

ILLINOIS COMMERCE COMMISSION

ICC DOCKET NO. 06-0703

REBUTTAL TESTIMONY

OF

LAURIE H. KARMAN

Submitted On Behalf Of

AMEREN ILLINOIS COMPANY

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Laurie H. Karman. My business address is 607 E. Adams Street,
4 Springfield, IL 62701.

5 **Q. Are you the same Laurie H. Karman that previously submitted testimony in**
6 **this proceeding?**

7 A. Yes, I am.

8 **Q. On whose behalf are you submitting testimony?**

9 A. I am submitting this testimony on behalf of Ameren Illinois Company (Ameren
10 Illinois). Ameren Illinois is the successor company to the Ameren Illinois Utilities.

11 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

12 A. My testimony is responsive to the redline version of the Proposed Rule (Exhibit
13 2.0, Attachment J) filed on August 25, 2010 by Staff as well as Staff's Testimony
14 filed on July 21, 2010. Where applicable, proposed changes are included in the
15 body of my testimony and provided by means of strikethrough and underlined
16 text. Silence on any proposal or language should not be construed as
17 endorsement. While I may disagree with certain portions of Staff's Proposed
18 Rule, on behalf of Ameren Illinois, I appreciate Staff's efforts to resolve the
19 differences between the parties and advance a well-reasoned rule.

20 **II. SECTION 280.20 – DEFINITION**

21 **Q. Does Ameren Illinois wish to provide comment on Section 280.20, which**
22 **addresses Definitions?**

23 A. Yes. Ameren Illinois supports Staff’s position that the definition of low income
24 customer be based on the eligibility guidelines for Low Income Home Energy
25 Assistance Program (“LIHEAP”) since the program is tied directly to utility
26 service versus expanding the scope to include a broad range of other State and
27 Federal government assistance programs. By tying LIHEAP to utility service in
28 this context, there should be less opportunity for confusion. Further, Staff has
29 adequately addressed the low income exclusions, exemptions and waivers under
30 the relevant topics such as deposits, deferred payment agreements, etc., and as
31 such, it is not necessary to develop a special “low income section” within Part
32 280.

33 **Q. Are there any concerns within Section 280.20?**

34 A. Yes. Ameren Illinois objects to the phrase “repeated pattern” under the Payment
35 Avoidance by Location (“PAL”) definition since the use of this phrase suggests it
36 is acceptable for a customer to circumvent payment as long as it is the first time it
37 occurs. In other words, customers are given a free, one-time pass unless the
38 pattern is repeated. These objections will be discussed further in general to the
39 PAL language later in this rebuttal testimony.

40 **Q. Does Ameren Illinois have any further comments on Staff’s proposed Section**
41 **280.20?**

42 A. Yes. Ameren Illinois concurs with Staff’s definition of “past due” as being any
43 amount unpaid for more than two days beyond the due date on a customer’s utility
44 account bill statement. This is in contrast to the proposed language included in
45 GCI witness Barbara Alexander’s redlined version of Staff’s draft rule which
46 suggests that only debts that are up to two years old may be considered past due.
47 In other words according to Ms. Alexander’s proposed language, debts older than
48 two years are no longer considered past due and as such are no longer owed to the
49 utility.

50 This forgiveness of debt after the passage of a two year period as proposed by
51 GCI is not fair to other rate payers. Additionally, this proposal goes against the
52 intent of the Illinois General Assembly when it enacted the automatic adjustment
53 clause provision of Senate Bill 1918 (220 ILCS 5/16-111.8) in 2009. In this
54 legislation, the legislature specifically noted that the “Commission shall review
55 the prudence and reasonableness of the utility’s actions to pursue minimization
56 and collection of uncollectibles . . .”. By denying a utility the ability to collect on
57 a debt that is older than two years old, thus off-setting the bad debt expense for
58 which other rate payers must assume, this is clearly in conflict with the intentions
59 of the Illinois legislature, and quite frankly poor public policy. It is for this reason
60 that Ameren Illinois supports the definition of past due that is contained in Staff’s
61 redline version of the draft rule.

