BEFORE THE
ILLINOIS COMMERCE COMMISSION

BENCH SESSION
(PUBLIC UTILITY)

Springfield, Illinois
Wednesday, April 21, 2010

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

PRESENT:

MR. MANUEL FLORES, Acting Chairman
MS. LULA M. FORD, Commissioner
MS. ERIN M. O'CONNELL-DIAZ, Commissioner
MR. SHERMAN J. ELLIOTT, Commissioner
MR. JOHN COLGAN, Acting Commissioner

SULLIVAN REPORTING COMPANY, by Carla J. Boehl, Reporter
CSR #084-002710
PROCEEDINGS

ACTING CHAIRMAN FLORES: Good morning.

Pursuant to the provisions of the Illinois Open Meetings Act, I now convene a regularly scheduled Bench Session of the Illinois Commerce Commission. With me in Springfield are Commissioners Ford, O'Connell-Diaz, Elliott and Acting Commissioner Colgan. I am Acting Chairman Flores. We have a quorum.

Before moving into the agenda, according to Section 1700.10 of the Illinois Administrative Code, this is the time that we allow the members of the public to address the Commission. Members of the public wishing to address the Commission must notify the Chief Clerk's office at least 24 hours prior to the Bench Session. According to the Chief Clerk's office, we have one request to speak for today's session. Speakers are permitted three minutes to address the Commission.

Please be advised that the Commission values the public's participation in the public comment period. But according to ex parte laws and
other procedural rules, we will be unable to respond. If you have any questions or concerns, please follow up with the Commission's Consumer Services Division.

Requesting public comment today is Dean Clough of Rochester. Mr. Clough, would you please come up, sir?

MR. CLOUGH: Thank you, sir.

ACTING CHAIRMAN FLORES: Good morning, sir. Did I pronounce your name properly?

MR. CLOUGH: Clough. Rough, tough, Clough, okay.

ACTING CHAIRMAN FLORES: Yeah, I knew I would get that wrong. My batting average is not very good at names when it comes to that. But I am trying. That's why I always ask.

MR. CLOUGH: Thank you. As long as I don't get called late for dinner.

Thank you very much for allowing me to be here, ladies and gentlemen. Have you ever been listening to a sporting event and heard the phrase "This broadcast is brought to you in part by Ameren"? I have. This sponsorship started me to wondering why
is Ameren advertising; they have no competition. Why are they charging me and other customers of their company for this advertising?

This prompted me to do a little investigating and find out how much Ameren spends on advertising. I have reviewed their annual report and I cannot find anything in here about how much they spend on advertising. In addition, at the ICC hearing in Decatur, I officially requested to find out how much Ameren's Illinois expenditures was and I was given a chart that explained how much they spend in two or three months and then take that by four or five and that should give me a rough approximation, which came out about a million dollars a year.

Basically, the bottom line is they don't seem to know how much they are spending on advertising. In addition, I was told by the respondent from Ameren that Ameren supports broadcasting of supporting events at 14 colleges and universities. I support my alma mater, but I don't believe it is appropriate for Ameren to take my money that I pay for electricity to support college and
universities.

Now, Ameren is going to tell you that their shareholders make these payments, that I am not paying it; it's the shareholders. Well, I also studied this book from cover to cover and could not find a revenue source that said shareholders. I am confused.

Furthermore, one of the reasons Ameren says that they have to justify this rate increase is to improve the value of their stock which would make it easier for them to raise capital to make necessary improvements. I believe they could improve the value of their stock by cutting the wasteful spending on advertising.

Therefore, I urge you, the members of the Commerce Commission, to disallow any expenditures for advertising when evaluating Ameren's request for a rate hike and rate increases in Illinois.

One last comment, I sure hope the ratepayers of Illinois are not being asked to pay for that big Ameren sign in the outfield of Busch Stadium.
Thank you, ladies and gentlemen.

(The Transportation portion of the proceedings was held at this time and is contained in a separate transcript.)

ACTING CHAIRMAN FLORES: Turning now to the Public Utility Agenda, there are minutes to approve from the March 24, 2010, Bench Session. I understand that amendments have been forwarded. Good morning, Judge.

JUDGE WALLACE: Good morning.

ACTING CHAIRMAN FLORES: Is there a motion to amend the minutes?

COMMISSIONER FORD: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER O'CONNELL-DIAZ: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0 amending
the minutes.

Is there a motion to approve the minutes as amended?

COMMISSIONER ELLIOTT: So move.

ACTING CHAIRMAN FLORES: Is there a second?

ACTING COMMISSIONER COLGAN: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0 approving the minutes as amended.

We also have minutes to approve from the March 31, 2010, Special Open Meeting. I understand that there are no amendments for these minutes. Is there a motion to approve the minutes?

ACTING COMMISSIONER COLGAN: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER ELLIOTT: Second.

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

COMMISSIONERS: Aye.
ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0 to approve the minutes.

We will begin with the Electric Agenda. Item E-1 is Docket Number 08-0264, King's Walk Condominium Association versus ComEd. This item will be held for disposition at a future proceeding.

Item E-2 is Docket Number 08-0532, the Commission's investigation of ComEd's rate design pursuant to Section 9-250 of the Public Utilities Act. I understand we have some revisions that have been worked on jointly between the offices of Commissioners Elliott and O'Connell-Diaz.

Commissioner Elliott?

