BEFORE THE

ILLINOIS COMMERCE COMMISSION

PUBLIC UTILITY REGULAR OPEN MEETING

Thursday, January 10, 2018

Chicago, Illinois

Met pursuant to notice at 10:30 A.M.,
at 160 North LaSalle Street, Chicago, Illinois.

PRESENT:

BRIEN J. SHEAHAN, Chairman
SADZI M. OLIVA, Commissioner
MIGUEL del VALLE, Commissioner
JOHN R. ROSALES, Commissioner

SULLIVAN REPORTING COMPANY, by
BRAD BENJAMIN, CSR
LICENSE NO. 084-004805
CHAIRMAN SHEAHAN: Good morning, are we ready to proceed in Springfield?

DEPUTY DIRECTOR MATRISCH: We are.

CHAIRMAN SHEAHAN: Pursuant to the Open Meetings Act, I call the January 10th, 2018, Regular Open Meeting to Order. Commissioners del Valle, Rosales, and Oliva are with me in Chicago. We have a quorum.

We have 10 speakers from the public this morning, as a reminder, you will each have three minutes. We'll let you know when you have two minutes left, one minute left, and when your time has expired. Out of respect for the other speakers, we would respectfully ask that you, in fact, limit your comments to three minutes.

Please be aware that while the Commission affords the public an opportunity to comment, we will not respond directly to your comments. Your comments will be made part of the record. However, we cannot rely on them to resolve disputed issues of fact in a contested case.

Our first speaker is Donna Carpenter.
Please join us up here. Make sure the microphone is on.

MS. DONNA CARPENTER: Good morning.

CHAIRMAN SHEAHAN: Good morning.

MS. DONNA CARPENTER: My name is Donna Carpenter, and I'm a paddle pop [sic] parent, and my gas was disconnected due to nonpayment. I went to -- to CEDA. They paid a portion of the bill, but that still wasn't quite enough. And the gas, they disconnected from June to November, which was a five-month period. And with -- the next time, when I was able to get help and get it restored, I had to pay the reconnection fee, also the bill, then the next bill for that next month, and it was really a difficult time for me.

CEDA, it helped, but they can only pay so much. And if you -- if they continue to increase the gas, impacts my -- not only my family, but the families in my community, and it's really hard in the neighborhood, on the people that live there.

So with that being said, I'm asking that you all say no to this proposed in order. And
thank you have taking the time to listen to me.

CHAIRMAN SHEAHAN: Thank you, ma'am.

Our next speaker is Renee Collins.

MS. RENEE COLLINS: Good morning.

CHAIRMAN SHEAHAN: Good morning, ma'am.

MS. RENEE COLLINS: Good morning, and thank you for allowing me to address this commission.

Peoples Gas has requested an $8 billion increase to the consumer to replace aging gas main pipes. The proposed rate increase will allow for them to keep 10 percent of our money for profit to their shareholders. Why are we, the public, being asked to finance their maintenance and give profits to their shareholders?

UNIDENTIFIED AUDIENCE MEMBER: Here here.

MS. RENEE COLLINS: The Public Utility Act of 2001 states that they shall regulate utilities. The rate for utility services are affordable, and therefore the availability of such services to all. 77,000 households have been disconnected during the polar vortex years, and have increased payouts to shareholders by more than 30
percent in one year. Every dollar of rate-payer pipe replacement, they get to keep 10 percent profit?

This is the exact same program the Commerce Commission stopped in March of 2017.

I live in Englewood, and I have seen many single mothers living with no electricity because of the cost. The average cost for gas is over $1,000. If you approve this budget, the costs will skyrocket by 20, 30 -- to over $2,000.

March 6th, 2017, nine children were found living without gas and electricity. The children ranged in ages three months to seventeen years old.

November 28, 2016, a single mother and three children were found in Englewood living without gas and electricity.

Clara's House, a shelter for domestic violence, women and children, was without heat in October 2013 because of a $21,000 gas bill. They had to relocate 23 children and 19 women. Clara's House had to relocate seven families last week because of skyrocketing gas prices.
I do not understand why residents of Chicago have to endure cost and rate hikes and pay money to shareholders to maintain their infrastructure. Residents of Chicago, we still need to go to a property tax hike, water bills increase, surcharge to dial 911, bag tax, sugar tax, CTA fare increase, vehicle sticker price increase.

The increase requested by Peoples Gas to replace its aging gas main pipes in Chicago should be paid for by Peoples Gas and the shareholders -- (Chorus of yeses.)

MS. RENEE COLLINS: -- not the residents of Chicago --

UNIDENTIFIED AUDIENCE MEMBER: Preach it.

MS. RENEE COLLINS: -- that have never, ever received a piece of the pie.

UNIDENTIFIED AUDIENCE MEMBER: Preach.

MS. RENEE COLLINS: The residents of Chicago have been priced out of a chance to live in a beautiful city. Children and single mothers will be forced to live with no heat or no food.

Thank you.
CHAIRMAN SHEAHAN: Thank you, ma'am.

(Applause.)

CHAIRMAN SHEAHAN: Next, we have Bridgit Mallagher.

UNIDENTIFIED AUDIENCE MEMBER: Bridgit?

UNIDENTIFIED AUDIENCE MEMBER: Say again.

COMMISSIONER ROSALES: Bridgit?

MS. BRIDGIT MALLAGHER: Good morning.

CHAIRMAN SHEAHAN: Good morning.

MS. BRIDGIT MALLAGHER: Peoples Gas is asking for an $8 billion rate increase over the next 20 years. That comes out to $400 million a year. Considering $624 million was paid out to shareholders by their parent company last year, this increase is absolutely unnecessary.

UNIDENTIFIED AUDIENCE MEMBER: Uh-huh.

UNIDENTIFIED AUDIENCE MEMBER: Yes.

MS. BRIDGIT MALLAGHER: The rate increase also directly violates the Illinois Public Utilities Act of 2001, which demands that utility rates be affordable to all.
UNIDENTIFIED AUDIENCE MEMBER: That's right.

