BEFORE THE
ILLINOIS COMMERCE COMMISSION
REGULAR OPEN MEETING
(PUBLIC UTILITY)
Wednesday, August 7, 2019
Chicago, Illinois

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

PRESENT:

CARRIE ZALEWSKI, Chairman
D. ETHAN KIMBREL, Commissioner
BRIEN J. SHEAHAN, Commissioner (telephonically)
SADZI M. OLIVA, Commissioner
MARIA S. BOCANEGRA, Commissioner

SULLIVAN REPORTING COMPANY, by
Devan J. Moore, CSR
License No. 084-004589
CHAIRMAN ZALEWSKI: Good morning. Under the Opening Meetings Act, I now call the August 7th, 2019 Regular Open Meeting to order. Commissioners Bocanegra, Kimbrel, and Oliva are here in Chicago. We have a quorum. Commissioner Sheahan is seeking to participate by phone.

Commissioner Sheahan, are you with us?

COMMISSIONER SHEAHAN: I am. Thank you.

CHAIRMAN ZALEWSKI: Great.

Are there any objections to allowing Commissioner Sheahan to participate by phone?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, Commissioner Sheahan is granted permission to participate by phone.

We have no requests to speak. We’re now moving on to our Public Utility Agenda. We have no minutes to approve.

Moving on to the electric utility items,

Item E-1 concerns Docket ERM No. 19-088, which is the MidAmerican filing to modify its “Rate QF” Cogeneration and Small power Production Facilities.

Staff reviewed the filing and finds the proposed modifications reasonable and, thus, recommends
allowing the rate to go forward and go into effect as filed.

Are there any objections to not suspending the filing?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the filing is not suspended.

Item E-2 concerns Docket 19-0174, which is the Ameren Illinois Reconciliation under Hazardous Materials Adjustment Clause Rider. The Order approves the Reconciliation.

Are there any objections to approving the Order?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

Items E-3 through E-6 concern applications for authority to install distributed generation facilities in Illinois. The Orders grant the certificates, finding that the applicants meet the requirements.

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

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are
Items E-7 and E-8 concern applications for authority to install, maintain, or repair electric vehicle charging stations in Illinois. The Orders grant the certificates, finding the applicants meet the requirements.

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

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.

Items E-9 through E-11 concern applications for a license to operate as retail electric agents, brokers, and consultants in Illinois. The Orders grant the licenses, finding that the applicants meet the requirements.

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

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.

Moving on to the gas items, Items G-1 and G-2 concern Dockets GRM No. 19-185 and GRM 19-186, which are the North Shore Gas and Peoples Gas filing to modify their billing
format. Staff has reviewed the filings and finds the proposed modifications reasonable and, thus, recommends to not suspend the filing.

Are there any objections to considering these items together and not suspending the filings?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the filings are not suspended.

Item G-3 concerns Dockets GRM 19-188, which is MidAmerican’s filing to revise the “Rider TDB” Daily Balancing of Customer-Owned Volumes. Staff has reviewed the filings and finds the proposed modifications reasonable and, thus, recommends to not suspend the filing.

Are there any objections to not suspending the filing?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the filing is not suspended.

Item G-4 concerns Docket 19-0680, which is a Joint Motion to Dismiss a customer complaint against Constellation New Energy Gas Division regarding cancellation fees.
Are there any objections to granting the motion and dismissing the complaint?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the motion is granted.

Moving on to our Telecommunications items, Items T-1 and T-2 concern Dockets 19-0205 and 19-0206, which are petitions to cancel interexchange tariffs and certificates. The Orders grant the petitions to cancel those certificates.

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

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.

Items T-3 and T-4 concern Dockets 19-0216 and 19-0586, which are applications for certificates to provide telecommunications services. The Order grants the certificates.

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

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Orders are approved.
Moving on to the Water and Sewer items,

Item W-1 concerns Docket 19-0186, which is the application of Utility Services of Illinois for a Consolidated Certificate of Public Convenience and Necessity for the Whispering Hills Water System in McHenry and Lake Counties. The Order grants the certificates.

Are there any objections to approving the Order?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

Under Miscellaneous Items we have Item M-1 that concerns Docket 17-0855, which is a rulemaking proceeding initiated by the Commission to consider amendments to the Commission's Rules relating to regulatory accounting treatment of cloud-based solutions. The Order initiates the procedure for facilitating -- for soliciting further comments to address JCAR's objection.

