BEFORE THE
ILLINOIS COMMERCE COMMISSION

REGULAR OPEN MEETING AGENDA

Chicago, Illinois
Tuesday, May 25, 2010

Met, pursuant to notice, at 10:30 a.m. in
the Main Hearing Room, Eighth Floor, 160 North
LaSalle Street, Chicago, Illinois.

PRESENT:

MANUEL FLORES, Acting Chairman
LULA M. FORD, Commissioner
ERIN M. O'CONNELL-DIAZ, Commissioner
SHERMAN J. ELLIOTT, Commissioner
JOHN T. COLGAN, Acting Commissioner

SULLIVAN REPORTING COMPANY, by
Alisa A. Sawka, CSR
License No. 084-004588

With me in Chicago are Commissioners Ford, O'Connell-Diaz, Elliott and Acting Commissioner Colgan. I am Acting Chairman Flores. We have a quorum.

Before moving into the agenda according to Section 1700.10 of the Illinois Administrative Code this is the time we allow for members of the public to address the Commission. Members of the public wishing to address the Commission must notify the Chief Clerk's Office at least 24 hours prior to the bench session. According to the Chief Clerk's Office there are no requests to speak at today's meeting.

We now move to today's Public Utility Agenda. We have a few sets of minutes to approve. First up are minutes from the April 21st Bench meeting. I understand that amendments have been forwarded.
Is there a motion to amend the minutes?

COMMISSIONER COLGAN: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN FLORES: It's been moved and seconded. All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0 amending the minutes.

Is there a motion to approve the minutes, as amended?

COMMISSIONER COLGAN: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN FLORES: It's been moved and seconded. All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)
CHAIRMAN FLORES: The vote is 5-0 approving the April 21st bench session minutes, as amended.

We also have minutes to approve from the April 29th Special Open Meeting. Amendments have been forwarded.

Is there a motion to amend the minutes?

COMMISSIONER O'CONNELL-DIAZ: Chairman, I haven't seen those amendments and I'd like to see those and review them prior to approving the minutes.

CHAIRMAN FLORES: Very well.

COMMISSIONER O'CONNELL-DIAZ: If we can just hold this till the next time we meet.

CHAIRMAN FLORES: Very well.

We will be holding -- Commissioner, did you have -- did you have a chance to look at the minutes from the one that you just voted on -- the previous one?

COMMISSIONER FORD: April 21st, yeah. She only wants -- you only want to hold April 29 or the 29th and 30th?

CHAIRMAN FLORES: The 29th?
COMMISSIONER O'CONNELL-DIAZ: Yes, the 29th.

COMMISSIONER FORD: 29.

CHAIRMAN FLORES: Very well.

So we will hold the minutes -- approving the minutes for the April 29th Special Open Meeting.

Lastly, we have minutes from the April 30th Special Open Meeting. There are no amendments to these minutes. However, I just want to make sure that everyone received a copy of these minutes.

COMMISSIONER COLGAN: Yes.

CHAIRMAN FLORES: Commissioner Ford?

COMMISSIONER FORD: Yes.

CHAIRMAN FLORES: O'Connell-Diaz?

Very well.

Is there a motion to approve the minutes?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.
All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0 approving the April 30th Special Open Meeting minutes.

We will begin with the Electric Agenda. Item E-1 concerns tariffs filed by Commonwealth Edison to revise compensation rates under its Rider POG. Staff recommends that the Commission allow the Company's proposal by not suspending the filing.

Is there a motion to not suspend the filing?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: The vote is 5-0.

Commonwealth Edison's filing is not suspended.
We will use this 5-0 roll call vote for the remainder of the public utilities agenda unless otherwise noted.

Item E-2 concerns ComEd's proposed tariff sheets to revise its Rider PE and Rate BESH on less than -- on less than the required notice. Staff recommends that that the Commission allow ComEd's proposals by granting special permission.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none the special permission is granted.

Item E-3 is Docket Nos. 09-0306 through 09-0311. This is the Ameren Illinois Utilities rate case. The Commission issued its final Order in this case on April 29th and a corrected Order on May 6. Ameren has filed a Motion For a Partial Stay of the Final Order as corrected. Staff, the Attorney General, and IIEC each objected to AIU's motion for a partial stay, and Administrative Law
Judges Albers and Yoder recommended that the Commission deny Ameren's motion.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Is there a motion to deny Ameren's request for a partial stay of the Order?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is --

COMMISSIONER O'CONNELL-DIAZ: Nay.

COMMISSIONER FORD: Nay.

CHAIRMAN FLORES: -- let's do a roll call vote.

COMMISSIONER O'CONNELL-DIAZ: Chairman, if I might before we vote.

CHAIRMAN FLORES: Yes.

COMMISSIONER O'CONNELL-DIAZ: I just want to --
I just want to make a couple comments. Normally it's not the occasion for the Commission to enter stays. However, in this instance there's just -- for lack of a better of word -- a mountain of confusion and error surrounding this proceeding. And I believe the Company has been put in a -- somewhat of a hazmat situation.

