BEFORE THE
I LLINOIS COMMERCE COMMISSION
REGULAR OPEN MEETING
(PUBLIC UTILITIES)
November 1, 2017
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
SHERINA MAYE-EDWARDS, Commissioner

SULLIVAN REPORTING COMPANY, by
Devan J. Moore, CSR
License No. 084-004589
CHAIRMAN SHEAHAN: Good morning. Are we ready to proceed in Springfield?
(No response.)
CHAIRMAN SHEAHAN: I'm going to assume we are.
Pursuant to the Open Meetings Act, I call the November 1st, 2017 Regular Open Meeting to order. Commissioners del Valle, Edwards, Rosales, and Oliva -- that's so nice to say, Commissioner Oliva. Congratulations -- are here with me in Chicago. We have a quorum.
We have no public comments. Our first item of business is a report from Charles Matthews, President of Peoples and North Shore Gas, on the status of Compliance with the Order in Docket No. 14-0496.
Mr. Matthews, if you would join us at the table here. Have a seat. Make sure the mic is on.

MR. CHARLES MATTHEWS: Thank you, Chairman.
Good morning, Commissioners. My name is Charles Matthews. I am President and CEO of Peoples Gas and North Shore Gas. I am here today to
update you on our progress in Illinois since the WEC Energy Group Acquisition of Peoples Gas and North Shore Gas in 2015. After my remarks I will be happy to answer any questions that you might have.

Before we get started, thank you for your support and concerns for Allen Leverett, the CEO of WEC Energy Group. I can tell you that Allen has been released from the hospital and is making progress in his recovery. Gale Klappa will continue to serve as interim CEO as long as necessary, but the ultimate goal is for Allen to return to his duties. But, again, your kindness and concern means a great deal to Allen and his family and to all of us as well.

Currently, WEC Energy Group's operating utilities provide energy services to nearly 4.5 million customers in the Midwest, including 1 million customers of our Illinois Natural Gas Utilities. Last year we reported on our integration of the two companies and our continuous efforts at Peoples Gas and North Shore Gas to improve the quality, reliability, and cost effectiveness of their
services. We remain focused on improving our operations and enhancing customer service throughout our footprint. Ultimately, we want to achieve and maintain world class levels of reliability, safety, and customer satisfaction.

I am pleased to report that WEC Energy Group remains in compliance with all of the conditions in the Commission's order authorizing our acquisition of Integrys. In addition, I would like to update you on several important topics: the Peoples Gas System Modernization Program, or SMP, our relationship with the City of Chicago, and our continuing commitments to workforce training, supplier diversity, safety, customer service, and contributions to the communities that we serve.

The Peoples Gas System Modernization Program remains a top priority of the Commission, the City of Chicago, and WEC Energy Group. Prior to WEC's acquisition of Integrys, Peoples Gas had undertaken this multi-decade effort to replace at-risk natural gas mains in the City of Chicago, some of which were installed well over 100 years ago.
When I started as president of Peoples Gas, it was clear that the program needed a fresh start. As we highlighted last year, we've made significant improvements in the program, not the least of which was bringing direct project management back into the utility. This year we have focused our team on executing the program with leading industry practices and enhanced performance monitoring. These and other initiatives have contributed to lower construction costs and improved customer service.

In 2015 we entered into a comprehensive agreement with the City of Chicago that has enabled us to better perform our construction activities and reduce inconveniences to the citizens of Chicago. We have continued to improve our working relationship with the City. As a result, we have experienced a reduction in violations, citations, and cancelled permits from CDOT, and we have greatly improved our performance on completing projects within permit time lines.

As a result of these efforts, let me share just a few of the tangible improvements that we
have seen in executing SMP in the city of Chicago. We achieved a 15 percent reduction in total costs to install new natural gas mains and services. We are on track to complete all of the work that we planned to complete this year. The safety and environmental benefits of modernizing our distribution system are evident with the continued downward trend in leak events.

Peoples Gas appreciates the Commission's proactive and effective oversight of the SMP which has encouraged and contributed to these improvements. The workshops that the Commission sponsored in 2016 affirmed the need to replace the natural gas infrastructure in Chicago and identified key areas of needed improvement such as providing detailed project construction schedules to the City of Chicago, minimizing disruption, and reducing the time associated with restoration.

