STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

ORDER COMMENCING PGA RECONCILIATION PROCEEDINGS

By the Commission:

Section 9-220(a) of the Public Utilities Act (the "Act") provides that the Illinois Commerce Commission ("Commission") may authorize the increase or decrease in rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, changes in the cost of purchased power, or changes in the cost of purchased gas through the application of a fuel adjustment clause or a purchased gas adjustment ("PGA") clause.

For utilities having the clauses, Section 9-220(a) requires the Commission to initiate annual public hearings "to determine whether the clauses reflect actual costs of fuel, gas, power, or coal transportation purchased[,] to determine whether such purchases were prudent, and to reconcile any amounts collected with the actual costs of fuel, power, gas, or coal transportation prudently purchased. In each such proceeding,
the burden of proof shall be upon the utility to establish the prudence of its cost of fuel, power, gas, or coal transportation purchases and costs."

It is now appropriate to begin the next round of investigations for the gas utilities listed as Respondents in this proceeding, all of which had PGA clauses during the fiscal year that began January 1, 2019, and will end December 31, 2019. Calendar year 2019 will thus be the reconciliation period for this proceeding.

Each gas utility shall reconcile total revenue collected under the purchased gas adjustment with total cost of gas. The reconciliation balance shall be the difference between (1) costs as recorded in the books and records, excluding refund credits, which are allowed as recoverable costs through the Uniform PGA, and (2) applicable revenues. Each utility shall also demonstrate that its gas supplies purchased during the reconciliation period were prudently purchased. In addition, the company shall describe the measures, if any, taken by the utility during the reconciliation year to insulate the PGA from price volatility in the wholesale natural gas market, explaining any hedging strategies utilized, the extent to which the strategies were actually implemented, and the actual impact on the PGA of implementing the strategies.

The reconciliation of the PGA shall reflect the following information for each separate Gas Charge in the format shown below:

**Cumulative Under/(Over) Recovered Balance Carried Forward from 12/31/18**

1. Unamortized Balance as of 12/31/18;
2. Factor A Adjustments Amortized to Schedule I at 12/31/18;
3. Factor Os to be Collected/(Refunded);
4. Cumulative Under/(Over) Recovered Balance from Prior Periods (Sum of lines 1-3);

**Determination of Cumulative Under/(Over) Recovered Balance at 12/31/19**

5. 2019 Gas Costs;
6. 2019 PGA Revenues;
7. Pipeline Surcharges/(Refunds);
8. Other Adjustments;
9. Interest;
10. 2019 Under/(Over)-Recovery (Sum of lines 5-9);
11. Cumulative Under/(Over)-Recovered Balance at 12/31/19 (Line 4+ Line 10);
Disposition of Cumulative Under/(Over)-Recovery Balance at 12/31/19

12. Unamortized Balance at 12/31/19;
13. Factor A Adjustments Amortized to Schedule I at 12/31/19;
14. Factor Os to be Collected/(Refunded) in Future Periods;
15. Cumulative Under/(Over)-Recovered Balance at 12/31/19
   (Sum of lines 12-14 = Line 11)

The revenue and cost data presented herein are to be audited by an independent auditor prior to submission as required by 83 Ill. Adm. Code Section 525.70(a). The audit report on reconciliation and its supporting working papers shall be made available to the Commission’s staff for review.

An electronic copy of the utility’s testimony and exhibits shall be filed via e-Docket with the Chief Clerk’s Office on or before April 15, 2020. Notice of the filing with the Commission shall be made by the utility in accordance with the requirements of 83 Ill. Adm. Code Part 255, in the manner the rules prescribe that notice be made for a general rate increase. One copy of the filing shall be made available to persons seeking a copy upon request to the utility. Utilities listed herein shall be named Respondents.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the above captioned public utilities are hereby named Respondents to these proceedings.

IT IS FURTHER ORDERED that Respondents are hereby directed to appear before the Commission on prehearing conference and hearing dates to be scheduled in each docket, and shall present evidence to show the reconciliation of PGA revenues with the actual cost of gas supplies obtained through purchases demonstrated by the utilities to be prudent, and the measures taken to insulate the PGA from price volatility, all as is more fully described above. In connection therewith, and prior thereto, Respondents shall file copies of their prepared testimony and exhibits on the dates and in the manner described in the prefatory portion of this Order, and shall provide notice thereof in the manner described above.

IT IS FURTHER ORDERED that each Respondent provide to the Chief Clerk of the Commission, no more than seven business days after the date of this Order, a complete list of all municipalities within which the Respondent provides service. The list shall include all such municipalities irrespective of whether the municipality is itself a customer of the Respondent, and irrespective of whether all or merely a fraction of the residents and other entities within the municipality are customers of the utility. The purpose of this ordering paragraph is to allow the Commission to fulfill the notice requirements of Section 10-108 of the Public Utilities Act.
IT IS FURTHER ORDERED that the Chief Clerk be, and is hereby, directed to serve a copy of this Order on the designated agent of each Respondent.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code Section 200.880, this Order is not final and is not subject to the Administrative Review Law.

By order of the Commission this 14th day of November, 2019.

(SIGNED) CARRIE ZALEWSKI

Chairman