 467, Electric Interconnection of Large Distributed Generation Facilities. The amendments are intended to update the Commission's rules on interconnection, promoting smart grid infrastructure improvement in Illinois and reflecting recent changes by the Federal Energy Regulatory Commission in its rules on small-generator interconnection. In addition, the amendments are intended to be consistent with the statutory goal of minimizing barriers to the interconnection of distributed generation facilities.

15-0073 Illinois Commerce Commission
On Its Own Motion

Investigation into the Customer Authorization Required for Access by Third Parties Other Than Retail Electric Suppliers to Advanced Metering Infrastructure Interval Meter Data.

The Commission initiated this proceeding to investigate the need for, and form of, customer authorization required for access by third parties, other than Retail Electric Suppliers, to Advanced Metering Infrastructure interval meter data. The Commission's Order adopted authorization language that includes a prohibition on sharing of customer information, allows for a 24 month period of third party access to customer information and includes the contact information for both the

Commission's Consumer Services Division as well as the Attorney General's Office of Consumer Fraud.

15-0273 Illinois Commerce Commission
On Its Own Motion

Amendment of 83 Illinois Administrative Code Part 465 Net Metering.

The commission adopted proposed amendments to 83 Ill. Adm. Code 465, Net Metering. The Commission's Order of April 26, 2016 made a number of changes to the net metering rules and is intended to incorporate changes to Section 16-107.5 of the Public Utilities Act (220 ILCS 5/16-107.5), and improve the operation of the net metering programs offered by electricity providers.

15-0403 Illinois Commerce Commission
On Its Own Motion
-vs-
Commonwealth Edison Company, The Peoples Gas Light and Coke Company, North Shore Gas Company, Ameren Illinois Company d/b/a Ameren Illinois, Northern Illinois Gas Company d/b/a Nicor Gas Company

Independent Evaluator's Evaluation Report on the Electric and Gas On-Bill Financing Programs Required by Section 16-111.7 and 19-140 of the Public Utilities Act.

The purpose of this proceeding was to consider comments on the Illinois On-Bill Financing ("OBF") Program Evaluation prepared by the Cadmus Group Inc. ("Cadmus Group"). After reviewing the comments by interested parties, the Commission issued an Order directing Staff to prepare a report ("Report") to the Governor and the General Assembly to recommend, among other things, that the OBF Program continue and that the Commission be granted discretion to modify programs and to authorize and act on program evaluations. The Commission's other recommendations included that the Report: 1) decline to recommend action to lower the credit score threshold for participation in the OBF Program; 2) not recommend bill payment history as an alternative to credit scores to evaluate eligibility; 3) include recommendations that the Commission be granted the ability to monitor the interest rate and financing components of the OBF program; 4) recommend that "tied to the meter" loans not be approved; and 5) recommend that relevant Illinois statutes be amended to allow for future evaluations by the Commission.

15-0564 MidAmerican Energy Company

Petition for Approval of Tariffs Implementing Rider to Recover Procurement Costs pursuant to Section 16-111.5(l).

On February 24, 2016, the Commission entered an Order granting MidAmerican's petition approving the tariffs implementing Rider PE to recover its procurement costs to serve Illinois customers. Rider PE includes provisions to help ensure there is no double-recovery of costs between base rates and Rider PE, provides for an annual reconciliation as required by the Act, and provides an annual internal audit which will provide additional assurance that Rider PE is operating properly and in accordance with the Act.

16-0025 Commonwealth Edison Company

Petition to Approve, on Less than 45 Days' Notice, Revisions to its General Terms and Conditions that Set Forth Rules to be Followed in Determining Estimated Meter Readings for Certain Advanced Metering Infrastructure Meter Installations, as Needed, and an Associated Waiver Pertaining to Limitations Set Forth in Subsection 410.200(e) of the 83 Illinois Administrative Code.

On February 10, 2016, the Commission entered an Order approving, on less than 45 days' notice, revisions to certain portions of Commonwealth Edison Company's General Terms and Conditions. The revised sections concern the rules to be followed in determining estimated meter readings for certain advanced metering infrastructure meter installations, as needed. The Order also approves an associated waiver pertaining to limitations set forth in subsection 410.200(e) of Title 83 of the Illinois Administrative Code.

