

The Peoples Gas Light and Coke Company
 Ill. C. C. Dockets 00-0789/01-0046
 Response to State's Attorney Request No. 2
 Responsible Witness: Thomas E. Zack

Request:

Referring to lines 136 – 137 of Mr. Zack's testimony, please explain exactly how, if a 12-month bill is spread over 18 months, that 12-month bill might "significantly differ from reality" in months 13 - 18.

Response:

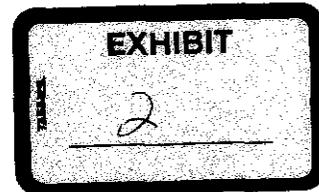
See the response to item 1 and the table below.

Comparison of Budget Plan Customer Monthly Payments and Arrearages					
	Customer Monthly Payments			Customer Arrearages at Year End	
	1-12	13-18	19-24	Year 1	Year 2
Cook County 18-month budget plan	\$47	\$117	\$70	\$276	\$414
Company Budget Plan	\$70	\$105	\$105	\$0	\$0

OFFICIAL FILE

I.C.C. DOCKET NO. 00-0789 & 01-0046
 Cook County Cross Exhibit No. 2
 Witness _____
 Date 4/24/01 Reporter BAD

CCSAO CROSS GROUP EX.



The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 1
Responsible Witness: Thomas E. Zack

Request:

Referring to Lines 126 – 131 of Mr. Zack's testimony, please provide a numeric illustration of where a customer accumulates an "ever increasing debt" using the following assumptions:

- a. A 12-month bill is spread out over 18 months in level payments.
- b. Three 12-month periods are used in the analysis.
- c. Bills for the first 12-month period are spread evenly over months 1- 18; bills for the second 12-month period are spread evenly over months 13 - 30; bills for the third 12-month period are spread evenly over months 25 - 36.
- d. All levelized monthly billing amounts are paid when due.

Response:

The Company is unable to provide the requested illustration because it is based on a faulty assumption. In this proceeding, the State's Attorney of Cook County has requested that the Commission adopt an emergency rule. An emergency rule is only effective for 150 days. Therefore, assuming adoption of the State's Attorney's proposed emergency rule, only customers entering into a budget plan during the 150 day effectiveness of that rule would be eligible for an 18-month budget payment plan. Thereafter, budget plans would have a term of 12 months.

However, for your information, Mr. Colton's own example, in his direct testimony, proves that the customer would accumulate increasing debt. As he describes on page 7, lines 6-8, the customer would pay \$564 during the first 12 months ($\$47 \text{ per month} \times 12$) on annual charges of \$840. After 12 months the customer is \$276 ($\$840 - \564) dollars in arrears. During the next 6 months (13-18) the customer would pay \$117 per month ($\70 under the new 18-month budget plus $\$47$ remaining from the first 18-month budget) or \$702 ($\117×6). In months 19-24, the customer pays just the \$70 per month or \$420 ($\$70 \times 6$). Adding these two periods together in the second year, the customer will have paid \$1,122 (see page 7, lines 22-23 of Mr. Colton's testimony) for the twelve months. Since in Mr. Colton's example the annual bill for year two was \$1,260, Mr. Colton's proposal has added an additional \$138 ($\$1,260 - \$1,122$) of debt to this customer's balance. The customer's total arrearage after two years is \$414 ($\276 in year one plus $\$138$ in year two). For a customer who owed nothing when he started on this "budget plan", through the application of Mr. Colton's design, he was in debt \$276 after one year and \$414 after two years. Furthermore, Mr. Colton's "levelized" plan defeats the whole purposes of a budget plan. Under his example, the customer's payment goes from \$47/month (months 1-12), to \$117/month (a 149% increase in months 13-18), to \$70/month (a 40% decrease in months 19-24).

The Peoples Gas Light and Coke Company
 Ill. C. C. Dockets 00-0789/01-0046
 Revised Response to State's Attorney Request No. 3
 Responsible Witness: Thomas E. Zack

Request:

Referring to lines 138 – 140 of Mr. Zack's testimony, please provide for each month January 1999 to present inclusive, the following data for residential customers:

- a. The number of accounts by age of arrears;
- b. The dollars of arrears by age of arrears;
- c. The average bill.

