

**ILLINOIS COMMERCE COMMISSION
DOCKET NOS. 06-0070 / 06-0071 / 06-0072 (CONSOLIDATED)**

**SURREBUTTAL TESTIMONY
OF
PAUL STRAUGHN**

**Submitted On Behalf
Of
AMEREN COMPANIES**

July 14, 2006

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OF

PAUL STRAUGHN

Q. Please state your name and business address.

A. My name is Paul Straughn. My business address is 1901 Chouteau Ave, St. Louis, Missouri 63166.

Q. Are you the same Paul Straughn that provided testimony in this proceeding?

A. Yes.

Q. What is the purpose of your testimony?

A. I am responding to the rebuttal testimony of Coalition witness Jennifer Witt. In her rebuttal, Ms. Witt continues to make observations about the lack of uniformity and consistency revolving around Data Exchange. I will once again be responding to some of her recommendations and observations.

Q. Before you comment on the specific recommendations and observations by Ms. Witt, do you have any general observations you would like to make regarding her testimony?

23 A. Yes. In particular I would like to comment regarding the continued theme that the
 24 processes Ameren Services Company (“Ameren Services”) employs, on behalf of
 25 the Ameren Companies, are bureaucratic and generally slanted towards
 26 inefficiencies and thwarting competition. In my position within Ameren Services,
 27 I am responsible for making it easier for people to do work, whether that is for
 28 internal people using the existing applications of the Ameren Companies or
 29 Ameren Services or in dealing with outside agencies such as energy advisors or
 30 RESs. It is not our position or intent to endorse manual processes that lead
 31 towards increased operational risk or decreased customer satisfaction or that tend
 32 to be overly bureaucratic in order to stifle competition. I will not debate that
 33 automated and uniform processes can make for sound and fundamental business
 34 practices; this can be a legitimate goal. However, when considering automation
 35 of business processes and the resultant value derived from the automation, one
 36 also has to consider the costs incurred in order to achieve a particular business
 37 improvement. If costs are prohibitive to business improvement along with
 38 marginal associated operational risk, then the investment in automation is not
 39 worth pursuing. I do agree with Ms. Witt’s definition of operational risk (See
 40 CNES/PES Ex. 5.0 at 254-256) but other components need to be evaluated when
 41 considering operational risk. One of the main components that should also be
 42 considered is the potential volumes of transactions to be processed and their effect
 43 on the business process. If the volumes that could be experienced are small, the
 44 prudent course of action is to define another alternative to full automation of the
 45 process that is just as effective for the volumes to be handled and prove to be cost

46 effective in total. There are times when some less-automated types of processes
47 are perfectly acceptable, assuming a certain amount of operational risk, because
48 the likelihood that something could go wrong is very small or that the volume
49 experienced through the business transaction is small enough that any errors can
50 be handled on a one-on-one basis, with quick enough turnaround time so as not to
51 unduly increase any operational risk. The bottom line to this general observation
52 is that even though a process *can* be automated, it does not always follow that it
53 *should* be automated. A proposed automation needs to be examined from a cost
54 and benefit standpoint in order to ascertain its true business value. Therefore, the
55 fact that a process is not automated should not be taken as an affront to
56 competition or as “introducing another new layer of administrative burdens on
57 customers.” (See CNES/PES Ex. 5.0 at 251-252).

58

59 **Q. Please state the recommendation(s) made by Ms. Witt regarding the EDI**
60 **enrollment improvements and subsequent benefits that she outlines.**

61 A. In her rebuttal testimony, Ms Witt again recommends that Ameren Services
62 utilize the EDI framework *already* in place for RES-supplied customers to enroll
63 utility-supplied customers (see lines 188-190). She has not made any new
64 arguments for this recommendation but discusses the same benefits as outlined in
65 her original direct testimony. The benefits she still claims revolve around
66 mitigating operational risk, reduced operational savings for customers, and
67 increased customer satisfaction. (CNES/PES Ex. 5.0 at 228-232).

68

69 **Q. What is your response to this recommendation?**

70 A. I completely agree with Ms. Witt regarding the ability to automate *a process*
71 while putting more controls in place; this generally leads towards achieving the
72 types of benefits listed. I would also like to revisit the analogy in my direct
73 testimony regarding the use of 810/820 transactions. (Respondents' Ex. 28.0 at
74 72-75.)

75

76 **Q. Please explain.**

77 A. Ameren Services uses 810 transactions for invoice processing and 820
78 transactions for remittance processing. Ameren Services does *not* use 810 for
79 remittance processing or 820 for invoice processing because that is not their
80 intended use. In my prior testimony, I did not intend to imply that 810 and 820
81 transactions could be used to enroll customers on bundled rates. Similarly,
82 enrollment transactions (814) cannot be used for enrolling customers on a bundled
83 rate; that is not their intended purpose. We have processes and systems for
84 enrolling customers on a bundled rate in place that are not manual processes. A
85 simple telephone call would suffice to accomplish the transaction, assuming the
86 necessary agent authorization is in place.