As I look at this I see standards of irreparable harm, not just to the Company, but to the ratepayers. And so I really am put in a tough position to vote yes on this. But I think that given the circumstances it is really the only route to continue to try to correct the Order that has been entered here.

So I just wanted to say that for the record.

COMMISSIONER FORD: I'm simply going to echo the fact that I think the Company -- once again, and the consumers will suffer irreparable harm. And I think this matter needs to come back up to us so that we can certainly rectify some of the changes that we see -- that we feel is omitted. And I'll have to
vote nay.

COMMISSIONER COLGAN: Mr. Chairman.

CHAIRMAN FLORES: Any further discussion?

COMMISSIONER COLGAN: Yeah, I just think that the stay doesn't --

JUDGE WALLACE: Excuse me. We're unable to hear the Commissioner.

COMMISSIONER COLGAN: Sorry. Can you hear me now? Is that better?

JUDGE WALLACE: Yes.

COMMISSIONER COLGAN: Okay.

-- that I think the -- I think there is, you know, a lot going on with this case. And I think that the Company certainly has indicated in the media that they're going to ask for rehearing on this case. And if we were to grant that, I think these issues can be discussed at that point.

CHAIRMAN FLORES: Any further discussion?

(No response.)

CHAIRMAN FLORES: Let's take a roll call vote.

Commissioner Ford.

COMMISSIONER FORD: Nay.
CHAIRMAN FLORES: Commissioner O'Connell-Diaz.

COMMISSIONER O'CONNELL-DIAZ: We're voting to grant the stay?

CHAIRMAN FLORES: The vote is to deny the motion.

COMMISSIONER O'CONNELL-DIAZ: Okay. Nay.

CHAIRMAN FLORES: Commissioner Elliott.

COMMISSIONER ELLIOTT: Aye.

CHAIRMAN FLORES: Acting Commissioner Colgan.

COMMISSIONER COLGAN: Aye.

CHAIRMAN FLORES: And Acting Chairman Flores votes aye.

Let the record reflect that the vote is 3-2 for the denial of Ameren's motion. The motion is denied. Ameren's motion is denied.

Items E-4 through E-7 will be taken together. These items concern the application for Licensure of Agents, Brokers & Consultants under Section 16-115C of the Public Utilities Act. In each case, the Administrative Law Judge recommends entry of an Order granting the requested certificate of services authority.
Is there any discussions?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none the Orders are entered and the requested certificates of service authority are granted.

Items E-8 and E-9 are Docket Nos. 10-0091, -0095. These are the two utility electric on-bill financing dockets and oral argument is scheduled on these dockets for 1:00 p.m. this afternoon. Consequently, they will be held for disposition at a future hearing.

Item --

COMMISSIONER O'CONNELL-DIAZ: Chairman -- excuse me -- if I may. Could we go back to E-5?

CHAIRMAN FLORES: Yes. E-5.

COMMISSIONER O'CONNELL-DIAZ: Is Judge Yoder there, please?

JUDGE YODER: Yes, Commissioner.

COMMISSIONER O'CONNELL-DIAZ: Yeah, Judge, I couldn't help but notice the name of the applicant
here, Santana Natural Gas Corporation. And if my recollection serves me properly, I think we looked at some of the orders that emanated having to do with the activities of that Company in our state just recently in the CUB matter/U.S. Energy case. And so it gave me pause as I was going through this request for certificate of authority -- certificate of service authority on the electric side.

Can you tell me -- I know that we entered an Order giving Santana certain conditions. Was there inquiry in this particular certificate case with regard to assurances that the Commission will have on a going-forward basis with regard to this company and the appropriateness of the -- of how they will conduct their operations in our state on the electric side?

JUDGE YODER: Well, I'm not sure exactly how to address that question. Based on the Commission's inquiry in sessions past I've changed my inquiry and the ALJ rulings sent out to the agents, brokers and consultants and inquired of them if they are licensed in any other jurisdictions similar to our agent,
broker and consultants certification in Illinois and whether they have any history of complaints filed against them in either the electric or gas industries. Based on my --

COMMISSIONER O'CONNELL-DIAZ: Judge Yoder, could you get closer to the mike because I'm having a hard time hearing you, please.

JUDGE YODER: I thought I was too close.

So I inquired of Santana their licensing in other jurisdictions as an agent, broker, consultant also their complaint history --

COMMISSIONER O'CONNELL-DIAZ: Judge Yoder, I don't mean to interrupt you, but we're having a hard time hearing you. You might need to switch microphones.

JUDGE YODER: I'll try that again.

Based on the Commission's inquiry in sessions past I inquire of agents, brokers and consultants of their licensees in other jurisdictions other than --

COMMISSIONER O'CONNELL-DIAZ: Judge, I'm just going to cut this short. I'm not worried about their
activities in other jurisdictions. I'm worried about their activities in our state. We had problems with this company on the gas side, so I'm --

JUDGE YODER: Well -- so, yes, I inquire of agents -- or ABCs of their complaint history in either the electric or gas industry. And Santana responded that -- in their response indicated I believe they had six complaints filed against them since 19- -- I'm sorry -- 2002. Each of those had been dismissed by Commission action, mostly by joint agreement by the parties. And another '02 docket was dismissed by CUB.