62 **III. SECTION 280.40 – DEPOSITS**

63 **Q. Does Ameren Illinois have any concerns with Staff’s proposed Section 280.40,**
64 **which addresses Deposits?**

65 A. Yes. The Staff’s revised proposed language would allow a customer to enter into
66 a deferred payment agreement as an alternative to paying a deposit (Section
67 280.40 (b) (H)). Staff has clearly confused the intent of these two collection tools
68 by co-mingling them in the deposit section. A deferred payment agreement is
69 used to address a customer’s account delinquency and allow that delinquency to
70 be reduced over time. In no way does it address the risk situation the utility is
71 attempting to mitigate through the collection of a deposit as a means of account
72 security. In fact, a deferred payment agreement might add further collection risk
73 to the utility by deferring the collection of the receivable over time and thus
74 adding to collection exposure. In other words, if a delinquent account must
75 eventually be written off as uncollectible, a far greater amount will ultimately be
76 written off if a deferred payment agreement was on the account. The deferred
77 payment agreement as a vehicle to retire debt has no place in the deposit section
78 as an alternative to alleviating utility risk. For that reason, I recommend the
79 option of allowing a deferred payment agreement in lieu of a deposit be removed
80 from Staff’s proposed language.

81 **IV. SECTION 280.45 – DEPOSITS**

82 **Q. Do you have any comments on Staff’s proposed Section 280.45, Deposits for**
83 **Low Income Customers?**

84 A. Yes. Ameren Illinois appreciates Staff's comments in recognizing the utilities
85 have made significant strides in compromise by waiving the deposit requirement
86 for low income customers based on late payments, in addition to providing a
87 longer collection period by which to obtain a low income deposit when it
88 becomes necessary to do so. These proposed deposit variances afforded to low
89 income customers are in addition to the upfront credit scoring exemption they
90 receive today and will continue to do so under the proposed rules.

91 Ameren Illinois also supports Staff's position that there should be no waiver of a
92 low income deposit in cases of tampering. Staff's proposed language also
93 supports the collection of a low income deposit in cases when service has been
94 disconnected for non-payment; however, Staff's rebuttal testimony arguably and
95 perhaps unintentionally opens the door to revisit the waiver of a low income non-
96 payment disconnection deposit, by suggesting the possibility of incorporating
97 additional criteria such as the size of the debt and the amount of time service has
98 remained off without any payments toward the balance. Ameren Illinois rejects
99 this proposition on the basis it is burdensome to administer due to the requirement
100 to track the amount of time service has been off and payments received, but more
101 importantly does not adequately provide account security when demonstrated
102 credit risk (disconnection for non-payment) has clearly been shown by allowing
103 some low income customers a deposit waiver based on this arbitrary criteria.

104 Similarly, Ameren Illinois rejects the proposed language in Section 280.45 b) 3)
105 which provides a low income customer who has left the company with an unpaid

106 final bill (bad debt), a proven credit risk, the ability to obtain service without
107 adequate account security, provided the final bill/bad debt amount was less than
108 20% of the average annual billing for the other residential customers for the
109 previous calendar year. This is a very arbitrary and complicated provision of the
110 proposed language to understand, calculate and administer, let alone provide the
111 necessary account security from proven credit risk customers to protect against
112 potential uncollectible losses on behalf of all other ratepayers. There is no nexus
113 or correlation between “20% of the average annual billing for the other residential
114 customers” and the customer not providing any security. Remember, the issue is
115 what the customer should pay; not what other customers may or may not have
116 paid. Further, no valid explanation is offered, if any at all, that demonstrates why
117 these customers should be afforded forgiveness or relief. Section 280.45 (b)(3)
118 should be stricken from the proposed language and instead a new Section 280.45
119 (a)(3) be added as follows:

120 “The applicant failed to pay a final bill owing to the utility for the same
121 class and type of service.”

122 **V. SECTION 280.50 - BILLING?**

123 **Q Does Ameren Illinois wish to provide comment on staff’s proposed section**
124 **280.50, billing?**

125 **A.** Yes. Ameren Illinois supports Staff’s recommendation in the revised proposed
126 language to require utilities to include a graphic comparison either in the form of
127 a bar or pie chart of a customer’s current usage compared to the customer’s

128 previous 12 month's of historical usage. We expect the related costs for
129 implementation would be approved by the Commission as recoverable expenses
130 prudently incurred.

