BEFORE THE
ILLINOIS COMMERCE COMMISSION

BENCH SESSION
(PUBLIC UTILITY)

Springfield, Illinois
Wednesday, July 28, 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
(Via teleconference)

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, Elliott and Acting Commissioner Colgan. With us in Chicago is Commissioner O'Connell-Diaz. Good morning, Commissioner.

COMMISSIONER O'CONNELL-DIAZ: Good morning.

ACTING CHAIRMAN FLORES: 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 we allow members of the public to address the Commission. Members of the public wishing to address the Commission must notify the Chief Clerk's Office at least 24 hours prior to the Bench session. According to the Chief Clerk's Office we have no requests to speak today.
(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 Utilities agenda, we have minutes to approve from the June 29 regular open meeting. Is there a motion to approve the minutes?

COMMISSIONER ELLIOTT: So move.

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

COMMISSIONERS: Aye.

ACTING CHAIRMAN FLORES: Any opposed?

The vote is 5-0 approving the minutes for June 29.

We will begin with the Electric agenda. Items E-1 through E-3 can be taken together. These items concern filings made by Central Illinois Light Company, Central Illinois Public Service Company and the Illinois Power Company regarding modifications to their Rider EF. Staff recommends
that the Commission allow the proposals by not
suspending the filings.

Is there a motion to not suspend the
filings?

ACTING COMMISSIONER COLGAN: So move.

ACTING CHAIRMAN FLORES: I will second it.

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 filings will
not be suspended.

We will use this 5-0 vote for the rest
of the Public Utility agenda unless otherwise noted.

Item E-4 (10-0467) concerns recent
filings by ComEd for tariffs to increase rates for
electric service to revise certain riders and to
revise a portion of its general terms and conditions.

In order to determine the reasonableness of the
proposed increased rates, Staff recommends entering
an Order suspending the filings.

Is there any discussion? Any
objections? Hearing none, the Suspension Order is
entered, and the filings are suspended.

Item E-5 concerns MidAmerican Energy Company's recent filing of tariffs to revise standard rates pertaining to the purchase of electricity from co-generation and small power production facilities. Staff recommends that the Commission allow the Company's proposals by not suspending the filings.

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

Item E-6 is Docket Number 10-0301. This concerns Michael Partalis' complaint as to billing charges against ComEd. Administrative Law Judge Gilbert recommends entry of an Order dismissing the complaint without prejudice for want of prosecution.

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

Item E-7 is Docket Number 10-0337. This concerns American Energy Analysis' application for license 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 requested Certificate of Service Authority.

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

Item E-8 is Docket Number 10-0378.

This concerns Cost Containment International's Petition for Confidential Treatment of its 2009 Recertification Report. Administrative Law Judge Albers recommends entry of an Order granting the requested relief for a period of two years.

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

Item E-9 is Docket Number 10-0390.

This is Edison Mission Solutions' application for certification as an alternative retail electric supplier under Section 16-115 of the Public Utilities Act. Administrative Law Judge Sainsot recommends entry of an Order granting the requested Certificate of Service Authority.
Is there any discussion? Any objections? Hearing none, the Order is entered and the certificate is granted.

Item E-10 is Docket Number 10-0394. This is Rely Energy'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 requested Certificate of Service Authority.

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

Item E-11 is Docket Number 10-0409. This items concerns a joint petition by Corn Belt Energy Corporation and AmerenIP for approval of a residential customer release. Administrative Law Judge Jones recommends entry of an Order granting the parties' Joint Petition.

Is there any discussion? Any objections? Hearing none, the Order is entered and the residential customer release is approved.

Turning to Gas, Items G-1 through G-3
can be taken together. These items concern filings made by Central Illinois Light Company, Central Illinois Public Service Company and Illinois Power Company regarding modifications to the Rider EF. Staff recommends the Commission allow the proposals by not suspending the filings.

Is there any discussion? Any objection? Hearing none, the findings will not be suspended.

Item G-4 is Docket Number 10-0319. This item concerns a petition by the Ameren Illinois Utilities concerning an amendment to an Ameren Illinois Utility Agreement. The Commission initially entered an Order in this case on June 23 and there were apparently a few dates listed incorrectly in the characterization of Staff's filings. Administrative Law Judge Tapia recommends the Commission enter an Amendatory Order making those minor corrections.

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

Moving now to Telecommunications, Item
T-1 concerns filings made by Frontier Communications of Illinois surrounding changes to the name used in a portion of its tariff. Staff recommends that the Commission allow the Company's proposal by not suspending the filings.