They also indicated they had an Attorney General suit following Hurricane Katrina when Santana attempted to get out of basically their fixed price contracts by declaring force majeure. The Attorney General had filed an action against them which was resolved by Santana and the Attorney General by settlement, and that was in 2006.

COMMISSIONER O'CONNELL-DIAZ: Are you aware of what the settlements were? Did they involve money or what -- do we have any information with regard to
those settlement with CUB and the AG?

JUDGE YODER: Yes. The settlement terms were -- of total about 8 million of moneys reimbursed or not going to be collected. About $3 million in restitution to fixed price customers. Santana agreed not to collect a refund or not to collect an administrative fee. Santana agreed to reduce the cost of natural gas for its fixed price customers and agreed to make a contribution to the Attorney General's Consumer Education Fund as part of that settlement.

So based on my review of that and the fact that Santana was -- is still licensed as an AGS or alternative gas supplier --

COMMISSIONER O'CONNELL-DIAZ: What about on the CUB side?

JUDGE YODER: The only complaint I could find by CUB against Santana -- whether they were part of that Attorney General suit -- the one complaint by CUB I could find was dismissed by CUB. They filed a motion to dismiss that complaint.

COMMISSIONER O'CONNELL-DIAZ: And was that
based on a settlement?

JUDGE YODER: I don't believe the -- if it was, it was not indicated in the motion to dismiss filed by CUB.

COMMISSIONER O'CONNELL-DIAZ: So these six complaints happened after those two particular ones that you've just noted?

JUDGE YODER: Well, they had six complaints between 2002 and 2006 -- or I'm sorry, in 2008. And the Attorney General suit which was in 2006. Their response and my checking our e-Docket system does not show any complaints filed against Santana since 2008.

COMMISSIONER O'CONNELL-DIAZ: Thank you.

CHAIRMAN FLORES: Any further discussion?

COMMISSIONER O'CONNELL-DIAZ: I just have a concern about granting certificate of authority to this company.

COMMISSIONER COLGAN: In reading the Order I -- it kind of stuck out on my radar as well, the six complaints. I decided to defer to the ALJ's point of view on it and support it. But, you know, I do think that -- that there is some reason to have some
concern about this company.

COMMISSIONER FORD: Well, we certainly can support it, but we can ask Staff to do due diligence with it. And if anything else comes up at all, we still have jurisdiction. So we can come back and revisit this.

COMMISSIONER COLGAN: Exactly. Yes.

COMMISSIONER O'CONNELL-DIAZ: Judge Yoder, I see that the deadline is June 2nd.

JUDGE YODER: Yes, I believe that's correct.

COMMISSIONER O'CONNELL-DIAZ: Can we put this over till June 2nd and -- going along with what Commissioner Ford suggested, maybe we could address that in the Order itself with regard to -- I mean, Staff always would be looking at anyone that's operating in our area. But I would feel better if there was something in the Order itself memorializing that and setting that forth.

So since we have another meeting that we can meet this deadline, I prefer to hold it until then and see what the Commission's pleasure would be on that date.
CHAIRMAN FLORES: I want the record to reflect then that we are going to hold E-5 and move forward with E-4, E-6 and E-7, but that we will be holding E-5. Again, let the record reflect that Orders are being entered and the requested certificates of service authority are granted for E-4, E-6 and E-7. E-5 will be held. Thank you.

COMMISSIONER O'CONNELL-DIAZ: Thank you. Sorry for the confusion.

CHAIRMAN FLORES: Again, Items E-8 and E-9, Docket No. 10-0091 and 10-0095 will be held.

Item E-10 is Docket No. 10-0104. This is Bradley Lewis's application for Licensure as an Agent, Broker and Consultant under Section 16-115C of the Public Utilities Act. Administrative Law Judge Yoder recommends entry of an Order granting the requested certificate of service authority.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is
entered and the requested certificate of service authority is granted.

Item E-11 is Docket No. 10-0221. This is Direct Energy Business, LLC's petition to protect against the disclosure of confidential and/or proprietary information. Administrative Law Judge Haynes recommends entry of an Order protecting the information from disclosure for a period of two years.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order -- the Order is entered.

Item E-12 is Docket No. 10-0293. This involves a complaint as to billing and charges against ComEd. A motion to dismiss has been filed by the Complainants indicating that the matter has been settled. Administrative Law Judge Hilliard recommends granting the motion to dismiss with prejudice.
Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the motion to dismiss is granted.

