BEFORE THE
ILLINOIS COMMERCE COMMISSION

BENCH SESSION
(PUBLIC UTILITY)

Springfield, Illinois
Wednesday, February 24, 2010

Met, pursuant to notice, at 10:30 a.m. in Room A, Leland Building, 527 East Capitol Avenue, Springfield, Illinois.

PRESENT:

MR. MANUEL FLORES, Chairman

MS. LULA M. FORD, Commissioner

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

MR. SHERMAN J. ELLIOTT, Commissioner

MR. JOHN T. COLGAN, Commissioner

SULLIVAN REPORTING COMPANY, by Carla J. Boehl, Reporter
CSR #084-002710
(Whereupon the meeting turned to Public Utility matters.)

CHAIRMAN FLORES: We are holding Item G-1.

Electricity, Item E-1 (10-0131, 10-0132, 10-0133, 10-0134, 10-0135, 10-0136, 10-0137) is an Order initiating the annual coal tar reconciliation. Staff recommends entering the Order.

Is there a motion to enter the Order?

COMMISSIONER O'CONNELL-DIAZ: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: It's been moved and seconded.

Let's please take the roll. Commissioner Ford?

COMMISSIONER FORD: Aye.

CHAIRMAN FLORES: Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Aye.

CHAIRMAN FLORES: Commissioner Elliott?

COMMISSIONER ELLIOTT: Aye.

CHAIRMAN FLORES: Commissioner Colgan?

COMMISSIONER COLGAN: Aye.
CHAIRMAN FLORES: I am Chairman Flores voting aye. The vote is 5-0; the Order is entered. We will use this 5-0 roll call vote for the remainder of the agenda unless otherwise noted.

Item E-2 (ERM#005) is a filing by Commonwealth Edison Company tariff sheets to revise language in its Rider AMP-CA. Staff recommends not spending the filing.

Is there any discussion? Any objections? Hearing none, the filing will not be suspended.

Item E-3 (ERM#011) is a tariff filing by Commonwealth Edison Company to supplement or, excuse me, to implement uniform consolidated billing and purchase of receivables. Staff recommends entering the Suspension Order initiating hearing proceedings.

Is there any discussion?

COMMISSIONER O'CONNELL-DIAZ: I would just like to thank Staff for working on this issue. This will promote the development of market choices for our customers, and I know that it's been an issue that
has been floating around for several years and it is
good to see that we are finally getting to conclusion
of it and moving forward. So I would like to thank
Staff for that.

CHAIRMAN FLORES: Any other comments? Very
well. Thank you, Commissioners.

Any objections? Hearing none, the
Suspension Order is entered.

Item E-4 is Docket 09-0578. This is a
Corrected Order correcting the applicant's name in
the Order entered on February 10, 2010.

Administrative Law Judge Yoder recommends entering
the Corrected Order.

Is there any discussion? Any
objections? Hearing none, the Corrected Order is
entered. That concludes the Electricity portion of
today's agenda.

Turning to the Natural Gas, Item G-1
is being held. Items G-2 (08-0365), G-3 (09-0323),
G-4 (09-0371), G-6 (09-0453) and G-7 (09-0483) will
be taken together. These are complaints by various
parties against Northern Illinois Gas Company or
Peoples Gas Light and Coke Company. The parties have settled and filed joint stipulations to dismiss. The Administrative Law Judges recommend dismissing these complaints with prejudice.

Is there any discussion? Any objections? Hearing none, the complaints are dismissed with prejudice.

Item G-5 is Docket 09-0406. This is a petition by Atmos Energy Corporation to abandon service to four customers in Fayette County. Atmos has moved to withdraw the petition. Administrative Law Judge Yoder recommends entering the Order granting the motion to withdraw.

Is there any discussion? Any objections? Hearing none, the Order is entered.

That concludes the Natural Gas portion of the agenda.

Telecommunications, Items T-1 (TRM#537) and T-2 (TRM-583) will be taken together. These are tariff filings by Illinois Bell Telephone Company to change competitive services. Staff recommends that the filings not be investigated.
Is there any discussion? Any objections? Hearing none, the filings will not be investigated.

Items T-3 (TRM#628) and T-4 (TRM#629) will be taken together. These are filings by Verizon North Incorporated and Verizon South Incorporated to remove tariff language inadvertently added in a previous filing. Staff recommends not investigating the filings.

Is there any discussion? Any objections? Hearing none, the filings will not be investigated.

Items T-5 through T-9 (09-0279, 09-0333, 09-0334, 09-0454, 09-0596) will be taken together. Several telecommunication providers seek authority pursuant to Section 13-403 and/or Section 13-404 of the Act to provide various telecommunication services. Administrative Law Judges recommend entering Orders granting the requested authority.

Is there any discussion?

COMMISSIONER COLGAN: Mr. Chairman, there was a
similar situation we asked about, I think, at our last bench session, to see if there had been any check to see if complaints had been filed against companies like this in other states kind of in light of some issues that we have before us right now with another case. And I had a question as to where we were in terms of that process becoming a routine matter of history.

JUDGE WALLACE: These are -- just so you are aware that what you were talking about at the last meeting was the ABC certificates, and we have instituted a procedure where we are sending out an ALJ ruling requesting from the applicants that information, if they have received complaints or if they are the subject of complaints in other jurisdictions.

