

BEFORE THE
ILLINOIS COMMERCE COMMISSION
2019 ILLINOIS WINTER POLICY SESSION
Tuesday, December 3rd, 2019
Chicago, Illinois

Met, pursuant to notice, at 10:00 A.M., at
160 North LaSalle Street, Chicago, Illinois.

PRESENT:

CARRIE ZALEWSKI, Chairman

BRIEN J. SHEAHAN, Commissioner

SADZI M. OLIVA, Commissioner

D. ETHAN KIMBREL, Commissioner

MARIA S. BOCANEGRA, Commissioner

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1 CHAIRMAN ZALEWSKI: Good morning. Welcome. I just have
2 a couple of housekeeping points before I turn it over to our
3 moderators.

4 Pursuant to the Illinois Open Meetings Act, I
5 now call to order the Illinois Commerce Commission's 2019
6 Winter Preparedness Policy Session. With me here in Chicago
7 are Commissioners Oliva, Kimbrel, and Bocanegra. We have a
8 quorum.

9 Our guests and panelists should be aware that
10 a court reporter is present and that the transcript of the
11 session will be posted on the Commission's web site following
12 the session.

13 I'd like to thank all of the presenters here
14 today for the effort that you put into doing these
15 presentations. I look forward to some valuable discussion.
16 I'd also like to thank Joseph Fallah and Gabrielle Long who are
17 Commissioners -- or excuse me -- policy advisers to
18 Commissioner Kimbrel, for putting this policy session together.
19 They did a great job. So we're looking forward to it.

20 I'll now turn it over to Joe and Gabrielle,
21 who are our moderators.

22 MR. JOSEPH FALLAH: Thank you, Madam Chairman.

1 Good morning. On behalf of the Chairman, the
2 Commissioners, and the entire Commission, I welcome you to this
3 year's Winter Preparedness Policy Session. As we rapidly
4 approach the official winter season, we believe that there's a
5 moment to recognize our RTOs and public utilities who do the
6 winter preparedness of their customers.

7 This year's policy session will address issues
8 of winter preparedness with three panels: the RTOs panel, the
9 utilities panel, and the customers panel. The RTO and
10 utilities panel will be present winter preparedness to meet the
11 energy needs of customers during this winter season.

12 The utilities, in particular, have decided to
13 concentrate this year's presentation on the three topical
14 areas: gas supply and operations, customers outreach, and
15 energy efficiency. The RTO panel and the customers panel will
16 include the AG and CUB, and they will address current and
17 anticipated winter energy challenges facing Illinois customers
18 and advanced strategies to alleviate those observed challenges.

19 Again, welcome to the 2019-2020 Winter
20 Preparedness Policy Session. And, hopefully, we'll have a good
21 time.

22 We now move to our Panel 1, the RTO panel.

1 Going first today is Bob Kuzman. And Bob Kuzman is the
2 Regional Director for Customer Affairs-Central-Region. He will
3 be followed by Jennifer Monken, who is the Senior Director of
4 Electricity Infrastructure Policy at PJM.

5 Our presenters will have 15 minutes each, for
6 a total of 10 minutes. We ask that questions please be held
7 until after the presentations are over. Gabrielle will be our
8 timekeeper, and she will announce, or signal, when the time is
9 3, 2, and 1 minute. Let us welcome our presenters at this
10 time.

11 MR. BOB KUZMAN: Good morning, everybody, Madam Chair,
12 Commissioners. I will probably yield at least 7 minutes back
13 of time, because I understand that you have a tight schedule
14 today. And we all need a little bit of lunch break, and I'll
15 allow you to have that time.

16 I really appreciate the time. I'm Bob Kuzman.
17 I'm from MISO. I've been at MISO 5 years. Just a little
18 update on what MISO is. We're across 15 states. Our good
19 friends to my right here, and also headed east, we have --
20 we're the largest land base, their largest load.

21 So we cover, like I said, 15 states. We have
22 three different offices, one in Carmel; one in Eagan,

1 Minnesota; and one in Little Rock. All of the stats are there.
2 You've probably seen them and heard about them. I just wanted
3 to let everybody know that the only difference that we do have
4 is Illinois is our only retail choice state compared to the
5 rest of the 14 states. Obviously, Michigan is the 10 percent
6 choice, but we are mainly vertically integrated states.

7 To get into our presentation, just to let you
8 know adequate resources are projected to meet demand for the
9 winter of 2019-2020 at MISO. No forecast warmer than normal
10 temperatures for most of the MISO footprint. The winter of
11 2019-2020 is forecasted to be warmer than normal in much of the
12 Central and South regions. Higher than average winter temps
13 are expected throughout our footprint. Forecasted
14 precipitation is in near normal limit levels. Although, if you
15 talk to our people in the north, in Minnesota, they're ready
16 for the snow and had a lot of snow lately.

17 Over the last 7 or the past 10 years no one
18 has been within 10 percent of either warmer or colder of the
19 forecast. So we expect a better winter than we had last
20 year -- hopefully, not the 57 below that we had in the
21 Minnesota and the North Dakota area that caused us to have some
22 wind issues, which we can talk about here in a little bit.

1 MISO will be relying on, approximately, 143
2 gigawatts of our projected available capacity to serve the
3 winter peak demand forecast at about 104 gigawatts and cover
4 both planned and forced outages. Our analysis projects that in
5 an unlikely scenario of high loads and high outages MISO will
6 rely on max gen, as we did in the January event -- generation
7 procedures to maintain reliability and possible energy
8 reserves, if needed.

9 This chart just lays out the December,
10 January, February, Winter 2019 resource advocate projections
11 and the gigawatts. I also included, for Staff and others, in
12 the appendix, some more detailed information to make sure -- if
13 they have any follow-up questions.

14 As we continue to see, in the MISO footprint,
15 the retiring of coal and reliance on natural gas, overall MISO
16 is well-positioned geographically for natural gas generation
17 and growth. We are served by all major supply bases, with the
18 new pipeline infrastructure being built out toward our
19 footprint. Also, diversity of gas supply MISO generates, many
20 of which our interconnected to multiple systems, adds to MISO's
21 generator fuel availability.

22 We, approximately, have 200-plus gas fire

1 generators contributing to about 70,000 megawatts of our
2 capacity. 55 percent of U.S. gas storage capacity is located
3 in the MISO footprint. And, regionally, the storage supporter
4 of gas infrastructure and development.

5 Entering the winter season, storage levels are
6 at or above a 5-year average. Gas demand for the electric
7 power sector continues to increase as our coal units retire.
8 Additional reliance on gas is essential to MISO.

9 Last winter about 40 percent of the MISO
10 generation by megawatts reported using storage reserves for
11 winter needs. In the future year, MISO expects gas storage to
12 be increasingly important as more power generation continues to
13 grow in the MISO footprint.

14 Our gas generation responded to MISO's
15 previous winter generating survey. 80 percent of our
16 generators that responded have firm transport or dual fuel
17 capacity, so they're backed up and ready to go. Infrastructure
18 is adequate in Winters 2018 through 2023 under nearly all
19 conditions for MISO.

20 Just to talk a little bit about what we have
21 done to prepare. Last year we had the January event that
22 people may have realized that we talked about. We had minus 57

1 degrees below zero in part of our footprint; and we relied on
2 our friends from the East to help us, but that's why we worked
3 together. I want to make sure that I make that important. We
4 do work together even though we may -- MISO, and maybe PJM,
5 when we're in need. We can move power back and forth to each
6 other.

7 On October 22nd, 2019, MISO had a Winter
8 Readiness Workshop. Stakeholders received information from
9 MISO about its plan to prepare for the upcoming winter,
10 including results of lessons learned from that January event.
11 It's an extensive analysis of the generation fleet and
12 transmission systems and preparedness plans to go over. We
13 also worked on gas and electric coordinations, giving
14 directions to our generators on following the standards of
15 winter preparedness.

16 In the past few years MISO did encounter max
17 gen events because of extreme temperatures and forced outages
18 among generation fleet. MISO staff has analyzed these events,
19 and it's prepared plans and procedures to deal with them. If
20 this winter presents a high load and extreme outage scenario,
21 MISO would rely on lessons learned from previous events and
22 maximum generation procedures to ensure reliability is

1 maintained.