COMMISSIONER ELLIOTT: Thank you, Mr. Chairman.

Yes, I have worked with Commissioner O'Connell-Diaz's office to amend the Order to reflect essentially removing the workshop process and making the Order final and moving these unresolved issues to resolution in the next rate proceeding as opposed to introducing the workshop process.

ACTING CHAIRMAN FLORES: Is there any further
discussion regarding Commissioner Elliott's revisions? Is there a motion to accept Commissioner Elliott's revisions?

COMMISSIONER FORD: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER O'CONNELL-DIAZ: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

The vote is 5-0. Commissioner Elliott's revisions are adopted.

This is a process -- this matter was worked on, as indicated earlier, by both Commissioner O'Connell-Diaz and Commissioner Elliott. I want to commend both offices. Commissioner O'Connell-Diaz, do you wish to say anything?

COMMISSIONER O'CONNELL-DIAZ: No, I don't.

ACTING CHAIRMAN FLORES: I wanted to thank both of their offices for their work on that Order. I also want to thank all the other folks for their good work on that Order as well.
So is there any further discussion regarding the overall Order?

Is there a motion to enter the Order?

COMMISSIONER ELLIOTT: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER O'CONNELL-DIAZ: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

The vote is 5-0 and the Interim Order as amended is entered. We will use this 5-0 roll call for the remainder of the agenda except as otherwise noted.

Item E-3 is Docket Number 09-0306 through 09-0311. This is the Ameren Illinois Utilities' proposed general increase in electric and gas delivery service rates. This matter will be held for disposition at a future proceeding.

COMMISSIONER O'CONNELL-DIAZ: Chairman, I have some questions of the ALJs, if you don't mind.

ACTING CHAIRMAN FLORES: Okay.
JUDGE WALLACE: Mr. Chairman, if you want to hold it, what date do you want to hold it to? The deadline is May 1.

ACTING CHAIRMAN FLORES: April 30. Thank you for that reminder, but April 30 is the date that we are looking at.

COMMISSIONER O'CONNELL-DIAZ: Good morning, Judge Albers. How are you today?

JUDGE ALBERS: Pretty good. How are you?

COMMISSIONER O'CONNELL-DIAZ: Okay. Yeah, I just had some questions about the recommendation that's contained in the Order that you presented to the Commission with regard to the accumulated reserve for depreciation. Could you kind of run through the issues as you see them and your conclusions relative to that?

JUDGE ALBERS: Well, generally, pursuant to Code Part 247.40 Ameren had wished to make some pro forma adjustments for some additional plant base to have in the 12 months of the test year. That was recognized and allowed. The issue regarding that was whether or not all of the accumulated depreciation
associated with all of the plant should be reflected as of the end of the 12-month period following the test year.

And given the Commission's precedent and how we interpret Section 247.40, we did not think that that could be done. We limited the adjustment for accumulated depreciation to just that associated with the additional plant reflected in the pro forma adjustments.

COMMISSIONER O'CONNELL-DIAZ: And with regard to that rationale, to do otherwise would in your mind be violative of -- what problems would we see with that?

JUDGE ALBERS: Well, two things. We didn't believe that the Code Part allowed adjustments to that extent. And then, given some other Commission orders that were similar, had similar issues, that the Commission hadn't looked favorably on that kind of adjustment in the past. So given how we interpret the rule and how we believe the Commission has acted on similar issues, we didn't think that would be appropriate.
COMMISSIONER O'CONNELL-DIAZ: In particular I am looking at some of the language that you have included in your analysis of this issue. Based on your review and the arguments of the parties, I mean, there was much discussion about the precedent of the Commission and also assertions that there were new facts that the Commission needed to look at, that there was something new in this docket that would cause us to do a 180 with regard to how we have looked at this renewal.

And as I understand it, the interpretation is that there is no requirement that embedded plant or non-plant be considered. It is the pro forma addition that is considered when you do that calculation on the depreciation for the inclusion of this new plant.

So any thoughts on that?

JUDGE ALBERS: We didn't see anything new, obviously, in our conclusion. I think I would agree with the latter part of your statement.

ACTING CHAIRMAN FLORES: Well, can I intervene? Can you clarify what you agreed with? Commissioner
O'Connell-Diaz is asking a very specific question. I want to hear what you have to say and not just simply saying, well, I agree with what is your conclusion. What's your conclusion?

JUDGE ALBERS: Well, that we are limited to the extent that we can reflect additional accumulated depreciation, given that the Code Part only allows -- for the test years the Code Part only allows pro forma adjustments for any additional plant that would be added 12 months after the test year, and Ameren identified such plant and we allowed that.

We do not read that section of the rules as allowing a complete updating of accumulated depreciation for all plants. We only allowed additional accumulated depreciation for that associated with the new plant that was added through that pro forma adjustment.

I think that's -- if I interpreted Commissioner O'Connell-Diaz's --

ACTING CHAIRMAN FLORES: I want to know what -- the question is to you, not what Commissioner O'Connell-Diaz did or any of the other Commissioners.
The question is to you, Judge. So what is your conclusion?

JUDGE ALBERS: That is my conclusion. I think that's what Commissioner O'Connell-Diaz is asking. That's what I am saying.

ACTING CHAIRMAN FLORES: I know what she is asking. But I am wanting your conclusion.

JUDGE ALBERS: That is my conclusion, that the rules prohibit such a broad adjustment.