Item E-13 is Docket No. 10-0315. This is ComEd's application for authority pursuant to Section 6-102(d) of the Public Utilities Act to do the following: First, enter into one or more loan agreements with one or more banks or other lending institutions or governmental authorities and to incur loans, borrowings or extensions of credit thereunder; second, to issue and sell First Mortgage Bonds in one or more series; and, third, to issue and sell notes in one or more series; all in an aggregate principal or stated amount not to exceed $400 million which will be used for purposes of refunding, redeeming or refinancing outstanding borrowings, notes or other evidences of indebtedness. Staff and Administrative Law Judge Hilliard both recommend entry of an Order approving ComEd's application.
Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is entered and ComEd's application is approved.

That concludes the Electric portion of today's agenda.

Turning to Natural Gas, Item G-1 is Docket No. 06-0751 and 07-0311. This concerns North Shore Gas and Peoples Gas' reconciliation of revenues collected under gas adjustment charges with actual costs prudently incurred. Staff and the companies have agreed to a set of recommendations, and Administrative Law Judge Baker recommends entry of an Order approving reconciliation that reflects these changes.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is --
the Order approving reconciliation is approved.

Item G-2 is Docket No. 08-0157. This involves Peoples Gas's reconciliation of revenues collected under Coal Tar rides with prudent costs associated with coal tar clean up expenditures. According to Administrative Law Judge Baker there are no contested issues in this docket, and she recommends entry of an Order approving reconciliation.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order approving reconciliation is approved.

Item G-3 is Docket No. 08-0175. This case concerns a complaint brought by the Citizens Utility Board, Citizens Action Illinois, and AARP against U.S. Energy Savings Corporation, an alternative gas supplier. We've also got a Staff Report to hear today on this docket, and we'll hold this motion until we've heard Staff's Report.
Items G-4 and G-5 are Docket Nos. 10-0090 and 10-0096. These constitute the two natural gas on-bill financing docket items. Oral argument on these docket items will be held today at 1:00 p.m., and these items will be held for disposition at a future hearing.

Item G-6 is Docket No. 10-0264. This is Tamela Milan-Wolf's complaint as to billing and charges against Peoples Gas. The dispute has been resolved and Administrative Law Judge Riley recommends that the Commission grant the parties' joint motion to dismiss the complaint with prejudice.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the joint motion to dismiss is granted.

That concludes the Natural Gas portion of today's agenda.

We now move to the Telecommunication portion.
Item T-1 is Docket No. 09-0580. This is Steve Sack's complaint against Illinois Bell Telephone Company as to installation of a cable. The parties have brought a joint motion to dismiss, and Administrative Law Judge Hilliard recommends the Commission grant the motion.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the joint motion to dismiss is granted.

Item T-2 is Docket 10-0120. This item concerns New Communications Online and Long Distance Incorporated's application for a certificate of interexchange authority to operate as a reseller of telecommunications services in the service areas of Verizon North and Verizon South in the State of Illinois. Administrative Law Judge Teague recommends entry of an Order granting the certificate.

Is there any discussion?

(No response.)
CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is entered and the certificate is granted.

Item T-3 is Docket No. 10-0125. This concerns FairPoint Communications's and other applicants' filing with the Commission a verified Joint Application for approval of transactions and agreements that result in a change of ownership of more than 50 percent of the voting capital stock of FairPoint. The Joint Application seeks approval of the transactions as a transfer of control in accordance with Section 7-203 of the Act and reorganization in accordance with Section 7-204 of the Act and for all other appropriate relief. Administrative Law Judge Tapia recommends the Commission grant the Joint Applicants' request for approval of the reorganization.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)
CHAIRMAN FLORES: Hearing none, the Joint Applicants' request for approval is granted.

Item T-4 through T-8 will be taken together. These items each involve joint petitions surrounding resale and interconnection agreements under 47 U.S.C. Section 252. In each docket the Administrative Law Judge recommends an Order approving a new agreement or an amendment to an existing agreement.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Orders are entered.

Items T-9 -- or Item T-9, rather, is Docket No. 10-0228. This concerns Bestel's U.S.A.'s application for a certificate of service authority allowing it to serve as a prepaid calling service provider in the State of Illinois. Administrative Law Judge Riley recommends entry of an Order granting the certification.
Is there any discussion?
(No response.)

CHAIRMAN FLORES: Any objections?
(No response.)

CHAIRMAN FLORES: Hearing none, the Order is entered and the certificate is granted.

Item T-10 is Docket 10-0245. This item concerns Illinois Telecommunications Access Corporation's petition for annual line change determination. The Company has filed an application for rehearing seeking to have the Order amended to reflect that, one, only carriers who do not have tariffs on file must file new tariffs; and, two, carriers filing new tariffs must include language for charges for T-1 and other advanced services. Administrative Law Judge Hilliard recommends granting the application for rehearing and entering an Order on Rehearing that incorporates the changes requested by the Applicant.

Is there any discussion?
(No response.)

CHAIRMAN FLORES: Any objections?
(No response.)

CHAIRMAN FLORES: Hearing none, the application is granted and the Order incorporating the requested change is entered.

Item T-11 is Docket No. 10-0284. This is Dollar Phone Enterprise's petition to protect against the disclosure of confidential and/or proprietary information. Administrative Law Judge Tapia recommends Order -- entry of an Order exempting the company's Report from disclosure for a period of two years.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is entered.