2 As a result, MISO is well-prepared to handle
3 winter operations. MISO believes that adequate resources are
4 projected to meet expected demand for the 2019-2020 winter
5 season across the range of potential supply and demand
6 scenarios.

7 And I'm happy to turn it over to PJM, unless
8 there's any questions concerning the MISO footprint.

9 MR. JONATHAN MONKEN: Thank you, Madam Chair,
10 Commissioners.

11 Good morning, everybody. Thank you for the
12 opportunity to be here. And especially, as Bob mentioned, we
13 are obviously interconnected, literally; and it's certainly a
14 good thing that we're here together to be able to do this,
15 making sure that we can provide the reliability and cost value
16 that Illinois has come to expect from both of our
17 organizations. So it's appropriate that we're here together,
18 and we appreciate the opportunity.

19 So to just give you a quick overview --
20 there's a blank slide that has nothing on it, so we'll see if
21 we can find something else. So this is a picture of snowfall
22 in the winter.

1 (Laughter.)

2 (Whereupon, there was a brief pause.)

3 MR. JONATHAN MONKEN: All right. So what I will do is
4 start to take you through the content a little bit. Obviously,
5 if the slides come back and we've got an opportunity to use it,
6 we certainly will.

7 Just being able to cover some of the
8 information that's most relevant and important in the
9 discussion here today, I think what I will say for the "bottom
10 line, upfront" perspective is we also share a similar stance to
11 MISO in terms of what we're anticipating and expecting to see
12 from a maximum load forecast for the winter. It falls well
13 within the parameters that we have set for ourselves, in terms
14 of the availability of generators and capacity of the system.

15 In essence, what we're looking at right now,
16 PJM has 187,000 megawatts of supply that's available for this
17 winter. Our all-time winter peak was 143,000 megawatts. That
18 was during the event affectionately known as the "bomb cyclone"
19 in 2015. So, in essence, what we've seen is trend lining for
20 winter peaks that have increased over the course of the past
21 decade.

22 So for many, many years it was really just the

1 summer peak that we were most concerned with and most focused
2 on; but the circumstances have changed a bit, as we've seen
3 winter peaks slowly, but surely, climb over the course of the
4 past decade. And that's why I think events like this, or
5 discussions like this, are hugely relevant to the conversation,
6 especially when we have Illinois, which is one of the coldest
7 portions of our state. So a good discussion to have.

8 In essence, as I mentioned, we expect to be
9 able to meet all of the demand requirements that we're
10 projecting right now for the year. We do have some extensive
11 coordination, when we talk about being able to prepare for cold
12 weather. We test our resources. We conduct drills. We survey
13 generators for fuel inventory. There's a lot of preparatory
14 activities that are happening behind the scenes, making sure
15 that we have everybody ready.

16 The other thing that I want to highlight here
17 is our ongoing coordination with our gas suppliers. There are
18 18 major interstate pipelines that feed all generation within
19 PJM; and that has also become an area of special interest over
20 the last few years, as we've seen more natural gas come onto
21 the system, recognizing that winter is when there's the most
22 competition for that natural gas, because of the need for

1 residential heating.

2 So we've really increased and upped our game,
3 in terms our coordination with those pipeline owner-operators,
4 making sure that we have more access to data and information
5 that we need for operational modeling purposes, trying to
6 anticipate what the potential for outages might be, or trying
7 to really understand what the impacts of generation could be if
8 we saw any kind of disruptions on the system.

9 So right now let's just take a minute and talk
10 about Illinois-specific infrastructure within the PJM
11 footprint. So what we can see here is, currently, for existing
12 capacity, natural gas is about 41 percent of the existing
13 capacity within Illinois followed very, very closely by nuclear
14 at 40 percent. And you can see that the minority shareholder
15 in this particular instance is coal with about 15 percent. And
16 then there is, obviously, a few different renewable resources,
17 that kind of thing, to make up the rest.

18 So in terms of the interconnection requests,
19 these are generators that are currently in queue position to
20 join the PJM system. About 72 percent of those new
21 interconnection requests are natural gas; so also known as "a
22 lot", if you're a wondering what that translates to.

1 We have about 300 megawatts of deactivations
2 that were scheduled in 2018 that we would expect to happen in
3 2019 and 2020. And then RTEP, the Regional Transmission
4 Expansion Program: the 2018 in RTEP estimates about \$160
5 million dollars in transmission investments, and have half of
6 that is supplemental projects. The category is "supplemental
7 projects". And keep in mind that's just projects that are \$5
8 million dollars and over.

9 Load forecast for Illinois is really the same
10 that we're seeing across the whole footprint, which is almost
11 none. So less than half of a percent of load growth is
12 forecast over the next 10 years.

13 So this is just a visual representation of
14 what we talked about through the words here. It just gives you
15 a general idea of how it breaks out, in terms of the generator
16 sources by type. And the trend line, obviously, is that
17 natural gas will see an increasing share of the overall
18 percentage of installed capacity in the territory.

19 So this is a load forecast report juxtapose
20 next to the PJM footprint in its entirety. So .2 percent load
21 growth in Illinois. Across the 13 states in D.C. that we cover
22 about a half of a percent; but really on trend, in terms of

1 what we would expect to see within Illinois.

2 So here's a comprehensive list of some of the
3 generator pre-winter activities that we do. I'm only going to
4 highlight a couple here; but, suffice it to say, there are a
5 lot of actions that we take to make sure that we have lower
6 rates of forced averages on the system due to maintenance
7 issues, anything that really requires a generator to come
8 offline for unplanned reasons. And there's a lot of things
9 that we can do to improve some of those numbers.

10 We've seen the trend line. It's certainly
11 been positive. When we look back at the Polar Vortex in 2011,
12 our forced outage rate was 22 percent, which is very high. And
13 the bomb cycle in 2015 that I mentioned earlier, our forced
14 average rate was down to 11 percent. And that's really due to
15 a lot of these pre-winter activities. That's also a byproduct
16 of the capacity performance market and the incentivization of
17 performance for generators on the system.

18 But I'll take you through just a couple of
19 these in particular. So the cold weather prep guideline and
20 checklist; we have an extensive checklist that we make
21 available. Take any of the 1400 generators in our system, so
22 it gives them a little bit of a baseline, just how can they

1 prepare, what types of things are most relevant and important
2 to us as an operator.

3 So it's rooted in Manual 14-D, which I'm sure
4 everyone knows by heart. But it gives you -- that's publicly
5 available and something that you can check out and get a better
6 idea of what that's really comprised of. And then we collect
7 all of this information and put it in e-DART, which is our
8 planning system that we have in place. So right now this
9 checklist is open until December 15th. So we would still
10 expect, over the course of the next 2 weeks, generators to
11 complete that checklist at their discretion. And then we have
12 the opportunity to review those checklists with them and
13 identify any potential issues that they would anticipate coming
14 this winter.

15 The Seasonal Fuel Inventory and Emissions
16 Survey. So this is definitely important with the discussion
17 that we have already had when we talk about things like storage
18 capabilities, what type of fuel inventory is immediately
19 available; and then also the emissions limitations, recognizing
20 that fuel-switching is not available in all instances. And
21 depending on the fuel type that they're using, it also depends
22 on whether or not that pushes them against any of the

1 limitations associated with the emissions or output of that
2 particular facility. So there's a lot of stuff that we can do
3 there to understand, you know, how much reserve fuel for dual
4 fuel capable plants is available at the beginning of the season
5 so that we reasonably know what to expect.

6 We certainly have the ability to apply
7 operational guidance to support reliable dispatch, recognizing
8 that there are circumstances where, even if a particular fuel
9 source is more expensive, it may be needed, from a reliability
10 perspective, to perform at a specific moment in time, based on
11 what the load profile looks like, based on what the system
12 conditions are at any given time. At the end of the day, we'll
13 always dispatch for reliability first.

