BEFORE THE
ILLINOIS COMMERCE COMMISSION

BENCH SESSION
(PUBLIC UTILITY)

Springfield, Illinois

Wednesday, December 21, 2011

Met, pursuant to notice, at 10:30 a.m.
in the Audiovisual Conference Room, Second Floor,
Leland Building, 527 East Capitol Avenue,
Springfield, Illinois.

PRESENT:

MR. DOUGLAS P. SCOTT, Chairman

MS. LULA M. FORD, Commissioner
(Via audiovisual teleconference)

MS. ERIN M. O'CONNELL-DIAZ, Commissioner
(Via audiovisual teleconference)

MR. SHERMAN J. ELLIOTT, Commissioner

MR. JOHN T. COLGAN, Acting Commissioner

SULLIVAN REPORTING COMPANY, by
Carla J. Boehl, Reporter
CSR #084-002710
CHAIRMAN SCOTT: Pursuant to the provisions of the Illinois Open Meetings Act, I now convene a regularly scheduled Bench Session of the Illinois Commerce Commission. With me in Springfield are Commissioner Elliott and Acting Commissioner Colgan. With us in Chicago are Commissioners Ford and O'Connell-Diaz. I am Chairman Scott. We have a quorum.

Before moving into the agenda, according to Section 1700.10 of Title II of the Administrative Code, this is the time we allow 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, we have no requests to speak at today's session.

(The Transportation portion of the proceedings was held at this time and is contained in a separate transcript.)
CHAIRMAN SCOTT: Moving on to the Public Utility Agenda, we will begin today with approval of minutes from prior Commission meetings. Up first are minutes from our November 22 Regular Open Meeting. I understand amendments have been forwarded. Is there a motion to amend the minutes?

ACTING COMMISSIONER COLGAN: So moved.

CHAIRMAN SCOTT: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN SCOTT: The vote is five to nothing, and the amendments to the November 22 ROM minutes are adopted.

Is there a motion to approve the minutes as amended?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN SCOTT: Is there a second?

ACTING COMMISSIONER COLGAN: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor say aye.
COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and the November 22 Regular Open Meeting minutes as amended are approved.

Turning next to the Electric portion of today's agenda, Item E-1 concerns a filing by MidAmerican seeking modification of its tariffs governing disconnection of electric service for nonpayment for veterans and active military personnel.

Staff recommends granting the company's request by not suspending the filing.

Is there any discussion?

(No response.)

Is there a motion to not suspend the filing?

ACTING COMMISSIONER COLGAN: So moved.

CHAIRMAN SCOTT: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor say aye.
COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and the filing will not be suspended.

We will use this five to nothing vote for the remainder of today's Public Utility agenda, unless otherwise noted.

Item E-2 concerns a filing by ComEd, its Rate RDS and Rate RESS tariffs related to any changes in a non-residential customer's federal tax ID number. Staff recommends granting the company's request by not suspending the filing.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the filing will not be suspended.

Item E-3 is Docket Number 07-0566. This is ComEd's 2007 rate case on remand from the appellate court. We will be holding this item for
disposition at a future Commission meeting.

Item E-4 is Docket Number 10-0275. This is ComEd's 2008/2009 power procurement expenditure reconciliation case. ALJ Jones recommends entry of an Order approving the reconciliation.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered.

Item E-5 is Docket Numbers 11-0279 and 11-0282 Consolidated. This is Ameren's rate case for its electric and gas operations. Before us is a motion by the company to sever and dismiss its electric case, and we will hold disposition of this motion for a future Commission meeting.

With respect to oral argument, we plan on holding oral argument in this matter at 1:00 o'clock p.m. on January 5 at the Commission's Springfield offices. We will not enter a Final Order in this case until our January 10 Regular Open
Meeting, so entry of an Order regarding the requested rate increase will be held until then.

E-6 is Docket Number 11-0118. This is Nicor's reconciliation case for 2010 expenditures made for coal tar cleanup. ALJ Kimbrel recommends entry of an Order approving the reconciliation.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered.

Items E-7 and E-8 (11-0702, 11-0715) can be taken together. These are applications by Trinity Energy Services and SourceOne for licensure as an Agent, Broker and Consultant under Section 16-115C of the Public Utilities Act. In each case ALJ Albers recommends entry of an Order granting the requested Certificate.

Is there any discussion?

(No response.)

Any objections?

(No response.)
Hearing none, the Orders are entered, and the Certificates are granted.

Items E-9 through E-12 (11-0179, 11-0431, 11-0454, 11-0485) can also be taken together. These are customer complaints against ComEd. In each case the parties have apparently settled their differences and brought a Joint Motion to Dismiss which the ALJ recommends we grant.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Joint Motions to Dismiss are granted.

Item E-13 is Docket Number 11-0660.

This is the Illinois Power Agency's petition for approval of its 2012 Procurement Plan. ALJ Wallace recommends entry of an Order approving the plan.

Is there any discussion?

I would like to make just a few comments if I could about this. I am going to vote for the Order today.
First with respect to the arguments that were made regarding the need for long-term contracts and renewables, I am sympathetic to some of those arguments. When I was at the EPA, I was in charge of the Illinois Climate Change Advisory Group which was tasked with developing a set of policy solutions to reduce carbon emissions in Illinois and help lay the groundwork for the renewable portfolio standard that we have in the state today.

