

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission	)	
On Its Own Motion	)	
	)	
v.	)	
	)	
Central Illinois Light Company,	)	
Central Illinois Public Service Company,	)	Docket No. 00-0494
Commonwealth Edison Company,	)	
Illinois Power Company,	)	
Interstate Power Company,	)	
MidAmerican Energy Company,	)	
Mt. Carmel Public Utility Company,	)	
South Beloit Water, Gas and Electric	)	
Company, and Union Electric Company	)	
	)	
Proceeding on the Commission's own	)	
motion concerning delivery services tariffs	)	
of all Illinois electric utilities to determine	)	
what if any changes should be ordered to	)	
promote statewide uniformity of delivery	)	
services and related tariffed offerings.	)	

**INITIAL POST-HEARING BRIEF**

Pursuant to the directive of the Examiner, AmerenCIPS and AmerenUE (together, "Ameren") file this initial post-hearing brief.

I.     Introduction

The Commission initiated this proceeding, by Order issued July 11, 2000 (the "Initiating Order"), to "consider issues related to statewide uniformity" of delivery services tariffs. The specific issue to be addressed in this docket, as stated in the Initiating Order, is "whether and to what extent a lack of uniformity among the currently effective sets of delivery services tariffs, with respect to the manner in which those tariffs address the issues listed in the Appendix to this Order, causes those tariffs to be unjust, unreasonable or insufficient."

As directed by the Commission, a series of workshops was held, during which the parties reached agreement with respect to the treatment of many of the items listed in the Appendix to the Initiating Order. This brief addresses three issues:

- Which tariffs contain references to the Terms and Conditions of other tariffs? Should tariffs have a standard structure, organization, and section layout within each tariff? Is there a standard structure and layouts of rates within the rate book?
- Must RESs include unpaid balances for bundled service on single bills?
- What should be the posting order of single billing remittances (*e.g.*, oldest balance first)?

## II. Issues

### A. Uniform Tariffs

Ameren is not opposed to a reasonable level of tariff uniformity. As Ameren witness Jon Carls pointed out, "we are interested in considering ways to accomplish some uniformity in tariff structure if it does not involve a complete reworking of our DS tariffs." Ameren Ex. 4, p. 4. Ameren participated in the workshops in this docket and agreed to make changes to its tariffs to achieve some additional level of uniformity. But Ameren does not support uniformity for the sake of uniformity. Mr. Carls summed up Ameren's position this way: "We continue to support each utility's right to develop its own tariffs and propose them for ICC approval, while recognizing that some consistency among the tariffs of DSPs is important to some market participants." Ameren Ex. 4, p 13.

Although there is much speculation that the lack of uniformity will impede the development of a competitive market, there is nothing in the record to support that speculation. As Ms. Clair explained, it is "troubling that some parties appear to be of the belief that unsupported abstract assertions about the value of uniform tariffs justify imposing significant costs and risks on utilities, utility stockholders, and customers." ComEd. Ex. 3, p. 7. While Dr.

Schlaf conceded that he cannot say that lack of tariff uniformity is the sole reason customers are not switching, he does claim that "a lack of uniformity will eventually retard the growth of competitive markets, if it hasn't already." ICC Staff Ex. 3, p. 9. But beyond what he has overheard suppliers saying about uniformity, he has no specific information to support that conclusion. Tr., p. 111. Even more surprising is his statement that uniform tariffs should be adopted "regardless of whether tariff uniformity is a large factor in the slow growth of competitive markets." ICC Staff Ex. 3, p. 9. This is clearly uniformity for the sake of uniformity. (Mr. Rea also suggests that the appearance of uniformity is, in many respect just as important as actual uniformity. MidAmerican Ex. 1, p. 8. It certainly seems that if suppliers were serious, this apparent lack of uniformity would not be a deterrent.)

Other witnesses, too, simply make the bald assertion that uniformity is required to promote competition. Mr. Stephens offered this opinion: "IIEC believes that uniformity among Illinois utilities' tariffs, processes, terms and conditions can facilitate the entrance of new competitors in the market and help enhance competition throughout the State." IIEC Ex. 1 Rev., p. 2. Likewise, Mr. Walsh opined that "a lack of uniformity among certain delivery service tariff provisions and business practices between utility service territories is a major contributing factor in the decision in determining whether or not to market retail electric services in more than one utility service territory." NE Ex. 1, p. 5.

