January 31, 2019

The Honorable J. B. Pritzker
Governor

The Honorable Members of the Joint Committee on Legislative Support Services

Dear Governor Pritzker and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2018 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2018 through December 31, 2018.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Cable and Video Service Deployment by Providers Granted State Issued Cable and Video Service Authorization
- Annual Report on the Transportation Regulatory Fund
- Crossing Safety Improvement Program
- Office of Retail Market Development (ORMD) Annual Reports

Additional information about the Commission and its activities is available from the Commission's web site listed on the following page.

Sincerely,

Brien J. Sheahan
Chairman

160 North LaSalle, Suite C-800, Chicago, Illinois 60601
Contacting the ICC

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701
217-782-9671

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Chicago, Illinois 60601
312-814-2850

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC’s Consumer Services Division.
Toll-free: 800/524-0795 (In Illinois only) 800/858-9277 (TTY)

The ICC Online

Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available online from the Commission’s Website: [www.icc.illinois.gov](http://www.icc.illinois.gov)

ICC’s Electronic Docketing System: [www.icc.illinois.gov/e-docket](http://www.icc.illinois.gov/e-docket)

Plug In Illinois—Choosing an Electric Supplier: [www.pluginillinois.org](http://www.pluginillinois.org)

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[Social Media Icons]
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I.</strong></td>
<td>A General Review of Agency Activities</td>
<td>8</td>
</tr>
<tr>
<td>A.</td>
<td>Review of Significant Commission Decisions</td>
<td>8</td>
</tr>
<tr>
<td>B.</td>
<td>Pending Cases</td>
<td>8</td>
</tr>
<tr>
<td>C.</td>
<td>Significant Regulatory Actions</td>
<td>8</td>
</tr>
<tr>
<td>D.</td>
<td>Cases Filed During 2018</td>
<td>9</td>
</tr>
<tr>
<td>E.</td>
<td>e-Docket: ICC’s Electronic Docket Filing System</td>
<td>11</td>
</tr>
<tr>
<td>F.</td>
<td>e-Docket User’s Manual Provides Instructions for Searching for Documents</td>
<td>11</td>
</tr>
<tr>
<td>G.</td>
<td>Agency Organization and Administration</td>
<td>12</td>
</tr>
<tr>
<td><strong>II.</strong></td>
<td>A Discussion of the Utility Industry in Illinois</td>
<td>14</td>
</tr>
<tr>
<td>A.</td>
<td>Significant Developments in the Illinois Regulatory Environment</td>
<td>14</td>
</tr>
<tr>
<td>B.</td>
<td>Electric Power Procurement Obligations</td>
<td>15</td>
</tr>
<tr>
<td>C.</td>
<td>Retail Electric Choice</td>
<td>16</td>
</tr>
<tr>
<td>D.</td>
<td>Discussion of the Quality, Availability, and Price of Utility Services by Geographic Area</td>
<td>17</td>
</tr>
<tr>
<td>1.</td>
<td>Electricity</td>
<td>17</td>
</tr>
<tr>
<td>2.</td>
<td>Natural Gas</td>
<td>19</td>
</tr>
<tr>
<td>3.</td>
<td>Water and Sewer Utilities</td>
<td>22</td>
</tr>
<tr>
<td>E.</td>
<td>Financial Health of the Utility Industry in Illinois</td>
<td>26</td>
</tr>
<tr>
<td><strong>III.</strong></td>
<td>A Discussion of Energy Planning</td>
<td>28</td>
</tr>
<tr>
<td>A.</td>
<td>Electricity Planning and Procurement</td>
<td>28</td>
</tr>
<tr>
<td>B.</td>
<td>Renewable Energy, Clean Coal, and Zero Emission Portfolio Standards</td>
<td>29</td>
</tr>
<tr>
<td>C.</td>
<td>Distributed Generation</td>
<td>31</td>
</tr>
<tr>
<td>D.</td>
<td>Cogeneration</td>
<td>32</td>
</tr>
<tr>
<td>1.</td>
<td>Commission Rule</td>
<td>32</td>
</tr>
<tr>
<td>2.</td>
<td>Special Rates</td>
<td>33</td>
</tr>
<tr>
<td>E.</td>
<td>Energy Efficiency Programs</td>
<td>33</td>
</tr>
<tr>
<td><strong>IV.</strong></td>
<td>Availability of Utility Services to All Persons</td>
<td>36</td>
</tr>
<tr>
<td>1.</td>
<td>Temperature-based Termination of Service</td>
<td>37</td>
</tr>
<tr>
<td>2.</td>
<td>Disconnection of Service to Military Personnel on Active Duty</td>
<td>37</td>
</tr>
<tr>
<td>3.</td>
<td>Disconnection of Service to Customers Receiving LIHEAP funds</td>
<td>37</td>
</tr>
<tr>
<td>4.</td>
<td>Disconnection of Service to Certain Electric Space-Heating Customers</td>
<td>37</td>
</tr>
<tr>
<td>5.</td>
<td>Initial Credit and Deposit Requirements</td>
<td>37</td>
</tr>
<tr>
<td>6.</td>
<td>Preferred Payment Date</td>
<td>37</td>
</tr>
<tr>
<td>7.</td>
<td>Deferred Payment Agreement</td>
<td>38</td>
</tr>
<tr>
<td>8.</td>
<td>Reconnection</td>
<td>38</td>
</tr>
<tr>
<td>A.</td>
<td>The Financial Impact of Uncollectible Expenses</td>
<td>39</td>
</tr>
<tr>
<td>B.</td>
<td>Consumer Education Activities</td>
<td>39</td>
</tr>
<tr>
<td>1.</td>
<td>Electric Customer Choice—“Plug In Illinois”</td>
<td>39</td>
</tr>
<tr>
<td>2.</td>
<td>Natural Gas Choice</td>
<td>39</td>
</tr>
<tr>
<td><strong>V.</strong></td>
<td>Implementation of the Commission’s Statutory Responsibilities</td>
<td>41</td>
</tr>
<tr>
<td>A.</td>
<td>Commission Reorganization</td>
<td>41</td>
</tr>
</tbody>
</table>
B. Construction Audits ............................................................. 41
   1. Statutory Requirements.................................................. 41
   2. Commission Responsibilities....................................... 41
   3. Section 8-407 (b) Activities ......................................... 42
   4. Section 9-213 Activities ............................................... 42
C. Management Audits .......................................................... 42
   1. Statutory Requirements................................................ 42
   2. Commission Responsibilities....................................... 42
   3. Section 8-102 Activities ............................................... 42
D. Excess Capacity, Used, and Useful .................................... 43
E. Rate Moderation Plan ....................................................... 43
F. Cost-Based Rates ............................................................. 43
   1. Gas ............................................................................. 43
   2. Electricity ................................................................. 44
G. Mergers ........................................................................... 44
H. Asset Transfers or Sales ................................................... 44
I. Informational Filings ........................................................... 44
J. Decommissioning ............................................................. 44
VI. Section 6 | Appeals from Commission Orders .................. 46
A. Appeals Involving Public Utilities Filed in 2018 that are Still Pending without Decision 46
   1. Under the Public Utilities Act, 220 ILCS 5 ..................... 46
   2. Under Other Utility-Related Acts .................................. 47
B. Appeals Dismissed in 2018 without Decision on the Merits and with No Further Action
   Expected ........................................................................... 47
   3. Under the Public Utilities Act, 220 ILCS 5 ..................... 47
   4. Under Other Utility-Related Acts .................................. 47
C. Appeals in Which Decisions Were Rendered in 2017 but Were Pending Rehearing or Petitions for
   Leave to Appeal to the Illinois Supreme Court or to the U.S. Supreme Court at the Time of the Annual
   Report .............................................................................. 48
   1. Under the Public Utilities Act, 220 ILCS 5 ..................... 48
   2. Under Other Utility-Related Acts .................................. 49
D. Appeals in Which Decisions Were Rendered Either by Opinion of the Court or by an Order Issued
   Under Supreme Court Rule 23 in 2018. (A Rule 23 order decides a case on its merits, but has limited
   effect as precedent in other cases.) .................................... 49
   1. Under the Public Utilities Act, 220 ILCS 5 ..................... 49
   2. Under Other Utility-Related Acts .................................. 50
VII. Section 7 | Studies and Investigations Required by State Statutes .................................. 51
A. Section 4-304: Adoption of Solar Photovoltaic Systems .... 51
B. Section 4-305: Emission Allowance Reports .................... 51
C. Section 8-304: Estimated Billing Practices ....................... 52
D. Section 9-202: Temporary Rate Increase ......................... 52
E. Section 9-214: Study of CWIP ........................................ 52
F. Section 9-216: Rulemaking for Cancellation Costs ........... 52
G. Section 9-223: Evaluation of the Fire Protection Charge ...... 52
H. Economic Development Program .................................... 52
I. Investigation of Peoples Gas Light and Coke Company’s SMP (also discussed on page 42) .... 53
J. Section 8-103: Electric Energy Efficiency and Demand Response Program Spending Limits .... 53
Year in Review

JANUARY
The Commission approved a new oversight plan in the Peoples Gas Light and Coke Company’s System Modernization Program (SMP), which requires the Illinois Commerce Commission (ICC) to review and approve any recovery charges allowable under the Company’s qualifying infrastructure plant surcharge.

D. Ethan Kimbrel, the ICC’s first African-American Chief Administrative Law Judge, was appointed by Governor Rauner to a five-year term as an ICC Commissioner.

Anastasia Palivos was also appointed by Governor Rauner to a five-year term as an ICC Commissioner, making her the first Greek-American woman and, at age 28, the youngest-ever appointed Acting Commissioner.

Pursuant to the Federal Tax Cuts and Jobs Act of 2017, which became effective January 1, 2018, the ICC ordered regulated utilities to pass along 2018 tax savings by reducing customer rates, or to provide a reason why they should not be required to do so.

The Commission also approved the first general rate increase for Northern Illinois Gas Company (Nicor Gas) since 2008. The increase, which was lower than requested by Nicor, generates approximately $137.1 million in additional revenue.

FEBRUARY
A unanimous vote from the Commission cut costs for the SMP of Peoples Gas Light and Coke Company by $5.4 million. The settlement provided a refund for primarily low-income customers while holding the company accountable for past SMP failures to address major cost overruns, delays, and a lack of proper management oversight.

The ICC also approved Commonwealth Edison Company’s (ComEd’s) request to construct a full-sized, utility-scale microgrid in Bronzeville, creating one of the first and most advanced microgrid clusters in the nation. The project relies on integrated solar, battery storage and other renewable energy sources.

MARCH
A significantly lower rate increase than what was requested by Aqua Illinois, Inc. was approved by the Commission, taking into consideration the rising costs to repair and replace aging infrastructure throughout its service territory. The decision creates approximately $6.5 million in additional revenue for water delivery service, and approximately $757 thousand for sewer service.

An informal workshop for stakeholders was hosted by the ICC to openly discuss options for distributed generation compensation in Illinois. In accordance with a provision in the Future Energy Jobs Act, the ICC will determine a formula to calculate the value of rebates from large investor-owned utilities to retail customers who own distributed generation.

The ICC also held a policy session for stakeholders to explore best practices and methods to ensure consumer protections in order to comply with new sales and marketing regulatory rules that were imposed on Retail Electric Suppliers (RES).
The Railroad Safety Division of the ICC released its five-year Crossing Safety and Improvement plan, which calls for approximately $194 million from the Grade Crossing Protection Fund to be spent helping local communities and railroads pay for safety improvements for fiscal years 2019-2023.

Finally, the agency hosted its first-ever Rail Safety Summit to improve or explore additional strategies to reduce the number of pedestrians and motorists injured or killed in incidents involving railroads.

**APRIL**

The Office of Retail Market Development (ORMD) created the Retail Market Advisory Committee, a non-voting entity of actors in the electric utility field. The purpose of the committee is to provide a space for electric service providers to discuss issues and events with staff. The committee met for the first time in April.

Pursuant to The Future Energy Jobs Act (FEJA), the Commission approved with modification the Illinois Power Agency’s Long-Term Renewable Resources Procurement Plan to stimulate significant new investments in renewable energy resources.

A policy session entitled “The Nexus Between Electric Vehicles and Grid Stabilization” was the first of two policy sessions hosted by the Commission in 2018 on the topic of electric vehicles (EVs).

The agency joined Governor Bruce Rauner in recognizing April as “Safe Digging Month” in Illinois, a statewide public safety and education campaign to raise awareness about the importance of calling 8-1-1 before starting outdoor digging projects in order to locate underground utility lines.

The Commission approved tariffs requiring Peoples Gas, North Shore Gas, Nicor Gas, Ameren Gas, and Illinois American Water to pass 2018 tax savings on to their customers. The ICC approved separate requests from ComEd and Ameren Electric for similar estimated credits on customers’ bills. The savings resulted from the January 1 enactment of the Federal Tax Cuts and Jobs Act, which reduced corporate income tax rates from 39% to 21%.

The ICC hosted the 41st National Conference of Regulatory Attorneys (NCRA) in Chicago from April 22-25. Commissioners and staff shared expertise on emerging energy and utility industry issues over the four-day conference alongside experienced panelists from across the nation. Jay Hines-Shah, the Commission’s Deputy Executive Director of Strategic Planning, served as the 2018 NCRA President.

**MAY**

New retail electricity sales and marketing rules, passed in 2017, came into full compliance on May 1 for RES in Illinois. The rules were changed and adopted by the ICC to ensure consumers have the tools to make well-informed decisions when choosing alternative retail suppliers.

The ICC hosted a policy session to ensure that electric utilities and regional transmission organizations were prepared to provide safe, sufficient, reliable and affordable energy over the hot summer months.

Commissioner Sadzi Oliva was named Vice Chair of the Supplier and Workforce Diversity subcommittee of the National Association of Regulatory Utility Commissioners (NARUC).

Then-Acting Commissioner D. Ethan Kimbrel was appointed to the U.S. Department of Energy’s Natural Gas Infrastructure Modernization Partnership by the NARUC.
**JUNE**

Rick Perry, the United States Secretary of Energy, appointed ICC Chairman and CEO Brien J. Sheahan to serve on the Nuclear Energy Advisory Committee of the U.S. Department of Energy.

The agency hosted an update and public comment session on the “NextGrid: Illinois’ Utility of the Future” study, a consumer-focused study to identify, research, and develop options to modernize and improve Illinois’ electric grid while minimizing costs to consumers.

