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BEFORE THE
ILLINOIS COMMERCE COMMISSION
POLICY SESSION
Wednesday, March 21, 2018
Chicago, Illinois

Met, pursuant to notice, at 11:00 A.M.,
at 160 North LaSalle Street, Chicago, Illinois.

- PRESENT:
- BRIEN J. SHEAHAN, Chairman
 - SADZI M. OLIVA, Commissioner
 - JOHN R. ROSALES, Commissioner
 - D. ETHAN KIMBREL, Acting Commissioner
 - ANASTASIA PALIVOS, Acting Commissioner

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1 COMMISSIONER OLIVA: We are all ready to
2 begin.

3 Good morning, everyone. Thank you for
4 joining me for the third installment of Illinois'
5 Power Meter titled Retail Electric Suppliers: Best
6 Practices and Consumer Protections.

7 I want to thank my colleagues, Chairman
8 Brien Sheahan, Commissioner John Rosales, Acting
9 Commissioner Anastasia Palivos, and Acting
10 Commissioner Ethan Kimbrel, for your support. We
11 do have a quorum. This is a Policy Session. It is
12 on the record and transcribed.

13 As many of you know, in October of last
14 year, the Illinois Commerce Commission adopted
15 amendments to Part 412 of its rules. These rules
16 as amended strengthen consumer protection
17 requirements in order to ensure that the necessary
18 awareness and transparency exists in transactions
19 taking place between consumers and retail electric
20 suppliers and that market function -- and that the
21 market functions as intended.

22 With nearly 1.8 million residential

1 customers receiving power from a retail electric
2 supplier, it's important that consumers are
3 equipped with the necessary tools to make informed
4 choices and that retail electric suppliers comply
5 with relevant marketing and disclosure rules.

6 Today's Policy Session will examine the
7 recent amendments, highlight best practices, feature
8 key factors consumers should be aware of when
9 engaging with suppliers.

10 (Spanish translation.)

11 COMMISSIONER OLIVA: And for the
12 first time in ICC Policy Session history, there
13 will be a consumer-focused segment in Spanish.

14 So with that said, please join me in
15 welcoming my Legal and Policy Advisor Janel
16 Haretoun who will introduce the panelists.

17 MS. JANEL HARETOUN: Thank you,
18 Commissioner Oliva.

19 Good morning. To share their expertise on
20 Sales and Marketing Rules and Best Practices of
21 retail electric suppliers are Jean Gibson, Kevin
22 Wright, Gerard Fox, and Michael Nugent.

1 Jean is the director of the Office of
2 Retail Market Development with the ICC. In her
3 role, Jean initiates and establishes policies,
4 standards, and procedures to actively seek out ways
5 to promote retail utility competition to benefit
6 Illinois consumers.

7 Jean also collaborates with internal and
8 external cross-functional specialists in the
9 development, establishment, and revision of the
10 agency's policies, rules, and regulations to
11 monitor existing competitive conditions in
12 Illinois.

13 Kevin is the president of the Illinois
14 Competitive Energy Association which represents the
15 interests of competitive energy suppliers and
16 preserving and enhancing opportunities for customer
17 choice and retail competition in the electric and
18 national gas industries before the ICC and the
19 Illinois General Assembly.

20 Kevin has over 25 years of Illinois state
21 government experience which includes serving as ICC
22 chairman from September 2002 until April 2003 and as

1 a commissioner until February 2007.

2 Gerard is the Illinois counsel for Retail
3 Energy Supply Association. Gerard began his legal
4 career as a staff attorney for Peoples Energy
5 Corporation. In 2005 Gerard became vice-president
6 and deputy counsel of Peoples Energy until his
7 retirement in 2008. Since then, he has practiced
8 energy law primarily before the ICC representing
9 alternative retail energy suppliers and alternative
10 gas suppliers.

11 Michael is the regulatory counsel for IGS
12 Energy. As a regulatory counsel, Michael represents
13 IGS and its affiliated companies in state
14 proceedings in Ohio, Indiana, Illinois, and Texas.
15 He routinely provides support and guidance to IGS's
16 business entities regarding competitive markets and
17 policies.

18 And to provide the dual language
19 presentation on Consumer Tools are Ruby
20 Haughton-Pitts and Anna Warnock.

21 Ruby is the director of advocacy and
22 outreach with the AARP. Over the course of her

1 career, Ruby served as a political strategist
2 developing successful policy and system change
3 efforts, built broad-based coalitions, managed
4 complex internal and external communication
5 programs, and worked on a variety of social
6 marketing and fundraising campaigns.

7 Anna is the consumer rights specialist for
8 Citizens Utility Board and has extensive knowledge
9 of the Illinois Administrative Code Part 280. In
10 her 12 years at the Citizens Utility Board, she
11 built and developed the outreach programs in the
12 Hispanic community. She is the Citizens Utility
13 Board spokesperson and point of contact for media
14 and Spanish and is responsible for creating and
15 managing content in Spanish for the organization's
16 website, radio program, and social media.

17 Please join me with a round of applause to
18 welcome our panelists.

19 (Applause.)

20 MS. JANEL HARETOUN: First we will hear
21 from Jean who will present on the ICC's amended
22 rules and the ICC's role in the retail electric

1 market.

2 MS. JEAN GIBSON: Good morning. Thank
3 you, everyone, for being here this morning. Again,
4 I'm Jean Gibson with the Office of Retail Market
5 Development.

6 And, Commissioner Oliva, thank you very
7 much for setting up this platform for us to come
8 together and talk about important issues regarding
9 best practices and consumer protections in the
10 retail choice market.

11 With that, I want to talk about some of
12 the basics that are involved in Illinois being an
13 electric choice market. I think it's safe to
14 assume most people in this room are very familiar
15 with some of these things that we're going to talk
16 about. However, as we're talking about best
17 practices today, this is a good foundation for
18 thinking about what it is customers should be
19 thinking about as they're engaging with our market.

20 First of all, as a de-regulating market in
21 Illinois, we are one of 16 other states who offer
22 electric choice, as well as Washington, D.C. With

1 that, it means that there are laws and rules that
2 are set up so that electric suppliers can come in
3 and compete with our electric utilities -- for
4 example, Com Ed or Ameren -- to provide electric
5 supply to both small businesses and retail
6 customers. And as the utility is still there, they
7 will be using their poles and their wires to bring
8 the electric supplies to the home's location.

9 When a customer is considering making a
10 choice and making a change, this is a laundry list
11 of a few items here that should be considered.
12 Customers should be thinking about the price that
13 they might be paying, the length of term: Is it
14 12 months, is it 24 months, will there be a renewal
15 policy so what happens at the end of the term? Are
16 there additional fees, a monthly fee, or any fees
17 that they might incur at the end of their term or
18 if they should decide to make a choice before their
19 term is over?

20 Are there other benefits? Many of the
21 suppliers here in Illinois have value-added
22 benefits and additional items that they offer.

1 When a customer is looking to make a choice, they
2 should look at everything in context together and
3 see what it means for them.

