BEFORE THE  
ILLINOIS COMMERCE COMMISSION  
REGULAR OPEN MEETING  
PUBLIC UTILITY  
Tuesday, December 13, 2016  
Chicago, Illinois  

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

PRESENT:  
BRIEN J. SHEAHAN, Chairman  
ANN MCCABE, Commissioner (Telephonically)  
SHERINA E. MAYE EDWARDS, Commissioner  
MIGUEL DEL VALLE, Commissioner  
JOHN R. ROSALES, Commissioner  

SULLIVAN REPORTING COMPANY, by  
PATRICIA WESLEY  
CSR NO. 084-002170
CHAIRMAN SHEAHAN: Good morning. Are we ready to proceed in Springfield?

DEPUTY DIRECTOR MATRISCH: Yes, we are.

CHAIRMAN SHEAHAN: Pursuant to the Open Meetings Act, I call the December 13, 2016 Special Open Meeting to order.

Commissioners del Valle, Edwards, and Rosales are present with me in Chicago. We have a quorum. Commissioner McCabe is participating by phone.

Commissioner McCabe, are you with us?

COMMISSIONER MCCABE: Yes.

CHAIRMAN SHEAHAN: Great. I move to allow Commissioner McCabe to participate by phone.

Is there a second?

COMMISSIONER ROSALES: Seconded.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

All those in favor, say aye.

(Chorus of ayes.)

Opposed, say nay.
The ayes have it and Commissioner McCabe is granted permission to participate by phone.

We have no requests to speak and will, therefore, move on to our Public Utilities Agenda.

We have no minutes.

Item E-1 concerns CUB and ELPC's Petition to Initiate Rulemaking regarding Parts 466 and 467 of the Illinois Administrative Code. Are there any objections to approving the proposed Order adopting the rules?

(No response.)

Hearing none, the Order's approved.

Item E-2 concerns a consumer complaint against Ameren. Are there any objections to granting the Joint Motion to Dismiss?

(No response.)

Hearing none, the motion is granted.

Item E-3 concerns the IPA's Petition for Approval of its 2017 Procurement Plan. There is
an edit to the Order taking notice of the recently passed Public Act 99-0906.

Is there a motion to approve the edit?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER del VALLE: Seconded.

CHAIRMAN SHEAHAN: All those in favor, say aye.

(Chorus of ayes.)

Opposed, say nay.

(No response.)

The ayes have it and the edit is approved.

Is there a motion to approve the proposed Order as edited?

COMMISSIONER MAYE EDWARDS: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER ROSALES: Seconded.

CHAIRMAN SHEAHAN: Any discussion?

(No response.)

All those in favor, say aye.

(Chorus of ayes.)

Opposed, say nay.
The ayes have it and the Order is approved.

Item E-4 concerns Ameren Transmission's Petition for the use of Eminent Domain.

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

(No response.)

Hearing none, the Order is approved.

Moving on to our Gas Agenda,

Items G-1 through 3 concern updates to various Ameren tariffs.

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

(No response.)

Hearing none, the filings are not suspended.

Items G-4 through 6 concern various consumer complaints.

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

(No response.)

Hearing none, the Orders are approved.

Item G-7 concerns American Power &
Gas' Application for a Certificate of Service
Authority.

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

(No response.)

Hearing none, the Order is approved.

Moving on to our Telecommunications
Agenda, Item T-1 concerns setting of maximum rates
for operator service providers.

Are there any objections to approving
the proposed Order?

(No response.)

Hearing none, the Order is approved.

Items T-2 through 4 concern amendments
to Parts 755, 756, and 790 of the Illinois
Administrative Code.

Are there any objections to
considering these items together and approving the proposed Orders authorizing the Second Notice Period?

(No response.)

Hearing none, the Orders are approved.

Items T-5 through 7 concern Petitions to cancel Certificates of Authority.

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

(No response.)

Hearing none, the Orders are approved.

Moving on to our Water and Sewer Agenda, Item W-1 concerns IAWC's Proposed Rate Increase for Water and Sewer Service.

There are both substantive and non-substantive edits to the proposed Order.

Is there a motion to adopt the edits?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER MAYE EDWARDS: Seconded.

CHAIRMAN SHEAHAN: Is there any discussion?
Commissioner Edwards.

COMMISSIONER MAYE EDWARDS: Yes. The proposed
edits adjust the ROE calculation by averaging the
ROEs put forth by the company and IIWC, FEA, and
CUB. There is also a downward adjustment
of 8 basis points for adoption of the Rider VBA
resulting in a final ROE of 9.79 percent and
authorized rate of return of 7.47 percent.