And I fully understand that our long-term strategy can't simply be to think about compliance purely on an annual basis and only in terms of the lowest possible compliance cost. Because, if we do that, we will eventually find ourselves in the situation where the development of renewables is constrained by transmission or other barriers, and we will end up paying more REC procurement than if we take a longer term vision.

And I also understand that the RPS, at least as it was envisioned I think legislatively, in addition by the Climate Change Advisory Group, is about developing low carbon generation resources and
not simply recognizing that they exist, and that does require some certainty for the developers to actually develop those low carbon generation resources.

So I do see some of the appeal to those arguments. But having said that, I don't think this is the right time to move forward with those long-term projects as part of our Procurement Plan for a couple of reasons.

First, we really don't know what our renewable energy resource budget will look like one year from now, let alone three to five years from now. But given what we know about the current growth of the electric retail electricity space, we will have a much better handle on that variable by this time next year. So as long as that budget amount remains a little bit of a mystery, it would be irresponsible of us to lock up too much of that budget in long-term contracts.

And, second, given the current low prices of renewable energy credits, it is tough to say this is the right time to increase the proportion of the budget that's devoted to long-term deals.
Illinois ratepayers are benefiting from a glut of supply on the renewable side, specifically with wind, and that's showing up in the REC prices. We do know that those prices will rise eventually, but I don't think we are at the point in the curve where we need to turn to those long-term solutions quite yet.

So while I am ultimately sympathetic that we can't always think short-term, I don't believe we are at the place yet where we need to jump into the long-term area.

I am looking forward to discussing these issues with the parties in the upcoming months. I think it is really important for us to play an important role in these discussions, much as it is for us to play a role in some of the other discussions we have had about the EPA and some of the regs and other issues that are important to us and to the ratepayers. So in coming months I look forward to some discussions surrounding the issues of this one and hopefully getting a better sense of where everybody is coming from on that.

One other thing I would just like to
touch on briefly, and that's the procurement of solar powered distributed generation. I am very happy that our Order calls for workshops on the issue, and I believe those will be very useful in understanding how we can think through properly matching our procurement process, which can be very technical and difficult to access for smaller parties, matching that to the procurement distributed renewable resources. I think that's a challenge for us, and I am really looking forward to that challenge in the future.

Are there any other comments?

COMMISSIONER ELLIOTT: Yeah.

CHAIRMAN SCOTT: Commissioner Elliott?

COMMISSIONER ELLIOTT: Yeah, I agree that the situation was fairly well defined regarding long-term contracts, and I think I have been on record in past IPA Orders regarding long-term contracts and customer migration risk which was somewhat discussed in the Order, and acknowledged that there are a lot of municipal aggregation proposals that are out there. I think this is an issue that most likely will
continue to grow and expand. As more communities get
involved, I think more communities may take this up
through political means in their communities which
takes some time, as you well know.

But we have also got a fledgling residential commercial market now which is growing. We have seen significant increases a year, month on month, certainly year on year. And I think all of those things sort of gravitate to taking a very conservative view with regard to long-term contracting for what could potentially be a very diminishing pool of potential KEs.

So as I said in my opinion, dissenting opinion in the Order, I think it was, a couple years ago with regard to long-term contracting, I still think there is a significant lack of discussion with regard to customer migration risk and contracted positions over longer periods. I would like to see more of that developed in future records, if this is to be considered as we go forward. As we gain more experience in customer migration and municipal aggregation, I think we will be able to see what the
trend is going to be. But I do believe it is going
to be increasing. I don't think anyone disavowed
that in this case.

So with that, I am happy with the
Order as it stands as well.

ACTING COMMISSIONER COLGAN: Yeah.

CHAIRMAN SCOTT: Commissioner Colgan?

ACTING COMMISSIONER COLGAN: I pretty much
agree with both comments that have already been made.
I share a lot of your sentiments, Chairman, and I
understand your point of view, Commissioner.

I think we are faced with some really
serious dilemmas in policy goals here. We have the
25 by 25 Policy that we need to take seriously. We
have the low cost issue that is argued very, I think,
effectively in this Procurement Plan by the parties.
I think there is a lot of issues that kind of bump
into each other in the midst of all of that
discussion.

I have a little bit of a concern as to
how we get to the 25 by 25 if we don't put some of
these renewables in place. You know, the thing where
we -- I just discovered recently Oak Park went to the aggregation and 100 percent of their energy is going to be RECs and they are saving a lot of money through that. If a number of communities were to pick up that similar kind of option, I am not sure that they will, but if they did, you know, we would start bumping up against capacity on being able to meet that, and I know that creates all kinds of complications on transmission policies that need to be thought through thoroughly.

And so, you know, I spent a lot of time with this Order and I think that I agree with its conclusions. A lot of good work, a lot of hard work, went into putting this together, and so I am going to vote for it. But, you know, I share a number of concerns that have already been expressed.

CHAIRMAN SCOTT: Further discussion?