14 We do cold weather exercises, as I mentioned
15 before. So our generators are invited to participate in this
16 with us. So this is really for -- there's a compensation
17 mechanism for participation for anything that's not a capacity
18 performance asset. So this is really trying to raise that
19 floor, in terms of performance, for units that might not
20 necessarily have been in the market for capacity performance
21 but have an active interest in participating in this process
22 and improving the performance of their particular generator.

1 So there's a lot of things that we can do,
2 everything from practicing the ramp period that they're really
3 committed to on the system, or fuel-switching capability. It's
4 always good to test those things out because it's not
5 particularly common to do a lot of fuel-switching during the
6 summer months. It's much more common in the winter months. So
7 these are all good things for generators to practice.

8 When we talk about the winter prep webinar,
9 NERC is very good at providing these types of resources and
10 making sure that any generators on the system have access to
11 all of the materials and resources that they need to make sure
12 that they're prepared for the winter. It was held back
13 in September, making sure that they're trying to stay ahead of
14 the curve. So that was a successful webinar. We had a lot of
15 generators and organizations participate. And I think that
16 puts us on strong footing as we look forward.

17 So we have something called a Weekly Winter
18 Reserve Target, WWRT. So, in essence, the goal here is trying
19 to cover against these uncertainties that are associated with
20 load or forced outages during the winter. So this is updated
21 on a weekly basis. There's a lot of back end associated with
22 this particular work of knowing and trying to anticipate what

1 potential issues would be on the system, modeling that in
2 real-time, and then scheduling reserves appropriately. We
3 maintain an annual reserve margin of about 24 percent, and
4 we'll be able to maintain that reserve margin during the winter
5 months.

6 So it's really coming down to being able to
7 schedule maintenance for wind generators when needed, making
8 sure that we have maximum availability of the most generators
9 that we can when we get into this time of year. And this is
10 something that we update on a weekly basis to make sure that
11 our installed reserve margin is on track for what the extended
12 forecast is.

13 Okay. That's all I have. I welcome any
14 questions, thoughts, comments, complaints.

15 MR. JOSEPH FALLAH: Thanks. Those are wonderful
16 presentations.

17 (Applause.)

18 MR. JOSEPH FALLAH: We are moving along. You guys saved
19 about 12, 13 minutes, so we will move to questions. Anyone
20 that wants to ask a question, can ask at this time.

21 CHAIRMAN ZALEWSKI: Thank you. That was very helpful. I
22 was wondering if you could speak to how the RTOs are thinking

1 about intermittency of renewables and the increase of peak
2 events in winter?

3 Bob, you talked about lessons learned and
4 sharing the generation between RTOs. And, Jonathan, you talked
5 about inventory. I'm thinking not this winter; but in 3 years,
6 as we see the increase of renewables coming online and the
7 increase, potentially, of peak events, if you can speak
8 broadly.

9 MR. BOB KUZMAN: Sure. I can speak broadly about that.

10 If you look at our generation interconnection
11 here in Illinois, ours is really the solar side of things, more
12 so than we're seeing on the Ameren side of the footprint, with
13 the Ameren transmission system. Obviously, new coal and very
14 little gas. We're seeing some wind. And that's the benefit I
15 think you've received from FEJA, under the Future Energy Job
16 Act, to increase solar and also wind and looking inside
17 Illinois before you're looking outside of Illinois, which is an
18 important aspect of job growth and economic development.

19 But as we continue to see, wind seems to be
20 the largest -- we have about 16,000 gigawatts of wind. We're
21 looking to go to 23 in the next year. And our solar is about
22 350. We're looking to grow that in the next 3 to 5 years. We

1 are working now. Obviously, our solar is dispatchable. It
2 meets all of our -- it responds to the market as needed.

3 As we see the production (inaudible) continue
4 to either go away or stay, depending on what happens, you may
5 see some wind back out of our system; but right now we have a
6 lot of wind in our queue. We are now -- we have set up
7 stakeholder committees to work on solar. We see that to be the
8 next future. And we have used lessons learned on how to work
9 with -- how we did to get wind dispatchable into our market.
10 We're working with that on solar now.

11 We're also working with our stakeholders
12 on what we're referring to as sort of a hybrid. That's the
13 battery/solar or the battery/wind. And we'll be having
14 stakeholder meetings coming up in the near future working over
15 the next 3 years on how to see that integrated in our system.

16 MR. JONATHAN MONKEN: From PJM's perspective we
17 definitely don't have as much renewable in the queue right now.
18 So gas is certainly the dominant player, in terms of what we
19 see entering the market at this particular time. But what I
20 will highlight is -- I think it's greatly described as -- I've
21 heard it said as, "If you like wind, you'll love transmission".
22 So it's one of those things that it's really about the

1 deliverability of that resource.

2 And I think it really speaks to the benefit of
3 the interconnection that we have with MISO being able to
4 leverage some of those resources when they are available and
5 when they are cost-effective even during the winter months,
6 regardless of the time of year. So being able to take
7 advantage of that I think is an important strength of the
8 interconnection that we have with MISO.

9 In terms of the intermittency of the resource,
10 winter is certainly an interesting time because the
11 availability of solar is typically reduced quite a bit, and
12 wind tends to be a very good performer in the winter, depending
13 on the circumstances. So for us it's something that really
14 gets baked in when we look at the load forecast and what we
15 anticipate being the availability of those resources.

16 But, generally speaking, what we have is
17 enough balance in the system, in terms of the different fuel
18 types by generation that we can really compensate for those
19 spot intermittencies, and then it really helps us improve our
20 forecast in the long run, in terms of what we expect to be
21 available.

22 CHAIRMAN ZALEWSKI: Thank you.

1 presentation. We'd ask that questions are held until the end.
2 And Joe will be our timekeeper. He will signal when the
3 presenters have -- when the time runs down from 3, 2 and 1
4 Thank you.

5 Our presenters can please come to the stage.

6 MS. MICHELLE CARBONE: Good morning, Commission. My name
7 is Michelle Carbone. I'm a Manager of the Gas Supply for Nicor
8 Gas. I want to thank you for the opportunity to share in
9 Illinois LDCs' perspective on gas supply review today.
10 Strategies and plans presented today are generally indicative
11 of the following LDCs: Ameren Illinois, MidAmerican Energy
12 Company, Nicor Gas, North Shore Gas, and Peoples Gas.

13 The primary objective of the LDCs is to
14 provide safe and reliable long-term service to our customers
15 utilizing a best cost gas purchasing strategy. The LDC's gas
16 supply plans are fully in place for this winter. We expect
17 customer usage for the winter season to be slightly lower than
18 last year if the winter overall average is normal since last
19 season was colder than normal.

20 Normal weather would result in slightly lower
21 home heating costs compared to last year, as gas supply costs
22 have decreased. The LDCs are equally prepared for a winter

1 season with extreme cold weather or warm winter temperatures.
2 U.S. storage inventories are slightly above the 5-year average,
3 as mentioned earlier, and a large factor in the lower market
4 price compared to last year. The natural gas annual price is
5 not above \$3 until 2029.

6 LDC's storage inventory and price hedging
7 activities will help mitigate price volatility to our customers
8 this heating season. Focusing on our gas supply strategies, we
9 have 100 percent of our firm gas supply requirements purchased
10 under firm contracts with a mixture of baseload purchases with
11 monthly endless pricings and peaking supply purchases with
12 daily index pricing.

13 The majority of our gas supply is purchased
14 from strong producers and established marketers with a focus on
15 their credit worthiness, performance, and access to supply. We
16 have a forward planning and procurement cycle with long-term
17 contracts for our transportation and storage capacity, along
18 with right of first refusal provisions on firm capacity.

19 Illinois LDCs had their on system and
20 contracted interstate pipeline storage inventories at planned
21 levels to meet peak heating season demand. Due to high volume
22 weekly injections, U.S. storage outbased the 5-year weekly

1 average for more than 3 months. Storage levels surpassed the
2 5-year average to begin the withdrawal season, as seen on the
3 chart.

4 Natural gas production increased,
5 approximately, 10 percent above 2018 rates with daily highs
6 about 93 BCF a day. During the period of April through
7 October, more than 2,569 BCF natural gas was injected into
8 storage, the second highest net injection record with the first
9 set during the 2014 injection season. The LDCs in Illinois
10 have built their storage to plan levels, which typically means
11 billing most services near capacity at some point between
12 October and December.