4 It's very important to note that we are --
5 we do have the opportunity to make these choices
6 and go into it with an open awareness that savings
7 may not be guaranteed.

8 Another topic that is -- or another big
9 availability in Illinois is we have municipal
10 aggregation which, again, we all know your
11 government can make a choice for. Your city, your
12 village, your township can take a look at what you
13 might be able to do if you combine your buying
14 power and look at a potential better rate than the
15 utility.

16 You still have a choice. If you are part
17 of a municipal aggregation community, you can take
18 an opportunity to look and see if that's what you
19 want. If not, you can -- you can look back at your
20 utility or you can take an opportunity to look at
21 another retail supplier in Illinois. We have
22 55 active suppliers here out of a hundred who have

1 applied and have certificates with us.

2 This bottom image here is hard to read,

3 but I do have hard printed-out copies of that.

4 It's a resource that we offer on the Illinois

5 Commerce Commission website that gives a description

6 of some of the items talked about this morning,

7 what would be really great for customers to have

8 awareness of.

9 And then I can't reiterate enough or say

10 enough that to be an informed consumer, it's really

11 important to have an understanding of what your

12 utility bill looks like. So before you're doing

13 some of this research, please recommend that

14 customers thinking about making a change are

15 looking at what their utility bill is, the line

16 items, make sure if they have any questions, you're

17 answering -- they're finding out what that

18 information is. So the more informed a customer

19 is, the better choice they can make for themselves.

20 Another piece of information that a

21 customer might want to know about is what does the

22 Illinois Commerce Commission do and have in

1 relation to the electric choice market. There are
2 a couple of key players here that I've mentioned.
3 One is my Office of Retail Market Development.

4 So we are tasked with the -- the idea of
5 promoting a competitive retail market in Illinois.
6 Our goal is to provide safe, reliable, affordable
7 electricity for all customers. And to do that, we
8 evaluate any alternative retail supplier that looks
9 to be in the marketplace. Here they must be
10 certified to provide service in Illinois. So our
11 department is evaluating those applications as they
12 come in.

13 And then once the applications are
14 approved and they are certified, we are evaluating
15 their performance in the market, if they're
16 complying with rules, how they're performing, and
17 making sure that they're in compliance with the
18 rules that are established.

19 Our counterpart is the Consumer Services
20 Division, and they have a team of counselors that
21 interact with customers and retail suppliers. They
22 can do a number of things to answering questions,

1 to helping any consumers with concerns. If a
2 concern is raised, they can help with the filing
3 and the investigation of an informal complaint.
4 And they really work with consumers, as well as the
5 retail suppliers, to find a resolution that works
6 for all parties involved. It should be noted that
7 they also have counselors on staff that are fluent
8 in Spanish.

9 Now we're going to talk about some of the
10 rules. Here we've mentioned Parts 412 and 453.
11 Those were the ones that have been looked at for a
12 number of years. And right as I was stepping in in
13 September of 2017, just weeks later, the rules were
14 approved, so it was a pretty exciting time here. I
15 was handed a booklet of rules to catch up on and
16 said work with the suppliers and make sure that
17 they understand what's here and that it's going to
18 be implemented. We're coming up across our due
19 date of May 1st for compliance with all of the
20 updated rules.

21 So there's a few items listed here. The
22 heart of the intentions of these updates are some

1 of the ones that had the check marks next to them,
2 and those are really to make sure that a customer
3 making a change or a customer looking at making a
4 change understands that they're part of a sales
5 transaction. So that is to the suppliers making
6 sure that they're using their own name and their
7 branding and not leveraging a utility name or
8 representing that they're with the government to be
9 clear that they're part of a sales transaction.

10 We want to make sure that important
11 information for making these decisions is available
12 and easy to find, so the rules talk about pieces of
13 things like having content on a website or having
14 information available through an 800 number,
15 describes information that should be available or
16 should not be available on marketing materials.
17 It's very specific in recommendations with that.

18 We clarify what the expected behaviors are
19 at points of interaction, so whether you're looking
20 at a sales transaction at your door or an inbound
21 phone call to you or if you call in to try and make
22 a transaction, you see some marketing materials,

1 there are expectations as to how all of those
2 encounters should go.

3 For example, anybody that you're working
4 with in person will have had a criminal background
5 check to make sure that they are eligible to work
6 with you.

7 If you're making a phone call or a call
8 comes into you and it's over two minutes long, the
9 call will be recorded and retained and other items
10 such as that.

11 Notifications: So if your price changes
12 throughout your contract or if it's -- if you're on
13 a variable rate and it's going to increase a
14 certain amount or decrease a certain amount or if
15 there's a percentage change, we want the customers
16 to know that this is upcoming, so there are
17 requirements now as to what that looks like and how
18 a customer would be notified, so the customer is
19 informed not only at the initial contract signing
20 but throughout the engagement that they have with
21 an alternative supplier.

22 And green products: Very popular, very

1 interesting right now both on the suppliers' side
2 and customers are interested in what this might
3 look for for them and the rules address some of the
4 requirements to be able to assert that you are a
5 green supplier; you're doing something
6 environmentally friendly. So it's outlined very
7 clearly, so if a marketer is going to assert that
8 they are providing something green and good for the
9 environment, they will be following a set of rules
10 that enables them to say that.

11 Part 453: There's just one point there.
12 It's more on just making sure that anything that
13 says an online transaction has a verified signature
14 and some specifics to make sure that that's a true
15 transaction.

16 I wanted to go through some of the
17 resources that are available for customers. So
18 outside of the suppliers' own websites and
19 information they might have, a consumer, again,
20 should know what their bill looks like. If they
21 don't get it on a monthly basis, at least they
22 should be looking at it periodically.

1 But as far as looking at the choices that
2 we have in Illinois, this Plug In Illinois website
3 is one that is boarded by the Office of Retail
4 Market Development, so there are statistics and
5 pieces of information located here that a customer
6 could go to to take a look at. We have not only
7 utility information but offers that some of the
8 alternative suppliers have. There will be pricing
9 history from the utilities. There will be
10 complaint statistics and -- just lots of information
11 that you could investigate prior to making a
12 transaction. We have a star ranking that evaluates
13 how retail electric suppliers are servicing the
14 customers that they have that they can look at as
15 well.

16 Additionally, the Illinois Commerce
17 Commission has a whole page dedicated to consumer
18 information, so there is some information focused
19 on the utility electric choices which we're focused
20 on today. But Illinois does also offer a natural
21 gas choice program, so there's information on this
22 page as well, along with a number of other pieces

1 of information, that would be helpful for consumers
2 who are interested in different topics and could
3 find some details.

4 And last but not least, what's next?

5 We're not going to put a check in the box today and
6 say we're done with this conversation. It's a
7 continuing conversation, so with consumers, with
8 our -- with the suppliers, with our team here, we
9 will be having policy sessions, workshops.

