BEFORE THE
ILLINOIS COMMERCE COMMISSION
BENCH SESSION
(PUBLIC UTILITY)
Wednesday, March 25, 2015
Chicago, Illinois

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

PRESENT:
MR. BRIEN J. SHEAHAN, Chairman
MR. MIGUEL del VALLE, Commissioner
MS. ANN McCabe, Commissioner (via video conference)
MS. SHERINA E. MAYE, Commissioner
MR. JOHN R. ROSALES, Acting Commissioner

SULLIVAN REPORTING COMPANY, by
Christine Kowalski, CSR
License No. 084-004422
CHAIRMAN SHEAHAN: Good morning, Ann. Are you ready.

Good morning, Ann. Are you ready in Springfield?

COMMISSIONER McCABE: We are.


Joining us from Springfield is Commissioner Maye (sic), Commissioners del Valle, Maye, and Rosales are present with me in Chicago. We have a quorum.

COMMISSIONER MAYE: Mr. Chairman, for the record, Commissioner McCabe is in Springfield.

CHAIRMAN SHEAHAN: Oh, I'm sorry.

COMMISSIONER MAYE: It's okay.

CHAIRMAN SHEAHAN: I stand corrected.

Commissioner Rosales, welcome. We're delighted and excited to have you for your first Commission meeting.

COMMISSIONER ROSALES: Thank you, everyone.

CHAIRMAN SHEAHAN: We have no requests to
speak; and, therefore, moving on to our Electric
agenda, Item E-1 is MidAmerican's filing to clarify
which consumer-owned transformers are eligible for a
credit.

Are there any objections to not
suspending the filing in this case?
(No response.)
Hearing none, the filing is not
suspended.

Item E-2 involves our development and
adoption of rules concerning municipal aggregation.
Are there any objections to approving
the Proposed Order adopting the rules?
(No response.)
Hearing none, the rules are adopted.

Item 3 -- E-3 through E-4 are joint
motions to dismiss complaints against ComEd
concerning billing issues.
Are there any objections to
considering these items together and granting the
motions dismissing -- and dismissing both
proceedings?
(No response.)

Hearing none, those items are granted.

Item E-5 concerns a reconciliation of Ameren's riders EUA and GUA.

Are there any objections to approving the Proposed Orders?

(No response.)

Without objection, the Order is approved.

Item E-6 is Fox Valley Electrical Construction's petition to cancel its EV Installer Authority.

Is there any objection to approving the Proposed Order?

(No response.)

The Order is approved.

Items E-7 through E-18 are petitions for the confidential treatment of various reports.

Are there any objections to considering these items together and approving the Proposed Orders?

(No response.)
Hearing none, the Orders are approved.

Items E-19 and 20 are applications for Electric Vehicle Charging Station Installer Authority and Distributed Generation Installer Authority.

Are there any objections to considering these items together and approving the Proposed Orders?

(No response.)

Hearing none, the Orders are approved.

Items E-21 through E-23 are applications for authority to operate as agents, brokers, or consultants.

Are there any objections to considering these items together and approving the Proposed Orders?

(No response.)

Hearing none, the Orders are approved.

Moving on to our Gas agenda, item G-1 is our revision to 83 Illinois Administrative Code, Section 500, Standards of Service for Gas Utilities and Alternative Gas Suppliers. Nicor Advanced Energy, LLC, has filed a request for oral argument.
Is there any objection to denying their request for oral argument?

(No response.)

Hearing none, the request is denied.

Item G-2 is Archer Energy, LLC's application for Alternative Gas Supplier Service Authority.

Is there any objection to approving the Proposed Order?

(No response.)

The Order is -- hearing none, the Order is approved.

Item G-3 concerns our approval of Nicor's Rider 26 Reconciliation Statement.

Is there an objection to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

Item G-4 is our reconciliation of revenues collected under Ameren's gas adjustment charges with actual costs prudently incurred.

Is there any objection to approving
the Proposed Order?

(No response.)

The Order is approved.

Items G-5 and 6 concern reconciliations for North Shore Gas and the Peoples Gas Light and Coke Company's Rider UEA.

Are there any objections to considering these items together and approving the Proposed Orders?

(No response.)

Hearing none, the Orders are approved.

Item G-7 is Dominick's Villa Rosa Pizzeria's complaint against Nordic Energy.