131 **Q. Are there other items you wish to provide comment on within Section**
132 **280.50?**

133 A. Ameren Illinois would clarify that in Section 280.50 (d) (3) "written
134 confirmation", should also recognize "electronic written acceptance". In this day
135 customers often choose to do business over the internet and so this option should
136 be afforded them. Therefore, Ameren Illinois proposes that Section 280.50 (d) (3)
137 be revised as follows:

138 "Customers may choose to have bills delivered by electronic
139 means. The utility must have written confirmation from the
140 customer including this choice, which may include written
141 electronic acceptance. Customers choosing such service must
142 retain the right to have all notices, including disconnection
143 notices as provided for in Subpart I, by United States mail
144 at any time. "

145 **VI. SECTION 280.60 - PAYMENTS**

146 **Q. Please comment on Section 280.60, which addresses Payments?**

147 A. Staff highlighted in its Rebuttal Testimony this section based on the testimony of
148 AARP and GCI – specifically the prohibition of fees associated with any method
149 of payment. First of all, Staff is correct in their assessment that none of the fees

150 both GCI and AARP allude to are, in fact, assessed by the utility but rather by a
151 third party vendor. For example, in the case of the United States Post Office,
152 almost \$4 million was charged to customers in the form of stamps in order to mail
153 in payments during 2009. Alternatively, some customers chose to remit payment
154 via credit cards and check-by-phone while some chose to remit payment via a
155 local pay agent. Convenience fees for these options totaled another \$4.2 million
156 to third party vendors in 2009.

157 The Staff asserts this is a situation where “cost-causers” should cover an expense
158 rather than all other ratepayers as suggested by AARP and GCI. Ameren Illinois
159 wholeheartedly agrees with this logic. Almost 24% of the payments processed in
160 2009 incurred no convenience fees at all – a choice made by customers who are
161 increasingly opting for on-line banking, EDI and direct debit-type programs for
162 bill payment. Ameren Illinois believes those customers who made a conscious
163 choice not to directly incur convenience charges should not have to pay for the
164 \$8.2 million in convenience fees associated with the bill payment choices of other
165 customers during 2009.

166 One final point, if utilities are required to absorb convenience fee costs, it is
167 entirely possible that such costs, particularly those currently associated with credit
168 card payments would increase since the consumer will no longer see any pricing
169 signal. Since utilities would be absorbing credit card merchant fees much like
170 retailers, it stands to reason customers will be using credit cards much more
171 frequently in order to obtain frequent flier miles, credit card cash back bonuses,

172 car purchase miles and other credit card promotions. Therefore, the \$8.2 million
173 in convenience fees experienced in 2009 will no doubt be much higher.

174 **VII. SECTION 280.90 – ESTIMATED BILLS**

175 **Q. Does Ameren Illinois wish to provide comment on Staff’s proposed Section**
176 **280.90, Estimated Bills?**

177 A. Yes. There is a typographical error. The “Bill labeling” sub-section should be
178 denoted as (f) instead of (h).

179 **VIII. SECTION 280.110 – REFUNDS AND CREDITS**

180 **Q. Does Ameren Illinois have any comments on Staff’s proposed Section**
181 **280.110, Refunds and Credits?**

182 A. Yes. Staff has requested input from the parties concerning GCI’s proposal to
183 provide an expansion for refund beyond the two year limit for residential
184 customers and one year limit for non-residential customers that is currently in Part
185 280 and which has also been included in Staff’s proposed language. GCI
186 proposed that utilities use the oldest available set of records to calculate a refund.
187 Ameren Illinois finds the limitations Staff has proposed and which the utilities are
188 currently operating under, are adequate and ensure State-wide consistency
189 whereas the proposal suggested by GCI may provide differences among utilities
190 within the State depending upon the length of time records are retained.

191 From a state-wide public policy and consistency perspective, it would seem
192 equitable that customers in the differing service territories be treated the same,
193 that is, a customer in Utility Service territory A might be eligible for three years

194 of refunds and a customer in Utility service territory B might be eligible for two
195 years of refunds, and this, only because of different record keeping protocols.

196 Further, if the GCI proposal is adopted, Ameren Illinois recommends the same
197 parity be applied to back billing situations in cases where customers owe the
198 utility money on behalf of all other ratepayers as well. From an equitable and
199 symmetrical standpoint, if customers are entitled to refunds over a two year
200 period, so should the utility be entitled to two years of back billing.

201 **Q. Are there other issues that Ameren Illinois wishes to comment on related to**
202 **Staff's proposed Section 280.110, Refunds and Credits?**

203 A. Yes. Staff made their position very clear in Rebuttal Testimony that they believe
204 utilities should pay interest on customer overpayments, even if such
205 overpayments result from charitable assistance and energy assistance grant money
206 with the specific intent to last the duration of a winter heating season. While we
207 understand Staff's concern to immediately refund money back to the customer,
208 and as such, have felt the need to impose the penalty of interest assessment as an
209 incentive to expedite the refund process, Staff has failed to acknowledge a very
210 important point in this refunding/interest assessment equation. That is, because of
211 the nature of utility service and utility billing systems, customers who may have a
212 credit on their account, may in fact owe the utility money since customers are
213 always billed a month behind for service already used. Therefore, Ameren
214 Illinois suggests a grace period of sorts that would allow for the assessment of
215 interest to begin on the customer's next bill statement for any credit amounts that