16-0259 Commonwealth Edison Company

Annual formula rate update and revenue requirement reconciliation under Section 16-108.5 of the Public Utilities Act.

On December 6, 2016, the Commission entered an Order establishing updated delivery service charges for Commonwealth Edison Company's ("ComEd") customers. The Commission determined ComEd's 2017 Rate Year Net Revenue Requirement and the original costs of ComEd's electric plant in service as of December 31, 2015. These updates are applicable to delivery services provided by ComEd beginning in January 2017. The Commission approved annual tariffed revenues of $2,642,836,000. Further, the Commission rejected ComEd's inclusion of recorded expenses in connection with the settlement of a lawsuit alleging ComEd violated provisions of the Telephone Consumer Protection Act Settlement, which provides for damages for unsolicited text messages.

16-0262 Ameren Illinois Company d/b/a Ameren Illinois

Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.

On December 6, 2016, the Commission entered an Order pursuant to Section 16-108.5(d) of the Public Utilities Act, approving the fifth update of Ameren Illinois Company d/b/a Ameren Illinois' ("Ameren") rates pursuant to its Modernization Action Plan-Pricing tariff. The Commission determined Ameren's 2017 Rate Year Net Revenue Requirement and the original costs of Ameren's electric plant in service as of December 31, 2015. These updates are applicable to delivery services provided by Ameren beginning in January 2017. The Commission approved annual tariffed revenues of $1,015,787,000, which represents a decrease of $14,488,000 (1.41%) from the previously approved revenue requirement.

16-0453 Illinois Power Agency

Petition for Approval of its 2017 Procurement Plan pursuant to Section 16-111.5(d)(4) of the Public Utilities Act.

On December 13, 2016, the Commission entered an Order approving the Illinois Power Agency's 2017 Power Procurement Plan ("Plan"). Among other things, the purpose of the Plan is to secure electricity commodity and associated transmission services to meet the needs of eligible retail customers in the service areas of Commonwealth Edison Company, Ameren Illinois Company d/b/a Ameren Illinois, and MidAmerican Energy Company.

Gas

12-0324 LAZ Parking LTD, LLC

-vs-

Commonwealth Edison Company

Complaint pursuant to Sections 9-250 and 10-108 of the Illinois Public Utilities Act and Section 200.170 of the Rules of Practice of the Illinois Commerce Commission.

On November 2, 2016, the Commission entered an Order granting the Complaint, in part, and denying the Complaint, in part. The Complaint concerned under-billing and meter testing and inspection issues. The Order confirmed that testing and inspection regulations are to be interpreted to require accurate metering and timely customer billing.

14-0684 Illinois Commerce Commission

On Its Own Motion

-vs-

Village of Thebes, Illinois, a municipal corporation

Citation for alleged failure to maintain obligations under the Illinois Gas Pipeline Safety Act and for alleged violations of federal rules incorporated by the Illinois Commerce Commission.

On March 23, 2016, the Commission entered an Order finding that the Village of Thebes had come into compliance with the Minimum Safety Standards of the Code of Federal Regulations (49 C.F.R. 192) and the Illinois Gas Pipeline Safety Act (220 ILCS 20/1 et seq.). The Commission assessed a fine, ordered the Village of Thebes to comply with the Minimum Safety Standards and imposed additional safety requirements.

15-0439 Ameren Illinois Company d/b/a Ameren Illinois

Proposed Clarification of Natural Gas Tariffs, particularly sections related to transportation of customer-owned natural gas.

On April 12, 2016, the Commission entered an Order approving, pursuant to Section 9-201 of the Public Utilities Act, changes to Ameren Illinois Company d/b/a Ameren Illinois' natural gas tariffs to clarify terms, better outline practices, and change the rate classifications of transportation customers. The Commission approved modifications to delineate “Gas Day,” update the method to modify the Maximum Daily Contract Quantity, and apply late payment terms to Retail Gas Suppliers. In addition, Rider T – Transportation Service was modified to expand the availability of Rider T, change the definition of Maximum Daily Nomination, update the method to measure gas delivered, use targeted customer notifications, and update the Unauthorized Gas Use Charge. The Commission found that, in light of the parties’ concerns that the proposed change in the imbalance cashout provisions could result in cross-subsidization between Transportation customers and residential customers, the current cashout provisions should be maintained.

