Ameren Illinois Company's
Response to Illinois Office of Attorney General Data Request
Docket No. 15-0305
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing (2015)

AG 6.07R

Ref: Ameren Exhibit 12.0, page 21, line 398; Summary Collection Analysis.xls (Midpoint Analysis). In his rebuttal, Mr. Weiss states, "I requested information from the Company pertaining to monthly data regarding: 1) the date customers were billed and 2) the date each bill was paid. The Company was able to provide such data for the entire period analyzed in the lead lag study." Please respond to the following:

a) Provide a complete copy of all correspondence, e-mails and other documents associated with the "request" that is referenced.
b) Provide a complete copy of all data that was provided by the Company, in Excel readable format, in response to each "request" made by Mr. Weiss.
c) Explain and provide documentation for each algorithm that was used to calculate the amounts shown in the table summarizing the "results of the analysis" on page 21.
d) Provide a detailed explanation of the treatment afforded each of the following instances within the data that was analyzed:
    i) Payments received representing a portion of the outstanding account balance.
    ii) Payments received that represented more than 100 percent of the outstanding account balance.
    iii) Payments received on accounts with a credit balance prior to receipt of the payment.
    iv) Payments received that were later dishonored at presentment (i.e., bad checks or overdrafts).

REVISED RESPONSE

Prepared By: Joseph S. Weiss
Title: Senior Project Manager, Concentric Energy Advisors, Inc.
Phone Number: 978-460-2871
Date: 08/31/2015

Only Subpart d) has been revised from the previous response.

a) AIC objects to this request as seeking information that is not relevant to the issues in this proceeding and that is not likely to lead to the discovery of admissible evidence. AIC further objects to this request to the extent it is overly broad, unduly burdensome, and not properly limited in time or scope. AIC further

objects to this request to the extent the requested information is subject to an applicable privilege.

b) A DVD containing the monthly data will be provided via UPS. This data has been anonymized to ensure the privacy of customer-specific information.

c) The analysis was completed by utilizing Microsoft Excel and statistical analysis software R. For each month in the test year, collection data was available for the four Ameren Illinois regions – CIPS Metro East, CIPS, CILCO, and IP. A program was written in R to combine the four raw data files for each month and compute the frequency distribution of collection lag. This computed frequency distribution of collection was then imported in Microsoft Excel for further analysis. A copy of the syntax used to compute the frequency distribution in R is attached as AG 6.07 Attach.

d)

i) Each partial payment associated with a particular payment will show up as one line item in the data provided by the Company. For example, if there were two payments received that satisfied the outstanding balance for a particular bill, there would be two line items with the same bill date but different payment dates in the data provided. The collection lag analysis would have two lag values associated with the bill.

ii) The initial payment that is in excess of the outstanding balance is treated as any other payment is treated in our collection lag analysis. However, in the subsequent bill, the credit will result in a situation where the collection lag will equal zero, i.e. bill date and payment date are equal.

iii) The payment will show up in the data provided by the Company similar to a payment that did not have a credit reducing the balance.

iv) Payments received that were later dishonored at presentment are not included in the data unless the bill was re-paid later.

AG 6.07 Attach_R Syntax

```
month_name <-
c("jan","feb","mar","apr","may","jun","jul","aug","sep","oct","nov","dec")

for(i in month_name)

{

data1 <- read.table(paste("18",i,".txt",sep=""),header=TRUE)
data1$source <- paste(i,"18",sep="_")
data2 <- read.table(paste("19",i,".txt",sep=""),header=TRUE)
data2$source <- paste(i,"19",sep="_")
data3 <- read.table(paste("20",i,".txt",sep=""),header=TRUE)
data3$source <- paste(i,"20",sep="_")
data4 <- read.table(paste("21",i,".txt",sep=""),header=TRUE)
data4$source <- paste(i,"21",sep="_")
mydata <- rbind(data1, data2, data3, data4)

mydata <- subset(mydata, mydata$DT_CASH != "0001-01-01")

mydata$DT_BILL <- as.character(levels(mydata$DT_BILL))[mydata$DT_BILL]
mydata$DT_CASH <- as.character(levels(mydata$DT_CASH))[mydata$DT_CASH]

mydata$DT_BILL <- as.Date(mydata$DT_BILL,"%m/%d/%Y")
mydata$DT_CASH <- as.Date(mydata$DT_CASH,"%m/%d/%Y")

mydata$bill_month <- months(mydata$DT_BILL)
mydata$bill_month <- substring(mydata$bill_month, 1, 3)

mydata$lag<- mydata$DT_CASH - mydata$DT_BILL
mydata$lag<- as.numeric(mydata$lag)

library(qdap)
freq_lag <- dist_tab(mydata$lag)

write.table(freq_lag, paste(i,"_lag_frequency",".xls",sep=""), sep="\t")

}
```