The stakeholder process initiated by this Commission has resulted in a much improved dialogue amongst stakeholders and has produced consensus on key issues. The Commission's active
oversight continues with its thorough review of virtually every aspect of the program in Phase 2 of its investigation in pending Docket 16-0376.

I also want to take this opportunity to recognize the Utility Workers Union of America, Local 18007, and the International Brotherhood of Electrical Workers, Local 2285. They and the other unions representing our employees are critical partners in everything we do in Illinois.

One of the challenges that we face is the unprecedented rate at which skilled experienced gas workers are retiring. We are especially proud of our collaboration with the City Colleges of Chicago, the Utility Workers Union of America, and the Power For America Training Trust Fund to develop the Gas Sector and Utility Workers Training Program. This program is designed to give military veterans returning from service the opportunity to acquire the skills needed to work in the safe natural gas industry. This program has placed 249 veterans, about 25 percent of our entire Chicago union workforce, into new gas worker positions since 2012.
Earlier this year you joined us to celebrate the grand opening of our state of the art training facility in the Little Village neighborhood. This $20 million dollar investment reclaimed a former gas manufacturing site and created a 100,000 square foot facility that we are using to train our current and next generation of employees to install and service natural gas pipes and meters, conduct safety inspections, investigate leaks, and respond to emergencies. The general contractor and over 85 percent of the subcontractors who built our new training facilities were minority-owned firms. This is just one example of our commitment to diversity in contracting. Indeed, I'm pleased to report that the annual diversity spend for Peoples Gas and North Shore Gas has almost doubled between 2016 and 2017. And at over $80 million to date the companies have exceeded their shared spending goal for all of 2017.

One of our core values is safety, and here we have more work to do. While North Shore Gas has achieved an outstanding 870-plus days without a lost time injury, Peoples Gas has experienced an
uptake in OSHA reportable incidents and lost time injuries in 2017. This is disappointing to us after the reductions the company achieved in 2015 and 2016. Our senior team has placed a tremendous amount of focus and effort on reducing the frequencies as well as the severity of injuries, and we are redoubling those efforts and introducing new programs such as Safe Start and Near Miss and Unsafe Conditions Reported.

Another one of our core values is creating an excellent experience while offering truly personal care to every customer, every transaction every time. Our electric and natural gas utilities in Wisconsin consistently rank among the best energy companies on customer service and satisfaction. And we are working hard to instill the same focus in customer care at Peoples Gas and North Shore Gas.

Indeed, as part of our We Care Program Peoples Gas and North Shore Gas employees have made over 313,000 phone calls and spoken directly to over 142,000 customers since the WEC Energy Group acquisition in 2015.
As a Chicago resident, I recognize the importance of performing our work efficiently, promptly, and communicating with customers on our progress. Our team of specialists not only walk, monitor, and report on field complaints, but also work with our customer satisfaction field resources to ensure that we continue to improve the customer service experience. Through these efforts we have seen a 60 percent decline in customer complaints related to restoration over the last 2-and-a-half years.

Another critical component of customer service is compliments in accuracy in billing. Earlier this year we implemented major enhancements to our Customer Information System. Although the project has been largely successful, as with any software update, we have experienced some challenges. One issue that we are aware of is with the timeliness of information provided to alternative gas suppliers, but that issue has had minimal impact on any of these customers who are working hard to eliminate any remaining issues.
You may have also noticed that our numbers of disconnections is down considerably this year. This is another result of our CIS software update. Consistent with industry protocol, we halted all disconnections for several months until the system had undergone several billing cycles, and we were competent of its functionality.

We are very proud of the substantial contributions that our utilities and their employees make to the communities we serve. In 2017, Peoples Gas has submitted $1.75 million to its Share the Warmth Program. We will maintain that level of funding through 2019, bringing our support of the program to $8 million over the first 5 years after the acquisition.