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

Item T-2 is Docket Number 10-0343. This item concerns Zero11 Wireless' application for Certificate of Service Authority to provide commercial mobile radio services in our state. Administrative Law Judge Riley recommends that the Commission enter an Order granting the requested Certificate.

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

Item T-3 is Docket Number 10-0392. This item concerns an application by CAL Communications for a Certification of Service Authority to operate as a provider of prepaid calling
services throughout Illinois. Administrative Law Judge Riley recommends the Commission enter an Order granting the requested certificate.

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

Item T-4 is Docket Number 10-0011.

This item concerns an investigation initiated by the Commission in January of this year of whether Illinois Bell Telephone Company's residential service is properly classified as competitive. Staff has moved without objection to dismiss this docket as being statutorily moot due to recent changes in our telecommunications law. Administrative Law Judge Hilliard recommends that we dismiss this docket with prejudice.

Is there any discussion? Any objections? Hearing none, Staff's motion is granted, and the docket is dismissed.

We now move to Water and Sewer. Item W-1 is Docket Numbers 09-0548 and 09-0549. This is Apple Canyon Utility Company and Lake Wildwood
Utilities Corporation's rate case. Before us today is a Petition for Interlocutory Review concerning the issue of whether public comments from public hearings or submissions to the Commission's website constitute part of the record of evidence. Administrative Law Judge Kimbrel recommends the Commission deny the relief requested in the Petition for Interlocutory Review.

Is there any discussion on this matter?

    ACTING COMMISSIONER COLGAN: Mr. Chairman?

    ACTING CHAIRMAN FLORES: Yes, sir.

    ACTING COMMISSIONER COLGAN: I am going to support ALJ Kimbrel's recommendation on this, but I think that the Intervenor kind of pointed out some inconsistencies in this. I see that we are -- and I have read through the Public Utilities Act and the other cites that were used in the intervention, and it seems like there is some inconsistencies in this in terms of the Commission being required to review all of these, that we are required to have an 800 number, we are required to take comments from the
public and then we are supposed to consider those, we
are supposed to review those in our process of making
a decision, but then clearly it is stated in the
Public Utilities Act that we have to have -- we can
only use the evidentiary record.

So I would just suggest that all the
interested parties in this issue maybe request some
clarification on this. I would appreciate a
clarification on it. I am not sure how you review
all of these public comments and then somehow dismiss
those in terms of having any impact on your
decision-making process. So it is just a comment
that I felt like I wanted to make on this case.

ACTING CHAIRMAN FLORES: Thank you,
Commissioner Colgan. Are there any further
discussion on this matter?

I just -- I would like to add that the
Commission obviously values all the comments and
encourages public comment through the various efforts
and platforms that Commissioner Colgan just
referenced in his remarks. It appears as if there
may be some ambiguity and the need for some
clarification on the part of the -- perhaps on the part of the Legislature to clarify what kind of weight should be given to comments that are made in public meetings or other public forums where individuals have not been put under oath and where there may not be opportunity for cross examination.

As all of you know, the PUA requires us here at the Commission to make our decisions based on the evidentiary record, and that speaks to the need for people to offer testimony under oath.

I do want to add, however, that this Commission does more work than simply just beyond the cases that we decide on, cases that are filed before the Commission, and that we have various policy committees at the ICC. We also have Staff that is always working and analyzing issues and helping shape policy, and that comments from the public can help and provide instruction and can help shape and frame certain issues outside of the specific cases.

And I say that because I think, in my opinion, in my own personal view, it is important that we express the value of the public comments that
are currently made to the ICC, and certainly would not want anyone to be under the impression that the comments don't have any value. They do. They provide a lot of value.

However, as Commissioner Colgan indicated, there may be some ambiguity as to how these comments should be treated in specific instances, in particular, cases that are being litigated before the ICC whereby the ICC, again, has to make decisions based on an evidentiary record where witnesses are placed under oath when they provide testimony for us to then weigh in making our final decisions.

Are there any other comments?

COMMISSIONER O'CONNELL-DIAZ: Yes, Commissioner O'Connell-Diaz. I would agree with the comments that Chairman Flores just noted with regard to the various matters upon which the Commission takes in comments from the public with our public forums prior to our meetings. But this was a legislative dictate. And when we get to the hearing phase of this, we must be conscious that there are due process rights that are
involved, that, you know, we are in effect a judicial body so we take those very seriously, too.

So while there is ambiguity, just as Chairman Flores noted, there are very many avenues for the public to make comments in the public forums. Those are not under oath, and that is the difference between a hearing and those type of comments. But those do become part of the record and the Commissioners do look at all of those methodologies of communication with us.