MS. BRIDGIT MALLAGHER: A rate increase was denied last March due to concerns about affordability. This time they're asking for more money over a longer period of time, so why is this increase even being entertained?

This rate increase will negatively impact small business owners, single parents who can't even afford winter coats for their kids, people living on disability who are struggling to put food on the table, and seniors on fixed incomes who have to decide between medication and meals.

One of these would be my mother who is 70 years old and retired. She is very frugal, having raised two children as a single parent, and supporting both of her parents from the time she was 32. Despite being retired, she works part-time to supplement her income. If this rate increase goes through, she will have to possibly find full-time work.

This is heartbreakingly to me. She's worked so hard her entire life, and she shouldn't be
struggling to pay bills. She should be enjoying her
retirement.

Not only will rate increase affect
people financially, but it will contribute to
freezing and alternative heating deaths. Often when
utilities are unaffordable or the heat gets shut off,
people turn to space heaters to heat their homes,
which can be extremely dangerous. One out of three
home-heating fires are attributed to space heaters as
are 80 percent of those deaths.

(Chorus of yeses.)

MS. BRIDGIT MALLAGHER: Space heaters also
contribute to carbon monoxide poisoning. It's
unknown how many people could die due to this rate
increase, but any and all of them will be the direct
result of your actions.

(Chorus of yeses.)

MS. BRIDGIT MALLAGHER: We do not support a
rate increase. Obey your own laws. Insist that
Peoples Gas repair their gas lines with their
profits, not with a rate increase that will cause our
citizens to struggle even more than they do.
Thank you.

CHAIRMAN SHEAHAN: Thank you.

(Applause.)

CHAIRMAN SHEAHAN: Next, we have Angelia Brown.

MS. ANGELIA BROWN: Good morning, everyone.

(Chorus of good mornings.)

MS. ANGELIA BROWN: Would you mind taking these? Thank you.

I've been residing in Chicago all my life. I'm speaking today on behalf of Cook County Wellness Council and Delegate Body that represents the needs and interests of some of its workers [sic] and other low-paid workers and interests of the fixed -- people on fixed income.

The Illinois Public Utilities Act of 2001 says, and I quote, The State shall regulate rates to ensure the rates for utility services are affordable and therefore preserve the availability of such services to all. Yet, you continue to give rate increases that enrich a tiny few like Wells Fargo and Vanguard Group, who profit off of those of us who work for a living or have worked all our lives and
retire on fixed incomes. You hurt us whom you are
legally mandated to protect.

Do you realize, Commissioners, that
our Social Security checks and wages buy less every
year, because the cost of living rises because of the
policies such as this that allow rate increases that
we can't afford?

This $8 million [sic] proposal is for
the same program that this very body deferred in
March of 2017 because those who knew what you were
proposing came out and demanded you cease and desist
any plan to increase our utility rates.

Conditions have gotten worse since
then, especially because of the extreme cold weather.
Many people have suffered burst pipes in the last two
weeks alone. In 2016, 32 -- 32 people died from cold
in Cook County. That same year, the parent company
of Peoples Gas, WEC Energy Group, increased dividends
payouts by 30 percent to $624 million; none of us
have seen a pay increase of even 5 percent.

(Disruption from the audience.)

MS. ANGELIA BROWN: Peoples Gas must fix the
pipes and pay for it out of those extremely high
profits they already made at our expense. Forcing
ratepayers to pay more for gas, which has increased
shutoffs over the 7- -- 77,000 who were shut off
during the year 2013 to 2014 polar vortex. The
ICC -- for the ICC to allow any rate increase
endangers lives. And now heating gas bills can be as
high as your rent or your house note, and this rate
increase would double the bills by 2030.

The ICC is continuing to violate its
own mandate if it -- if it grants this rate increase.
A government that won't follow its own law has no
legitimacy in the eyes of the people.

(Chorus of amens.)

MS. ANGELIA BROWN: On behalf of Cook County
Board of Benefit Council, we demand that you, the
Illinois Commerce Commission, stop prioritizing their
profits over our lives. We demand that you reject
all profiteering rates; direct Peoples Gas to replace
all high-risk, leaky gas mains at their expense;
direct Peoples Gas to reconnect service for all those
terminated for inability to pay; and roll back the
rates to a level that working people can afford.

(Chorus of yeses.)

MS. ANGELIA BROWN: Obey the Public Utility Act.

Thank you.

(Applause.)

CHAIRMAN SHEAHAN: Thank you, ma'am.

Our next speaker is Jody Blaylock.

MS. JODY BLAYLOCK: Good morning --

CHAIRMAN SHEAHAN: Good morning.

MS. JODY BLAYLOCK: -- Commissioners.

Thank you for the opportunity to comment today on the proposed order of the Peoples Gas System Modernization Program, which would allow Peoples Gas to continue as is with its multibillion dollar projects to replace Chicago's gas pipes at the expense of Chicago's residents.

My name is Jody Blaylock, and I lead the Financial Empowerment policy work for Heartland Alliance. Heartland Alliance is an organization that provides healthcare, housing, safety, and support services, while advancing policies that end poverty.
and promote equity. I'm also a Chicago resident and a Peoples Gas customer.

The proposed order, while ostensively aimed at improving public safety, will put the burden of the improvements to the system on the people who can afford it the least. We don't need to strip resources from struggling families to improve our gas main system. But this order doesn't build in any protections to help avoid devastating rate increases to low-income families. And when families can't afford heat, their safety is also at risk.

This Peoples Gas program will double a family's gas bill over the next 20 years. This rate increase will disproportionately impact people experiencing poverty and people of color. Our 2017 report on poverty in Illinois revealed that nearly half of Chicagoans are considered low income or living in poverty, and people of color and children have the highest rates of poverty in Illinois.