13 One of the primary goals of the LDC hedge
14 program is to reduce the risk of price volatility. The charts
15 on the slide depicts that natural gas volatility remains even
16 in a well-supplied market, especially during the winter period.
17 This slide shows winter prices -- winter price increases over
18 the past 3 years. The final winter lows are in blue, and the
19 winter high is in black. Over the past three winters prices
20 have moved in average of \$1.60 higher, or 60 percent, of the
21 underlying price.

22 This slide shows the actual winter 2018/2019

1 system send-out for the Illinois LDCs and highlights the
2 challenges that we face with substantial load swings during the
3 winter season moving close to 8.6 BCF on our coldest day to
4 just two BCF on a warm day. When these dramatic swings occur,
5 the LDCs have to rely on their portfolio of resources such as
6 storage and winter injection capabilities and balance and
7 services to serve the daily load and balance the system.
8 January 30th of this year posted new records send-out high for
9 all of the LDCs within the last 30 years.

10 The combination of resources to meet our peak
11 design day includes 4-and-a-half BCF of pipeline transport and
12 storage capacity, 4.2 BCF of utility-owned storage within
13 Illinois, and 1.3 BCF of third-party supplies. The market can
14 be very respondent to weather forecast. A warm forecast to
15 start October pushed prices down while a cold forecast to start
16 November pushed prices up. It sure looks like the market
17 follows the forecast. Consumption production and storage are
18 valuable market factors, just less so when the market sees wild
19 market-related swings. The number one goal of a hedge program
20 is to produce volatility.

21 In summary, natural gas production is at
22 record highs. Weather forecast for this winter are varied, but

1 we anticipate extreme swings, a real polar coaster. We,
2 therefore, expect volatility to remain in the natural gas
3 market. However, the Illinois LDCs have our gas supplies plans
4 in place that will help mitigate the price volatility this
5 heating season.

6 Thank you very much for allowing me to present
7 today. Do you have any questions?

8 (No response.)

9 MS. STACEY YOUNG: Good morning, Madam Chair,
10 Commissioners. My name is Stacey Young, and I am the
11 supervisor for Community Relations, and I we want to take the
12 opportunity to thank you for allowing me to present today.
13 I'll be talking about customer service outreach; and I'm
14 pleased to be able to do this on behalf of MidAmerican Energy
15 Company, Nicor Gas, Peoples Gas, and North Shore Gas. So I'm
16 going to talk about our customer service and outreach
17 initiatives and efforts in advance of the winter season.

18 Are we having fun yet?

19 (Laughter.)

20 MS. STACEY YOUNG: So I'll focus on three things today:
21 Financial assistance, which are the programs that support low
22 income customers. We'll talk about the customer outreach and

1 communications, how we educate our customers. And then we'll
2 talk about customer safety, because we know that that's
3 paramount. So we'll touch on some winter safety advice and
4 some information that we share to our customers in those
5 channels that we use.

6 So I want to first talk about financial
7 assistance. In the past I'll make a note that we have also
8 shared energy efficiency information; but since Omy (phonetic)
9 is delivering that in a separate presentation today, that won't
10 be a part of this topic.

11 So when we cover financial assistance, we
12 should first talk about the LIHEAP, PIP program that started on
13 October 1st. So it started October 1st of 2019. And Illinois
14 gas utilities received 156.6 million for LIHEAP for the 2020
15 program year. This represents only about a 90 percent of the
16 anticipated full award. Due to continuing resolutions with
17 regard to the federal budget, it may be several months before
18 we know and realize the full amount; but 156.6 million has been
19 distributed.

20 At this time, Illinois ranks fourth in federal
21 funding behind New York, California, and Pennsylvania. And in
22 Program Year 2019 it's interesting to note that 251,433

1 customers received help using the LIHEAP program, and about
2 25,000 customers received help using the PIP program inside
3 their household. So it's a very important program to our
4 customers.

5 The anticipation is that in 2020 that,
6 approximately, 275,000 customers will receive LIHEAP, about
7 25,000 will receive PIP, and about 3,000 will take advantage of
8 weatherization programs. So it's important to note that.
9 Also, as a note, just the LIHEAP year-round efforts for
10 advocacy, just pointing out that February 25th through 26th,
11 2020 will be the LIHEAP advocacy days. And so Illinois natural
12 gas companies will go and other utilities will go to the
13 capitol and speak to representatives about continuing efforts
14 to help customers through the programs that we offer.

15 And just some additional information, just
16 some comparison numbers. In 2019, 172.2 million were shared in
17 federal funding, and in 2018 it was 170.5 million. And in 2017
18 it was 167 million. In addition to the federal funding that is
19 received, it's perfectly appropriate to point out that many of
20 the utilities offer their own programs. These programs cast a
21 wider net. While federal income levels are at or below 150
22 percent of the poverty, many of these programs are at 250

1 percent at or below poverty level. So they can help more
2 customers that are using utility programs that are 300 percent
3 of poverty or below. So that allows them to help more
4 customers that have crisis situations that are veterans. So
5 that means a lot more help to a lot more people.

6 And so I list here the names of those specific
7 programs. And so the total funds distributed by Illinois
8 natural gas companies this year to day 2019 was, approximately,
9 \$3.7 million dollars; so they are using a lot of their in-house
10 programs to support customer programs and initiatives. I'll
11 break that down by company.

12 Ameren Illinois has spent, approximately, \$413
13 in their program. Nicor Gas \$565,550. MidAmerican has spent,
14 approximately, 20,800. Peoples Gas, 2.7 million. And then
15 North Shore Gas approximately, \$71,000. So 3.7 million already
16 distributed here today, and then about -- these priority
17 programs have about 3.9 million remaining in them, so more
18 customers that they can assist. And they are working to
19 increase the ability to distribute funds to customers.

20 For instance, in 2019 Peoples Gas continued to
21 waive a pavement requirement prior to receiving a Share the
22 Worth grant, so this significantly increased the number of

1 awarded grants awarded in 2018 and 2019. And then, in 2019,
2 Ameren Illinois hosted seven customer outreach events, so they
3 actually went to communities where customers were and they
4 provided customers with \$150 bill grants as well as energy
5 efficiency education. They assisted about 1,737 customers in
6 the spring with a spend of about 260,000. And in the fall they
7 assisted about 1200 customers with 172,000 spend.

8 And last but not least, Nicor Gas continues to
9 reevaluate their sharing program that provides assistance to
10 veterans and customers in crisis situations. Their customers
11 are eligible to receive a sharing grant, a full grant amount
12 of 400 to \$450 towards their gas bill. Nicor Gas also has
13 assistance reference card that they leave behind for customers
14 that provides their program contact information both in English
15 and Spanish.

16 Customer education about these financial
17 assistance programs, our priority for each of the respective
18 utilities year round, the Illinois natural gas companies use a
19 variety of communications tools -- the web, print, social
20 media, traditional media -- to provide communication and
21 education to customers. They're also involved in numerous
22 community activities to provide resources to customers in their

1 communities.

2 For instance, Peoples Natural Gas and North
3 Shore Gas, they both partner with aldermen and agencies to hold
4 resource fares. And this winter -- they've done this this
5 winter to assist customers with applying for LIHEAP and the
6 Share the Worth grants. Additionally, Nicor Gas also includes
7 safety inserts in their billing on a quarterly basis. Nicor
8 Gas includes safety inserts in their billing on a quarterly
9 basis. They also provide these in Spanish.

10 Peoples Gas and North Shore Gas continue to
11 educate customers about what they do if they smell gas. The
12 outreach includes a gas sniffer insert in all of their November
13 bills; an awareness campaign that's also by radio and social
14 media and on their web site. And MidAmerican Energy issues
15 press releases to remind customers that winter poses an
16 increased risk of CO, carbon monoxide, poisoning and to inform
17 customers on how they can prevent carbon monoxide poisoning and
18 the signs of the exposure.