Are there any objections to approving the Order?

CHAIRMAN ZALEWSKI: Hearing none, the Order is approved.

We have one Petition for Rehearing. Item PR-1 concerns Docket 18-1215, which is the Application for Rehearing...
in a customer complaint against Ameren Illinois as to billing. The Administrative Law Judge recommends that the Commission denies the application because the complainant presented no new evidence to support her request.

Are there any objections to denying the application?

CHAIRMAN ZALEWSKI: Hearing none, the Application for a rehearing is denied.

We have three items under Other Business. Item O-1 concerns approvals of batches, contracts, and confirmations under the Adjustable Block Program.

Are there any objections to approving the Program Administrator’s submissions?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, the submissions are approved.

Item O-2 concerns approval of the Illinois Power Agency’s proposed contract for the Evaluator for the Illinois Solar for All Program.

Are there any objections to approving the proposed contract?

(No response.)
CHAIRMAN ZALEWSKI: Hearing none, the contract is approved.

Under Item O-4 we have Ms. Kimberly Greene, Chief Executive Officer of Southern Company Gas, and Mr. Melvin Williams, President of Nicor Gas, who wish to report on the status of compliance with the Order of Docket 15-0558.

Ms. Greene, please proceed.

MS. KIMBERLY S. GREENE: Good morning. It’s a pleasure to be with you this morning. I want to thank you for this opportunity to speak with you. This is my second appearance before you as Chairman, President, and CEO of Southern Company Gas.

We’ve just passed the third anniversary of Nicor Gas becoming a part of the Southern Company family. Melvin Williams, who has served as President of Nicor Gas for the past 4-and-a-half years, and I will be providing an update on Southern Company Gas and Nicor Gas. In addition, I’m here today to reinforce the commitment made to the ICC as part of the Southern Company merger approval process. I want to assure this Commission that we remain committed to our customers in Illinois and remain as citizens of and servants in our community.
Since the closing of the AGL Resources and Southern Company merger in 2016 we remain in full compliance with the merger conditions with no issues to report as we continue to provide clean, safe, reliable, and affordable service to our Illinois customers.

With respect to employment, we have met or exceeded all required employment thresholds — employment, safety-related positions, and executive management — and will continue to do so. With our substantial infrastructure programs underway in Illinois we see an ongoing need for not only internal skilled labor and corporate staff at Nicor Gas but also for external resources provided by our labor partners.

In addition, Nicor Gas has not had an impact to its cost of capital as a result of its affiliation with Southern Company and its subsidiaries. Maintaining strong credit metrics supports a strong Nicor Gas.

We also continue to meet or exceed our community commitments. Our customers, neighbors, and communities deserve to have the support of strong corporate citizens such as Nicor Gas. We continue to invest more than $2.2 million dollars annually in our communities — funding, partnering with, and volunteering — to support a wide range of
organizations. Most importantly, we want our workforce and our purchasing to be reflective of the communities that we serve.

The full details of our compliance with merger conditions were provided in our report filed with the ICC last month. Let me add that after the merger we have demonstrated a strong track record of operating successfully under the relevant conditions, and we plan to continue to do so for many years to come.

Before we discuss specific activities of Nicor Gas I'd like to say a few words about Southern Company. We are pleased with our financial and operational performance, as our premiere state-regulated gas and electric franchise operations continue to perform well. These franchises represent the core of Southern Company’s value proposition: State-regulated utilities that provide excellent industry-leading customer service to large customer bases. With this as our primary focus, Southern Company is committed to reinvesting capital into businesses that operate in constructive regulatory environments and have healthy capital investment programs that support our continued focus on safety, serving new customers, and operating efficiently.

Over the last 3 years we have been working
diligently across Southern Company and Southern Company Gas to ensure the efficient and effective integration number of businesses. Southern Company, like Southern Company Gas, holds improvement, development, and retention of its employees as top priorities. This fits well with our initiatives in Illinois to maintain employment levels and hire and retain a well-qualified, favorable, and diverse workforce.