10 We have -- recently the ICC enacted a
11 Retail -- Retail Market Advisory Committee. Our
12 meeting will be in April, and that's composed of
13 some of our resources from the General Counsel's
14 office, as well as Consumer Services Division and
15 our own Office of Retail Market Development, along
16 with a representation of suppliers both offering
17 electric choice and natural gas choice here in
18 Illinois. We want to look at what the opportunities
19 are. We want to evaluate any challenges that are
20 still occurring. The market is evolving, so it's a
21 continued conversation. The market is most
22 successful when it's being offered in a healthy way

1 to customers, and that's what our goal is through
2 these conversations.

3 Last but not least, I just want to
4 reiterate some of the resources that we talked
5 about today as a source of information for those of
6 us in the room, as well as customers looking to
7 make a change. There's the Plug In Illinois
8 website, the Illinois Commerce Commission website.
9 And always, our Consumer Services Division has a
10 lot of great information, a lot of experience, so
11 their phone number and their website information is
12 there as well.

13 Thank you.

14 MS. JANEL HARETOUN: Thank you, Jean.

15 Next we will hear from Kevin and Gerard in
16 a joint presentation on ICEA and RESA's shared
17 values and code of conduct.

18 MR. KEVIN WRIGHT: Thank you very much --
19 I should have known that by now. Thank you very
20 much for this opportunity. Gerry and I are going
21 to present together in the interest of time and not
22 try to overlap too much on each other.

1 ICEA, Illinois Competitive Energy
2 Association, was started in October of 2008,
3 October 31st to be exact -- that's all I can say
4 about that; it wasn't planned that way; it just
5 turned out that way -- basically to be Illinois-
6 focused only as a trade association, to be kind of
7 a face and voice at the Commission and in the
8 legislature about the Illinois market specifically.

9 And so our main goal has been the
10 preservation and improvement and expansion of the
11 competitive retail electric and natural gas markets
12 in Illinois. We've been very active not only
13 before the Commission in docket proceedings to do
14 that but also in the legislature.

15 A couple items to kind of bring to your
16 attention: We've been involved in consumer
17 protection issues dating back to changes in the
18 Alternative Gas Supply Law, including up to --
19 including Part 412 which we support wholeheartedly
20 and frankly has been a good experience with Jean.
21 We commend her and the Commission for these
22 implementation workshops, and I think that will be

1 helpful in getting that communication out.

2 Certainly retail electric suppliers won't
3 have a reason to say we don't know because the
4 implementation workshops have been very informative.
5 They're kind of the dos the don'ts and risks you
6 want to take.

7 MR. GERARDO DELGADO: Excuse me,
8 Mr. Wright. Are you changing the screen, by chance?

9 MR. KEVIN WRIGHT: Oh. You know, I can
10 only do one thing at a time.

11 (Laughter.)

12 MR. GERARDO DELGADO: Thank you.

13 MR. KEVIN WRIGHT: Thank you. So we're on
14 slide one.

15 So that has also led into subsequent
16 conversations past and post Part 412 with both RESA
17 and ICEA with consumer groups about what they're
18 seeing in the market, things that we can change and
19 improve.

20 So overall, our advocacy has been one to
21 find solutions to problems, and we've been behind
22 the creation of the ORMD. Probably the biggest

1 thing that helped retail residential competition
2 was the passage and the Commission's full support
3 of the purchase of receivables utility-combined
4 billing which is a utility billing service agent on
5 behalf of the retail electric suppliers.

6 So at this point, I'll split the
7 presentation over to Gerry to talk about the Retail
8 Energy Suppliers Association.

9 MR. GERARD FOX: Thank you, Kevin.

10 Again, thank you, Commissioner Oliva, for
11 hosting this very timely presentation. And thanks
12 to the Chairman and the Commissioners for taking
13 the time to listen to, again, an important issue.
14 And thanks especially for Gerardo Delgado who's
15 shepherded this thing from the beginning until
16 today. Thanks a lot.

17 RESA shares many of the same goals and
18 participates in the same proceedings as ICEA. RESA
19 is a national organization, so if you read the
20 trade press, you'd probably see that RESA is
21 involved in, you know, different jurisdictions
22 across the country but, again, take a consistent

1 position everywhere, including Illinois.

2 Next I'll get into the statement of
3 principles and -- I should say that I believe the
4 slides will be available, so -- I don't think
5 anybody in the room can probably read those, but
6 don't try. This will be available.

7 The last point there, I think, I want to
8 emphasize is there are -- as Jean said, there are
9 55 alternative retail electric suppliers
10 certificated and registered and nationally making
11 offers in Illinois outside of a hundred, I think,
12 that are certificated. Only 22 of those are
13 members of RESA and/or ICEA, so we don't represent
14 everybody. We do represent probably some of the
15 larger suppliers both on the gas and on the
16 electric side.

17 We're splitting this because RESA and ICEA
18 basically share the same values when it comes to
19 treating customers. And if I can make things
20 simpler, the first bullet point is obey the law.
21 And there's a lot of them. There's not only the
22 Part 412 Rules, there's also statutes, including

1 the Consumer Fraud and Deceptive Business Practices
2 Act, and our members obey and are familiar with all
3 laws and regulations.

4 The second point is obey the law. Members
5 do not engage in deceptive, misleading, or
6 fraudulent behavior. They do not misrepresent
7 prices to customers, rates, or customer savings.
8 It's very important that people do understand that
9 if you're going to guarantee a product -- this is
10 in the Commission's rules -- you have to prove that
11 up.

12 The third point is treat your customers
13 well. We provide accurate and timely information
14 to the customers. We've always done that. And
15 there are rules -- amendments to Part 5- -- 412
16 that make that a requirement, improve disclosures,
17 and those are being followed and will be
18 implemented on May 1st.

19 Keep promises to customers, honor the
20 terms and conditions of the contracts that you
21 enter into with your customers.

22 Engage only in transactions that have

1 legitimate business purposes.

2 The last point on this page is antitrust
3 concerns. You know, our members -- ICEA members do
4 not collude with each other to set prices, divide
5 the territories. That's important.

6 The next page: Obey the law. Our members
7 maintain documentation on all the transactions for
8 an appropriate period of time. That did change in
9 the recent amendments to Part 412. Again, those
10 will be effective May 1st, and our members are in
11 the process of making sure they're in place to go
12 over it and comply with the law.

13 Again, protect customers: When customers
14 make inquiries and complaints, whether they make
15 them to our members, whether they make them to the
16 Commission Staff, the Consumer Services Division,
17 or the Attorney General or Citizens Utility Board,
18 our members investigate those and report back
19 promptly and, my experience is, to the satisfaction
20 of customers.

21 Cooperative fully with the Commission: Of
22 course we do that. That goes without saying.

1 We participate -- as Kevin said, ICEA and
2 RESA have participated in all the Commission
3 rulemakings that affect us. We've participated in
4 utility rate cases, other matters. We've
5 participated in all workshops and comments leading
6 up to the creation of Part 412 and the amendments
7 to Part 412, and we will continue to do so. We try
8 to work with all stakeholders.

9 We cooperative fully with appropriate
10 state regulatory authorities, the Attorney
11 General's Office. We cooperate with the Citizens
12 Utility Board.