Response:

In his testimony at lines 138-140, Mr. Zack addresses how the Company's Budget Plan is among the most generous in the industry. The information requested by this item bears no relationship to the cited portion of his testimony, is outside the scope of his testimony, and is outside the scope of this proceeding. However, below Peoples is providing the available data responsive to State's Attorney's request for informational purposes only.

ACTIVE RESIDENTIAL CUSTOMERS
Includes Heating & Non-heating

	<u>Number of Past Due</u> <u>Accounts by Age of Arrears</u>		<u>Total Past Due Dollars by</u> <u>Age of Arrears</u>		<u>Average</u> <u>Bill</u>
	<u>> 120 Days</u>	<u>> 60 Days</u>	<u>> 120 Days</u>	<u>> 60 Days</u>	
Jan-99	NA	NA	NA	NA	\$128.36
Feb-99	NA	NA	NA	NA	\$119.71
Mar-99	NA	NA	NA	NA	\$111.49
Apr-99	NA	NA	NA	NA	\$88.05
May-99	NA	NA	NA	NA	\$61.91
Jun-99	NA	NA	NA	NA	\$41.13
Jul-99	NA	NA	NA	NA	\$32.85
Aug-99	NA	NA	NA	NA	\$30.79
Sep-99	NA	NA	NA	NA	\$31.78
Oct-99	NA	NA	NA	NA	\$53.80
Nov-99	NA	NA	NA	NA	\$71.47
Dec-99	NA	NA	NA	NA	\$114.60
Jan-00	NA	NA	NA	NA	\$140.65
Feb-00	NA	NA	NA	NA	\$151.09
Mar-00	NA	NA	NA	NA	\$106.91
Apr-00	NA	NA	NA	NA	\$92.60
May-00	NA	NA	NA	NA	\$64.17
Jun-00	NA	NA	NA	NA	\$50.05

ACTIVE RESIDENTIAL CUSTOMERS
Includes Heating & Non-heating

	<u>Number of Past Due</u> <u>Accounts by Age of Arrears</u>		<u>Total Past Due Dollars by</u> <u>Age of Arrears</u>		<u>Average</u> <u>Bill</u>
	<u>> 120 Days</u>	<u>> 60 Days</u>	<u>> 120 Days</u>	<u>> 60 Days</u>	
Jul-00	NA	NA	NA	NA	\$37.79
Aug-00	NA	NA	NA	NA	\$37.27
Sep-00	64,603	NA	\$30,328,253	NA	\$39.12
Oct-00	57,628	NA	\$27,055,187	NA	\$67.94
Nov-00	56,277	NA	\$26,954,172	NA	\$110.34
Dec-00	55,951	NA	\$30,239,317	NA	\$234.10
Jan-01	56,201	120,759	\$38,856,427	\$66,564,406	\$302.85
Feb-01	58,340	131,832	\$52,721,965	\$92,249,972	\$303.91
Mar-01	61,660	162,680	\$70,457,978	\$144,992,275	\$244.31

Notes: NA = Not Available.

The Peoples Gas Light and Coke Company
 Ill. C. C. Dockets 00-0789/01-0046
 Revised Response to State's Attorney Request No. 4
 Responsible Witness: Thomas E. Zack

Request:

Referring to lines 151 – 152 of Mr. Zack's testimony, please provide for each month January 1999 to present inclusive, the following data for residential customers:

- a. The dollars of bad debt;
- b. The number of deferred payment arrangements;
- c. The total number of customers who have failed to maintain their deferred payment arrangement.

Response:

In his testimony at lines 151-152, Mr. Zack addresses how an extended budget plan would increase the Company's financial exposure. The information requested by this item bears no relationship to the cited testimony, is outside the scope of Mr. Zack's testimony, and is outside the scope of this proceeding. However, below Peoples is providing the available data responsive to State's Attorney's request for informational purposes only.