I believe Commissioner del Valle has some proposed edits in this case.

COMMISSIONER del VALLE: Thank you, Mr. Chairman.

My edits do not change the outcome of the Order. The edits begin of the analysis by first considering whether the Commission has jurisdiction over the parties and the claim before addressing the merits of the Motion to Dismiss.
The Order contains that Article 19 of the PUA gives the Commission jurisdiction over contract disputes between residential and small commercial customers, and the claimant in this case is neither.

Having concluded the dismissal is warranted on jurisdictional grounds, the Order declines to address the merits of the motion.

I move the adoption of the edit.

CHAIRMAN SHEAHAN: Is there a second to the adoption of the edit?

COMMISSIONER MAYE: Second.

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

(No response.)

All those in favor, say "Aye."

(Chorus of Ayes.)

The edit is approved.

Is there a motion to approve the Order as edited?

COMMISSIONER MAYE: So moved.

CHAIRMAN SHEAHAN: Is there a second?
COMMISSIONER del VALLE: Second.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

All those in favor, say Aye.

(Chorus of Ayes.)

The Order as edited is approved.

Item G-8 is a complaint against the Peoples Gas Light and Coke Company as to negative credit bureau reporting.

Is there any objection to granting the parties' Joint Motion to Dismiss?

(No response.)

Hearing none, the motion is granted.

Items G-9 through 13 are petitions for the confidential treatment of various reports.

Are there any objections to considering these items together and entering the Proposed Orders?

(No response.)

Hearing none, the Orders are entered.

Moving on to our Telecommunications agenda, Item T-1 concerns a settlement with Illinois
Telephone Corporation for an alleged failure to maintain obligations under the PUA and to maintain obligations as an ETC.

Are there any objections to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

Item T-2 is Essex Telecom's application for ETC designation.

Is there any objection to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

Item T-3 is KEPS Technologies' application for a certificate of local exchange authority.

Is there any objection to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

Items T-4 through 17 are petitions for the confidential treatment of various reports.
Are there any objections to considering these items together and entering the Proposed Orders?

(No response.)

Hearing none, the Orders are entered.

Item 18 is Illinois Rural Electric Cooperative's application for State-issued authorization to provide video service.

Is there any objection to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

Items T-19 through T-22 are joint petitions for interconnection agreements or amendments to interconnection agreements.

Are there any objections to considering these items together and entering the Proposed Orders?

(No response.)

Hearing none, the Orders are entered.

Moving on to our Water and Sewer agenda, Item W-1 is Utility Services of Illinois's
proposed rate increases for water and sewer service.

Is there any objection to the Resuspension Order?

(No response.)

Hearing none, the Order is approved.

Item W-2 is Aqua Illinois's proposed general increase in water rates for the Kankakee service territory.

ALJ Sainsot, do we have any public comments?

JUDGE SAINSOT: Yes. As of 9:30 this morning, there were two public comments.

CHAIRMAN SHEAHAN: Thank you.

Both Commissioner Maye and I have proposed edits for this Order.

Commissioner Maye?

COMMISSIONER MAYE: Thank you, Mr. Chairman.

I would like to propose edits to the Return on Equity section of the Order. These edits begin on Page 43 and end on Page 55 and appear under the Commission Analysis and Conclusions section with resulting changes to the Findings and Ordering
paragraphs.

Specifically, these edits change the PEPO's conclusion with respect to the ROE analysis. I believe the result reached in the PEPO, which adopted Staff's ROE analysis of 9.07, was inappropriate because it unreasonably ignored any possible value in the Company's calculations.

In my opinion, further analysis was warranted and there is Commission precedent for determining ROE by taking an average of the Company and Staff DCF and CAPM results.

I believe this approach is most appropriate in the case at hand not only because the DCF and CAPM results provided by each expert are supported by the record in the Docket, but because averaging the results reduces the effects of the perceived shortcomings and biases described in the parties' competing positions.

Thus, taking an average of Aqua Illinois's DCF and Staff's DCF analysis along with Aqua Illinois's CAPM and Staff's CAPM analysis produces an ROE of 9.81 percent.
The edits acknowledge the result includes a leverage and size adjustment, which the Commission does not typically adopt and is not exclusively doing so here; however, as stated earlier, taking an average of Staff's and Aqua Illinois's DCF and CAPM results creates a balance of each expert's ROE estimates and produces a just and reasonable ROE.