So while it seems that there is a disconnect, I think you must look at the totality of the record that has the public comments, as well as the evidence in the record, and with the back-up of the due process requirement that we must have in order to accomplish the mandate from the Legislature pursuant to the Public Utilities Act.

Thank you.

ACTING CHAIRMAN FLORES: Thank you, Commissioner. Any further discussion on this matter?

JUDGE KIMBREL: Mr. Chairman, can I make a comment? This is ALJ Kimbrel.
ACTING CHAIRMAN FLORES: Yes, sir.

JUDGE KIMBREL: I would just like to note that the Intervenors did in fact offer testimony of the residents of Lake Wildwood. So it is not as if they didn't know the proper avenue to take.

COMMISSIONER O'CONNELL-DIAZ: That's part of the record.

JUDGE KIMBREL: Right.

COMMISSIONER O'CONNELL-DIAZ: And that is an important part because I do believe that in many of -- that is an excellent point, Judge Kimbrel -- in many of our cases that we have, our transmission line cases that are really of, I shouldn't say greater interest to the public, but you see the public come out. There are always participants in those proceedings which do submit, one, testimony and then maybe working with Intervenors or they construct their own groups so there is a very vibrant participation in many of our dockets.

So I think that Judge Kimbrel raises an important point and that that was part of the record in this case. So thank you.
ACTING COMMISSIONER COLGAN: I do support Judge Kimbrel's recommendation in this, and I was just pointing out that I think that there are some ambiguities in terms of, you know, the Intervenors want us to make a decision based on -- to go in a direction that I don't think the body of law will allow us to go. So my suggestion is that maybe they seek clarification on that somewhere else. It's a clarification that I would appreciate.

ACTING CHAIRMAN FLORES: Any further discussion?

At this time I will make the motion to amend the Petition. 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: The vote is 5-0 and the Petition is denied.

Items W-2 and W-3 (10-0280, 10-0298) can be taken together. These both concern Resuspension Orders in water and sewer rates. The
cases were filed in March of this year, and in both cases Staff recommends entry of a Resuspension Order.

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

Our first Miscellaneous Item concerns the Taylorville Energy Center Facility Cost Report that Staff prepared for analysis. The Commission is required to vote to send an analysis of this project to the General Assembly by September 2, and we have Staff here today to give us a briefing on the initial report.

We do have here today, we have some Staff, and if you could give us a briefing on this now.

MR. BEYER: Good morning. This is Gene Beyer. Today's meeting is one step in the process of Staff and Commissioner interaction, with the goal being to produce a Final Report to the General Assembly by September 2. It is Staff's plan to work with you to address any comments, questions or direction you have regarding the draft report. We will attempt to
answer any questions you have today and will follow up on matters that require us to gather information or conduct additional analyses.

The Taylorville Energy Center is designed to operate as a hybrid integrated gasification combined cycle facility. Let me explain that a little bit. Combined cycle refers to the fuel that is burned to generate electricity and the waste heat from that process that is used to generate additional electricity. Integrated gasification refers to an additional feature of the plant whereby coal is converted into a gas that can be used to produce electricity. And, lastly, the term "hybrid" refers to the process that converts that gas derived from the coal into the equivalent of natural gas, and either burns that natural gas to produce electricity or sells it.

In addition to generating electricity using coal as a feedstock, the plant will rely on purchased natural gas to produce maximum electricity output. A key feature of the Tenaska proposal is its plan to burn coal and captures and sequester carbon
emissions at the levels specified in the law.

Let me review some recent steps in the process. On March 2 the Commission received and posted to its website a Facility Cost Report and related documents as submitted by Tenaska for the Taylorville Energy Center. As you know, the applicable law, called the Clean Coal Portfolio Center Law, requires the owner of the state's initial clean coal facility to submit these documents for review and analysis. The Commission is then to submit a report to the General Assembly setting forth its analysis of the Facility Cost Report. The law further provides that the project will commence if the General Assembly, based on its review, enacts authorizing legislation.

The law requires the Commission's report be submitted within six months following receipt of the Tenaska document. So those were received on March 2, so we have set September 2 as the deadline for getting the Commission's report to the General Assembly.

The Commission's consultants, who
began working on this project several months earlier, began their review of the Tenaska Facility Cost Report and related documents. The consultants' independent evaluation was presented to the Commission Staff on June 8, approximately three months after receipt of Tenaska's documents, leaving about three months for the Commission to prepare and deliver its report to the General Assembly. The Commission also invited public comments, and during the 45-day comment period 27 entries were posted to the Commission's website.

On or before September 2 the Commission will submit its report to which will be attached the independent consultants' report as well as the public comments.