The ICC’s ORMD held an Agent Training workshop in order to meet with electric industry actors and discuss the practices they utilize to train agents on how to comply with Part 412 rules.

A policy session to explore the future of energy storage and its relationship to the electric grid in Illinois was hosted by the ICC.

**JULY**

ORMD requested that regulated utilities (including ComEd and Ameren) display the Price-to-Compare on monthly electric bills for all residential and small commercial retail customers. This, as ORMD released its annual report which also recommended that all RES include the Price-to-Compare on marketing materials aimed at residential and small commercial retail customers that mention price per kilowatt-hour.

**AUGUST**

Stakeholders and the general public were invited to two additional draft report review and public comment sessions, held in Urbana and Carbondale, on the “NextGrid: Illinois’ Utility of the Future” study.

**SEPTEMBER**

The 5th annual Supplier Diversity Policy Session was hosted by the ICC. This year’s session emphasized identifying structural impediments facing minority/women/veteran-owned suppliers in doing business with utilities. Illinois’ five largest regulated public utilities reviewed their companies’ annual reports on procurement goals and actual spend with diverse suppliers in 2017. The session included presentations from suppliers of energy who reported for the first time in 2018 as required by the Future Energy Jobs Act.

The Commission unanimously revoked the operating license for Protective Parking Service Corporation (d/b/a Lincoln Towing), one of the largest relocation towing operations in Illinois serving primarily the Chicagoland area.

The ICC held its first annual Railroad Supplier Diversity policy session. The Illinois Railroad Association discussed supplier diversity programs in the industry and two Class I Railroads presented about their diversity programs. This, after a new law, Public Act 100-0423, stated that Class I Railroads in Illinois can voluntarily submit to the Commission an annual report on supplier diversity efforts.

A policy session on Transportation Electrification in September was the second session of 2018 to examine the topic of EVs. This session focused on the developments in the electrification of commercial fleets and public buses while exploring the benefits and barriers of transitioning to more EV’s in the transportation industry.
A Notice of Inquiry (NOI) to evaluate EVs was initiated by the ICC to gather opinions and information from stakeholders on how EVs relate to grid resiliency and efficiency.

The Federal Energy Regulatory Commission (FERC) approved a settlement agreement to return $318 million to Illinois ComEd ratepayers. Since 2005, the ICC had been leading the effort to stop FERC and regional transmission organization PJM Interconnection (PJM) from passing the cost of certain large transmission projects on the east coast to Illinois customers.

The ICC led a policy session to discuss FERC’s recent 3-2 decision rejecting PJM’s proposed capacity market reforms. FERC ordered PJM to come up with a better solution. The session provided expert testimony, education and an opportunity for stakeholders to hold an open dialogue.

Utility Services, Inc. received a significantly lower rate increase than requested by the ICC. The new rates are expected to generate additional revenue of approximately $1.8 million for the delivery of water service and approximately $535 thousand for sewer service.

**OCTOBER**

ORMD held a Price-to-Compare workshop to discuss options and availability for including a Price-to-Compare metric on electric bills.

A policy session to discuss the impact of wind energy on Illinois’ electric grid, economy and environment, as well as the obstacles to utility-scale wind farms, was hosted by the ICC.

A proceeding initiated by the Commission in 2015 against Sperian Energy, a RES, resulted in two settlement agreements: one with the Illinois Attorney General’s Office (AG) to refund $2.6 million to Illinois consumers; another with the ICC, AG, and the Citizen’s Utility Board (CUB) imposing additional marketing restrictions on the RES for five years.

The Commission hosted a policy session to explore how utility smart apps benefit utility operation and consumer engagement, potential cyber security concerns, and what steps Illinois should take to foster the right environment for app adoption.

**NOVEMBER**

The ICC approved a rate increase for Ameren Illinois Company. The order approves additional revenue of approximately $71.6 million for the delivery of electricity and approximately $31.7 million for the delivery of gas.

The Commission hosted a Winter Preparedness policy session to assure Illinois ratepayers that regional transmission organizations and Illinois’ local distribution companies were prepared to provide safe, sufficient, reliable and affordable utility services over the cold winter months.

A policy session to discuss gas infrastructure and safety policies was also hosted by the Commission.

**DECEMBER**

The ICC authorized ComEd’s request to decrease electric delivery service rates, lowering rates by approximately $24 million, or by 0.89 percent.
The “NextGrid: Illinois’ Utility of the Future” study lead facilitator at the Electrical and Computer Engineering Department at the University of Illinois, working with hundreds of Illinois stakeholders and working group leaders, released a draft final report on the ICC website for public review and comments.

Illinois ranked number two in the nation for its leadership in moving toward a modernized electric grid. The 2018 Grid Modernization Index (GMI) Summary is produced by Gridwise Alliance in collaboration with Clean Edge Incorporated.
Introduction

The following report for calendar year 2018 was prepared to meet the requirements of the Public Utilities Act (P.A.-84-617). Section 4-304 of this Act instructs the ICC to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

- Section 1: A General Review of Agency Activities;
- Section 2: A Discussion of the Utility Industry in Illinois;
- Section 3: A Discussion of Energy Planning;
- Section 4: Availability of Utility Services to all Persons;
- Section 5: Implementation of the Commission’s Statutory Responsibilities;
- Section 6: Appeals from Commission Orders;
- Section 7: Studies and Investigations Required by State Statutes;
- Section 8: Impacts of Federal Activity on State Utility Service; and
- Section 9: Recommendations for Proposed Legislation.

For the convenience of the reader, each section is given the same number designation as the corresponding subsection of the Public Utilities Act (PUA) that it addresses.

Other information about the Commission and its activities is available from the Commission’s web site, www.icc.illinois.gov.

During 2018, the following persons (listed alphabetically) served as members of the ICC.

Miguel del Valle
D. Ethan Kimbrel
Sadzi M. Oliva
Anastasia Palivos
John R. Rosales
Brien J. Sheahan

Mission Statement

The ICC’s mission is to balance the interests of consumers and utilities to ensure adequate, efficient, reliable, safe and least-cost public utility services, while promoting the development of an effectively competitive energy supplier market.

Page 6 of 70
The ICC is also directed by State law with protecting the public by overseeing certain transportation activities, including railroad safety, trucking insurance and registration, relocation and safety towing, and household goods moving companies.

Organizational Structure
Section 1 | A General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;

A. Review of Significant Commission Decisions

A review of Significant Commission decisions made and other regulatory actions taken in 2018 may be found in Appendix A of this report. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers. Others may obtain copies upon payment of the fee established in Section 2-201 of the PUA. Selected orders and other Commission documents may be found on the Commission's website (www.icc.illinois.gov) or in the Commission’s electronic docketing system (www.icc.illinois.gov/e-docket). More information about the e-Docket system follows in the next section.

B. Pending Cases

As noted above, Section 4-304 of the PUA also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the PUA and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's office and through the ICC’s e-Docket system.

C. Significant Regulatory Actions

Significant actions taken by the Commission during 2018 are described in the summary statement, "The Year in Review," preceding this section.
(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

D. Cases Filed During 2018

Table 1-1, Utility Cases Monthly Report, shows the cases and filings for each month for the years 2014, 2015, 2016, 2017 and 2018. This table also shows the totals by type for the year.

<table>
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<th>Filings</th>
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<td>Filings/Reports (SPI)</td>
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### Illinois Commerce Commission

#### 2018 Annual Report on Electricity, Gas, Water and Sewer Utilities

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E. e-Docket: ICC’s Electronic Docket Filing System

To aid both the Commission Staff and the public at large, the Commission utilizes an electronic filing, reporting, and case management system called e-Docket that is accessible on the Commission website.

e-Docket is a web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission’s official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases**: permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents**: permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the Commission may visit the e-Docket web site at [www.icc.illinois.gov/e-docket](http://www.icc.illinois.gov/e-docket) and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

F. e-Docket User’s Manual Provides Instructions for Searching for Documents

A 24-page e-Docket user’s manual is available on the e-Docket web site to assist viewers in finding information about cases. e-Docket was first used as a way to store electronic documents as of January 1, 2000. Documents created prior to that date were filed with the Commission in paper format only and are available for viewing in the Commission’s Chief Clerk’s Office.

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(ii) a description of the allocation of the Commission’s budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.
### TABLE 1-2

BUDGET AND HEADCOUNT BY DIVISION FOR FISCAL YEAR 2018

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| Total | 12 | 1,794,900 | 150        | 31,433,900 | 70        | 17,647,100 | 232 | 50,902,900 |

Headcount is shown at the authorized level for FY18

Budget $ shown represents the FY18 appropriation.

From Forms 150A

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

**G. Agency Organization and Administration**

In an effort to align the commission with the rapidly evolving utility landscape, the Commission undertook a Strategic Planning Initiative, engaging our regulated entities and other stakeholders to carefully review our internal procedures and determine where changes could be made and efficiencies met. This was the agency’s first Strategic Plan since 2002. With utility and other stakeholder participation, three priorities areas were identified:

- Reviewing the agency’s statutory and administrative requirements to ensure efficiency, effectiveness and preparedness to comply with all statutory functions
- Maximizing productivity in a time of limited resources and technological change
- Preparing for emerging policy changes and focusing on protecting the public and critical infrastructure
The resulting three-year Strategic Plan for 2017-2019 describes in detail the agency’s priorities and the specific tasks and timelines to achieve these priorities.
II. Section 2 | A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

A. Significant Developments in the Illinois Regulatory Environment

Many of the developments in the current electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 (the 1997 Law). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 95-0481 (the IPAA). The IPAA created a state agency, the Illinois Power Agency (IPA), to procure power and renewable energy resources for ComEd and Ameren Illinois Company. In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, produced significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directed electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans (PIPP) to their customers; these plans would provide assistance to customers paying more than 6% of their income for electric and gas utility bills combined. The Act also directed the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allowed all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a “rider.” The Act clarified the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and required gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also added restrictions on the employment of former Commissioners and Commission employees, required the Commission to address specific utility rate case expenditures for attorneys and experts in each general rate case, required transcripts of all Commission meetings to be a part of the record in each case, and expanded the scope of prohibited communications pertaining to rate matters. Finally, the Act imposed renewable portfolio standards on alternative RES and utilities operating outside their service territories.
B. Electric Power Procurement Obligations

Wholesale electricity purchased by ComEd, Ameren, and, in part MidAmerican Energy Company (MidAmerican) is subject to Section 1-75 of the IPAA\(^1\) and Section 16-111.5 of the PUA.\(^2\) These laws include the following major features:

- An annual procurement plan is prepared by the IPA
- A draft plan is first submitted to the Commission (by August 15) and subject to a 30-day public comment period
- At the end of the 30 days, the revised plan is filed with the Commission
- Parties have five days to raise objections with the filed plan
- The Commission has another five days to determine if hearings should be held
- A Commission order approving or modifying the plan must be entered within 90 days of the plan filing\(^3\)
- Procurement of “standard products” must be made through sealed-bid, pay-as-bid Request for Proposals (RFP) processes
- The RFP process is conducted by an IPA-hired and Commission-approved “procurement administrator”
- The RFP process is monitored by a Commission-hired “procurement monitor.” At present, the Commission’s procurement monitor is the consulting firm of Bates White LLC
- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids
- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within two business days after receipt of the reports
- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within three business days

Implementation of plans subject to the above-cited portions of the IPAA and the PUA is conducted with a series of bidding events in the spring and fall for several types of contracts:

1. Standard blocks of power entered into by Ameren to establish fixed-quantity price hedges vis-à-vis MISO\(^4\) day-ahead and real-time spot prices over portions of a one to three-year period.
2. Standard blocks of power entered into by ComEd to establish fixed-quantity price hedges vis-à-vis PJM\(^5\) day-ahead and real-time spot prices over portions of a one to three-year period.

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\(^1\) 20 ILCS 3855/1-75
\(^2\) 220 ILCS 5/16-111.5
\(^3\) The Commission issued its final order approving the IPA’s plan on December 13, 2016 (Docket 16-0453).
\(^4\) MISO is the Midcontinent Independent Transmission System Operator, Inc. It is the regional transmission organization (RTO) to which Ameren and MidAmerican belong. MISO coordinates the movement of power in 15 U.S. states and the Canadian province of Manitoba. [www.misoenergy.org](http://www.misoenergy.org)
\(^5\) PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. [www.pjm.com](http://www.pjm.com)
3. Standard blocks of power entered into by MidAmerican to establish fixed-quantity price hedges vis-à-vis MISO\(^6\) day-ahead and real-time spot prices over portions of a one to three-year period.

4. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to two-year period.

The results of previous procurements can be found on the Commission’s website at www.icc.illinois.gov/electricity/workshops/ElectricityProcurement.aspx

Shortly after the conclusion of the spring procurement events, Ameren, ComEd, and MidAmerican revise the base level of retail charges through which the costs of electricity and Renewable Energy Credits (RECs) are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

C. Retail Electric Choice

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state’s electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. As of December 2018, there were 108 suppliers certified to serve non-residential customers, although 12 of those sought Commission authority to serve themselves or affiliates. Eighty-one suppliers were certified to serve residential customers.

As of May 31, 2018, approximately 1.77 million residential customers were purchasing power and energy from a RES and approximately 228,241 non-residential customers in Illinois were purchasing power and energy from a RES. The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of Ameren Illinois and ComEd was approximately 95 percent, as of May 31, 2018. Detailed electric customer switching statistics can be viewed on the Commission’s website at www.icc.illinois.gov/electricity/switchingstatistics.aspx.

In 2007, larger commercial customers were benefiting through electric competition but little competitive activity occurred in the residential and smaller commercial customer classes at the time. At this time, the Illinois General Assembly passed P.A. 94-1095 (the “Retail Electric Competition Act”), reiterating “its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers.” P.A. 94-1095 created the Office of Retail Market Development (ORMD) to actively seek out ways to promote retail competition in Illinois to benefit all consumers. The ORMD facilitated the implementation of P.A. 95-0700 requiring ComEd and Ameren Illinois to provide utility consolidated billing to RES and to provide for the purchase of RES.

\(^6\) ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM’s Reliability Pricing Model (RPM).
receivables. Ameren implemented a utility consolidated billing and purchase of receivables program at the end of 2009 and ComEd did so in the beginning of 2011.