The rate increase will take an outsized portion of a family's income just to pay for heat, one of the most basic human needs, and make it
much more difficult to make ends meet every month. When families struggle to afford their gas bills, it directly puts their health and wellbeing at risk. A 2011 study from the National Energy Assistance Directors Association found that 23 percent of LIHEAP recipients kept their homes at unsafe or unhealthy temperatures in the past year due to not having enough money to pay for their energy bills.

Under this proposed order, we're likely to see more Chicago families adopt strategies like these, not turning on their heat or keeping their home at unsafe temperatures, just in an attempt to manage their expensive gas bills.

I urge the Commission to ensure the safety and wellbeing of all Chicago families by rejecting the proposed order, slowing down the System Modernization Program, and better prioritizing the most at-risk pipes.

Thank you for the opportunity to speak.

CHAIRMAN SHEAHAN: Thank you.

(Applause.)
CHAIRMAN SHEAHAN: Our next speaker is Raquel Centena.


MS. STACY BAUTISTA: If the Commissioners will permit, she's having a little trouble. Do you have a translator? Good.

MS. RAQUEL CENTENA: Buenos dias.

CHAIRMAN SHEAHAN: Good morning.

MS. RAQUEL CENTENA (through an interpreter): I don't speak English, but I'm part of the midwest organization, and they're working to help us --

MS. STACY BAUTISTA: To make sure Peoples Gas doesn't get their rates higher.

THE INTERPRETER: Yeah.

MS. RAQUEL CENTENA (through an interpreter): They want to ensure Peoples Gas doesn't raise the cost.

CHAIRMAN SHEAHAN: Why don't you have her speak in shorter sentences so that...
MS. RAQUEL CENTENA (through an interpreter): We're here just trying to -- we're here trying to work --

THE INTERPRETER: Sorry.

MS. RAQUEL CENTENA (through an interpreter): -- with everyone to lower the cost of the bill.

And that's it. Thank you.

CHAIRMAN SHEAHAN: Thank you.

(Applause.)

CHAIRMAN SHEAHAN: Our next public speaker is Dorothy Coats.

MS. DOROTHY COATS: My name is Dorothy Coats, and I'm a senior. And I worked for the Tel- -- the Illinois Bill [sic] and the University of Chicago. And I don't want to worry about this because I worked all my life. But an increased gas bill will affect every bill I pay because my income is fixed. I have zero additional money coming in. I have an account -- I have to account for every penny in my budget. And so -- so does everyone else that I know in my age group. An eight billion rate increase will harm me, my entire neighborhood, the people in my
senior group, my family members, and all will suffer.

(Chorus of yeses.)

MS. DOROTHY COATS: When a bill goes up, but income doesn't, then that doesn't just affect the person with the bill. Commissioners, I've had to borrow money from my family to pay some of my bills. And that means that they have less money in their budget. And we all had to shop less, and so the local grocer and accountant didn't get to -- didn't get to be paid, leaving less money for their gas bills.

UNIDENTIFIED AUDIENCE MEMBER: Absolutely.

Right.

MS. DOROTHY COATS: For elderly people with high medical bills, choosing between Peoples Gas bills and the medication can cost you your life. So this bill's bad for the whole community. It will make it harder for us to live. Peoples Gas claims that this rate increase is supposed to help replace old pipes, but a business is supposed to have already set aside funds to repair and replace aging equipment as part of their regular budget.
You, Commissioners, have no business asking anyone to pay for Peoples Gas' failure to budget --

(Disruption from the audience.)

MS. DOROTHY COATS: -- especially not when our money is paid out as higher profits, the likes of State Street Capital. Commissioners, you know that approving this rate increase is a wrong decision --

(Disruption from the audience.)

MS. DOROTHY COATS: -- because last March, you made the right ones, and did not give a rate increase for the same program.

The ICC should be helping the community because you're there to regulate the utilities so working people who -- who get stuck with such a high bill that -- won't get their gas shut off. Do what your mandate, the Public Utilities Act of 2001, requires: slash the utility company's rates until we can afford our bills.

(Chorus of yeses.)

MS. DOROTHY COATS: Do not give them a higher rate. Make Peoples Gas fix their pipes on their own
dime, not ours.

(Applause.)

MS. DOROTHY COATS: If even one person gets shut off because of your decision, this is criminal. This rate increase serves just one purpose, to enrich shareholders by impoverishing the rest of us.

And thank you for hearing me out.

(Applause.)

CHAIRMAN SHEAHAN: Thank you, ma'am.

Our next speaker is Jim Jaroch. I'm sorry, Tim. I apologize.

MR. TIM JAROCH: No problem.

I'm here today to talk about the Peoples Gas SMP Program with respects of two separate aspects: safety and employment jobs impact.

We have a gas main over a hundred years old, and it's in bad shape. It does need to be repaired, and it needs to be upgraded. And I know this because I've been working for Peoples Gas for 27 years. I see it day in and day out. I'm familiar on the street. We keep going back to the same places where the old main is and keep repairing it, so it's
time to get upgraded on the infrastructure of the
City of Chicago.

We hired over 300 utility workers, a
large majority of which are veterans, through the
partnership of City of Chicago, Dawson Tech, and
Power for America. We hired over a hundred seasonal
workers over the last two years. And we're seeing
improvement of our training and workforce across the
state at the -- our training center in Little
Village. And Local 1877 looking forward to getting
this work done as soon as we can, and we'll sponsor
anything we have to with the company.

Thank you.

CHAIRMAN SHEAHAN: Thank you, sir.

Our next speaker is Erin Inman.

MS. ERIN INMAN: Good morning, Mr. Chairman,
Commissioners, and guests. I'm Erin Inman, President
and CEO of Primera Engineers. Thank you for the
opportunity to say a few words this morning.

As a firm of professional engineers
specializing in buildings, transportation, and
utilities, public safety is always our first
consideration. Whether we are designing buildings, bridges, electrical distribution, or natural gas lines, the public is working or walking in, on, or over our projects every day. And it is our responsibility to make sure those people and projects are safe.