Staff is available to you during the next several weeks to respond to any questions or provide additional analyses as you may require. With me today are several Staff members who have contributed to this review, and that concludes my opening remarks.

ACTING CHAIRMAN FLORES: I will leave it open
now for the Commission to comment. Any discussion?

COMMISSIONER ELLIOTT: I have a couple of questions I would like answered. Referring to the report, page 17 of Staff's draft, there is a graph of some alternative scenarios and, in particular, I note that the megawatt hour cap that's been identified is $2.32 a megawatt hour. But under one of the alternative scenarios, the megawatt hour cap is exceeded under a low natural gas scenario, low natural gas price. And what I was wondering was what are those low natural gas prices. I couldn't see where they were identified. And how do they compare with today's natural gas prices. Are they substantially lower, are they somewhere in the vicinity.

MR. BEYER: We can check that out. The analysis that was presented to us looked at various scenarios, a low, a base case and a high natural gas price, three scenarios there, and we could provide those. This is a summary of some of that, and we will point you to those analyses.

COMMISSIONER ELLIOTT: And sticking on that
same page and getting to sort of the base-base level of demand utilized in the forecast, the load over the 30-year life of the plan, according to the narrative following that draft, the forecasted demand levels don't take into account apparently the two percent annual energy efficiency reductions required by the 2007 state law which will begin in 2015 and identifies as a shortcoming that, if the energy efficiency goals required by the law are met and maintained over the life of the plant, that the cap is exceeded even in the base case. I just wanted to make sure that that was correct.

Is there a way that we can estimate the demand forecast or factor in the two percent energy reduction into the forecast so that we can determine what levels the cap would be exceeded under all these scenarios? That would be the analysis that I would like to see if we could perform.

MR. BEYER: Okay.

COMMISSIONER ELLIOTT: And one last question here, not to belabor this, but I think in our last competitive report to the General Assembly it was
noted that over 50 percent of the load, electricity, in this state is served by alternative providers at this particular point in time. And as I understand the law, the cap only applies to energy that's served by the utility, in other words, not competitively served, and there is no cap for it.

And given some of these implications, particularly under the alternative scenarios and under the energy efficiency scenarios, if we are starting out from a case where we were already exceeding the cap, I am just wondering, you know, what is the implication for the competitive marketplace if there is no cap, the cost overrun. It seems like this is a cost plus world that's being just laid on to a competitive marketplace.

And I note that the report does indicate that we are as a Commission tasked with assisting the development of a competitive market. So it seems in direct conflict with that, that we would cap only one segment of the marketplace and not the rest. So I just wanted to bring that out.

That's all the questions I have at this time.
COMMISSIONER FORD: Mr. Chairman?

ACTING CHAIRMAN FLORES: Yes, Commissioner.

COMMISSIONER FORD: I certainly concur with Sherman on those costs. Because if we are to build retail competition, and that is what our legislative mandate is that we do, we would be pricing them out of business.

Also, I guess I have some issues with the capital costs --

COMMISSIONER O'CONNELL-DIAZ: Commissioner Ford, we are having a hard time hearing you. The mic is not working.

COMMISSIONER FORD: Okay. I wasn't talking into it, I guess.

The capital cost estimate, because in this capital cost there is no cost in there for Carbon C sequestration, and I think that that is certainly going to be a big cost.

And another issue that I had is the fact that all of this seemed to be rate based and that none of this is being borne by the investors. Everything seems to be coming from our taxpayers, and
those are issues that I have especially when we have so many people unemployed. And I know that they are saying jobs, but I don't want this to reach into -- and this is a 30-year project, and I certainly don't want it to end up being like what's happening now with that Prairie State project where it is already two times what it was initially supposed to cost and they have not even finished.

So I am very concerned about these costs, and I certainly want the Legislature to know. So I would like to recommend to Chairman Flores that we have a joint committee on the gas and electricity committee, air this out, bring all the questions, bring our people in, some of the people who have intervened, Gene, Mr. Beyer rather, and have them participate in a discussion, Chairman Flores, and see how we could better understand some of these issues and ask the Tenaska people to come in maybe and answer some of the questions that we have and especially some of the Intervenors like the people that compete in that group. Those are just some of my --.
ACTING CHAIRMAN FLORES: Thank you,
Commissioner Ford. Commissioner O'Connell-Diaz?

COMMISSIONER O'CONNELL-DIAZ: Yeah, I would
echo the concerns that Commissioner Elliott touched
on, as well as the points that were succinctly raised
by Commissioner Ford. We have been many years
developing the marketplace that now exists in this
state pursuant to the mandate by the Legislature. We
just got done talking about disconnect between
legislation and our job with respect to the Public
Utilities Act. And in answer to -- I don't think
Mr. Beyer would say -- but it would kill our
competitive marketplace if this is where we are going
to go.