216 remain after the application of the credit to the customer's account. This
217 proposed interest-free grace period, which inherently acknowledges the customer
218 has already used service for which it has not yet been billed, provides the
219 flexibility of providing two options: 1) it establishes a reasonable time clock for
220 the utility to refund the credit back to the customer in an expedient manner, thus
221 achieving Staff's goal; and 2) it allows the credit to be applied to the next bill
222 statement, thus creating a definitive point in time to begin the assessment of
223 interest through the next bill statement period and thereafter, if necessary, if any
224 additional credit remains after bill application.

225 Ameren Illinois also proposes an exemption from paying interest on credits
226 appearing on customer accounts due to energy assistance. As part of its Rebuttal
227 Testimony Staff asks the question why not overpayments (credits) in the form of
228 energy assistance grant money earn interest that would benefit a low income
229 family (ICC Staff Exhibit 2.0, lines 1304-1310). An explanation is warranted on
230 how Ameren Illinois, and certain other utilities in the State, process energy
231 assistance pledges. When Ameren Illinois receives an energy assistance pledge
232 from an energy assistance provider, it immediately credits the customer's account
233 for the amount of the pledge, many times resulting in a credit to the customer's
234 account. It may be several months before Ameren Illinois is in receipt of the
235 actual funds to satisfy the initially received on behalf of the customer. However,
236 by Ameren Illinois "advancing" or crediting the forthcoming funds to the
237 customer's account, this removes the customer from the collection loop so that the
238 settlement of funds is between Ameren Illinois and the energy assistance provider.

239 As such, it eliminates further collection activity on the customer's account,
240 including the assessment of late payments. It makes no sense for a utility to remit
241 interest to a customer for a credit that has resulted from an advance payment to
242 the customer's account when, in fact, the utility is still waiting for funds from the
243 energy assistance provider. If the utility is required to pay interest on such
244 credits, it is likely the practice of crediting customers' accounts in advance of
245 actual funds received from energy assistance providers may have to discontinue to
246 the detriment of customers. Additionally, it does not make sense that customers
247 who intentionally overpay should have their credit refunded to them with interest.
248 A customer may desire to overpay in order to avoid non-payment disconnection
249 due to a lengthy trip or seasonal absence. Therefore, Ameren Illinois proposes to
250 exempt intentional customer overpayments from the interest requirement.

251 In order to reflect these suggestions, Ameren Illinois recommends the proposed
252 language to Section 280.110 (d) as follows:

253 "Interest on refunds and credits: All refunds and credits shall be
254 accompanied with interest calculated at the rates set by the Commission
255 for customer deposits. Interest shall accrue ~~over the full time period~~
256 ~~during which the overpayment occurred and up to the date upon which the~~
257 ~~refund is sent to the customer or the credit issued to a customer's account~~
258 ~~is consumed by future billing."~~ beginning with the customer's next bill
259 statement for any credit amounts remaining after the application of the
260 credit to the account. Credits resulting from energy assistance funds and

261 intentional customer overpayments are exempt from the application of
262 interest.”

263 **IX. SECTION 280.125 – DEFERRED PAYMENT ARRANGEMENTS FOR**
264 **LOW INCOME CUSTOMERS**

265 **Q. Does Ameren Illinois have any comments regarding Section 280.125, which**
266 **addresses Deferred Payment Arrangements for Low Income Customers?**

267 A. Yes. In Rebuttal Testimony Staff asked the parties for comments concerning
268 LIRC’s proposal to extend DPA rights to low income customers who have been
269 disconnected for limited periods of time. Ameren Illinois supports the proposed
270 language Staff has already put forth and does not believe it is necessary to further
271 extend additional DPA rights to low income customers, particularly when special
272 winter reconnection rules are in place that allow for reconnection without full
273 payment.

274 In addition, tracking the length of time service has been disconnected for a low
275 income customer in order to provide specific deferred payment agreement terms
276 adds a new layer of administratively burdensome tasks in the form of training,
277 tracking and recordkeeping. Staff’s goal of developing rules that ensure low
278 income customers have service restored and enter into payment arrangements as
279 incorporated in Staff’s proposed language far exceed the LIRC proposal to track
280 the additional duration of time a low income customer’s account has been
281 disconnected.