87

88 **Q: Ms. Witt also makes some assertions in her rebuttal testimony regarding the**
89 **ease by which Ameren Services could make use of the enrollment transaction**
90 **(CNE/PES Ex. 5.0 at 310-318) as well as the improvements that may result.**

91 **What is your opinion of Ms. Witt's assertion?**

92 A. I do not think Ms. Witt completely understands the current processes under which
 93 customers actively seek service from the Ameren Companies. There is no such
 94 process by which any of the Ameren Companies “submits a Direct Access Service
 95 Request (DASR) to itself.” (CNE/PES Ex. 5.0 at 313). A DASR is intended for
 96 use when enrolling a customer from an IDC to a RES or to update changes in
 97 information as well the dropping of the service from the RES. When a customer
 98 calls to seek a change in product, there are several key tasks that must be
 99 performed that are currently automated within our current processes but are not a
 100 part of any enrollment transaction processes. Examples of these tasks could be
 101 checking to see if the customer has the appropriate metering requirements for the
 102 rate, or that the usage of the customer is such that it qualifies for the rate. These
 103 types of requirements, along with others, would need to be incorporated into any
 104 system to handle the enrolling of customers on bundled products. It would be
 105 costly to incorporate such requirement variables and modify our existing EDI
 106 framework to accomplish a task it was not *intended* to do. Considering that
 107 Ameren Services already utilizes a simple process for customers to switch rates, it
 108 does not make sense to incur these higher customer costs.

109
 110 **Q. Please comment on Ms. Witt’s allegations regarding AmerenIP’s PPO**
 111 **enrollment process. (CNES/PES Ex. 5.0 at 237-243)**

112 A. The PPO tariff will no longer exist as of January 2, 2007; thus, Ms. Witt’s
 113 criticisms are moot. The processes that were put in place to manage this
 114 transition were indicative of the wisdom in not investing in the automation of a

115 process that was short-lived. Moreover, Ms. Witt's operational risk speculations
 116 do not represent the reality of Ameren Services' business systems and practices;
 117 that is, she speculates on what could happen. To my knowledge the use of the
 118 manual enrollment process has never resulted in a missing PPO contract.

119

120 **Q. Will post-2006 practices still utilize some manual processing requirements?**

121 A. Yes. It is Ameren Service's belief that someone acting on behalf of a customer
 122 should have the appropriate authorization to act on behalf of the customer. As it
 123 happens, there are no EDI transactions that can be used to facilitate this
 124 requirement. Thus, signatures are required to authorize this type of transaction.
 125 The customers' best interests dictate that the Ameren Companies will continue to
 126 need some type of authorization indicating that agencies are acting on behalf of
 127 their customer. Once this is achieved, a billing agent should have no problem
 128 calling the Customer Contact Center and instituting a change to an existing
 129 bundled product.

130

131 **Q. In her direct testimony, Ms. Witt makes several recommendations and**
 132 **allegations regarding the 814-C transaction set and Ameren Services' non-**
 133 **support of this transaction. Can you clarify Ameren Services' position on**
 134 **this transaction?**

135 A. My direct testimony indicated that we were working on changes to the *existing*
 136 814-C transaction set in regards to meter changes. (Respondents' Ex. 28.0 at 97-
 137 98). By my use of the word "existing," I mean that Ameren Services has

138 supported the 814-C transaction set in terms of account changes. The Ameren
139 Companies did support a manual process for meter changes mainly based upon
140 the volume of meter changes experienced for accounts being served by RESs. In
141 fact, over the period of March 1, 2005 through February 28, 2006, only 18 meter
142 changes were performed on accounts that received service from RESs. However,
143 there are several factors that have increased the volumes of meter changes for
144 accounts in Illinois; namely, the Ameren Companies' Automated Meter Reading
145 rollout project. The potential meter change volume increases made it prudent to
146 invest in the ability to automatically send meter change information via the 814-C
147 transaction. Given the potential volume of meter changes that could be occurring
148 within the Ameren Companies' service territory, we have started making the
149 changes necessary to support the automated release of EDI 814-C meter change
150 information. It is important to note that we started this effort well before any
151 outside inquiries were made regarding our business practices. We are currently
152 testing the changes internally and have reached out to RESs that we partner and
153 test with regarding system changes. This effort is on schedule for deployment to
154 our production systems on August 18, 2006, assuming adequate results from
155 external testing are achieved.

156

157 **Q. Can you please clarify the Ameren Service's position regarding the relay of**
158 **drop information to RESs on a real-time basis?**

159 A. To clarify my response to CNE/PES Data Request No. 1.30, drop information is
160 relayed to all parties utilizing the 814-D (or Drop) transaction that Ameren

161 Services currently supports and sends to all trading partners. When a customer
 162 calls to change service that would result in removal of service from a RES, an
 163 814-D transaction is created and sent to the RES to confirm the drop of service.