It is far less challenging to know whether a bridge is safe than it is to know whether a gas main is safe. For a bridge, we can inspect the connection points, we can check the concrete for spalling, we can check the steel for corrosion. Gas mains are not as visible. They are under our streets, sidewalks, and lawns. We cannot inspect every inch of a gas main to know its condition. We don't know how much corrosion there is. We don't know if the welds are still good, and we don't know the toll that the last 30 or 40 years of freeze-thaw cycles have taken on those pipes and connections.

What we do know is that the life expectancy of cast iron and steel is about 50 years, and many of the gas lines in Chicago are well past that mark.
Primera has been involved in the Peoples Gas advance main replacement program for almost a year. Thanks to the leadership of this Commission along with Peoples commitment to minority- and women-owned firms like ours, it has provided us a unique opportunities to grow.

(Disruption from the audience.)

MS. ERIN INMAN: We were introduced to Peoples Gas through work we have done with We Energies and other prime firms. But their prime diversity program has opened several new doors for us, specifically allowing us to leverage our knowledge of designing underground systems in Chicago to build stronger resumé and gas distribution design.

Our utilities team has been able to work on multiple gas design projects. Our transportation team has worked on maintenance of traffic projects, and our consulting team was able to provide project control support to Peoples Gas. These opportunities have enabled us to hire additional talent to support that work. I strongly believe without a robust supplier diversity program
like that of Peoples, it would have been much more
difficult for us to do the work we have.

At this point it is on us to deliver
best in quality client service to further grow our
partnership. As we continue to engrain ourselves in
the business of our clients, we look for ways to
support specific needs, both in service offerings and
in tier 2 partnerships. We believe in forming
lasting connections with our clients and our
communities, and we align ourselves with
organizations that value quality and diversity and
inclusion, as we have for years.

For that reason alone, our partnership
with Peoples Gas means a great deal to us. I
appreciate the Commission's continued support of this
program.

UNIDENTIFIED AUDIENCE MEMBER: Yeah. Kiss kiss.

CHAIRMAN SHEAHAN: Thank you.

UNIDENTIFIED AUDIENCE MEMBER: Boo. Boo.

UNIDENTIFIED AUDIENCE MEMBER: Kiss kiss.

(Disruption from the audience.)
CHAIRMAN SHEAHAN: I would ask our guests to be respectful of all of our speakers as they were respectful of you.

Our final speaker is Marc Poulos.

MR. MARC POULOS: Good morning.

CHAIRMAN SHEAHAN: Good morning.

MR. MARC POULOS: Mr. Chairman, Commissioners, Members of the public, I'm Marc Poulus, Executive Director and Counsel of the Indiana, Illinois, and Iowa Foundation for Fair Contracting. We are a jointly trustee labor-management organization representing thousands of contractors and the 23,000 hardworking men and women of the International Union of Operating Engineers, Local 150.

I am here to encourage continued investment in scheduling of Peoples Gas' SMP program. Much like the ICC balances, the interest of consumers and utilities, FFC balances the interests of labor and management. Thus, we understand the sometimes difficult intersection of competing interests when making long-term decisions.

Nevertheless, the ICC is chartered
with insuring adequate, efficient, reliable, safe, and least-cost public utility services while promoting the development of an effectively competitive energy supplier.

The first step in ensuring that this mission is met was with the execution of a project labor agreement ensuring locally trained trade unionists perform the work at local wages and fringe benefits that prevail in the area, while eliminating any labor disruption during this critical long-term program. Thus, ensuring an adequate, efficient, reliable, and safe system is built.

The second step in ensuring the mission is met through the close -- is through the close coordination between each trade union and contractors performing the work on this important project. Because of the nature of the work with close proximity of other utilities, busy urban areas, and other decaying infrastructures surrounding much of Peoples infrastructure, proper training is required to ensure adequate, efficient, and reliable installation of the SMP program.
This is done through job-specific training at Local 150's nearly thousand-acre site, with $100 million training facility in Wilmington, Illinois.

In fact, in a recent study by the Illinois Economic Policy Institute, the union workers post a much higher productivity rate than their counterparts. This is largely due to apprenticeship training, which requires an individual to conduct more hours of training in the classroom and out on the construction site than an individual receiving a bachelors degree from the University of Illinois.

In another report, the Institute reports that projects such as SM— the SMP program improves economic outcomes for veteran workers. The fact of the matter is that across America, government at all levels continue to face fiscal conditions that limit their ability to provide more and better services. In these tough budgeteering times, however, governments need to spur long-term economic growth, finding ways to increase, rather than curb, internal investments. The SMP program does just
that.

While we hear much about unfunded pension liability, we hear little about unfunded infrastructure liability. Even though our unfunded infrastructure liability nearly tops our unfunded pension liability not only as a city, but as a state and a nation as well.

Moreover, infrastructure investment has a net positive effect on the overall economy. Economic research and simulations reveal that physical infrastructure investment and spending enhances economic growth and boosts employment.

At the federal level, increased infrastructure spending generates $1.59 per every dollar invested at the national level, according to Moody's Economic Stimulus -- Simulations. Oil and gas, nearly $2.05 for per every dollar invested, Not to mention the need to meet the mission of providing an efficient, reliable, and safe system.

It is no secret that the nearly 2,000 miles, or 40 percent -- of over 40 percent of the system, to be replaced in this program is
necessary because of the decaying nature of the aging pipe. The SMP program is not only providing for an efficient, reliable, and safe gas distribution system, but an infrastructure investment that has developed careers that sustain families.

UNIDENTIFIED AUDIENCE MEMBER: Time.

MR. MARC POULOS: We look forward to continue to work with Peoples Gas to continuously improve the long-term viability of the program and improve the safety and modernization of the infrastructure of the City of Chicago.

Thank you for your time.

CHAIRMAN SHEAHAN: Thank you, sir.