282 X. **SECTION 280.130 – DISCONNECTION OF SERVICE**

283 Q. **Please comment on Section 280.130, which addresses Disconnection of**
284 **Service?**

285 A. Staff requested the parties to provide comment on the relevance of utilizing the
286 disconnection for non-payment process in Part 280 as an operational avenue to
287 scan for field hazards as outlined in the IBEW testimony of Mr. Brian Loomis.

288 Before addressing the field hazard identification situation, Ameren Illinois first
289 responds to comments in Mr. Loomis’ testimony on the safety issue and take
290 exception to his comments that “with proper training and procedures, making
291 contact with a customer at the time service is being discontinued, as required by
292 the current code, need not pose an unreasonable risk of harm to the utility
293 employee making the contact and could provide beneficial services to both
294 customer and utility” (IBEW Ex.1.0, lines 55-58). Mr. Loomis adds
295 Commonwealth Edison Company (“ComEd”) does not currently instruct its
296 employees making service disconnections to knock on the customer’s door and
297 attempt to make contact at the time of disconnection.

298 Mr. Loomis appears to be unaware of the safety issues that do surface when
299 contact is made in an emotionally charged situation with a distraught customer
300 whose service is about to be disconnected. Customers can become verbally
301 abusive, ranging from impassioned pleading to issuing threats. In some cases,
302 customers will take steps to physically block the utility worker’s access to the
303 utility’s meter, either by interposing themselves between the employee and the

304 meter, releasing aggressive dogs from the residence into the area where the meter
305 is located, or by tying aggressive dogs to or near the meter to prevent the utility
306 employee from accessing the meter. In addition to the immediate apparent threat
307 to the utility employee, the resulting distractions can lead to trips and falls from
308 hasty retreats, electrical contacts while disconnecting the meter, and vehicle
309 accidents while being more focused on quickly exiting a dangerous situation than
310 proper safety.

311 The elimination of the current knock at the door requirement and replacement of
312 the phone call in advance is a far superior way to provide sufficient notice to the
313 customer of the imminent disconnection to make immediate payment or make
314 alternative living arrangements while at the same time protecting the safety of
315 utility employees.

316 With respect to the identification of field hazards, it is in the utility's best interest
317 to ensure safe and reliable service. As such, each utility has its own practices for
318 defining, identifying and correcting hazards within its service territory to provide
319 service that is safe and reliable. Ameren Illinois requires its crews to perform a
320 Job Based Observation ("JBO") at each work site prior to initiating any work. The
321 JBO consists of a review of the conditions at the work site which include
322 identification of potential hazards based on environmental conditions at the site
323 and the Ameren Illinois facilities that will be worked on; the type of work that is
324 to be performed on that day at that location; the communication of actions to
325 mitigate or eliminate the identified hazards; and the actions that each crew

326 member will take in the event of an emergency at that site. The JBO process is
327 supported and supplemented by the Ameren Illinois SafeStart program, which
328 emphasizes employee awareness and mitigation of conditions that can place co-
329 workers and the public at risk or accident or injury. That being said, it is the
330 belief of Ameren Illinois that incorporating such reliability and service standards
331 within the construct of the State’s credit and collection and consumer rules as
332 contained in Part 280 is not the appropriate place to address such issues. Ameren
333 Illinois recommends the IBEW proposal be rejected.

334 **XI. SECTION 280.160 – MEDICAL CERTIFICATION**

335 **Q. Does Ameren Illinois have any comments on Section 280.160, which**
336 **addresses Medical Certification?**

337 A. Yes. Ameren Illinois objects to the use of the word “earns” in subsections (e)(1)
338 and (2) and (h)(3) since it infers the customer is rewarded or compensated with a
339 medical payment agreement. We suggest the word “earns” be replaced with
340 “allows” or “permits”.

341 **Q. Are there other issues within the Medical Certification section that warrants**
342 **comment?**

343 A. Yes. Ameren Illinois objects to the 60-day disconnection prohibition *unless*
344 “good faith effort” payment is made by the customer within the first 30 days of
345 certification. A “good faith effort” payment is defined as the equivalent of one
346 medical payment agreement installment, not to exceed 10% of the total amount
347 owing. Therefore, in the case of a customer entering into a medical payment

348 agreement plan prior to disconnection, the installment amount would be 1/12 or
349 8% of the total amount owing. If a “good faith effort” payment is not received
350 within the first 30 days, the medical payment agreement is no longer in effect
351 after that first 30 day period.