These are telephone certificates and, unless I am greatly mistaken, we have always asked on the application if the telephone CLECs have complaints in other jurisdictions.

COMMISSIONER COLGAN: Okay. That's a part of the process at telco, which wasn't evident in the
others. All right then. So it has already been
dealt with.

JUDGE WALLACE: Well, hopefully.

COMMISSIONER COLGAN: All right. Thank you.

CHAIRMAN FLORES: And I am assuming we did not
find any issues in the evaluation of these
applications?

JUDGE WALLACE: If they weren't mentioned, then
we usually -- well, there are two responses: Do you
have complaints, no; do you have complaints, have
they been resolved. And if they have been resolved,
then we usually move on. It depends on the number of
unresolved complaints that we might have from another
jurisdiction that might take more investigation. But
I am thinking that all these were resolved. Either
there were no complaints or they were all resolved,
old complaints.

COMMISSIONER COLGAN: That's fine. Thank you.

CHAIRMAN FLORES: Any other questions per the
discussion? Very well. Any objections? Hearing
none, the Orders are entered.

Items T-10 through T-12 (09-0415,
09-0416, 09-0417) will be taken together. These are citation proceedings to revoke certificates for parties for failure to maintain the corporate status. The Administrative Law Judges recommend entering the Orders and revoking the certificates.

Is there any discussion? Any objections? Hearing none, the Orders are entered.

T-13 is Docket 09-0567. Illinois Consolidated Telephone Company has petitioned pursuant to Section 7-102 (8)(c) of the Public Utilities Act to enter a lease agreement with Verizon Wireless. There are no contested issues. Administrative Law Judge Riley recommends entering the Order granting the petition.

Is there any discussion? Any objections? Hearing none, the Order is entered.

Items T-14 through T-19 (10-0015, 10-0016, 10-0017, 10-0018, 10-0019, 10-0020) will be taken together. These are petitions for emergency relief to protect from disclosure petitioners' 2009 annual reports for not less than five years. The Administrative Law Judges recommend entering the
Orders granting the petitions but for only two years. Is there any discussion?

Could we just have again -- just inform the Commissioners here the purpose or the reason for only the two years recommendation?

JUDGE WALLACE: This was a decision that was made last year and is now being implemented for this round of annual reports. It was determined that availability of documents filed with the Commission needed to be looked at again. One of our former Commissioners, Mr. Lieberman, brought this up. And so the parties routinely have asked for five years. Our statute -- our actual default is two years. And so without any justification on why it needed to be five years, we have brought it down to two years, and they are notified at the expiration of that two years so if they feel a need to, they can come in and ask for additional protection.

But none of the companies were justifying why it needed to be five years. And so they have that option if they want to try to justify
the five years as opposed to the default two years, and it is a matter of trying to -- some attempt to limit what people routinely slapped a confidential word on.

CHAIRMAN FLORES: Okay, very good.

JUDGE WALLACE: Parties left to their own devices will slap confidential on practically everything. So we are trying to bring that down a little bit.

CHAIRMAN FLORES: Very well. Has it been successful?

JUDGE WALLACE: A little bit maybe, I think.

CHAIRMAN FLORES: You have to keep pushing that.

JUDGE WALLACE: Yeah.

CHAIRMAN FLORES: Any further discussion or questions? Any objections to the Order? Hearing none, the Orders are entered.

T-20 is docket -- I have here and someone correct me if I am incorrect here, but I have T-20 is 10-0048.

COMMISSIONER FORD: Correct.
CHAIRMAN FLORES: I thought so, but I just wanted to make sure.

WideOpenWest Illinois, LLC, had petitioned to provide cable service pursuant to Section 401 of the cable and competition law of 2007. The applicant has since moved to withdraw the application. Administrative Law Judge Riley recommends granting the motion without prejudice.

Is there any discussion? Any objections? Hearing none, the Motion to Withdraw is granted.

Item T-21 is Docket 10-0066. ACN Communications Services Incorporated has petitioned for confidential and proprietary treatment for a portion of its 2009 annual report for two years. Administrative Law Judge Haynes recommends entering the Order granting the request.

So this is one of those cases that you were telling us. So, Judge Wallace, tell us a little bit more about this case.

I want to know. When we are talking about confidentiality, what can you tell me about
what was confidential about this?

JUDGE WALLACE: The CLECs claim that their annual reports contain financial information that if their competition were allowed to see, it would put them at a competitive disadvantage. So what they are requesting to be held confidential is essentially their financial numbers for the past year that we, the Commission, require them to put in their annual report.

I have to say it is not something -- we don't normally question, if they say the numbers are confidential. The one step we have made is to bring it down from five years to two years. The numbers themselves we do not inquire too much further, if they claim those numbers are confidential. As I said, they have generally made the claim that if their competitors know these numbers, then it would put them at a competitive disadvantage. That's somewhat hard to prove or disprove.

CHAIRMAN FLORES: So how do we guard against in a hypothetical, just guard against, let's say, this
concern that you just expressed with regards to the
overuse of the confidentiality of protection over
information that you believe we need?