15-0558 The Southern Company, AGL Resources Inc.,
and Northern Illinois Gas Company d/b/a Nicor Gas Company

Application for Approval of a Reorganization Pursuant to Section 7-204 of the Public Utilities Act.

This proceeding concerned the application filed by The Southern Company ("Southern"), AGL Resources Inc. ("AGLR"), and Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") for approval, pursuant to Sections 7-204 and 7-204A of the Public Utilities Act, of a reorganization by which AGLR would merge with and into a subsidiary of Southern, and AGLR would become a wholly-owned subsidiary of Southern. The Commission approved the merger on June 7, 2016 with conditions, including a requirement that Nicor Gas maintain a certain level of full-time employees, additional commitments regarding pipeline safety, and Nicor Gas's agreement to discontinueuse of the "Nicor" name and logo by certain affiliated entities no later than December 31, 2017.

15-0608 Illinois Commerce Commission
On Its Own Motion
-vs-
The Peoples Gas Light and Coke Company, Integrys Energy Group, Inc., and Wisconsin Energy Corporation

Investigation concerning possible violation of Section 5-202.1 of the Public Utilities Act.

This proceeding was initiated pursuant to Section 5-202.1 and 10-101 of the Public Utilities Act because of information obtained by Commission Staff indicating that the Respondents knowingly misled or withheld material information regarding The Peoples Gas Light and Coke Company's Accelerated Main Replacement Program at the Commission's May 20, 2015 Open Meeting. A settlement was reached with all of the parties in this matter. A copy of the Stipulation and Settlement as well as a separate Settlement Agreement and Release with the Illinois Attorney General resolving related claims was attached to the Order that the Commission entered on May 25, 2016.

16-0033 North Shore Gas Company
16-0034 The Peoples Gas Light and Coke Company

Proposed addition of a new service called Rider Purchase of Receivables.

On November 9, 2016, the Commission approved a modified version of Rider POR, a service that will be available to alternative gas suppliers ("AGS") participating in the Utilities' small volume transportation programs. Under the approved rider, the Utilities would purchase, at a discount, receivables associated with participating suppliers' undisputed supply charges and assume full responsibility for collecting those receivables. Customers are protected from absorbing AGS collection costs and Commission Staff will monitor and report to the Commission on adverse effects on vulnerable customers.

16-0421 Northern Illinois Gas Company d/b/a Nicor Gas

Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan.

On December 6, 2016, the Commission entered an Order pursuant to Section 8-104 of the Public Utilities Act ("Act") adopting Northern Illinois Gas Company d/b/a Nicor Gas' ("Nicor Gas") three-year energy efficiency plan. The Commission found, and all interested parties agreed, that Nicor Gas was unlikely to be able to achieve the statutory savings requirements without exceeding the statutory rate cap imposed by the Act. The Commission approved the agreed modified savings goals and budget cap, finding them consistent with Sections 8-104(c) and (d) of the Act. The Commission approved Nicor Gas' modified savings goals for Plan 3 of 12,400,476 therms for Plan Year 7, 12,400,476 therms for Plan Year 8, and 12,400,476 therms for Plan Year 9, with a three-year cumulative modified savings goal of 37,201,428 therms.

Water & Sewer

15-0017 Aqua Illinois and Illinois-American Water Company

Petition to Initiate a Rulemaking for Approval of Amendments to 83 Illinois Administrative Code Part 656, Qualifying Infrastructure Plant Surcharge.

On June 29, 2016, the Commission entered an Order adopting proposed amendments of 83 Ill. Adm. Code Part 656. These amendments expand the number of water and sewer accounts which are eligible for Qualifying Infrastructure Plant surcharges.

16-0093 Illinois-American Water Company

Petition for Increases in Water and Sewer Rates.