352 The concept of a “good faith effort” payment is not new. For a number of years
353 the LIHEAP has required customers to demonstrate a good faith effort in paying
354 home energy bills, and in those cases where a utility bill payment has not been
355 made, a “good faith effort” payment is required before emergency energy
356 assistance is made on behalf of a household. For the 2010-2011 LIHEAP
357 Program Year, a “good faith effort” payment in the State of Illinois is defined as
358 \$75. Rather than “hard code” a specified dollar amount within the proposed rules
359 but instead allow them to remain dynamic over time, Ameren Illinois
360 recommends the first medical payment installment amount must be paid with a
361 percentage cap. Also, this first medical payment installment amount must be paid
362 within the first 30 days of certification in order to complete the certification and
363 continue it for an additional 30 day disconnection prohibition without the need for
364 a certification renewal. This is a reasonable compromise when recognizing no
365 initial down payment is made at the time a medical payment agreement is
366 reached. In order to recognize the “good faith effort” payment concept within the
367 Medical Certification language, Ameren Illinois makes the following language
368 recommendation to subsection (g):

369 “Duration of certification: The certification shall protect the account from
370 disconnection for ~~30~~ 60 days from the date of certification, provided the

371 customer has made a “good faith effort” payment within the first 30 days
372 of initial certification. A “good faith effort” payment is defined as the
373 equivalent of one medical payment agreement installment, not to exceed
374 10% of the total amount owing. If the customer fails to make the “good
375 faith effort” payment within the first 30 day initial certification period, the
376 medical certification will automatically expire. If the customer was
377 disconnected prior to certification, the ~~30~~ 60 day period shall not begin
378 until the utility restores the customer’s service.”

379 **Q. Are there other issues within the Medical Certification Section that Ameren**
380 **Illinois wishes to address?**

381 A. Yes. Along with the “good faith effort” payment requirement within the initial 30
382 day certification period, Ameren Illinois suggests that those customers presenting
383 a medical certificate be placed on the utility’s budget billing program at the time
384 of certificate acceptance. This will allow the utility to have a meaningful
385 discussion with the customer about the amount of the subsequent bills in addition
386 to the medical payment agreement installment amounts that the customer will be
387 expected to pay starting with the first billing statement due after the 30 day
388 certification period. Ameren Illinois recommends the following proposed
389 language be incorporated in Sections 280.160 (h) (1) (E) and 280.160 (h) (2) (E)
390 as follows:

391 “Customers entering into a Medical Payment Arrangement must
392 enroll in the utility’s budget billing program at the same time.”

393 **Q. Are there other issues within the Medical Certification section that Ameren**
394 **Illinois wishes to provide comments?**

395 A. Yes. Ameren Illinois is very concerned about the “entitlement” nature of a
396 medical certificate as conveyed in Section 280.160 (i)(2). This language provides

397 a “collection entitlement” to customers every 12 months, regardless if a previous
398 medical payment agreement has been satisfied. Ameren Illinois does not object to
399 providing medical payment agreements more frequently than every 12 months
400 provided the amount that was the subject of the agreement has been satisfied. The
401 concern that comes into play is the chronic re-certification that could ensue when
402 coupled with annual deferred payment agreement requirements, which include
403 renegotiation and reinstatement provisions, along with winter and summer
404 moratoriums that altogether may result in the possibility of a customer going an
405 entire year without payment. This unfortunate outcome is not fair or equitable to
406 either the utility or its other customers. For this reason, Ameren Illinois suggests
407 deleting Section 280.160 (i)(2) from the proposed language.

408 **XII. SECTION 280.190 – TREATMENT OF ILLEGAL TAPS**

409 **Q. Does Ameren Illinois wish to provide comment on Section 280.190, which**
410 **addresses the Treatment of Illegal Taps?**

411 A. Yes. In its Rebuttal Testimony, Staff Witnesses seek comments from other
412 parties concerning ComEd’s recommendation to allow a utility to recover from a
413 customer of record “all related expenses incurred by the utility” when it discovers
414 that a customer has benefitted from an illegal tap. Staff’s concern stems from the
415 term “all related” as being too expansive.