COMMISSIONER O'CONNELL-DIAZ: And, in fact, Judge Albers, if we were to go and do this other calculation in the manner that some parties suggest we should be doing it, the test year then would be, what, three years long?

JUDGE ALBERS: Whatever period ended up being looked at.

ACTING CHAIRMAN FLORES: I am sorry, I didn't hear that. What was that?

JUDGE ALBERS: Whatever period ended up being looked at. If they looked at adjustments following a historical test year of two years, you would have a two-year test year period.
COMMISSIONER O'CONNELL-DIAZ: And what I mean is, if you included the embedded plant, then you would have a violation of test year principles because you would, if I understand --

JUDGE ALBERS: Yes. In my opinion that would be a violation of test year principles.

COMMISSIONER ELLIOTT: May I ask a question myself on the test year? I look at this as they filed a historical test year. If they had filed on a future test year, it would be the same thing. It is only in this instance where you have a historical test year with pro forma adjustments where the depreciation is not matched.

JUDGE ALBERS: There is a different section for future test years. I wasn't even thinking about future test years as much because it wasn't an issue here. So perhaps I could think about that and get back to you.

COMMISSIONER ELLIOTT: The next question I ask is, was there any party that supported the Companies' position on this issue?

JUDGE ALBERS: I don't think so. Let me turn
my head here and -- do you recall any, other than
IBEW, perhaps?

MR. HICKEY: I was going to say the IBEW
supported the Ameren proposal.

COMMISSIONER O'CONNELL-DIAZ: And Staff's
position on this, I don't find any Staff witness has
testified relative to this adjustment.

JUDGE ALBERS: I would have to ask Staff. I
can't think of any particular person.

MR. HICKEY: If I am not mistaken, there was
cross examination of Staff witness Ebrey on this
issue, but I am not sure -- I don't believe that
there was a Staff proposed adjustment to the
accumulated depreciation for embedded plant.

ACTING CHAIRMAN FLORES: Any further questions?

COMMISSIONER O'CONNELL-DIAZ: And so, Judge
Albers, when you do your analysis, what you look at
is you look at the rule. And as you read the rule,
you have just told us how you read the rule. Then
the next step would be the -- what would be your next
step in coming to the resolution that you have
contained in your recommendation to us?
JUDGE ALBERS: We would look at the rule first and then, given in this particular instance the parties were citing other Commission Orders, we went ahead and looked at the other Commission Orders. And as we understood the Commission Orders, we concluded that our understanding of the rule was consistent with how the Commission had previously acted on this type of issue in the past.

MR. HICKEY: Along with the evidence, the testimony and cross examination here, of course.

JUDGE ALBERS: Yes, applying the record to the rule and the precedent.

COMMISSIONER O'CONNELL-DIAZ: And with regard to, I believe it was, IIEC witness Gorman's testimony, does he not note that the position, as well as the evidence that's contained in this proceeding, is pretty much analogous to what was contained in the recent ComEd order where we treated this in the same manner with the adjustment?

JUDGE ALBERS: I have to double check. I just don't recall the particular testimony of that witness.
MR. HICKEY: I think in part yes. Mr. Gorman, I believe, says the situation is, if not identical, very close to the same situation as we had in ComEd. He attempts, however, to draw some distinction in his testimony comparing what he viewed as the actual results from the ComEd, I believe it was the '07 ComEd, with the results of what happened in ComEd and what he believes will happen as a result of Judge Albers' decision in this case or the Commission's decision, I guess.

COMMISSIONER O'CONNELL-DIAZ: One more question, I think. So for you to make this recommendation to the Commission, you have found nothing in this record that would cause us to look differently at this issue than we have in the other cases that are beaten like dead horses in the arguments of the parties. And also the notion that, in order to do that, that that would be fraught with potential problems in the appellate court were this case to be -- if we decided it in opposite of your recommendation, that this would be an arbitrary and capricious action by the Commission on this record
relative to this issue. Would that be --

JUDGE ALBERS: In my opinion, given how Section 247.40 and past Commission Orders have been, given how that section of the Code has been interpreted and how past Commission Orders have been decided, that to do otherwise in this case would be inconsistent with past interpretations of 247.40 and the Commission's rulings in prior cases.

And I am not wanting to speak for an appellate court, but I suppose, yes, that would possibly subject the Commission to a finding of acting inconsistently.

ACTING CHAIRMAN FLORES: But there is a difference between acting inconsistent and arbitrary and capricious, correct?

JUDGE ALBERS: I am not wanting to speak for the appellate court, nevertheless.

ACTING CHAIRMAN FLORES: There is a record being made and I just want to make sure that the record is clear. Because the question to you was whether or not it was going to be an arbitrary and capricious finding.
JUDGE ALBERS: I didn't --

ACTING CHAIRMAN FLORES: Right. Let's clarify that for the record because it is an important statement that is being made. It is a standard of law. So is your position that it would be arbitrary and capricious or what's your opinion on that?

COMMISSIONER O'CONNELL-DIAZ: I think he just stated that it could be.

JUDGE ALBERS: It could be, yes. I don't want to speak for an appellate court.

ACTING CHAIRMAN FLORES: So you are saying that it could be arbitrary and capricious. I didn't hear you say that in person.

JUDGE ALBERS: It could be arbitrary and capricious or it could not be arbitrary and capricious. I am not willing to speak for an appellate court justice.

ACTING CHAIRMAN FLORES: So it is your position that it could be either/or?