13 We do not -- as I've already said, we do
14 not condone unfair, deceptive, or misleading
15 marketing practices.

16 The next point is with respect to training
17 of marketing representatives. This was a good
18 change in the Part 412 Rules. The training section
19 of those rules has been revised. There are
20 requirements now for training programs,
21 certification of those training programs to be
22 submitted to the Commission Staff. It's very

1 important and the Commission Staff has made clear
2 to us that they are holding suppliers responsible
3 for the actions of RESA agents, even those RESA
4 agents that are certificated by the Commission as
5 agents, brokers, and consultants. So the buck
6 stops with the suppliers and, you know, the
7 training that's in place now, and now there will be
8 certification that people feel comfortable that our
9 representatives are trained.

10 The second part of that is discipline
11 which is there's basically -- my members and ICEA's
12 members, I'm sure, have zero tolerance for agents
13 that are rogue agents that make promises or imply
14 that they're associated with the utility or imply
15 they're associated with the Commerce Commission.
16 Zero tolerance. Those people do get fired.
17 Sometimes the whole vendor gets fired if it's a --
18 more than one agent out there.

19 The last point is, again -- this is very
20 important. Members do -- we do have an antitrust
21 compliance policy, and the members do follow it.

22 Before turning this back over to

1 Mr. Wright -- former chairman of the Commission, so
2 he's used to sitting here; I'm not -- there are a
3 variety of documents that you can look at from
4 RESA, as well as from ICEA. We have a statement of
5 principles. We have a Consumer Education Guide
6 which includes questions and answers to ask before
7 you enter into a contract with the supplier. And I
8 think CUB and AARP are going to cover that. I
9 wouldn't be surprised if some of the points aren't
10 exactly the same.

11 It also talks about various challenges you
12 might see, whether it's telemarketing, door to
13 door, or other in-person solicitation.

14 There's also a paper that was done by
15 another former chairman of the Commission,
16 Dr. Philip O'Connor: Restructured Recharged, The
17 Superior Performance of Competitive Electricity
18 Markets from 2008 through 2016. That is -- all
19 three documents are available on the RESA website
20 or you can get them from me if you give me a card
21 after the presentation. Or if you want to send me
22 an email, I'll make sure you get those documents if

1 you want to look at them. The RESA website is
2 www.resausa.org.

3 Thank you for your time.

4 MR. KEVIN WRIGHT: All right. Thank you,
5 Gerry.

6 The only concluding remarks I might have
7 to the code of conduct is that at least the trade
8 association members -- I can't speak for the entire
9 industry but certainly for trade association
10 members, compliance is very important. The worst
11 thing to happen to -- and these are privately-owned
12 companies that stake their reputation and bottom
13 line on the service that they provide to customers.
14 They usually don't like to risk a run-in with the
15 Commission or trying to satisfy the consumer to the
16 best of their ability because if they lose the
17 consumer, that is a customer loss and not regained.

18 Our member companies have their own
19 compliance programs that mirror what Gerry and I
20 have talked about that will and do mirror the
21 Part 412 and new amendments, so I think I can say
22 with some confidence, with the continued effort

1 from the Commission in terms of the workshops,
2 implementation, that I think we'll have a very good
3 opportunity to make sure that this very
4 comprehensive set of rules does work for the
5 consumer and for the market.

6 Gerry mentioned the competitive retail
7 electric market benefits. We were kind of asked to
8 hit a couple points on that.

9 You know, Illinois has had a really -- a
10 long-standing tradition of support for the retail
11 competitive electric market. It certainly started
12 out early as a success story, particularly on the
13 commercial and industrial customer side.

14 The residential part was very slow to get
15 started due to a number of factors. Switching was
16 very, very low, and I think until we really solve
17 the advent of the -- as I mentioned, the purchase
18 of receivables and utility-combined billing and the
19 passage of municipal aggregation, then residential
20 competition really, really took a step forward and
21 has been a big growth in the competitive market.

22 In terms of competition, I mean, those of

1 us who are advocates for the competitive side
2 really believe that choice -- customer choice is
3 the -- is the way to go to give customers an
4 opportunity to choose whatever kind of service,
5 rate plan, product that utilities' plain-vanilla,
6 bundled service does not provide.

7 And some customers are more sophisticated
8 than others. They will shop for a particular type
9 of rate plan, anything from a fixed rate to a
10 variable, something with a value-added product.
11 And when I say "value-added," it's more than just
12 the criticism I've heard of airline miles and the
13 like. It is energy home efficiency services and
14 management services. It's smart home technology
15 with Nest devices. It's an array of issues that we
16 bring to the consumer for them to choose.

17 The Illinois market in particular,
18 according to my members -- and they're the ones
19 that I depend on for the information -- we've kind
20 of gone, in the last few years, from a
21 commodity-priced-only proposition; that is, we can
22 always beat the utility on the price to compare.

1 And we had that opportunity for several years due
2 to market forces, due to IPA procurement decisions
3 in which the retail electric supplier did have a
4 really good advantage against the utility price.

5 That has narrowed considerably over the
6 last few years, again, due to market forces, again,
7 due to those contracts expiring with the IPA where
8 it is a challenge to all retail electric suppliers
9 to serve that customer.

10 But what we are noticing is, just like in
11 other network industries, whether it's your cell
12 phone, TV, Internet, whatever bundled service at
13 your own home, we're beginning to see a new
14 paradigm where customers are asking not only for
15 the commodity but what other valued service product
16 can you offer to me, whether it's that Nest option,
17 renewable energy, what have you.

18 So the price that we're now beginning to
19 see that may exceed the utility price to compare is
20 driven, in part, due to those value-added products
21 and services that customers are now demanding.

22 In terms of the outlook going forward in

1 terms of retail electric competition, you know,
2 we're looking forward to the absolute conclusion
3 and rollout of Com Ed and Ameren's AMI and smart
4 meter deployment. If we can resolve a few issues
5 dealing with data access to that AMI interval meter
6 data, which today is a little bit cumbersome for
7 retail electric suppliers to avail themselves to,
8 and get to the specific information that -- of our
9 customers, if that can be accomplished -- and we're
10 working with the utilities to do that
11 operationally -- then I think you'll see suppliers
12 being able to offer those time-of-use products,
13 those dynamic pricing products that the Commission
14 has been patient but also let competitive market
15 know, you know, we're waiting for those products
16 and services to develop. It's coming. It's not as
17 fast as what we would have liked, but nevertheless,
18 it's on the horizon.

19 I've noticed here -- and I won't go into
20 it. I know at least the Commission has read this
21 in advance and there will be copies of this
22 afterwards, but Gerry did mention, you know, again,

1 the benefits of the competitive retail electric
2 market are -- and wholesale, but particularly
3 retail electric market. And I took out a couple of
4 major points from Phil O'Connor's Restructured
5 Recharged document that was prepared for RESA. And
6 what's really changing for consumers is this -- the
7 data analysis that we can get from a Smart grid can
8 really improve a customer's choice and products
9 that they can avail themselves to.

