

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO.**

**PREPARED DIRECT TESTIMONY OF**

**ROSEANNA J. WIEGAND**

**OFFICIAL FILE**

I.C.C. DOCKET NO. 00-0789/01-0046-

IP Exhibit No. 1.0

Witness Wiegand

Date 4/25/01 Reporter KM

1 1. Q. Please state your name, business address, and present position.

2 A. Roseanna J. Wiegand, 500 S. 27<sup>th</sup> Street, Decatur, Illinois 62521. I am  
3 currently Manager of Revenue Management.

4 2. Q. Please summarize your educational background and professional  
5 experience.

6 A. I graduated from Millikin University with a Bachelor of Science Degree in  
7 Accounting in 1985. I have been the Manager of Revenue Management  
8 since November 1999. Prior to my current position, I held a number of  
9 positions in the accounting and finance departments of Illinois Power.

10 3. Q. What are your responsibilities in your present position?

11 A. In my present position I am responsible for managing the Revenue  
12 Department within Illinois Power. My department is responsible for  
13 processing customer payments, performing credit and collection activities,  
14 and revenue analysis.

15 4. Q. Have you previously testified before the Illinois Commerce Commission  
16 ("Commission")?

17 A. No.

18 5. Q. In addition to your prepared testimony in IP Exhibit 1.0, are you  
19 sponsoring any other exhibits?

20 A. No.

21 6. Q. What is the purpose of your testimony?

22 A. In my testimony I discuss our policies and procedures in billing residential  
23 customers for gas and electric services. First, I will provide background  
24 information. Second, I will discuss Deferred Payment Agreements.  
25 Third, I will discuss Levelized Payment Plans. Fourth, I will discuss other  
26 methods by which Illinois Power provides assistance to its customers.  
27 Lastly, I will discuss our concerns should the Commission implement the  
28 proposed rules.

29 I. BACKGROUND

30 7. Q. Are you familiar with the Petitions filed by Cook County and Pat  
31 Quinn in this consolidated docket?

32 A. Yes, I am.

33 8. Q. The Petitions seem to suggest that utilities have failed to assist customers  
34 during the past winter in which customers realized high natural gas prices.  
35 Do you agree with that suggestion?

36 A. No. In fact, Illinois Power has gone to great lengths to assist its customers  
37 during this past winter and before the filing of the Petitions because it has  
38 long been concerned with the impact of this past winter's high natural gas  
39 prices on customers. Prior to this winter, we had in place processes that  
40 met or exceeded the emergency rules as proposed by Cook County.  
41 Illinois Power has numerous services which it has made available to its  
42 customers even before this past winter's increased natural gas prices.

43 9. Q. Does Illinois Power have different payment plans available?

44 A. Yes. Illinois Power has several payment plans available such as the  
45 Levelized Payment Plans ("LPP"), Short Term Agreements ("STA") and  
46 Deferred Payment Agreements ("DPA").

47 II. LEVELIZED PAYMENT PLANS

48 10. Q. Describe the payment plan known as the Levelized Payment Plan.

49 A. LPP is a program offered by Illinois Power to help our residential  
50 customers reduce the seasonal impact of utility bills. The LPP program  
51 spreads the residential customer's energy costs evenly throughout the year.  
52 The LPP program is designed to assist in keeping bills stable during the  
53 peak seasons. All residential customers, including those in arrears, are  
54 eligible for LPP enrollment.

55 Under the LPP program, the residential customer's bill is levelized,  
56 or averaged, based upon the twelve (12) previous bills. The LPP amount  
57 is paid each month instead of the actual bill amount. If the residential  
58 customer's actual bill amount is more than the LPP amount, the difference  
59 of the two amounts is placed in a settlement balance as an underpayment.  
60 This means that the residential customer has paid less than the actual  
61 dollar amount of services used. If the levelized payment amount is more  
62 than the actual usage amount, this will create an overpayment in the  
63 settlement balance. If the LPP amount is more than the actual dollar  
64 amount of services used, the customers would have made an

65 "overpayment". If an "overpayment" occurs, Illinois Power pays the  
66 customer interest annually on the "overpayment" amount.