19 So, last, talking about -- a little further
20 about customer safety, of course safety is a priority for all
21 of the natural gas companies. And so with the winter season
22 safety is, of course, imminent. So educating customers and

1 raising awareness about additional winter risks, including
2 identifying gas odors, ice and snow removal and buildup, fire
3 prevention are all extremely important topics.

4 What continues to also emerge as an important
5 topic, in addition to a winter safety risk, is utility scams.
6 As we continue to see more and more of that from our customers.
7 So the utility agencies are all a part of the Utilities United
8 Against Scams. And so they do a nationwide effort to provide
9 Utility Scam Awareness to increase the impacts to customers.

10 And so some additional customer outreach
11 examples include -- Ameren Illinois does an annual gas flier
12 that they put in their customer bills also in November; and so
13 they continue to spread that awareness.

14 So all of the communications that we've
15 covered today are designed to ensure that customers have access
16 to the information and the education that they need ahead of
17 the winter season. So our collective efforts to educate
18 customers around available financial assistance and ongoing
19 efforts to ensure their understanding of the customer
20 experience and extensive communications, both internally and
21 externally, about natural gas and customer safety all help to
22 ensure winter preparedness for our customers and our

1 communities. Thank you.

2 COMMISSIONER BOCANEGRA: Ms. Young, can you tell us a
3 little bit more about the winterization program?

4 MS. STACEY YOUNG: At the federal level?

5 COMMISSIONER BOCANEGRA: What's happening here in
6 Illinois?

7 MS. STACEY YOUNG: With Ameren Illinois -- I'm sorry.
8 Here in Illinois?

9 COMMISSIONER BOCANEGRA: You can get back to us if you
10 don't have that information.

11 MS. STACEY YOUNG: Okay. I'll copy that question and
12 follow up with you.

13 MS. OMAVA GARCIA: Good morning, everyone, Madam Chairman
14 and Commissioners. Thank you so much for the opportunity to
15 present on behalf of the utilities. My name is Omayra Garcia.
16 I'm the manager of energy efficiency for Peoples Gas and North
17 Shore Gas. Today we'll be covering the local distribution
18 companies' energy efficiency programs and talk a little bit
19 about what everyone is doing, all of the utilities: Ameren,
20 MidAmerican, Nicor Gas, Peoples Gas, and North Shore Gas.

21 So our discussion topics for today will be the
22 low income customers, our public sector customers, and

1 workforce development. So as we all partner with
2 community-based organizations to help reach our low income
3 customers in that specific demographic, Ameren Illinois, for
4 example, is offering residential energy efficiency programs to
5 customer at or below the 300 percent poverty level.

6 They've also launched robust programs to make
7 new and smart technologies available to low income customers
8 through their smart savers programs, which allows their low and
9 moderate income customers to receive smart thermostats at no
10 cost and be able to opt in to have someone come in and actually
11 install that for them.

12 Peoples Gas and North Shore Gas offer
13 residential energy efficiency programs also to customers at or
14 below the 200 percent poverty level. And, currently, we've
15 attended over 250 customer-facing events during the second and
16 third quarters of the year in preparation for the fall and
17 winter season.

18 Nicor Gas is offering residential programs
19 limited to customers at or below 200 percent of the poverty
20 line, and they've currently been partnering with Urban
21 Efficiency and Anura Energy, which are both diverse community
22 engagement contractors. This way it helps them to increase

1 their reach and then become qualified areas within that Nicor
2 Gas territory. They've also implemented Income Qualified
3 Energy Savings Kits Initiative which allows the community
4 action agency employees within their territory to place kit
5 orders for customers during their visits. Sort of a one-stop
6 shop for them.

7 MidAmerican is partnering with Project Now,
8 which is a Rock Island County community-based organization, to
9 support the weatherization's assistance program. And they've
10 extended that pilot program with Project NOW to weatherize and
11 improve low income multi-family units in the Illinois Quad
12 Cities area.

13 Moving on to our public sector customers, we
14 all work together to build relationships with our public sector
15 customers through various avenues and offerings. For example,
16 Ameren Illinois is offering more outreach at public facilities,
17 municipal buildings, schools, libraries. They currently have
18 more than 2800 projects for public sector facilities completed
19 since the program launched in 2018.

20 MidAmerican has a one-stop shop for public
21 sector customers to implement energy efficiency opportunities.
22 They have the ability to personalize those specific needs for

1 those public sector customers within their territory. Peoples
2 Gas and North Shore Gas currently working with new contractors
3 to increase energy efficiency program visibility and
4 engagement, focusing on executive level engagement for their
5 capital -- I'm sorry -- their budget and project expenditures
6 for the year and the pipelines that would help further along
7 those projects in their budgets, working closely with five of
8 the largest public sector accounts in the city of Chicago,
9 including the city of Chicago and their sister agencies.

10 For example, the Chicago Public Schools,
11 Chicago Transit Authority, the Cook County, and the Chicago
12 Park District, this would all help kind of facilitate those
13 conversations to discuss energy efficiency projects and savings
14 opportunities for them.

15 With Nicor Gas public sector the outreach is
16 conducted to municipalities, forest preserves, and park
17 districts as well. They've currently attended 19 fire
18 department open houses across the Nicor Gas territory and have
19 conducted targeted outreach to fire department chiefs who
20 participated in those open houses.

21 Workforce development under the FEJA Act;
22 Peoples Gas and North Shore Gas are working on developing and

1 tracking a methodology for jobs created as a result of the
2 energy efficiency programs such as new hires with some of these
3 diverse vendors that are been on-boarded, placing an emphasis
4 on diverse suppliers as well within that energy efficiency
5 portfolio. MidAmerican recently shoots RFPs emphasizing
6 inclusion of diversifiers suppliers in the energy efficiency
7 portfolio as well.

8 Ameren Illinois has a strong focus on diverse
9 business energy efficiency vendors in the first year. Seven
10 fold increase in diverse spend under the FEJA Act. They've
11 increased their scholarships by 64 percent for candidates
12 focused on energy efficiency jobs and careers. Nicor has a
13 strong focus on finding and using diverse vendors and
14 contractors.

15 For example, resource innovations, Urban
16 Efficiency, and Anura Energy, which are all diverse business
17 enterprises, as well as Nicor Gas has aligned with Quad County
18 Urban League and launched a Nicor Gas Academy, which is a
19 6-week job readiness program designed to prepare participants
20 for entry-level work in the utility industry focusing on
21 natural gas, as well as the Construct Program, which is a
22 9-week training program offering up the information and

1 guidance needed to complete -- to actually increase the pool of
2 qualified minority candidates for construction jobs in
3 Illinois. And so the majority of the northern utilities belong
4 also to the Construct Program; for example, Peoples Gas an
5 North Shore Gas. And these are just some of the bill inserts
6 that have gone out with some of our materials in the monthly
7 bills, just talking about energy efficiency and how to prepare
8 for the winter.

9 And that concludes the energy efficiency
10 portion. Any questions for me?

11 COMMISSIONER KIMBREL: I would just ask the panel to send
12 me whatever they have on the weatherization programs.

13 MS. OMayra Garcia: Thank you so much.

14 (Applause.)

15 COMMISSIONER OLIVA: I just have two questions. Is the
16 LIHEAP advocacy done in conjunction with your energy efficiency
17 program offerings?

18 MS. OMayra Garcia: In conjunction, what we do is, when
19 we do a resource event or a resource fare type of event, we
20 combine it. So there will be the community action agency for
21 the Cook County area within -- for example, the Peoples Gas
22 territory would be CEDA. So CEDA is present. Peoples Gas

1 energy efficiency team is present. So when that customer comes
2 in to apply for the LIHEAP assistance, they're also directed to
3 make sure that they visit the Peoples Gas table to sign up for
4 the energy efficiency. So a one-stop shop.

5 COMMISSIONER OLIVA: Okay. One more question. This is
6 for Michelle. You say that natural gas production is expected
7 to increase less in 2020 due to the reduction in capital
8 expenditures by producers. So will this affect the 2020 winter
9 season outlook, and how are you planning for this?