JUDGE ALBERS: Yes.

ACTING CHAIRMAN FLORES: Any other questions?

Thank you, Judge.
JUDGE WALLACE: Mr. Chairman, before we move on, do you want to go ahead and give the public comments?

JUDGE ALBERS: Now? Pursuant to Section 2-107 of the Act, we are required to inform the Commission of how many public comments we have received. And as of this morning with regard to the CILCO electric docket there are 245 on e-Docket and in regard to the CILCO gas docket there were 212. With regard to the CIPS electric docket there were 207. With regard to the CIPS gas docket, 150. With regard to the IP electric docket, 477. And with regard to the IP gas docket, 457. In addition to that, the Clerk's office has received 35 written objections, nine petitions with a total of 1,069 signatures and 47 posters like this one.

COMMISSIONER ELLIOTT: How many?

JUDGE ALBERS: Forty-seven. And that's my report pursuant to Section 2-107.

ACTING CHAIRMAN FLORES: Thank you.

COMMISSIONER O'CONNELL-DIAZ: Thank you, Judge Albers.
ACTING CHAIRMAN FLORES: Item E-4 is Docket Number 09-0350, a Joint Motion to Dismiss Catherine Gibbs’ complaint against ComEd in light of the parties have reached a settlement. Is there any discussion? Any objections? Hearing none, the Joint Motion to Dismiss is granted.

Item E-5 is Docket Number 09-0359, Aaron Walker's complaint against ComEd. Administrative Law Judge Gilbert recommends entry of an Order dismissing the complaint for want of prosecution. Is there any discussion? Any objections? Hearing none, the Order is entered and the complaint is dismissed.

E-6 is Docket Number 09-0385, Kerry Ivey's complaint as to billing charges against AmerenCILCO. Administrative Law Judge Tapia recommends entry of an Order denying the complaint against AmerenCILCO. Is there any discussion? Any objections? Hearing none, the Order is entered and
the complaint is denied.

E-7 is Docket Number 09-0452, Ronald and Barbara Johnson's complaint as to billing charges against AmerenCILCO. We have a Joint Motion to Dismiss in light of the parties reaching a settlement. Is there any discussion? Any objections?

Hearing none, the Joint Motion to Dismiss is granted.

Item E-8 is Docket Number 09-0457, Bassal Halaam's complaint as to billing charges against ComEd. Administrative Law Judge Gilbert recommends entry of an Order dismissing the complaint without prejudice. Is there any discussion?

Hearing none, the Order is entered and the complaint is dismissed without prejudice.

Item E-9 is Docket Number 09-0558, Phoenix Devereux's complaint against ComEd. Administrative Law Judge Gilbert recommends the entry of an Order dismissing the complaint without prejudice. Is there any discussion? Any objections?

Hearing none, the Order is entered and
the complaint is dismissed without prejudice.

Item E-10 is Docket 09-0600, Viking Energy Management's application for licensure as an agent, broker and consultant under Section 16-155C of the Public Utilities Act. Administrative Law Judge Yoder recommends entry of an Order granting the certificate. Is there any discussion? Any objections?

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

Item E-11 is Docket Number 10-0038, Energy Management Resources of Missouri's application for licensure as an agent, broker and consultant under Section 16-115C of the Public Utilities Act. Administrative Law Judge Yoder recommends entry of an Order granting the company's Motion to Withdraw. Is there any discussion? Any objections?

Hearing none, the Motion to Withdraw is granted.

Items E-12 and E-13 (10-0085, 10-0086) will be taken together. These items concern the application for licensure as an agent, broker and
consultant under Section 16-115C of the Public Utilities Act. With each, Administrative Law Judge Yoder recommends entry of an Order granting the certificate. Is there any discussion? Any objections?

Hearing none, the Orders are entered and the certificates are granted.

Item E-14 (10-0161) involves a Petition for Relief by BlueStar Energy Services to protect confidential and/or proprietary information. Administrative Law Judge Albers recommends entering an Order approving the petition. Is there any discussion? Any objections?

Hearing none, the Order is entered.

Item E-15 (10-0185) is RRI Energy Solutions East's petition regarding a Certificate of Service Authority under Section 16-115 of the Public Utilities Act. Administrative Law Judge Teague recommends entry of an Order approving cancellation of the company's certification to operate as an alternative retail electric supplier in Illinois. Is there any discussion? Any objections?
Hearing none, the Order approving cancellation is entered.

Item E-16 is Docket Number 10-0200, Charles Peterson's complaint as to billing and charges against ComEd. The parties have reached a settlement and have brought a Joint Motion to Dismiss. Is there any discussion? Any objections?

Hearing none, the Joint Motion to Dismiss is granted.

That concludes the Electric portion of today's agenda.

Turning to Natural Gas, Items G-1 and G-2 (GRM #096, GRM #099) will be taken together. These items concern proposed revisions to Northern Illinois Gas Company's tariff regarding its customer bill form provisions and its terms and conditions in Rider 13. Staff recommends the Commission allow the company's proposal by not suspending the filing. Is there any discussion? Any objections?

Hearing none, the filings are not suspended.

Item G-3 is Docket 08-0575, Rock Falls
County Market's complaint as to billing charges against Nicor Gas Company. The parties have reached settlement and brought a Joint Motion to Dismiss. Is there any discussion? Any objections?

Hearing none, the Joint Motion to Dismiss is granted.

