BEFORE THE
ILLINOIS COMMERCE COMMISSION
PUBLIC UTILITY REGULAR OPEN MEETING
Tuesday, December 4, 2018
Chicago, Illinois

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

PRESENT:
BRIEN J. SHEAHER, Chairman
SADZI M. OLIVA, Commissioner
JOHN R. ROSALES, Commissioner
D. ETHAN KIMBREL, Commissioner
ANASTASIA PALIVOS, Acting Commissioner

SULLIVAN REPORTING COMPANY, by
BRAD BENJAMIN, CSR
LICENSE NO. 084-004805
CHAIRMAN SHEAHAN: Good morning.

Are we ready to proceed in Springfield?

CHIEF CLERK: Yes, we are.

CHAIRMAN SHEAHAN: Pursuant to the Open Meetings Act, I call the December 4th, 2018, Regular Open Meeting to order. Commissioners Rosales, Oliva, Kimbrel and Acting Commissioner Palivos are with me in Chicago. We have a quorum.

Our first item of business is a report from Charles Matthews, the president of Peoples Gas and North Shore Gas, on the status of compliance with the order in Docket 14-0496.

Mr. Matthews, please make sure the mic is on. The floor is yours.

MR. CHARLES MATTHEWS: Good morning.

CHAIRMAN SHEAHAN: Good morning.

THE COURT: Let me start by thanking you, Mr. Chairman, for allowing me to come back again to provide, this morning, our annual update.

As you know, this is the fourth year we've provided --
CHAIRMAN SHEAHAN: Mr. Matthews, would you -- yeah. Just pull the mic a little closer.

MR. CHARLES MATTHEWS: As you know, this is the fourth year we've provided this update since WEC Energy Group acquired Peoples Gas and North Shore Gas back in 2015. We've made great strides on many different fronts since then, and I'm pleased to tell you we remain in full compliance with all of the conditions in the Commission's order authorizing the merger.

After my remarks, I will be happy to answer any specific questions you might have.

Even through it's only been a year since I was formally -- I formally updated you last, I have a lot to share with you this morning. 2018 has been a busy year for Peoples Gas and North Shore Gas and a busy year for WEC Energy Group as a whole.

Let me start by telling you about a few leadership changes at WEC Energy Group. As you may recall, Gale Klappa returned as CEO when Allen Leverett went on medical leave last year. While Allen's recovery continues to go well, he has
resigned as president. Allen will continue to serve on the WEC Energy Group Board of Directors, and we're happy we will continue to benefit from his insight.

In October the board named Kevin Fletcher the new president of WEC Energy Group. I've worked with Kevin for a long time, and he's a natural choice for the position. He has more than 40 years of experience in the energy industry, most recently as president of WE Energies and Wisconsin Public Service, the largest subsidiaries of WEC Energy Group.

Now let me turn to my update for Peoples Gas and North Shore Gas. I would like to start by talking about safety.

The safety of our customers, employees, and the public at large is always our top priority. As you know, pipeline safety is a subject that's been in the news recently. The tragic explosions outside Boston underscore the critical need to upgrade natural gas delivery systems across the nation, particularly in older cities that have low-pressure systems.
Low-pressure systems like those operated by Peoples Gas and utilities in other major metropolitan areas are inherently less safe than medium-pressure systems.

Even with the best processes, procedures, and training, the best way to ensure public safety is to upgrade our systems. As Andy Hesselbach, our VP of Construction, shared last week, fortunately, in Chicago, we are well on the way to modernizing our natural gas delivery system.

Under our System Modernization Program, we are converting our system from low to medium pressure and replacing outdated cast iron gas mains with modern plastic piping.

In the meantime, we maintain multiple safety procedures, training, and improved technologies to monitor our low-pressure system. We have new remote-monitoring technology that allows us to monitor portions of the system as well as slam-shut shut valves that help protect against overpressure conditions.

Today, approximately half of our
system is medium pressure, and we're working to
upgrade the remainder. Medium-pressure systems are
safer because they include individual regulators to
reduce pressure at each customer premise; external
shutoff valves that are easily accessed by energy
personnel; and excess flow valves to stop the flow of
natural gas in the event of a leak inside or outside
the home or business.