JUDGE WALLACE: Well, I would distinguish,
these are about as routine a matters as we get. They
come in every year, and we have not really had a
problem with them over the years. It is more with
the other, the non-routine documents. The ARES and
the AGS file a number of things they want kept
confidential. Again, everything is because their
competitors might learn something.

That, I think, proves to be a
difficult thing to prove or disprove. Will your
competitor use that to your disadvantage, I really
can't say. We do challenge -- you know, we do
challenge them to at least put forth a reason, an
explanation, of why they want something kept
confidential.

CHAIRMAN FLORES: Is there any requirement for
-- and I can --

JUDGE WALLACE: Some of this stems from the
Freedom of Information Act which has a section which
specifically allows state agencies to keep material filed with them confidential or grant it a proprietary status.

We have looked into this. We have --

CHAIRMAN FLORES: What would be the penalty?

What would be the penalty for a company that tries to invoke confidentiality where, indeed, it is to be discovered that it is not confidential?

JUDGE WALLACE: That would depend on the situation. There would generally be no penalty. If it comes up in the context of a case, I suppose -- well, I can't think of a situation where there would be an actual penalty against the company that claimed confidential status when there actually wasn't one.

I think that we, the ALJs, or the Commission, would have made a determination on whether it was confidential or not, and we would go from there. If we make a wrong ruling, there would be no --

CHAIRMAN FLORES: I understand.

COMMISSIONER O'CONNELL-DIAZ: If I might interject, with regard to whether something is
determined to be confidential, the burden of proof is on the party that is seeking confidential treatment. And in the context of a rate case or some other type of a proceeding, the company would need to come forward to prove that that confidentiality should be afforded the document that they are seeking it for.

Usually what happens is you have the party that wants that information, you have an opportunity to object and then the ALJ will make the ruling based on whether it is commercially sensitive, whether it is protected under Freedom of Information Act. And so there is a -- there is no rubber stamp that the Commission gives to confidential information, but instead it goes through that winnowing process and the burden of proof is on the party that is seeking that confidential treatment.

And to the issue of the penalty, there is no penalty. What would be determined is that it would not be treated confidentially and it would be out in the public. Other than that it is yielded.

And that can have an impact. Some of the information that's contained in many of the
documents that go through the Commission not so much focus on the company but the effect that it has on the price that they are going to charge the customers at the end. Because if they have commercially sensitive information contained in their -- whatever their filing is, it could have an irreparable damage to consumers because it would move up the price for whatever that is.

So these are kind of rudimentary with regard to what is contained in this petition, but the ALJs have a very good handle on dealing with those in the context of a case. And any party is allowed to object to that and present information and their position relative to whether it should be labeled confidential or not.

CHAIRMAN FLORES: Thank you, Commissioners.

JUDGE WALLACE: The bad thing is, we at the Commission are subject to sanctions if we let something out that's not supposed to be.

CHAIRMAN FLORES: Right.

COMMISSIONER O'CONNELL-DIAZ: I think we had an instance in an oral argument that there was some
confidential information that appeared in some oral
argument documents. And so it is really important
that once that labeling is afforded, that it be
protected.

CHAIRMAN FLORES: Very well. Thank you very
much for the discussion and explanation.

Is there any further discussion? Any
objections? Hearing none, the Order is entered.

That concludes the Telecommunications
portion of the agenda.

Moving on to --

COMMISSIONER ELLIOTT: I have one more item.

CHAIRMAN FLORES: I am sorry, I misspoke. T-22
is Docket 09-0581. This is an amendment to an
interconnection agreement. Administrative Law Judge
Benn recommends entering the Order approving the
amendment to the agreement.

Is there any discussion? Any
objections? Hearing none, the Order is entered.

Now that concludes our
Telecommunications portion of the agenda.

Water and Waste Water, Item 1 or,
excuse me, Item W-1 (WRM#002) is a filing by the Illinois-American Water Company to establish public fire protection rates for the Village of Bondville. Staff recommends not suspending the filing.

Is there any discussion? Any objections? Hearing none, the filing is not suspended.

Item W-2 is Docket 09-0367. James R. Plucinsky filed a complaint against Aqua Illinois Incorporated. The parties have settled and filed a joint stipulation. Administrative Law Judge Riley recommends dismissing the complaint with prejudice.

Is there any discussion? Any objections? Hearing none, the complaint is dismissed with prejudice.

Item W-3 is Docket 09-0548. This is a Resuspension Order in the Apple Canyon Utility Company rate case. The Commission has not completed its inquiry and needs to enter a Resuspension Order.

Is there any discussion? Any objections? Hearing none, the Resuspension Order is entered.
Item W-4 is Docket 09-0549. This is a Resuspension Order in the Lake Wildwood Utilities Corporation rate case. The Commission has not completed its inquiry and needs to enter a Resuspension Order.

Is there any discussion? Any objections? Hearing none, the Resuspension Order is entered.

That concludes the Water and Waste Water portion of today's agenda.