Item G-4 is Docket 09-0290, AmerenCIPS' Petition for a Certificate of Public Convenience and Necessity pursuant to Section 8-406 of the Illinois Public Utilities Act to construct, operate and maintain a pipeline in Williamson County. Administrative Law Judge Jones recommends entry of an Order granting the certificate. Is there any discussion? Any objections?

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

That concludes today's Natural Gas agenda.

Telecommunications. Starting with the Telecommunications agenda, Items T-1 through T-3 (TRM #101, TRM #102, TRM #117 & #119) will be taken together. These items concern Illinois Bell
Telephone Company's filing to withdraw its host interconnect service for Enterprise System, withdraw its Fiber Distributed Data interface service and extend its retail and resale Select Feature Package Additional Line Retention $10 offer. Staff recommends not suspending or investigating the filing. Is there any discussion? Any objections? Hearing none, the filings will not be suspended or investigated.

Item T-4 is Docket Number 09-0570, Dynalink Communications Incorporated's application for a Certificate to Operate as a Resale Carrier of Telecommunication Services. Administrative Law Judge Benn recommends entering an Order granting the certificate. Is there any discussion? Any objections? Hearing none, the Order is entered and the certificate is granted.

Item T-5 is Docket Number 10-0218, WideOpenWest Illinois' application for authorization to provide cable service pursuant to Section 401 of the Cable and Cable Competition Law of 2007.
Administrative Law Judge Riley recommends the issuance of the Notice of Authorization to Operate. Is there any discussion? Any objections? Hearing none, the authorization is granted.

Items T-6 through T-8 (10-0243, 10-0258, 10-0259) will be taken together. These cases concern petitions for modification or approval of the 9-1-1 service in DuPage County, Bolingbrook, and Will County. In each case the Administrative Law Judge recommends entry of an Order approving the petition. Is there any discussion? Any objections? Hearing none, the Orders are entered and the petitions are granted.

Item T-9 (09-0268) concerns Frontier and Verizon's joint application for the approval of a reorganization pursuant to Section 7-204 of the Public Utilities Act, modifications of service authority under Sections 13-405 and 13-406 of the Public Utilities Act and all others associated and necessary for appropriate relief for the purposes of the reorganization.
The Commission has spent quite a bit of time working our way through this case. In particular, Commissioner O'Connell-Diaz and Ambika and Brandy on her staff have done a tremendous amount of work on this and deserve a tremendous amount of credit.

In terms of revisions, Commissioner O'Connell-Diaz, there is some work that you have done. Would you please give us a briefing?

COMMISSIONER O'CONNELL-DIAZ: Well, thank you, Chairman, and I thank the Chairman's office, too. It's been involved in working on some language that has been incorporated.

I just want to start out with a little story of my digital divide. I live in the digital divide because I live in an area that I do not have -- and I have probably said this before because we have had these access issues before us in other cases, so I kind of take this real personal. I have dial-up service at my house. I cannot get satellite. I can't get anything at my house. And it became very, very clear to me this weekend when our computer
system was down because I had to depend on wireless
to access the Commission network and I was really
kind of like working on this to draft orders and
things that we have before us today, and maybe there
is lots of mistakes in the orders, but that's what my
life is like. So I know what it feels like to be a
second class citizen relative to 21st technology that
seems to be out in our other communities and not in
mine in certain areas.

So when I see a situation like this
where we have an opportunity as a Commission to step
forward and incent development of these technologies
that we need in our communities, I think it is really
important that we work hard to make it work.

I know my neighbor, he's got a T1
line. Unfortunately, he is too far from me so that I
can't hook up to it. But he has to pay $400 a month
so his kids can do their homework. This is just
wrong.

So as always, where the Commission can
and we have the authority to incent and promote
investments in technology and telecommunications
progress that will provide opportunities and access in our rural areas and our under-served communities, we should take advantage of those opportunities. As stated earlier, there should not be a two-tiered systems of haves and have-nots for access to these essential 21st century technologies that our students, businesses and citizens depend. These are the must-haves, as I see it.

The Commission has utilized the power of the Order to accomplish this in our decisions in the last two AT&T competitive reclassification cases. I thank my fellow Commissioners for their support on that. I think somebody voted against it, but I don't remember. The opportunity to do so again has presented itself in this proceeding. Due to the parties' excellent work in negotiating among themselves, AG, CUB, Verizon, well, I call them the joint applicants, the company that is seeking our grant of authority here, the federal government, the Independent Telephone Association and last, but not least, our staff have crafted conditions which will serve to allay concerns and ensure appropriate
financial and operational standards that will protect Illinois consumers. Our Order here today adopts those conditions with some further enhancements that we have worked with the Chairman's office on, and we believe that this strengthens the requirements on the financial side, as well as the service quality oversight on a going forward basis.

I would commend the parties. We most often find ourselves at odds with one another, but this to me is what good government is, is when we all sit down and work together to come to excellent and well thought out resolutions so that our citizens can benefit from the work that we do, as opposed to always being at war with one another. So I would like to thank all the parties that sat down and worked this through.

I would also like to thank Judge Tapia. I see the issue a little differently than you, but I know you worked really hard on this Order, and I would like to thank you for good work.

I also would like to thank Chairman Ford's office for working with our office to further
refine and approve the Order that we enter today. I know that Chairman Flores probably would like to have a few comments, but I would look to the rest of my colleagues for support with the proposed revision.