COMMISSIONER ELLIOTT: All right. I would just like to add that, you know, you mentioned transmission policy and that is in a serious state of flux, both regional and national, with regard to renewables, with regard to cost allocation. I think
that the status quo doesn't lend itself, I think, to
long-term views. It's -- until a number of issues
are settled, I think both on the state level and
regional and a national level, it's going to be quite
disconcerting and difficult to take a long-term view.
These things just agitate against this until they are
resolved.

And so I think you made an excellent
point about transmission policy, which goes well
beyond our borders but has significant implications
on our purchases going forward.

CHAIRMAN SCOTT: I think all these comments are
very well made. I think they all point out the need
to have some further discussion with lots of parties
and lots of players that are involved in this, rather
than just kind of a silo kind of approach to it, as
we all, for good reasons, but we all fall into that
from time to time.

Further comments?

COMMISSIONER O'CONNELL-DIAZ: I just agree with
the comments that have been made so far. I think
what we need to always keep in mind is that this is a
developing situation that we see. And, I mean, who
would think that -- I think today riding down on the
train, I think I read of probably five different
referendums that are going on with regard to
municipal aggregation. This Commission has been a
champion of development of a competitive market. We
are now finally, finally, seeing some of the benefits
that come from that. But with the benefits come our
responsibility to plug in that knowledge and that
reality as we move forward.

And I guess my concern always is what
does it mean to the ratepayer. What does it mean --
are we picking winners and losers, and that bottom
line price, and are we subsidizing something that may
not be in the best interest of our state or folks
that are paying for this.

So I think we continually have to put
the glasses on and look at it and, as the Chairman
suggested, have open dialogue with regard to how do
we do this.

And I thought the Order was extremely
well written. It covered, you know, all of the
various positions that are kind of out there. And, you know, if we look at that Order next year, it may not be -- I can guarantee it won't be the same facts that we should be looking at. So, again, this is a continually changing place that we find ourselves in with Interstate and also given the fact that we are in a national marketplace.

So we just have to continue to be knowledgeable and try to make our best judgments based on what the current information is, and it does change. And, you know, I just think that's what developing appropriate policy is. And I know many other states are looking at the amounts of renewable procurement that their legislatures have required for their states, and those were all set a couple years ago. So things are different than they were a couple years ago when we set those so we have to be able to re-look at things and make the best call.

So I look forward to the continuing improvement of our marketplace, and IPA will be there to bring us those Procurement Plans, and we will have to keep looking at it. So I appreciate all the
parties' efforts in this and also I think Judge Wallace gave us an excellent Order here to move forward with.

Thank you.

CHAIRMAN SCOTT: Thank you.

Further discussion?

(No response.)

Are there any objections to entering the Order approving the plan?

Oh, sorry, Judge.

JUDGE WALLACE: I do want to acknowledge the herculean effort of Steve Hickey in helping me with this Order.

CHAIRMAN SCOTT: Very good. I appreciate you doing that. Thank you.

So are there any objections to entering the Order approving the plan?

(No response.)

Hearing none, the Order is entered.

Turning now to Natural Gas, Items G-1 and G-2 can be taken together. These items concern proposed modifications by Peoples and North Shore Gas
to change the audit due date in the Rider EEP tariffs. Staff recommends granting the companies' request by not suspending the filing.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the filings will not be suspended.

Item G-3 concerns a filing by MidAmerican seeking modification of its tariffs covering disconnection of gas service for non-payment for veterans and active military personnel. Staff recommends granting the company's request by not suspending the filing.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the filing will not be suspended.

Item G-4 is Docket Number 11-0082.
This is Cassandra Rodriguez's complaint against Just Energy. ALJ Benn recommends entry of an Order dismissing this matter for want of prosecution.

Is there any discussion?

I actually will make a motion to deny the Motion to Dismiss in just a moment. In looking at this case, the complainant had actually filed a Brief on Exceptions. It is clear that, not only taking that extra step, but wants to continue with the prosecution of the case. The tenor of the company's response also in their brief talked about the likelihood of prevailing on the merits and seemed to advance an argument that said, because the contract said what it did, it really didn't matter any of the other communications that were involved, which I don't really subscribe to that argument. I believe there is at least one that needs to be fleshed out a little bit more.

So I think that this case, because even though it was without prejudice and the complainant could refile, since it's already been filed and it is already on the record, I think it
would be better in this case if the motion were
denied and the case just moved forward.

So I would move to deny the Motion to
Dismiss. Is there a second?

ACTING COMMISSIONER COLGAN: I will second.

COMMISSIONER O'CONNELL-DIAZ: Chairman?

CHAIRMAN SCOTT: Yes. Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Yeah, I too
have -- I saw your position on this and looked at all
of the relevant filings in this case. And I am
usually not someone that takes lightly the amount of
time that our Commission and our Staff spends on a
case once it is filed here. When parties bring their
cases to the Commission, it is incumbent upon them to
prosecute that case. But I do understand that things
happen in people's lives and it seems that the
complainant herein had some extraordinary
difficulties during the pendency of this case, and so
I would be in agreement with your proposal to allow
the case to proceed.

With that said, I would stress to the
complainant that she is getting another bite at the apple for full hearing and she needs to, you know, follow the notices that go out from our Clerk's office as well as, if she is unable to make a date, then she should contact the appropriate offices to, you know, set another date over as opposed to people coming here and not having anyone show up. It costs the State a lot of money. That's what we are here for, but when they set dates, they should mean something.