Item T-12 is Docket No. 10-0299. This item concerns MTI's application for Designation as an Eligible Telecommunications Carrier for Purposes of Receiving Federal Universal Service Support pursuant to Section 214(e)(2) of the Telecommunications Act of
1996. MTI has made a motion to withdraw its application without prejudice, and Administrative Law Judge Riley recommends granting that motion.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Hearing none, the motion to withdraw is granted.

Item T-13 is Docket No. 10-0306. This concerns the Village of Oak Lawn's petition for modification of 911 Emergency Telephone Number System. Specifically, the Village seeks to add a remote answering center to its existing system. Administrative Law Judge Haynes recommends entering an Order approving of this modification.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Order is entered.

We now move to Water and Sewer Service items.
Item W-1 is Docket No. 09-0369. This item concerns an Asset Purchase Agreement between Aqua Illinois, Incorporated, and Northern Illinois Investment Group and granting to Aqua Illinois, Incorporated, a Certificate of Public Convenience and Necessity to operate a water production and distribution system. The Commission entered an Order in this docket on May 5th, and Administrative Law Judge Riley recommends the entry of an Amendatory Order that addresses some minor changes.

Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the Amendatory Order is entered.

Item W-2 is Docket No. 10-0110. This is a Whispering Hills Water Company's proposed general increased in water rates. Before us today is a Resuspension Order that would serve to extend the period of suspense of the proposed increase to including December 3, 2010.
Is there any discussion?

(No response.)

CHAIRMAN FLORES: Any objections?

(No response.)

CHAIRMAN FLORES: Hearing none, the

Resuspension Order is entered.

This concludes the Water and Sewer portion of today's agenda.

We have a couple of other matters for disposition today. The first concerns a Staff Report on the Independent Management Audit of Just Energy undertaken pursuant to our order is Docket No. 08-0175.

Staff, would you please brief us on this matter.

MR. NEHRT: Yes. This is Randy Nehrt in Springfield.

CHAIRMAN FLORES: Good morning.

MR. NEHRT: Good morning.

Staff submitted a Staff Report to the Commission recommending an auditor pursuant to the Commission's Order in 08-0175. Just to summarize
that report briefly, on April 13 the Commission
ordered Just Energy to undergo an in-depth audit of
the sales program. The Order required Just Energy to
propose three potential auditors within two weeks of
the order.

On April 28th the Company submitted
two proposed auditors and indicated that two other
auditors that they had solicited or contacted had
declined to submit proposals. On May 11th the
Company provided the name of a third auditor that it
felt was willing to submit a proposal, and on May
13th the third auditor submitted a proposal to Staff.

Staff interviewed the three auditors
on May 10th and May 13th. Staff believed that the
Commission's Order requires an audit that does two
things, one, measures compliance with the Alternative
Gas Supplier Law and Commission Order; and, two,
provides an assessment that results in
recommendations for improvements in business
practices that will reduce customer complaints.

One of the three proposed auditors
was -- submitted a proposal to engage in a compliance
audit but said that it was unwilling to engage in the
second aspect of the audit that would provide
recommendation for these complaints. The other two
auditors proposed submitted proposals that would
engage in both of the aspects of the Commission
Order -- Commission Order audit.

After interviewing the companies,
reviewing their proposals, submitting to all
questions, receiving answers and checking references,
Staff recommends that the Commission approve
McGladrey & Pullen to perform the Just Energy audit
subject to finalizing an audit plan and contract. If
the Commission approves McGladrey, Staff will begin
working with McGladrey and Just Energy to provide an
executable contract for the Commission for approval
as is required in the Commission order.

CHAIRMAN FLORES: Mr. Nehrt?

MR. NEHRT: Yes.

CHAIRMAN FLORES: I hate to interrupt you. But
there's a question that's pending. Commissioner Ford
has a --

COMMISSIONER FORD: Yes. Is this an Illinois
MR. NEHRT: They are an international company, I believe, that has offices and staff in Illinois.

COMMISSIONER FORD: And they meet all our diversity standards MWBE?

MR. NEHRT: Excuse me?

COMMISSIONER FORD: And they meet all the diversity standards MWBE?

MR. NEHRT: I can't answer that question. I'm sorry. Staff did not check that.

COMMISSIONER FORD: I need that checked.

MR. NEHRT: Okay.

COMMISSIONER FORD: I'd like to hold this.

CHAIRMAN FLORES: We're going to hold -- did we --

Randy, were you finished with your overall briefing, though?

MR. NEHRT: If I could maybe just lay out the time line as I see it as provided in the Commission Order.

The next step -- if the Commission were to approve the recommended auditor, the next
step according to the Commission Order would be for
the Commission to specifically approve the audit
contract and for the audit plan to be developed and
for Staff to approve the audit plan.