10 MS. OMAIRA GARCIA: As far as our Illinois LDC plans,
11 those will stay in place and standard; and we'll make
12 modifications, if necessary, as we move through 2020. But we
13 still expect production levels to stay high. They just won't
14 increase quite as quickly and rapidly as they have in the past
15 couple of years.

16 COMMISSIONER OLIVA: Thanks.

17 MS. GABRIELLE YOUNG: Thank you to our panelists for the
18 insight and discussions. We'll now take a 15-minute break and
19 begin back promptly at 11:15.

20 (Whereupon, a brief recess was taken.)

21 MR. JOSEPH FALLAH: Welcome back. And we have our final
22 panel. This is perhaps the most important for me. It's the

1 people's panel. This is where we get to hear from the
2 customers' perspectives what the challenges are there and how
3 we can be sure that the customers' needs are met, especially
4 through the winter season.

5 And so we will have Sue Satter from the AG's
6 office and David Kolata from CUB.

7 MS. SUSAN SATTER: Thank you for the opportunity to
8 present today. There is always a lot to say from the
9 consumer's perspective. I do have slides. I assume they will
10 come up. Okay.

11 So to state the obvious, in the Midwest we
12 have really cold weather in the winter. 20 degrees is not
13 uncommon. And, obviously, cold winters drive up consumer
14 bills. As I think was pointed out earlier today, 75 percent of
15 gas consumption takes place in the wintertime. So, as a
16 result, consumers see a winter spike in their financial
17 obligations.

18 The law recognizes the effect of the cold
19 weather on people's health and safety, and so we have
20 protections that bar disconnection if the temperature is below
21 32 degrees between December 1st through March 31st. And I've
22 cited sections of the Public Utilities Act that provide that.

1 Now, while there is that 32-degree screen, if
2 you will, I think most utilities will not disconnect people
3 during that period; but it is possible. It's not an impossible
4 thing during the winter. So because so much energy is used in
5 the winter customers fall behind. It's not unusual. If
6 they're not on budget billing, then they get the big spikes in
7 the winter, and payment plans are often necessary for them to
8 catch up.

9 So I wanted to reference a study that just
10 came out on November 25th, a week or 2 ago, by Elevate Energy.
11 They did a survey of low income residents, but close to hundred
12 people who had applied for a weatherization benefit. And I
13 have the link there, if you wanted to look at. It's not a long
14 study. It's new. It's just a few pages.

15 But their conclusions are that energy
16 insecurity is very high in among low income Chicagoans. And,
17 unfortunately, the United States Energy Information
18 Administration has recently found that a full one-third of the
19 United States households experience at least one form of energy
20 insecurity annually. So what is energy insecurity?

21 Reducing energy usage -- and I'm compacting
22 some of these -- reducing energy usage or experiencing extreme

1 heat or cold at home. According to the US EIA -- and I
2 included the pages in your packet -- 11 percent nationally
3 experience this problem. Reducing spending on other
4 necessities so that you can pay your energy bill.

5 According to the USE IA, nationally, 22
6 percent of consumers experience this problem. Among the low
7 income people surveyed in the Elevate Energy Report, 51 percent
8 had to cut down on food, medicine, and other necessities so
9 that they would be sure to pay their energy bills. People
10 receiving a disconnection notice, according to national
11 statistics, 14 percent of households have received a
12 disconnection notice related to heat.

13 Among low income people from the Elevate
14 Energy study it's 29 percent. Reducing energy usage or
15 experiencing extreme heat and cold and home for low income
16 residents in the city of Chicago is 68 percent; so these people
17 are experiencing energy burdens. In recognition of that
18 problem, again, last Monday at NARUC -- I'm assuming that most
19 of you were at NARUC -- NARUC passed a resolution, best
20 practices and data collection and reporting for delinquencies
21 in payments and disconnections of service.

22 And I included a few of the "whereas" clauses

1 for information. I'm not going to read them. But the bottom
2 line is that the resolution recognizes that many utility
3 customers continue to have what they call chronic difficulties
4 in paying their bills. These difficulties are persisting
5 despite federal, State, and private assistance programs. And
6 of course that extreme heat or cold is bad for your health.

7 A few more whereases. Nationally, the
8 resolution says that about 20 percent of shows eligible for
9 LIHEAP receive assistance. And, finally, NARUC and NASUCA
10 recognize that it's important to gather information, evidence,
11 about this problem so that best practices can be developed
12 statewide and also nationally.

13 Okay. So back to Illinois. We've broken down
14 the poverty level among Illinois residents; below 50 percent of
15 the poverty level, 50 to a hundred percent of the poverty
16 level, et cetera, et cetera. Let me just mention that the
17 poverty level for a family of one is \$12,490. So that's barely
18 a thousand dollars a month; and that's a hundred percent
19 poverty for a household of one. For a family of four it's
20 \$25,000 -- 25,750. That's a hundred percent poverty.

21 So these people do not have a lot of extra.
22 And if you look at Illinois, we're about 1.5, 1.4 million

1 households fall into this category. If you figure, on average,
2 that's three people per household, you'll see that you're
3 starting to affect a lot of people in the state. So one of the
4 things that we've looked at from the data available is both
5 disconnections by gas utilities and residential accounts
6 eligible for disconnections.

7 So this has Peoples Gas 2019 Report
8 Disconnections Per Month. This data is reported in Docket
9 16-0376 as part of the system modernization report. So Peoples
10 has to report this as well as the next page, which is
11 residential accounts eligible for disconnection.

12 And the bottom line, I think, is that about --
13 if you have 700 -- I have the numbers. Peoples Gas has 718,000
14 residential customers. Cumulatively, 242 -- basically, 243,000
15 instances of being eligible for disconnection have arisen
16 during the year. So out of 718,000 customers, that's a lot.

17 The disconnections are lower. You see that in
18 January, February, March Peoples Gas has no disconnections, as
19 appropriate; but then they start to pick up. For Ameren and
20 Nicor we try to gather the disconnections, which are in red,
21 and then eligible for disconnection, which is in the darker
22 color. The sources of that date of disparate. Some of them

1 are from a rate case. We asked in discovery. Some of them are
2 in an uncollectible docket. Again, we asked in discovery.

3 Like, in truth, the utilities might report
4 them in different ways; but you can see that the numbers are
5 significant. And for Nicor Gas, looking at September -- let's
6 use September as an example -- you have about 2.5 percent of
7 their total residential customers are eligible for
8 disconnection at that time, according to these numbers. For
9 Ameren I believe the numbers are for gas and electric not just
10 gas; so it's a little harder to make an assessment of how
11 great this burden is on that service territory.

12 Again, I think this goes to the NARUC
13 resolution. What do we really know about the this problem?
14 Okay. The utility representatives talked about customer
15 assistance. Very important. We have a low income home heating
16 assistance program, LIHEAP; the weather assistance program,
17 weatherization, which are bigger programs, bigger contributions
18 to help people weatherize their homes so that the heat is not
19 just escaping through windows and unsealed spaces. And then of
20 course the percentage of income payment plan, PIP.

21 So we did -- we added all of the units that
22 have received weatherization. It's only 2,363 in the last

1 year. That's .16 percent of eligible households. It's a good
2 program. It's a small program. LIHEAP, we have 273,600 --
3 approximately, the same number I think the Peoples Gas
4 person -- or the utilities repetitive identified.

5 So at that, using 115 percent of the federal
6 poverty level, we're at 25.8 percent of eligible households
7 receive some form of LIHEAP or PIP, which, if you recall from
8 the NARUC resolution, is better than the national average.
9 Now, of course, we probably have a bunch of polar climates, so
10 you would expect that; but that's where we stand. Obviously,
11 if 25 percent receive funding, 75 percent who are eligible do
12 not.

13 This might be stating the obvious, but the
14 consequences of disconnection are dire. If you have no heat --
15 if you have no gas, you have no heat in the winter, you have no
16 hot water for sanitation, and you have no cooking gas. These
17 are all essential to living even a moderately comfortable life.
18 And the heat is as essential to survive.