In the Commission’s Order approving Ameren Illinois’ consolidated billing and purchase of receivables program, the Commission concluded that “consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers.” In December 2012, the Commission entered a final order adopting Illinois Administrative Code Part 412, which specified a number of RES disclosure requirements and similar consumer protections.

In September 2014, the Commission initiated a NOI as a vehicle for gathering information and opinions on retail marketing issues that had been experienced since the beginning of marketing to residential customers in 2011. Following a rulemaking proceeding to consider changes to the marketing and disclosure requirements for RES, the Commission entered a final Order in October 2017, amending Code Parts 412 and 453. Among the changes are a broader definition of in-person marketing, new advance notice requirements for upcoming variable rate changes as well as more detailed disclosure requirements for the marketing of renewable or “green” offers.

Amendments to Part 453 took effect on November 1, 2017, and amendments to Part 412 took effect on May 1, 2018. Since having gone into effect, ORMD provided an Agent Training Workshop in June of 2018 to discuss with RES the best practices for agent training and to ensure they are complying with the regulations. ORMD has also been able to increase its enforcement capabilities and investigate actors that are not complying with various marketing and sales regulations in Part 412. ORMD also held a workshop in 2018 regarding Price-to-Compare. The purpose of this conversation was to include a Price-to-Compare metric on consumers’ electricity bills. Interested parties attended to discuss the purpose of the initiative, the capability of providing such information, and implementation.

Residential switching activity is, at least in part, due to municipal aggregation programs by many communities throughout the state. To date, 746 communities have passed municipal aggregation referenda and more than 500 are currently active programs.

D. Discussion of the Quality, Availability, and Price of Utility Services by Geographic Area

1. Electricity

Four investor-owned public utilities provide electric service to retail customers in the State of Illinois:

- Ameren Illinois Company
- Commonwealth Edison Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.⁷

A detailed presentation of the 2017 sales statistics presented below can be found in the Commission’s “Comparison of Electric Sales Statistics for Calendar Years 2017 and 2016” at www.icc.illinois.gov/publicutility/salesstatistics.aspx

a) Northern Illinois

Two investor-owned public utilities provide electric service in northern Illinois: ComEd and MidAmerican. ComEd serves 3,991,358 customers in the northern Illinois, including the Chicago metropolitan area. MidAmerican serves 85,327 customers in northwestern Illinois.

For 2013 through 2017, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

<table>
<thead>
<tr>
<th>TABLE 2-1</th>
<th>AVERAGE PRICES PER kWh FOR BUNDLED AND FULL REQUIREMENTS SERVICE (cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>ComEd</td>
<td>10.27</td>
</tr>
<tr>
<td>MidAmerican</td>
<td>6.83</td>
</tr>
</tbody>
</table>

b) Central Illinois and Southern Illinois

Two investor-owned public utilities provide electric service to central and southern Illinois: Ameren Illinois Company (Ameren Illinois) and Mt. Carmel Public Utility Company (MCPU). Ameren Illinois serves 1,221,130 customers in central and southern Illinois. MCPU serves 5,381 customers in southeastern Illinois.

For 2013 through 2017, these utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

<table>
<thead>
<tr>
<th>TABLE 2-2</th>
<th>AVERAGE PRICES PER kWh FOR BUNDLED AND FULL REQUIREMENTS SERVICE (cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Ameren Illinois</td>
<td>8.06</td>
</tr>
<tr>
<td>MCU</td>
<td>12.36</td>
</tr>
</tbody>
</table>

The bundled service price of electricity sold by these electric utilities varied between utilities and within utilities depending upon the class of customer served.

c) Electric Reliability

Pursuant to Section 16-125 of the PUA and the Commission’s electric reliability rules found in 83 Ill. Adm. Code 411, each of the electric utilities under the Commission’s jurisdiction files an annual electric

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⁷ Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.
The following table presents the annual Customer Average Interruption Duration Index (CAIDI) each utility reported for the years 2013 through 2017. CAIDI, expressed in minutes, provides the average duration of interruptions that customers of each of the reporting electric utilities experienced. CAIDI is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ameren Illinois</td>
<td>199</td>
<td>130</td>
<td>246</td>
<td>168</td>
<td>164</td>
</tr>
<tr>
<td>ComEd</td>
<td>143</td>
<td>196</td>
<td>112</td>
<td>113</td>
<td>116</td>
</tr>
<tr>
<td>MidAmerican</td>
<td>211</td>
<td>164</td>
<td>122</td>
<td>145</td>
<td>86</td>
</tr>
<tr>
<td>MPCU</td>
<td>105</td>
<td>74</td>
<td>83</td>
<td>117</td>
<td>60</td>
</tr>
</tbody>
</table>

The following table presents the annual System Average Interruption Frequency Index (SAIFI) each utility reported for the years 2013 through 2017. SAIFI provides the average number of electric service interruptions that customers of each of the reporting electric utilities experienced. SAIFI is calculated by dividing the total number of customer interruptions that occurred on the utility’s system by the total number of customers that the utility served (as with CAIDI, a lower value means better reliability).

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ameren Illinois</td>
<td>1.44</td>
<td>1.36</td>
<td>1.43</td>
<td>1.42</td>
<td>1.17</td>
</tr>
<tr>
<td>ComEd</td>
<td>0.99</td>
<td>1.01</td>
<td>0.88</td>
<td>0.76</td>
<td>0.73</td>
</tr>
<tr>
<td>MidAmerican</td>
<td>2.24</td>
<td>1.46</td>
<td>1.83</td>
<td>1.76</td>
<td>1.40</td>
</tr>
<tr>
<td>MPCU</td>
<td>4.01</td>
<td>4.16</td>
<td>2.85</td>
<td>1.89</td>
<td>2.99</td>
</tr>
</tbody>
</table>

2. Natural Gas

Nine investor-owned gas public utilities currently provide natural gas service in Illinois:

- Ameren Illinois
- Consumers Gas Company
- Illinois Gas Company
- Liberty Utilities
Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are not subject to regulation by the Commission.\(^8\)

During 2018, natural gas service was available without major interruption to all firm customers served by these nine Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Additionally, residential customers served by Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2019, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2017 sales statistics presented below can be found in the Commission’s “Comparison of Gas Sales Statistics for Calendar Years 2017 and 2016” at www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g

\(a\) Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois:

- MidAmerican Energy Company
- Nicor Gas Company
- North Shore Gas Company
- Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the State and provides service to 1,920,367 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, has 756,778 customers. North Shore Gas Company serves 143,595 customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,470 customers in northwestern Illinois.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

\(^8\) Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.
For 2013 through 2017, these four utilities charged the following average prices shown in cents per therm:

<table>
<thead>
<tr>
<th>TABLE 2-5</th>
<th>AVERAGE PRICES PER THERM (CENTS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>MidAmerican Energy</td>
<td>77.81</td>
</tr>
<tr>
<td>Nicor Gas</td>
<td>58.44</td>
</tr>
<tr>
<td>North Shore Gas</td>
<td>78.63</td>
</tr>
<tr>
<td>Peoples Gas Light and Coke</td>
<td>91.71</td>
</tr>
</tbody>
</table>

b) Central and Southern Illinois

Ameren Illinois provides gas service to 805,297 customers in central and southern Illinois, making it the second largest gas utility in the State. Liberty Utilities provides service to 21,390 customers in a number of distinct service areas in central and southern Illinois. Additionally, southern Illinois is served by the following three smaller distribution companies: Consumers Gas Company, Illinois Gas Company, and MCPU. Illinois Gas Company serves 9,461 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,268 customers in the Carmi area. Finally, MCPU serves 3,482 customers in the Mt. Carmel area.

For 2013 through 2017, these five utilities charged the following average prices shown in cents per therm:

<table>
<thead>
<tr>
<th>TABLE 2-6</th>
<th>AVERAGE PRICES PER THERM (CENTS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Ameren Illinois</td>
<td>92.52</td>
</tr>
<tr>
<td>Consumers Gas</td>
<td>72.27</td>
</tr>
<tr>
<td>Illinois Gas</td>
<td>80.79</td>
</tr>
<tr>
<td>Liberty Utilities</td>
<td>81.42</td>
</tr>
<tr>
<td>MCPU</td>
<td>91.61</td>
</tr>
</tbody>
</table>

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. The table below shows detailed 2017 revenue in cents per therm information for all gas utilities under the Commission’s jurisdiction.
### Illinois Gas Utilities

#### Revenue in Cents per Therm by Class of Service and by Company 2017

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Ameren Illinois Gas</th>
<th>Consumers Gas</th>
<th>Illinois Gas</th>
<th>Liberty Utilities</th>
<th>Mid-American MCPU</th>
<th>Nicor Gas</th>
<th>North Shore Gas</th>
<th>Peoples Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Sales</td>
<td>106.45</td>
<td>81.05</td>
<td>87.43</td>
<td>115.95</td>
<td>82.13</td>
<td>115.16</td>
<td>58.47</td>
<td>83.04</td>
</tr>
<tr>
<td>Small (or Commercial) Sales</td>
<td>94.49</td>
<td>76.86</td>
<td>74.94</td>
<td>97.94</td>
<td>61.02</td>
<td>103.08</td>
<td>55.41</td>
<td>79.84</td>
</tr>
<tr>
<td>Large (or Industrial) Sales</td>
<td>36.75</td>
<td>58.93</td>
<td>57.88</td>
<td>73.04</td>
<td>40.64</td>
<td>-</td>
<td>50.17</td>
<td>66.31</td>
</tr>
<tr>
<td>Other Sales To Public Authorities</td>
<td>66.29</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Sales To Ultimate Customers</td>
<td>100.39</td>
<td>74.26</td>
<td>76.94</td>
<td>107.14</td>
<td>58.30</td>
<td>111.31</td>
<td>57.65</td>
<td>82.17</td>
</tr>
</tbody>
</table>

3. Water and Sewer Utilities

   a) Overview

The Commission currently regulates five water, one sewer, and five combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,749 community public water suppliers and 850 public sanitary sewage systems with treatment facilities in the State, these investor-owned utilities provide water service to approximately 365,000 customers and sewer service to approximately 48,000 customers. Investor-owned water utilities serve 8.0 percent of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 40 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 25 to 316,097. Only three investor-owned water utilities and three investor-owned sewer utilities serve more than 1,000 customers. See Table 2-8 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission continues to pursue the reduction of the number of small investor-owned utilities. These small utilities often lack the financial and technical expertise and capabilities to effectively and efficiently provide safe drinking water and/or proper wastewater services. The Commission has found that, in most cases, customers receive better water and sewer service from larger utilities due to the economies of scale. Therefore, the Commission has encouraged acquisitions or mergers of small systems by larger municipal and investor-owned utilities. Larger investor-owned utilities that are pursuing growth opportunities often seek to acquire these small water and sewer utilities where such an acquisition is practical. Subsequent to such acquisitions, the large acquiring utilities typically invest in these systems to enhance the adequacy, reliability, efficiency, and safety of service provided to the customers of the acquired utility.

In addition, many small, non-investor owned, water and sewer utilities have issues similar to those suffered by small investor owned utilities and also have difficulty in providing safe and proper water and service. These issues are due to or exacerbated by increasing regulatory demands and costs, and a
political climate adverse to utility rate increases. Larger investor-owned utilities are also pursuing the acquisition of these small utilities. This type of activity was evident during 2018:

- In March, the Commission approved Illinois-American Water Company’s application to acquire the water system of the City of Farmington in Fulton County (Docket No. 17-0246).
- In March, the Commission approved Illinois-American Water Company’s application to acquire the water and sewer systems of the City of Fisher in Champaign County (Docket No. 17-0339).
- In April, Aqua Illinois, Inc. filed a petition requesting authorization to construct, operate, and maintain the assets of portions of the water and wastewater systems owned by the Fox River Water Reclamation District in portions of Kane County, Illinois (Docket No. 18-0785).
- In April, Illinois-American Water Company filed an application to acquire the wastewater collection and treatment system assets of the City of Alton in Madison County (Docket No. 18-0879).
- In May, the Commission approved Aqua Illinois, Inc.’s petition to acquire the water and sewer systems of the Village of Peotone in Will County (Docket No. 17-0314).
- In May, Aqua Illinois, Inc. filed a petition to acquire the wastewater system of the Village of Grant Park in Kankakee County (Docket No. 18-1093).
- In May, the Commission approved Aqua Illinois, Inc.’s petition to acquire the sewer system of the Village of Manteno in Kankakee County (Docket No. 17-0813). Aqua had previously acquired the water system assets of Manteno in 2007 (Docket No. 06-0203).
- In May, the Commission approved Illinois-American Water Company’s application to acquire the water and sewer systems of Sundale Utilities, Inc. in Tazewell County (Docket No. 18-0241).
- In September, Illinois-American Water Company filed an application to acquire the water and wastewater systems of the Village of Glasford in Peoria County (Docket No. 18-1498).

b) Regulatory Activities
In March, the Commission issued an order in response to Aqua Illinois, Inc.’s request for a general increase in water and sewer rates for all of its service areas (Docket No. 17-0259). In September, the Commission issued an order in response to Utility Services of Illinois, Inc.’s request for a general increase in water and sewer rates for all of its service areas (Docket No. 17-1106).

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying Infrastructure Plant (QIP) surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Illinois-American Water Company has purchased sewage treatment surcharges; Aqua Illinois, Inc. and Illinois-American Water Company have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have QIP surcharges.

c) Discussion of Water and Sewer Utilities
Water supplies for investor-owned water utilities were generally adequate in 2018.

Three of the larger investor-owned water utilities serve municipalities adjacent to the State’s major rivers; these utilities use the rivers as their source of water supply. River supplies are generally
adequate. When treated, the river water meets the standards established by the Illinois Environmental Agency (EPA).

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for all small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not unsafe to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Two of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average $45 to $50 per month.