On December 13, 2016, the Commission entered an Order granting Illinois-American Water Company a general increase in water and sewer rates pursuant to Section 9-201 of the Public Utilities Act. The Order approves an increase in revenue for the Company of $35,255,483 which reflects an increase in revenue of 15.49%. The Order also approves a decoupling mechanism, Rider VBA, to address the Company's cost recovery concerns.

Telecommunications

15-0645 Illinois Commerce Commission
On Its Own Motion

Revision of 83 Ill. Adm. Code 725 and repeal of 83 Ill. Adm. Code 726, 727, 728 and 729.

The Commission adopted amendments to 83 Ill. Admin. Code 725, Standards of Service Applicable to 9-1-1 Emergency Systems. The amendments were made in response to Public Act 99-6, which significantly changed the Emergency Telephone System Act, 50 ILCS 750, and transferred state regulatory authority over local emergency telephone system boards from the Commission to a statewide 9-1-1 administrator in the Department of State Police. The amendments repeal provisions that are no longer within the Commission's authority. The amendments further reflect the Commission's continued oversight over telecommunications carriers and 9-1-1 service providers for 9-1-1 network and database services in the state.

Miscellaneous

12-0457 Illinois Commerce Commission
On Its Own Motion

Development and adoption of rules concerning rate case treatment of charitable contributions.

On September 22, 2016, the Commission entered an Order adopting rules concerning rate case treatment of charitable contributions that were designated as proposed Illinois Administrative Code Part 325. The rules are intended to help ensure that qualifying donations are ones for which recovery from ratepayers is appropriate under the Act, and that the information provided to the Commission for its review of the prudence and reasonableness of the donations is sufficient in quality and detail, and is supported by the record of the rate case.

14-0177 FutureGen Industrial Alliance, Inc.

Petition Seeking Approval pursuant to Section 5/9-220(h-7) of the Public Utilities Act.

On April 26, 2016, the Commission reopened this docket on its own motion and entered an Order granting FutureGen Industrial Alliance Inc.'s request to terminate and rescind the approval previously granted for its carbon dioxide transportation and sequestration methods.

16-0053 FutureGen Industrial Alliance, Inc.

Petition Seeking to Cancel Certificate Authorizing the Construction and Operation of a Carbon Dioxide Pipeline.

On April 26, 2016, the Commission entered an Order canceling the Certificate of Authority issued to FutureGen Industrial Alliance Inc., pursuant to Section 20 of the Carbon Dioxide Transportation and Sequestration Act, 220 ILCS 75/1 et seq., and terminating its status as a pipeline public utility.

16-0412 American Transmission Company LLC

Application for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406.1 of the Illinois Public Utilities Act, to construct, operate, and maintain a new 345,000 volt electric transmission line and substation in Lake County, Illinois.

The Commission approved American Transmission Company LLC's ("ATC") application for a certificate of public convenience and necessity to construct, operate and maintain a new 345 kV electric transmission line and substation in Lake County, Illinois. The line will begin north of the Wisconsin/Illinois border in the Village of Pleasant Prairie, Wisconsin, and continue south to terminate at a newly constructed substation located in the Village of Wadsworth, Illinois. The project will address system reliability concerns related to the critical transmission facilities that connect ATC's system to that of Commonwealth Edison Company's system in Southeastern Wisconsin and Northeastern Illinois. The Commission found that the project is necessary to maintain the continued reliability of the electric grid and safeguard the system against a potential cascading outage situation. The majority of the cost of the project will be borne by ATC's customers in Wisconsin and Michigan.

16-0646 NuStar Pipeline Operating Partnership L.P.

Application pursuant to Section 15-401 of the Common Carrier by Pipeline Law and Sections 8-503 and 8-509 of the Public Utilities Act for a Certificate in Good Standing to Operate an Anhydrous Ammonia Pipeline as a Common Carrier Pipeline and to Construct and Operate an Extension Thereto.

On August 9, 2016, the Commission entered an Order approving a Certificate in Good Standing which authorized NuStar Pipeline Operating Partnership L.P. ("NuStar") to operate as a common carrier by pipeline in the operation of the existing anhydrous ammonia pipeline. The pipeline which

NuStar is now certificated to operate runs from Elsah, Illinois, on the Mississippi River, through Jersey, Madison, Macoupin, Montgomery, Shelby, Coles, Cumberland, Clark and Edgar Counties, and into Indiana. There is also an 18 mile spur on the pipeline from Elsah to Wood River, Illinois.