But there is simply no support in the record for those statements. In fact, Dr. Schlaf, Mr. Rea, and Mr. Stephens conceded that there are all sorts of factors impeding the development of a competitive marketplace: the FERC open access transmission tariffs, issues with independent system operators, the reduction in total available pool as a result of special contracts, volatility in wholesale power and energy markets, the available supply of generation

on the wholesale market, energy imbalance procedures, load shape distribution, customer density, and, perhaps most important, transition charges . Tr., pp. 71-73, 356, 374, 652. As Mr. Rea testified, "[a] number of changes ultimately need to occur to assist the competitive market to fully develop in Illinois." MidAmerican Ex 1, p. 14.

While Mr. Stephens suggested it would be impossible to quantify the effect on potential participation of the lack of uniformity (Tr., p. 669), we would certainly expect suppliers for whom this is an issue -- for whom the lack of uniformity is the only barrier to participation -- to be participating in this case. Notably, there is no supplier participating in this case saying that but for the lack of uniformity, it would be participating in the Illinois market. The only suppliers supporting uniform tariffs in this case are suppliers already participating in the Illinois market, presumably looking for a bigger profit margin.

The experience in Illinois with respect to the natural gas market does not support the position that uniformity is necessary to promote competition. As Mr. Carls testified, the competitive natural gas market has succeeded despite the lack of uniformity in the tariffs: "I am not aware of any controversy among marketers, customers or regulators citing the lack of uniformity of tariffs hindering the development of the natural gas marketplace." Ameren Ex. 4, p. 14. Mr. Gudeman made the same point: "in the gas industry customers have been able to choose their suppliers for approximately fifteen years, and the gas tariffs are not uniform." Tr., p. 263.

Given all of the factors impeding the development of competition in the electric market, and no testimony other than mere speculation that uniform tariffs are a factor at all, much less a major factor, there is nothing in the record to support adoption of any more

uniformity than the parties have already agreed to in the Stipulation. There is certainly no support in the record for the adoption of pro forma tariffs.

As Dr. Schlaf conceded, it was not the Commission's intent in opening this docket to end up with pro forma tariffs. Tr., p. 120. Appendix A to the Initiating Order refers to the "standard structure, organization and section layout" of the delivery services tariff, not to uniformity of language and certainly not to pro forma tariffs. And it was not the Staff's intent, in entering into the workshop process, to arrive at pro forma tariffs. Tr., p. 119. The issue has simply mushroomed as a result of the MidAmerican proposal.

Mr. Rea proposed three pro forma tariffs, and recommended that the Commission use those tariffs as "the starting point for the development of final uniform pro forma delivery tariffs" in a proceeding to be held after this docket has concluded. MidAmerican Ex. 1.0, p. 3. His initial plan suggested that "[w]here different terms and conditions are either negotiated or ordered by the Commission new pro forma tariffs reflecting those modifications to our proposed starting point would become the uniform pro forma delivery service tariffs in Illinois. *Id.* However, in his later testimony, in order, we assume, to deflect criticism of his proposal, Mr. Rea stressed that individual utilities could propose deviations from the pro forma tariff. But if that is the case, when all is said and done, there will be no uniformity, and the entire cumbersome, time consuming process will have been for naught.

The Commission has several options short of adopting pro forma tariffs if it determines that some additional measure of delivery service tariff uniformity is desirable. The Commission can adopt the common index approach or it can adopt a common outline approach. While either of those approaches would be acceptable, the pro forma tariff approach is not, for the reasons discussed below.

1. If the Commission determines that additional tariff uniformity is necessary, it should adopt a common index.

If, in spite of the fact that there is no record to support any Commission action mandating any additional uniformity in the tariffs, the Commission determines that some additional action is necessary, it should adopt the common index approach. Mr. Carls supported the common index approach described by Mr. Alongi in this testimony. A common index or cross-reference page would be filed in the hard copy of the tariffs on file with the Commission. For the tariffs posted on the internet, a menu could be established in the common index format and the user could be linked directly to the location of the particular terms and conditions of interest to the user. This would allow anyone interested in the tariffs to easily find terms and conditions addressing the same subject among the utilities' tariffs.