So with that caveat I would be in agreement to support your position.

CHAIRMAN SCOTT: Is there further discussion?

(No response.)

It's been moved and seconded to deny the Motion to Dismiss.

All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and the Motion to Dismiss is denied.
Item G-5 is Docket Number 11-0252.

This is Nicor's application for a waiver of 49 CFR Sections 192.53(c), 192.92, 192.123 and 192.619(a) related to the installation of reinforced thermal plastic pipeline for a project near Ottawa, Illinois.

ALJ Kimbrel recommends entry of an Order approving the amended application and granting the waiver.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered.

Item G-6 is Docket Numbers 11-0280 and 11-0281 Consolidated. This is North Shore Gas and Peoples Gas rate case. We will be entering the Final Order on this matter at a later date, so we will hold this matter for disposition to a future Commission proceeding.

Item G-7 is Docket Numbers 11-0301 and 11-0302 Consolidated. This matter is the North Shore Gas and Peoples Gas' reconciliation case related to charges collected under the utilities' Rider VBA in
2010. ALJ Benn recommends entry of an Order approving the reconciliation.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered.

Item G-8 is Docket Number 11-0734.

This is Vista Energy Marketing's application for a Certificate to Operate as an Alternative Gas Supplier. ALJ Wallace recommends entry of an Order granting the requested Certificate.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered, and the Certificate is granted.

Moving now to Telecommunications, Item T-1 is Docket Number 11-0586. This is Skybeam-Essex's application for a Certificate of Local and Interexchange Authority to operate as a
reseller and facilities-based carrier in Illinois.

The company has moved to withdraw its application, and ALJ Benn recommends granting the withdrawal.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the application is withdrawn.

Item T-2 is Docket Number 11-0612.

This is Covad Communication's application for Certificates of Service Authority to provide facilities-based interexchange services, resold, local and interexchange services and facilities-based local exchange services in Illinois. ALJ Benn recommends entry of an Order granting the requested Certificates.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered,
and the Certificates are granted.

Item T-3 is Docket Number 11-0647.

This is First Cellular of Southern Illinois' petition for cancellation of its Certificate of Service Authority previously granted in Docket Number 90-0373. ALJ Benn recommends entry of an Order granting the cancellation.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered, and the Certificate is cancelled.

Item T-4 is Docket Number 10-0695.

This is a citation proceeding against CMC Telecom concerning whether the company possesses the requisite managerial resources and whether penalties should be assessed for its failure to comply with reporting requirements. ALJ Benn recommends entry of an Order fining the company $2500 and revoking its Certificate of Service Authority.

Is there any discussion?
(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered, and the company's Certificate is revoked.

Under Miscellaneous items we have got resolutions expressing support and appreciation for David Gilbert and John Hendrickson. We will address those in just a couple of moments at the conclusion of the Open Session.

Moving on, Item M-3 (11-0793), this concerns the rate of interest to be paid by utilities and telecommunication carriers on customer deposits under Title 83 Sections 280.70 and 735.120 of the Administrative Code. Staff recommends entry of an Order setting the interest rate in accordance with the governing rules.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the Order is entered.
We have one Petition for Rehearing today. Item PR-1 is Docket Numbers 11-0059, 11-0141 and 11-0142 Consolidated. This is the rate case for Great Northern Utilities, Camelot Utilities and Lake Holiday Utilities Corporation. We have received Petitions for Rehearing in this case from the Camelot Homeowners Association and from the Attorney General, and ALJ Teague recommends denying all requests for rehearing.

I have some topics I would like to propose for rehearing, but I know Commissioner Colgan --

COMMISSIONER O'CONNELL-DIAZ: Mr. Chairman, before you go there could we have a briefing by Judge Teague relative to the memo she has presented to the Commission?

CHAIRMAN SCOTT: Sure.

JUDGE TEAGUE: Sure. Two Petitions for Rehearing were filed, one by Camelot Homeowners Association and the other by the Attorney General. The deadline for Commission action is December 27 for the Association's petition and December 28 for the
With respect to the Association's application for rehearing, they present essentially three arguments for rehearing. The first is that there has been a recent announcement stating that the parent -- the owners of the parent for the company Utilities, Inc., is exploring the possibility of selling Utilities, Inc., and so the Association's argument is that this announcement demonstrates the company filed its rate case when it did officially as part of a marketing strategy to increase the price for the potential buyers of the company.

And the memo essentially says this argument is irrelevant. As the Order finds, the company -- the record supports the fact that the companies could not recover their costs of service under the current rates and that the rates that were approved were necessary for the companies to recover their costs.

The Association also argues that, in light of this new information, the Commission should reconsider the decision regarding rate shock and
gradualism. Again, they basically state the same arguments that they stated before. They didn't really present anything new. And they argue the same issues regarding water quality. They don't present any new evidence about water quality.