Of the six investor-owned utilities that provide sewer service, three utilities provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago (MWRD) discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average $45 to $50 per month.
The table below presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

**Table 2-8**

**ILLINOIS WATER UTILITY RATE AREAS SERVING 1,000 OR MORE CUSTOMERS**

**COMPARISON OF MONTHLY BILLS — RESIDENTIAL CUSTOMERS WITH 5/8 INCH METERS**

**BASED UPON RATES IN EFFECT ON NOVEMBER 30, 2018**

<table>
<thead>
<tr>
<th>Area of State/Utilities/Service Areas</th>
<th>Total Number of Customers</th>
<th>Bill Comparison Based upon Water Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,000 Gallons</td>
</tr>
<tr>
<td><strong>NORTHERN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Aqua Illinois</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Candlewick</td>
<td>1,844</td>
<td>$ 30.60</td>
</tr>
<tr>
<td>Kankakee</td>
<td>29,570</td>
<td>30.91</td>
</tr>
<tr>
<td>North Maine</td>
<td>4,772</td>
<td>13.59</td>
</tr>
<tr>
<td>University Park</td>
<td>2,461</td>
<td>30.60</td>
</tr>
<tr>
<td>Willowbrook</td>
<td>1,043</td>
<td>30.60</td>
</tr>
<tr>
<td><em>Illinois-American</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago Metro</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Well Water</td>
<td>1,597</td>
<td>29.44</td>
</tr>
<tr>
<td>Lake Water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago Suburban</td>
<td>4,371</td>
<td>39.35</td>
</tr>
<tr>
<td>DuPage County</td>
<td>6,281</td>
<td>33.34</td>
</tr>
<tr>
<td>Fernway</td>
<td>2,023</td>
<td>31.85</td>
</tr>
<tr>
<td>Sante Fe/Bolingbrook/Homer Glen</td>
<td>31,139</td>
<td>35.81</td>
</tr>
<tr>
<td>South Beloit</td>
<td>2,913</td>
<td>30.20</td>
</tr>
<tr>
<td>Sterling</td>
<td>6,576</td>
<td>29.44</td>
</tr>
<tr>
<td>Streator</td>
<td>7,652</td>
<td>29.44</td>
</tr>
<tr>
<td><em>Utility Services of Illinois</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apple Canyon</td>
<td>2,624</td>
<td>34.80</td>
</tr>
<tr>
<td>Galena Territory</td>
<td>2,285</td>
<td>34.80</td>
</tr>
<tr>
<td>Lake Holiday</td>
<td>2,067</td>
<td>34.80</td>
</tr>
<tr>
<td>Whispering Hills</td>
<td>2,349</td>
<td>34.80</td>
</tr>
<tr>
<td><strong>CENTRAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Aqua Illinois</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vermilion</td>
<td>19,902</td>
<td>30.60</td>
</tr>
</tbody>
</table>
E. Financial Health of the Utility Industry in Illinois

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on default risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their debt issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

Standard and Poor’s defines its highest issuer credit ratings as follows:

**AAA**: An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA**: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

**A**: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB**: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. (Source: Standard & Poor’s, RatingsDirect on the Global Credit Portal, August 20, 2010, pp. 3-4)
The following table shows the average nationwide electric utility industry credit rating, as well as the ratings for the three major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican are in other states.

<table>
<thead>
<tr>
<th>TABLE 2-9</th>
<th>STANDARD AND POOR’S ELECTRIC UTILITY CREDIT RATINGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NOVEMBER 2014 THROUGH NOVEMBER 2018</td>
</tr>
<tr>
<td></td>
<td>2014   2015  2016   2017   2018</td>
</tr>
<tr>
<td>Electric Utility Industry Avg.</td>
<td>BBB+  BBB+  BBB+  BBB+  *BBB+</td>
</tr>
<tr>
<td>Ameren Illinois</td>
<td>BBB+  BBB+  BBB+  BBB+  BBB+</td>
</tr>
<tr>
<td>ComEd</td>
<td>BBB   BBB   BBB   BBB   BBB</td>
</tr>
<tr>
<td>MidAmerican</td>
<td>A-    A-    A     A     A</td>
</tr>
</tbody>
</table>

*Electric Utility Industry Average for 2018 includes both vertically integrated and delivery only electric utilities.

The next table below presents credit ratings for the three major natural gas distribution utilities serving the State and the average credit rating for the nationwide natural gas distribution industry.

<table>
<thead>
<tr>
<th>TABLE 2-10</th>
<th>STANDARD AND POOR’S GAS UTILITY CREDIT RATINGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NOVEMBER 2014 THROUGH NOVEMBER 2018</td>
</tr>
<tr>
<td></td>
<td>2014   2015  2016   2017   2018</td>
</tr>
<tr>
<td>Nicor Gas</td>
<td>BBB+  BBB+  A-    A-    A-</td>
</tr>
</tbody>
</table>

Illinois-American Water, the largest water utility serving the State, raises debt through a financing affiliate, American Water Capital. None of the water utilities serving Illinois has its own credit ratings. The next table presents credit ratings for American Water Capital and the average credit rating for the nationwide water utility industry.

<table>
<thead>
<tr>
<th>TABLE 2-11</th>
<th>STANDARD AND POOR’S WATER UTILITY CREDIT RATINGs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NOVEMBER 2014 THROUGH NOVEMBER 2018</td>
</tr>
<tr>
<td></td>
<td>2014   2015  2016   2017   2018</td>
</tr>
<tr>
<td>Water Industry Average</td>
<td>A-  A-  A    A    A</td>
</tr>
<tr>
<td>American Water Capital</td>
<td>A-   A    A    A    A</td>
</tr>
</tbody>
</table>
III. Section 3 | A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission.

(c) a discussion of the powers by which the Commission is implementing the planning responsibilities of Article VIII, including a description of the staff and budget assigned to such function, the procedures by which Commission staff reviews and analyzes energy plans submitted by the utilities, the Department of Natural Resources, and any other person or party; and

(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any and all barriers to residential and small business consumers’ financing, installation, and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).

Section 8-402 of the PUA, which set forth the Commission’s resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. Since 2007, however, the General Assembly has enacted several laws concerning electricity planning and procurement, renewable energy, distributed generation, and energy efficiency. The Commission’s activities related to these topics are discussed below.

A. Electricity Planning and Procurement

Since 2008, the IPA annually prepares a plan for the acquisition of electricity needed to serve retail customers supplied by ComEd and Ameren Illinois. Other utilities may request inclusion in the IPA’s electric procurement plans; and, in 2015, MidAmerican requested that the IPA develop plans to acquire a portion of MidAmerican’s total supply. These plans are subject to the approval of the Commission.

Approved procurement plans may call for the IPA to conduct procurement events on behalf of a utility, which are generally in the form of requests for proposal, where sealed bids from potential suppliers are solicited and evaluated by an IPA-hired procurement administrator. Such events are also overseen by a Commission-hired procurement monitor, and the selection of winning bids by the procurement
administrator is subject to the approval of the Commission. Each winning bidder then enters into a paid-as-bid contract with the utility company. In 2018, the IPA conducted the following procurement events on behalf of Ameren Illinois (AIC), ComEd, and MidAmerican (MEC):

<table>
<thead>
<tr>
<th>Bid Day</th>
<th>ICC Approval</th>
<th>Product Type</th>
<th>Delivery Period</th>
<th>Buyer(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/10/2018</td>
<td>9/14/2018</td>
<td>Standard Energy Blocks</td>
<td>2018-2021</td>
<td>AIC, ComEd, MEC</td>
</tr>
</tbody>
</table>

Note: More information concerning Commission-approved IPA procurement events can be found on the Commission’s web site (www.icc.illinois.gov/electricity/workshops) and the IPA’s RFPs website (www.ipa-energyrfp.com). The IPA does not necessarily conduct procurement events for all elements of its procurement plans. For example, the utilities manage the hourly balancing of energy supply and load through direct sales and purchases with Regional Transmission Organizations (RTOs). The utilities also directly procure energy efficiency and demand response programs without the aid of the IPA.

B. Renewable Energy, Clean Coal, and Zero Emission Portfolio Standards

The IPAA and the PUA include special requirements for the acquisition by the State, electric utilities, and RES of electricity from “clean coal facilities” and “renewable energy resources.” To date, there have been no successful acquisitions of electricity from “clean coal” facilities. However, there have been significant purchases of renewable energy resources since 2008.

P.A. 99-0906, effective June 1, 2017, revised Illinois’ Renewable Portfolio Standards (RPS). Under the prior Illinois RPS, compliance and planning depended on how a customer’s supply requirements were met, with three separate compliance methods for load service by default utility supply service, hourly-pricing customers, and load served by RES. Changes to the RPS through P.A. 99-0906 will transition the State’s RPS to a streamlined, centralized planning and procurement process, with RPS targets and available budgets determined based on an electric utility’s load for all retail customers. P.A. 99-0906 requires the IPA to develop a Long-Term Renewable Resources Procurement Plan (LTRRPP), which was approved by the ICC in April of 2018. Procurements pursuant to the LTRRPP began in 2018. Independent of the development of the Long-Term Procurement Plan (LTPP), the P.A. 99-0906 required the IPA to conduct an initial forward procurement of Renewable Energy Credits (RECs) from new utility scale wind projects, new utility-scale solar projects and brownfield site photovoltaic (PV) projects. In 2018, the IPA conducted the following forward procurement events on behalf of Ameren Illinois, ComEd, and MidAmerican:
TABLE 3-2
IPA RENEWABLE PROCUREMENT EVENTS CONDUCTED IN 2018 ON BEHALF OF THE ELECTRIC UTILITIES AS BUYERS

<table>
<thead>
<tr>
<th>Bid Day</th>
<th>ICC Approval</th>
<th>Product Type</th>
<th>Delivery Period</th>
<th>Buyer(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/15/2018</td>
<td>3/21/2018</td>
<td>New Utility-Scale Solar and Brownfield Site Photovoltaic Projects</td>
<td>15 years beginning no later than June 1, 2021</td>
<td>AIC, ComEd, MEC</td>
</tr>
<tr>
<td>4/26/2018</td>
<td>5/2/2018</td>
<td>New Utility-Scale Solar and Brownfield Site Photovoltaic Projects</td>
<td>15 years beginning no later than June 1, 2021</td>
<td>AIC, ComEd, MEC</td>
</tr>
<tr>
<td>10/3/2018</td>
<td>10/10/2018</td>
<td>New Utility-Scale Wind Projects</td>
<td>15 years beginning no later than January 7, 2022</td>
<td>AIC, ComEd, MEC</td>
</tr>
</tbody>
</table>

With respect to delivery periods commencing on or before June 1, 2015, RES have been required to comply with a separate renewable portfolio standard by making payments to the State, which are deposited into the IPA Renewable Energy Resources Fund (IPARERF), ultimately for the IPA to purchase RECs on behalf of the State. The level of such payments was determined by the RES’ retail energy sales in each utility service territory, multiplied by a factor that directly reflects the cost of renewable energy resources embedded in the rates of retail customers supplied by that utility. RES had the option of directly purchasing renewable energy resources, in lieu of making such payments to the State, for up to one-half of their retail energy sales multiplied by a percentage set forth in the IPAA. P.A. 99-0906 made several changes to RES’ RPS requirements. Beginning with the delivery period commencing on or after June 1, 2016, RES are required to remit their compliance payments to the utilities, ultimately for the utilities to purchase RECs on behalf of the utilities’ retail customers. Beginning with the delivery period commencing on June 1, 2017, RES obligation to directly comply with RPS obligations is being phased out and utilities will increasingly comply with RPS obligations on behalf of all retail customers. RES are also no longer required to make payments and thus, in the compliance year beginning June 1, 2017, most RES purchased RECs for the entire portion of their RPS obligations. The quantities of RECs “retired” by RES for each compliance period, along with payments by RES to the IPARERF, are shown in the following table:
In addition to revising Illinois’ renewable portfolio standards, P.A. 99-0906 created a new zero emission standard (ZES). The ZES requires the IPA to create a plan, which sets out the provisions for procurement of Zero Emission Credits (ZECs). ZECs recognize the environmental benefits of nuclear-fueled generation resources that do not emit carbon dioxide and other key pollutants. The IPA submitted its ZES plan to the Commission, which the Commission approved September 11, 2017. The initial ZES procurement, which procured ZECs for the 2017 – 2027 delivery period, took place in early 2018.

### TABLE 3-4
**IPA Zero Emission Procurement Events Conducted in 2018 on Behalf of the Electric Utilities as Buyers**

<table>
<thead>
<tr>
<th>Bid Day</th>
<th>ICC Approval</th>
<th>Product Type</th>
<th>Delivery Period</th>
<th>Buyer(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/10/2018</td>
<td>1/25/2018</td>
<td>Zero-Emission Credits from Facilities Fueled by Nuclear Power</td>
<td>10 years beginning June 1, 2017</td>
<td>AIC, ComEd, MEC</td>
</tr>
</tbody>
</table>

**C. Distributed Generation**

Distributed generation (DG) refers to electric generating resources owned or operated by or for retail customers, primarily to meet some or all of their own energy needs. It may include cogeneration, rooftop solar, or other renewable or non-renewable technologies.

With respect to solar-powered generation, P.A. 99-107, effective July 22, 2015, directs the Commission to provide a summary of the adoption of solar PV systems in Illinois among residential and small
business customers (customers with an annual usage of less than 15,000 kWh). The summary is provided in the following table.

As of the end of 2018, a quantity of 2,447 residential customers had installed PV systems in the service territories of the four electric utilities regulated by the Commission. The total capacity of residential PV systems is more than 18 Megawatts (MWs). About 123 small business customers had installed PV systems; the total capacity of these systems is about one MW.

| TABLE 3-5 |
| ADOPTION OF PV SYSTEMS BY RESIDENTIAL AND SMALL BUSINESS CUSTOMERS IN ILLINOIS, BY ELECTRIC UTILITY SERVICE TERRITORY, 2018 (NUMBER OF CUSTOMERS AND MW CAPACITY OF PV SYSTEMS) |
| --- | --- | --- | --- | --- |
| | Residential Customers | Small Business Customers |
| | Number of Customers | Capacity of PV System (MW) | Number of Customers | Capacity of PV System (MW) |
| Ameren | 1,091 | 9.5 | 84 | 8 |
| ComEd | 1,328 | 8.5 | 36 | 0.2 |
| MidAmerican Energy | 25 | 0.2 | 2 | 0.01 |
| Mt. Carmel | 3 | 0.02 | 1 | 0.01 |
| Total | 2,447 | 18.25 | 123 | 1.1 |

The adoption rate of solar PV systems may be affected by a prospective customer’s estimate of the economic cost of installing and operating a PV system. The cost estimate may be influenced by a number of factors, including Federal and State tax credits and rebates. Currently, residential customers who install PV systems are eligible for a 30% federal tax credit, which will be phased out over the next two years.