The other benefit of the common index, or "road map," is that it would be very easy to implement. No changes would have to be made to existing tariffs on file with the Commission or on the companies' internet sites. Ameren Ex. 4, p. 5. As Mr. Carls explained, "[t]he conformity and ease of comparison are accomplished without forcing a massive filing of revisions." Ameren Ex. 4, p. 5.

2. If the Commission adopts the common outline approach, it should adopt the outline proposed by Ameren, Commonwealth Edison, and Illinois Power.

In his direct testimony, Staff witness Lazare proposed the use of the common outline. He explained that it would make the tariffs easier to navigate. Staff Ex. 2, p. 5. The outline would be used as the table of contents for the tariff, and the existing tariff provisions would be reordered to comport with the outline.

Ameren does not oppose the use of the common outline approach. While the common outline approach is not as easily implemented as the common index, "it is not overly

burdensome if proper implementation time is given and would reduce the ongoing maintenance aspect inherent in the common index." Ameren Ex. 4, p. 7. This approach would not require changes in systems, business practices or rate administration.

There is a question, however, as to which outlines should be adopted. Ameren proposes that if the Commission adopts the common outline approach, it adopt the outlines developed by Ameren, Commonwealth Edison and Illinois Power (Attachments A and B to Ameren Ex. 4), as they contain "beneficial refinements" to the outlines proposed by Mr. Lazare. Ameren Ex. 4, p. 16. The modified outlines followed the principles outlined by Mr. Lazare: "that a logical order from general issues to specific issues be followed, that a tariff is more carefully read at the beginning than at the end and that the issues should be addressed in a chronological order to step the reader through the process of receiving service under the tariff." Ameren Ex. 4, p. 10. Ameren, ComEd and IP concluded that some of the sections in Mr. Lazare's proposed outline can be combined and that some reordering of sections would help the flow of information.

If the Commission determines that the common index is insufficient, and that the common outline is reasonable, it should adopt the common outline proposed by Ameren, Commonwealth Edison, and Illinois Power.

3. The pro forma tariff proposal is unlawful.

As even Mr. Stephens agreed (Tr., p. 665), a tariff is legal document that governs the relationship between a utility and its customers. The tariff is a contract between the company and the customer. The company has the legal right to propose tariffs that appropriately define the company's relationship with its customers. MidAmerican's pro forma tariff proposal suggests, as Ms. Juracek explained, that "the Commission should presume that it should usurp the role of the utility's management." ComEd Ex. 6, p. 6.

Section 16-108 of the Illinois Public Utilities Act (the "Act") provides that "[a]n electric utility shall file a delivery services tariff with the Commission . . . ." The Commission may modify the tariffs, but if it does, it must do so taking into account, at the very least, "(i) the objective of just and reasonable rates, (ii) electric utility employees, and (iii) the development of competitive markets for electric energy services in Illinois." The Commission has already found Ameren's delivery services tariffs, and those of the other electric utilities, to be just and reasonable, presumably taking those factors into account.

Mr. Rea's proposal suggests that the Commission now presume that his proposed pro forma tariff is just and reasonable (he has certainly not shown that the tariffs are just and reasonable in the abstract or for any particular utility) and that the utility has the burden of showing that deviations from the pro forma tariff are justified. That is simply backwards. Absent a compelling reason to modify those tariffs now, the current just and reasonable tariffs should stand. As the discussion above shows, there is no compelling reason to modify those tariffs now.

4. The pro forma tariff proposal is unreasonable.

It is telling that Dr. Schlaf testified that if MidAmerican's proposed pro forma tariffs would fit MidAmerican's needs and those of its customers, it would lend legitimacy to the tariff. In fact, MidAmerican itself would not accept the pro forma tariff it proposed, and would have to file for deviations from that tariff. MidAmerican Ex. 3, pp. 7-8. As Dr. Schlaf agreed, the pro forma tariffs have less legitimacy if they don't even fit MidAmerican's needs. Tr., p. 50. In fact, the pro forma tariffs have no legitimacy at all.