The Attorney General's application for rehearing, they present arguments for rehearing based on rate shock, rate of return, rate -- the rate base and allocation factor corrections. All of these arguments are the same arguments they presented in the initial case. They don't present any new evidence on those topics. And then they also include an argument regarding the possible sale of Utilities, Inc., stating that, given this new information, the Commission should grant rehearing to investigate the effects of the potential sale on the investments made by the companies and the rates requested.

The memo also -- you know, I state that this argument lacks merit because the evidence supports the approved rates for the reasons stated above for the Association and the record also supports the capital investments that were made.
COMMISSIONER O'CONNELL-DIAZ: Thank you.

CHAIRMAN SCOTT: Commissioner Colgan?

ACTING COMMISSIONER COLGAN: Yes, thank you, Mr. Chairman.

I hear those arguments and I pretty much agree with it, if there is no new evidence. But as I discussed and I think all of us discussed during this as we entered this Final Order, we talked about how the company had waited so long, I believe it was 18 years, to file a rate case and they didn't take advantage of the simplified rate case procedures that they might have in one of these cases and I think that resulted in extremely high rate increases for the ratepayers. And all of the parties in this proceeding acknowledged either that there were very large rate increases or rate shock was going to result from these large increases.

So I remain concerned that, despite the acknowledgment of rate shock in this proceeding, no party suggested any solution whatsoever to mitigate the effect of these enormous bill increases.

And as a result, I am going to recommend that we
grant rehearing in this proceeding on the issue of rate shock mitigation. I think in this way the Commission can be provided with record evidence that we can use to base a decision regarding whether or not the affected consumers should be spared the immediate huge increases.

Also, I want to say that I am in no way suggesting that rates previously approved by the Commission be reopened or re-examined. I am only suggesting that the parties provide the Commission with viable options with which to alleviate the resulting rate shock.

So with that, Mr. Chairman and Fellow Commissioners, I recommend that the Commission grant rehearing on this issue of rate shock mitigation, and I ask for your support.

COMMISSIONER FORD: I certainly agree with that, John. Because after listening to the testimony and realizing that there were no new evidence, I understand the fact that I did hear from -- look at the record that said that it was because it would have been so costly if they had come in earlier. But
I can certainly agree with you on the rate mitigation piece.

COMMISSIONER O'CONNELL-DIAZ: If I might, I think in our initial discussions about this, when we were entering the Order the Commission entered, rate mitigation was an item I think I might have brought up.

With that said, you know, the Commission, I don't think, has the authority to order a company to come in with a rate mitigation plan. But since the issue has come up in the rehearing request and additionally this was danced around a little bit, I think, in the record of the case itself and I thought it should have been explored more thoroughly by the parties and, you know, getting the company to, you know, file something in the case in chief, which we did not see. So our record is bereft of any information relative to what a rate mitigation plan might look like.

Obviously, there are costs involved with that. The Order stands as it is, and there is a rate increase that is going to occur. The question
is how will that be achieved on a going-forward basis. And there is nothing in the record for us to look at with regard to that.

So as Commissioner Colgan has succinctly stated, it is appropriate for us to look at that and, you know, figure out potentially a manner that this rate increase could be smoothed so the pocketbooks of the ratepayers are -- they will be damaged, but at a less astounding speed.

So I look forward to seeing what has been filed in the rehearing process and in support of Commissioner Colgan's request for this.

COMMISSIONER ELLIOTT: Yeah, and I will chime in as well. I think we all spent a great deal of time in the oral argument in this case searching for something with regard to record evidence and mitigation strategies to try and deal with this. So I would also support the rehearing on this issue.

CHAIRMAN SCOTT: You made that in the form of a motion?

ACTING COMMISSIONER COLGAN: It's a motion.

COMMISSIONER ELLIOTT: I will second that
CHAIRMAN SCOTT: It's been moved and seconded. Is there any further discussion on this topic?

(No response.)

All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and rehearing will be had in this matter on mitigation strategies to alleviate rate shock as a result of the adopted rates.

I also had, and it goes along with the theme that Commissioner O'Connell-Diaz talked about and Commissioner Colgan talked about as well, this idea that there are issues that were not fully developed in the case. And we also spent a lot of time at oral argument talking about the water quality issue, for example, and made a request of the Illinois EPA to follow up on the issue of whether or not they met the drinking water standards that are
available to us.

But the issue of water quality actually went far beyond that, and I liken it to an electric utility because the affidavits and the testimony that we had in the case were that they could only use the water that was being provided for a small number of the services for which people traditionally purchase water and that they were purchasing water. They could not drink it. They could not give it to their pets. They couldn't wash clothes in it, which to me kind of gets at the heart of what we are doing as a Commission and what a public utility service is supposed to be. It is kind of like if you had electric service but it only powered, you know, five of the things in your home and didn't provide heat or whatever else it was supposed to provide. And I think there is specifically under Section 8-102 of the Public Utilities Act, I think that the responsibility to provide that service puts that squarely in our lap.

So I have three things I would like to propose. First is the water quality issue for
Camelot Utility residents only. That's where it was raised in the case for rehearing. And hope that the rehearing would flesh out some of the, to me, disturbing issues that we only received a small window into through customer affidavits in the case.

Additionally, I would also like to see rehearing issues on the 100,000 gallon storage tank for Camelot and its inclusion in the rate base and the Camelot Estates water system study and its inclusion as an operating expense. I think in both those issues I don't believe the record was very close regarding whether cost recovery should have been borne by Camelot Utility ratepayers.