Additionally, the IPA administers a bidding process for the procurement of REC’s from PV systems. P.A. 99-0906, through the new adjustable block and solar for all programs, is expected to provide additional incentives for the development of distributed PV generation. Another economic factor that may influence the adoption rate of PV systems is the level of compensation available from net metering programs offered by Illinois electric utilities.

D. Cogeneration

1. Commission Rule

The rules for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility’s avoided cost. The 2018 avoided costs as filed by Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110 are:
**TABLE 3-6**  
**ILLINOIS ELECTRIC UTILITIES AVOIDED COST RATE STRUCTURE FOR 2018 (CENTS PER KWH)**

<table>
<thead>
<tr>
<th></th>
<th>Summer Rates</th>
<th>Winter Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On-Peak</td>
<td>Off-Peak</td>
</tr>
<tr>
<td>Ameren</td>
<td>3.495</td>
<td>2.499</td>
</tr>
<tr>
<td>ComEd</td>
<td>3.339</td>
<td>2.252</td>
</tr>
<tr>
<td>MidAmerican Energy</td>
<td>3.460</td>
<td>2.250</td>
</tr>
<tr>
<td>Mt. Carmel</td>
<td>4.053</td>
<td>4.053</td>
</tr>
</tbody>
</table>

In the table above, the time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions.

2. Special Rates

Cogeneration/self-generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission’s position has been to promote economic cogeneration or self-generation, while avoiding uneconomic bypass of a utility’s system. When the cogeneration or self-generation discount rate brings a customer’s individual rate closer to the utility’s marginal cost of providing service, uneconomic bypass is less likely to occur.

E. Energy Efficiency Programs

*Sections 8-103, 8-103B, and 8-104* of the PUA respectively require electric and gas utilities and the Department of Commerce and Economic Opportunity (DCEO) to submit multi-year energy efficiency plans for Commission approval. P.A. 99-0906 changed the timing of these plans. Prior to January 1, 2018, utilities submitted three-year plans based upon June 1 – May 31 delivery years. P.A. 99-0906 requires plans of varying durations with the first plans covering the four calendar years between and including 2018 and 2021. The status of recent Commission proceedings initiated to consider these energy efficiency plans is summarized in the table below:
### TABLE 3-7
**ENERGY EFFICIENCY PROGRAM PLANNING 2018-2021**

<table>
<thead>
<tr>
<th>Docket</th>
<th>Utility</th>
<th>Planning Period</th>
<th>Initiated</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-0495</td>
<td>ComEd</td>
<td>2014, 2015, 2016</td>
<td>8/30/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>13-0498</td>
<td>AIC</td>
<td>2014, 2015, 2016</td>
<td>8/30/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>13-0499</td>
<td>DCEO</td>
<td>2014, 2015, 2016</td>
<td>8/30/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>13-0549</td>
<td>Nicor</td>
<td>2014, 2015, 2016</td>
<td>9/30/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>13-0550</td>
<td>Peoples/N.Shore</td>
<td>2014, 2015, 2016</td>
<td>9/30/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>17-0212</td>
<td>AIC, ComEd, Nicor, Peoples/N. Shore</td>
<td>2018 Extension</td>
<td></td>
<td>Closed</td>
</tr>
<tr>
<td>17-0311</td>
<td>AIC</td>
<td>2018, 2019, 2020, 2021</td>
<td></td>
<td>Closed</td>
</tr>
<tr>
<td>17-0312</td>
<td>ComEd</td>
<td>2018, 2019, 2020, 2021</td>
<td></td>
<td>Closed</td>
</tr>
<tr>
<td>17-0310</td>
<td>Nicor</td>
<td>2018, 2019, 2020, 2021</td>
<td></td>
<td>Closed</td>
</tr>
<tr>
<td>17-0309</td>
<td>Peoples/N. Shore</td>
<td>2018, 2019, 2020, 2021</td>
<td></td>
<td>Closed</td>
</tr>
</tbody>
</table>

*Sections 8-103, 8-103B, and 8-104* of the PUA require determinations to be made concerning energy savings goal compliance.

The results of Commission proceedings initiated to make determinations concerning energy savings goal compliance are summarized in the table above.
### TABLE 3-8
ENERGY EFFICIENCY SAVINGS 2008-2014

<table>
<thead>
<tr>
<th>Docket</th>
<th>Utility Service Territory</th>
<th>Compliance Period June 1 - May 31</th>
<th>First-Year Net Savings Achieved</th>
<th>Savings Goal Achieved?</th>
<th>Initiated</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AIC</td>
<td>2009-2010</td>
<td>129,748 MWh</td>
<td>Yes</td>
<td>8/30/2010</td>
<td>6/6/2012</td>
</tr>
<tr>
<td></td>
<td>DCEO (AIC Territory)</td>
<td>2011-2012</td>
<td>37,936 MWh</td>
<td>No</td>
<td>9/30/2014</td>
<td>9/8/2016</td>
</tr>
<tr>
<td></td>
<td>DCEO (ComEd Territory)</td>
<td>2008-2009</td>
<td>18,636 MWh</td>
<td>No</td>
<td>8/30/2010</td>
<td>5/16/2012</td>
</tr>
<tr>
<td></td>
<td>ComEd</td>
<td>2009-2010</td>
<td>472,132 MWh</td>
<td>Yes</td>
<td>8/30/2010</td>
<td>5/16/2012</td>
</tr>
<tr>
<td></td>
<td>DCEO (ComEd Territory)</td>
<td>2009-2010</td>
<td>34,038 MWh</td>
<td>No</td>
<td>8/30/2010</td>
<td>5/16/2012</td>
</tr>
<tr>
<td></td>
<td>DCEO (ComEd Territory)</td>
<td>2011-2012</td>
<td>107,640 MWh</td>
<td>No</td>
<td>1/24/2013</td>
<td>1/20/2016</td>
</tr>
<tr>
<td></td>
<td>DCEO (ComEd Territory)</td>
<td>2012-2013</td>
<td>98,944 MWh</td>
<td>No</td>
<td>1/23/2014</td>
<td>2/23/2017</td>
</tr>
<tr>
<td></td>
<td>DCEO (ComEd Territory)</td>
<td>2013-2014</td>
<td>86,439 MWh</td>
<td>No</td>
<td>4/8/2015</td>
<td>8/15/2017</td>
</tr>
<tr>
<td></td>
<td>DCEO (N. Shore Territory)</td>
<td>2011-2014</td>
<td>676,653 therms</td>
<td>No</td>
<td>4/22/2015</td>
<td>9/22/2016</td>
</tr>
<tr>
<td></td>
<td>DCEO (Peoples Territory)</td>
<td>2011-2014</td>
<td>6,405,466 therms</td>
<td>Yes</td>
<td>4/22/2015</td>
<td>9/22/2016</td>
</tr>
</tbody>
</table>
IV. Section 4 | Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:

(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.

(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the State is difficult to obtain. Part of the difficulty is that all utility companies within the State track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which the Commission has no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the State lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by gas and electric utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2017 through November 2018 are as follows:

The average heat related residential class customer base equaled 8,088,665 households. In this class, 318,729 accounts were disconnected and 232,266 were reconnected. This yields a 72.87 percent reconnection rate leaving 86,463 accounts not reconnected. The disconnected accounts represent 3.94 percent of the average residential customer base, while those accounts not reconnected represent a rate of 1.07 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been
enacted into law. In addition, the Commission has continued to refine its other rules regarding utility
credit and collection activities to help Illinois utility consumers make timely payments on their
obligations to utility companies and thus avoid termination of utility service. The following discussion is
a synopsis of current regulations designed to promote and preserve the availability and affordability of
residential utility services.

1. **Temperature-based Termination of Service**

   If gas or electric service is the only source of space heating or if electricity is used to control the only
   space heating equipment, such as an electric blower fan on a gas furnace, these services may not be
disconnected on any day when the National Weather Service forecasts that the temperature for the
next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is
forecasted to be 32 degrees or below any time before the next business day.

   If gas or electricity is used as the only source of space cooling or to control or operate the only space
cooling equipment at a residence or master-metered apartment building, then a utility with over
100,000 residential customers may not terminate gas or electric utility service to the residential user,
including all tenants of master-metered apartment buildings on a day when the National Weather
Service forecasts that the temperature for the next 24 hours will be 95 degree or above, or on a day
before a holiday or weekend when the weather is forecasted to be 95 degrees or above any time during
the holiday weekend.

2. **Disconnection of Service to Military Personnel on Active Duty**

   Utilities are prohibited from disconnecting gas and electric service to military personnel in military
service for non-payment.

3. **Disconnection of Service to Customers Receiving LIHEAP funds**

   During the winter heating season (December 1 through March 31) residential customers who receive
Low Income Home Energy Assistance Program (LIHEAP) funds may not be disconnected if the services
are used as the primary source of heating or to control or operate the primary source of heating.

4. **Disconnection of Service to Certain Electric Space-Heating Customers**

   During the winter heating season (December 1 through March 31) a public utility serving more than
100,000 electric customers may not be disconnect electric service to a residential space heating
customer for non-payment.

5. **Initial Credit and Deposit Requirements**

   Utilities defer initial credit and deposit requirements for 60 days for a residential customer who is a
victim of domestic violence.

6. **Preferred Payment Date**

   Current residential customers who receive certain types of benefit checks out of cycle with their utility
bills are allowed up to ten days subsequent to the customer’s regular due date to make payment
without penalty. This has benefited the low-income, elderly, and unemployed customers since they are
able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.
7. **Deferred Payment Agreement**

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2017-2018 and who were given a payment plan, 54.92 percent were allowed six months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

8. **Reconnection**

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one-third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the LIHEAP administered by DCEO.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one-third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2017, letters were sent to 31,526 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 7,474 former customers requested that their service be reconnected. Of these, 2,857 customers were reconnected upon payment of the total bill and 3,819 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 798 customers were denied. The reasons for denial are categorized as follows:

- 30 former customers failed to make a required down payment;
- 0 former customers failed to pay one-third of the amounts billed since December 1, 2016;
- 721 former customers had been reconnected under this rule last year; and
- 47 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 24,052 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.
9. Financial Assistance

ICC-regulated electric and natural gas utilities participate in the LIHEAP, administered by DCEO. Subject to the availability of funds, LIHEAP provides a one-time per year grant to eligible low-income customers and reconnection assistance.

The Percentage of Income Payment Plan (PIPP) was implemented effective September 2011 and became available for LIHEAP eligible households who are customers of the following utilities: Ameren Illinois, ComEd, Nicor Gas and Peoples Gas/North Shore Gas. Under PIPP, a customer pays a percentage of income, receives a monthly benefit towards his or her utility bill and arrearage reduction for every on-time payment the customer makes. DCEO administers this program.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

A. The Financial Impact of Uncollectible Expenses

Uncollectible expenses for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

P.A. 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. Ameren, ComEd, Peoples Gas, North Shore Gas, Liberty Gas and Nicor Gas have tariffs on file with the Commission to enact the uncollectible automatic adjustment clauses.

B. Consumer Education Activities

1. Electric Customer Choice—“Plug In Illinois”

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the State’s electric utility industry. Section 16-117 of the PUA requires the ICC to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

The ICC “Plug In Illinois” website, located at www.pluginillinois.org, is updated as information changes and contains an overview of customer choice, guidelines for choosing an electric supplier including residential prices to compare for Ameren Illinois and ComEd customers, a listing of RES offers for comparison and a list of municipalities pursuing aggregation programs.

2. Natural Gas Choice

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers (AGS)
offering service to these customers must be certified by the ICC. In accordance with Section 19-125 of the PUA, the Commission web site includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an AGS, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.
V. Section 5 | Implementation of the Commission’s Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

A. Commission Reorganization

During 2018, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new PUA have been reported in previous Commission annual reports.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

B. Construction Audits

1. Statutory Requirements

Section 8-407(b) and 9-213 of the 1986 PUA grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity (CPCN) for the construction of a new electric generating facility, is authorized to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Sections 8-407 (b) and 9-213 both establishes the Commission’s authority to engage independent consultants to perform these audits. If engaged, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

2. Commission Responsibilities

To comply with the PUA, the Commission must monitor the major construction activities of all electric utilities within the State to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity of each certificate of necessity issued for the construction of a new electric generating facility at least every three years.
3. Section 8-407 (b) Activities

No activities were taken during 2018.

4. Section 9-213 Activities

No activities were taken during 2018.

C. Management Audits

1. Statutory Requirements

Under Section 8-102 of the PUA, the Commission is authorized to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or contract with independent consultants. The Commission may initiate an audit only when it has reasonable grounds to believe an audit is necessary or likely to be cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

2. Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

3. Section 8-102 Activities

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company’s System Modernization Program (SMP, formally known as the AMRP). The Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty’s investigation involved two phases. The first phase involved Liberty’s investigation of SMP planning and execution. Specifically, Liberty investigated Peoples Gas’ management, control, and oversight of the SMP and how these key obligations affect costs and schedule. Phase 2 involved Liberty overseeing Peoples Gas’ implementation of the recommendations from the Phase 1 report. The Commission received Liberty’s Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the SMP. The second phase of the investigation ended in May 2017. The Second Phase also required Liberty to provide quarterly reports. The Commission received the eighth and final quarterly Second Phase report in December of 2017.

The Commission initiated docket number 16-0376 to investigate the cost, scope, schedule and other issues related to the Peoples Gas’ SMP and establish program policies and practices pursuant to Section 8-501. The Commission entered an Order in docket number 16-0376 on January 10, 2018. This Order provides for the hiring of two consultants pursuant to Section 8-102 of the Act; the first would assist the
Commission in reviewing SMP costs contained in QIP reconciliation proceedings, the second would assist the Commission to oversee Peoples’ management of the SMP. The RFPs associated with hiring the consultants are still in the review process.

D. Excess Capacity, Used, and Useful

Section 9-215 of the PUA gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, any such findings of excess capacity and adjustment of rates for generating units whose construction started prior to the effective date of the current Act, will be subject to the law in effect prior to 1986.

No activities were taken during 2018.

E. Rate Moderation Plan

The PUA authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. No new power plants were placed in service in Illinois during 2018.

No activities were taken during 2018.