Appendix B

Emission Allowance Reports

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

October 1, 2015
to
December 31, 2015

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2015	36,378	11,974	-	-	0	0	48,352
2	2016	-	11,974	-	-	0	0	11,974
3	2017	-	11,974	-	-	0	0	11,974
4	2018	-	11,974	-	-	0	0	11,974
5	2019	-	11,974	-	-	0	0	11,974
6	2020	-	11,974	-	-	0	(652)	11,322
7	2021	-	11,974	-	-	0	0	11,974
8	2022	-	11,974	-	-	0	0	11,974
9	2023	-	11,974	-	-	0	0	11,974
10	2024	-	11,974	-	-	0	0	11,974
11	2025	-	11,974	-	-	0	0	11,974
12	2026	-	11,974	-	-	0	0	11,974
13	2027	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2028	-	11,974	-	-	0	0	11,974
15	2029	-	11,974	-	-	0	0	11,974
16	2030	-	11,974	-	-	0	0	11,974
17	2031	-	11,974	-	-	0	0	11,974
18	2032	-	11,974	-	-	0	0	11,974
19	2033	-	11,974	-	-	0	0	11,974
20	2034	-	11,974	-	-	0	0	11,974
21	2035	-	11,974	-	-	0	0	11,974
22	2036	-	11,974	-	-	0	0	11,974
23	2037	-	11,974	-	-	0	0	11,974
24	2038	-	11,974	-	-	0	0	11,974
25	2039	-	11,974	-	-	0	0	11,974
26	2040	-	11,974	-	-	0	0	11,974
27	2041	-	11,974	-	-	0	0	11,974
28	2042	-	11,974	-	-	0	0	11,974
29	2043	-	11,974	-	-	0	0	11,974
30	2044	-	11,974	-	-	0	0	11,974
31	2045	-	11,974	-	-	0	0	11,974

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredosia and R S Wallace .

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

January 1, 2016
to
March 31, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	48,352	11,974	-	-	0	0	60,326
2	2017	-	11,974	-	-	0	0	11,974
3	2018	-	11,974	-	-	0	0	11,974
4	2019	-	11,974	-	-	0	0	11,974
5	2020	-	11,974	-	-	0	(652)	11,322
6	2021	-	11,974	-	-	0	0	11,974
7	2022	-	11,974	-	-	0	0	11,974
8	2023	-	11,974	-	-	0	0	11,974
9	2024	-	11,974	-	-	0	0	11,974
10	2025	-	11,974	-	-	0	0	11,974
11	2026	-	11,974	-	-	0	0	11,974
12	2027	-	11,974	-	-	0	0	11,974
13	2028	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-	11,974	-	-	0	0	11,974
15	2030	-	11,974	-	-	0	0	11,974
16	2031	-	11,974	-	-	0	0	11,974
17	2032	-	11,974	-	-	0	0	11,974
18	2033	-	11,974	-	-	0	0	11,974
19	2034	-	11,974	-	-	0	0	11,974
20	2035	-	11,974	-	-	0	0	11,974
21	2036	-	11,974	-	-	0	0	11,974
22	2037	-	11,974	-	-	0	0	11,974
23	2038	-	11,974	-	-	0	0	11,974
24	2039	-	11,974	-	-	0	0	11,974
25	2040	-	11,974	-	-	0	0	11,974
26	2041	-	11,974	-	-	0	0	11,974
27	2042	-	11,974	-	-	0	0	11,974
28	2043	-	11,974	-	-	0	0	11,974
29	2044	-	11,974	-	-	0	0	11,974
30	2045	-	11,974	-	-	0	0	11,974
31	2046	-	-	-	-	0	0	0

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredosia and R S Wallace .