Additionally, we have a situation
where we have an out of state company that is a
billion dollar company, and our ratepayers and our
taxpayers are paying for this. There are so many
ways one could look at this, but in my mind as I look
at it -- I guess I won't use the word that I have to
say about what I think about this project and
proposal.
So I think it would be important for us to be able to have a public discussion, and I think a committee hearing would be an appropriate place for us to really kind of get the facts out there about what this really means dollars and cents. We are looking at locking our ratepayers in for a 30-year subsidy, killing our competitive market that we have spent so much time making a success, that our competitive market is a success.

The ARES that are here, we were just all at a conference last week encouraging people to come in here, employ people in our state, pay taxes and be part of the economy. So I think it is critical that we get this right and we get the right information.

So I would second Commissioner Ford's proposal to have such a joint committee meeting and thank her for thinking about it.

ACTING CHAIRMAN FLORES: Commissioner Colgan?

ACTING COMMISSIONER COLGAN: Yeah, I am just looking at this whole project kind of in a big perspective of balance between risk and benefit. It
seems like there is a lot of risk involved, like a lot of things have changed since the time the General Assembly put this legislation into place and asked for a proposal similar to this. And I think that, you know, it's a development of a new technology which I think some would argue is an important task on the part of society in general.

The concern I have is that the risk seems to be balanced almost totally on the consumer, that those who stand to benefit from the outcome of this don't have, what you might call, a lot of skin in the game, and I have a concern as to that this proportionate risk that the consumer is asked to shoulder here, I echo the concern about the ARES market, problems that this could create.

At the end of the day I realize that this is not our decision but the General Assembly's decision. But I am just -- you know, I just wonder about the cost of this and what we stand to gain in the long run. You know, it is a new technology and I think that we are going to have to pay attention to the challenges of our energy future. But, you know,
we don't have a clear energy future policy in this country, and last week it became obvious again that Congress is not ready to do that, especially in the time of what we are calling the recovery from the great recession. I think people are concerned about the cost of these things, of things.

At the same time I know a lot of people have put a lot of work into this and have some pretty seriously high expectations that we are going to move forward. That's not our decision, and I think that your Staff report, Staff analysis, kind of squares some of those things up. Certainly, I saw those arguments coming through in the Staff analysis. And, you know, I appreciate you coming here today, Mr. Beyers, willing to answer questions or brief us on this matter.

That's pretty much my comments.

ACTING CHAIRMAN FLORES: Commission, additional comments? Commissioner Elliott?

COMMISSIONER ELLIOTT: Yeah, Chairman, I would echo the concern raised by Commissioner Ford and O'Connell-Diaz that I also would like to see a policy
meeting. Considering the fact that greater than half of the load in this state is served by competitive suppliers, I would be interested in hearing in a public forum their perspective on the Tenaska Report.

In addition, following up some of the points that have been raised, I would just note that a lot of the information is inherently fraught with risk. Any forecast about outcomes are. But I think even in the reasonable base case scenario, we are talking about power that is priced four and a half times the level of on-peak power that was purchased in 2010, four and a half times the cost. And that seems to be somewhat staggering to me in this environment.

So with that note, back to you.

ACTING CHAIRMAN FLORES: I want to thank all the Commissioners for their comments.

I have a couple of the comments that I would like to make here. First of all, I know that recently it's been announced that the federal government has extended some tax credits and loan guarantees to the project. That may affect the cost
analysis, given that, it is my understanding, that these federal benefits would require a higher level of carbon sequestration from the amount that was originally proposed. I think it is up to more than 15 percent, if memory serves me right, 15 out of 65 percent.

Given what I have read in this preliminary draft report provided by Staff, that's going to have a substantial impact on the cost analysis. The concern that I have is, you know, not wanting frankly to submit a report to the State Legislature which wouldn't answer one of the fundamental questions that they have asked us to answer per the statute, and I have it right here, is what are the costs associated with the electricity generated and the rate impact. We are not going to answer, fully answer, that question unless we really know what this additional 15 percent carbon sequestration percentage is going to do to the cost. We don't have that analysis. We need that analysis. That has to be done.

I would also like some perspective on
what other agencies, state or federal agencies, may have reviewed, applications that may have been submitted by Tenaska and reports or analyses that may have been completed by these agencies if they exist, again, referencing this, the award of these federal tax preferences and loan guarantees, what kind of conclusions did the federal agency reach in extending those federal dollars.