10 It's -- also, the competitive market can
11 respond more nimbly to an environmental demand
12 response, conservation issues. And as the last dot
13 point says, knowledge is power. Competitive
14 markets are learning to be learning laboratories
15 for pricing and service innovation. I really
16 believe that because if we're going to be
17 competitive against the incumbent utility, we
18 really have to be able to differentiate our
19 product, our service, our value to the customer.

20 Thank you.

21 COMMISSIONER ROSALES: Question: Kevin,
22 in your view -- and I want to thank Jean for the

1 work that she does in ensuring that we have a fair
2 and open market in Illinois in retail.

3 What is it that makes for a successful
4 market? There are 16 states have these retail open
5 markets? Which one is the best and why is it the
6 best?

7 MR. KEVIN WRIGHT: You're really putting
8 me on the spot here.

9 COMMISSIONER ROSALES: I'm sorry. Go
10 ahead.

11 (Laughter.)

12 MR. KEVIN WRIGHT: I still hold out
13 Illinois as a winner. To be perfectly frank, we've
14 got a little more work to do here. I wouldn't call
15 it number one, to be perfectly frank, but I think
16 it's among the top states. And I think it's been a
17 good balance --

18 COMMISSIONER ROSALES: So who would be
19 number one?

20 MR. KEVIN WRIGHT: My personal belief, I
21 like -- I like what I'm seeing in Pennsylvania. I
22 like what I'm seeing in Ohio.

1 Now, not all of those are perfect fits for
2 Illinois, but I think we can learn --

3 COMMISSIONER ROSALES: What do they do
4 different in there that we don't do here?

5 MR. KEVIN WRIGHT: Yeah. Well, I think,
6 they're a little further along in terms of, I think
7 allowing the, from an operational and service
8 standpoint, retail electric suppliers to develop
9 products and services. I think that's been kind of
10 a barrier here.

11 And I think the market rules, they still
12 have the same and strong consumer protections like
13 we have here in Illinois, but I think those are the
14 two states that kind of come to mind, at least from
15 my members who work in other states besides Illinois,
16 that they seem to be a little bit proactive in
17 expanding retail competition.

18 COMMISSIONER ROSALES: What kind of
19 barriers are you speaking of here?

20 MR. KEVIN WRIGHT: I think largely today
21 it is -- as my members keep telling me, it's access
22 to data. And that's a really policy wonk kind of

1 issue. It's access to information that Com Ed and
2 Ameren has about customers and being able to access
3 that and doing -- making sure that all the
4 confidentiality rules that exist are not violated
5 but the kind of information we're looking for on a,
6 you know, 15-minute interval value of a basis where
7 we can look at that customer's usage and try to
8 figure out is there a product or service that we
9 can customize for that customer. We're not there
10 yet. And I think that's been kind of the barrier
11 to launching time of use, dynamic pricing is we do
12 have some operational issues --

13 COMMISSIONER ROSALES: Do Pennsylvania and
14 Ohio have that?

15 MR. KEVIN WRIGHT: I think they're a little
16 better at it than we are in terms of allowing retail
17 electric suppliers to access that information
18 through the utility.

19 COMMISSIONER ROSALES: Okay. Thank you.

20 MS. JANEL HARETOUN: Thank you. Now we
21 will hear from Michael who will present on
22 Effective Business Models and Best Practices.

1 MR. MICHAEL NUGENT: Thank you, Janel.

2 On behalf of my company, IGS Energy, I'd
3 like to thank the Commission for inviting me to
4 participate in today's Policy Session.

5 As the program outline indicates, the
6 purpose of my presentation today is to provide what
7 essentially is a detailed summary of IGS's
8 employee-based door-to-door sales and marketing
9 strategy.

10 However, before I get into our strategy, I
11 think it will be helpful to give a little bit of a
12 historical insight as to our older process to give
13 an idea of how we arrived at the decision we did to
14 ultimately implement that employee-based strategy
15 back in 2013.

16 What we referred to in the prior approach
17 is the classic traditional door-to-door approach,
18 and under that approach, IGS contracted with a
19 third-party. That third-party would then market --
20 third-parties' agents will market its -- our
21 products and services door to door.

22 It was our understanding that that

1 third-party agent was usually compensated on a
2 commission-only basis, and so what we came to find
3 is that the agent's focus was on the singular in
4 that the goal was to close the sale and ultimately
5 move on to the next prospective buyer. That
6 approach, we found, was often characterized by some
7 of the issues that were presented on this -- this
8 slide.

9 More specifically for us --

10 COMMISSIONER ROSALES: Is your microphone
11 on? I'm sorry.

12 MR. MICHAEL NUGENT: I believe it is.

13 COMMISSIONER ROSALES: Okay. Thank you.

14 CHAIRMAN SHEAHAN: If you could just speak
15 up a little bit, that would be helpful.

16 COMMISSIONER ROSALES: Pull it closer to
17 you.

18 MR. MICHAEL NUGENT: Okay. Thanks.

19 More specifically to IGS, some of the
20 issues that we found were mixed messaging. We'd
21 have one or two agents that would be selling the
22 same product, the same service, but ultimately the

1 message to sell it to customers wasn't uniform. It
2 wasn't standard. It was mixed, and it often led to
3 some customer confusion.

4 As you might imagine, on a
5 commission-based sales structure, time is money.
6 There wasn't necessarily an emphasis on customer
7 education, and with a lack of education, it often
8 led to poor customer representation.

9 So what we came to find is that approach
10 that we were working with, that we were operating
11 under was misaligned with our values, so as I
12 mentioned, in the fall of 2013, what IGS did was we
13 invested in our own employee-based door-to-door
14 sales and marketing strategy. And we branded those
15 agents Home Energy Consultants or HECs.

16 If I can call your attention to the slide
17 on the projector here, you'll notice it's a photo
18 of one of our HECs. You'll notice that HEC, like
19 all of our employees, is carrying an iPad. That
20 iPad assists that HEC not only capturing its sales
21 records, customer interactions, and so on, but it
22 also assists our market managers to monitor the

1 sales process from start to finish.

2 I'm not sure if you're able to tell or
3 not, but that agent is -- or that employee, I
4 should say, is wearing a lanyard that communicates
5 that the agent is a representative of IGS Energy.
6 Of course, that lanyard does contain that
7 employee's badge. And depending on the weather
8 conditions, that employee might be wearing a
9 jacket, polo, or a button-down that, once again,
10 clearly communicates to the customer that that
11 employee represents IGS Energy.

12 So conceptually, what's the mission of
13 these Home Energy -- our Home Energy Consultants?
14 It's to be a trusted advisor to the consumer -- or
15 for the consumer.

16 And so how do we accomplish that? Frankly,
17 it starts by hiring the best. Our hiring process
18 is a two-step interview process whereby our agents
19 or our -- I'm sorry -- IGS employees search for the
20 best possible candidate to ensure that its agents
21 are; one, capable of building relationships
22 necessary to squarely position IGS in the market to

1 sell products and services; and two, capable of
2 leveraging the IGS call share.

3 What I mean by that is that the employee
4 is able to community our company message. Very
5 generally, our company message is one that's
6 centered on customer education and customer
7 engagement.

