

ILLINOIS COMMERCE COMMISSION

DOCKET 15-0495

SECOND REVISED DIRECT TESTIMONY

OF

MELANIE S. BROWN

Submitted on Behalf

Of

**AMEREN ILLINOIS COMPANY
d/b/a Ameren Illinois**

June 27, 2016

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8 **I. INTRODUCTION AND BACKGROUND**

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

10 **A. My name is Melanie S. Brown. My business address is 370 S. Main St., Decatur, IL,**
11 **62523.**

12 **Q. By whom are you employed and in what capacity?**

13 **A. I am employed by Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois or**
14 **AIC) as a Credit and Collections Supervisor.**

15 **Q. Please describe your educational background and relevant work experience.**

16 **A. See my Statement of Qualifications, attached as an Appendix to this testimony.**

17 **Q. Please describe your duties and responsibilities as Credit and Collections**
18 **Supervisor.**

19 **A. My duties include the shared responsibility of supervising a group of 49 customer service**
20 **agents who perform tasks in areas such as identification verification, non-pay disconnection,**

21 deposits, revenue protection, collection agency management and energy assistance processing.
22 As a part of the Credit and Collections Department, I am responsible for assisting with the
23 development of policies and procedures that aim to reduce Ameren Illinois' delinquencies and
24 write-offs to bad debt while also ensuring that these policies are in compliance with all
25 applicable laws, regulations, tariffs, etc.

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

27 **A.** My testimony identifies the history of Rider EUA – Electric Uncollectible Adjustment
28 (Rider EUA) and Rider GUA – Gas Uncollectible Adjustment (Rider GUA), and explains how
29 AIC minimized write-offs and collected monies owed during the 12-month period ending
30 December 31, 2013 (Reconciliation Period). Because the testimony and exhibits filed by
31 Ameren Illinois demonstrate that AIC has collected and accurately reconciled the amounts
32 collected under Riders EUA and GUA, and that their actions to pursue minimization and
33 collection of uncollectibles were reasonable and prudent, the Illinois Commerce Commission
34 (Commission) should approve AIC's petition to review and approve the reconciliation amounts
35 set forth in Ameren Exhibits 3.1 and 3.2 sponsored by Ameren witness, Bridget A. Alberico.

36 **Q. Are you sponsoring any exhibits in support of your second revised direct testimony?**

37 **A.** No, I am not.

38 **Q. Are there any other witnesses sponsoring testimony or exhibits in support of the**
39 **petition?**

40 **A.** Yes. Ameren witness Nancy L. Gudeman provides testimony regarding how AIC
41 implemented Riders EUA and GUA and how customer charges were calculated under the riders.

42 See Ameren Ex. 2.0. Ms. Alberico's testimony also sets forth Ameren Illinois' proposed
43 reconciliation statements. See Ameren Ex. 3.0 (Rev).

44 **Q. Please briefly describe the history of Riders EUA and GUA.**

45 **A.** In Docket 09-0399, AIC filed a petition with the Commission requesting approval of
46 Rider EUA and Rider GUA. Ameren Illinois and Commission Staff reached a stipulation in that
47 docket that governed the calculation of the amounts AIC could recover from ratepayers for
48 uncollectible expenses in rates for both electric and gas. The Commission approved Riders EUA
49 and GUA, pursuant to the stipulation. See Ameren Ex. 2.1, Final Order, Docket 09-0399 (Feb. 2,
50 2010), p. 6. After approval, Ameren Illinois implemented the riders and have completed four (4)
51 prior reconciliation dockets for reporting years 2008-2012. This docket initiates the fifth
52 reconciliation of revenues collected pursuant to Riders EUA and GUA.

53 **II. MINIMIZATION AND COLLECTION ACTIVITIES**

54 **Q. Does AIC use the same collection activities to minimize and collect both electric and**
55 **gas uncollectibles as has been done in previous reporting years?**

56 **A.** Yes. The actions taken on delinquent accounts whether they are gas only, electric only or
57 combination are the same. In fact, by having combination accounts, the balance is treated as a
58 single receivable. Actions taken up to and including disconnection of the electric meter address
59 both the gas and electric delinquencies as a whole.

60 **Q. Does the Public Utilities Act set forth any minimization and collection activities**
61 **associated with uncollectibles?**

62 **A.** Yes. While I am not a lawyer, I understand that the Public Utilities Act (the Act) sets
63 forth certain activities for utilities to employ to minimize and collect amounts that ultimately
64 become uncollectibles, including: (1) identifying customers with late payments; (2) contacting
65 the customers in an effort to obtain payment; (3) providing delinquent customers with
66 information about possible options, including payment plans and assistance programs; (4)
67 serving disconnection notices; (5) implementing disconnections based on the level of
68 uncollectibles; and (6) pursuing collection activities based on the level of uncollectibles. These
69 activities are described in Section 16-111.8 and 19-145 of the Act.

70 **Q. How does AIC identify customers with late payments?**

71 **A.** AIC's customer billing system identifies customers with late payments in accordance with
72 the Ill. Adm. Code Part 280.90 in effect for the reporting period. Residential bills are due 21
73 days after issuance and non-residential bills are due 14 days after issuance with the exception of
74 local, state and federal government accounts which are given 60, 90 or 45 days to pay
75 respectively. AIC's customer billing system is designed to identify a late payment as any
76 payment received more than two days beyond the due date printed on the bill.