That concludes our Public Comments Section. I'd like to thank all of our speakers for making the effort to be here with us --

MR. PAUL LUKA: Mr. Chairman --

CHAIRMAN SHEAHAN: -- this morning. We'll --

MR. PAUL LUKA: -- I'd like to request that you --

CHAIRMAN SHEAHAN: -- move on to our Regular Agenda. Sir -- sir, we don't entertain dialogue with
people in the audience.

Thank you.

MR. PAUL LUKA: Given the large attendance in this meeting, Section 1700-10 of the Administrative Code allows the Commission to do so.

(Disruption from the audience.)

CHAIRMAN SHEAHAN: We move now into our Public Utilities Agenda. There are edits to both the December 6th and December 13th Regular Open Meetings.

Are there any objections to approving the Minutes as edited?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Minutes as edited are approved.

Under -- Item E-1 concerns ComEd's filing to revise its Rider Retail Assessment and Residential Real-Time Pricing Program Rider.

Are there any objections to not suspending the Filing?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Filing is not suspended.
Item E-2 and 3 concern Ameren --
Ameren's Energy Savings' findings in compliance with
its energy efficiency requirements.
Are there any objections to
considering these items together and approving the
Proposed Orders?
(No response.)
CHAIRMAN SHEAHAN: Hearing none, the Orders are
approved.
Item E-4 concerns ComEd's
reconciliation of revenues collected under power
procurement riders.
Are there any objections to approving
the Proposed Order approving the reconciliation?
(No response.)
CHAIRMAN SHEAHAN: Hearing none, the Order is
approved.
Item E-5 concerns MidAmerican's
Reconciliation of Revenues Collected under Transition
Service Rider.
Are there objections to approving the
Proposed Order approving Reconciliation?
CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-6 concerns a consumer complaint against ComEd. Are there any objections to approving the Proposed Order dismissing the complaint?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items E-7 and 8 concern petitions to cancel Authority to Operate as a Retail Electric Supplier. Are there any objections to considering these items together and approving their Proposed Orders?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order's approved.

Item E-9 through 12 concern applications for Certifications as Installers of Distributed Generation Facilities.
Are there any objections to
considering these items together and approving the
Proposed Orders.
(No response.)
CHAIRMAN SHEAHAN: Hearing none, the Order is
approved.

Items E-13 through E-131 concern
applications for Certifications to Install Energy
Efficiency Measures.

Are there any objections to
considering these items together and approving the
Proposed Orders?
(No response.)
CHAIRMAN SHEAHAN: Hearing none, the Orders are
approved.

Moving on to our Gas Agenda. Item G-1
concerns the Peoples Gas Reconciliation of Revenues
under QIP Rider. We'll hold this item for
disposition at a future meeting in light of
forthcoming stipulated agreement between the Company
and potentially other parties.

Commissioner del Valle, I believe you
have -- that you would like to comment?

COMMISSIONER del VALLE: (Inaudible.)

CHAIRMAN SHEAHAN: Item G-2 concerns Ameren's reconciliation of revenues collected under gas adjustment charges.

Are there any objections to approving the Proposed Order approving the reconciliation?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item G-3 concerns Spark Energy's petition for the Confidential Treatment of part of its Compliance Reports.

Are there any objections to approving the Motion to Withdraw?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Motion is approved.

Item G-4 concerns the Peoples Gas System Modernization Project. There are three items that we need to deal with. The first is a Request for Oral Argument. I move that we deny the Request
for Oral Argument.

Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor of denying Oral Argument, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

CHAIRMAN SHEAHAN: The ayes have it, and Oral Argument is denied.

There's a Motion to Deny -- I would move that we deny the Motion for Interlocutory Review.

Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor of denying the Motion for Interlocutory Review, say aye.

(Chorus of ayes.)
CHAIRMAN SHEAHAN: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

CHAIRMAN SHEAHAN: The ayes have it and the ALJ's decision is affirmed.

There are substantive edits to the Order.

Is there a motion to approve the Proposed Edits?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER OLIVA: Second.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor of approving the Proposed Edits, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

(No response.)

CHAIRMAN SHEAHAN: The ayes have it and the Proposed Edits are approved.

I would move that we approve the Order as edited.
Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: Is there any discussion?

Commissioner del Valle?

(Laughter.)

UNIDENTIFIED AUDIENCE MEMBER: Why discuss it?

COMMISSIONER del VALLE: Yes. Thank you, Mr. Chairman.

I would like to thank everyone for their hard work and the work that's still to come regarding this frustrating, to say the least, docket, in particular, the AG and the Sargent Shriver Center.

These Commission edits, which were just adopted, add additional metrics proposed by the AG, among other things, they do improve the Order, but unfortunately, they don't address the main concern of how we can lessen the impact of this unaffordable program on our vulnerable ratepayers.

Peoples Gas' struggles have a long history. During its 2007 rate case, the Commission rejected Peoples Gas' first proposal for an accelerated main replacement program for a similar
reason. There was, quote, no quantative -- quantitative evidence, no cost-benefit analysis, and no plan.

After gaining approval in 2010, by 2013, while only in its third year of operation, the accelerated program was found to be in significant trouble due to mismanagement. At the same time, the Company went to the Illinois General Assembly for approval of the Rider QIP cost recovery mechanism. To gain approval, the Company brought warnings of grave dangers to safety, the promise of jobs, and most importantly, an estimated total cost of the program that was woefully out of date.

Liberty's audit tells us the Company knew in 2012 that the program was at least twice as expensive as the figure given to the General Assembly. In fact, if you check the floor debates that took place from when the QIP was approved, the legislators thought, and were told, I guess, that the impact would be only about $1.14 a month. I could tell you, I checked my own bill last month, it's up to $9; that's per the QIP.
This amount is going to continue to increase, according to the AG, for more than two decades. And further, later on, the Commission learned that it, too, had also been misled about the total cost of the program.