Ameren witness Carls conceded that a pro forma tariff might benefit suppliers who wish to try to operate in the territories of different DSPs and the small number of customers who operate in multiple territories and want to be provided service by a single supplier (Ameren

Ex. 4, p. 9). But the cost of dealing with different tariffs is simply a cost of doing business. There is certainly nothing in the record to show what the costs are, and whether they are significant enough to keep suppliers out of the market altogether. Even the IIEC witness could not quantify how many more suppliers would be operating in Illinois with uniform tariffs as opposed to the common outline approach favored by Ameren. Tr., p. 651. It may simply affect their margin, and at this point in the development of the market in Illinois, where the eligible pool of customers is restricted, it may simply be the fact that there are not enough customers over which to spread startup costs that is impeding the development of the market. And while Mr. Rea testified that consistency among tariffs would help "[s]uppliers who operate in multiple service territories to . . . develop strategies to offer competitive energy packages to customers on a statewide basis," he conceded that the most important factor in the development of competitive energy packages is price. Tr., p. 357.

With respect to the customers, there is very little to gain. Very few customers operate in multiple service territories. As Mr. Carls pointed out, it is Ameren's experience that "the owner of a McDonald's in Quincy most likely is not the owner of a McDonald's in Decatur or Chicago." Tr., p. 197. And with respect to those few customers that do business in multiple territories, they are for the most part large customers that have many opportunities to obtain assistance in understanding tariffs. Mr. Stephens agreed that the customers he works with make wise decisions, regardless of whether they operate in a single utility's service territory or in multiple service territories. Tr., p. 649. Uniform tariffs are not necessary for those customers. For the vast majority of customers, it is the comparison between bundled tariffs and delivery service tariffs that is important, not the comparison between or among the delivery service tariffs of various utilities. Ameren's delivery service tariffs "were designed to provide some continuity

with and comparability to Ameren's bundled electric tariffs." Ameren Ex. 4, p. 3.

Commonwealth Edison, too, used that principle in designing its delivery service tariffs. ComEd Ex. 2.0, p. 6.

There is certainly no evidence that there is any difficulty in interpreting tariffs due to lack of uniformity. Mr. Alongi testified that "ComEd has not had a single formal complaint from an IIEC member over the meaning or application of its delivery services tariffs." ComEd Ex. 8.0, p. 5. And Mr. Stephens conceded that "it's possible that there could be different tariffs that are all easy to interpret." Tr., p. 650.

The testimony shows that the potential costs of implementing a pro forma tariff far outweigh any potential benefits. As Mr. Carls testified, "all workflows, business practices and computer systems would need to be modified if they did not conform exactly to the adopted tariff." Ameren Ex. 4, p. 10. While the "common business approach" may be reasonable to a certain extent, common approaches would be required under the pro forma tariff "even if it were not the most beneficial mode of operation for [the DSPs] or their customers." *Id.* Mr. Carls described the pro forma tariff proposal as "an excessive solution to a problem that doesn't exist." *Id.*, p. 11.

The pro forma tariff approach would most disadvantage customers. As Mr. Carls explained, "customers would be forced to fit into the 'one size fits all' approach to business." Ameren Ex. 4, p. 10. As Mr. Alongi pointed out, "use of *pro forma* tariffs would potentially stifle the very innovation that is regarded as one of the potential benefits of restructuring." ComEd Ex. 4.0, p. 16. Even Mr. Rea conceded that "there are benefits to the marketplace that could theoretically be eroded if all delivery service tariffs were made to conform to a pro forma tariff. MidAmerican Ex. 1, pp. 6-7. He testified that "if tariffs were made to conform strictly to

a pro forma tariff, then . . . there would be much less of an ability for an individual delivery service provider to offer some service or some new service into the market on its own." Tr., p. 373. In addition, taking into account the fact, for example, that "different utilities have different definition of billing demands and that sort of thing," there could be problems of delivery service providers "not being able to design delivery service rates in a way that is consistent with their metering or some other systems if that kind of thing was to be made uniform all across service territories . . . ." Tr., p. 373.

As Mr. Alongi explained, "[a]pplying a cookie-cutter philosophy to tariff drafting will deprive ComEd of the ability to fashion tariffs that are appropriate for customers in its service territory, ComEd's capabilities, and the particular service being offered." ComEd Ex. 4.0, p. 17. The same is true with respect to Ameren and the other electric utilities.