Additionally, Commissioner Ford's office was involved early on with regard to the work product that we sent out there and that everybody kind of had at it. So this is when the Commission works its best, is when we work in a collaborative fashion. And I think the end product that we have before us is just a good situation for our citizens as well as the Commission.

And with one caveat, we will be looking at this. We will be looking at this company. We will be looking at the service quality standards. So if there is slippage, we will be seeing you sitting up here trying to explain to us why that occurred. So it is with that caveat that we hopefully will approve this Order today.

Thank you.

ACTING CHAIRMAN FLORES: Thank you, Commissioner. Any other comments on Commissioner
O'Connell-Diaz's revisions?

I want to make just a few additional comments. Again, I just want to thank Commissioner O'Connell-Diaz and her office for the hard work in putting together these revisions. I also want to thank Administrative Law Judge Tapia for her careful consideration of the issues, and I think it also helped us to better frame and understand this case.

We do believe, though, that after a careful review of the conditions worked out by the various parties in this case, that we are satisfied with the adoption of those conditions and some additional conditions that I will discuss shortly, will successfully address the questions and concerns of the original application and will result in a proposed merger that satisfies the standards of the Public Utilities Act. This merger will test the managerial skills of Frontier. We fully expect Frontier to make good on their commitment and provide exceptional service to our customers in Illinois.

Is there a motion to accept Commissioner O'Connell-Diaz's revisions?
COMMISSIONER ELLIOTT: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed? The vote is 5-0 and Commissioner O'Connell-Diaz's revisions are accepted.

Please forgive me for speaking in the third voice. The Acting Chairman's office also has some revisions. My proposed revisions serve two purposes, first, by increasing the frequency of reporting from an annual basis to a semi-annual basis for several of the conditions worked out between Staff and the Joint Applicants. The Commission will be better able to monitor service standards and financial guarantees. This is essential for maintaining our confidence that Illinois consumers are properly protected in this merger and that the financial guarantees are indeed met.

Second, while I thought the Staff was
securing a commitment for increasing broadband speeds, we had concern that the commitment for deployment of DSL at speeds of up to 1.5 mbps was inadequate and inconsistent with existing DSL deployments by both Frontier and Verizon. Therefore, a commitment to speeds up to 3 mbps is more appropriate. This will bring real high speed internet to more rural customers in Illinois. Doing so is a vital part of meeting our state's broadband deployment goals.

However, we should note that the FCC's national broadband plan paints a vision of every household having broadband at 100 mbps. That means we are all going to have to roll up our sleeves together to make sure that we meet that lofty revision. So the steps taken today are only the first steps of what we will need to make that vision a reality.

Again I would like to thank Commissioner O'Connell-Diaz for her assistance in putting together this revision because we all share a deep interest in making broadband available to all
Illinois residents.

Is there any further discussion?

COMMISSIONER FORD: I simply want to thank Heather Jorgenson. She worked very closely with the other assistants with this issue.

COMMISSIONER O'CONNELL-DIAZ: I concur with that. I missed Heather's name when I said the assistants. Early on when we were drafting this, she was very instrumental in helping us get the words right before we sent it out for the rest of the Commission to look at. So, again, it is Staff's collaborative aspect of what our assistants do because they make us look good.

ACTING CHAIRMAN FLORES: Gentlemen?

ACTING COMMISSIONER COLGAN: Mr. Chairman, I support your amendment to the Order, and I would like to make some comments before we take the final vote.

ACTING CHAIRMAN FLORES: Very well.

Commissioner Elliott?

COMMISSIONER ELLIOTT: I, too, support the amendments to the Order. I think it provides an opportunity for a company that has indicated that it
is willing, and I think these conditions that we have imposed or will be imposed in this order they will be able to meet, and I look forward to their provisioning of service.

ACTING CHAIRMAN FLORES: Again, I think it is really important that we thank the assistants because they have worked really hard every day and, you know, even up until really late hours. And I just want to underscore that we really appreciate all the work that you have all been doing together in working in a collaborative fashion.

COMMISSIONER O'CONNELL-DIAZ: And just to comment on that with regards to the big rubber stamp of the Commission, obviously, the rubber stamp that people think that we do doesn't happen. It just is not true. And this Order, actually many orders, it's because our assistants are busy, they are working over the weekends, at night, along with the Commissioners. And as far as I know, I have never seen a rubber stamp. I think the Clerk's office used to have a rubber stamp but that was for documents. We find that offensive when the companies say we do
this rubber stamp thing because we don't. And when we get a product like this, this is what shows that that is not a true statement.

ACTING CHAIRMAN FLORES: Is there a motion to accept the Acting Chairman's revision?

COMMISSIONER FORD: So move.

ACTING CHAIRMAN FLORES: Is there a second?

ACTING COMMISSIONER COLGAN: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: The vote is 5-0 and the Acting Chairman's revisions are accepted.

Are there any further revisions to discuss? Is there any further discussion of the Order?

Commissioner?

ACTING COMMISSIONER COLGAN: Chairman, I would have a few comments. I think everybody knows that I have deliberated on this long hours. I think everybody has. And I think I want to point out that there are numerous conditions that have been placed
on this Order. And I believe it is human nature for whenever you make concessions, you tend to make concessions when you want something. And then after you get it, you might have a tendency to forget your concessions. And I want to be sure that that doesn't happen in this case.