Miscellaneous, there is a miscellaneous item on today's agenda. Item M-1 concerns the following resolution: Whereas under Section 10-101 of the Public Utilities Act any Commissioner or Administrative Law Judge designated by the Commission shall have the power to hold investigations, inquiries and hearings concerning any matters covered by the provisions of this Act or by any other Act relating to public utilities subject to such rules and regulations as the Commission may establish; and whereas it is deemed necessary that certain officers be designated to hold
investigations, inquiries and hearings, therefore, be it resolved by the Commission that Sonya J. Teague be designated as an Administrative Law Judge to hold investigations, inquiries and hearings with reference to such matters covered by the provisions of the Public Utilities Act and the provisions of any other acts relating to public utilities as may from time to time be assigned to her by the Chief Administrative Law Judge.

As you may know, Ms. Teague has served for several years as Commissioner Ford's assistant. I am going to yield my time at this time to our distinguished colleague, Commissioner Ford, who I know has many nice things to say concerning this wonderful appointment.

COMMISSIONER FORD: Thank you, Chairman. I certainly have enjoyed the number of years Sonya has been with me. She has been very thorough, and I am saddened to see her go over to Glen and his bunch. But I know she will do well for our Commission as a whole and she will be very persnickety with her inquiries and investigations. So I want everybody to
look out for her. She will do an extremely fine job, and she will be missed because she has done a Herculean task for me and for the other Commissioners that we serve, and she has a very genteel spirit.

So thank you and I know they will welcome you over there. I saw all the parties they have.

CHAIRMAN FLORES: Commissioner O'Connell-Diaz, would you like to say something?

COMMISSIONER O'CONNELL-DIAZ: Well, I am just so glad to see Sonya advancing. She came to the Commission from private practice and has learned our nasty ways and now she is going to go over to the other side and doing a whole tour of duty. So having come from the ALJ section, I am really excited to have someone of her caliber that will be presenting orders to us and also representing the Commission in the cases that we have the great task of insuring the balance that's needed, and really they are kind of the front lines of the Commission for us. So to have someone of Sonya's compassion, intelligence and diligence will be a really good thing for all of us.
And the good thing is she is not going far away, so we will still see her so we don't have to say good-bye. But I just want to ask her if we have to call her Judge Judy now. She is too nice for that. I wish her well.

CHAIRMAN FLORES: Commissioner Elliott?

COMMISSIONER ELLIOTT: No, it is always nice to see a Commissioner assistant move on to bigger and better things. So congratulations and welcome.

CHAIRMAN FLORES: Commissioner Colgan?

COMMISSIONER COLGAN: Well, I just echo some comments that other colleagues have made for you, Sonya, and I wish you the best and thank you for all your help that you have given me and the Commission and the service that you have given to the Commission.

MS. TEAGUE: Thank you.

CHAIRMAN FLORES: I have not -- I am the newest member here to the group, but in the short time that I have worked with you, you have been very generous with your insights and have been very helpful, and I certainly appreciate that and I am very certain and
confident that you are going to do an outstanding job in your new position.

And I also believe it is worth noting here that it also speaks to the quality of the Staff that we have here at the ICC. To see one of our very own move forward in her career now as an Administrative Law Judge, I think, speaks very positively about the caliber of work, the dedication, that all ICC Staff, you know, put forth. And, you know, we are all very grateful. And so we know that you will do very well in this next endeavor.

MS. TEAGUE: Thank you.

CHAIRMAN FLORES: So is there any further discussion?

COMMISSIONER O'CONNELL-DIAZ: Just that we all have to promise to be nice to her when she is sitting there answering questions.

COMMISSIONER FORD: I won't make that promise.

CHAIRMAN FLORES: She will -- you know, we are all very cordial. We are cordial to all the others, so.

COMMISSIONER O'CONNELL-DIAZ: Buckle up.
CHAIRMAN FLORES: Very well. Commissioner Ford, would you like to make the motion, please, here?

COMMISSIONER FORD: So moved.

CHAIRMAN FLORES: Very well. Is there a second then on that motion, Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Second, gladly.

CHAIRMAN FLORES: Very well. It's been moved and seconded. All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN FLORES: There are no nays. That's impressive. Five to zero, that's a very good vote there that you just picked up, Sonya. So the vote is five to zero; the resolution is unanimously adopted. Again, thank you so much for your work and we look forward to greater things from you.

So moving on, we are now at a petition for rehearing. We have one petition for rehearing in Docket 09-0384. This concerns a new rule governing the procedure for establishment of credit billing, deposits, termination of service and issuance of telephone directories for local exchange
telecommunications carriers. This rule was adopted by the Commission on February 10, 2010. One party requested intervention and rehearing after the Commission had already initiated the Second Notice period, after which the Commission could no longer change the rule. The Administrative Law Judge recommends denying the petition for rehearing.

Is there any discussion? No discussion. Is there a motion to deny the application for rehearing?

COMMISSIONER ELLIOTT: So moved.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

CHAIRMAN FLORES: It's been moved and seconded.

All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN FLORES: Any opposed? No opposition. The vote is 5-0; the application for rehearing is denied.

Turning to other matters, Liberty Consulting has issued its fourth quarter report on Peoples Gas Pipeline Safety Program. Staff is here
to discuss the report. I have here Mr. Roy Buxton.
Mr. Buxton?

JUDGE WALLACE: Darin Burk.
CHAIRMAN FLORES: Darin Burk. I don't know why we have Roy Buxton.