MidAmerican's proposal for pro forma tariffs is unreasonable and unlawful. Even assuming a record had been made to support the adoption of pro forma tariffs, the tariffs proposed by Mr. Rea have not been shown to be a reasonable starting place. They are seriously flawed, as explained by Mr. Alongi, and do not represent a reasonable default tariff. More importantly, the evidence does not show that the lack of uniformity among the electric utilities' delivery services tariffs causes those tariffs to be unjust, unreasonable or insufficient.

MidAmerican's proposed pro forma tariffs should be rejected.

#### B. Single Bill Option

The question presented by the Commission is whether a RES that has elected the single bill option ("SBO") should include on the single bill all outstanding balances owed by the customer to the utility for tariffed services. If the SBO is actually going to result in a single bill, the answer is obvious. As Ms. Clair so cogently explained, "[i]f the RES does not bill for all outstanding balances owed to ComEd for tariffed services, then ComEd must bill for those

balances. The result is that the customer does not get a 'single' bill but, rather, the customer will receive two bills. . . ." ComEd Ex. 1, p. 5.

1. The value of the SBO depends on the RES billing for all outstanding balances.
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One by one the witnesses who argue that the RES should not have to bill for outstanding bundled service balances -- and thus who would have the customer receive a separate bill from the utility even though the customer has been put on the SBO -- nevertheless agreed that the value of the SBO is that the customer will have to write only one check and that the RES will be the single point of contact with the customer. Although Dr. Schlaf testified that requiring suppliers to put outstanding balances relating to bundled service on a single bill would diminish the value of the single bill option (Staff Rev. Ex. 1, p. 21), he conceded that the value of the single bill option to customers is that they will have fewer bills, and that the value to suppliers is that they will be the single point of contact with the customer. Tr., p. 108. The suggestion that the utilities should continue to send bills for outstanding balances to customers for whom the single bill option has been elected is at odds with that testimony.

Ms. Kutsunis and Mr. Walsh, too, conceded that the benefit to customers is that the customer would receive a single bill from one entity -- the RES, who would be the single point of contact -- and that the customer would have to write only one check. Tr., pp. 294, 614. MidAmerican's website, in fact, spells out those advantages with respect to the SBO. Tr., p. 294. But under their proposals, customers on the single bill option would, in fact, receive more than one bill until the bundled account balance is paid off or until the customer is disconnected.

The objections to having the RES bill for bundled service balances simply have no merit. Ms Kutsunis appeared to be indignant that the utilities were proposing that the RES would be required to bill for bundled service: "I am not aware of any other industry that requires

one competitor to become the collection agency for another competitor, let alone 'free of charge.'" MidAmerican Ex. 2, p. 3. (The issue of the distinction between billing and collection is addressed below.) But she conceded that she is not aware of any other industry in which an entity is allowed to bill for a competitor without the competitor's consent (putting aside the question of whether the RES and the DSP are actually "competitors"). Tr., p. 298. That is exactly what is happening here. And for that privilege, and for the sake of the advantages of the single bill option, the RESs should be required to include all current outstanding balances on the single bill, whether the charges were incurred before or after the customer switched. Mr. Walsh contends that the "customer-utility relationship is absolutely distinct from the RES relationship with either party." NE Ex. 1, p. 8. But that is simply not true. The very fact that the utility must offer the SBO puts the RES between the customer and the utility. The RESs should not be allowed to have it both ways.

Ms. Kutsunis proposed that accounts should be closed when a customer switches from bundled service to delivery service or when a customer switches suppliers. MidAmerican Ex. 2.0, p. 4. Under her proposal, the RES would issue a single bill that includes charges for only the delivery services provided after the customer was switched to that RES. If that were the rule, a customer with an outstanding balance would at least two bills and it is possible that the customer could get multiple bills from the utility along with the bill from the RES.<sup>1</sup> What, then, is the point of the single bill option?

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<sup>1</sup> The following hypothetical was posed to Ms. Kutsunis. A customer goes from bundled service to delivery service and does not pay its bills. The RES drops the customer, who goes on interim supply service and then to another RES. The customer is never current on its bills. Ms. Kutsunis agreed that in that circumstance, with new accounts for each switch, the utility would issue four bills to the customer. If the customer is on SBO with the RES, the utility would issue three bills, and the RES's bill would include the latest delivery service charges. Tr., pp. 289-291.

Ms. Kutsunis's proposal also poses significant problems for the utilities.