67 There are two LPP programs available to residential customers who are  
68 able to choose a monthly or periodic plan.

69 11. Q. Please explain the two plans available under the LPP program.

70 A. The first plan is a monthly plan. Under this plan, the monthly LPP amount  
71 is calculated by adding the total of the current bill plus the previous eleven  
72 bills and dividing by twelve. Each month, the residential customer will be  
73 billed an average of their last twelve month's energy use. Under the  
74 scenario, the amount may change every month.

75 The second plan is known as a periodic plan. Under the second  
76 plan, a monthly LPP amount is calculated by adding the total of the  
77 current bill plus the previous eleven bills and dividing by twelve. This  
78 amount is locked in for three months, after which it will be reviewed and  
79 changed if necessary.

80 12. Q. Do either of the LPP programs have a true-up?

81 A. Illinois Power defines a true-up as a settlement representing a balance due  
82 and owing for services provided. Illinois Power does not have a true-up.

83 13. Q. How do the Illinois Power customers sign up for either plan?

84 A. Residential customers may sign up for either LPP by: utilizing Illinois  
85 Power's automated voice response unit; calling the customer service  
86 number at 1-800-755-5000; enrolling on-line at [illinoispower.com](http://illinoispower.com) or

87 paying the levelized payment amount provided on the billing statement.

88 The customer service number is operated 24 hours per day, 7 days per

89 week.

90 14. Q. Has Illinois Power realized an increase in LPP enrollments?

91 A. Yes. Illinois Power has realized an increase in the number of customers

92 who have enrolled in either of these plans. In November 2000, Illinois

93 Power had 115,723 residential customers enrolled in the LPP program. In

94 February 2001, there were 159,190 residential customers enrolled in our

95 LPP program.

96 III. SHORT-TERM AGREEMENTS

97 15. Q. Describe the Illinois Power customer payment option known as a Short-

98 Term Agreement.

99 A. Customers have the option to enroll in a STA. This payment plan permits

100 customers to extend the period of time by which to submit payment for

101 their bill. This policy permits the customer to pay their bill before the next

102 billing cycle. Under this scenario, the customer continues to be

103 responsible for any late charge applicable.

104 IV. DEFERRED PAYMENT AGREEMENTS.

105 16. Q. Describe the Illinois Power customer payment option known as a Deferred

106 Payment Agreement.

107 A. Illinois Power customers may enter into a DPA for a period ranging from  
108 three to twelve months. Under the DPA, Illinois Power works with our  
109 customers to set up a payment schedule that meets their individual needs.

110 17. Q. How does the DPA work?

111 A. Customers are offered a period of three to twelve months in order to pay  
112 any arrears on their bills. Terms of the DPA are mutually agreed upon, so  
113 long as the period does not exceed twelve months. In some instances,  
114 customers are permitted to extend beyond the twelve-month period.  
115 While paying the arrearage, the customer is also required to submit  
116 payment for the current bill. Under a DPA, customers remain responsible  
117 for any carrying costs.

118 18. Q. If a customer is unable to make the arrearage payment, does Illinois Power  
119 allow re-negotiation of the terms of the DPA.

120 A. Yes. Customers are allowed to renegotiate the terms of their original  
121 agreement on one occasion. In some instances, Illinois Power allows re-  
122 negotiation on more than one occasion.

123 19. Q. How is the DPA option communicated?

124 A. Illinois Power customers may obtain a DPA by calling the customer  
125 service number at 1-800-755-5000, or via the automated voice response  
126 unit. In addition, should a customer receive a Disconnect Notice for non-  
127 payment, the notice would provide information concerning the DPA  
128 option.

129 20. Q. Has Illinois Power realized an increase in Deferred Payment Agreements?

130 A. With regard to DPA enrollments, there are 29,133 residential customers  
131 enrolled in the plan as of March 21, 2001. One year earlier, Illinois Power  
132 had 13,335 residential customers enrolled.

133 21. Q. Has the increase in DPA enrollments had an impact on Illinois Power's  
134 account receivables?

135 A. As of March 21, 2001, Illinois Power has \$19,309,015.03 in receivables  
136 subject to DPAs. This figure does not include any other arrearage. One  
137 year earlier, Illinois Power had \$7,707,951.13 in receivables subject to  
138 DPAs.