With winter around the corner we are proactively bringing awareness to the Share the Warmth Program. Going beyond traditional customer communications, our financial assistance campaign includes social media, radio commercials, and strategically placed signs on bus shelters and CTA trains and platforms. Our radio ads have been
produced in English and Spanish. Our mass transit placards include versions in English, Spanish, Polish, and Mandarin.

Once again, this year Peoples Gas was recognized as a Top 25 United Way focused citizen in the City of Chicago. It is one of the top fundraisers for the Chicago Special Olympics Polar Plunge. In addition, our senior executives are playing an active role in the community as board members in a number of leading local organizations, including the Chicago Urban League, the National Latino Education Institute, the Chicagoland Chamber of Commerce, the Metropolitan Planning Council, Ounce of Prevention, Chicago Economists, World Business Chicago, Youth Guidance Council, and the Chicago Public Library, to name just a few.

In summary, we continue to make a tremendous amount of progress with our Illinois operations. We have set and are achieving measurable goals such as those that I have reviewed with you today. Through the achievement of these and future goals I expect sustained improvement in our
operations in customer service.

I would now be happy to answer any of your questions. If I cannot completely address a question, I will supplement my remarks with additional material. Thank you.

CHAIRMAN SHEAHAN: Thank you, sir.

Any questions? Commission del Valle?

COMMISSIONER DEL VALLE: Thank you,

Mr. Matthews for your report. It's good to see you again.

MR. MATTHEWS: It's good to see you.

COMMISSIONER DEL VALLE: I've reviewed the conditions, the 47 conditions. I do have just a few quick questions here just for clarification for my sake.

Do you have the conditions in front of you?

MR. MATTHEWS: I do not; but, again, I certainly can supplement it in writing.

COMMISSIONER DEL VALLE: Rather than be specific, let me try to be more general here.

Conditions 9 and 10 make reference to
the report, the final report -- the Phase 2 Liberty Report that was, or is, according to -- and I'm quoting -- "The condition is expected to be completed after the Q2 2017 report that was issued by Liberty early in Q3 of 2017."

That report hasn't been filed. I haven't seen that report. Do you know the status of that report which is related to Conditions 9 and 10?

MR. CHARLES MATTHEWS: Commissioner, it is my understanding --

Well, first of all, we did work with Liberty. It's my understanding that they have completed their report and it is at the Commission.

COMMISSIONER DEL VALLE: So that Q2 2017 report is at the Commission?

MR. CHARLES MATTHEWS: That's my understanding, or still with Liberty.

COMMISSIONER DEL VALLE: Or still with Liberty.

Okay.

MR. CHARLES MATTHEWS: But it is virtually completed, in terms of our work with them.

COMMISSIONER DEL VALLE: As far as your end is
concerned, it's completed.

MR. CHARLES MATTHEWS: That's my understanding.

COMMISSIONER DEL VALLE: The Pipeline Safety Management System on your most recent Semi Annual Compliance Report shows that you shared your OSHA stats while developing it. And on June 24th it was -- and I quote -- "filed with the Commission Pipeline Safety Branch."

This condition says that it shall be filed or produced -- or a draft shall be produced to the Commission for approval within 2 years. Is that still the time line for Commission approval?

MR. MATTHEWS: That is my understanding. It is also my understanding that that report has been filed.

COMMISSIONER DEL VALLE: The question on Condition 13 involved the capital spending during 2015 to 2017. Judging by your most recent Semi Annual Compliance Report on these conditions submitted June 29th, Peoples is roughly 84 percent through the compliance period, but has reached 75 percent of the spending required. That's for North
Shore and Peoples.

Do you anticipate being able to meet this condition? That's Condition 13.

MR. CHRISTOPHER MATTHEWS: Absolutely. Yes.

COMMISSIONER DEL VALLE: So you will meet the $1 billion goal?

MR. CHARLES MATTHEWS: Yes.

COMMISSIONER DEL VALLE: Okay. Then Condition No. 18 relates to ensuring that your savings from the reorganization shall flow through to rate payers. In your most recent Annual Compliance Report on these conditions, you rightly noted that your company had not filed for a rate increase at that time.

Up until now what are some of the savings that your company has enjoyed from this merger and hopefully will pass down to the ratepayers?