And hopefully through rehearing we can get a much better sense of whether there is a sufficient level of certainty surrounding both the cost and the fate of that storage tank because at the time, if you recall, the evidence was at the time that they had not received a permit from the Illinois EPA to construct it and also that the study which attributed -- while the testimony attributed certain benefits to doing this study which was done initially
to bring on another subdivision into the water service. But when that didn't happen, other benefits were attributed to that and the customers were left paying for the entire cost of that study. I think they were addressed in passing in the case and I believe rehearing would allow us to make a much more informed decision on them.

And so for all three of those issues, the water quality and the inclusion of the 100,000 gallon storage tank in the rate base and the water system study in its operating expense, I would make a motion that we grant rehearing on those topics as well.

Is there a second?

(No response.)

Seeing no second, the motion dies.

Additionally, we have one other issue that we need to take up then because we have granted rehearing on Commissioner Colgan's motion. We should probably formally deny the remainder of the topics that were proposed in the parties' Petitions for Rehearing.
Any objections to denying the remainder of the Association's and the Attorney General's issues on Petition for Rehearing?

(No response.)

Hearing none, insofar as those petitions are inconsistent with the topic on which we have already granted rehearing, those Petitions for Rehearing are denied.

We will address one other item of business before moving on to the two remaining resolutions that we have. This item concerns solicitation of public comment on a plan to foster coordination of energy efficiency activities between our electric and gas utilities. Staff has put together a plan for coordination and recommends approving making this plan available for public comment through March 30, 2012.

Is there any discussion?

(No response.)

Any objections?

(No response.)

Hearing none, the plan will be made
available for the public comment period.

And with that we will now move on to
our resolutions. We will start with what was noticed
as Item M-1 (11-0791) on our public utility agenda, a
resolution acknowledging and expressing our
appreciation for Judge David Gilbert, given his
upcoming retirement.

Is Judge Gilbert there?

COMMISSIONER FORD: Yes, he is.

COMMISSIONER ELLIOTT: Where is he? Get him on
camera.

CHAIRMAN SCOTT: You have got to get into
camera view there.

JUDGE GILBERT: I am waiting for my close-up.

CHAIRMAN SCOTT: I am not sure how to work this	hing, so I don't know if we could zoom in that
close.

I have a resolution that I would like
to read, Judge. It reads:

"WHEREAS, on August 3, 1998, David G. Gilbert
began his career at the Illinois Commerce Commission
in the Administrative Law Judge Division and
continued to serve for 13 years;

WHEREAS, throughout Judge Gilbert's years with
the Commission he has been an invaluable member of
the Administrative Law Judge Division providing
leadership, experience and an example of
professionalism for others to emulate, Judge Gilbert
has remained on course throughout his years of
service undeterred and true to his objective to
represent the Commission; and

WHEREAS, Judge Gilbert has served the utility
customers of Illinois well and has in the course of
doing so earned the respect and admiration of his
colleagues at the Commission, the utility
representatives and consumer advocates based upon his
skill, diligence and good natured professional
courtesy; and

WHEREAS, it is well known in the Administrative
Law Judge Division and throughout the Illinois
Commerce Commission that Judge Gilbert possesses
excellent writing skills and superb analytical
ability;

THEREFORE BE IT RESOLVED that the Illinois
Commerce Commission hereby acknowledges David J. Gilbert's 13 years of public service during his employment with the Illinois Commerce Commission and expresses its deep appreciation for his public service and dedication upon his retirement."

Commissioners, any further comments?

Start in Chicago this time

COMMISSIONER FORD: Certainly. I have only known Dave since 2003 but he has certainly been an astute ALJ. I am not sure I comprehended all of your Order.

JUDGE GILBERT: I am not sure I did, either.

COMMISSIONER FORD: But it has certainly been a delight working with you, Mr. Gilbert, and I look forward to hearing from you in the future at the Commission.

COMMISSIONER O'CONNELL-DIAZ: Well, I have known Dave since he came to the Commission. We had the opportunity to work together. And I was aware of your former life, not the movie part but the other work that you did for the State, so I knew he came in knowing a lot about public utility regulation and was
certainly not disappointed in that knowledge base.

I will say that you have been the person that reviewed all the Orders that went out of the ALJ Division. Judge Gilbert's Orders were always -- they were excellent, lots of footnotes, thoroughly gone through, worried about. I would see Dave pacing back trying to figure out a difficult issue, but always were a credit to the ALJ Division and the Commission in general.

So I continue looking at your Orders every time they are up and we will miss your professionalism, and I just can't believe you are retiring.

COMMISSIONER FORD: Such a young man.

COMMISSIONER O'CONNELL-DIAZ: Yes. And I know that you have a lot of activities with your play writing and cinematography and all the things that you do that are really interesting and your two young boys that are probably the most interesting things.

So we really wish you well and I am sure we will see you around and give you the best of fortune in the future.
JUDGE GILBERT: Thank you.

CHAIRMAN SCOTT: Commissioner Elliott?