I want to thank ALJ Tapia for pointing out to all of us that the original proposal did not meet, was not in compliance, with three of the seven criteria that are required for this Commission to approve a reorganization. I think this is a serious matter and it certainly didn't go unrecognized on my behalf. I don't think on anybody's behalf.

However, the Public Utilities Act also provides for the Commission to impose conditions to protect the utility and its customers, and this is what the Staff and various intervenors, I think, have very well crafted in this case. Commissioner O'Connell-Diaz, and I want to thank her for her excellent work on this case, has rewritten the Order and has appropriately pointed out these numerous conditions. And Chairman Flores as well as
Commissioner O'Connell-Diaz's staff, all your staff
as well as both of you, have done a good job in
adding these conditions and highlighting and
explaining those in this Order. So in combination I
think these conditions satisfy most of my concerns
and will allow me to vote in favor of this proposal.

But with that said, I still have
concerns about this reorganization and how it is
going to play out. From my perspective this Order
only provides an opportunity for the joint
applicants. Entering this Order is not an end; it is
only a beginning. And I believe it is a significant
business opportunity to improve services in rural
Illinois, specifically to improve access to internet
services which have become a vital link, as other
Commissioners have pointed out, a vital link to all
Illinoisians in this the 21st century.

Also, it is an opportunity to continue
employment and economic opportunities for the future
if the conditions are met. And if they are, I
believe this will be an overall positive impact.
However, if the conditions, any of the conditions,
are ignored and not adequately implemented, this Order would have a much less of a positive impact.

So in conclusion, just to reiterate, it is a great opportunity to do a very good thing for our state. To use a sports metaphor, I believe the ducks are on the pond, and it is time to move them around. But it is going to take a lot of work. And I think that this Commission, as Commissioner O'Connell-Diaz said, we will be watching carefully as this reorganization is implemented.

ACTING CHAIRMAN FLORES: Any other comments?

Again, I just wanted to thank Administrative Law Judge Tapia for her work and that her Order gave the Commissioners better insight and perspective on, again, evaluating the conditions that were proposed by Staff. So, again, I just wanted to thank Staff and Administrative Law Judge Tapia.

COMMISSIONER O'CONNELL-DIAZ: I just wanted to say one thing with regard to Commissioner Colgan's comments. I really appreciated it, Commissioner Colgan. But when you say "if" the company complies with the conditions, I say "when" the company because
we don't -- and you are so right because we are going
to be dogging this company out. They are in the red
zone and they could get in the red zone real quickly.
And our Commission will be looking at this because --
we have not gone out on a limb, but we have given
them a prize and they need to take care of it and
they need to give good customer service and they need
to do all the things that we think they should be
doing.

And we will be looking at them until
-- if they start doing a slippage, our staff is going
to be citing them in and they will be sitting before
us. So I appreciate your comments, though. Thank
you.

ACTING COMMISSIONER COLGAN: I agree. Thank

you.

ACTING CHAIRMAN FLORES: Is there a motion to
enter the Order as amended?

COMMISSIONER FORD: So move.

ACTING CHAIRMAN FLORES: Is there a second?

JUDGE WALLACE: To follow up on this --

JUDGE TAPIA: First of all, I would like to
thank the Chairman and the Commissioners. I really appreciate all the comments you have made today.

My requirement is to mention that there are 53 comments on e-Docket, for the record.

ACTING CHAIRMAN FLORES: Thank you, Judge. Is there a motion to enter the Order as amended?

ACTING COMMISSIONER COLGAN: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0. The Order as amended is entered.

Item T-10 is Docket Number 09-0303, the Illinois Commerce Commission's revision to Section 792 of Title 83 of the Illinois Administrative Code. Administrative Law Judge Kimbrel recommends entry of an Order approving the amendment, that the amendment be forwarded along to the Joint Committee on Administrative Rules. Is
there any discussion? Any objections?

Hearing none, the Order is entered.

Items T-11 through T-15 (10-0211, 10-0183, 10-0184, 10-0244, 10-0257) will be taken together. These items each involve Petitions for Relief to protect confidential and/or proprietary information. In each instance the Administrative Law Judge recommends entering an Order approving the petition. Is there any discussion? Any objections?

Hearing none, the Orders are entered and the petitions are approved.

Items T-16 and T-17 (10-0153, 10-0154) will be taken together. These items concern Joint Petitions for approval of Interconnection Agreements or amendments thereto involving Illinois Bell Telephone Company. In each instance Administrative Law Judge Benn recommends entry of an Order approving the agreement or amendment thereto. Is there any discussion? Any objections?

Hearing none, the Orders are entered.

This concludes the Telecommunications portion of the agenda.
We now move on to the Water and Sewer portion of today's agenda.

Item W-1 (WRM #007) concerns the filing by American Lake Water Company concerning tariff provisions surrounding its wholesale contract rate for Lake Michigan water. Staff recommends not suspending the filings. Is there any discussion? Any objections?

Hearing none, the filings will not be suspended.

Item W-2 (WRM #010, SRM #002) concerns Northern Hills Water and Sewer Company's recent filing for a proposed general increase in water and sewer rates. Staff recommends entry of a suspension order to further investigate the Company's filing. Is there any discussion? Any objections?

Hearing none, the Suspension Order is entered.

Items W-3 is Docket Number 09-0450, the Illinois-American Water Company's application for a certificate to provide water in Will County pursuant to Section 8-406 of the Public Utilities
Act. Administrative Law Judge Riley recommends entry of an Order granting the certificate. Is there any discussion? Any objections?