Ameren Illinois Company's
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AG 7.02

Ref: Ameren Response to AG 6.07(d) (Collection Lag Data Analysis).
In several of its response to AG 6.07(d), the Company states, "For each bill, the payment date represents the latest payment date associated with that bill." Please provide the following additional information:

a) Confirm that the convention used to "match" specific payments to bills assumed each customer payment was attributed to the oldest outstanding billed balanced for prior months' service, or state and explain each reason this cannot be confirmed.
b) Confirm that when a payment was received in an amount greater than the outstanding balance and was "applied as a credit to the next bill", the resulting collection lag for that payment in Mr. Weiss' analysis was not a negative value (a prepayment), or state and explain each reason this cannot be confirmed.
c) Confirm that when a payment was received in an amount less than the outstanding balance, that payment was not used to determine the collection lag interval, and only the later payment(s) received that fully satisfied the billed amount would be used to determine the resulting collection lag interval, or state and explain each reason this cannot be confirmed.
d) Please provide illustrative examples of Mr. Weiss' treatment of partial payments, excessive (above the account balance) payments, and dishonored payments in the logic of his analysis.

RESPONSE

Prepared By: Joseph S. Weiss
Title: Senior Project Manager, Concentric Energy Advisors, Inc.
Phone Number: 978-460-2871
Date: 08/31/2015

a) Confirmed.

b) Confirmed, assuming that the credit covered the subsequent bill amount. This would result in a collection lag equal to zero (i.e. bill date and payment date would be equal) for the next bill.

c) If a payment was received in an amount that was less than the outstanding balance, this was included as part of the collection lag calculations.

In response to AG 6.07 (d)(i), AIC stated that "for each bill, the payment date represents the latest payment date associated with that bill. If multiple payments are made representing a portion of the outstanding balance, the payment date shows the latest payment made." However, each partial payment associated with a particular payment will show up as one line item in our data set. For example, if there were two payments received that satisfied the outstanding balance for a particular bill, there would be two line items with the same bill date but different payment dates in the data set provided. Our collection lag analysis would have two lag values associated with the bill. AIC's response to AG 6.07(d)(i) will be clarified accordingly.

d)

i) Partial Payments. Each partial payment associated with a particular payment will show up as one line item in our data set. For example, if there were two payments received that satisfied the outstanding balance for a particular bill, there would be two line items with the same bill date but different payment date in the data set provided. Partial payments are a rather infrequent occurrence.

ii) Excessive Payments. The initial payment that is in excess of the outstanding balance is treated as any other payment is treated in our collection lag analysis. However, in the subsequent bill, the credit will result in a situation where the collection lag will equal zero, i.e. bill date and payment date are equal.

iii) Dishonored Payments. Dishonored payments were not included in the data and hence do not appear in our calculations.

Ameren Illinois Company's
Response to IIEC and CUB Data Request
Docket No. 15-0305
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IIEC-CUB 1.03

Please provide the following regarding the workpaper supporting the Table that appears on page 21 of Ameren Exhibit 12:

a) A detailed explanation of the calculation(s) in the workpaper;
b) A copy of the report(s) supporting the data;
c) A detailed explanation of what the amounts in the column labeled "Frequency" represent and why this statistic is appropriate for measuring a revenue collection lag;
d) If the amounts in the column labeled "Frequency" are not dollars, provide dollars associated with each frequency amount, for each day, for each month;
e) Explain how the data in the workpaper reconciles with the data in Ameren Exhibit 12.1;
f) Whether the data in the workpaper includes, or has been adjusted for Deferred Payment Plans and Budget Billing;
g) If the data has not been adjusted for Deferred Payment Plans and Budget Billing, please provide the data and analysis with Deferred Payment Plans and Budget Billing eliminated;
h) Also provide the amounts requested in part (d) adjusted for Deferred Payment Plans and Budget Billing data;
i) If Deferred Payment Plans and Budget Billing data has been excluded, provide an explanation of how that calculation was made;
j) If the "0" lag days and associated frequency amounts were included in the calculation of the collection lag, if not explain why and provide justification for the exclusion; and
k) In the context of Ameren's billing and collections and write-off policies and the Commission's rules, please explain in detail, identifying and explaining such policies and rules, how it is appropriate to maintain accounts receivables associated customer billings outstanding for:
    i) More than 320 days (see July, August and September data);
    ii) More than 400 days (see April, May and June data);
    iii) More than 500 days (see December, January, February and March data); and
    iv) More than 620 days (see October and November data).