ACTIVE RESIDENTIAL CUSTOMERS
Includes Heating & Non-heating

	Monthly Bad Debt Activity		Monthly Deferred Payment Arrangement Detail	
	Accounts Transferred	Dollars Written Off	Agreements at Month End (1)	Customer Delinquencies
Jan-99	7,434	\$4,089,858	4,438	NA
Feb-99	6,486	\$3,068,025	6,377	NA
Mar-99	6,259	\$2,594,052	11,106	NA
Apr-99	6,345	\$2,580,460	12,502	NA
May-99	5,209	\$1,931,074	11,215	NA
Jun-99	4,927	\$1,855,013	10,629	NA
Jul-99	3,040	\$1,115,156	9,071	NA
Aug-99	4,152	\$1,431,536	6,924	NA
Sep-99	4,731	\$1,803,741	,089	NA
Oct-99	5,319	\$2,292,080	3,487	NA
Nov-99	5,506	\$2,728,660	3,025	NA
Dec-99	5,971	\$2,699,394	3,228	NA
Jan-00	5,575	\$2,172,716	3,728	NA
Feb-00	33	\$17,451	NA	NA
Mar-00	6,254	\$2,287,187	NA	NA
Apr-00	2,292	\$1,083,015	NA	NA
May-00	106	\$106,551	NA	NA

Jun-00	14,893	\$6,289,615	NA	NA
Jul-00	7,477	\$2,966,007	NA	NA
Aug-00	2,144	\$1,136,000	NA	NA
Sep-00	2,446	\$944,785	16,889	NA
Oct-00	3,168	\$1,243,777	NA	NA
Nov-00	2,785	\$1,160,741	10,252	NA
Dec-00	2,708	\$1,475,922	7,622	NA
Jan-01	3,084	\$1,756,645	7,799	NA
Feb-01	3,361	\$1,864,476	11,648	NA
Mar-01	2,875	\$1,902,050	32,015	NA

Notes: NA = Not Available.

(1) Includes all Customers, but typically about 98% are Residential.

The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 5
Responsible Witness: Thomas E. Zack

Request:

Referring to lines 153 – 154 of Mr. Zack's testimony, for each month January 1999 to present inclusive, provide the number of final bills rendered to residential customers moving out of the Company service territory.

- a. Provide the average dollar amount of final bills rendered to residential customers moving out of the Company service territory
- b. Provide the dollars collected from persons who received final bills rendered after such customers moved out of the Company service territory.

Response:

The Company does not maintain the data requested by this item.

The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 6
Responsible Witness: Thomas E. Zack

Request:

Referring to lines 154 – 156 of Mr. Zack's testimony, please provide all written studies in the custody or control of the Company showing the extent to which levelized budget billing of utility bills reduces:

- a. Bad debt;
- b. Arrears.

Response:

The Company does not have any such studies.

The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 7
Responsible Witness: Thomas E. Zack

Request:

Referring to lines 166 – 176 of Mr. Zack's testimony, confirm or deny: If a customer has a year-end balance of \$300, that \$300 is rolled into the calculation of the next year's levelized budget bill. If a customer has a year-end balance of \$301, that \$301 must be paid by the customer as a year-end true up. If denied, please provide a detailed explanation of the specific grounds for the denial.

Response:

If a customer has a budget plan settlement amount of \$300 or less, that amount will be automatically rolled over into the calculation of the next year's budget plan installment amount. If a customer has a budget plan settlement amount of more than \$300, the customer has the option of either paying that amount at that time or entering into a deferred payment arrangement to pay that amount over the term of the deferred payment arrangement that could be up to 12 months.

The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 8
Responsible Witness: Thomas E. Zack

Request:

Referring to Lines 196 – 198 of Mr. Zack's testimony, please list all "legitimate reasons" for public utilities to report credit information to credit bureaus and provide all empirical support in the custody or control of the Company supporting these reasons.

Response:

As stated in Mr. Zack's direct testimony, the Company does not currently report credit information to credit bureaus and has not studied this matter extensively. The point of Mr. Zack's quoted statement is that credit reporting is a common business practice and credit reporting may be an effective tool for utilities to collect unpaid bills, especially for those persons who are no longer customers.

The Peoples Gas Light and Coke Company
Ill. C. C. Dockets 00-0789/01-0046
Response to State's Attorney Request No. 9
Responsible Witness: Thomas E. Zack

Request:

Referring to lines 196 – 198 of Mr. Zack's testimony, please provide all written reports of any nature in the custody or control of the Company showing that credit reporting by public utilities reduces:

- c. Bad debt;
- d. Arrears.

Response:

The Company does not have any such reports.