8 We believe that our success is based on
9 customers who are engaged and know that they have a
10 choice in their retail market space. So to that
11 end, our HECs are trained to be able to help
12 customers determine what services and products work
13 best for them. Of course, that's based on the
14 customer's usage and desired spend.

15 So what or who exactly is a Home Energy
16 Consultant? As I mentioned earlier, they're IGS
17 employees. At the moment, IGS employs 330 Home
18 Energy Consultants that operate in 21 field offices
19 across the states of Maryland, Massachusetts,
20 Pennsylvania, Ohio, Illinois, and Texas.

21 Those 330 employees report to 44 managers,
22 so it's a ratio of about eight sales representatives

1 per manager. Here in Illinois we have approximately
2 24 HECs that are selling our products and services
3 today. Ultimately as the market grows, the idea is
4 that IGS will grow with it and will expand that
5 program to roughly 45 or so members.

6 Our HECs are also salaried. They receive
7 a base salary like a traditional door-to-door sales
8 model. We believe that a commission-only
9 compensation structure can often lead to, I guess
10 for lack of a better word, adverse sales tactics,
11 perhaps high-pressure sales. So we believe that by
12 implementing a salary structure, there's less
13 incentive for our employees to engage in these sort
14 of high-pressure sales tactics.

15 And more importantly, we view it as an
16 opportunity for our employees to better communicate
17 and better educate customers as to the scope of the
18 retail market that that employee may be operating
19 in.

20 You see they're also assigned a specific
21 geographic territory. Again, when compared to the
22 traditional approach, oftentimes we found that our

1 agents would move from one neighborhood or
2 one community to another without any sort of, I
3 guess, rhyme or reason. We utilize the territory
4 management approach whereby the HEC is assigned a
5 specific geographic territory, and the idea there
6 is for the employee to become a familiar face
7 within that particular community because we believe
8 that by doing so, that will enable that employee to
9 build relationships within that neighborhood that
10 are necessary to improve customer engagement and
11 customer awareness.

12 The HEC also acts as a similar point of
13 contact for customer sales, so what that means is
14 the HEC, in a typical sale, will show up at a
15 customer's door, announce who they are, who they
16 represent, and what it is they do.

17 And if and when a sale is made, that HEC
18 will be behind what we refer to as the welcome
19 packet, and that welcome packet will include that
20 HEC's name and contact information. And the HEC is
21 then instructed to encourage that customer to
22 contact the HEC directly if that customer has any

1 questions regarding the terms of service or
2 anything else related to that sale.

3 Now, I also want to make clear that we do
4 still have a toll free 1-800 customer service
5 support center in the event that the customer
6 prefers to reach out in that manner. But again, we
7 feel that by encouraging the customer to contact
8 the employee directly, it builds a little bit of a
9 relationship.

10 And perhaps more importantly, our HECs are
11 instructed to revisit customers within 60 days of a
12 contract term expiration, the purpose, of course,
13 to give them a heads-up that that contract term is
14 expiring and to essentially reassess the products
15 and services that that customer might be enrolled
16 in to make a determination as to whether or not
17 that's the best possible plan for that customer.

18 And if appropriate, an HEC might recommend
19 additional products and services that might help
20 that customer better enhance his or her energy
21 usage.

22 Lastly, our HECs are trained to prioritize

1 the customer experience over sales. What does that
2 mean? It refers to a six-week training program
3 that each and every one of our HECs must go
4 through. That, of course, is performed in-house.

5 During the first two weeks of their
6 training program, the HEC is given classroom
7 training whereby that employee will learn the
8 history of our company, product line, products and
9 services that we offer.

10 That HEC will receive sales training where
11 they are encouraged and often instructed to operate
12 with integrity and transparency.

13 And perhaps most importantly, the HEC is
14 provided training on the regulatory requirements in
15 a particular jurisdiction. And that goes beyond
16 just the statewide, for example, Rule 412. We dig
17 a little deeper in the jurisdictional requirements.

18 I'll use Ohio as an example. There are
19 certain jurisdictions that have do-not-knock rules
20 and so forth, so we make sure that our HECs are
21 aware of those so that, again, we operate with
22 integrity and we can avoid fines and certainly

1 avoid frustrated customers.

2 During weeks three and four, that HEC will
3 then receive -- will shadow one of our top-selling
4 sales representatives to get an idea of what the
5 best practices are, hear that message communicated
6 over and over so that, again, we have that
7 consistency across all of our sales territories.

8 Weeks five and six, that HEC will then
9 shadow -- I'm sorry -- will then begin selling
10 independently but will do so under the direct
11 supervision of one of the territory managers who
12 will monitor that employee to ensure that all
13 regulatory requirements are being followed.

14 Lastly, we educate the HEC in our company
15 beliefs and values to create a uniform customer
16 message. I touched on this earlier. The message
17 here is customer education. Our goal is quite
18 simple. It's to create an engaged customer that is
19 actively making informed decisions on the type of
20 energy products and services that a customer will
21 purchase.

22 We believe that by doing that, you start

1 to see greater demand from those customers. And
2 when there's more demand in the market itself, it
3 allows companies like IGS and others to begin
4 offering products in the energy and solar industry
5 at generational levels.

6 And so lastly, just to briefly break down
7 what the benefits of that program are, what we
8 believe the benefits of that program are, as I
9 mentioned, customer education is paramount. So we
10 believe that the HEC program enhances the customer
11 experience through that education by making the
12 customer aware of his or her ability to choose a
13 supplier and how IGS might be that company that's
14 best able to serve their needs.

15 We're also able to take better control of
16 the sales process, we perform the hiring, we perform
17 the training, and we're able to monitor that sale
18 from start to finish.

19 I mentioned the iPad earlier. Each of our
20 HECs, of course, is equipped with an iPad. That
21 iPad comes loaded with proprietary software that
22 contains GPS locational tracking, so we're able to

1 see where an HEC is located, how many doors that
2 HEC knocked on, how many customers that HEC talked
3 to, how much time that HEC spent at a customer's
4 door, and, perhaps most importantly, the geographic
5 location of where that customer's signature
6 occurred.

7 We believe that information is critical to
8 guarding against adverse sales maneuvering ensuring
9 our HECs are working with integrity.

10 MS. JANEL HARETOUN: Thank you, Michael.

11 COMMISSIONER ROSALES: A question. Sorry.

12 MS. JANEL HARETOUN: Go ahead.

13 COMMISSIONER ROSALES: How many employees
14 do you have in Illinois?

15 MR. MICHAEL NUGENT: Twenty-four.

16 COMMISSIONER ROSALES: Twenty-four?

17 MR. MICHAEL NUGENT: Yes.

18 COMMISSIONER ROSALES: And how many
19 customers do you have in Illinois?

20 MR. MICHAEL NUGENT: I would prefer, if we
21 could, to discuss that maybe outside --

22 COMMISSIONER ROSALES: Fair enough.

1 MR. MICHAEL NUGENT: -- of the context of
2 this meeting.

3 COMMISSIONER ROSALES: Fair. Okay. Thank
4 you.

5 MS. JANEL HARETOUN: Thank you.

6 Next we will hear from Ruby and Anna who
7 will provide a dual language presentation on
8 Consumer Takeaways. And Anna will translate the
9 segment. Thank you.

