

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission :
On Its Own Motion :
-vs- :
The Peoples Gas Light and Coke Company :
 :
Investigation of the cost, scope, schedule : **16-0376**
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 Sections 8-501 and :
10-101 of the Public Utilities Act. :

ORDER DIRECTING ADDITIONAL HEARINGS

By the Commission:

Pursuant to Title 83, Part 200, Section 200.870 of the Illinois Administrative Code, the Commission directs the Administrative Law Judge to reopen the Record, hold additional hearings, and orders the parties to provide additional testimony and briefing on the following issues:

1. Metrics
 - a. Staff's proposed Earned Value (EV) metric to measure the value of completed work. Specifically, the hearings shall clearly define the EV metric(s) that PGL is to report;
 - b. Each metric proposed by the City as detailed in City-CUB Ex. 1.6;
 - c. CUB's recommendation for the addition of a leak prioritization methodology and whether there will be an overall benefit to utilizing this technology and metric;
 - d. Implementation of Liberty's recommendation F.5 and forward looking metrics that will predict changes in risk level with replacement;
 - e. Metrics to track the City's impact on the project (e.g. extra costs in permitting, scheduling, and remediation requirements);
2. Rate and Schedule Impact
 - a. Factors that contributed to the significant increase in the cost of the program. Please quantify the factors;
 - b. Estimated annual spending on SMP that would result in optimal cost per unit of work completed;

- c. The Commission's legal authority to limit the Company's recovery of SMP costs under Rider QIP to levels below those authorized by Section 9-220.3 of the PUA;
 - d. Whether Section 9-220.3 precludes the Commission's authority to determine the scope, design, schedule, cost, and other issues related to an infrastructure project mandated under Sections 8-501 or 8-503;
 - e. The effect of, and how to balance, each of the risk-based factors and non-risk based factors in the Company's Neighborhood Approach rankings;
 - f. Quantified differences between the Kiefner Study's recommended schedule for replacement, and the Company's and AG's proposals;
 - g. Impact on the average annual residential customer bill (both current and net present value) and program duration of both the AG's and the Company's plans under a 3.5%, 2.5%, 2.0%, and 1.5% annual escalation in spend;
3. Each recommendation and question in Staff's Report filed on July 22, 2016.

This Order is not final and is not subject to the Administrative Review Law.

By Order of the Commission this 1st day of March, 2017.

(SIGNED) BRIEN J. SHEAHAN

CHAIRMAN