MR. BURK: Good morning.
CHAIRMAN FLORES: Good morning. Could you please identify yourself for the record?

COMMISSIONER O'CONNELL-DIAZ: Before we get going, is this something that is confidential? Do we have to go into closed session?
CHAIRMAN FLORES: No, this is not. But thank you for --

COMMISSIONER O'CONNELL-DIAZ: Just want to make sure, after our lengthy discussion about confidentiality.
CHAIRMAN FLORES: I was just thinking of that.

So thank you.

MR. BURK: I am Darin Burk, the Manager of the Pipeline Safety Section of the Illinois Commerce Commission.

CHAIRMAN FLORES: Very well, sir.
MR. BURK: This report is going to cover the fourth quarter which is September through November of 2009 which puts us at the halfway point in the follow-up verification process for Liberty Consulting. To this point Liberty has verified that Peoples Gas has completed 20 of the recommendations that were provided by Liberty Consulting. As you may recall, there were a total of 66 recommendations. Liberty has checked progress towards implementation of 56. Some of the recommendations have been kept open for further follow-up. Peoples Gas fell behind a bit on their implementation and it threw off the follow-up schedule somewhat.

Liberty has determined an unacceptable progress towards four recommendations, the first being the Recommendation II-3, cast iron replacement policies. Peoples Gas has significantly reduced the number of miles being replaced in the city of Chicago in 2009. Rather than the average of 45 miles, they have reduced that to 17 for the calendar year.

Recommendation II-9, develop and implement training for the City of Chicago municipal
workers and contractors relating to damage prevention. There has been very little response by the City and the excavators to offers of training, and Liberty feels that until enforcement of damage prevention laws is enacted in the city, very little improvement is anticipated.

COMMISSIONER FORD: Mr. Burk?

MR. BURK: Yes.

COMMISSIONER FORD: Why would that onus fall on the Peoples instead of the City?

MR. BURK: Pardon me?

COMMISSIONER FORD: Why would Peoples be responsible instead of the City when the City is not cooperating?

MR. BURK: Well, to complete the implementation of it is to provide the education. So far they have provided opportunity but haven't conducted the training. And Liberty is requesting that Peoples re-emphasize the need with the City of Chicago and request that the excavators in the city attend the training. This is going to require some more follow-up on the part of Liberty to determine what
Peoples has done since the fourth quarter.

COMMISSIONER O'CONNELL-DIAZ: So this is an issue with the City not doing what they need to do to insure a safer system for their citizens, is that correct?

MR. BURK: That would summarize it, yes.

COMMISSIONER O'CONNELL-DIAZ: So they need to have the egg on their face as opposed to the company in this instance, wouldn't you say?

MR. BURK: Yes, I would.

COMMISSIONER O'CONNELL--DIAZ: Thank you.

COMMISSIONER FORD: Very well stated.

CHAIRMAN FLORES: Well, it depends on what kind of eggs we are talking about. Scrambled or --

COMMISSIONER O'CONNELL-DIAZ: Scrambled, maybe raw, I don't know. But, I mean, this is a safety issue and this is an old story and the City needs to step up to the plate and be a part of the solution as opposed to this situation that we find ourselves in.

CHAIRMAN FLORES: I agree.

COMMISSIONER O'CONNELL-DIAZ: It is not the first time. We had the meter reading situation a
couple of years ago where we couldn't get in.

COMMISSIONER FORD: And I think, Mr. Chairman, you are the vehicle to make this happen, very young.

COMMISSIONER O'CONNELL-DIAZ: Get your chef's hat on.

CHAIRMAN FLORES: That's what I asked there. Kind of whatever are we going to cook up. So let's continue.

MR. BURK: Recommendation II-15, develop a system for tracking performance metrics for damage prevention. Peoples Gas has submitted a tracking metrics to the Pipeline Safety Section in January of 2010. So that took place after this report was submitted. I have reviewed the metrics. I have approved it, and so that should resolve this issue. Peoples has done a very good job of developing the metrics in this situation.

Recommendation V-8, improve the Quality Assurance Quality Control Program. The QAQC as they call it is to review crew performance in the field. Liberty found that they were providing the crews with advanced warning of an inspection which...
they deemed to be ineffective, and I tend to agree with that. Individuals lack credentials to perform the assessments, and the findings indicated that the inspections lack emphasis on pipeline safety code related matters and focused more on occupational safety related issues.

I have discussed this issue with the Vice President of Operations at Peoples Gas. They are working to provide more training for their quality assessment department so that they can do more comprehensive inspections. Once that training is completed, that should resolve that issue.

COMMISSIONER O'CONNELL-DIAZ: What's the timeline for that, Mr. Burk, do you know?

MR. BURK: They have two phases. They are doing some overview initial training that would make them at least competent to review the work throughout this year, to be completed, I believe, by the end of 2010. And then they are going to be taking all of the inspectors through a full operator qualification program, like their hourly person will go through, and that is to be completed by the end of 2011.
COMMISSIONER O'CONNELL-DIAZ: Thank you.

MR. BURK: Liberty has not determined progress toward ten of the recommendations, and they are going to be working on that in this and the next quarter.