I would also encourage Staff to -- and I must commend Staff for the preliminary work that they have done. They have been tracking a lot of this for some time. But I think if we can further flesh out the impact that this project may have on other legislative mandates that speak to, you know, the PUA, whether it be, as indicated, writing this energy efficiency standard and also, obviously, the alternative electric suppliers as well as for gas, what would be the impact on it.

And I know that we addressed that, but I would like to see a more thorough analysis done, just so that the Legislature gets a full perspective of how this particular legislation may impact other
legislative initiatives that they have promulgated.

In reading some of the draft, I think we can also -- I would encourage us to take a look, to the extent that we can, looking at other power plants that we have throughout the state, and to the extent that we can, draw a comparison between what ratepayers are paying for the electricity, if it can be done, generating these other power plants or what the costs associated with those in constructing and building and maintaining those power plants versus this one that we are looking at.

So, again, if the Legislator can have a perspective in terms of drawing a comparison and contrast so that they can go back to their constituents when their constituents have questions about this analysis, it could be a lot easier to point to things that already exist, as opposed to some kind of hypothetical comparison to contrast to.

I am also very concerned about, you know -- and I don't have to read what we have been charged with, what the ICC has been charged with to analyze. Clearly, we have three very clear mandates,
right? We have to look at the comparison of costs associated with electricity generated by the facility, by the clean coal associated with -- compared to other costs, with electricity generated by other types of generation facilities, an analysis of the rate impacts, and also the analysis and the likelihood that the initial facility will commence.

But there is also an important clause there that reads but not limited to, okay. So while we have to obviously answer those three that I just enumerated, I think there are other questions that are fundamental that also are important in the analysis and also I think related to those other three that I just enumerated. One in particular is the safety of the carbon sequestration process. You know, has there been an analysis done on what kinds of measures have been considered or thought of in the event that there was some kind of cataclysmic event. There was a gap that I came across in terms of not knowing what -- not having an analysis on the infrastructure for the actual carbon sequestration. This project is supposed to be about carbon
sequestration, so I don't see how we can conceivably
draft a report when we don't know about the carbon
sequestration infrastructure. That's supposed to be
the crux of the project.

So, again, without having that
information, I don't see how it is conceivable for us
to meet our statutory mandate. But, clearly, safety,
what safety issues, considerations, costs, again to
the extent that there are other reports that have
been generated by other state agencies and other
federal agencies, and I am sure that -- my gut tells
me that there are other analyses being done, it would
be great to incorporate them and to analyze them as
we answer some of the questions and prepare our
report.

Give me a moment. I have something
else here about the -- I think that's all I have at
this time. I would also -- I welcome the opportunity
to conduct a joint committee meeting with
Commissioner Ford and the rest of the Commissioners,
a committee policy meeting with the gas and electric,
to enable this Commission and to enable the Staff of
this Commission to gather some of the material and to also answer some of the questions and to address the concerns raised here today and to also enable the various stakeholders an opportunity to also provide answers and to flesh out the issues that were raised here as well.

Ultimately, again, our responsibility as laid out by the statute here is to provide a report for the Legislature to make a decision as to whether or not to move forward with this particular project. But I think that for us to do our job and to meet that statutory mandate, we need to have an accurate list of all of the inputs. We cannot do an analysis on information that is incomplete or that is inaccurate.

Again, I don't know why we are looking at someone -- well, I am troubled by a presentation made that would call for 50 percent carbon sequestration, yet an application was submitted to another agency whereby that other agency's participation is critical to this project and that other agency says, well, we want 65 percent. Usually
in my experience, you know in advance what those requirements are going to be, well in advance.

Now, I know that some of the ARRA funding has just come on line and the federal government is moving with a lot of alacrity. So perhaps it was a situation where maybe some of the benchmarks were changed. That being said, we are required again to provide a full analysis, an objective analysis, for our Legislature to reach the right decision.

So that being said, I think it is in the best interest, as indicated by Commissioner Ford and all the other Commissioners, that we hold also a policy committee meeting in addition to the good work that our Commission Staff has done so far in analyzing TEC.

COMMISSIONER ELLIOTT: Just to follow up, you made an excellent point about the relationship of other affected parties that may have implications on costs and other issues here. I was just wondering, I don’t recall a discussion of the transmission arrangements, interconnection agreements with MISO,
whether there were any engineering studies done to analyze the cost of impact on the transmission system of the addition of this capacity to the system and whether the transmission upgrades and investment in infrastructure is captured in the cost analysis and, in addition, whether the implications of the timeline for any transmission upgrades or interconnection agreements, engineering studies, etc., were captured in the ability to meet the 2015 bus bar deadline. So if you can parse that information out for me if that's available, I would appreciate it.