MR. CHARLES MATTHEWS: Well, at a very high level -- and specific to those that are being passed to our customers immediately, in real time, would be those associated with economies of scale that now have a bigger commodity group, a fuel procurement
group, are now buying gas for several more utilities, those savings -- and I don't have a number of what some of those savings are -- would be passed to the customers on a real time basis.

Obviously, there are some others. The CIS, the new customer information system, by now taking that big cost and spreading it over more companies, will result in some additional savings that we'll be seeing in the future year. But on a real time basis, the cost savings that are hitting customers right now would be any of those that are being impacted by gas routers or any other router, including SMP.

COMMISSIONER DEL VALLE: So it's not a matter of whether or not there will be savings passed on to rate payers; it's a matter of how much?

MR. CHARLES MATTHEWS: I think that's exactly how I would say it.

COMMISSIONER DEL VALLE: Thank you.

CHAIRMAN SHEAHAN: Thank you, Commissioner.

Any other questions?
CHAIRMAN SHEAHAH: Thank you, Mr. Matthews. We appreciate you being here.

MR. CHARLES MATTHEWS: Thank you.

CHAIRMAN SHEAHAH: Moving into the rest of our agenda this morning, we have no minutes to approve.

Item E-1 concerns reconciliation of revenues under ComEd's EDA Rider.

Are there any objections to approving the proposed Order approving the reconciliations?

(No response.)

CHAIRMAN SHEAHAH: Hearing none, the Order is approved.

Item E-2 concerns reconciliation of revenues under MidAmerican's fuel adjustment clause.

Are there any objections to approving the proposed Order approving the reconciliations?

(No response.)

CHAIRMAN SHEAHAH: Hearing none, the Order is approved.

E-3 concerns Saturn Electrical Services' Application for Certification to Install
Electric Vehicle Charging Stations.

Are there any objections to the proposed Order granting the certificate?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items E-4 through 6 concern Applications for Licensure as Agents, Brokers, and Consultants.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Orders are approved.


Are there any objections to approving the proposed Order granting the petition?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is
approved.

Item E-8 concerns National Gas & Electric's Petition for the confidential treatment of its Annual Report.

Are there any objections to approving the proposed Order granting the petition?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-9 concerns MidAmerican's application to issue Preferred Stock and Long-Term Debt.

Are there any objections to approving the proposed Order Approving the application?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-10 concerns a consumer compliant against Illinois Gas & Electric.

Are there any objections to approving the Joint Motion to Dismiss?
(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Joint Motion to Dismiss is granted.

Item G-1 concerns North Shore and Peoples Gas VBA Rider Reconciliations.

Are there any objection to approving the proposed Order approving the Reconciliations?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item T-1 concerns DeKalb County's petition to change its 9-1-1 provider.

Are there any objections to approving the proposed Order issuing a formal review of the DeKalb County's proposed modifications?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items T-2 and 3 concern Applications for Certificates to Operate as Resellers of Telecommunications Services.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Orders are
approved.

Judge Kimbrel, are there any other
matters that you'd like to bring before the
Commission this morning?

JUDGE KIMBREL: No, Mr. Chairman.

CHAIRMAN SHEAHAN: Thank you.

Commissioners, do any of you have any
other business that you'd like to raise this morning?

COMMISSIONER MAYE-EDWARDS: Yes, Mr. Chairman,
if I may.

First and foremost, I'd like to concur
with your earlier sentiments in congratulating Sadzi
Oliva on her nomination. Sadzi Olvia has made
history as the first Latina Commissioner. I'm very
excited to have her here.

Can we give her a round of applause.

(Applause.)

COMMISSIONER MAYE-EDWARDS: And, second, I want
to thank Joanne Graham for her service as my policy adviser over the last 7 months. It has been, like I say, a short but sweet ride. I am very excited in her next steps, which will be moving on to the Office of General Counsel to work in the municipal section. I know she will do as fabulous a job as she did for me in her short time. So thank you for everything you did, Jo. Good luck.

(Applause.)

CHAIRMAN SHEAHAN: All right. Unless there's anything else, we stand adjourned. Thank you.

(Whereupon, the above-entitled matter was adjourned.)