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

April 1, 2016
to
June 30, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	48,352	11,974	-	-	0	0	60,326
2	2017	-	11,974	-	-	0	0	11,974
3	2018	-	11,974	-	-	0	0	11,974
4	2019	-	11,974	-	-	0	0	11,974
5	2020	-	11,974	-	-	0	(652)	11,322
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8	2023	-	11,974	-	-	0	0	11,974
9	2024	-	11,974	-	-	0	0	11,974
10	2025	-	11,974	-	-	0	0	11,974
11	2026	-	11,974	-	-	0	0	11,974
12	2027	-	11,974	-	-	0	0	11,974
13	2028	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-	11,974	-	-	0	0	11,974
15	2030	-	11,974	-	-	0	0	11,974
16	2031	-	11,974	-	-	0	0	11,974
17	2032	-	11,974	-	-	0	0	11,974
18	2033	-	11,974	-	-	0	0	11,974
19	2034	-	11,974	-	-	0	0	11,974
20	2035	-	11,974	-	-	0	0	11,974
21	2036	-	11,974	-	-	0	0	11,974
22	2037	-	11,974	-	-	0	0	11,974
23	2038	-	11,974	-	-	0	0	11,974
24	2039	-	11,974	-	-	0	0	11,974
25	2040	-	11,974	-	-	0	0	11,974
26	2041	-	11,974	-	-	0	0	11,974
27	2042	-	11,974	-	-	0	0	11,974
28	2043	-	11,974	-	-	0	0	11,974
29	2044	-	11,974	-	-	0	0	11,974
30	2045	-	11,974	-	-	0	0	11,974
31	2046	-	-	-	-	0	0	0

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredosia and R S Wallace .

ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

July 1, 2016
to
September 30, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	48,352	11,974	-	-	0	0	60,326
2	2017	-	11,974	-	-	0	0	11,974
3	2018	-	11,974	-	-	0	0	11,974
4	2019	-	11,974	-	-	0	0	11,974
5	2020	-	11,974	-	-	0	(652)	11,322
6	2021	-	11,974	-	-	0	0	11,974
7	2022	-	11,974	-	-	0	0	11,974
8	2023	-	11,974	-	-	0	0	11,974
9	2024	-	11,974	-	-	0	0	11,974
10	2025	-	11,974	-	-	0	0	11,974
11	2026	-	11,974	-	-	0	0	11,974
12	2027	-	11,974	-	-	0	0	11,974
13	2028	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-	11,974	-	-	0	0	11,974
15	2030	-	11,974	-	-	0	0	11,974
16	2031	-	11,974	-	-	0	0	11,974
17	2032	-	11,974	-	-	0	0	11,974
18	2033	-	11,974	-	-	0	0	11,974
19	2034	-	11,974	-	-	0	0	11,974
20	2035	-	11,974	-	-	0	0	11,974
21	2036	-	11,974	-	-	0	0	11,974
22	2037	-	11,974	-	-	0	0	11,974
23	2038	-	11,974	-	-	0	0	11,974
24	2039	-	11,974	-	-	0	0	11,974
25	2040	-	11,974	-	-	0	0	11,974
26	2041	-	11,974	-	-	0	0	11,974
27	2042	-	11,974	-	-	0	0	11,974
28	2043	-	11,974	-	-	0	0	11,974
29	2044	-	11,974	-	-	0	0	11,974
30	2045	-	11,974	-	-	0	0	11,974
31	2046	-	11,974	-	-	0	0	11,974

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredosia and R S Wallace .