F. Cost-Based Rates

The PUA considers cost-based rates an important component of equity for ratepayers. Specifically, the Act that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. Equity is the fair treatment of public utility consumers and investors. Under the PUA, the Commission can consider other factors besides cost to determine whether rates are just and reasonable [Section 1-102(d)(iv)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress toward the establishment of cost-based rates in utility rate cases that were handled in 2018. The following is a list of the gas and electric rate cases handled by the Commission in 2018 (See Section 2 for list of water and sewer rate cases handled in this period).

1. Gas


In September 2017 Consumers Gas Company filed a gas rate case (Docket No. 17-0415). The Commission entered a final order in August 2018.

In November 2018, Northern Illinois Gas Company d/b/a Nicor Gas Company filed a gas rate case (Docket No. 18-1775).

2. Electricity

Sec. 16-108.5 Electric Formula Rate Cases & Reconciliations

The PUA was amended in 2011. P.A. 97-0616 included a new provision under Sec. 16-108.5 that enables participating electric utilities to file performance-based formula rates and provide annual updates and reconciliations of those rates.

In April 2018, ComEd filed its formula rate tariff (Docket No. 18-0808) for its distribution delivery services. The Commission entered an order on December 4, 2018.

In April 2018, Ameren Illinois filed its formula rate tariff (Docket No. 18-0807) for its distribution delivery services. The Commission entered an order on November 1, 2018.

G. Mergers

On June 6, 2018, Wabash Independent Networks, Inc.; Respond Communications, Inc.; and Montrose Mutual Telephone Company filed a joint application for the approval of a reorganization pursuant to Section 7-204 of the PUA.

On November 8, 2018, Consolidated Communications, Inc.; The El Paso Telephone Company d/b/a Consolidated Communications/El Paso; C-R Telephone Company d/b/a Consolidated Communications/C-R; and Odin Telephone Exchange, Inc. d/b/a Consolidated Communications/Odin filed a joint application for the approval of a reorganization pursuant to Section 7-204 of the PUA.

H. Asset Transfers or Sales

On January 10, 2018, the Commission entered an order approving Illinois-American Water Company’s request to list and sell real estate located in Champaign County, which had been the location of water treatment facilities the company had retired and decommissioned. The sale closed on August 6, 2018.

I. Informational Filings

There were no informational notices filed with the Commission during 2018.

J. Decommissioning

During 2018, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006 (Docket No. 00-0361).
The Commission’s rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2018 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the PUA.
VI. Section 6  |  Appeals from Commission Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes appeals filed in 2018, decided appeals which were pending further action as of December 31, 2017, or appeals upon which judicial decisions were received in 2018. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or amicus. However, federal cases taken under 47 USC 252(e)(6) are included.

A. Appeals Involving Public Utilities Filed in 2018 that are Still Pending without Decision

1. Under the Public Utilities Act, 220 ILCS 5

   • Illinois Appellate Court No. 2-18-0504
   • ICC Docket No. 17-0838
   • Appeal from the approval of the Illinois Power Agency’s Long-Term Renewable Resources Procurement Plan pursuant to Section 16-111.5(b)(5)(ii) of the Public Utilities Act.
   • Status: Appeal record has been filed, and the case has been briefed. Oral argument has been scheduled for February 6, 2019.

   • Illinois Appellate Court No. 1-18-0893
   • ICC Docket No. 16-0376
   • Appeal from investigation of natural gas system modernization program pursuant to 220 ILCS 5/8-501 and 10-101.
   • Status: The appeal record has been filed, and the case is being briefed.
2. Under Other Utility-Related Acts

None

B. Appeals Dismissed in 2018 without Decision on the Merits and with No Further Action Expected

1. Under the Public Utilities Act, 220 ILCS 5

   - Illinois Appellate Court No. 1-18-0301
   - ICC Docket No. 17-0331
   - Appeal from the approval of the prudency and reasonableness of the implementation of a demonstration distribution microgrid.
   - Status: Appeal was dismissed on August 9, 2018.

   - Illinois Appellate Court No. 4-17-0870
   - ICC Docket No. 17-0311
   - Appeal from approval of the energy efficiency and demand-response plan pursuant to 220 ILCS 5/8-103B and 220 ILCS 5/8-104.
   - Status: The People voluntarily dismissed this appeal on December 19, 2018 before the parties completed briefing.

   - ICC Docket No. 17-0124
   - Appeal from grant or denial of rate changes for natural gas service under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
   - Status: All three appeals were dismissed on November 5, 2018.

2. Under Other Utility-Related Acts

None
C. Appeals in Which Decisions Were Rendered in 2017 but Were Pending Rehearing or Petitions for Leave to Appeal to the Illinois Supreme Court or to the U.S. Supreme Court at the Time of the Annual Report

1. Under the Public Utilities Act, 220 ILCS 5

a) Wayne Underwood v. Illinois Commerce Commission and Illinois Bell Telephone Company
- Supreme Court Docket No. 122890
- Appellate Court Order: 2017 IL App (1st) 170476-U
- Illinois Appellate Court No. 1-17-0476
- ICC Docket No. 14-0301
- On September 12, 2017, in a Rule 23 Order, the Illinois Appellate Court for the First District affirmed the dismissal by the Commission of the amended petition for declaratory ruling which sought refunds of late fees collected by Illinois Bell as time-barred under Section 9-252 of the Public Utilities Act (“Act”) 220 ILCS 5/9-252.
- The Appellate Court affirmed. On November 14, 2017, Mr. Underwood filed a petition for leave to appeal (“PLA”) with the Illinois Supreme Court, which the Illinois Supreme Court denied on January 18, 2018. The mandate was issued on March 29, 2018.

b) Mary Weathersby v. Illinois Commerce Commission and Illinois Bell Telephone Co. d/b/a AT&T Illinois
- U.S. Supreme Court No. 16-8992
- Illinois Supreme Court No. 120906
- Illinois Appellate Court No. 1-15-1021
- Illinois Appellate Court Summary Order 2016 IL App (1st) 151021-U
- ICC Docket No. 14-0129
- Appeal from grant or denial of a consumer complaint brought under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108.
- Mary Weathersby filed a verified formal complaint with the Commission, alleging that, for over four years, Illinois Bell Telephone Company’s increases for her “All Distance” package resulted in overcharges of more than $300. After an evidentiary hearing, the Commission found that (1) part of the complaint was time-barred; (2) the Commission only had jurisdiction over the intrastate portion of her bill; and (3) Weathersby was properly notified of all intrastate rate increases, except for one. Because of the one missing notice, the Commission ordered a $19 refund plus interest. Weathersby appealed from the Commission’s order.
- On April 19, 2016, the Illinois Appellate Court affirmed the Commission in a Rule 23 Summary Order. Weathersby’s only contention in the Appellate Court was that the Commission was obligated to create and supply her with an audio tape of the certified transcripts of the proceedings. The Appellate Court rejected the contention as not being supported by any law or rule of the Court.
Weathersby request for review by the Illinois Supreme Court was denied on September 28, 2016. The mandate was issued on November 14, 2016.

On December 9, 2016, Weathersby filed a petition for a writ of certiorari with the U.S. Supreme Court. On October 2, 2017, Weathersby’s petition was denied. On October 21, 2017, Weathersby filed for rehearing. On February 20, 2018, the U.S. Supreme Court denied the petition for rehearing.

2. Under Other Utility-Related Acts

None

D. Appeals in Which Decisions Were Rendered Either by Opinion of the Court or by an Order Issued Under Supreme Court Rule 23 in 2018. (A Rule 23 order decides a case on its merits, but has limited effect as precedent in other cases.)

1. Under the Public Utilities Act, 220 ILCS 5


- Appellate Court Opinion: 2018 Ill App (1st) 170527
- Illinois Appellate Court Nos. 1-17-0527 & 1-17-0561 (cons.)
- ICC Docket No. 16-0093
- Appeal from Commissions determination of just and reasonable rate changes for water and sewer service under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
- On January 21, 2016, Illinois-American Water Company (“IAWC”) filed revised tariff sheets with the Illinois Commerce Commission (“Commission”) in which it proposed a general increase in water and sewer rates pursuant to Section 9-201 of the Public Utilities Act. The Commission duly suspended and resuspended the tariffs, and an investigation into IAWC’s rates occurred.
- On December 13, 2016, the Commission made its determination of the just and reasonable rates for IAWC, granting an increase but not as much as IAWC had proposed. From this decision, the Citizens Utility Board and an organization of large commercial customers, the Illinois Industrial Water Consumers took appeals.
- On September 11, 2018, the Illinois Appellate Court for the First District affirmed the Commission’s order. The issue on review was the methodology utilized by the Commission to determine an appropriate return on equity (ROE) as part of its determination of just and reasonable rates. The Appellate Court found the Commission’s decision on ROE was supported by the substantial evidence and met the legal standard to maintain the IAWC’s financial integrity and attract capital at reasonable terms. The court issued its mandate on November 29, 2018.

- Appellate Court Opinion: 2018 IL App (5th) 150551
- ICC Docket No. 15-0277
- Appeal from grant or denial of a Certificate of Public Convenience and Necessity to Construct, Operate and Maintain a High Voltage Electric Service Transmission Line and to Conduct a Transmission Public Utility Business, pursuant to Section 8-406.1 of the Public Utilities Act, and Authorizing the Construction of the High Voltage Electric Transmission Line, pursuant to Sections 8-503 and 8-406.1(i) of the Public Utilities Act in Pike, Scott, Greene, Macoupin, Montgomery, Christian, Shelby, Cumberland, and Clark Counties.
- Grain Belt Express Clean Line LLC ("Grain Belt") was formed to construct and manage a high voltage, direct current electric transmission line project that would traverse Illinois from Pike County to Clark County. The transmission line itself would begin in Ford County, Kansas, and end in Sullivan County, Indiana. The primary purpose of the project is to connect wind generation facilities in western Kansas with electricity markets on the PJM interconnection grid. PJM is a regional transmission organization that coordinates the movement of wholesale electricity to markets in Illinois, Indiana, Michigan, Ohio, Kentucky, the District of Columbia, and eight other states in the northeast. PJM includes the service territory of Commonwealth Edison Co. Grain Belt sought a certificate of public convenience and necessity under Section 8-406.1 of the Public Utilities Act, 220 ILCS 5/8-406.1.
- On November 12, 2015, the Commission granted Grain Belt a certificate of public convenience and necessity (CPCN) to transact business as a transmission public utility and to construct, operate, and maintain the proposed transmission line. Appeals were taken by various, affected landowners and the Illinois Agricultural Association (a/k/a the Illinois Farm Bureau).
- On April 17, 2018, the Illinois Appellate Court for the Fifth District issued its opinion, reversing the Commission order which had granted a CPCN to Grain Belt. Following the reasoning of the Illinois Supreme Court in Illinois Landowners Alliance, NFP v. Illinois Commerce Commission, 2017 IL 121302, the Appellate Court held that only entities that already own, operate, control or manage public utility plant, equipment or property in Illinois meet the definition of a public utility and can apply for a CPCN under Section 8-406.1 of the Act. The mandate was issued on May 30, 2018.

2. Under Other Utility-Related Acts

None
VII. Section 7 | Studies and Investigations Required by State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

A. Section 4-304: Adoption of Solar Photovoltaic Systems

Section 4-304(3)(d) of the PUA reads as follows:

(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any and all barriers to residential and small business’ consumers’ financing, installation and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).

Section 3 provides a summary of the adoption of solar PV systems by residential and small business consumers in Illinois.

B. Section 4-305: Emission Allowance Reports

Section 4-305 of the PUA reads as follows:

Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the PUA since the last Annual Report.
C. Section 8-304: Estimated Billing Practices

This section, added September 19, 1985, required the Commission to perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services. The study was conducted in 1987. No activities were taken in 2018, and no further activities are anticipated.

D. Section 9-202: Temporary Rate Increase

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided an avenue for refunds with interest if the approved temporary rate increase exceeded the permanent rate increase.

E. Section 9-214: Study of CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission’s 1992 annual report, page 56, for details.

F. Section 9-216: Rulemaking for Cancellation Costs

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct a new generation or production plant. The Commission is expected to initiate rulemaking to include due dates as soon as practical.

G. Section 9-223: Evaluation of the Fire Protection Charge

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the PUA as part of P.A. 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

H. Economic Development Program

A summary of the Commission’s economic development program and its activities since its inception may be found in previous Commission annual reports.

The Commission coordinates its economic development activities with other State agencies, including DCEO. Commission staff members represent the agency on interagency task forces that relate to the Commission’s economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions, such as: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.
I. Investigation of Peoples Gas Light and Coke Company’s SMP (also discussed on page 42)

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company’ System Modernization Program (SMP) under Section 8-102 of the Act (220 ILCS 5/8-102). The Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty’s investigation involved two phases. The first phase involved Liberty’s investigation of SMP planning and execution. Specifically, Liberty investigated Peoples Gas’ management, control, and oversight of the SMP and how these key obligations affect cost and schedule. Phase 2 involved Liberty overseeing Peoples Gas’ implementation of the recommendation from the Phase 1 report. The Commission received Liberty’s Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the SMP. The second phase of the investigation ended in May 2017. The Second Phase also required Liberty to provide quarterly reports. The Commission received the first quarterly report on Sept. 30, 2015. The Commission received the eighth quarterly report in December 2017.

Further, the Commission initiated docket number 16-0376 to investigate the cost, scope, schedule and other issues related to the Peoples Gas’ SMP and establish program policies and practices pursuant to Section 8-501. The Commission entered an Order in docket number 16-0376 on January 10, 2018. This Order provides for the hiring of two consultants pursuant to Section 8-102 of the Act; the first would assist the Commission in reviewing SMP costs contained in QIP reconciliation proceedings; the second would assist the Commission to oversee Peoples’ management of the SMP. The RFPs associated with hiring the consultants are still in the review process.

The Commission’s Order 16-0376 also required Staff to provide the Commission with a report on Peoples Gas’ engineering review of its cast and ductile iron system and its replacement. As a result of this report, the Commission initiated docket number 18-1092 that required Peoples Gas to work jointly with Commission Staff to prepare an RFP for a consultant to prepare an engineering study whose review would include an assessment of current status of Peoples Gas’ cast and ductile system, potential failure methods of the system, and the timing for the system replacement.