I'm pleased to report that, over the
last three years, we have worked extensively with the
City of Chicago, Commission staff, organized labor,
and our contractors to increase collaboration, which
has resulted in improved efficiencies in our System
Modernization Program. We will continue working with
all our stakeholders as we move forward. Thank you
again for your continued leadership on this very
important issue.

I'd now like to talk a little more
about what we're doing to serve and assist our
customers. Over the past three years, we have
undertaken multiple customer service initiatives. To
begin with, we have updated our customer information
system. The goal is to continue to improve customer service by providing a better and more-friendly experience with our -- for our customers.

Among the improvements, customers who call our Care Center now have a callback option when call volume is high. They also don't have to repeat account information they previously entered over our automated telephone system. Customers who access their bills online now can view bills in the same format as their paper bills. Customers enrolled in E-Bill now can pay multiple accounts at the same time. And payments made online, via telephone, or at any authorized payment agent now post in real time, which helps customers avoid service disruptions.

In addition to our processes, we're also doing a better job at communicating directly with our customers and encouraging our customers to communicate directly with us. To that end, this year we launched Facebook pages for Peoples Gas and North Shore Gas, in addition to our existing Twitter pages. We also have completed more than 60,000 individual customer satisfaction calls and
added the ability for customers to escalate concerns
directly to senior leadership through our email-a-VP
program.

To better assist our low-income
customers, we have significantly expanded the reach
of our Share the Warmth assistance program in the
past year by suspending the requirement that
customers make a matching payment to receive a grant.
So far this year, we've awarded $2.6 million in Share
the Warmth assistance. That's more than 13,000
grants and 4 times the numbers of grants we awarded
in all of last year. We have again suspended the
matching requirement this winter so we can continue
providing additional financial assistance to those
most in need.

I also would like to mention our
energy efficiency programs, which we now more
directly manage as a result of the Future Energy Jobs
Act.

Since we implemented our energy
efficiency programs seven years ago, we've awarded
$85 million in incentives to help customers make
energy-saving upgrades to their homes and businesses.
This year alone we're projecting to award more than
$16 million in incentives.

Improvements made through the programs
have resulted in overall savings of 63 million therms
of natural gas for customers at Peoples Gas and North
Shore Gas. We're currently working with our
public-sector customers to develop long-term
energy-savings plans. This exciting new initiative
will provide savings for organizations like the CTA,
Chicago Public Schools, and Waukegan School District.

I'll give you an example of just one
project. Working with CEDA and the Illinois Housing
Weatherization Assistance Program, we completed a
comprehensive energy-saving project at Wentworth
Gardens, a public housing property managed by the
Chicago Housing Authority. The project involved
retrofitting boilers and water heaters, weatherizing
the building, and installing energy-saving devices in
individual units. We provided over $830,000 in
incentives and helped the property and tenants save a
combined 229,000 therms of natural gas. Like safety,
improving our customer service is always a top priority.

Now, let me give you a quick snapshot of our workforce and training initiatives. Peoples Gas and North Shore Gas continue to be a major source of employment and economic opportunity.

As I've mentioned in the past, we are in the midst of a large wave of retirements. Over the next three years, we expect about 14 percent of our employees will retire. Combined with our System Modernization Program, these retirements have created unprecedented opportunities for a new generation of workers.

Our union workforce, for instance, is 1,050 today. That compares with 875 before we began our System Modernization Program in 2011. During construction season, SMP alone creates another 2,000 full-time jobs.

Many of the talented new employees we've hired in recent years are graduates from our Utility Worker Training Program for veterans. As you know, the program provides coursework and training at
the Dawson Technical Institute at Kennedy King College to prepare participants for utility careers. It's made possible through a close partnership with Gas Workers Local 18007. And, since 2012, we've hired almost 400 veterans who've graduated from the program.

Our increased hiring has allowed us to further diversify workforce. 71 percent of our hires in the past two years have been diverse employees, and Illinois workforce as a whole is currently 58 percent diverse.

We're proud that our workforce looks like the community we serve, but we're equally proud of the diversity of the suppliers with whom we do business. In 2017 we spent $125.5 million on diverse suppliers, up from $69.8 million in 2016.

Turning to community outreach and corporate citizenship, I can tell you I am very proud of the contributions of employees and our company make to the communities we serve. Last year our employees collectively volunteered 5,000 hours of service with our community partners. They also
donated and raised nearly $350,000 through our United Way campaign, matching gifts program, and participation in company-sponsored events such as my favorite, the Chicago Polar Plunge, and the Making Strides Against Breast Cancer walk.