MID AMERICAN ENERGY COMPANY

ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2015

To

December 31, 2015

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2015	104,976	59,139	20,881	0	0	4	143,238
2	2016	-----	59,139	-----	0	0	0	59,139
3	2017	-----	59,139	-----	0	0	0	59,139
4	2018	-----	59,139	-----	0	0	0	59,139
5	2019	-----	59,139	-----	0	0	0	59,139
6	2020	-----	59,139	-----	0	0	0	59,139
7	2021	-----	59,139	-----	0	0	0	59,139
8	2022	-----	59,139	-----	0	0	0	59,139
9	2023	-----	59,139	-----	0	0	0	59,139
10	2024	-----	59,139	-----	0	0	0	59,139
11	2025	-----	59,139	-----	0	0	0	59,139
12	2026	-----	59,139	-----	0	0	0	59,139
13	2027	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2028	-----	59,139	-----	0	0	0	59,139
15	2029	-----	59,139	-----	0	0	0	59,139
16	2030	-----	59,139	-----	0	0	0	59,139
17	2031	-----	59,139	-----	0	0	0	59,139
18	2032	-----	59,139	-----	0	0	0	59,139
19	2033	-----	59,139	-----	0	0	0	59,139
20	2034	-----	59,139	-----	0	0	0	59,139
21	2035	-----	59,139	-----	0	0	0	59,139
22	2036	-----	59,139	-----	0	0	0	59,139
23	2037	-----	59,139	-----	0	0	0	59,139
24	2038	-----	59,139	-----	0	0	0	59,139
25	2039	-----	59,139	-----	0	0	0	59,139
26	2040	-----	59,139	-----	0	0	0	59,139
27	2041	-----	59,139	-----	0	0	0	59,139
28	2042	-----	59,139	-----	0	0	0	59,139
29	2043	-----	59,139	-----	0	0	0	59,139
30	2044	-----	59,139	-----	0	0	0	59,139
31	2045	-----	59,139	-----	0	0	0	59,139

MID AMERICAN ENERGY COMPANY

MID AMERICAN ENERGY COMPANY

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2015

To

March 31, 2015

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2015	104,976	59,139	7,065	0	0	0	157,050
2	2016	-----	59,139	-----	0	0	0	59,139
3	2017	-----	59,139	-----	0	0	0	59,139
4	2018	-----	59,139	-----	0	0	0	59,139
5	2019	-----	59,139	-----	0	0	0	59,139
6	2020	-----	59,139	-----	0	0	0	59,139
7	2021	-----	59,139	-----	0	0	0	59,139
8	2022	-----	59,139	-----	0	0	0	59,139
9	2023	-----	59,139	-----	0	0	0	59,139
10	2024	-----	59,139	-----	0	0	0	59,139
11	2025	-----	59,139	-----	0	0	0	59,139
12	2026	-----	59,139	-----	0	0	0	59,139
13	2027	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2028	-----	59,139	-----	0	0	0	59,139
15	2029	-----	59,139	-----	0	0	0	59,139
16	2030	-----	59,139	-----	0	0	0	59,139
17	2031	-----	59,139	-----	0	0	0	59,139
18	2032	-----	59,139	-----	0	0	0	59,139
19	2033	-----	59,139	-----	0	0	0	59,139
20	2034	-----	59,139	-----	0	0	0	59,139
21	2035	-----	59,139	-----	0	0	0	59,139
22	2036	-----	59,139	-----	0	0	0	59,139
23	2037	-----	59,139	-----	0	0	0	59,139
24	2038	-----	59,139	-----	0	0	0	59,139
25	2039	-----	59,139	-----	0	0	0	59,139
26	2040	-----	59,139	-----	0	0	0	59,139
27	2041	-----	59,139	-----	0	0	0	59,139
28	2042	-----	59,139	-----	0	0	0	59,139
29	2043	-----	59,139	-----	0	0	0	59,139
30	2044	-----	59,139	-----	0	0	0	59,139

MID AMERICAN ENERGY COMPANY

MID AMERICAN ENERGY COMPANY

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2016

To

June 30, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E) [1]	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	143,238	59,139	6,164	7,007	0	0	189,206
2	2017	-----	59,139	-----	0	0	0	59,139
3	2018	-----	59,139	-----	0	0	0	59,139
4	2019	-----	59,139	-----	0	0	0	59,139
5	2020	-----	59,139	-----	0	0	0	59,139
6	2021	-----	59,139	-----	0	0	0	59,139
7	2022	-----	59,139	-----	0	0	0	59,139
8	2023	-----	59,139	-----	0	0	0	59,139
9	2024	-----	59,139	-----	0	0	0	59,139
10	2025	-----	59,139	-----	0	0	0	59,139
11	2026	-----	59,139	-----	0	0	0	59,139
12	2027	-----	59,139	-----	0	0	0	59,139
13	2028	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-----	59,139	-----	0	0	0	59,139
15	2030	-----	59,139	-----	0	0	0	59,139
16	2031	-----	59,139	-----	0	0	0	59,139
17	2032	-----	59,139	-----	0	0	0	59,139
18	2033	-----	59,139	-----	0	0	0	59,139
19	2034	-----	59,139	-----	0	0	0	59,139
20	2035	-----	59,139	-----	0	0	0	59,139
21	2036	-----	59,139	-----	0	0	0	59,139
22	2037	-----	59,139	-----	0	0	0	59,139
23	2038	-----	59,139	-----	0	0	0	59,139
24	2039	-----	59,139	-----	0	0	0	59,139
25	2040	-----	59,139	-----	0	0	0	59,139
26	2041	-----	59,139	-----	0	0	0	59,139
27	2042	-----	59,139	-----	0	0	0	59,139
28	2043	-----	59,139	-----	0	0	0	59,139
29	2044	-----	59,139	-----	0	0	0	59,139
30	2045	-----	59,139	-----	0	0	0	59,139