J. Section 8-103: Electric Energy Efficiency and Demand Response Program Spending Limits

Section 8-103 of the PUA sets forth requirements for electric utilities to create and implement ratepayer-funded energy efficiency and demand response programs. The statute also provides for a limitation on the amount of spending on such programs, if the result of the spending would be to increase retail rates of retail customers by more than certain prescribed percentages. Subsection (d) of Section 8-103 concludes by stating:

No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand response measures implemented pursuant to this Section and report to the
General Assembly its findings as to whether that limitation unduly constrains the procurement of energy efficiency and demand response measures.\textsuperscript{9}

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission’s website in the Reports section: \url{www.icc.illinois.gov/reports}

\textbf{K. Illinois Power Agency Act, Section 1-75(c): Renewable Energy Resource Procurement Spending Limits}

Subsection (c) of Section 1-75 of the IPAA sets forth a RPS pertaining to electric utilities whom on December 31, 2005, provided electric service to at least 100,000 customers in Illinois. The statute also provides for a limitation on the amount of renewable energy resources that shall be purchased, if the result of such purchases would be to increase retail rates of eligible retail customers by more than certain prescribed percentages. Paragraph 2 of 1-75(c) concludes by stating:

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.\textsuperscript{10}

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission’s website in the Reports Section: \url{www.icc.illinois.gov/reports}

\textsuperscript{9} 220 ILCS 5/8-103(d)
\textsuperscript{10} 20 ILCS 3855/1-75(2)(2)
VIII. Section 8 | Impacts of Federal Activity on State Utility Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

A. Commission Policy and Actions in FERC Proceedings

The FERC regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Policy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, wholesale power sales and natural gas pipeline transportation are just and reasonable for Illinois energy consumers.

B. Developments in the Natural Gas Industry

Much of the FERC’s current policy regarding interstate natural gas pipeline transportation service stems from the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC’s focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications. The FERC’s natural gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition and protecting consumers against excessive pipeline transportation rates. In recent years, the FERC has focused on improving coordination between the natural gas and electricity industries.

Since 2005, the ability of producers to extract natural gas from shale and tight formations have driven prices down, spurring growth in consumption and net exports of natural gas. In 2018, the Energy Information Administration estimates that domestic natural gas production will grow at over five percent annually through 2021 and then slow to an annual growth rate of one percent through 2050. The increased expansion of shale gas production continues to place downward pressure on natural gas prices in virtually every region of the United States. The abundance of low-cost natural gas, the increased need to back-up renewable energy resources and the retirement of non-gas fired generators has contributed to the increasing shift to natural gas-fired electricity generation. Notably, in 2018, power plant operators added over 20 gigawatts (GWs) of new natural gas-fired generating capacity. This addition would be the largest increase in natural gas capacity since 2004. The electric industry also added 2.6 GW of new utility-scale solar and wind generating capacity during the first four months of the year, with an additional 9.6 GW scheduled to come online by the end of 2018. More than 10 GW of coal-fired capacity was retired over the 12-month period ending April 2018. All told, in 2018, the amount of electricity generation fueled by natural gas was slightly more than 37 percent of total U.S. electricity generation.

The shift from coal to natural gas-fired generation has resulted in an increasing interdependence of natural gas pipelines and electricity markets. The FERC has recognized this interdependence and has initiated numerous proceedings intended to improve the coordination between the natural gas and electricity industries, with particular emphasis on ensuring that any outages and/or reliability problems
are not due to a lack of coordination between the electricity and gas industries. To that end, in 2015, the FERC issued Order No. 809, which revised FERC’s regulations regarding the coordination of wholesale natural gas and electricity market scheduling. In 2016, the FERC accepted over 150 compliance filings from natural gas pipelines that revised the nomination cycle deadline for scheduling gas transportation and added an additional intraday nomination cycle during the gas operating day to help shippers adjust their scheduling to reflect changes in demand. More recently, in 2017, the FERC opened docket no. AD117-12 to focus on understanding current trends in natural gas trading and price formation to determine if there is a need to improve liquidity and price reporting in natural gas markets.

As one would expect, the increase in natural gas production and changes to traditional supply sources have led to expansions and upgrades to existing pipeline capacity. In recent years, the FERC has recognized this trend and implemented policies that allow interstate natural gas pipelines to recover certain capital expenditures made to modernize and upgrade pipeline system infrastructure in a manner that enhances system reliability, safety and efficient operation of the pipeline systems. The FERC approved numerous pipeline expansion projects in 2017, including projects by Panhandle Eastern, ANR and Trunkline Gas Company that will increase capacity ratings by over 1,700 million cubic feet per day. These expansions should increase the ability of the pipelines to transport natural gas into/through Illinois.

C. Developments in the Electric Power Industry

Much of the FERC’s current electric policy stems from several sweeping reforms concerning the regulation of the transmission grid that were initiated in the late 1990s. In particular, Order 888 opened the nation’s transmission grid through open access transmission tariffs. Order 2000 called for the voluntary creation of RTOs which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy Policy Act of 2005 and Orders 890, 890-A, and 890-B. Order No. 1000 reforms the FERC’s electric transmission planning and cost allocation requirements for public utility transmission providers by building on the reforms of Order No. 890 and addressing lingering deficiencies with respect to transmission planning processes and cost allocation methods.

In 2018, the FERC continued its focus on addressing numerous issues relevant to Illinois, including: (1) the interdependence of natural gas pipelines and electricity markets; (2) addressing seams issues between PJM, MISO and neighboring RTOs; (3) the production and deliverability of renewable energy in the Midwest, Eastern and Southern United States; and (4) the integration of smart grid technologies and demand response in electricity markets. The FERC has also continued its focus on addressing issues regarding price formation in the energy and ancillary services markets operated by RTOs/ISOs and the continued reliability of the bulk power system.

As it has been since their inception, seams issues between PJM and MISO continue to be an issue. The two RTOs continue to discuss how to best address inter-RTO market and planning-related items such as cross-border transmission planning and cost allocation, pseudo-tied generators and the deliverability of capacity across the seam, coordination of generator interconnection, market settlement process and interface pricing. However, given the complexity and volume of the issues related to RTO seams, it is
likely that the FERC, the RTOs and their members will continue to address these issues well into the future.

The production and transmission of renewable energy continues to be a major topic of emphasis for the FERC. Renewable energy resources have the potential to be a cost-effective means of reducing greenhouse gas emissions and increasing the diversity of generating unit types. While the ICC generally supports the integration of renewable energy resources into established wholesale electricity markets, renewables can require the construction of high voltage transmission facilities to move wind power from wind-rich geographic areas to points generally east of Illinois. Some high voltage projects are also constructed for the purpose of addressing transmission constraints in the South and the East. The manner in which the FERC allocates the costs of these regional transmission projects continue to present concerns for Illinois and there is a strong possibility that the FERC will continue to address these cost allocation issues in the coming years.

The FERC continued its push to modernize the electric transmission system through the application of digital technologies to the grid (Smart Grid), which should bring new efficiencies and improved reliability to the grid by enabling real-time coordination of information from both generation supply resources and demand resources. The FERC’s implementation of demand response and advanced metering should help to reduce price volatility in electricity markets, help alleviate generation market power and improve reliability of the transmission system.

The FERC continues to evaluate issues regarding price formation in the energy and ancillary services markets operated by RTOs/ISOs. These potential issues include offer-price mitigation and price caps, scarcity and shortage pricing and the use of uplift payments, all of which impact the ability of an RTO to send proper signals to market participants regarding the cost of serving load and minimizing the need to recover costs through out-of-market uplift payments. Price formation is critical to Illinois because Illinois’ retail market relies on a competitive wholesale market to discipline electricity prices.

The allocation of costs associated with regional transmission projects continues to be an issue for Illinois. The ICC has appealed several FERC orders regarding the cost allocation of certain transmission projects in PJM on the basis of load, rather than benefit. In December of 2014, after several FERC orders were remanded by the U.S. Court of Appeals back to the FERC, the FERC issued an order establishing hearing and settlement judge procedures to determine the assignment of cost allocation for the projects at issue in this proceeding. In 2015 and 2016, the ICC engaged in negotiations with parties regarding the appropriate cost allocation and refunds for the projects that remain at issue in this proceeding. After more than a year of negotiations, a majority of participants reached agreement and filed a settlement agreement for FERC approval. While a small number of participants opposed the settlement agreement, in 2018 the FERC issued an Order approving the settlement.

Resource adequacy in certain parts of RTOs became an issue in 2016 when MISO issued a report detailing resource adequacy concerns in the portions of MISO that have competitive retail access, specifically Illinois and Michigan. MISO’s concern was that its capacity market construct does not provide generators in competitive retail areas that rely on competitive wholesale market sufficient entry and exit signals to ensure long-term resource adequacy in those areas. In light of that concern, in late 2016, MISO filed a “Competitive Retail Solution” with the FERC that, in general, would implement a three-year forward resource auction, with an administratively determined, downward-sloping demand curve to support entry at high enough reserve margins to meet predetermined reliability objectives and
a bright-line test for mandatory participation of demand. However, the FERC rejected MISO’s proposal, citing, among other concerns, that the forward auction requirement would bifurcate the MISO market and likely lead to significant price volatility and cost allocation concerns across MISO.

In 2018, the FERC issued an order intended to address alleged price suppression of clearing prices in PJM capacity auctions by out-of-PJM-market revenues paid to generation resources through state policy initiatives. The FERC’s order addressed several filings regarding the alleged price suppression in PJM’s capacity market by rejecting a PJM capacity repricing proposal (ER18-1314) and partially granting a 2016 complaint concerning state policy compensation of resources (EL16-49). Ultimately, the FERC consolidated the dockets, found PJM’s current capacity construct unjust and unreasonable and initiated a proceeding to determine a replacement rate (EL18-78). The FERC proposes to address the impact of the alleged price suppression by: (1) expanding PJM’s current minimum offer price rule (MOPR) to all resources receiving out-of-market revenues, with “few to no exemptions;” and (2) allow the resource receiving out-of-market revenues and a corresponding amount of load to withdraw from the capacity market. The FERC also invited parties to submit testimony, evidence and arguments regarding its proposed bifurcation of the PJM capacity market. Notably, neither the FERC nor PJM were able to provide any evidence of the alleged price suppression in the PJM capacity market. Several appellate courts have also issued rulings that the Illinois ZEC program does not overstep state authority, as the payments compensate carbon free generators for environmental attributes, rather than for the resources either clearing the PJM capacity auction or participating in interstate power markets. The FERC granted PJM’s request to delay the upcoming capacity auction from May 2019 to August 2019, as the FERC would likely be unable to issue a final order in this proceeding in time for PJM to hold its capacity auction in May 2019. The FERC’s final decision in this proceeding will likely have a significant impact on Illinois renewable and nuclear generation resources. Moreover, given the appellate court orders regarding Illinois’ ZEC program, the FERC’s final decision could be subject to challenge in the courts. Accordingly, the ICC has been an active participant in this proceeding.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission.

(220 ILCS 5/16-108(a)) Furthermore, Section 16-101A(d) of the PUA mandates:
The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at the FERC, working to ensure that the components of delivery service for which the FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois’ retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets because transparent wholesale markets are key for Illinois’ open access retail program to provide greater benefits to retail customers. All of the issues discussed in the previous sections have the potential to impact the price and reliability of electric service in Illinois. As such, the ICC has been, and will continue to be, engaged in the processes before the FERC to ensure that Illinois’ interests are adequately represented.
IX. Section 9 | Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 101st General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.
X. Appendix A  |  Summary of Significant Commission Decisions

A. CASE SUMMARIES FOR 2018 ANNUAL REPORT

1. Electric

a) 17-0331 Commonwealth Edison Company
   - Petition Concerning the Implementation of a Demonstration Distribution Microgrid.
   - This matter concerns a petition filed by ComEd requesting the Commission, under Section 10-101 of the PUA, and by its authority under Articles V, VIII, IX, and XVI, issue an order making certain rate-related findings regarding its proposed distribution microgrid demonstration project and study. The Commission found, in an Order dated February 28, 2018, that ComEd provided significant record evidence that the project will increase the reliability and resiliency of the Bronzeville grid. The Commission also found that distributed energy resource (DER) interconnections with the grid are growing, and increasing penetration of DER requires ComEd to plan, design, and operate its system in new and innovative ways to manage decentralized, multi-directional power flows. The Order is currently on appeal.

b) 17-0838 Illinois Power Agency
   - Petition for Approval of the IPA’s Long-Term Renewable Resources Procurement Plan pursuant to Section 16-111.5(b)(5)(ii) of the PUA.
   - The Commission entered a Final Order in this proceeding on April 3, 2018. The Order approved the Long-Term Renewable Resources Procurement Plan (LTRRP) developed by the IPA pursuant to the provisions of Sections 1-56(b) and 1-75(c) of the IPA Act, and Section 16-111.5 of the PUA. This Plan is the result of P.A. 99-0906, enacted December 7, 2016, which substantially revised the Illinois RPS.
   - This plan addresses how the IPA will undertake a variety of programs and procurements for Ameren Illinois, ComEd, and MidAmerican Energy Company to meet their annual obligations to purchase Renewable Energy Credits to meet the goals of the Illinois RPS. It also describes how the IPA will develop and implement the Illinois Solar for All Program, which utilizes a combination of funds held by the IPA in the Renewable Energy Resources Fund and funds supplied by the utilities from ratepayer collections, to develop a program to support the development of photovoltaic resources that will benefit low-income households and communities. The Order is currently on appeal.

c) 18-0455 Ameren Illinois Company d/b/a Ameren Illinois
   - Petition for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406.1, or in the alternative, Section 8-406, of the Illinois PUA, and an Order pursuant to Section 8-503 of the PUA, to Construct, Operate and Maintain a New High Voltage Electric Service Line and Related Facilities in McLean County, Illinois.
   - On October 10, 2018, the Commission entered its Order in this proceeding authorizing Ameren Illinois Company to construct an approximately 11-mile, 138-kilovolt transmission line and related facilities in McLean County, Illinois.
d) 18-0753 Commonwealth Edison Company
- Section 16-107.6 of the PUA was amended by the Future Energy Jobs Act, P.A. 99-0906, to require electric utilities serving more than 200,000 customers to file a petition with the Commission requesting approval of the utility’s tariff to provide a rebate to retail customers who own or operate distributed generation. In response to this amendment, ComEd filed a petition with the Commission for approval of Rider DG REBATE – Renewable Energy Distributed Generation Rebate ("Rider DG Rebate") and Rider DG REBATE ADJUSTMENT – Renewable Energy Distributed Generation Rebate Adjustment (Rider DG Rebate Adjustment). On November 26, 2018, the Commission approved Rider DG Rebate and Rider DG REBATE ADJUSTMENT and directed ComEd to file tariffs containing terms and provisions consistent with the Commission’s findings. The Commission further ordered Staff of the Commission to work with ComEd and other stakeholders to conduct various workshops to further investigate how smart inverters with voltage-reactive mode with reactive power priority may reduce costs and/or increase the effectiveness of the Voltage Optimization program, as well as workshops regarding further development of a non-bypassable DG Rebate charge related to rate design.