This was in addition to the 3.5 million Peoples Gas and North Shore Gas contributed directly to our community partners in the areas of the arts, neighborhood development, education, human services, health, and the environment.

I won't list all of those contributions, but I do want to mention our support for the 50th anniversary of Special Olympics, including the torch lighting ceremony at Soldier Field. The ceremony featured athletes from around the world, including some who participated in the very first Special Olympics here in Chicago in 1968.

In addition to our existing community partnerships, we've expanded our outreach over the past year with new relationships with the charitable organizations of the Chicago Cubs and the Chicago White Sox. We call it our K's for a Cause program,
and we're particularly proud to be the exclusive 
sponsor of the Cubs' RBI Scholars Program, which 
provides mentoring and scholarships for students at 
four Chicago high schools.

In summary, we continue to make 
tremendous progress in our Illinois operations. We 
look forward to continuing to work with the 
Commission and all of our stakeholders in 2019.

Thank you for the opportunity. I tell 
you, I had a lot to share. Hopefully, I didn't take 
too much of your time, but I would certainly now be 
happy to answer any questions you may have.

CHAIRMAN SHEAHAN: Thank you.

Any questions from Commissioners?

(No response.)

CHAIRMAN SHEAHAN: Thank you, sir.

MR. CHARLES MATTHEWS: All right.

CHAIRMAN SHEAHAN: Moving on to Public 
Comments, we have one request to speak. As a 
reminder, you'll have three minutes. We'll let you 
know when you have two minutes left, one minute left 
and when your time has expired.
Please be aware that, while the Commission affords the public an opportunity to comment, we will not respond to your comments. Your comments will be made part of the record; however, we cannot rely on them to resolve disputed issues of facts in contested case.

Our only speaker is Joseph H. O'Brien.

Mr. O'Brien?

MR. JOSEPH O'BRIEN: Thank you very much.

I'm here on behalf of our client, Pier 60, Inc., d/b/a 2 Guys and a Van. They have received a failed audit letter.

The reason that we're even subject to an audit -- they started out very small. They started as a Subchapter S corporation. They grew very quickly over the last eight years, and their accountant advised them that they should change their corporate structure to that of a regular corporate taxing entity. Because of that, they went through a non-hearing transfer. That made them subject to an audit.

Last October when we were on our last
six months of a temporary -- a temporary authority, we hadn't heard anything about an audit, and we knew that, as of December 1st, our six months was going to run out.

On October 19th we requested that an audit be done. That began the process. There was a lot of back-and-forth of -- every time that we submitted documents, there was a request for more documents.

This is a carrier that performs, literally, several thousand moves a year. In a three-month period, to produce some of the documents that were required, they had to produce approximately 6,000 pieces of paper.

We got down to the last couple of days last week. The audit had not been completed. We made an offer that if they would -- the staff member would recommend that we get a permit and authority, we would continue to supply any documents that she might want. We never really got an answer to that.

It seemed like the crux of the whole thing was, was, that she was focusing in on, was that
their books were not being kept in accordance with

general accepted accounting principles.

On Thursday we made an offer that the

client would pay for an audit to be done by an

independent CPA. That if the authority would be --

would be given a permit authority, we would commit to

having that audit done. We did not really get an

answer to that. We were told that she had to check

with her supervisor, who she said was a Commerce

Commission police officer, and we never did get an

answer. Friday, we got a letter from the staff

member.

It's our contention that the

procedures and statutes have been violated. The

Commission's rules require that the Motor Carrier

Employee Board issue an order. Had that been done,

we would have had the right to appeal to the

Commission. The Motor Carrier Employee Board would

have been stayed. The carrier would still be

operating today.

He has now had to lay off 20 people

four weeks before Christmas and tell 51 people, who
were scheduled to be moved by him, that they have to go find other arrangements.

We think that there has to be some remedy that the Commission could take to right what is an egregious injustice. I spent 43 1/2 years as a judge at the Commission, and, Commissioners, I've really never seen anything quite like this.

Thank you very much for your time.

I've been told my time is now complete.

CHAIRMAN SHEAHAN: Thank you, Mr. O'Brien.

That concludes our public comments.