19 Electricity: If you don't have electricity,
20 obviously you could have no heat because a lot of heat requires
21 the blower. No light, no appliances, no cooling, no medical
22 devices, no phone, because we all have cell phones now. And if

1 you can't charge your phone, now you're at risk of not have
2 telephone services. Water of course is basic for consumption,
3 cooking, and for sanitation. If you don't have heat in your
4 home, there is a good chance your water pipes will burst.
5 Ultimately, utility disconnection can render a home
6 uninhabitable. It's critical that people not lose access to
7 these essential utility services.

8 So what strategies can be used to address the
9 problem of energy insecurity and just the burden of the bills
10 even for those who pay? We believe in our office that the goal
11 is to keep customers connected all year round. And there are
12 questions that I think a utility should ask and that maybe the
13 Commission could inquire into when you investigate why people
14 are struggling, why they're falling off of the system, why
15 they're getting disconnection notices.

16 First, is the customer low income? Is
17 assistance available from either the utility, the State, or
18 federal government, or other private sources. There are
19 various sources of funding, but they're not huge. If you look
20 at the LIHEAP fund, 150 -- I don't remember the exact one. I
21 think it was 150 odd million dollars compared to the utility
22 funds, which are in the single million digits, 3 or 4 million.

1 It's not really enough to make a dent; but still it's,
2 obviously, something that's important for the individual
3 customer who's facing that crisis.

4 Are there health issues in the home? Is there
5 a medical certificate? Are there infants? What's the
6 situation? A key question is, what is the customer's ability
7 to pay based on a reasonable energy burden? Under the PIP
8 program I believe the percentage of your income that's supposed
9 to go to energy is 6 percent. The Elevate Energy Report
10 indicated that some households are looking at 20 percent of
11 their income for utility payments.

12 So these are high, high numbers. If you're
13 paying 20 percent of your income to stay warm, to heat your
14 water, you're not buying new clothes, you're not buying steaks.
15 Your food budget is going to be constrained.

16 Ultimately, we think that utilities in the
17 state need to create payment plans that are affordable by
18 recognizing these factors that I just talked about and giving
19 people enough time to pay. We see in our office people call us
20 looking for help, so we do advocate for individual customers
21 from time to time with the utilities. Although, I think the
22 Citizens Utility Board does it more. And what we find is that

1 people fail on their deferred payment plans all the time, and
2 they feel like they can't keep up with the payments. And if
3 they were given more time, their back payments would be
4 smaller, hopefully making success more likely.

5 So, again, in our discovery, in our various
6 cases, we have asked about what is the DPA, deferred payment
7 arrangement, failure rate? And we think it's shocking. We've
8 seen reports that it ranges from 30 percent to 81 percent. I
9 say, although the data is conflicting, one of the questions is,
10 how do you measure that; right? Because somebody might not be
11 able to pay, and they call and say, "I need to renegotiate"; or
12 maybe that go out and get a Payday loan. We have reports that
13 the second largest reason for a Payday loan is to pay a back
14 utility bill because people really can't face a big shutoff.
15 So those are some of the consequences.

16 So relative to making these payment plans
17 longer, I just wanted to point out that the rules provide
18 substantial flexibility. So I just included some of the rules.
19 These are Part 280 Rules that govern that relationship between
20 the utility and consumer.

21 First, is a matter of policy. The purpose of
22 the Rule is to ensure that essential services are provided and

1 maintained. And the rules shall be viewed as minimum
2 standards. Unfortunately, what we often hear is that the Rules
3 allow 4 to 12 months, and that's all our systems can
4 accommodate.

5 We think more flexibility is needed and is
6 appropriate. For example, the Rule on the length of DPAs
7 specifically says the Utility has the discretion to agree to
8 more than 12 billing cycles. It also requires you to take into
9 account the customer's ability to pay. What is their energy
10 burden? What is their level of energy and security? The rules
11 also have special provisions for low income customers.

12 And relative to a DPA, again, the rules
13 provide that, at the Utility's discretion, it can set a
14 deferred payment arrangement term for more than 12 months in
15 those situations when it's necessary. So, ultimately, we think
16 that utilities need to be more flexible in dealing with this
17 bubble of payment that people run up in the winter so that they
18 can pay it off over time. We think it would be helpful for the
19 Commission to set rules for data collection for all of the
20 utilities across the state so that we have a consistent
21 baseline. It would be very interesting to create standardized
22 reporting and mapping of disconnections for nonpayment.

1 Reporting and mapping of customers eligible for disconnection,
2 DPA success and failures, and renegotiations of DPAs, we think
3 that would enable the utilities in the state and the Commission
4 to set best practices. And this is consistent with the NASUCA
5 Resolution.

6 In conclusion, utility service is obviously
7 essential to health and safety. Affordability continues to be
8 a challenge, particularly as we have annual rate increases and
9 regular increases for whether it's infrastructure spending or
10 formula rates; and we just see the prices going up and up and
11 up. It becomes more crucial that utilities use all available
12 tools to help keep customers connected and also to set rules to
13 recover payment for service in a way that's manageable.

14 And with that, I will close. And thank you
15 for the opportunity.

16 MR. DAVID KOLATA: Thank you, Madam Chair, Commissioners.
17 My name is David Kolata. I'm the Executive Director of the
18 Citizens Utility Board. And thank you for inviting me here
19 today to share our thoughts.

20 (Interruption.)

21 MR. DAVID KOLATA: Okay. I'll start over.

22 Thank you, Madam Chair, Commissioners. My

1 name is David Kolata. I'm the Executive Director of the
2 Citizens Utility Board, and I appreciate the invite to share my
3 thoughts with you today. I agreed with what Sue had to say,
4 particularly with regard to the NARUC and NARUC Resolution that
5 I know a lot of hard work went into. I think having
6 standardized reporting so we can document the extent of the
7 problem of what can be done about it I think is crucial.

8 So I'm not going to repeat what she had to
9 say. I know I'm standing between everyone here and lunch; so I
10 will try to be brief and to the point. And, basically, I'm
11 going to make three points.

12 The first, to kind of reiterate what I said at
13 the Summer Policy Preparedness Meeting, we do expect an order
14 from FERC on the capacity market issue very soon. We don't
15 think it's going to be this week, but we are hearing it's going
16 to be by December 19th. And if that order is what we expect it
17 to be, we see an urgent need for legislation to, basically,
18 correct -- take advantage of the existing PJM tariff allowing
19 for an FRR. Mainly, because if you look at the history of
20 electric policy in Illinois, it's an area where I think things
21 haven't been perfect; but we've had a fair amount of success
22 since mid '90s.

1 When CUB first started, we had, essentially,
2 the highest bills average in the Midwest and among the highest
3 in the country. Now we have the lowest in the Midwest on
4 average and the among the lowest in the country. Things aren't
5 perfect. There's a lot more that can be done, but I think the
6 track record in moving in the direction of affordable clean
7 energy has been a positive one. But if we get the order that
8 we expect from FERC, we will essentially have a capacity
9 market aimed at counteracting those beneficial effects.

10 And for any state, like Illinois, that wants
11 to move toward 100 percent clean energy, I think that will
12 require action on the part of the State. So I just want to
13 reiterate that that's going to be an incredibly important issue
14 coming up, and it's one that we will certainly be watching
15 closely, and we will want to work with everyone to find the
16 best solution.

17 The second point here to turn to gas is that,
18 you know, I think Sue was absolutely right. There is an
19 affordability crisis and far too many people face impossible
20 choices between heating and eating. It's also important to
21 keep in mind that at CUB we do a lot of events. We find quite
22 a few consumers at those events who are paying significantly

1 more than the utility price than the PGA price from alternative
2 suppliers. We've seen as high as \$1.20, \$1.30 a therm when the
3 PGA price is significantly lower than that.

4 I mention that because I think the Heat Act,
5 which the Attorney General's Office took the lead on, which we
6 were strong supporters of, that's a great bill; but we all need
7 to do more as a collective community to make sure that,
8 especially those most vulnerable, are not paying more than they
9 should, given everything that's going on in the world and in
10 the economy.

11 We have to do more to make sure people are on
12 rates that are beneficial for them and not paying far more than
13 they should. And so I think that that's an area that we have
14 long been active in, and we expect to continue to be so. But
15 the Heat Act is a great step forward. But just given the
16 extent of the problem, we certainly expect that there will be a
17 lot more that needs to be done.