In addition to changing the ROE analysis, the edits revise the Order for consistency purposes to support the view that the Commission found value in the opinions of both expert witnesses. The edits also removed some language for tone purposes.

Thank you to Commissioner McCabe's office for her input on these edits.

And with that, I'd move for the adoption of the edits.

CHAIRMAN SHEAHAN: I second --

COMMISSIONER McCabe: Second.

CHAIRMAN SHEAHAN: -- the motion as well.

Any discussion?
All those in favor, say Aye.

(Chorus of Ayes.)

COMMISSIONER McCabe: Chairman?

CHAIRMAN SHEAHAH: Yes, Commissioner McCabe. Thank you.

We have a motion and second on Commissioner Maye’s edits.

Is there any discussion?

(No response.)

All those in favor, say Aye.

(Chorus of Ayes.)

Opposed, say No.

COMMISSIONER del Valle: No.

CHAIRMAN SHEAHAH: Motion carries 4 to 1.

I’d also like to propose some edits today to Pages 23, 29, 66, and 69 concerning the adjustments to other revenue involving HomeServe.

These edits specifically conclude that
the Commission finds Aqua Illinois violated the PUA by selling its customer information to Aqua Resources without an Affiliated Interest Agreement, but also finds that the appropriate remedy for that violation remains unclear.

The edits note that had the parties introduced evidence -- into evidence the total of the data fee paid by Aqua Resources to Aqua Illinois, which was recorded below the line, an adjustment in this proceeding would have been appropriate.

That the -- to the extent of the harm to ratepayers based on the arrangement between Aqua Illinois and Aqua Resources and HomeServe is not yet known and the Commission would prefer to gain a fuller understanding of the arrangement between the parties before choosing to impute the benefits of this arrangement entirely against Aqua Illinois's revenue requirement.

And, three, that the last part of the Staff's investigation -- as part of the Staff's investigation, the parties are directed to, A, provide the full amount of the data fee revenue Aqua
Illinois received from Aqua Resources during the 2010 to '12 time period, provide the full amount of revenues received by Aqua Resources to date from HomeServe based on the customer data provided by Aqua Illinois, and address what may be the most appropriate remedy to make ratepayers whole and discourage such arrangements in the future.

I would move for the adoption of these edits.

Is there a second?

COMMISSIONER MAYE: Second.

CHAIRMAN SHEAHAN: Is there any discussion?

(No response.)

All those in favor of adopting the edits, say Aye.

(Chorus of Ayes.)

Opposed, say No.

(No response.)

The edits pass.

Are there any comments regarding the Order as edited?

Commissioner del Valle?
COMMISSIONER del VALLE: Although I disagree with the amendment to the Order's conclusion regarding the Return on Equity -- I agree with Staff's conclusion on that -- I concur with the rest of the Final Order including, of course, the investigation into the utilities' affiliated interest agreements and I will be voting yes on the Final Order.

CHAIRMAN SHEAHAN: Thank you, Commissioner. Is there a motion to enter the Order as amended?

COMMISSIONER MAYE: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: It's been moved and seconded.

Any further discussion?

(No response.)

All those in favor, say Aye.

(Chorus of Ayes.)

Opposed, say No.

(No response.)
The motion carries and the Amended Order is adopted.

Item W-3 is our annual reconciliation of IAWC's purchased water and purchased sewer treatment surcharges.

Are there any objections to approving the Proposed Order?

(No response.)

Hearing none, the Order is approved.

On other business, we have a couple of items. The first item is a resolution honoring Mr. Darin Burk, our Pipeline Safety Program Manager, on his retirement. And I'll read the resolution. I believe he's in Springfield.

COMMISSIONER McCABE: He is.

CHAIRMAN SHEAHAN: Okay. Fantastic.

We can't see you, Mr. Burk, but we're thrilled that you're here and we have a chance to honor your service.