10 (Spanish translation.)

11 MR. GERARDO DELGADO: Anna, can you bring
12 the mic a little closer? Great. Thank you.

13 (Spanish translation.)

14 MS. RUBY HAUGHTON-PITTS: Thank you,
15 Commissioners, for giving AARP the opportunity to
16 be with you shortly this afternoon.

17 MR. GERARDO DELGADO: Excuse me, Ruby. Is
18 your microphone on?

19 MS. RUBY HAUGHTON-PITTS: Yes. Now it is.
20 I think only one can be on at a time; is that
21 correct?

22 MR. GERARDO DELGADO: That could be.

1 MS. RUBY HAUGHTON-PITTS: Okay. So I
2 think we both pressed the button at the same time,
3 so thank you.

4 MR. GERARDO DELGADO: Thank you.

5 MS. RUBY HAUGHTON-PITTS: We're going to
6 go through some slides rather quickly here.

7 At AARP we try to give consumers simple
8 information and tips on how to navigate the
9 electric market. Whether they're actively shopping
10 for an alternative supplier or they're presented
11 with an offer by a sales rep going door to door,
12 calling them on the telephone, or sending them a
13 mail order, these are five questions that we
14 recommend they ask.

15 Question number one: What is the company
16 charging? Ask whether the supplier rate is a fixed
17 rate and for how long or variable and what those
18 charges might be.

19 (Spanish translation.)

20 MS. RUBY HAUGHTON-PITTS: Question
21 number two: How does the alternative supplier
22 offer compare with the utility rate? Often people

1 have a hard time determining the utility's price to
2 compare so they can shop wisely. Consumers can
3 find the price to compare at
4 citizensutilityboard.org/electric or
5 PlugInIllinois.org.

6 (Spanish translation.)

7 MS. RUBY HAUGHTON-PITTS: Question
8 number three: Is the alternative supplier price
9 introductory rate? If so, ask how long the
10 introductory rate lasts and what the new rate will
11 be after the interim period.

12 People have complained to consumer
13 advocates that the low price they signed up for
14 disappeared after only a few months and their bill
15 skyrocketed.

16 (Spanish translation.)

17 MS. RUBY HAUGHTON-PITTS: Question
18 number four: Is there a monthly fee? CUB has seen
19 monthly fees as high as \$9.

20 (Spanish translation.)

21 MS. RUBY HAUGHTON-PITTS: Question
22 number five: Does the supplier charge an exit fee

1 to get out of the plan before the contract is up?
2 Remember, you don't have to pay a cancellation
3 penalty if you cancel a contract within ten days of
4 the supplier's charges when they first appear on
5 your bill.

6 Also, no cancelation penalty can be higher
7 than \$50, but there are exceptions which Anna from
8 CUB could talk about.

9 (Spanish translation.)

10 MS. RUBY HAUGHTON-PITTS: Finally, we give
11 consumers a warning. If somebody comes to your
12 door and offers you a lower electric rate bill,
13 don't give out your account number or electric bill
14 unless you're sure that you want to sign up for the
15 offer. A dishonest sales rep can use your account
16 number to sign up for an alternative supplier
17 without your permission. That's called slamming.

18 (Spanish translation.)

19 MS. RUBY HAUGHTON-PITTS: Thank you.

20 (Spanish translation.)

21 MR. GERARDO DELGADO: You may proceed.

22 (Spanish translation.)

1 MS. ANNA WARNOCK: Very well. I'm
2 presenting on behalf of Citizens Utility Board.
3 Today's topic that we want to share are the
4 eight details that customers should know when
5 canceling service with an electric supplier.

6 In the state of Illinois, customers have
7 the option to select an electric supplier so that
8 this company can purchase the energy at the market
9 price and then resell it at X price, or they can
10 purchase it from the utility company, Ameren or Com
11 Ed, depending on where you live.

12 The detail here is that we as professionals
13 in the industry, we're pretty much aware of what
14 the prices are for electricity, what terms and
15 conditions are, what type of details we should be
16 looking for. And for us, perhaps making this
17 decision is quite easy and simple, but
18 unfortunately for the majority of consumers in
19 Illinois, it's quite complicated and confusing. So
20 today, we want to talk and present eight details on
21 canceling service with an electric supplier that
22 unfortunately customers end up learning the hard

1 way or when it's too late.

2 (Spanish translation.)

3 MS. ANNA WARNOCK: The first detail I want
4 to mention is that it takes one to two billing
5 cycles to enter or exit a contract. And for the
6 most part, customers call very frustrated and
7 aggravated about this because when they're
8 interested in canceling the services because they
9 realize that they're paying a higher price of
10 electricity than the market price and they're
11 desperate to end the service as soon as possible
12 since that price is affecting or impacting their
13 electric bill.

14 So the good news is that customers now can
15 obtain their electric meter reading by calling their
16 utility company and they can use that information
17 provided to their electric supplier and cancel the
18 service.

19 (Spanish translation.)

20 MS. ANNA WARNOCK: Detail number two: The
21 easiest way to cancel the service with an electric
22 supplier is with a regulated utility whereas Com Ed

1 or Ameren rescinds the contract. And this happens
2 when you're, as a customer, in the process of
3 switching service, there's a period of time where
4 you can simply ask a utility company to prevent the
5 application from going through.

6 (Spanish translation.)

7 MS. ANNA WARNOCK: Point number three:
8 You can avoid paying a cancellation fee. And we
9 mentioned this previously. Customers, once they
10 receive their first bill and they realize that they
11 do not want to continue the service, they can
12 actually call the electric supplier and cancel
13 within ten days of receiving their first bill with
14 the new company charges.

15 (Spanish translation.)

16 MS. ANNA WARNOCK: Okay. So even if you
17 missed the deadline to cancel, you can ask the
18 alternative electric supplier, as a courtesy -- as
19 a customer courtesy, to waive the exit fee. And
20 I've seen this happen especially with senior
21 citizens. They end up applying for financial
22 assistance and they end up learning that they're

1 paying a much higher price than the market price
2 and they're interested in canceling but they've
3 already past the due date, so at that point the
4 customer asks the electric supplier to see if that
5 fee could be waived.

6 (Spanish translation.)

7 MS. ANNA WARNOCK: So one important detail
8 is number five. Even though there's a cap -- a \$50
9 cap for residential customers in terms of an exit
10 fee, this may not apply for customers who have
11 received any type of rewards or incentives like
12 gift cards, smart thermostats, a free month of
13 electricity. So be aware that there might be
14 actually an additional cost. And also, commercial
15 accounts, their cap, I believe, is 150.

16 (Spanish translation.)

17 MS. ANNA WARNOCK: Number six: This is a
18 problem that we've been receiving a lot of calls,
19 and it's regarding automatic contracts of renewals.

20 The burden of terminating the service is
21 up to the customer, so it's up to the customer to
22 remember at the point that the contract is ending

1 so that -- to inform the company that they no
2 longer want the service.