MR. BEYERS: Sure, we will add that to the list.

ACTING CHAIRMAN FLORES: And I know the report does make reference to that as an issue. But to Commissioner Elliott's point, if you can further elaborate to provide at least some projected costs so that again that the policy maker, the Legislator, will have an understanding of what those costs will really be, as our understanding.

So I would --

COMMISSIONER O'CONNELL-DIAZ: Chairman, if I
might?

ACTING CHAIRMAN FLORES: Yes, Commissioner O'Connell-Diaz.

COMMISSIONER O'CONNELL-DIAZ: Did I interrupt you? I can't see you, so --

ACTING CHAIRMAN FLORES: No.

COMMISSIONER O'CONNELL-DIAZ: I appreciate your comments and Commissioner Elliott's comments with regard to the, you know, we have many agencies that are working in the information stream, so it is important to encapsulate that all in our judicious review of this. However, you did mention about the tax credits and, you know, I think at least from my position, when we talk about tax credits, when we talk about ARRA money, when we talk about all of these different subsidies, these are subsidies, subsidies, subsidies. And in this economic time -- and I am all for moving forward with a new energy picture, but in this economic time when we talk about subsidies and tax credits and things of that nature, they are coming from the same pocket. They are coming from our ratepayer and they are coming from
our taxpayer, whether it be federal or state. And I am very, very conscious of that as I look at these dollar amounts that are contained in this particular project and the impact that it will have on people within our state, the businesses that will possibly leave our state because of these potential huge increases in the rate structure that we now have to subsidize this plant.

So I think, you know, all of these stimulus moneys are wonderful, but they are coming from -- in my mind they are coming from the same pocketbook. They are coming from all of our pocketbooks or pockets for men. I hope you are not carrying pocketbooks. And, again, this is a private company that is proposing this, and the risk is going to be borne by the taxpayer and the ratepayers, the taxpayer and the ratepayer. And so I think that there is a lot of questions that I think we can flesh out in the meetings that we have.

I also would like to thank Staff for their excellent report. You know, it gave us a real in-depth understanding and so I look forward to
fleshing out all of those segments that the Commissioners have raised and also further issues that we will have when we have these presentations.

ACTING CHAIRMAN FLORES: And you make a very good point, and I would just like to point to the fact that, as by way of example to add to your comments, my understanding is that there is $50 million of Illinois Coal Revival Grant funds potentially going to this project. We have $500 million in IFA funds and then you have $2.5 billion in federal loan guarantees. You know, these are subsidies allocated by our governments, both Illinois and the federal government. At the end of the day, these are dollars that the taxpayers are providing.

Again, I think everyone appreciates the need for our government to play the role of a facilitator in expanding our economy and to keep us competitive in this new world economy that we are in, in particular in the area of energy. But at the same time I think we have to be judicious and we have to be thoughtful about the way that we allocate our funding so as to insure that the kinds of projects
that we support are the ones that indeed will help expand our economy, not only in the short term but also in the long term with all of the various interests that have been articulated by the Commission today.

So I would like to again ask that the Commissioners through their Staff come up with a date for the purposes of convening this meeting, given that we are dealing with a very short time frame, that we will have to conduct this meeting in short order. And I also believe that in hosting this meeting, it can also be helpful to our Staff in better fleshing these issues out. So to our wonderful Commissioner Staff, if we can please start moving forward and gathering some of those dates, that would be great.

So at this time I would also like to just thank our Staff. Thank you, Mr. Beyer, for your presentation. Judge, thank you. And let's move forward on this. So thank you.

Our last item that we have on the agenda today is a FERC matter that requires us to go
into closed session. I would like to make a motion to go into closed session. 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 to go into closed session. Please let me know when the room is clear in Chicago.

COMMISSIONER O'CONNELL-DIAZ: I think we are clear.

(Whereupon at this point pages 45 - 57 of the proceedings are contained in a separate closed transcript.)
CONTINUATION OF PROCEEDINGS

ACTING CHAIRMAN FLORES: Very well. In closed session the Commission discussed filing comments in FERC Docket Number ER09-1063-004. These comments concern PJM's June 18 shortage pricing filing. I would like to make a motion to file the comments with FERC. 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?

The vote is 5-0. The comments will be filed with FERC again. Team, thank you very much for your outstanding work.

I believe that there is one additional matter. Commissioner Colgan?

