

APPELLATE COURT OF ILLINOIS, FIRST DISTRICT, FOURTH DIVISION

Commonwealth Edison Company v. Illinois Commerce Commission

2016 IL App (1st) 150425 · No. 1-15-0425 · Decided August 11, 2016

SUMMARY

The Illinois Appellate Court reviewed the Illinois Commerce Commission's interpretation of the term "formula rate structure" under the Public Utilities Act. The court held that the term was ambiguous, deferred to the Commission's reasonable interpretation limiting it to Schedules FR A-1 and FR A-1 REC, and affirmed the Commission's order.

CASE DETAILS

COURT	Appellate Court of Illinois, First District, Fourth Division
WRITING FOR THE COURT	Presiding Justice McBride; Justice Howse; Justice Cobbs
JURISDICTION	Illinois
DECIDED	August 11, 2016
DOCKET	1-15-0425
DISPOSITION	affirmed
PROCEDURAL POSTURE	Commonwealth Edison sought direct appellate review of a final Illinois Commerce Commission order defining the term "formula rate structure" under the Public Utilities Act.
STANDARD OF REVIEW	Commission orders are prima facie reasonable, and the appealing party bears the burden of overcoming that presumption. Factual findings are reviewed under the manifest-weight-of-the-evidence standard, and orders may be reversed when findings are not supported by substantial evidence. Statutory construction is reviewed de novo, but substantial weight and deference are given to the Commission's reasonable interpretation of an ambiguous statute, particularly where the interpretation draws on the agency's expertise.
PRECEDENTIAL VALUE	unpublished
PARTIES	Commonwealth Edison Company v. Illinois Commerce Commission

TOPICS

judicial review of agency action

administrative law

statutory interpretation

standard of review

appellate procedure

PRACTICE AREAS

administrative law

public utility regulation

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statutory interpretation

QUESTIONS PRESENTED

1. Whether the Commission properly interpreted the ambiguous statutory term "formula rate structure" to include only Schedules FR A-1 and FR A-1 REC.
2. Whether the Commission's interpretation and order were unsupported by substantial evidence, contrary to the manifest weight of the evidence, or arbitrary, capricious, or unreasonable.
3. Whether the Commission was entitled to deference in construing the ambiguous term "formula rate structure."

HOLDINGS

1. The term "formula rate structure" is ambiguous because its language does not conclusively establish whether it refers only to Schedules FR A-1 and FR A-1 REC or to the broader group of schedules and appendices proposed by Commonwealth Edison. The Commission's reasonable interpretation therefore receives substantial weight and deference.
2. The Commission reasonably defined Commonwealth Edison's formula rate structure as consisting only of Schedules FR A-1 and FR A-1 REC.
3. The Commission's findings were not contrary to the manifest weight of the evidence, and Commonwealth Edison failed to demonstrate that the order was unsupported by substantial evidence or otherwise unreasonable.

KEY QUOTATIONS

"Instead, the term "formula rate structure" is open to more than one reasonable interpretation, and it is only by resort to interpretative aids other than the language of the provision itself that the intent of the legislature can be discerned." (§ 20)

"The Commission had the authority to interpret the ambiguous term "formula rate structure" contained in the Act, and ComEd has provided nothing to show that the opposite interpretation is the only possible interpretation of that term." (§ 28)

FACTUAL BACKGROUND

Commonwealth Edison, a participating utility under section 16-108.5 of the Public Utilities Act, used a formula rate mechanism to update its delivery-service charges annually. The parties disputed whether the "formula rate structure" included only Schedules FR A-1 and FR A-1 REC or also the supporting schedules, appendices, and work papers referenced in the tariff. The Commission adopted the narrower definition, reasoning that it had

specifically approved the information and formatting in the two summary schedules but had not specifically approved the contents and format of the supporting materials.

PROCEDURAL HISTORY

Commonwealth Edison filed a petition with the Illinois Commerce Commission seeking approval of changes to its delivery-service rate formula. The Commission approved a housekeeping change, denied a compliance change, and later determined that only Schedules FR A-1 and FR A-1 REC constituted the formula rate structure. After the Commission denied Commonwealth Edison's application for rehearing, Commonwealth Edison appealed under Illinois Supreme Court Rule 335 and section 10-201 of the Public Utilities Act.

DISPOSITION

affirmed

CASES CITED

- People ex rel. Madigan v. Illinois Commerce Comm'n, 2011 IL App (1st) 101776, ¶ 6
- Commonwealth Edison Co. v. Illinois Commerce Comm'n, 398 Ill. App. 3d 510, 514 (2009)
- People ex rel. Hartigan v. Illinois Commerce Comm'n, 148 Ill. 2d 348, 367 (1992)
- Continental Mobile Telephone Co. v. Illinois Commerce Comm'n, 269 Ill. App. 3d 161, 171 (1994)
- Archer-Daniels-Midland Co. v. Illinois Commerce Comm'n, 184 Ill. 2d 391, 397 (1998)
- Quality Saw & Seal, Inc. v. Illinois Commerce Comm'n, 374 Ill. App. 3d 776, 781 (2007)
- Apple Canyon Lake Property Owners' Ass'n v. Illinois Commerce Comm'n, 2013 IL App (3d) 100832, ¶ 21
- Burlington Northern, Inc. v. Department of Revenue, 32 Ill. App. 3d 166, 177 (1975)
- People ex rel. Madigan v. Illinois Commerce Comm'n, 2015 IL App (1st) 140275, ¶¶ 22-26
- Fumarolo v. Chicago Board of Education, 142 Ill. 2d 54, 96 (1990)
- Ameropan Oil Corp. v. Illinois Commerce Comm'n, 298 Ill. App. 3d 341, 348 (1998)
- Allied Delivery System, Inc. v. Illinois Commerce Comm'n, 93 Ill. App. 3d 656, 667 (1981)
- Business & Professional People for the Public Interest v. Illinois Commerce Comm'n, 136 Ill. 2d 192, 227 (1989)