

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission	)	
On Its Own Motion	)	
vs	)	
Commonwealth Edison Company,	)	
The Peoples Gas Light and Coke Company,	)	
North Shore Gas Company	)	
Ameren Illinois Company d/b/a	)	ICC Docket No. 15-0403
Ameren Illinois,	)	
Northern Illinois Gas Company d/b/a	)	
Nicor Gas Company	)	
Independent Evaluator’s Evaluation	)	
Report on the Electric and Gas	)	
On-Bill Financing Programs	)	
Required by Sections 16-111.7 and	)	
19-140 of the Public Utilities Act	)	

**VERIFIED REPLY COMMENTS OF THE CITIZENS UTILITY BOARD**

Now comes the Citizens Utility Board (“CUB”) to submit these Verified Reply Comments for the consideration of the Illinois Commerce Commission (“ICC” or “the Commission”) as it drafts a report to the Governor and Illinois General Assembly concerning utility on-bill financing programs (“OBF”) as required by the Public Utilities Act (“PUA”). 220 ILCS 5/16-111.7 (as applied to electric utilities) and 220 ILCS 5/19-140 (as applied to natural gas utilities). The comments CUB submits are brief, and address three things: the use of a test not required by the PUA; expansion of the programs through use of alternative eligibility criteria for participants; and the need for additional evaluation beyond that required by the PUA. At this time, no party recommends the Commission report include a conclusion that OBF should not be continued. In fact, all parties are in agreement the Commission’s ultimate recommendation to the Governor and General Assembly should be that OBF continue. This is a positive development, and CUB hopes the Commission will agree with the parties on this point.

However, there are still some details of the evaluation that need to be addressed before the Commission submits its final report.

**I. The PUA does not require any evaluation of OBF under a utility cost test, and the recommendation to include one should be rejected. .**

Cadmus proposes that OBF should be examined using the “utility cost test,” or “UCT”. Staff Report (Attachment 1) at 8. The Staff of the Commission (“Staff”) comments that both “the UCT and the Total Resource Cost Test (TRC)” should be included in the Commission report. Staff Init. Comments at 8. So long as the results of both the UTC and TRC are included in the Commission’s report, Staff effectively concludes no harm is done by doing tests not required by the PUA. Elevate Energy supports Cadmus’ proposal on the grounds the UCT would, as Staff suggests, compare utility programs costs to the avoided energy costs for utilities. Elevate Energy Init. Comments at 5. Elevate also concludes that “a consistent method for determining cost-effectiveness” will help utilities determine what measure are eligible, though Elevate makes no comment on why the TRC test – applied to all utility Energy Efficiency Portfolion EEPS programs – is somehow inconsistent. *Id.*

The measures financed in OBF are already cost effective as the measures come from and are part of Commission approved Energy Efficiency Portfolio Standard (“EEPS”) Plans. *See* 220 ILCS 5/8-103 and 8-104. There is no additional test required by the PUA for OBF programs. As the Commonwealth Edison Company (“ComEd”) noted, “[N]o other program evaluation and/or reports are required. Therefore, the Commission should not recommend the adoption of an incremental cost effectiveness test.” ComEd Init. Comments at 2, Recommendation 6. The Ameren Illinois Company (“Ameren”) took no position on this recommendation.

CUB agrees with ComEd. There is nothing in the statute which requires the Commission to include in the report findings on cost effectiveness under a UCT test. The General Assembly – the body now asking for information on the OBF program – did not ask for such information. The point of the OBF program is to allow those consumers who may not be able to afford energy efficiency measures outright- a means for doing so. If one steps back and looks at the big picture around cost effectiveness tests for financing programs, the question that springs to mind is, why would a consumer finance something they could afford to pay for outright? The financing costs included in a UCT test may well mean the OBF program fails a cost-effectiveness test. It ignores, however, the point of OBF programs to begin with and the logic behind why no cost effectiveness showing is required in the statute. The fact that the measures included for financing in the program are already cost effective should give the Commission assurance that the OBF program is functioning as it was intended. CUB recommends the Commission reject Cadmus’ proposal for inclusion of the UCT Test.

**II. Program eligibility should be expanded by lowering credit threshold or allowing the use of utility bill payment history to determine participant eligibility.**

Cadmus recommends that utilities consider conducting pilot programs using utility bill payment history to decide program eligibility, noting this could reduce denials by 12%. Cadmus Report at 93. The issue of program eligibility was touched on by a number of parties. Both the North Shore Gas Company/Peoples Gas Light and Coke Company (“NS/PGL” and the People of the State of Illinois (“AG”) support a recommendation for a pilot that would examine possible increases in uncollectibles costs and disconnections if program eligibility was expanded. NSG/PG Init, at 3; AG Init. Comments at 4. ComEd points out that using bill payment history as

a proxy could be expensive as computer systems would have to be changed. ComEd Init. Comments at 2, Recommendation 5. Ameren notes it is already conducting a pilot of bill payment history as a proxy for eligibility in OBF. Ameren Init. Comments at. 6 Elevate Energy supports bill payment history for eligibility if the customer does not pass credit scoring criteria. Elevate Energy Init. Comments at 3.

All make good points, the most important for CUB being it appears there is an overriding feeling that eligibility is an issue which must be addressed. As CUB stated in its initial comments, the credit score threshold should be lowered since this was probably the most inexpensive way to deal with the high percentage of participant denials. Staff Report (Attachment 1) at 2 . While ComEd expressed concerns regarding expense associated with implementing a bill payment history screen, ComEd Init. Comments at 2, Recommendation 5, Ameren is using bill payment history as part of a pilot to expand access to OBF, and that is undoubtedly a good thing. Ameren Init. Comments at 6. Following the conclusion of Ameren's pilot, CUB encourages Ameren to share results with the Commission, other participating utilities, and stakeholders to see if there is an opportunity to incorporate bill payment history into OBF eligibility screening over all.

While CUB does not object to a pilot, the OBF use of a credit threshold of 640 has resulted in losses of just over \$12,000 and default rate of .16% of total loan volume. Staff Report Attachment (part 1) at 6. Given this track record it is appropriate for the Commission to lower the credit score threshold for the OBF program.

**III. While OBF as a whole does not need additional evaluation, evaluations should be used to assess the performance of the financial institution and participants' experience.**

Staff recommends that the Commission report include a suggestion for a legislative amendment to allow for periodic follow-up evaluations of the OBF program. Staff Init.

Comments at 4. While it may be true that the PUA only mandated one evaluation, there is no bar to the Commission ordering additional evaluations if necessary on its own authority to ensure the OBF program is continuing to provide customers a means to purchase cost-effective energy efficiency measures. 220 ILCS 5/16-111.7(a). CUB believes the Commission could conduct such an evaluation using data available to the utilities and the financial institution: number and amount of loans, repayment history, default rates, etc. Such an evaluation need not be statutorily mandated but could be addressed by the Commission at such time as it sees fit.

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Respectfully submitted,



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