We'll now move into our Public Utility Agenda.

There are no edits to the November 8th, 2018, Regular Open Meeting Minutes.

Are there any objections to approving the Minutes?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Minutes are approved.

Item E-1 concerns ComEd's filing to revise its Residential Real Time Pricing Program
rider.

Are there any objections to approving the Suspension Order?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Suspension Order is approved.


Are there any objections to approving the Order initiating the proceeding?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-3 concerns a request for information from various ARES regarding their plans to distribute Federal Energy Regulatory Commission-ordered Settlement Proceedings in the ComEd territory.

Are there any objections to approving the Order initiating the proceeding?
(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-4 concerns ComEd's annual formula rate update. There are substantive edits to the Proposed Order. I would move that we approve the proposed edits involving battery storage.

Is there a second?

COMMISSIONER ROSALES: Second.

CHAIRMAN SHEAHAN: Is there any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

(No response.)

CHAIRMAN SHEAHAN: The ayes have it, and the proposed edits are approved.

Is there motion to approve the Order as edited?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there a second?

ACTING COMMISSIONER PALIVOS: Second.
CHAIRMAN SHEAHAN: Any discussion?

(No response.)

CHAIRMAN SHEAHAN: All those in favor of approving the Order as edited, say aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

(No response.)

CHAIRMAN SHEAHAN: The ayes have it, and the Order, as edited, is approved.

Item E-5 concerns ComEd's petition for approval of its energy efficiency formula rate tariff charges.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items E-6 through Item E-8 concern applications for authority to install Distributed Generation Facilities.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Orders are approved.

Item E-9 concerns a consumer complaint against ComEd.

Are there any objections to approving the Proposed Order dismissing the complaint?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-10 concerns ComEd's petition for a limited and temporary waiver of certain portions of Code Part 466.

Are there any objections to approving the Post-Exceptions Proposed Order approving the petition?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-11 concern ComEd's petition for Declaratory Ruling concerning the applicability of
Code Part 452 to the planned provisions of Price to Compare information on certain customer bills.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item E-12 concerns ComEd's petition for approval of its third-party electric energy efficiency program portfolio.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Items E-13 through 37 concern applications for authority to Install Energy Efficiency Measures.

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

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

Under our Gas Agenda, Item G-1 concerns Nicor's rate case. Are there any objections to approving the Suspension Order?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Suspension Order is approved.

Item G-2 concerns Nicor's reconciliation of revenues under its Gas Adjustment Charges. Are there any objections to approving the Proposed Order approving the reconciliation?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item G-3 concerns Ameren's reconciliation of revenues collected under its Gas Adjustment Charges. Are there any objections to approving the Proposed Order approving the reconciliation?
(No response.)

CHAIRMAN SHEAHDN: Hearing none, the Order is approved.


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

(No response.)

CHAIRMAN SHEAHDN: Hearing none, the Order is approved.

Item G-5 will be held for disposition at our December 19th meeting.

Are there any objections to approving the Proposed -- oh. I'm -- pardon me.

Moving on to Telecommunications, Item T-1 concerns a cancellation of CereTel's authority to provide telecommunication services in Illinois.

Are there any objections to approving the Proposed Order canceling the authority?

(No response.)

CHAIRMAN SHEAHDN: Hearing none, the Order is approved.
Item T-2 concerns a setting of maximum rates under Code Part 770 for operator service providers.

Are there any objections to approving the rates set in the Proposed Order?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Item T-3 concerns Teliax application for authority to provide various Telecommunications Services in Illinois.

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

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the Order is approved.

Under Other Business, Item O-1 concerns the November 2018 Solicitation of Bids to Sell Renewable Energy Credits from the New Scale -- pardon me -- Utility-Scale Solar and New Brownfield PV projects to Ameren, ComEd, and MidAmerican.

Are there any objections to approving
the Procurement Administrator's Recommendation on the
Selection of Winning Bids?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, the
Procurement Administrator's Recommendations are
approved.

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

JUDGE TEAGUE KINGSLEY: No, Mr. Chairman.

CHAIRMAN SHEAHAN: Commissioners, do any of you
have any other matters you'd like to bring before the
Commission?

(No response.)

CHAIRMAN SHEAHAN: Hearing none, we are
adjourned.

Thank you.

(Whereupon the matter
above was adjourned.)