I did discuss some of the issues with Mr. Dirk and I was concerned whether or not they were going to be able to complete the work in this calendar year as the contract indicates. To address that, Mr. Dirk has basically guaranteed me that they will have these recommendations fully implemented by the end of 2010. And Peoples has begun a process of proactive data requests, I guess you could say. Rather than waiting for Liberty to ask for their progress on certain recommendations, Peoples is just providing them with that information so they can work on it as they see fit.

Peoples acknowledges that they are deficient in some areas, and Mr. Dirk has committed that they will put the necessary resources into place to complete this program.

And that concludes my update. Do you have any questions for me at this time?
COMMISSIONER COLGAN: In terms of cast iron replacement, what did you say how far they had fallen off?

MR. BURK: Normally they average approximately 45 miles per year. In 2009 they did 17 miles and I understand that in 2010 they plan on doing about ten miles. So they have dropped significantly.

CHAIRMAN FLORES: What's the reason for the drop?

MR. BURK: They say it is the economy, financing.

COMMISSIONER ELLIOTT: That was an issue in the recent Peoples Gas case.

CHAIRMAN FLORES: The other issue that you brought up, Mr. Burk, in terms of the cooperation between the City and the company, has the ICC reached out to the City of Chicago to engage in some discussions in terms of how there could be some better coordination?

MR. BURK: I am a member of the Greater Chicago Damage Prevention Council and I have spoken with the City at those meetings through the different
departments, water, streets, and through the manager of the bigger program in Chicago. And I have emphasized the need for this on many occasions.

Now that we are gaining the metrics, the damages from -- obtaining those from Peoples Gas, I plan on talking to or at least mentioning these the next time I attend a meeting and tell them that we definitely find it unacceptable the number of damages that the City of Chicago inflicts on the Peoples Gas system on an annual basis.

CHAIRMAN FLORES: Have we -- beyond these face to face interactions, have we written a formal correspondence?

MR. BURK: No, we have not. It is not something we have ever done in the past.

CHAIRMAN FLORES: I think we should write one. We should prepare one to -- and I think the calling for an official convening of some of their personnel and our Staff to develop some framework or at least a formalized understanding so that everyone is on the same page. Any discussion?

COMMISSIONER FORD: My only suggestion would be
that possibly the president of Peoples Gas, possibly
yourself, meet with the mayor and discuss this with
him and his department heads, and then we will get
some action.

CHAIRMAN FLORES: You know, the economy has
affected -- has had obviously an impact on a lot of
different stakeholders. And speaking as a former
council member from the City of Chicago, it has
obviously taken its toll on not just the City but on
many other municipalities, as you know, with manpower
and being able to juggle a whole bunch of different
policies at the same time and being able to shift
personnel properly.

But I think given the need to address
the safety, the need to insure that these benchmarks
are met, that there be some official communications
so that everyone is on notice that we have to move
forward and that we can't afford to delay this
process.

COMMISSIONER FORD: That's correct. And I
think that that will get the attention of everyone
involved. Because, you know, I know that they will
listen to him.

COMMISSIONER O'CONNELL-DIAZ: Yeah, I mean, we had an issue years ago with the City with regard to with Peoples inside meter readings. It was a huge problem. And the Mayor, we got involved with the Mayor and then things changed. So I think that Commissioner Ford's suggestion is a good one.

And this is a critical safety issue, and just we need to bring it to the door that can effectuate change. And I think what she has proposed is a good idea.

CHAIRMAN FLORES: Very well. So let's get a letter. Let's develop a letter and I would like for all of us to see the contents of the letter, though, before it is submitted so that all of the Commissioners have input in the contents of that letter.

MR. BURK: I will be happy to do that.

CHAIRMAN FLORES: You know, we also want to include not only Mayor Daley and his department heads but also Chairwoman Rugay who chairs the Committee on Energy Environment and Public Utilities. And she
will also want to be informed of this activity.

MR. BURK: I will take care of it. Anything further?

CHAIRMAN FLORES: You know, I recognize that there are challenges right now with the economy, but we have to do everything in our power to insure that there is progress being made. And speaking just as myself here, and I am going to elicit and ask the other Commissioners if they have any comments, but going down from 45 miles to 17 miles is a real problem. And then the projection that we are going to go down to ten is even a bigger problem. So and that's just one.

The tracking performance, the matrix and these other issues, you know, you started out by saying that there were 66 recommendations.

MR. BURK: Yes.

CHAIRMAN FLORES: Only 20 have been met?

MR. BURK: Only 20 have been confirmed.

CHAIRMAN FLORES: Well, in my view that's only 20 met. So only -- you are talking about one-third, actually less than one-third.
MR. BURK: Yes.

CHAIRMAN FLORES: That's unacceptable.

MR. BURK: And I have been pushing.

CHAIRMAN FLORES: That's unacceptable with a triple exclamation point, triple underlined. So what are we going to do to expedite and to get some more -- to get some alacrity behind the process?

MR. BURK: Well, I have met with, as I said, the Vice President of Operations. John Stutsman and I had a discussion with Liberty, Bob Stright of Liberty, and we expressed our concerns about the progress and they have assured us that they will step it up.

CHAIRMAN FLORES: I would like to entertain a motion here to have them come before the Commission and to personally answer to why is it that we are behind the ball here.