Melvin will provide additional details on our efforts to operate our system safely and ensure compliance with all the pipelines, storage, and safety regulations; but I would like provide my perspective on how I think about these issues as the leader of our company.

First and foremost, the safety of our employees and the public is paramount to everything we do. It is about human beings, not counts or statistics. I focus on creating an open learning environment where employees feel free to speak up if there’s a problem and on developing safety systems that, combined with our risk-aware behavior, ensures the development and safety of our people, our customers, and our infrastructure.

Southern Company Gas has a strong history of compliance and safe operations; and with our focus on
continuous improvement, we strive daily to build upon our strong performance. I receive safety updates on a near daily basis, and each month our safety and compliance team provides Southern Company Gas's leadership with a detailed review of our performance.

We examine a host of safety-related initiatives, including our ongoing replacement of aging pipelines, emergency response times, safety notifications, enforcement actions, and industry incidents from which we can learn, just to name a few. At every level we are committed to improving by setting rigorous safety standards to ensure a safe and secure work environment across all of our operations, including Nicor Gas.

One other item I'm proud to share is a recent Moody's investor service credit opinion issued last month on Nicor Gas. In affirming Nicor Gas's solid, stable A2 rating, Moody's noted several key factors in support of their opinion. Most notably, Moody's highlights a credit supportive framework that provides transparent regulatory mechanisms and timely recovery of costs.

Moody's methodologies for utility companies includes specific criteria for rating the, quote, "consistency
and predictability of regulation”, end quote. The ICC received an “A” rating from Moody’s in this category, which is the largest factor supporting the Nicor Gas credit rating. Furthermore, this Commission’s constructive history of regulation is highlighted as a key driver in the Company’s track record and of strong credit metrics.

Moody’s also highlights how Nicor Gas’s affiliation with Southern Company is a credit positive. This is evidenced by the significant annual equity contribution that Southern Company has provided to fund Nicor Gas’s infrastructure programs and to maintain its “A” credit rating post tax reform. Overall, Moody’s report highlights a multitude of factors which supports Nicor Gas’s access to capital and the low cost of debt that benefits our customers.

In closing, the safety of our customers, our communities, and our employees, again, is paramount. Coupled with a strong focus on customer service and constructive regulatory environment, we look forward to providing efficient and effective natural gas service to our Illinois customers in the years ahead.

Again, thank you for your time today; and I look forward to taking any questions that you may have.
following Melvin's remarks.

MR. MELVIN WILLIAMS: Thanks, Kim.

Good morning, Commissioners. I'm pleased to be here today to share our annual report. As Nicor Gas, we continue to provide safe and reliable natural gas distribution service to over 2.2 million.

First and foremost, I'd like to start with safety, as safety of our people, our pipeline, and public are always our number one priority. A prime example of this commitment took place during the record-breaking cold weather earlier this year. During this time, Nicor Gas broke some of its own records, delivering more natural gas, more than 4.8 billion cubic feet, within a single day, surpassing records from 2014 and the 2014 polar vortex.

Before and during this extreme cold weather Nicor Gas employees proactively communicated with the public about natural gas safety, energy assistance, and our plans to ensure reliable service during this extreme weather. Additionally, they worked around the clock to monitor our pipelines and to ensure safe performance and the reliability of our system.

More than 7,000 calls were received at our
customer contact and field contact centers. Our contact personnel responded with 1500 calls during that period of time, and we had no major outages during that period. I cannot tell you how proud I am of the Nicor Gas employees who ensured that we met our commitment to provide safe and reliable service under the most difficult conditions in our company’s history.

We remain committed to complying with all current and anticipated pipeline safety rules, and we continue to communicate safety education to our customers. Our qualified infrastructure program, Investing in Illinois, has been the cornerstone of our success in safety reliability by allowing us to accelerate the modernization of our gas infrastructure.

In 2018, we replaced 184 miles of aging natural gas mains, over 15,000 natural gas services; and this year we will replace over 135 miles of main and over 15,000 services. And I’m proud to report that all known cast iron main has been removed from our system as of October of 2018.

We strategically continue to maintain our system and its reliability, specifically our 36-inch Aux Sable and 24-inch, Dubuque transmission line. In 2018, we replaced 10 miles of Aux Sable; and in 2019 we will replaced two
additional miles.