The Commission Order called for the
audit to commence on June 1st. Given the time frame
of when the third auditor was submitted to Staff to
review and interview and the fact that we have about
three business days between now and June 1st, Staff
would request an extension of the commencement date
in order to ensure that we get the audit contract
language and the audit plan -- the audit contract
language submitted sufficient for approval in a
format that the Commission -- that we're comfortable
recommending. And also to get an audit plan in place
and approved by Staff that we will be effective in
meeting the Commission's Order.

It's important to note that we have
tried to start to work out some of the scope of the
contract, the audit plan and some issues that the
Company is concerned about with regard to the audit
in advance based on the time line. That -- it's
important to note that Staff and Just Energy are not necessarily on the same page on some of those issues, including an issue of confidentiality of the actual audit report and audit materials.

The reason that this is an important issue is its critical to the language of the audit contract and the audit plan. Staff recommends that the Commission direct that the Just Energy audit be made public with confidential information be redacted according to the provisions of the Public Utility Act and other relevant law.

COMMISSIONER O'CONNELL-DIAZ: Mr. Nehrt, what's the value of this contract?

MR. NEHRT: The value of the audit contract?

COMMISSIONER O'CONNELL-DIAZ: Yes.

MR. NEHRT: You mean amount?

COMMISSIONER O'CONNELL-DIAZ: Yep.

MR. NEHRT: I might just check with -- maybe OGC to see if that's proprietary in any way. We don't have a contract submitted at this point. That would be the next step to try to get that worked out and submitted to the Commission for their approval
once the Commission approves the auditor.

MS. NAUGHTON: Commissioner, we are having --
we have had some discussions with the Company. They
do believe that even the audit amount -- it's my
understanding the audit amount is confidential. And,
frankly, we're still trying to work that out, which
is part of the reason we're looking for some guidance
from you. They believe really everything ought to be
confidential. We're somewhat concerned even about
the auditors' names being made public.

COMMISSIONER ELLIOTT: I can see some value to
not releasing that information at least until the
contract is signed, certainly.

But, Randy, one question with regard
to the extension, what extension are you looking for?
And, you know, procedurally how does the Commission
go about granting that?

MR. NEHRT: Well, if the Commission wanted to
approve that contract in an open meeting I -- you
know, I note that there's a prebench on June 1st and
2nd. I think Staff would ask for a commensurate
amount of time roughly equal to the amount of time
that the -- Just Energy needed to propose a third auditor, which is roughly two weeks. So looking at the Commission schedule, the next opportunity if you took that into account for the Commission to approve a contract if it were set in an open meeting would be probably June 23rd.

COMMISSIONER FORD: But for us to send an RFP out it should have been a range of dollars. We just can't open up -- when I came to this Commission, we had a blood bath with auditors and the amount of money being spent. And I have a problem with this if we are going to open up a contract and have an RFP and we don't know the price we're going to pay these people. We have no idea? That's --

MR. NEHRT: Well, again, Staff has -- in a proposal to Staff has reviewed it has -- we have been provided a range in the cost of the audit. This audit is not -- per the Commission's Order was not directed through an RFP process, but it was directed in a fashion the Company would submit three auditors to Commission Staff to review and recommend one of the three to the Commission for approval.
COMMISSIONER COLGAN: And, Mr. Nehrt, don't we have three now?

MR. NEHRT: We do, and Staff has interviewed all three and reviewed their proposals and made a recommendation to the Commission.

COMMISSIONER COLGAN: So the motion to grant more time to find the third auditor has become a moot issue at this point?

JUDGE WALLACE: Commissioner Colgan, this is Judge Wallace. U.S. Energy's motion for an extension of time to find a third auditor is essentially moot because they have provided a third auditor. The motion for an extension of time remains somewhat viable because the position that puts Staff in.

The extension of time would not be for U.S. Energy to provide another auditor but the extension of time would be commensurate to allow Staff time to complete the process.

COMMISSIONER COLGAN: But, Judge Wallace, what we have in front of us is a motion to grant additional time for the third auditor, but I don't think we have anything in front of us requesting an
extension -- can we do that --

JUDGE WALLACE: Yes. Yes. You can --

COMMISSIONER COLGAN: -- on our own motion?

MR. WALLACE: -- you can alter the schedule

which you set forth in the April 13th Order on your

own motion. And it would just simply be an amendment
to the schedule that was laid out. You can do that

on your own motion to -- and then, you know, notice

would be sent out by the Chief Clerk's Office.

COMMISSIONER COLGAN: So then a motion to

extend the time and to hold the decision would meet

Commission Ford's request as well as the Staff's

request at this point?

JUDGE WALLACE: It would seem to give Staff

additional time to perform the inquiry for

Commissioner Ford.

MR. NEHRT: Staff's concern might be then it

would be difficult to finalize a contract and not a

plan until the Commission's actually approved the

auditor.

MS. NAUGHTON: If I may, Commissioners and

Chairman, Staff will probably need an additional two
weeks after you've approve the auditor. So if you're holding your approval pending the information that Commissioner Ford has asked, we're probably looking for an additional two weeks once that auditor was approved, just to be clear.