MR. BURK: Are you referring to Peoples Gas?

CHAIRMAN FLORES: Yes, and also the auditor because the auditor also has to be put on notice that, you know, they are there to audit and to make sure that there is progress and they are also being
paid to make sure that progress is being effectuated.
I would like to hear, though, from the other
Commissioners.

COMMISSIONER COLGAN: Well, I have a question.
As to the auditor, I mean I am sure that they are
operating -- I have not been along for the history of
this -- but I am pretty sure that there wouldn't be
the auditor in place if there hadn't been an order
issued by this Commission to have the auditor in
place. And I am wondering that if in that order
there were also some remedies that were recommended,
other than talking nice and writing letters.

I mean, is there any remedies for us
to look to in terms of more seriously encouraging
them to step up on the matter?

COMMISSIONER FORD: Mr. Chairman?

CHAIRMAN FLORES: Yes, ma'am.

COMMISSIONER FORD: I will certainly take this
under advisement as Chair of the Gas Committee and I
sit on the National Pipeline Safety Committee, and I
will consult with Mr. Burk and get back to you on
that issue, if you don't mind. Let me take a look.
CHAIRMAN FLORES: Very well, Madam Chair.

COMMISSIONER ELLIOTT: It might be worthwhile to review the initiating order behind the audit and see what teeth we have in there for non-compliance.

COMMISSIONER O'CONNELL-DIAZ: I think there is a lot of pieces to this puzzle, and I think the Chairman's suggestion is a good one and that Commissioner Ford really can kind of dig in there and figure out how we can tee this up to look at it and actually have the clear picture in front of us. I mean, I am at a disadvantage, not having all the documents that I would need to look at right now to determine how we would like to dig down into this and have a public discussion about it which I think will be really helpful.

You know, we did this with Ameren with the vegetation management. I don't see any reason why we wouldn't be similarly situated to do this again under the auspices of Commissioner Ford as Chairman of the Gas Policy.

CHAIRMAN FLORES: Commissioner Ford, then we will -- I will table the motion.
COMMISSIONER FORD: Thank you.

CHAIRMAN FLORES: Pending your advice to the rest of us, and just keep us informed.

COMMISSIONER FORD: I certainly will.

CHAIRMAN FLORES: I would just ask, though, that we, you know, that we take a look at some action within a month or so.

COMMISSIONER FORD: Thank you.

CHAIRMAN FLORES: Thank you. Very well. Any other questions of Mr. Burk or discussion? Very well. Okay.

Then I guess my question is that or what I would like to do then is we still have to determine whether or not we will accept the Liberty report and place it on the website or if we wish to also table this motion until -- this matter, until we get some more resolution, given the discussion.

Now, they maybe, you know, would you like some discussion on the matter, Commissioner?

COMMISSIONER ELLIOTT: I don't see any particular reason why we wouldn't want to go ahead and post this and get it out for public review.
COMMISSIONER O'CONNELL-DIAZ: I agree. The report is the report, so.

COMMISSIONER FORD: Put it out there.

COMMISSIONER O'CONNELL-DIAZ: Put it out there.

CHAIRMAN FLORES: Just want to make sure everyone is on the same page.

COMMISSIONER O'CONNELL-DIAZ: Thank you.

CHAIRMAN FLORES: So is there a motion to accept the Liberty report and to place it on the website?

COMMISSIONER ELLIOTT: So move.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: Very well. It's been moved and seconded. All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN FLORES: Any opposed?

The vote is 5-0; the report is accepted and will be posted on the website.

We have one FERC matter on the agenda, one item on the agenda, FERC item on the agenda, PJM Interconnection, LLC, FERC Docket EL05-121-006. We
must go into closed session at this time to discuss this item.

Is there a motion to go into closed session?

COMMISSIONER ELLIOTT: So move.

CHAIRMAN FLORES: Is there a second?

COMMISSIONER COLGAN: Second.

CHAIRMAN FLORES: All in favor say aye.

COMMISSIONERS: Aye.

CHAIRMAN FLORES: The vote is 5-0. The Commission will now go into closed session. Please let me know when the room is ready in Chicago.

COMMISSIONER O'CONNELL-DIAZ: We are ready, Chairman.

MR. RISMILLER: Springfield is clear.

(Whereupon at this point pages 45 - 51 of the proceedings are contained in a separate closed transcript.)
CONTINUATION OF PROCEEDINGS

CHAIRMAN FLORES: Please let me know when the room is ready in Springfield. If someone can find Mr. Harris, please, Louis Harris.

MR. RISMILLER: The door is open in the Springfield hearing room.

COMMISSIONER O'CONNELL-DIAZ: The door is open here, Chicago.

CHAIRMAN FLORES: Very well. We are still waiting for --

COMMISSIONER ELLIOTT: Do we need to bring any additional chairs into the --

CHAIRMAN FLORES: Mr. Harris, please. All right. So very well. We are back into open session.

In closed session the Commission discussed PJM Interconnection, LLC, FERC Docket EL05-121-006. No action is necessary at this time.

Judge Wallace, is there any other business? Are there any other business matters to come before this Commission here today?