COMMISSIONER ELLIOTT: Well, Dave, I just want to wish you the best of luck, continued success, I know, with your photography and writing. And I am sure I will see you at the poker table as time goes on. I look forward to that. And just best wishes and good luck.

JUDGE GILBERT: Thank you, Commissioner, and I look forward to going all in against you some day.

COMMISSIONER ELLIOTT: There you go.

ACTING COMMISSIONER COLGAN: Well, I won't try to elaborate further on some things that have already been said. I have appreciated you in the Orders that I have seen come by with your name on them, and I just want to wish you the very best in retirement and I hope you are looking forward to that and that there is something you are going to there that you are going to be able to enjoy those years with. So best of wishes to you.

JUDGE GILBERT: Thank you, Commissioner.

CHAIRMAN SCOTT: And, Judge, the only thing I
will add, just in the short time I have been here I have gotten to know you, and enjoyed that and enjoyed the couple of longer conversations we have had and hopefully we will have a chance to do that again in the future.

And just pass on to you that, in talking to other people about you, the words that came up all the time were courtesy, professional and thorough, all of which I think all of us appreciate very much and I know the people that come before the Commission appreciate that very much.

So I will add my best wishes and good luck to you in whatever you choose to do in the future. And please, if you would, say a couple words.

JUDGE GILBERT: I will thank you, Mr. Chairman, first of all for those comments.

I thought about what might be worth hearing from me and I kind of drew a blank. I guess the only thing I would say is that, you know, never has someone done so much for so many for so long. Other than that I have nothing to say about myself.
COMMISSIONER ELLIOTT: It's good to be humble.

JUDGE GILBERT: As you probably know, I will be going down to Quantanamo and doing some military tribunals which I always hoped to be doing as a kid.

No.

COMMISSIONER O'CONNELL-DIAZ: It's good you have your Army greatcoat.

JUDGE GILBERT: Yes, I do. I have the Army coat, yes.

Actually, I could use some advice from folks. Let me go with that. I was talking to a friend over the weekend and saying, now that I have all this time available, and I really will have all this time available. I am not hiding any balls, I am not being coy here. I really want to do the things that some of the Commissioners have mentioned. I really want to advance with the photography and hopefully the theatrical work.

Do you go wide with your time or do you go deep? Do you go to the bucket list and try to do all of those things you said someday I am going to try at least once or do you sort of plunge down into
one or two things that you really like to get good
at. I am not sure yet. Haven't worked that out. So
if anyone has any advice, please, an e-mail or a
phone call; I would love to hear from you.

Certainly a lot of people in this room
I have known for a long time, in some cases over 20
years. I will miss a lot of folks and I hope this
will not be the last time that I will get to talk to
you or hear from you.

So thanks very much.

CHAIRMAN SCOTT: Thanks, Judge.

We also have what was noticed as M-2
(11-0792) on today's Public Utility agenda. This is
a resolution acknowledging and expressing our
appreciation for John Hendrickson of our Rates
Department in light of his upcoming retirement.

You get the hot seat there, John.

The benefit of going last is you know
the pattern now. So you know I get to read a
resolution first here. It reads:

"By the Commission:

WHEREAS, John Hendrickson joined the Illinois
Commerce Commission on October 1, 1998, as a rate analyst in the Rates Department; and

WHEREAS, John brings to the ICC years of experience in regulatory rate issues from the electric utility side; and

WHEREAS, John's broad experience and considerable educational credentials made him an expert witness who provided valuable testimony recommendations to the Commission in scores of rate cases; and

WHEREAS, John's ability to lead people was recognized almost immediately by his supervisors and he was appointed to the position of manager of the ICC's Rates Department in January 1, 2000; and

WHEREAS, John provided technical leadership on rate design, cost of service studies and myriad tariff issues both for the Rates Department and his colleagues in the agency; and

WHEREAS, John worked superbly with others in identifying solutions to often difficult regulatory issues and used excellent judgment to develop practical recommendations for the Commission; and

WHEREAS, John always demonstrated extreme
patience in explaining complex ratemaking issues to Commissioners, Executive Directors, Administrative Law Judges and Staff; and

WHEREAS, John's regulatory expertise was shared during trips to Kazakhstan on behalf of the National Association of Regulatory Utility Commissioners and the U.S. Agency for International Development in August 2000 and February 2002;

THEREFORE BE IT RESOLVED that the Illinois Commerce Commission commends John Hendrickson for a job well done, extends its sincere appreciation for his regulatory efforts on behalf of the people of Illinois, and offers its best wishes for the future."

Congratulations.

Commissioner?

COMMISSIONER ELLIOTT: Well, John, I have known you since you got there. You have done a terrific job. I know we have had our arguments over issues and policies, but you have demonstrated extreme patience and great knowledge. And it's a difficult task trying to slice the pie. It's one of the hottest issues time after time in rate cases as we go
forward. And to have your patience and years of experience has been an enormous benefit, and appreciated.

MR. HENDRICKSON: Thank you.

ACTING COMMISSIONER COLGAN: I echo that. You come with a depth of experience and I am sure there's going to be a lot that it is going to be hard to replace as you depart. But as I have said to the other people, you know, I am hoping that you are going to something more than away from something.

COMMISSIONER ELLIOTT: A golf course.