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

Item W-4 is Docket Number 10-0088, Kevin Stringer's complaint as to billing charges against Illinois-American Water Company. The parties have settled their differences and brought this Joint Motion to Dismiss. Is there any discussion? Any objections?

Hearing none, the Joint Motion to Dismiss is granted.

Miscellaneous, we have a few miscellaneous items on today's docket as well. Let's start with the Liberty Consulting Group's Fifth Quarterly Report. This is the Interim Verification Report and the investigation of Peoples Gas Pipeline Safety Program. I believe we have Darin Burk here to brief us on the report and take any questions.

MR. BURK: Good morning.

ACTING CHAIRMAN FLORES: Good morning, sir.
How are you?

MR. BURK: Very good, thank you. This report is going to cover the months of December 2009 through February 2010.

Liberty has completed verification of 27 of the 66 recommendations. Liberty has checked the progress towards 59 total recommendations and has not determined progress for the implementation of 7 recommendations. Liberty anticipates closing 11 to 24 recommendations in the sixth quarter. At least three recommendations may be left open and require Pipeline Safety to monitor beyond the contract period. Those relate to Recommendation 2-17, improve the accuracy of the corrosion control ratings; 2-23, improve corrosion control record keeping; and Recommendation 3-17, reduce the year-end backlog of leaks. We find that acceptable because of the nature of those recommendations. That's an ongoing process that we would normally undertake anyway and, therefore, if Liberty leaves those open, that's not going to create an issue for our department.

The five most difficult issues that
were identified so far are Recommendation 2-7, working with diggers to resolve bogus emergency locator requests; Item 2-8, develop and implement communication and training protocol with the Chicago work force; and Item 2-18, improve timeliness of corrosion control corrective actions; Recommendation 2-20, test casings to insure electrical isolation from carrier pipe; and Recommendation 5-11, develop structured process for long-term planning.

Two items we identified that may be of concern to the Commission. One is reducing the backlog of leaks. That is due to the unusually cold winter that we had where the frost depth in the Chicago area has created more leaks than anticipated. They are working on the backlog and trying to reduce it, but until they replace more of the cast iron system, it is just going to be difficult to manage. It should be resolved once they implement the accelerated replacement program on the gas lines as listed.

COMMISSIONER O'CONNELL-DIAZ: Mr. Burk, this business with regard to our last case, the regular
RCR, we will see improvement with these?

MR. BURK: Yes, that should help. They are going to use their system that focuses on the most vulnerable piping in the system, and that's based on leak history, etc. And that should start reducing the backlog on the system.

The other issue is with the communication with the City of Chicago. As far as training, the employees with the City and the contractors that work for the City to prevent damages to the Peoples' system, Liberty wasn't happy with the emphasis or the action they took to encourage the City to attend the training. That's been discussed, and Peoples have increased their efforts, I guess you could say, to try to get people to the table and attend the training.

They did conduct training last week, I know. There were notices sent out to the City of Chicago through the Damage Prevention Council and I personally sent invitations to the City of Chicago, informing them of that training. I haven't been updated as to the attendance at that training.
The last update, the Commission had concerns about the progress towards closing out many of these recommendations. To address that I contacted Peoples Gas and requested they put together a plan summary as to where they were and the actions they planned to take on when these issues could be closed. We forwarded that. John Stutsman, the program -- excuse me, the Manager of this particular project, forwarded it to Liberty and they reviewed it and they provide us with an extensive plan which is attached to the Staff report that was provided to the Commission. It looks like everything except for the three items that we discussed will be covered by the end of the two-year monitoring period that ends November of 2010.

COMMISSIONER FORD: Good job.

MR. BURK: Thank you. Any questions for me?

ACTING CHAIRMAN FLORES: I don't have anything.

MR. BURK: Thank you.

COMMISSIONER ELLIOTT: Do you want this posted to the website?

MR. BURK: Yes, that is part of the
recommendation.

COMMISSIONER ELLIOTT: I make a motion to have the report posted to the website.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

ACTING CHAIRMAN FLORES: All in favor say aye.

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0. The motion is granted and the report will be posted onto the ICC website.

We also have two procurement benchmarks up for vote today where our approval is required. Up first is our consideration of the Ameren Energy RFP Benchmarks. Is there any discussion? Is there a motion to adopt the Ameren Energy RFP Benchmarks?

COMMISSIONER FORD: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER ELLIOTT: Second.

ACTING CHAIRMAN FLORES: All in favor say aye.

COMMISSIONERS: Aye.
ACTING CHAIRMAN FLORES: Any opposed?

The vote is 5-0 and the Benchmark is adopted.

The last up is ComEd Energy RFP Benchmarks. Is there any discussion? Is there a motion to adopt the ComEd Energy RFP Benchmarks?

COMMISSIONER ELLIOTT: So move.

ACTING CHAIRMAN FLORES: Is there a second?

COMMISSIONER FORD: Second.

ACTING CHAIRMAN FLORES: All in favor say aye.

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

Hearing none, the vote is 5-0 and the Benchmark is adopted.

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

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

ACTING CHAIRMAN FLORES: Thank you, sir. Again I just wanted to thank the entire staff of the ICC for your outstanding work.

Hearing none, this meeting stands adjourned.

MEETING ADJOURNED