The resolution reads: Whereas, Darin Burk has dedicated 30 years of work to ensuring the safety of natural gas pipelines in Illinois and...
throughout the United States, and

Whereas, in 1989, he joined the Illinois Commerce Commission Staff as a Pipeline Safety Analyst bringing engineering insight and expertise to the job, and

Whereas, Darin Burk was recognized for his work on the Silco Pipeline case by the Illinois Department of Justice and the U.S. Department of Transportation's Office of Inspector General by being recognized as a special agent, and

Whereas, Darin Burk developed new training programs for Illinois pipeline operators and his investigative methods were incorporated by the Federal Pipeline and Hazardous Material Safety Administration in training and qualification courses, and

Whereas, Darin Burk's work and sterling reputation led him to his leadership position as manager of the Commission's Pipeline Safety Program as well as other leadership positions including the position of Chairman within the National Association of Pipeline Safety
Representatives where he was awarded the coveted Chairman's Award two consecutive years for his hard work and diligence in promoting NAPSR, and

Whereas, Darin Burk's work ethic and diligence in monitoring the natural gas infrastructure of Illinois set an example for all of us who had the pleasure to work with him over this many years,

Therefore, be it resolved by the Illinois Commerce Commission on this 25th day of March, 2015, that we offer our sincerest appreciation for his long and distinguished service to the people of Illinois, and

Be it further resolved that on a personal level, we wish him the best as he opens a new chapter in his life.

Mr. Burk, would you like to say anything to the Commission or Staff?

MR. DARIN BURK: Yes, thank you. First of all, I would like to thank you, past Chairmen, current and past Commissioners, our Directors, Office of General Counsel, and especially the Director of the Safety
and Reliability Division for all of the support provided to me over the years that helped me become what I believe was very successful in my job.

We have a very, very strong pipeline safety program in Illinois and that's been demonstrated by the numerous times that the Commission supported the recommendations of Staff throughout the various cases that we have brought to the Commission. I've had a very, very interesting career here to say the least.

I believe we pioneered a lot of new things in Illinois and we were never afraid to make change. And I do believe that that message went to our utilities and that the utilities understand that safety isn't just compliance. You have to go beyond compliance. Simply being compliant, you are not safe; but if you operate a safe system, you'll be in compliance.

I appreciate being recognized today and thank you very much.

CHAIRMAN SHEAHAN: Thank you.

Do we have any other comments from the
 Commissioners?

 Commissioner McCabe?

 COMMISSIONER McCabe: Yes. I just want to thank Darin for his 30 years of service and well-deserved acknowledgements of his -- his efforts to NAPSR and otherwise. And I have the actual framed resolution I'm going to present to Darin right now.

 CHAIRMAN SHEAHAN: Fantastic.

 (Applause.)

 Mr. Burk, thank you again for your service. We are grateful and the people of the State are grateful.

 Commissioner McCabe, I believe you also have something you'd like to say recognizing an employee who's moving on to other opportunities.

 COMMISSIONER McCabe: Yes. This is my advisor, Cameron Schilling's, last day. About three years ago when he interviewed with me, he said, I can't explain why, but utility regulatory issues really interest me.

 (Laughter.)

 He has shown his affinity for
regulatory issues and his ability to quickly master
them, work with others, and build on his prior
legislative and policy experience. He'll soon join
the External Affairs Group at the Federal Energy
Regulatory Commission, also known as FERC. The good
news is he'll be interacting with State PUCs and
RTOs, so some of us will still cross paths.
And, Cameron, I just want to say
congrats and best wishes.

CHAIRMAN SHEAHAN: Great. Thank you.

(Appause.)

Commissioners, just to make sure that
we kind of dot the "I"s and cross the "T"s here,
there's a motion and second on Mr. Burk's resolution.

All those in favor, say Aye.

(Chorus of Ayes.)

Opposed, say No.

(No response.)

Motion carries. Thank you.

We've got a further item on the agenda
under Administrative Matters. I'm going -- I've
asked Commissioner Rosales to consider chairing a
Legislative Committee. The details will be forthcoming.

I've also asked Commissioner del Valle to take a look at ARES marketing practices, and I believe he wants to say a couple words about -- about that.

COMMISSIONER del VALLE: Well, thank you, Mr. Chairman.

The Staff has -- has discussed this and we have set a date for June 1st for our policy session, and so we'll be providing additional information as usual. Staff will collaborate on the shaping of the agenda for that policy session.

CHAIRMAN SHEAHAN: Terrific. Thank you.

Any other business, Commissioners?

(No response.)

ALJ Wallace, do we have any other issues that come before us today?

JUDGE WALLACE: No. That's all, Mr. Chairman.

CHAIRMAN SHEAHAN: Okay. Then, therefore, we're adjourned. Thank you.