139 V. OTHER ASSISTANCE PROVIDED BY ILLINOIS POWER

140 22. Q. What else has Illinois Power done to assist its customers during this past  
141 winter's high natural gas prices?

142 A. Long before the Petition was filed in this Docket, Illinois Power took steps  
143 to refer its customers to agencies that have assisted customers. Illinois  
144 Power works with several community service organizations with its  
145 Energy Assistance Foundation's Warm Neighbors Program. In the past,  
146 Illinois Power has contributed a maximum of \$100,000.00 per year in  
147 matching funds to Warm Neighbors. This Foundation, which was  
148 established by Illinois Power, provides financial assistance to eligible  
149 participants for payment of their utility bills. It is funded by our customers

150 and employees. This winter, Illinois Power contributed \$200,000.00 in  
151 matching funds.

152 Illinois Power has also played a significant role in A Hand Up, Inc.  
153 <sup>TM</sup>. Sharon Durbin, the Executive Director of A Hand Up, Inc. <sup>TM</sup>, will  
154 discuss this program in her testimony.

155 VI. ILLINOIS POWER'S CONCERNS SHOULD THE PROPOSED RULES  
156 BY ENACTED.

157 23. Q. Would the adoption of the proposed rules cause combination utilities, such  
158 as Illinois Power, any concern.

159 A. Yes. The proposed rules cause several concerns. From a billing  
160 perspective we are concerned with the potential of having one set of rules  
161 which apply to only gas customers, another set which apply to electric  
162 customers and still a third set for combination utilities. As a combination  
163 utility, we provide a bill which reflects a balance for gas and electric  
164 service. Rules which may require separate bills for gas and electric could  
165 cause combination utilities to double their effort and cost to prepare and  
166 send bills to customers.

167 An additional concern involves the true-up in the LPP payments  
168 options. Currently, Illinois Power does not require a true-up. The  
169 proposed rules require implementation of a true-up under both of the LPP  
170 programs. This is a concern because Illinois Power would be required to

171 change both LPP billing programs. Illinois Power believes it is not  
172 beneficial for our customers to have a true-up requirement.

173 24. Q. Is there any irreparable damage to Illinois Power should the Commission  
174 prohibit reporting of delinquent customers to collection agencies?

175 A. Illinois Power does not believe it would irreparably suffer if the  
176 Commission enacted a prohibition as an emergency order during the  
177 pendency of this proceeding (pending a final order). However, if the  
178 prohibition is included in a final order, Illinois Power would be irreparably  
179 harmed.

180 A finalized customer's account on which a customer has failed to  
181 make payment is turned over to a collection agency, and then the  
182 collection agency sends a report to a credit bureau. Illinois Power defines  
183 a finalized account as a customer who has discontinued service at a  
184 specific address. As stated above, Illinois Power currently refrains from  
185 reporting all active service customers to a credit bureau.

186 For customers who have finalized their accounts and have failed to  
187 pay the balance, Illinois Power believes it would be irreparably harmed if  
188 prohibited from being able to report a finalized account balance through a  
189 collection agency to a credit bureau. In its experience, Illinois Power has  
190 found that individuals with a finalized account balance are more likely to  
191 pay the final bill if his/her name is reported to a credit bureau. Illinois  
192 Power would lose its ability to collect debts from finalized customers if a

193 rule was adopted during the pendency of this docket prohibiting Illinois  
194 Power from tendering the finalized customers' account to a credit bureau.

195 25. Q. Does Illinois Power believe it should receive an exemption from the  
196 proposed emergency rules if adopted by the Commission?

197 A. Yes. It is apparent that Cook County and Pat Quinn are concerned with  
198 gas customers within the corporate limits of Cook County, only.  
199 Likewise, prior to the City of Chicago's Notice of Withdrawal and the  
200 settlement it reached with People's Gas Light and Coke Company, the  
201 City of Chicago did not have any concerns with Illinois Power's billing  
202 practices. This situation is ripe for an exemption to those utilities outside  
203 the corporate limits of Cook County.

204 26. Q. Does that conclude your Direct Testimony?

205 A. Yes.