e) 18-0807 Ameren Illinois Company d/b/a Ameren Illinois
- Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.
- On November 1, 2018, the Commission entered an Order pursuant to Section 16-108.5(d) of the PUA, approving the seventh update of Ameren Illinois Company d/b/a Ameren Illinois’ ("Ameren") rates pursuant to its Modernization Action Plan-Pricing tariff. The Commission determined Ameren’s 2018 Rate Year Net Revenue Requirement and the original costs of electric plant in service as of December 31, 2017. These updates are applicable to delivery services provided by Ameren beginning in January 2019. The Commission approved annual tariffed revenues of $1,070,054,000, which represent an increase of $71,606,000, or 7.17% from the previously approved revenue requirement.

f) 18-0808 Commonwealth Edison Company
- Annual formula rate update and revenue requirement reconciliation under Section 16-108.5 of the PUA.
- On December 4, 2018, the Commission entered an Order establishing updated delivery service charges for ComEd customers. The Commission determined ComEd’s 2019 Rate Year Net Revenue Requirement and the original costs of electric plant in service as of December 31, 2017. The Commission approved annual tariffed operating revenues of $2,696,799,000. Updated charges are applicable to delivery services provided by ComEd beginning in January 2019.

g) 18-1564 Illinois Power Agency
- Petition for Approval of Its 2019 Procurement Plan pursuant to 220 ILCS 5/16-111.5(d)(4).
The Commission entered a Final Order in this proceeding on November 26, 2018. The Order approves the IPA’s 2019 Procurement Plan which addresses the provision of electricity for the “eligible retail customers” of Ameren, ComEd, and MidAmerican. As defined in Section 16-111.5(a) of the PUA, “eligible retail customers” are, for Ameren and ComEd, generally residential and small commercial fixed price customers who have not chosen service from an alternate supplier. For MidAmerican, eligible retail customers include residential, commercial, industrial, street lighting, and public authority customers that purchase power and energy from MidAmerican under fixed-price bundled service tariffs. The Plan considers a 5-year planning horizon that begins with the 2019-2020 Delivery Year and lasts through the 2023-2024 Delivery Year.

2. Gas

a) 15-0209 The Peoples Gas Light and Coke Company

- Petition pursuant to Rider QIP of Schedule of Rates for Gas Service to Initiate a Proceeding to Determine the Accuracy and Prudence of Qualifying Infrastructure Investment.
- On February 20, 2018, the Commission entered an Order approving a Stipulation and Settlement regarding the prudence and reasonableness of The Peoples Gas Light and Coke Company’s reconciliation of costs and revenues under Rider QIP, Qualifying Infrastructure Plant, of Peoples Gas’ Schedule of Rates for Gas Service for calendar year 2014. Pursuant to the Stipulation and Settlement that the Commission approved, Peoples Gas must refund customers $4,700,000. Additionally, from the date of the Stipulation and Settlement through December 31, 2023, Peoples Gas will not report its customers with late payments to credit reporting agencies. Also, from February 1, 2018 through December 31, 2018, Peoples Gas agreed to eliminate customer matching requirements for Share the Warmth recipients.

b) 16-0376 Illinois Commerce Commission On its Own Motion -vs- The Peoples Gas Light and Coke Company

- Investigation of the cost, scope, schedule and other issues related to the Peoples Gas Light and Coke Company’s natural gas system modernization program and the establishment of program policies and practices pursuant to Section 8-501 and 10-101 of the PUA. Filed on July 20, 2016.
- This proceeding concerns The Peoples Gas System SMP. On July 20, 2016, the Commission issued an Initiating and Interim Order opening this docket concerning the SMP’s cost, schedule, and scope. The Commission’s Order also directed Peoples Gas to file a preliminary report followed by monthly reports containing information about SMP work performed in 2016.
- On January 10, 2018, the Commission entered its Final Order in this proceeding which approved Peoples Gas’ proposed rolling, three-year planning and implementation approach to the SMP. The Final Order also approved a pilot
program proposed by the Citizens Utility Board, for an emerging technology that can be used to identify leaky pipes in the Peoples’ system.

c) 17-0415  Consumers Gas Company  
- Proposed general increase in gas rates. (Tariffs filed September 26, 2017)  
- On August 15, 2018, the Commission entered its Order in this proceeding approving new delivery service rates for Consumers Gas Company (Consumers Gas). In its Order, the Commission approved a total operating revenue for Consumers Gas of $2,085,604, and an overall rate of return of 7.46%. The approved operating revenue represented an increase of $301,247, or 16.68% from the amounts authorized in Consumers Gas’ previous rate case.

d) 17-0473, Northern Illinois Gas Company d/b/a Nicor Gas Company  
e) 17-0474, The Peoples Gas Light and Coke Company  
f) 17-0475, North Shore Gas Company  
g) 17-0476, Ameren Illinois Company d/b/a Ameren Illinois  
h) 17-0477 Illinois-American Water Company  
- Creation of a new Rider 36, Variable Income Tax Adjustment. (Tariffs filed October 2, 2017)  
- Effective January 1, 2018, the federal government decreased the federal corporate income tax rate from 35% to 21% through the Tax Cuts and Jobs Act (Public Law 115-97). In October 2017, various utilities filed variable income tax adjustment tariffs with the Commission that proposed to allow adjustments to rates to capture the effect of changes to the state income tax rate and the federal income tax rate. On April 19, 2018, the Commission entered an Order in this consolidated proceeding that approved certain utilities’ variable income tax adjustment riders, which will address two changes in revenue requirements resulting from changes in corporate income tax rates: (1) the difference between the amounts then being collected in currently-authorized base rates and the amount that would be collected if new tax rates were reflected in base utility rates; and (2) the difference between the amount of the amortization of deferred tax excesses and deficiencies in currently-authorized base rates and the amount of such deferred tax excesses and deficiencies under new tax rates.
i) 18-0463  Ameren Illinois Company d/b/a Ameren Illinois

- Proposed general increase in gas delivery service rates and revisions to other terms and conditions of service. Tariffs filed on January 31, 2018.
- On January 31, 2018, Ameren filed with the Commission proposed new and amended tariffs establishing revised rates and other terms and conditions for gas delivery service. A Stipulation was filed on August 23, 2018, concerning the revenue requirements, rate increase and rate design for Ameren. The Commission’s Final Order, which was entered on November 1, 2018, approves the Stipulations’ proposed return on equity of 9.87%, the proposed new depreciation rates that lower Ameren’s depreciation expense, rate case expense, the overall cost of capital, and rate design resolutions, and proposed resolutions of all other contested issues in this proceeding. The findings described in the Order regarding Ameren’s test year rate base, operating revenues and expenses, revenue requirement, and rate design are consistent with those resolutions.

j) 18-0944  Ameren Illinois Company d/b/a Ameren Illinois

- Verified Petition for a Certificate of Public Convenience and Necessity Pursuant to Section 8-406 of the Illinois PUA, and for an Order Directing that the Natural Gas Facilities be Constructed Pursuant to Section 8-503 of the Illinois PUA within Montgomery County, Illinois. Filed on May 9, 2018.
- On December 19, 2018, the Commission entered an Order granting Ameren a Certificate of Public Convenience and Necessity and, pursuant to Section 8-406 of the PUA, authorizing Ameren Illinois to construct, operate and maintain a natural gas transmission pipeline and related facilities near Taylor Springs in Montgomery County, Illinois. The Order also directs, pursuant to Section 8-503 of the Public Utilities Act, that the project be constructed. The Order finds that construction of the project is necessary for Ameren Illinois to provide adequate, reliable, and efficient service, and the project is the least-cost means for Ameren Illinois to satisfy the service needs of its customers.

3. Water & Sewer

a) 17-0339  Illinois-American Water Company

- Application for the Issuance of a Certificate of Public Convenience and Necessity to Provide Water and Wastewater Service to Areas in Champaign County, Illinois, and for the Approval of the Purchase of Certain Assets of the City of Fisher, Illinois, in Accordance with Section 8-406 of the Illinois PUA.
- On March 7, 2018, the Commission entered its Order in this proceeding approving Illinois-American Water Company’s request to purchase certain water and sewer assets of the Village of Fisher. The Commission’s Order also establishes the ratemaking rate bases for the assets purchased from the Village of Fisher.

b) 18-0241  Illinois-American Water Company and Sundale Utilities, Inc.

- Application for the Issuance of a Certificate of Public Convenience and Necessity to Provide Water Service to Areas in Tazewell County, Illinois, and for the Approval of

- On May 2, 2018, the Commission entered its Order in this proceeding approving Illinois-American Water Company’s request to purchase the water and sewer assets of Sundale Utilities, as well as establishing the ratemaking rate bases for the assets purchased by Illinois-American.

4. Telecommunications

a) 18-1584 Universal Telephone Assistance Corporation

- Petition for Implementation of a Broadband Internet Access Program to Defray Connection Fees of Low Income Eligible Subscribers.
- On December 19, 2018, the Commission entered its Order in this proceeding authorizing the Universal Telephone Assistance Corporation to add a broadband connection program to its existing Universal Telephone Service Assistance Program, which would provide for the reimbursement to local exchange carriers of up to $35.00 for the broadband connection fees of eligible low income subscribers.

b) 18-1700 Consolidated Communications, Inc.; The El Paso Telephone Company d/b/a Consolidated Communications/El Paso; C-R Telephone Company d/b/a Consolidated Communications/C-R; and Odin Telephone Exchange, Inc. d/b/a Consolidated Communications/Odin

- Joint Application for the Approval of a Reorganization pursuant to Section 7-204 of the PUA; for the amendment of local exchange certificate of The El Paso Telephone Company; for the cancellation of the local exchange service authority for C-R Telephone Company and Odin Telephone Exchange, Inc.; for an Order designating The El Paso Telephone Company as an Eligible Telecommunications Carrier under 47 U.S.C. § 214(e)(2) of the Telecommunications Act of 1996 for the exchanges currently served by C-R Telephone Company and Odin Telephone Exchange, Inc.; for the establishment of superseding conditions and for the granting of all other necessary and appropriate relief.
- On December 19, 2018, the Commission entered its Order in this proceeding granting the Joint Application for approval of the reorganization of The El Paso Telephone Company d/b/a Consolidated Communications/El Paso (“El Paso”), C-R Telephone Company d/b/a Consolidated Communications/C-R (“C-R”) and Odin Telephone Exchange, Inc. d/b/a Consolidated Communications/Odin (“Odin”) to be merged into El Paso with El Paso being the surviving entity subject to the conditions agreed to by the Joint Applicants and Commission Staff. The Order also grants the expansion to El Paso’s incumbent local exchange carrier certificate and its Eligible Telecommunications Carrier status to cover the exchanges currently served by C-R and Odin.

5. Miscellaneous

a) 18-0375 Illinois Commerce Commission on Its Own Motion

- Proceeding under Section 2-202(i-5) of the PUA.
- The Future Energy Jobs Act, P.A. 99-0906, amended Section 2-202 of the Public Utilities Act to add a new subsection (i-5), which provides that the Commission may
assess electric and gas utilities for any deficit the Commission experiences between expected deposits to the Public Utility Fund and expected agency expenditures for the current fiscal year. It also directed the Commission to determine whether other regulated entities, including water and sewer utilities, telecommunications carriers, alternative retail electric suppliers and alternative gas suppliers should be required to contribute to such assessments or pay fees for the same purpose. On May 31, 2018, the Commission entered an Order establishing appropriate assessments for these other regulated entities.
XI. Appendix B | Emission Allowance Reports

Copies of Emission Allowance Reports are on file with the Commission’s Chief Clerk’s Office.
XII. Appendix C  |  Acronyms

AG – Office of the Attorney General
AGS - Alternative Gas Suppliers
AiC - Ameren Illinois Company
AMRP - Accelerated Main Replacement Program
ARES - Alternative Retail Electric Supplier (also referred to as RES - Retail Electric Supplier)
CAIDI - Customer Average Interruption Duration Index
CPCN - Certificate of Public Convenience and Necessity
CUB - Citizen’s Utility Board
DCEO - Department of Commerce and Economic Opportunity
DG – Distributed Generation
EPA – Environmental Protection Agency
EV - Electric Vehicles
FERC - Federal Energy Regulatory Commission
GMI - Grid Modernization Index
GW - Gigawatts
IAWC - Illinois-American Water Company
ICC – Illinois Commerce Commission
IPA - Illinois Power Agency
IPAA - Illinois Power Agency Act
IPARERF - Illinois Power Agency Renewable Energy Resources Fund
kWh – Kilowatt Hour
LIHEAP - Low Income Home Energy Assistance Program
LTTP - Long-Term Procurement Plan
LTRRPP - Long-Term Renewable Resources Procurement Plan
MCPU - Mt. Carmel Public Utility Company
MEC - MidAmerican Energy Company
MISO – Midcontinent Independent System Operator (a regional RTO)
MOPR - Minimum Offer Price Rule
MWH – Megawatt Hour
MWRD - Metropolitan Water Reclamation District
NARUC - National Association of Regulatory Utility Commissioners
NOI - Notice of Inquiry
ORMD - Office of Retail Marketing Development
P.A - Public Act
PIPP - Percentage of Income Payment Plan
PJM – PJM Interconnection (a regional RTO)
PUA - Public Utilities Act
PV - Photovoltaic
QIP – Qualifying Infrastructure Plant
RES - Retail Electric Supplier (also referred to as ARES - Alternative Retail Electric Supplier)
RFP - Request for Proposals
ROE - Return on Equity
RPS - Renewable Portfolio Standards
RTO - Regional Transmission Organizations
SAIFI - System Average Interruption Frequency Index
SMP - System Modernization Program
ZEC - Zero Emission Credits
ZES - Zero Emission Standard