For the record, I would also like to
note the company's efforts to contain and reduce its
costs, achieve award-winning customer satisfaction
ratings, and promote a diverse workforce.

The company has reduced its O&M
expenses below the level previously authorized by
the Commission in its last rate case. The company
has also received honors for excellent customer
service and tripled its diverse supplier spend in
2015.

I want to commend the company for its
outstanding managerial efforts and recognize the
importance of comparable returns in order to
continue to sustain and further advance these
efforts and I note considering all these things and
the edits that I set forth.

Thank you to Chairman Sheahan's office
for the collaboration on these edits.

CHAIRMAN SHEAHAN: Is there any other discussion
regarding the edits?

(No response.)

All those in favor of adopting the
proposed edits, say aye.

COMMISSIONER ROSALES: Aye.

COMMISSIONER McCabe: Aye.

CHAIRMAN SHEAHAN: Aye.

COMMISSIONER MAYE EDWARDS: Aye.

(Chorus of ayes.)

CHAIRMAN SHEAHAN: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

CHAIRMAN SHEAHAN: The edits are adopted 4 to 1.

Do we have a motion to approve the
proposed Order as edited?

COMMISSIONER ROSALES: So moved.

CHAIRMAN SHEAHAN: Is there a second?

COMMISSIONER McCabe: Seconded.
CHAIRMAN SHEAHAN: Any discussion?

Commissioner del Valle.

COMMISSIONER del VALLE: Thank you, Mr. Chairman.

In this docket's Post-Exceptions Order, the Administrative Law Judges proposed a Return on Equity of 8.9 percent based on a thorough analysis of the various proposals and their methodologies.

But now, for the second time in as many water rate cases, we have an edit that arbitrarily inflates the company's return and, thus, its profit.

To do so, two different standards are employed depending on whether an ROE was higher or lower. Flawed ROEs, which are higher, get averaged, but those deemed too low are excluded from the average, without any attempt at explaining the disparate treatment, other than that it seems too low.

The two higher ROEs contain adjustments that are recognized to be contrary to normal practice for a company such as this; the
lower ROE, however, includes no finding that it would hurt the company's chances to attract capital and instead the analysis points to testimony that impermissibly compares the ROE to other companies, affiliates, and past rate cases. In my opinion, this is an inadequate and improper analysis and an abuse of discretion.

And though I agree that an 8 basis point adjustment is appropriate due to Rider VBA, it does little to mitigate an inflated ROE that is the result of arbitrarily applied discretion.

In retrospect, I also believe that we erred when we denied the requests to hold public forums by failing to require more than merely conclusory statements without an explanation about the Commission's inability to cover the costs.

The Commission is required by law to consider all public comments in all of their forms when reviewing a water rate increase. In this case, Staff's petitions did not provide adequate support, and we should have these ratepayers' public comments in this record. I see that as a deficiency in the
Accordingly, I voted no on the edit and will vote no on this Order.

Thank you, Mr. Commissioner.

CHAIRMAN SHEAHAH: Thank you.

Are there any other comments?

(No response.)

The vote is on the proposed Order as edited. All those in favor, say aye.

COMMISSIONER McCabe: Aye.

COMMISSIONER ROSALES: Aye.

COMMISSIONER MAYE EDWARDS: Aye.

CHAIRMAN SHEAHAH: Opposed, say nay.

COMMISSIONER del VALLE: Nay.

CHAIRMAN SHEAHAH: The ayes have it and the vote is 4 to 1 and the Order as edited is approved.

Item W-2 concerns Aqua's Petition to Cancel Certain Tariff Language.

Are there any objections to approving the proposed Order cancelling and revising the tariff language?

(No response.)
Hearing none, the Order is approved.

Under our Miscellaneous Agenda, we have Item M-1 concerns the adoption of rules regarding the electronic filing of tariffs.

Are there any objections to approving the proposed Order initiating rulemaking proceeding and authorizing the First Notice Period?

(No response.)

Hearing none, the Order is approved.

Item M-2 concerns the setting of interest rates to be paid on customer deposits.

Are there any objections to approving the proposed Order setting the rates?

(No response.)

Hearing none, the Order is approved.

Moving on to Petitions for Rehearing, Item PR-1 concerns ComEd's Application for Rehearing.

Are there any objections to denying the Application for Rehearing?

(No response.)

Hearing none, the application is
denied.

Judge Kimbrel, do you have any other matters to come before the Commission this morning?

JUDGE KIMBREL: No, Mr. Chairman.

CHAIRMAN SHEAHAN: Commissioners, do any of you have any other business to bring before the Commission this morning?

(No response.)

Hearing none and without objection, this meeting stands adjourned.

(Whereupon, the above matter was adjourned.)