JUDGE WALLACE: No. I just need to go assign a lot of cases to Judge Teague now.
CHAIRMAN FLORES: Well, be nice to her. Be nice to her.

There is one other matter that I would like to comment on here. We have two individuals who have been part of our family who I think -- who I believe deserve a ton of -- a lot of recognition here in this session, two individuals that I have gotten to know personally in the last month or so, and two individuals that I know all of you have had the luxury to know longer and to have worked with them. Very well respected professionals and also folks who have in my view contributed immensely to the ICC, and that's Ms. Tiffany Ingram who is joining us here.

Hi, Tiffany, how are you?

MS. INGRAM: Good.

CHAIRMAN FLORES: And also Mr. Louis Harris who have been my two assistants. And I just wanted to say a thank you for helping me make the transition here and also for your contributions to the ICC. And I know that there are several other Commissioners that would like to also say a few words. I am going to begin with Commissioner Ford in Chicago.
COMMISSIONER FORD: Thank you. It has certainly been a joy and a pleasure to work with both Tiffany and Louis. They have certainly been a part of the family of the Commission, and as being assistants to the Chair, they have certainly played a crucial part in our day-to-day organization. So I wish them well in their future endeavors and may the peace of the Lord be with you.

CHAIRMAN FLORES: Very well. Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Well, I just would like to thank Louis and Tiffany. We worked -- we didn't know each other a couple of years ago but we got to know each other. I know they worked very diligently with Chairman Box and also with all the other Commissioners on really important matters that meant a lot to the Commission and certainly to the State of Illinois and they really measured up to the bar and just got down and did some really tough work. And I just know that when they leave here and go out, they are going to be really
successful, and that always makes me feel great, when I see some of our folks go out and especially in an era that energy is like a really cool thing to be in and I have no doubt that we will be seeing them again.

So it is not good-bye; it is just that they will be wearing different hats, I am sure, and I wish them the best success and I know that we will miss them but we look forward to seeing you in other walks.

CHAIRMAN FLORES: Commissioner Elliott?

COMMISSIONER ELLIOTT: Yeah, I echo the comments that have already been made. I know Tiffany and Louis have helped me and Alicia in our office a great deal over the period of time that I have been here and I have relied on their expertise and used them as a sounding board for my perspectives on many of these cases and I thank them for their efforts with the Chairman and just the dialog that we have had that I know has helped shaped my opinions and made them that much better.

And, again, continued success, and if
there is anything that I can do personally to move that along, feel free to avail yourselves of that offer.

CHAIRMAN FLORES: Commissioner Colgan?

COMMISSIONER COLGAN: Ditto to all of those comments. And just personally, I know, Louis, my very first day on the job, you came to me and said if I needed anything, and I have taken advantage of that on numerous occasions. And, Tiffany, you have also been very generous and kind to me in helping me out with anything that I have needed as a new Commissioner that doesn't have assistance, and I just really appreciate that a lot.

I think both of you are very talented, skilled people who have very bright futures in front of you, and I wish you all the very best. So peace to both of you and good luck in your future endeavors. And like Commissioner Elliott said, if there is anything I can ever do to help either of you, don't hesitate to contact me.

CHAIRMAN FLORES: I would like to hear from our Director, Mr. Anderson.
MR. ANDERSON: Well, I am at a total disadvantage after everybody has said so many things, but it's always been very helpful to us having people like Tiffany and Louis to help walk that bridge from Staff over to the Chairman and Commissioners, and they have both been great and we have always had a very good line of communication open, and that's always been helpful and appreciated. So thank you and good luck to both of you.

CHAIRMAN FLORES: And I would like to also extend some time to both Tiffany and Louis. Tiffany, would you like to say anything here?

MS. INGRAM: Sure. Transitions are always difficult things, but I just want to really thank everyone for their patience with me, you know, and their time. It's a special thing when you can say I enjoy coming to work, and it's because of the people that are here. They are very hard working. They are very free with their expertise. You know, no one keeps it closed close to the chest.

So it is very hard to leave, but I hope to see you all at some point down the road. And
just once again, thanks for your patience with me and
thanks for helping me down this path.

CHAIRMAN FLORES: Mr. Harris?

MR. HARRIS: Yeah, I want to echo everything
Tiffany has said. It's really been a joy working at
the Commission and, you know, I have a history in the
electric industry and it's really been wonderful
learning so much about the other industries and how
free everyone has been with information and just --
you know, and I echo Tiffany, it's a wonderful
situation when you are happy to go to work, and it is
hard to leave during a transition and everything.

But, you know, I hope that you haven't seen the last
of me and that, you know, I am really pleased with
the service I have done here and am grateful for the
appreciation and I know that the Commission is well
served to move on to bigger and greater challenges.

So that's all I have. I want to thank
Tiffany, too, by the way. It's been wonderful
working with you.

MS. INGRAM: Thank you. You are my work
husband.
CHAIRMAN FLORES: Well, again, I just wanted to just acknowledge the great work that both Tiffany and Louis have done and that I am also extremely confident that this is not really a good-bye and that we will continue to work together. So thank you so much again for your service on behalf of the ICC and also the people of the State of Illinois.

So there are no other matters; at this time then I would like to adjourn the meeting. Thank you, all.

COMMISSION ADJOURNED