Upgrading our natural gas system also allows us to continue to meet the demands for our current and future customers. We recognize that a stable modern infrastructure is the foundation to a strong business environment in our state, and we continue to work with economic development organizations to promote Illinois as a great place for businesses.

In 2018, we added approximately 11,000 customers: and we are eager to bring natural gas to new areas of our neighborhood expansion program to provide residents a more affordable option to convert to natural gas. In fact, we recently have been granted the authority to serve the Galena territory at the far west end of the Nicor Gas service territory.

We've also currently identified over 2,000 customers that could potentially benefit from our neighborhood expansion program, and we are proud of our consistent efforts around business or supplier diversity. In 2018, Nicor Gas spent 300—over $346 million dollars directly with diverse and woman-owned businesses. We remain committed to creating a customer centric culture at Nicor Gas while enhancing our customers' overall experience.
Since 2014 we've seen a 62 percent decrease in our customer complaints. And today we've engaged more than 700,000 residential and business customers in our energy-efficiency program. We've also implemented new criteria to send alerts to the customer care team when a critical customer issue arises. We will soon be releasing an innovative communication solution through text messaging and personalized concierge services to our customers, proactively providing status updates regarding our schedules.

Finally, our Meter Modernization Program that supports customers' demands for more information and tools to support the energy efficiency usage has recently reached a major milestone. We've installed one million advanced metering devices. Our total commitment extends beyond our customers to our communities as well. In 2018, we provided 2.5 million to, approximately, 450 communities social and charitable organizations; and our employees committed more than 2100 volunteer hours within our communities.

Even with the many investments and improvements to our system, I am proud to say that our customers have lower gas bills today than they had 10 years ago. We are making prudent investments and improvements to our
system. We are investing in our employees and our communities to ensure that safety and reliability of our system today and well into the future. We are doing this while remaining one of the most operationally efficient gas distribution companies in the nation.

Our employees are our most important resource that we have to meet or obligations of providing safe and reliable natural gas service to our customers. In fact, Nicor Gas has hired more than 1,000 employees in the past 5 years, and we have plans to do more of that this year. Workforce development continues to be a key priority as we begin experiencing an increase in retirements over the last 5 years.

This, coupled with investing in Illinois, our infrastructure modernization program has created a need for additional qualified employees. To address this issue Nicor Gas has partnered with Quad County Urban League and several of our pipeline partners to launch the Nicor Gas Career Academy, a 6-week job training readiness program designed to prepare participants for entry-level positions within the utility industry, primarily focusing on natural gas.

Last year 21 individuals graduated from the Career Academy's inaugural cohort. 13 of those individuals
were extended employment offers at Nicor Gas. Another 18 just
completed our second career academy cohort, 3 of whom have
already been extended offers for employment at Nicor Gas. We
also proudly support joint initiatives to increase awareness of
careers and energy.

We participate in STEM events for Nicor Gas
careers. In 2018, we participated in 78 events reaching nearly
7,000 students. Some of the ways we are actively participating
in the success of our employees include tuition discounts at
select universities, Southern Company’s Tuition Reimbursement
Program, internal mentorship programs, the Benedictine
Leadership Program, and our recently launched Workforce
Leadership Development Program. We believe that a trained
workforce that is given an opportunity for professional growth
will engage in our workforce and will remain and grow with
Nicor Gas.

In summary, we have fully complied with
conditions established in our merger agreement and are pleased
with our performance around all but four areas of our
business — safety and reliability, growth and economic
development, customer engagement, and employee engagement.

Thank you for your time. And Kim and I are
available for questions.

CHAIRMAN ZALEWSKI: Thank you both for being here and for giving us this update. We appreciate it.

Do any of the Commissioners have questions?

(No response.)

CHAIRMAN ZALEWSKI: All right. Thank you. Appreciate it.

Finishing up, Judge Teague-Kingsley, do you have any matters to come before the Commission today?

JUDGE TEAGUE-KINGSLEY: No, Madam Chairman.

CHAIRMAN ZALEWSKI: Thank you.

Do any of the Commissioners have any other business to discuss?

(No response.)

CHAIRMAN ZALEWSKI: Hearing none, and without objection, the meeting is adjourned. Thank you everyone for being here today.

(Whereupon, the above entitled matter adjourned.)