18 And then, third -- and this is building off of
19 something that is implicit in the slide that Sue showed about
20 Peoples Gas -- we do have a few tectonic plates coming together
21 that I think will have the effect of forcing us -- in Chicago,
22 in particular -- to deal with issues around decarbonization and

1 the transition away from natural gas earlier than we'd might
2 like. On the one hand, you do have an affordability crisis
3 that's been building with the Pipeline Infrastructure
4 Replacement Program and the rider quip (phonetic) cost going up
5 significantly year over year.

6 We are on a path where the fixed charge is
7 going to get significantly higher than it is now. It's already
8 about \$40. You can see scenarios where that gets to 60 or \$70.
9 So, on the one hand, you've got a situation where, structurally
10 speaking, large parts of the city can't afford their gas bill
11 as it is even though the cost of the commodity is relatively
12 low right now.

13 You also have the drive to deal with climate
14 change, where it's becoming increasingly clear that you will
15 need to electric guy, if not everything, then probably large
16 elements of heating. There are some potential scenarios with
17 renewable natural gas, and we don't want to necessarily throw
18 all of our eggs in one basket; but I think it's becoming clear
19 that we are going to need to transition away from heat -- from
20 gas heat to electric if we're going to deal with climate
21 change.

22 And then the third kind of tectonic plate is

1 that the cost, actually, of electrifying are going down pretty
2 significantly. So heat pumps are improving. They're getting
3 cheaper. There seems to be a pretty significant learning curve
4 where the quality and affordability of that improves. And you
5 put all of those things together and you could absolutely see a
6 scenario where people who can afford to leave the gas system
7 will do so. It's better for the environment.

8 And why would I pay such a large fixed charge
9 if I don't have to? And I get just as good, maybe even better,
10 quality of heat from the electric side of things. But of
11 course who can't afford to do that are the people -- the very
12 people who are having a hard time paying their bill as it is.
13 And so you start getting into some very significant and very
14 difficult equity issues, transition issues.

15 I wish I could say that I have an answer to
16 them. I don't. But I do think it's something that, as a
17 community, we need to deal with sooner rather than later to
18 think through, when that happens -- if we get a cold winter and
19 there are marches at City Hall because people can't afford to
20 pay their bills and you put all of these things together, how
21 are we going to deal with stranded costs risks, how are we
22 going to phase out of natural gas in the city of Chicago? None

1 of these are easy, but I do think that it's kind of in the
2 numbers, and it's something that we are going to have to deal
3 with.

4 So with that, I will conclude. I'm happy to
5 answer any questions. We look forward to working with you on
6 all of these issues as tough as they may be. Thank you.

7 MR. JOSEPH FALLAH: Thank you, David. Thanks, Sue.

8 In a sense of fairness, you have 4 minutes, if
9 you have anything else to add Sue.

10 MS. SUSAN SATTER: No. I'm fine.

11 MR. JOSEPH FALLAH: Okay. So we are good. So we'll move
12 to questions section. And if anyone has a question, they can
13 go ahead.

14 (No response.)

15 COMMISSIONER KIMBREL: Sue, you -- the weatherization
16 program, why is that program so under utilized -- or so small?
17 I shouldn't say, "under utilized".

18 MS. SUSAN SATTER: One of the reasons that I've heard is
19 that, in order to qualify for the program, you can't have what
20 they call health and safety concerns. For example, you can't
21 have asbestos in your house. You can't have broken windows.
22 There are certain -- the house has to be at a certain level

1 before they can invest the money in weatherization.

2 And, unfortunately, the money for
3 weatherization doesn't include those things. Now, there are
4 things to create an energy efficiency source for those funds,
5 but that requires that the utilities coordinate the energy
6 efficiency spending with the weatherization program.

7 And we've actually been advocating that quite
8 aggressively, that the weatherization program and energy
9 efficiency cooperate so that, to the extent you can address
10 those health and safety issues with energy efficiency funding,
11 you do. But it's a smaller program because each investment
12 tends to be a lot bigger. We're not talking about people
13 coming out and giving you (inaudible) showerheads. These are
14 retrofits.

15 And, clearly, if you think about it, they're
16 great for the people who can get in that door because then they
17 can improve their comfort. They're not wasting. And it
18 improves housing stock, and it lowers their bills, assuming
19 they're not so happy to be warm that they overheat, which
20 unfortunately the elevate energy report indicated that that
21 does sometimes happen; but the point is that it's a great
22 program, but it's small.

1 COMMISSIONER KIMBREL: Okay. Thank you.

2 COMMISSIONER OLIVA: I have a quick question. Sue, do
3 you know how other states are implementing the NARUC-NASUCA
4 Resolution? Is it dockets? Rule-makings?

5 MS. SUSAN SATTER: I don't know. It's pretty recent.
6 I'm sure that NASUCA members will be following that.

7 And Dave might have a better ideas. I believe
8 you were involved in it.

9 MR. DAVID KOLATA: I think that that discussion came up;
10 and, my recollection is that it was kind of best thought to
11 leave it to the discretion of the individual states. I do
12 think that it's something that we should move forward with. I
13 don't have a recommendation on the best way to do it, but I
14 think there was a broad amount of -- a broad based support for
15 it. I think it's a very good resolution.

16 And so I guess my position would be let's do
17 it, whatever's the easiest way. That's easy for a non-lawyer
18 to say, but that's what I would recommend.

19 COMMISSIONER KIMBREL: Sue, I know you also mentioned
20 that one possible exclusion is to help the consumers who can't
21 afford their bills, to extend the time within which they could
22 pay. It just seems like it's a never-ending cycle. So the

1 next winter is coming, and they're in the same boat.

2 MS. SATTER: Yes. I understand that point. We've heard
3 that concern from the utilities pretty consistently
4 because they feel like you have to finally pay.

5 But two responses: The first is the Earned
6 Income Tax Credit -- the Earned Income Tax Credit provides --
7 can be several thousand dollars to families once a year, for
8 low income families once a year. That can be used to retire a
9 big part of the debt, depending on when you start paying it.

10 Let's say you start paying in April or in May,
11 after the end of the moratorium, well, you've got a whole year
12 before the Earned Income Tax Credit refund comes back. There
13 are programs that actually incorporate the Earned Income Tax
14 Credit refund into payment, so that that helps retire a chunk
15 of it. The second thing is think of your credit card bill.
16 Okay? There are minimum payments people pay. They might not
17 pay the full amount until some eventuality happens -- they hit
18 the lottery, they get a new job, they sell something. You
19 know, people carry debt. Everybody carries debt.

20 And the thing about utility debt is you pay
21 about 18 percent, 1.5 percent per month. If it's a DPA there
22 might not be an interest charge, I think they told me, if it's

1 past due. But the utility recovers the cost of capital through
2 cash working capital because their receipts are lower. It's
3 really a relatively low cost way to fund payment, even if it's
4 an ongoing payment and it doesn't get paid off in full until
5 maybe the person leaves or the gets this tax credit or
6 something changes. We don't see that as necessarily
7 insurmountable.

8 MR. JOSEPH FALLAH: Okay. A little applause for our
9 panelists?

10 (Applause.)

11 MR. JOSEPH FALLAH: Thank you, David. Thank you, Sue.
12 This concludes our panelists discussion. We will now have
13 closing remarks. Gabrielle Long will give our are closing
14 remarks.

15 MS. GABRIELLE LONG: On behalf of the Chairman,
16 Commissioners, and Commission we would like to thank everyone
17 for their participation in today's policy testing.

18 Winter preparedness is an important topic, and
19 it's always important that we gather and receive assurances of
20 concerned parties that the winter needs of Illinois residents
21 will be met. Safe travel to those traveling back to their home
22 bases. And happy holidays to all. Thank you.

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(Applause.)

CHAIRMAN ZALEWSKI: Thank you, Gabrielle and Joe, as well as our panelists. If there's nothing else, then I'll adjourn the meeting. Thank you.

(Whereupon, the above entitled matter was adjourned.)