77 **Q. What efforts does AIC make to contact delinquent customers?**

78 **A.** Payment habits of AIC customers are sent monthly to a third-party vendor who evaluates
79 the customer's habits and assigns an internal credit rating to each customer. AIC then uses this
80 rating to determine if the customer should proceed through additional collection activity. If a

81 customer receives an acceptable internal rating, the unpaid balance is simply carried over into the
82 customer's next bill until the customer receives a poor internal rating, at which time the account
83 is forced through AIC's standard collection routine, described below.

84 Additional collection activity for both residential and commercial customers begins with
85 a written disconnection notice and ends in meter disconnection if the customer takes no action.
86 The disconnection notice is sent via standard US mail and gives customers the balance due and
87 the final date by which to pay that balance to avoid disconnection.¹ In cases where a building
88 has one meter and multiple tenants, AIC also posts a placard with details of the pending
89 disconnection, giving the occupants time to respond. Three days prior to that due date, an
90 outbound call is made as a courtesy to remind the customer of the impending disconnection and
91 to solicit payment. Calls on all residential accounts are automated and made by a third party.
92 Calls on non-residential accounts are made only to those customers with significant balances.
93 Such calls for non-residential accounts are manual and made by AIC's Credit and Collections
94 staff. The next step is to place an order for disconnection. Orders for disconnection are placed
95 on all accounts where the customer has failed to make payment or payment arrangements and the
96 delinquent balance is greater than \$150.

97 The collection activities described above for customers with open accounts are similar to
98 the activities employed for customers with closed accounts. These customers receive a series of
99 letters/reminders followed by an automated outbound call used to solicit payment before the
100 account is placed with a collection agency. The use of third party collection agencies is also

¹ Per current practice, a disconnection notice is replaced by a reminder notice during the winter moratorium (December 1 – March 31) for residential customers. Although no disconnection occurs during that period, an effort to solicit a payment is still made.

101 considered to be a tool used in AIC's efforts to minimize uncollectibles. During the reporting
102 period, AIC utilized four (4) primary collection agencies. Additionally, AIC employed a new
103 collection strategy using a separate collection agency, specializing in the collection of aged debt
104 for secondary placement on accounts not collected by the primary agencies. Agency
105 performance is monitored on a monthly basis within AIC's Credit Department.

106 **Q. How does AIC provide delinquent customers with possible options including**
107 **payment plans and assistance programs?**

108 **A.** During the reporting period, AIC provided a variety of payment options, including cash,
109 check, money order and credit or debit cards. These options were clearly communicated via the
110 bill, via the brochure accompanying the disconnection notice, AIC's website, and through the toll
111 free number. Customers could make these payments through various channels including
112 standard US Mail, in person at local payment centers, over the phone and via the internet. AIC
113 also offered payment agreements in accordance with Illinois Administrative Code Part 280.110.
114 Information regarding payment agreements and assistance programs was made available to
115 customers facing disconnection by way of brochures included with each notice. AIC's Call
116 Center employees also were (and remain) well-versed in payment agreement policy and have a
117 list of assistance agencies readily available to assist callers with those needs. AIC also issued
118 press releases several times per year and works with the media in an effort to encourage
119 customers to call our customer service centers for payment arrangements and to make them
120 aware of available energy assistance programs and options.

121 **Q. How does AIC implement disconnections based on the level of uncollectibles?**

122 **A.** In general, disconnections automatically correlate to the level of uncollectibles.

123 Although AIC's measures for disconnection do not change, the volume is driven by
124 delinquencies. Because delinquent customers have a higher propensity to become uncollectible,
125 AIC used consistent collection policies to disconnect before balances become unmanageable.
126 This can be most effective during non-moratorium periods when disconnection is permissible.

127 **Q. How does AIC pursue collection activities based on the level of uncollectibles?**

128 **A.** As stated above, AIC constantly works to minimize uncollectibles, and did so during the
129 reporting period. Collection actions were taken on any customer receiving a notice and failing to
130 take action. Policies were designed with the intent of collecting all monies owed and were kept
131 consistent in an effort to ensure that the level of uncollectibles does not increase. In addition to
132 the actions required by the Act, AIC actively searches for new and creative opportunities to reach
133 its customers regarding past due balances, including an outbound calling initiative and an email
134 campaign created to solicit payment and discuss payment arrangements/assistance opportunities
135 with its customers outside the standard routine. In 2013, AIC also partnered with a third party
136 vendor to launch technology allowing for various credit-related text and email alerts including
137 bill due date reminders, past due reminders, disconnect notice issued alerts and disconnection
138 completed notifications for those customers that wish to be contacted by those methods.

139 **III. CONCLUSION**

140 **Q. Does this conclude your second revised direct testimony?**

141 **A.** Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
MELANIE S. BROWN

I have a bachelor's degree from Illinois State University in the field of International Business.

I have been employed by Ameren Illinois Company (and its predecessors Illinois Power Company and AmerenIP) and Ameren Illinois since 1996. Throughout my career I have held a variety of positions in the areas of Customer Service, Billing and Credit and Collections.

My most recent employment has been within the Credit and Collections Department where I began as a Customer Service Representative in 1996. In 2008, I was promoted to Senior Customer Service Specialist where I became involved with several large initiatives including workshops to re-write Illinois Administrative Code Part 280 and the implementation of the changes associated with electric supply choice (Senate Bill 1299).

In 2009, I accepted the position of Credit and Collections Supervisor where I've taken an active role in ensuring credit policies are in compliance to all applicable rules and regulations. I have extensive experience handling responses to consumer complaints coming from organizations such as the Illinois Commerce Commission, the Citizens Utility Board and the Illinois Attorney General's office. Additionally, I am responsible for the administration of energy assistance programs for Ameren Illinois including LIHEAP, general community assistance and Ameren's own fuel fund - Warm Neighbors Cool Friends.