164

165 **Q. In what terms of “real-time” is this transaction created?**

166 A. First of all, an EDI transaction is not “real-time” in terms of an instantaneous
 167 creation of the transaction that is sent to a trading partner based upon an event or
 168 external trigger. When a customer drops service from a RES, the change in
 169 service is recorded and the customer is switched to a different Ameren Company
 170 product using our current Customer Information System. The change in service
 171 causes a batch process to initiate the creation of the 814-D transaction from the
 172 Customer Information System, which is then sent to our EDI Delivery system for
 173 processing. The EDI transactions will queue within the Delivery system waiting
 174 for a batch process that gathers all queued EDI transactions and transmits them to
 175 Ameren trading partners at specific intervals throughout the day. On a normal
 176 night, the EDI-queued transactions related to Illinois deregulation activities
 177 (814/867/810 for RESs) are transferred around 6:30 pm each batch processing
 178 night. So, this is not a “real-time” process in the sense that transactions are
 179 created the very moment that the business trigger occurs. Rather, the EDI process
 180 is more of a batch process that follows a “near real-time” timeline with the longest
 181 delay in delivery of any EDI transaction of around 24 hours. Typically though, the
 182 delivery of an EDI transaction occurs within a matter of hours.

183

184 **Q: Ms. Witt also provides more concerns around the use of the DUNS numbers**
185 **within the Ameren EDI transaction set, specifically pointing out**
186 **inconsistency within the Invoice (810) transaction. Has Ameren Services'**
187 **undertaken any corrective action?**

188 A: Ameren Services initially investigated current EDI transaction sets for the claimed
189 inconsistency as support for the direct testimony previously supplied by me. This
190 involved looking at transaction sets 810, 820, 867 and 814. Our investigation
191 revealed that our systems indicate the uniform use of the DUNS numbers for the
192 Ameren Companies across the EDI transaction sets. I am attaching these EDI
193 transactions as Respondents' Ex. 49.1. The EDI transactions exhibit is intended to
194 highlight the DUNS number usage and show that they are consistent. Further, as I
195 pointed out in my direct testimony and my response to CNES/PES Data Request
196 No. 1.25, we did review our software logs for problems to see if "problems" did
197 exist.

198

199 **Q: What did the review of the software logs reveal?**

200 A: As I mentioned in my responses, Ameren Services did not find any outstanding
201 problems related to inconsistency of DUNS numbers across the EDI transaction
202 set.

203

204 **Q: Nonetheless, did Ameren Services agree to make any changes?**

205 A: Yes, Ameren Services agreed to make a change I later describe, but the claims of
206 "inconsistency" (See CNES/PES Ex. 2.0 at 263-268) and "superfluous identifiers"

207 (CNES/PES Ex. 5.0 at 509) were never justified at the time. The identifier is
208 actually within the guidelines of Utility Industry Group (UIG) and ANSI X12
209 standards, listing the DUNS number as the DUNS+4 identifier. Thus, this
210 identifier does not qualify as inconsistent or superfluous. However, in the spirit
211 of cooperation and wanting to improve upon our business processes with our
212 trading partners, Ameren Services committed to have the extra identifier removed
213 by the end of 3rd Quarter 2006.

214

215 **Q: Did you find anything else that may be considered as an inconsistent use of**
216 **the DUNS number?**

217 A: Yes. In her rebuttal testimony, an example of an actual 810 invoice that was
218 received from Ameren Services was provided (see CNES/PES Ex. 5.6). The
219 transaction indicated that the DUNS number was not consistent as was previously
220 presented within my direct testimony and in responses to subsequent CNES/PES
221 data requests.

222

223 **Q: Why did the initial review of EDI transactions not catch this inconsistency?**

224 A: Currently, we do not have any customers being served by Single Billing Option
225 under a RES. So, our review was limited to only 810 transactions that were
226 created for retail customers, not RESs. We did not realize there might be a
227 difference with 810 transactions that are created for a RES from those 810
228 transactions that are created for a retail customer. After receiving the information
229 made available by CNES/PES, we were able to determine the source of the

230 problem that was providing for the "inconsistency" and are in the midst of making
231 the necessary changes to correct the problem.

232

233 **Q: What is your timeframe for correcting the problem and being able to**
234 **implement the change into your production environment?**

235 A: We have determined the error and are making the necessary code changes now.
236 My hope is to have the change tested and ready for implementation by the middle
237 of August 2006, at the latest September 2006, subject to resource availability. We
238 will also work with our trading partners to make sure they are in acceptance of
239 this change along the same schedule.

240

241 **Q. Does this conclude your surrebuttal testimony?**

242 A. Yes

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