Although Ms. Kutsunis opined that "all customer information systems have the capability to track account numbers that change for individual customers (MidAmerican Ex. 4.0, p. 2), her understanding was based on information from MidAmerican personnel, not from the other utilities. Tr., p. 310. In fact, that is not the case for Ameren. Mr. Hock explained that "Ameren's customer service system . . . is not designed to handle multiple accounts for the same meter and premise. In fact, the system is designed to prevent this from happening." Ameren Ex. 2, p. 6. There are several reasons for this. First, the creation of multiple accounts would lessen the effect of disconnection, and would therefore have the effect of increasing bad debt costs. *Id.* Ms. Clair, Mr. Gudeman and Ms. Smith echoed that testimony. ComEd Ex. 1, p. 8; IP Ex. 1.3, p. 16.

Second, the creation of multiple accounts would also have the effect of wiping out historical information every time a customer switches from one RES to another, which "would have a detrimental impact on [Ameren's] ability to serve that customer effectively and efficiently." *Id.* at 7. As Mr. Hock explained, "Ameren's CSS is much more than just a billing system. It is used as a customer relationship management tool, an outage management tool and as Ameren's primary reporting tool." *Id.* The historical information associated with each account is used "when performing outage restoration, responding to customer inquiries, generating reports, doing rate design, and many other critical business activities." It would also be more difficult for a RES to obtain historical information. IP Ex. 1.3, p. 16.

The answer to the issue of whether a RES must include outstanding balances on a single bill is that the RES is the party who chooses whether to single bill. Moreover, the RES does not have to make an all or nothing choice -- it can choose the single bill option for some

customers but not for others. Dr. Schlaf agreed that the RES can ask a customer if it has an outstanding balance and it therefore can avoid having to bill for those outstanding balances. Tr., p. 59. The RES can ask for a deposit. And the RES does not have to choose the single bill option at the time the customer switches. Tr., p. 60. It can take the single bill option at a later time, after the customer has had the opportunity to pay the outstanding balance. As Ms. Clair suggested, "a simple solution is to wait for two or three billing cycles after signing up a customer before electing the SBO as to that customer." ComEd. Ex. 3.0, p. 16. Given these options available to the RES, it makes little sense to require the utilities to undertake costly changes to their information systems.

2. Billing for outstanding bundled service balances does not turn the RES into a collection agent.

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Dr. Schlaf testified that if a RES were required to include bundled service balances on the single bill, "a supplier could be obligated to collect and remit funds for services received by a customer prior to the time the supplier began serving the customer." ICC Staff Ex. 1, p. 21. Mr. Walsh takes it one step farther -- he rails about the utilities "forcing the RES to act more or less as an unpaid collection agency for the utility" and complains that the RES is "being held responsible by and financially liable to the utility for the collection of an unpaid balance for bundled service . . . ." NE Ex. 1, p. 8. He also accuses the utilities of expecting to receive "free service from any RES with single-billed customers trailing an unpaid bundled service balance." *Id.* at 11. Ms. Kutsunis makes the same charge: "MidAmerican does not believe that any RES should be forced to become an uncompensated collection agency for the DSP." MidAmerican Ex. 2.0, p. 3.

Those statements are just wrong. Mr. Walsh and Ms. Kutsunis deliberately obscure the difference between billing and collection. Under Ameren's tariffs, a RES electing

the SBO may choose to be an "SBO Guarantor" or an "SBO Agent." As Mr. Hock pointed out, unless the RES has chosen to be an "SBO Guarantor," for which the RES receives compensation from Ameren, the RES is not financially responsible for unpaid balances and "the RES is never actually acting as a 'collection agency.'" Ameren Ex. 2, p. 5. The "SBO Agent" is obligated to include outstanding balances due Ameren on the single bill and to forward to Ameren any payments received from the customer. As Ms. Clair explained, the RES functions like a payment center, not a collection agency. ComEd. Ex. 3.0, p. 20. Dr. Schlaf conceded that the supplier simply sends a bill and waits for payment. Tr., p. 110. The SBO Agent has no obligation to attempt to collect payments due from the customer. All collection activities are Ameren's responsibility. The billing for outstanding bundled service balances is no different from the billing for delivery service balances in that regard.