COMMISSIONER O'CONNELL-DIAZ: I just remind everyone that these costs are going to be flowed back to the ratepayers. And this is why audits, in my mind, are very extremely troubling because it's an extra layer of costs. I know that the Order was entered. And with regard to Commission Ford's point, it's extremely well taken.

And any kind of contracts -- at least since Commissioner Ford and I have been there looking at, you know, the wide spectrum of our universe here in our state with regard to giving those types of contracts out, it has always been an issue that we look at minority and women hiring. And so by virtue of the fact that that's not even on the radar screen is quite disturbing to me. We can go to other commissions and hear about how forward-looking Illinois has been with regard to, you know, getting
more people to -- from the minority sector to share in what we do here at the Commission.

And I, too, am concerned about what kind of money we're talking about. I understand it might be a proprietary number, but we all can recall the $52 million telecom fiasco that went on for, what, six years. I think three companies split off on that one. I don't want to get into something like that ever, ever again. So...

COMMISSIONER COLGAN: Can somebody refresh my memory. I was thinking that this audit was to be at the expense of the Company and not the ratepayers.

COMMISSIONER O'CONNELL-DIAZ: That was an issue.

MR. NEHRT: The Order calls for the Company to pay for the audit. What I might suggest is I would be happy to try to get an answer for Commissioner Ford -- to Commission Ford's question right away. And if we could get an answer to that and maybe resubmit that Staff Report including that information to the Commission maybe to -- for approval in the June 2nd meeting. And at that point then Staff -- if
the Commission approved, the auditor could begin working on the audit contract and the audit plan.

CHAIRMAN FLORES: That's fine. But we still have to resolve the issue of the timing because then that would -- it would put potentially the party in noncompliance, even though it's an issue of some questions that have yet to be answered.

And so I'd like to suggest that we control this matter, that we entertain -- I'd like to make a motion at this time that we, at the minimum, extend the schedule for two weeks. And that by then we will have the opportunity to further review and answer these questions. And then at that time we may also have to, again, extend the timing to allow Staff and the parties to work together in order to make the Order functional.

COMMISSIONER COLGAN: Mr. Chairman.

CHAIRMAN FLORES: So I'd like to make a motion --

Yes, sir.

COMMISSIONER COLGAN: I think the next time we meet after we meet next week, which is not enough
time, but I think then the next time we meet is the
22nd for prebench and the 23rd for bench. So maybe
we can just extend it till the next time we meet.

CHAIRMAN FLORES: Well, I just heard Mr. Nehrt
say --

Can I get some clarification. How
much time do you need, Mr. Nehrt?

MR. NEHRT: I think that if we can
appropriately answer the question for the --
Commissioner Ford put forward and the Commission were
able to approve the auditor that Staff recommends on
June 2nd, that we could have a contract before the
Commission for approval on June 23rd. And, likely,
the audit plan and the audit contract would be
developed together and they would be able to
implement the audit starting about that time as well.

CHAIRMAN FLORES: So in terms of timing I'd
like to make a motion that we extend the deadline
here to the next hearing, which you said is June --

I'm sorry -- June what again?

MR. NEHRT: 23rd.

CHAIRMAN FLORES: No. No. No. The first one
coming up is June...?

COMMISSIONER COLGAN: June 2nd.

CHAIRMAN FLORES: 2nd.

MR. NEHRT: Yeah, there's a prebench meeting on June 1st and a bench meeting on June 2nd.

CHAIRMAN FLORES: So we'll give you until June 2nd. And then we'll -- if we have to reextend the time line then, we'll do so. Okay. So there's is a motion. Is there a second?

COMMISSIONER FORD: Second.

JUDGE WALLACE: Mr. Chairman, could I interject? If you would include in your motion that you're amending the schedule in 08-0175, I think that will tie things up.

CHAIRMAN FLORES: Very well.

So in the matter of 08-0175 we are extending the deadline to June 2nd. And at that time we will revisit the time line again to accommodate Staff and all the other parties. Is there a second?

COMMISSIONER FORD: Second.
CHAIRMAN FLORES: All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Very well. The vote is 5-0 to grant an extension of deadline to June 2nd and then we'll revisit the matter then.

But, please, again, Staff, we can appreciate all of your effort in this case; but if we can answer Commissioner Ford's question, which is an issue that is important to all of the Commissioners and to the extent that we can also get a perspective on what is at least the range here that we're talking about in terms of what this will cost.

While it may be that the Company will pay for this audit, in the end of the day, this will be a cost that will passed through onto the ratepayers. And I need not remind everyone that we are here to remedy or offer redress to a number of violations whereby the party was held responsible for having violated the Alternative Gas Supplier Law.

So we don't want to have unintended consequences here of where we are penalizing the very people we are trying to protect. So if we can get a
range, that would also be helpful.

Any other comments?

(No response.)

CHAIRMAN FLORES: Very well.

Next we have a FERC matter that requires us to go into closed --

COMMISSIONER ELLIOTT: One quick question with regard to the -- have we discussed with the filing before us that we held --

CHAIRMAN FLORES: Well, the motion to reopen the docket for a limited purpose and grant a motion for additional time, we're just going to hold that. But we're going to act on the motion that was passed.