(1) MidAmerican Energy Company is a part owner of the Ottumwa Generating Station. The Ottumwa Generating Station was required to surrender allowances for the 2015 reporting period as part of a consent decree entered into by the operator, Interstate Power and Light. MidAmerican Energy Company's allocation of the consent decree surrender amount was 7,007 allowances.

MID AMERICAN ENERGY COMPANY

MID AMERICAN ENERGY COMPANY

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 2016

To

September 30, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E) [(1)]	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	143,238	59,139	11,800	7,007	0	0	183,570
2	2017	-----	59,139	-----	0	0	0	59,139
3	2018	-----	59,139	-----	0	0	0	59,139
4	2019	-----	59,139	-----	0	0	0	59,139
5	2020	-----	59,139	-----	0	0	0	59,139
6	2021	-----	59,139	-----	0	0	0	59,139
7	2022	-----	59,139	-----	0	0	0	59,139
8	2023	-----	59,139	-----	0	0	0	59,139
9	2024	-----	59,139	-----	0	0	0	59,139
10	2025	-----	59,139	-----	0	0	0	59,139
11	2026	-----	59,139	-----	0	0	0	59,139
12	2027	-----	59,139	-----	0	0	0	59,139
13	2028	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-----	59,139	-----	0	0	0	59,139
15	2030	-----	59,139	-----	0	0	0	59,139
16	2031	-----	59,139	-----	0	0	0	59,139
17	2032	-----	59,139	-----	0	0	0	59,139
18	2033	-----	59,139	-----	0	0	0	59,139
19	2034	-----	59,139	-----	0	0	0	59,139
20	2035	-----	59,139	-----	0	0	0	59,139
21	2036	-----	59,139	-----	0	0	0	59,139
22	2037	-----	59,139	-----	0	0	0	59,139
23	2038	-----	59,139	-----	0	0	0	59,139
24	2039	-----	59,139	-----	0	0	0	59,139
25	2040	-----	59,139	-----	0	0	0	59,139
26	2041	-----	59,139	-----	0	0	0	59,139
27	2042	-----	59,139	-----	0	0	0	59,139
28	2043	-----	59,139	-----	0	0	0	59,139
29	2044	-----	59,139	-----	0	0	0	59,139
30	2045	-----	59,139	-----	0	0	0	59,139
31	2046	-----	59,139	-----	0	0	0	59,139

(1) MidAmerican Energy Company is a part owner of the Ottumwa Generating Station. The Ottumwa Generating Station was required to surrender allowances for the 2015 reporting period as part of a consent decree entered into by the operator, Interstate Power and Light. MidAmerican Energy Company's allocation of the consent decree surrender amount was 7,007 allowances.

MID AMERICAN ENERGY COMPANY

ALLOWANCE REPORTING FORM
Reporting Period
October 1, 2015 to December 31, 2015

CORDOVA ENERGY COMPANY

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12

ALLOWANCE REPORTING FORM
Reporting Period

January 1, 2015 to March 31, 2015

CORDOVA ENERGY COMPANY

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12

ALLOWANCE REPORTING FORM
Reporting Period

April 1, 2015 to June 30, 2015

CORDOVA ENERGY COMPANY

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12

ALLOWANCE REPORTING FORM
Reporting Period

July 1, 2015 to September 30, 2015

CORDOVA ENERGY COMPANY

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12