ACTING COMMISSIONER COLGAN: And I hope that you enjoy yourself out there, and you have certainly earned the right to have a good long retirement.

So best wishes to you.

MR. HENDRICKSON: Thank you.

CHAIRMAN SCOTT: Commissioners?

COMMISSIONER O'CONNELL-DIAZ: Well, you know, I have had John in hearings. I have read his testimony. You know, I have seen him maneuver through cases, and I say that in an appropriate way, and also on the Commissioner side, you know,
assisting the Commissioners as a Staff expert for us.

So it is hard when you have somebody that has that vast amount of knowledge that we can depend on and, you know, we want to keep you here. But we know that you have bigger things to do outside of the Commission.

But I can say that you are very fortunate being in our Springfield office because I know that there is a collegiality in that office. I mean, not that we don't have that in Chicago, but it just seems to be more magnified down there. And that once you are there and you leave and go do something else, there is different social events, there is golf outings, all different things that I know former colleagues of mine that were at the Commission still participate in and see their friends from their Commission days on a regular basis. So I am sure you will be able to find your way to that group and so it really probably is not going to be so horrible. You won't have to be doing rate cases and all those nasty things we do at the Commission.

But I wish you the best and thank you
so much for your years of service and your
dependability in the important work that you have
done at the Commission and for the state of Illinois
and all the ratepayers here. So thank you very much,
John, and I wish you the best.

MR. HENDRICKSON: Thank you.

COMMISSIONER FORD: I would like to echo what
my fellow Commissioners have said, John, about you.
And there is life after retirement; I plan to follow
you very soon.

MR. HENDRICKSON: Thank you.

COMMISSIONER FORD: Thank you. Have a great
one.

CHAIRMAN SCOTT: John, would you like to --

MR. HENDRICKSON: Yeah, I would like to say
that I have been in this seat when it truly was hot.
It is not hot today. Thank you for those kind words.
I would like to express appreciation to everybody for
their support over the years, especially from the
people in the Financial Analysis Division. I have
worked with them on a daily basis. They have always
been good to me and support and help in trying to
resolve issues and get things done.

Other than that, I don't have any particular plans at this point for my retirement. I think we probably all look at at least two things, one how is our health and is it time to enjoy that. My wife and I both have our health. The second thing you look at is will you have enough money. All you can do is hope.

CHAIRMAN SCOTT: Don't get in Sherman's poker game.

MR. HENDRICKSON: I won't. But I thank for everything. It's been an enjoyable 13 plus years, 25 before that at the utility, so 38 years career. Kind of by accident getting into the utility business, but it's been good. I have enjoyed it. These 13 years have gone faster than I ever expected, but I am looking forward to moving to the next chapter.

Thank you.

CHAIRMAN SCOTT: Thank you.

I think it says a lot about how many people wanted to be down here and wish you the best. And I wish we had a bigger room; we needed it. But
that speaks a lot of you and how well you are thought
of around -- not just outside the building but inside
the building as well.

MR. HENDRICKSON: Thank you. A lot of good
friendships.

CHAIRMAN SCOTT: Thank you.

COMMISSIONER ELLIOTT: Thanks, John.

CHAIRMAN SCOTT: We don't get to vote on
whether or not to accept their retirements because
that vote would probably turn out very differently.
But we do need a motion to adopt all three of the
resolutions that we have awarded today.

ACTING COMMISSIONER COLGAN: So moved.

CHAIRMAN SCOTT: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor of the resolutions say
aye.

COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing; the
resolutions are adopted and again --

COMMISSIONER ELLIOTT: Just a note of the
tremendous resource lost. I think we have got more
of this than we do less, and I know that there are
Staff that are going to step in and do the work. But
it is something to acknowledge the thinning of the
work force and there is still a lot of work to do.

JUDGE WALLACE: Darn it.

CHAIRMAN SCOTT: Not to say we are very happy
for the individual involved, but a tremendous loss
for us. But we certainly wish them all the best and
thanks mostly.

Last up is one additional matter of
other business and that's a FERC item which we will
take in Closed Session.

Is there a motion to go into Closed
Session?

ACTING COMMISSIONER COLGAN: So moved.

CHAIRMAN SCOTT: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor say aye.
COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and we will head into Closed Session. Please let me know when you are ready in Chicago.

(Whereupon at this point pages 58 - 72 of the proceedings are contained in a separate closed transcript.)
CONTINUATION OF PROCEEDINGS

CHAIRMAN SCOTT: In Closed Session the Commission discussed filing comments in FERC Docket Number ER12-480-000.

Is there a motion to file the Comments with FERC?

ACTING COMMISSIONER COLGAN: So moved.

CHAIRMAN SCOTT: Is there a second?

COMMISSIONER ELLIOTT: Second.

CHAIRMAN SCOTT: It's been moved and seconded.

All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN SCOTT: Any opposed?

(No response.)

The vote is five to nothing, and the Comments will be filed with FERC.

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

JUDGE WALLACE: No, I believe that's it, Mr. Chairman.

CHAIRMAN SCOTT: Thanks.

Everybody have safe and very happy
holidays, and we will see you soon.

This meeting stands adjourned.

BENCH SESSION ADJOURNED