In the autumn of 2015, the ICC soundly rejected the improvement plans Peoples submitted after the WEC merger, and also suspended the program at that time. But despite the suspension, spending continued uninterrupted, and now the Commission is approving the status quo we rejected more than two years ago.

Further, the same program with the same scope is grated leniency and insufficient transparency because it has rebranded itself as the new, and I might say more appropriately named "System Modernization Program."

In 2015, Liberty warned that the program's ballooning costs would raise profound questions about, and I quote, the value proposition of continuing to address pressure improvements and meter relocations after a reasonably sound reflection
of their true costs becomes known, sometime down the road.

Two years down the road and we still don't know their true costs, but by now it should be obvious, any efficiencies are probably more than offset by the adverse impact to ratepayers from paying for the full modernization at an accelerated pace.

The Commission should have shown more leadership in this docket.

(Applause.)

CHAIRMAN del VALLE: We should not have allowed a two-year investigation into the SMP's cost, scope, and schedule to abandon any meaningful quantification of what it was investigating. The Commission has allowed the Company to forego basic, crucial best practices for project management and data collection, while avoiding the issue of affordability.

And I do not believe any relief will be found in QIP reconciliation dockets, which happen after ratepayers are already paying for the investments and are not ideal for regulating the
program's management or affordability.

There's no doubt in my mind that the
SMP as approved today is unaffordable and will
continue to significantly increase monthly ratepayer
bills. The ICC failed to make affordability a driver
in SMP planning as recommended by the AG and City
even though, in my opinion, the ICC has the authority
to determine the pace of investment and limit its
impacts on ratepayers.

Now, we heard today about jobs. We
heard today about contracts. You certainly would
expect folks who get jobs to be in favor. You
certainly would expect folks who get contracts to be
in favor. But let's not forget that the majority of
the people, the vast majority of the people who are
paying for this are going to be paying and are
already paying and heavily paying for a program that
is unaffordable and could very -- be very different
from what it is today.

For this reason, I will be voting no.

Thank you.

(Applause.)
CHAIRMAN SHEAHAN: Thank you, Commissioner.

Commissioner Oliva?

COMMISSIONER OLIVA: Good morning.

I join the Chairman in affirming that the Commission must act within the bounds of its authority to ensure safe, reliable, and cost-effective Public Utility service. To this end, the Commission must also ensure prudent spending by People Gas in the execution of its System Modernization Program.

The parties to this proceeding have extensively described the complex factors involved in this program and offered solution, which the Commission has scrupulously reviewed.

As one of the largest infrastructure improvement projects in the nation, a discerning eye on cost is necessary, and affordability is of most concern. The Order that will be issued today holds Peoples Gas accountable going forward. To be prudent in carrying out the objectives of the SMP so that consumers continue to receive safe, reliable, and cost-effective natural gas service.
Thank you.

CHAIRMAN SHEAHAN: Thank you, Commissioner.

(Disruption from the audience.)

CHAIRMAN SHEAHAN: This -- ladies and gentlemen, please be respectful of everyone's opportunity to speak.

This is a difficult case with important implications for the safety of one of the oldest natural gas systems and its customers. Some background is essential to understanding our decision today.

Peoples Gas, the city's first utility, has served Chicago since 1850. In fact, significant portions of the gas infrastructure buried underneath Chicago streets was laid during the era of World War I and subsequent building boom. During this period, Americans began to live in cities more than in rural areas, and to accommodate this growth, utilities across the county used materials that were readily available, but of limited durability, including cast and ductile iron.

As these uncoated materials are buried
in the ground, exposed to moisture -- much of Chicago was originally built on landfill -- and age -- they deteriorate, they rust, they become brittle, and they occasionally fail unpredictably and with catastrophic effect. Some gas lines in Chicago have been in its moist clay soil for more than a century.

Gas distribution systems, like all physical infrastructure, whether they be water systems like the one in Flint, Michigan, or the subway in New York, or roads in Chicago require significant investments to operate, maintain, and eventually build. In fact, utilities in 35 states across the country, in other major densely-populated cities like New York; Baltimore; Washington, DC; and Philadelphia are replacing cast and ductile iron gas mains.

Nearly ten years ago, Peoples Gas began the process of planning for and replacing its aging infrastructure. The project literally entails digging up half the streets in the City of Chicago and replacing 2,000 miles of cast iron mains, upgrading 3,000 customer service lines, and
relocating gas meters to the outside of homes and businesses.

Over the past decade, gas system safety has received national attention. In September of 2010, a 30-inch gas pipeline located in San Bruno, California, exploded, killing eight people and injuring over 50, destroying 38 homes, and causing billions of dollars in damage. Similar incidents involving aging cast iron mains in cities such as Allentown, Pennsylvania; Austin; Philadelphia; and East Harlem have killed dozens of people and injured many more.

In early 2011, the U.S. Secretary of Transportation, Ray LaHood, announced a "Call to Action" through the Pipeline and Hazardous Materials Safety Administration, or PHMSA urging utilities to accelerate the repair or replacement of high-risk pipelines. The Call to Action engaged all the state pipeline regulatory agencies, technical and subject matter experts, and pipeline operators in accelerating the repair, rehabilitation, and replacement of the highest-risk pipeline
In May of 2013, through legislation introduced as Senate Bill 2266, the Illinois General Assembly responded to PHMSA's Call to Action by passing legislation that authorized utilities to use a Qualifying Infrastructure Plant, or "QIP" Rider, a surcharge to recover the costs of replacing mains made of cast and ductile iron and other at-risk materials. The General Assembly specifically tied such work to the critical need to ensure safety and reliability of natural gas delivery systems and economic development.

The Attorney General and the Illinois Commerce Commission, at the time, were involved in negotiating the legislation, and in exchange for withdrawing their opposition, agreed to a cap on recovered qualified costs and investments, i.e., replacing at-risk materials, of up to 4 percent of rate base delivery revenues or 5.5 percent in any given year.