COMMISSIONER ELLIOTT: Okay.

CHAIRMAN FLORES: So we have to go into closed session because we have a FERC matter.

Is there a motion to go into closed session?

COMMISSIONER O'CONNELL-DIAZ: So moved.

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.
CHAIRMAN FLORES: It's been moved and seconded.

All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0 to go into closed session.

(Whereupon, the following proceedings were had in closed session.)
(Whereupon, the following proceedings were had in open session.)

CHAIRMAN FLORES: In the closed session the Commission discussed the filing comments in FERC Docket No. EL05-121-006. These comments concern PJM's April 13th filing and the transmission cost allocation case that was remanded by the Seventh Circuit.

Is there a motion to file the comments with the FERC?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: It's been moved and seconded. All in favor say "aye."

(Chorus of ayes.)

CHAIRMAN FLORES: Any opposed?

(No response.)

CHAIRMAN FLORES: The vote is 5-0. The comments will be filed with FERC.

Judge Wallace, are you there, sir?
JUDGE WALLACE: Yes, I am.

CHAIRMAN FLORES: Are there any other matters to come before the Commission today?

JUDGE WALLACE: Well, I hesitate to bring this up, but we might want to revisit the minutes. We are approaching -- in fact, the 30 days will expire before the next meeting for approval of transcripts.

CHAIRMAN FLORES: Okay.

COMMISSIONER COLGAN: Can we approve the minutes and then at the next meeting if we want to make corrections, do that?

JUDGE WALLACE: I suppose so. I don't see any prohibition against that.

COMMISSIONER O'CONNELL-DIAZ: It's just I know there's corrections in this and I did not see the corrections. So I don't know if it's been corrected. So...

Can we recess and take this up at our 1:00 o'clock oral argument item -- keep this item out until we meet again at 1:00 o'clock and just go back and check?

JUDGE WALLACE: Actually, I don't think you can
because the oral argument is -- unless you -- well, unless you reconvene this meeting -- recess this meeting and then reconvene this meeting.

COMMISSIONER O'CONNELL-DIAZ: Right. So we can recess and then reconvene and take this up before we start the oral argument.

JUDGE WALLACE: Yes, you can do that.

[!EZ SPEAKER 01]: Okay. That's fine.

CHAIRMAN FLORES: So let the record reflect that we're going to recess this meeting and that we will reconvene promptly at 1:00 p.m.

(Whereupon, a recess was taken.)

(Whereupon, the above matter reconvened at 1 o'clock p.m.)

ACTING CHAIRMAN FLORES: Springfield?

(No response.)

Springfield?

A VOICE: Yes, we are here.

ACTING CHAIRMAN FLORES: Is Judge Wallace still there?

JUDGE WALLACE: Yes.
ACTING CHAIRMAN FLORES: Okay. Very good. Let the record reflect that we are still here. We are reconvening from a recess that we took earlier this morning of the regularly scheduled meeting on the agenda for today.

There was a request to review the Minutes of the Special Open Meeting of Thursday, April 29th, of this year, 2010. I wanted to make sure that all the Commissioners had an opportunity to review the Minutes. I believe that everyone has had an opportunity to review the Minutes. I also believe that there was a motion to amend the Minutes.

Is there a motion to amend the Minutes of the April 29th Special Open Meeting?

COMMISSIONER O'CONNELL-DIAZ: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER ELLIOTT: Second.

ACTING CHAIRMAN FLORES: It's been moved and seconded. All in favor say aye.

COMMISSIONER O'CONNELL-DIAZ: Aye.

COMMISSIONER ELLIOTT: Aye.

COMMISSIONER FORD: Aye.
ACTING COMMISSIONER COLGAN: Aye.

ACTING CHAIRMAN FLORES: Aye.

Opposed?

(No response.)

The vote is 5 to zero amending the Minutes.

I would like to make a motion to approve the Minutes as amended. Is there a second?

COMMISSIONER O'CONNELL-DIAZ: Second.

ACTING CHAIRMAN FLORES: It's moved and seconded.

All in favor say aye.

COMMISSIONER O'CONNELL-DIAZ: Aye.

ACTING COMMISSIONER COLGAN: Aye.

COMMISSIONER FORD: Aye.

COMMISSIONER ELLIOTT: Aye.

ACTING CHAIRMAN FLORES: Aye.

Opposed?

(No response.)

The vote is 5 to zero approving the April 29th Special Open Meeting Minutes as amended.

Judge Wallace, correct me if I'm wrong,
but that was the only matter that was still outstanding from this morning; is that correct?

JUDGE WALLACE: Yes, that's correct.

ACTING CHAIRMAN FLORES: Very well.

Judge Wallace, is there any other matters to come before the Commission today?

JUDGE WALLACE: No.

ACTING CHAIRMAN FLORES: Very well. Then hearing none, the meeting stands adjourned.

(Whereupon, the above matter was adjourned.)