416 Staff’s concern that the subject language is too expansive is not warranted. One
417 definition of “related” includes being “connected” or “associated”. Clearly there
418 needs to be a direct nexus between the event and the cost. The sort of costs that

419 would be included, but not necessarily limited, are the damaged meter itself,
420 investigation charges, meter locks, pictures, associated labor expense, damages
421 caused to facilities beyond the meter, lost revenue and other incident-specific
422 costs. As a factual matter there are a number of Commission rules that speak to
423 certain “costs” that are qualified as being “related”

424 **Section 295.30 Allowable Advertising Expenses**

425 g) Advertising regarding customer service which directly relates to the utility
426 service received by the customer, identifies company employees and their
427 functions, explains the company's terms and conditions of service and
428 identifies the location and operating hours of company business offices;

429 Or:

430 **Section 525.40 Recoverable Gas Costs**

431 3) transportation costs related to such natural gas and any solid, liquid or
432 gaseous hydrocarbons and any storage services; and

433 In the end, I do not see any real issue with the subject terminology.

434 Ameren Illinois shares ComEd’s position in that a utility is entitled to recover its
435 costs and expenses from an illegal tap. From a logical and simply common sense
436 perspective, it makes sense that all other customers should not have to pay for the
437 illegal activities and related costs, whatever they may be, of certain other
438 customers engaged in illegal tap activities.

439 **XIII. SECTION 280.210 – PAYMENT AVOIDANCE BY LOCATION**

440 **Q. Does Ameren Illinois address Section 280.210, which addresses Payment**
441 **Avoidance by Location?**

442 A. Yes. Ameren Illinois acknowledges Staff’s position, albeit inflexible as conveyed
443 in their Rebuttal Testimony, with respect to the requirement that a “repeat
444 pattern” must be established before any of the other arbitrary criteria can be
445 invoked to attempt to stop the circumvention of payment. Ameren Illinois
446 compares the “repeat pattern” scenario to that of a shoplifting offense where the
447 offender is not even given a slap on the hand for circumventing payment of the
448 shoplifted item for the first offense (in this case unpaid utility service) but must be
449 caught at the same store by the same personnel a second time shoplifting the same
450 item. The fact that Staff will not allow a utility to immediately address a potential
451 payment avoidance situation when it arises, demonstrates Staff’s willingness to
452 give a free one-time pass to payment avoidance offenders until a “repeat pattern”
453 surfaces at some later point in time.

454 It is unfortunate, however, for other ratepayers that this one-time free pass does
455 have a considerable price tag. As indicated in previous testimony, for Ameren
456 Illinois in 2008, almost \$6.5 million was written off from approximately 4,700
457 accounts disconnected for non-payment that immediately reconnected within a
458 four-day window. And, of that \$6.5 million, \$4.8 million was actually
459 reconnected within a two-day window. If the Commission adopted a rule that
460 provided for the denial of service where the previous customer remains a member
461 of the applicant’s household, much of that uncollectible loss could be avoided.

462 Beyond the uncollectible issue, the proposed language requires additional
463 administrative burdens in terms of additional customer notifications and tracking
464 a series of five criteria. Due to the additional administrative costs to the utilities
465 without producing the anticipated uncollectible reductions, it is likely that such a
466 provision is costing utilities more than the benefits it is achieving. It is for this
467 reason that Ameren Illinois is recommending that Staff remove the Payment
468 Avoidance Language from the proposed rule.

469 **XIV. SECTION 280.240 – PUBLIC NOTICE OF COMMISSION RULES**

470 **Q. Does Ameren Illinois wish to provide comment on Section 280.240, which**
471 **addresses Public Notice of Commission Rules?**

472 A. Yes. Ameren Illinois does not object to customer notification of the availability
473 of the Commission’s rules. However, the company does object to the added costs
474 an annual mailing would impose. As a compromise, Ameren Illinois suggests
475 utilities be required to include an annual bill message on bill statements that
476 would provide information about obtaining the Commission’s rules to customers
477 upon request or by viewing the information on the company’s website. Ameren
478 Illinois offers the proposed language recommendation to reflect the alternative
479 annual bill message requirement in 280.240 as follows:

480 “Each utility shall provide notice to customers of the availability of
481 Commission rules. Notice substantially in the form shown in Appendix C
482 shall be posted on any utility website and written notice shall be provided
483 to customers annually. Such notice to customers may be in the form of a
484 bill message where customers will be provided the opportunity to obtain
485 copies of the Commission’s rules upon request or by accessing the
486 utility’s website.”

487 The Ameren.com website received 3,100,315 hits during 2009.

488 **XV. SECTION 280.260 – CUSTOMER INFORMATION PACKET**

489 **Q. Does Ameren Illinois wish to provide comment on Section 280.260, which**
490 **addresses the Customer Information Packet?**

491 A. Yes. Ameren Illinois does not take issue with the GCI proposal to add three
492 additional items to those already contained in the Customer Information Packet.
493 However, Ameren Illinois does take exception to the GCI proposal to only
494 include the customers’ rights for these three new items without including the
495 associated customer responsibilities attached to these topics. Therefore, Ameren
496 Illinois suggests GCI’s three additional items be listed as “Low Income Rights,
497 Responsibilities & Qualifications”; “Special Winter Rules & Rights and
498 Responsibilities for Gas & Electric Heating Customers”; and “Medical Certificate
499 Rights & Responsibilities.”