RESPONSE

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a) Each monthly sheet (i.e. "Oct", "Nov", "Dec", etc.) contains the frequency distribution of collection lag calculated as the difference between the bill date and the payment date for each bill issued that month. The sheet entitled "Data" consolidates the individual monthly data into one sheet. The "Summary" sheet summarizes the average collection lag days for different buckets of lag days.

b) A DVD with the data supporting the workpaper was provided to all parties in response to Data Request AG 6.07 on Monday, August 24th.

c) The column labeled "Frequency" in each monthly sheet represents the count of bills for each particular collection lag (as explained above, collection lag associated with each bill was calculated as the difference between the bill date and the payment date for that bill). This metric directly measures the time it takes for a bill to be paid and hence is an appropriate statistic to measure revenue collection lag.

d) This data has been requested from the IT Department and will be provided as soon as it is available.

e) Since the payment data provided to support the analysis in the workpaper only included billing dates and payment dates and did not include amounts, the reconciliation cannot be done.

f) The data presented in the workpapers includes all forms of payment including payments under Deferred Payment Agreements and Budget Billings. It should be noted that the column for budget billing reflects the cumulative variance between customers' monthly budget billing amounts and monthly amounts based on actual usage.

g) The Company does not have the ability to distinguish Deferred Payment Plans and Budget Billings within the data provided.

h) See response to subpart g.

i) Not applicable.

j) The "0" lag day represents transactions where the bill date and payment date are the same. This occurs when there is a credit on the customer's account when the

bill is generated. The "0" lag days are not included in the analysis as credits would not be included in the aging buckets as presented in the monthly accounts receivable breakdown reports.

k) The majority of the referenced collections are a direct result of a series of events related to Deferred Payment Agreements (DPAs) as required in the Illinois Administrative Code Section 280.110, Illinois Public Utilities Act Section 8-206 (Winter Termination for Non-Payment), and the order in which payments are applied to outstanding charges on a customer's account. Section 280.110 of the Illinois Administrative Code allows all customers to enter into a DPA once a year to reduce their outstanding balance. Customers are also allowed to reinstate that DPA and renegotiate the DPA if they are experiencing a financial hardship. The number of months allowed for a DPA is 4-12 months. The Illinois Public Utilities Act prohibits disconnection for non-payment December 1 through March 31 of each year. When a customer enters into a DPA all outstanding charges are included in the DPA. Monthly, that customer is billed for their current charges and a DPA installment. When a customer fails to make a required payment the DPA defaults and the outstanding charges come due on their account.

The majority of these collections greater than 320 days are Late Payment Charges that had been included in a customer's DPA. With the payment posting sequence, payments are applied to all other metered arrears (90 day, 60 day, and 30 day) prior to Late Payment arrears.

Example of arrears that can be more than 600 days old:

- Customer requests a DPA in August 2013
- DPA installment bills out September 2013 and is paid
- DPA installment bills out in October 2013 and is not paid
- November 2013 disconnect notice issued
- Due to weather restrictions (below 32 degrees) the disconnection order cannot be completed
- December 2013 - Winter Moratorium begins and disconnection for non-payment is forbidden
- December 2013 - March 2014 - No customer payments
- April 2014 customer requests DPA for 12 months
- Customer down payment would apply to 90, 60 and 30 day metered arrears before any Late Payment arrears
- March 2015 customer pays last installment of DPA which could include late payment arrears from August 2013
- Total number of outstanding days for arrears is ~605 days

There are also other similar scenarios that would include a customer requesting to reinstate or renegotiate a defaulted DPA. Furthermore, an additional 60 days must be given to a customer with a medical condition where the discontinuance of service will aggravate an existing serious illness of any person who is a permanent resident of the premises as required in Section 280.130 of the Illinois

Administrative Code. All of these scenarios add additional days to accounts receivable when those arrears are placed in a DPA.