COMMISSIONER COLGAN: Thank you, sir. I sent out some notice to the rest of my colleague Commissioners about NARUC and their promotion of Lifeline Awareness Week. It is a project participation by NASUCA, NARUC and FCC, so I have
been huddling up with Staff, talking about ways that we can promote that here in Illinois. We do have in our possession a proclamation from Governor Quinn saying that September 12 through the 18th will be Lifeline Awareness Week in the state of Illinois. We have some ongoing meetings and discussions. We have been -- coming together in these meetings have been the telecom staff, the IT staff, the consumer services staff, my assistant Linda Wagner and myself, and just talking through all these issues and trying to see how we can better promote this vital service for people in the state of Illinois.

So we are working also with the Department of Commerce and Economic Opportunity, the Department of Human Services, the Governor's office and us, all trying to come together, some other stakeholders out there that are interest groups that also may come on board with this project.

But I just wanted to report that we do have the proclamation from the Governor and we are moving forward. And we will probably have some event
like a news conference to announce this and hopefully
be able to get the word out there and update some web
sites, this agency's and other agencies', for how
people can hook up to this service.

COMMISSIONER FORD: One of the things I would
like to comment, two years ago Marty Cohen and I went
to the Chicago public schools and they put it on the
bottom of their free lunch application and that's how
the city of Chicago began to hear about it. And they
automatically send out fliers to the city, but Marty
Cohen, we did go to meet with Arnie Duncan on this
issue and he is very supportive. So you can always
use the schools because they are free lunch
application. They are eligible.

COMMISSIONER COLGAN: Right. I will probably
call on you to see if we can do something similar to
that this year.

ACTING CHAIRMAN FLORES: I think it is a great
recommendation, Commissioner Ford, and I would just
ask that we not only reach out to the city of Chicago
but that we reach out to all of the school districts
throughout the state. And so it may require us to
also meet with folks from the Illinois Board of Education to inquire about how we can collaborate on this effort.

Any other comments by the other Commissioners?

COMMISSIONER ELLIOTT: I would just note that with the most recent rewrite of the Telecom Act and the changing landscape of the competitive telecommunication services, I think it is more and more important that the Commission get involved in areas like this and issues of this nature to raise the awareness to the degree that we can, not only just for the week of September 12 through the 18th but throughout the year.

COMMISSIONER O'CONNELL-DIAZ: If I might chime in just having come from the NARUC meeting where this was really, really talked about a lot in our committee meetings and Commissioner Boyle from Nebraska heading this up and all the work that NASUCA and other parties have done on it to provide all state commissions with kind of like the structure and then, you know, as Commissioner Colgan is doing is,
you know, kind of charging out there with it. And it shows the value of us really working together with our other colleagues in other states to develop modalities to help all of our citizens. And I think it is great that NARUC got behind us and that Commissioner Colgan in his role as our consumer affairs is leading the charge.

So we need to do more of these things, and I know that NARUC is looking to do more of these things, you know, on a national scale. So we don't have to reinvent the wheel, but we can design it for our own state. So it is really a great collaborative process, and every year we can get better. So it is just a real good -- a good thing for our Commission to be joining in this effort.

ACTING CHAIRMAN FLORES: Thank you.

COMMISSIONER COLGAN: That pretty much concludes my report. Thank you for your comments, and anybody is welcome to come to the meetings. I will send out a notice when they are. I think the next meeting is a couple of weeks from now.

ACTING CHAIRMAN FLORES: Thank you,
Commissioner. I also in closing just want to thank you for your leadership on this issue. It is great that we are also collaborating with sister agencies here in the state of Illinois and doing it in a way where we are integrating the various policies that all of us are connected to and trying to advance.

And again at the risk of repeating here some of the observations here, I do believe that this is an opportunity also for our telecommunication staff, Jim Zolnierek and his great team, to further educate the consumer about what the implications of the telecommunications rewrite is going to hold. In a press conference that was held recently in which the Governor signed into law, there were a number of questions that were made by the press, and I think some of those questions frankly still linger.

And so to the extent that we can use this initiative as a vehicle to better inform, I think it is a great idea and I think it will be an effective tool to get the word out to the everyday consumer throughout the state of Illinois, not just in the Chicagoland area or in other more populated
areas but also to the rural communities in which I know they have probably a lot of questions about what these changes mean to them in insuring that they have quality of service and also insuring that families of modest means are also considered in these initiatives.

So I would just ask if also, Jim, we can stay on top of this initiative and provide whatever assistance we can provide in meeting, that would be great. So thank you, Commissioner Colgan, for your leadership in this matter.

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

JUDGE WALLACE: That's all there is.

ACTING CHAIRMAN FLORES: Your Honor, thank you very much. Hearing none, this meeting stands adjourned.

MEETING ADJOURNED