3. If the utility is required to send bills for outstanding bundled service balances, the SBO credit must be reduced.

Ms. Kutsunis offers the opinion that the basis of the SBO credit was that "[t]he RES will bill and collect for Ameren delivery services purchase by the customer while that customer is also a customer of the RES" and that "[i]t is not reasonable to say that the SBO credit was based on Ameren never having to send a bill for any services to that customer again." MidAmerican Ex. 4, p. 3. Whether she thinks its reasonable or not, that is the way the Ameren SBO credit was calculated. As Mr. Hock explained, Ameren's "SBO credit was calculated assuming that Ameren would no longer need to print and mail bills." Ameren Ex. 3, p. 4. If Ameren were required to continue to bill some customers who are also receiving a bill from the RES under the SBO, the SBO credit would need to be recalculated. *Id.* Ms. Clair testified that the ComEd SBO credit was calculated the same way: "[t]he SBP credit was calculated by quantifying the amount of embedded costs that a utility avoids in not mailing a bill to a customer

and subtracting from that amount the cost that a utility spends to send the customer' billing data to the RES via Electronic Data Interchange." ComEd Ex 1, p. 5. The same is true with respect to CILCO's SBO credit. CILCO Ex. 2.0, p. 7.

4. CILCO proposal

Mr. Hock agreed that Ameren would be willing to adopt CILCO's practice of prohibiting a customer from switching to a RES if the customer has an outstanding balance for bundled service. Ameren Ex. 3, p. 5. That is an alternative also offered by Ms. Clair. While Ms. Kutsunis offers the obvious -- this alternative would deny the customer the option of a single bill from a RES (MidAmerican Ex. 4, p. 6) -- Mr. Walsh does not appear to have a problem with this suggestion. In commenting on CILCO's practice, Mr. Walsh indicates that if the bundled customer that switches to delivery service cannot have an unpaid balance for bundled service, "the issue of the RES including an unpaid balance for bundled services and collecting that unpaid balance should be moot . . . ." NE Ex. 2, pp. 5-6.

C. Posting Order of Single Billing Remittances

Payments on all outstanding balances owed to Ameren are applied to the oldest balance first. This is true under Ameren's bundled service tariffs and also under its delivery service tariffs. Ameren Ex. 2, p. 8. The Commission cannot and should not order Ameren to change that procedure.

The Commission cannot order Ameren to change that procedure because to do so would violate Section 16-118(b) of the Act. That section provides, among other things, that the tariffs providing for SBO shall "require partial payments made by retail customers to be credited first to the electric utility's tariffed services . . . ." "Tariffed services" is defined, in Section 16-102 of the Act, as "services provided to retail customers by an electric utility as defined by its rates on file with the Commission . . . but shall not include competitive services." Thus, tariffed

services includes all non-competitive services provided by the utility, not just delivery services. Any attempt to require Ameren to post SBO remittances only to delivery service balances would not be consistent with the statute.

But even without that statutory proviso, the Commission should not require any change in the posting order. First, any change in the process for SBO customers would significantly increase Ameren's cost of processing SBO remittances. As Mr. Hock explained, "[s]ince the handling of these accounts would be different than that of most of Ameren's customers, many business processes would be significantly more complicated. These include accounting, reporting, credit and collection, and the handling of bill disputes. This additional complexity would undoubtedly increase Ameren's cost of performing these activities." Ameren Ex. 2, p. 9.

Second, changing the posting order could have the effect of allowing customers on delivery service to evade or delay collection of unpaid balances from their prior service arrangements. This would certainly be the case if the utility were required to close a customer's previous account when the customer goes on delivery service. In that situation, where the customer would not face disconnection for failure to pay the previous balance, collection activities would be less effective. *Id.*

The parties opposed to posting SBO remittances to the oldest balance, whether for bundled or delivery service, base their arguments on customer confusion. We note that if the RES were required to bill for all outstanding balances, whether for bundled or delivery service, there would be no customer confusion. The Commission should affirm the posting order reflected in Ameren's approved delivery service tariffs.

### III. Conclusion

The record in this case fails to establish the need for uniformity in the language of delivery service tariffs, and supports the reasonableness of the requirement that the RES include unpaid bundled service balances on single bills and the reasonableness of posting single billing remittances to the oldest balances first. The Commission should reject the arguments calling for changes to Ameren's delivery service tariffs and should affirm that the tariffs are just and reasonable.

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## CERTIFICATE OF SERVICE

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