The Citizens Utility Board consistently opposed the legislation because the
bill, in their view, did not offer the same ratepayer and other protections as formula rates had for the electrical utilities.

The newly enacted legislation, Public Act 98-57, signed into law by Governor Quinn on July 8, 2013, added Section 9-220.3 to the Illinois Public Utilities Act. Under this section, natural gas utilities are authorized to implement a rider or surcharge to recover the costs of replacing qualified infrastructure, which includes things like gas mains constructed of cast iron, ductile iron, bare or mechanically coupled steel, and certain types of obsolete plastic.

Importantly, gas utilities, under the law, could also recover the costs of upgrading systems to medium pressure, which reduces outages due to water infiltration and allows the utilities to install excess flow values to shut off gas to a customer's premises if service lines are compromised. It also allows companies to recover costs associated with moving customer meters outside, which facilitates inspections and ensure system safety and
provides additional reliability.

The Commission approved Peoples Gas' Rider QIP, effective January 1, 2014. Approval of the tariff has the same effect as a state law: it is the law of the land. The Commission reviews QIP expenditures on an annual basis for prudence, and we currently have three years of QIP reviews at various stages of review.

Concerned with its pace and cost, the ICC ordered an audit of the program -- proposed by Commissioner del Valle -- which culminated in a report including 95 recommendations for improving its planning and execution. The report was comprehensive, resulted in recommended changes to essentially all of the processes and procedures underlying the work. Peoples Gas accepted and has implemented the vast majority of these recommendations.

In 2015, Peoples was acquired by the WEC Energy Group. The company's new management undertook a review of the program and agreed with the concerns of the Commission and consumer advocates, recognizing there was a significant need to improve
the project through better project management practices.

Also, however, in response to allegations uncovered during the Commission's audit, it was determined that the ICC had been knowingly misled by its previous owners regarding their estimates of costs for the program. The Commission's investigative proceeding resulted in two settlement agreements, totaling $18.5 million in penalties and refunds.

For the past two years, the Commission has been studying the company's plans, our staff's analysis, the opinions of intervenors, and recommendations for future action. We have felt it was important to take the time to turn over every stone to help ensure that the project is understood and well managed. All parties essentially agree that the project is critically important and necessary work, but disagree on the pace among other things. We have also explored, in depth, our authority to affect the project's pace and budget, which brings us to the present docket.
This case can be distilled into basically one fundamental question. Can the Illinois Commerce Commission, in contravention of the plain language of the Public Utilities Act negotiated by the Attorney General, adopted by the legislature, signed by Governor Quinn, and approved by ICC tariff, limit the utility's investment in statutorily defined categories of work during the effectiveness of the law? The answer, according to the career professional staff of the Illinois Commerce Commission is that we cannot. It is with reluctance that I accept their opinion.

While the management of WEC and Peoples Gas, under their leadership, have made significant strides in improving the project management of the System Modernization Program, eliminated an artificial project deadline, and voluntarily extended the project timeframe, I have publicly expressed my disappointment with their annual spending goals. I believe that even with a ten year extension of the program, taking it out 30 yeas rather than the original 20, the long-term
annual costs that they have proposed will cause too
great a burden for too many households in Chicago.

I and this Commission care deeply
about the impact of our decisions on ratepayers and
the communities we serve. This is reflected in our
very intentional commitment to diversity and
inclusion at the Commission. No other Administration
in the history -- the more than 100-year history of
the Illinois Commerce Commission has been more
inclusive in diversifying upper management positions
to ensure we have the personal insight of people from
all walks of life and identity represented in our
agency.

But the Commission is not without
tools to ensure that the ratepayer's capital is spent
reasonably and prudently.

For the first time since Illinois
utilities were building nuclear power plants, the ICC
is going to employ outside independent accounting and
engineering firms to help ensure that every dollar of
this program is spent appropriately. It is also
important to note that our action today does not
change the law. This is not a rate case. The QIP which will expire in 2023 and the manner in which WEC and Peoples have managed expectations around their intentions guarantee the law will not be renewed.

Estimates of the burden that this important project will impose on ratepayers made by simply extrapolating maximum spending under the law for decades or on an indefinite basis are simply mistaken. After 2023, recoupment of utility investment in this program will revert to traditional rate cases where the ICC will have greater leverage.

In the meantime, we welcome any opportunity to be part of a discussion regarding legislative solutions to give the ICC greater oversight of spending underneath the QIP caps.

As a quasi-judicial administrative agency, our role is to apply the law as it exists, not to rewrite the law as we might wish it to be. Our powers are limited by statute and well-settled law. In this case, our role is limited to ensuring that Peoples Gas invests ratepayer funds prudently and within the statutory constraints of the Public
Utilities Act, and that's what we intend to do. With that, I would move for the adoption of the Order as edited. Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: All those in -- is there any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

CHAIRMAN SHEAHAN: The vote is 4 -- pardon me -- 3 to 1, and the Order, as edited, is adopted.

Item G-5 concerns TERM Energy's petition to withdraw its Certificate of Authority to Operate as an Alternative Gas Supplier.

Are there any objections to approving the Proposed Order approving the Petition?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.
Item T-1 concerns a complaint against AT&T Illinois.

Are there any objections to approving the Motion to Withdraw?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Motion is approved.

Item T-2 concerns an amendment to Code Part 737.

Are there any objections to approving the Proposed Order adopting the amendments?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item T-3 concerns a repeal of Code Part 773.

Are there any objections to approving the Proposed Order approving the repeal?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is repealed.

Item W-1 concerns Illinois American
Water's petition for consent to sell real estate in Champaign County.

Are there any objections to approving the Proposed Order granting the Petition.

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item PR-1 concerns ComEd's petition to implement a Microgrid.

Is there a motion to affirm the ALJ's decision in regard to the Petition to Intervene?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there second?