500 The inclusion of “responsibilities” is good public policy for all consumers and
501 ratepayers. Alternatively, Ameren Illinois is agreeable to removing both “rights
502 and responsibilities” from each of the titles of these additional topics for purposes
503 of brevity as long as both rights and responsibilities are included within the texts
504 of these topics.

505 **XVI. SECTION 280.270 – PERIODIC DATA REPORTING**

506 **Q. Does Ameren Illinois wish to provide comment on the new proposed GCI**
507 **Section 280.270, which recommends Periodic Data Reporting?**

508 A. Yes. Ameren Illinois supports Staff’s position to retain the reporting
509 requirements that are currently included in the proposed language. Utilities
510 currently provide data to Staff in the form of monthly disconnection/reconnection
511 reports; moratorium report filings, ICC Form 21 reports, etc. This is in addition
512 to the complaint tracking that is performed by the Commission’s Consumer
513 Services Division and the generation of the CSD’s Annual Report. Additionally,
514 Staff has the ability to request data at any time from utilities.

515 Ameren Illinois appreciates Staff’s concern about not including additional
516 reporting requirements beyond those in the proposed rule by taking into
517 consideration the additional expenses utilities will already be incurring as a result
518 of all the new requirements – system-related, operational and administrative - that
519 will be imposed upon them as a result of the proposed rule. To add on further
520 costs for the purposes of collecting data that may or may not be used when Staff
521 has the option of requesting data at the point in time when such data is actually
522 needed, is a far better balance of everyone’s resources. For this reason, Ameren
523 Illinois recommends Staff reject the GCI proposal to incorporate a new periodic
524 data reporting section within the proposed language.

525 **XVII. CONCLUSION**

526 **Q.** Does this conclude your rebuttal testimony?

527 **B.** Yes, it does.

APPENDIX**STATEMENT OF QUALIFICATIONS OF LAURIE H. KARMAN**

I have a bachelor's degree in Business Administration from Western Illinois University and a Master's Degree in Business Administration from the University of Illinois-Springfield (previously Sangamon State University). I also hold the professional designation of CBA (Credit Business Associate) in the field of Credit Management.

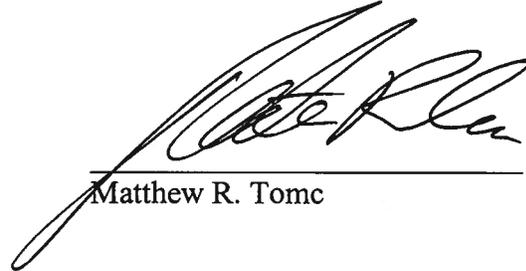
I have been employed by CIPS, AmerenCIPS, AmerenServices and AmerenCILCO since 1979. Throughout my career I have held a variety of positions in the area of customer service, credit and collections, and energy assistance programs. Since January 2008, I have been working in the Regulatory Affairs Department as a Regulatory Affairs Liaison, with my most recent project being the AIUs' implementation of Senate Bill 1299. Prior to January 2008, I was Managing Supervisor of Credit & Collections for the AIUs' three operating companies which included responsibility for credit and collection policies and practices and administration of energy assistance programs.

In the past I have been appointed to serve on several Illinois and Missouri Commission task forces and state-wide committees to address consumer-related and low-income energy assistance issues, including the Plug-in-Illinois choice campaign and the Missouri Affordable Energy Task Force. In addition, I was previously Chair of the National Association of Credit Manager's International Utility Group, an association for credit professionals in the utility industries. I have also served on the Boards of the United Way of Illinois and Consumer Credit Counseling Services. Presently I represent the State's combination utilities on the Illinois Department of Commerce and Economic Opportunities' LIHEAP Policy Advisory Council.

I have previously testified before the Commission in dockets 05-237 and 01-0321 and also have testified in proceedings involving formal consumer complaints.

CERTIFICATE OF SERVICE

I, hereby certify that a copy of the foregoing was filed on behalf of Ameren Illinois Company via Illinois Commerce Commission e-Docket and served to all parties of record in this docket on this 12th day of October, 2010.



Matthew R. Tomc