COMMISSIONER OLIVA: Second.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor of affirming the ALJ's decision, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

UNIDENTIFIED AUDIENCE MEMBER: Disgraceful.
CHAIRMAN SHEAHAN: The ayes have it, and the ALJ's decision is affirmed.

Judge Kimbrel, do you have any other matters to bring before the Commission this morning?

JUDGE KIMBREL: No, Mr. Chairman.

CHAIRMAN SHEAHAN: Thank you.

Commissioner del Valle, I believe this is in your last meeting.

COMMISSIONER del VALLE: Thank you Mr. Chairman.

(Disruption from the audience.)

UNIDENTIFIED AUDIENCE MEMBER: Very disgraceful and illegal.

UNIDENTIFIED AUDIENCE MEMBER: Illegal.

Illegal.

CHAIRMAN SHEAHAN: Ladies -- ladies -- and gentlemen.

UNIDENTIFIED AUDIENCE MEMBER: I don't care.

It's disgraceful and illegal.

UNIDENTIFIED AUDIENCE MEMBER: Illegal.

CHAIRMAN SHEAHAN: Ladies and gentlemen --

UNIDENTIFIED AUDIENCE MEMBER: Point blank.
CHAIRMAN SHEAHAN: In regard --

UNIDENTIFIED AUDIENCE MEMBER: Disgraceful.
Disgraceful and illegal.

CHAIRMAN SHEAHAN: We're at the end of our meeting. This is Commissioner del Valle's last meeting, and I believe that a number of Commissioners have some things to say, in addition to Commissioner del Valle.

COMMISSIONER del VALLE: Thank you, Mr. Chairman.

UNIDENTIFIED AUDIENCE MEMBER: How much did they contribute to your campaign fund? You've been bought off.

COMMISSIONER del VALLE: It is, as I think I'm certain, everybody at the Commission knows, but the public may not be aware, my term on the Commission, my 5-year term, is expiring next week, and so I will be leaving the Commission. This is my last meeting, and I want to take this opportunity to, first of all, thank my staff.

I was able to thank Martin Klein a couple weeks ago when he completed his time here.
Today, I want to thank Jeff Orcutt who's been my right hand since joining the Commission, and has worked hard here till the very end. I really appreciate his dedication and the quality of his work. His commitment has been there since day one, and he's gained a tremendous amount of knowledge, and that I think some of the folks here are certainly going to miss him because he was, for a while there, the guy you could go to for answers to some questions. So I thank you, thank you for your work.

And I want to certainly thank my fellow commissioners, and basically all I want to say is that I wish them well. I won't, Mr. Chairman, be here in 2023, obviously, when I guess there's an opportunity to deal with Peoples again.

But the last thing I want to say is I came here as an appointment. I remember when the Governor announced his appointment at a State of the State Address. He said he was appointing a strong consumer advocate to the Commission.

The first committee that I chaired when I was elected to the Illinois Senate, where I
served for 20 years, was The Consumer Protection Committee. And so I've been on that track ever since, and I have to say that while I'm disappointed, very disappointed with the vote that was taken here today, I am not disappointed with the folks who are in this room here today.

(Applause.)

COMMISSIONER del VALLE: And as a member of the Commission who in the past last 5 years, I've often wondered why there isn't more public participation. It's a regulatory body. We're kind of invisible most of the time, but it is very important for the public to keep track of everything that happens here and to provide feedback, either through testimony or online, showing up at public hearings, not just when there's a rate case that's up or when there's an SMP, but on an ongoing basis. It's very important that you continue that involvement.

I also think it's very important that the advocacy groups out here be more aggressive in their actions. There have been many times as a Commissioner that I have been disappointed in some of
the advocacy groups that certainly are there as a result of -- of your hardship. They exist because of your hardships, and so it's important that they not lose sight of that, and that they aggressively and consistently advocate on your behalf, on behalf of ratepayers of the City of Chicago and the State of Illinois.

So it has been an honor, it has been an honor to serve these last five years as a public servant in this role, in this capacity. The Regulatory Sector was new to me, but I'm more convinced today than ever before, having served as a legislator for 20 years and now as a regulator for five years, that if the public -- if the public does not advocate for itself, you know, don't count -- you shouldn't count on others to do it for you. You have to fight for yourselves, and for that, I thank you. And thank you for making my last day a memorable -- memorable day.

Thank you.

(Applause.)

CHAIRMAN SHEAHLAN: Commissioner Rosales.
COMMISSIONER ROSALES: Thank you, Mr. Chairman.

Commissioner del Valle, it's been an absolute honor to work with you in my term. In private business, I used to call on you as a senator. To work with you as a colleague has been a proud moment. I'm very grateful to have been able to work with you, and hold you in the highest respect for all the work that you do in our community. I realize that when you leave next week it's going to be up to Commissioner Oliva and I together at the time in our work, specifically with diversity, but it has truly been an honor, and I wish you the best.

Congratulations.

COMMISSIONER OLIVA: I feel truly fortunate to have sat beside the honorable Miguel del Valle. You've put Latinos on the Illinois political and policy map, and as the first Latina to serve on this Commission, every time I'm sitting here next to you, I feel not only honored, but completely in awe of you. You taught me how to make a point with class, passion, and diplomacy.

You've all witnessed his calm demeanor
and gentleman manners on the Bench, and this is
exactly how he is off the bench. You've been
generous with your advice, wisdom, and encouragement.

I will truly miss sitting next to you
and seeing you at the Commission. I wish you all the
best.

CHAIRMAN SHEAHAN: Thank you, Commissioner.

I would like to echo the comments from
Commissioner Rosales and Commissioner Oliva. It's
been an honor to serve with you, sir, and have
enormous respect for your historical career in
Illinois government. I have enormous respect for
your professionalism and your grace and your
preparation, and appreciate the opportunity to have
worked for you -- with you. So thank you.

With that, unless there are any other
issues Commissioners would like to raise, we will
stand adjourned.

We are adjourned. Thank you.

(Whereupon the above
matter was adjourned.)