3 Now, there are two consequences that
4 happen. The first one is that the price that they
5 have previously does not automatically renew. And
6 when they have a new price, it might be much higher
7 than the market price. And if they had previously
8 a fixed rate, now it might be a variable rate.

9 So in addition to that, which is point
10 number seven, when contracts automatically renew,
11 the customer may also be subject to a new exit fee.
12 So now you are with a new price, a variable rate,
13 and you pass the deadline to cancel and you might
14 be subject to a cancellation fee, so that's a very
15 difficult situation to be in.

16 COMMISSIONER ROSALES: Excuse me. Just a
17 clarification.

18 MS. ANNA WARNOCK: Yes.

19 COMMISSIONER ROSALES: So when it renews,
20 is there a time element that you can cancel without
21 the fee?

22 MS. ANNA WARNOCK: At that point it -- at

1 least from the calls that I've been -- that we've
2 been getting, that point in time had already passed,
3 like, because I guess they have a time frame to ask
4 the company to cancel the service, but because they
5 missed that, now they're back in, like, the contract
6 is valid.

7 MR. GERARD FOX: Commissioner, under the
8 Commission's rules, notice of renewal has to go out
9 no more than 30 days and no less -- no less than
10 30 days, no more than 60 days before the contract
11 is over, so there's basically a 60-day window to
12 cancel the contract if you want to.

13 COMMISSIONER ROSALES: Thank you.

14 (Spanish translation.)

15 MS. ANNA WARNOCK: Lastly number eight,
16 the Illinois consumers call the Citizens Utility
17 Board to file complaints about the issues we've
18 already mentioned before; even AARP was also
19 discussing.

20 But also, a lot of customers report
21 questionable marketing tactics at the point of sale.
22 The goal is to take each problem individually and

1 present it or bring it to the company's awareness.
2 And the expectation is for the companies to resolve
3 the problem and to take action.

4 And that is all.

5 MR. GERARDO DELGADO: Thank you, Anna and
6 Ruby, for that bilingual presentation. And thank
7 you to the panelists overall for their presentations
8 today.

9 Good afternoon. My name is Gerardo
10 Delgado. I'm an advisor to Commissioner Oliva.

11 We will now move into the Q and A segment
12 of the Policy Session, but before I pose a question
13 to the panel, does the Chairman or the Commissioners
14 have any questions at this time?

15 COMMISSIONER ROSALES: Sure.

16 MR. GERARDO DELGADO: Yes.

17 COMMISSIONER ROSALES: Anna, I'm not sure
18 if you know this, but either Ruby or yourself, what
19 is the percentage of complaints that you receive
20 regarding prices on retail electric suppliers of
21 all the complaints that you receive; any idea?

22 MS. ANNA WARNOCK: I would say I -- I

1 wouldn't be able to answer in terms of percentage,
2 but I can tell you that a week, it's anywhere from
3 15 to 20 complaints related to Aries and whether
4 it's a question or whether it's related to any of
5 the topics we talked about.

6 COMMISSIONER ROSALES: Ruby?

7 MS. RUBY HAUGHTON-PITTS: We tend to refer
8 complaints to CUB because I think that they're
9 there and they can actually respond a little faster
10 than we do; so we immediately refer, so her data
11 would be accurate.

12 COMMISSIONER ROSALES: So in terms of the
13 ruling -- the 412 ruling which we changed a number
14 of issues that we've had in the past, Anna, would
15 you -- would you see a decline in the number of
16 issues that you've had with the Aries, or has it
17 been basically the same? You may not know. I
18 just...

19 MS. ANNA WARNOCK: So in terms of the
20 marketing, that has helped in a way. So there's
21 still issues regarding marketing tactics, but new
22 problems have arisen. It's more like this whole

1 issue about automatic renewals or the incentives,
2 little details that are omitted at the point of
3 sale that should be clarified or, for example, a
4 lot of price comparison, there's a lot of confusion
5 about that.

6 So it's helped in a way, but at the same
7 time, there's always, like, new problems related to
8 it, so it -- I think it was beneficial to create
9 those rules for sure because then you have more
10 structure and then you can hold companies
11 accountable, but there's still issues.

12 COMMISSIONER ROSALES: Thank you.

13 MS. JEAN GIBSON: Commissioner, can I
14 chime in, too, and just point out that Part 412
15 needs to be complaint as of May 1st, so right now
16 the companies have been working towards that
17 deadline, so we would expect to see full compliance
18 as of that date.

19 COMMISSIONER ROSALES: Okay. Thank you.

20 MR. GERARDO DELGADO: Along the same
21 lines, maybe, Mike, we could begin with you. You
22 were talking about an internal sales force as a

1 business model. Maybe you could revisit that topic
2 and also indicate the investments made toward an
3 internal sales force and why are they made.

4 MR. MICHAEL NUGENT: Sure. I'd be happy
5 to.

6 The investments -- well, I guess I should
7 start by saying the cost, from an IGS perspective,
8 per sale is almost double with an employee-based
9 sales force as it would be if we had to -- or if we
10 continued to use a third-party.

11 But the reason we make that kind of
12 investment is, again, it improves customer
13 education. Our HECs are able to do a great job of
14 improving customer awareness, and it -- it enables
15 us to maintain a better control of the process.

16 We have several safeguards in place that
17 ensure that all regulatory requirements are being
18 followed. And I think that a testament to that is
19 the most recent Illinois scorecard where IGS was
20 rated as a five star.

21 MR. GERARDO DELGADO: And clearly there's
22 also other models, right? There are third-parties

1 who are engaging in this practice. So how are
2 other -- Gerry and Kevin, perhaps you could give
3 some insight as to what other companies or other
4 retail electric suppliers are doing to ensure that
5 when they're engaging with a customers that the
6 practices are legitimate.

7 MR. GERARD FOX: Yeah. There are
8 certainly a number of suppliers that use vendors.
9 I think what they need to do is -- certainly
10 vendors have a track record. You know, member
11 companies know if vendors, for example, have
12 experienced problems either in Illinois or other
13 jurisdictions. I think what will help a lot are
14 the amendments to Part 412 because now it's very
15 clear that the training programs are the
16 responsibility of the suppliers. Suppliers are
17 responsible even if, as I said before,
18 the agent is -- actually works for a certificated
19 A, B, C.

20 And then -- so now what you have is
21 certification, so there will be a training program.
22 Companies would make that available to the

1 Commission Staff so they'd see they're getting
2 training not only in general requirements of the
3 Commission's rules but also for the particular
4 marketing challenges. So people who do door to
5 door will be trained in that, what the requirements
6 are, when you can approach a customer, when you
7 can't. Telemarketing, you know, similar
8 requirements, they'll be trained in that.

9 But again, the main thing is that the
10 member companies that I'm familiar with the
11 practices, but when they get a complaint and it's
12 about an agent, it's investigated and the
13 discipline is handed out. If an agent is out there
14 saying, you know, I'm here on behalf of Com Ed,
15 that person is going to get fired. If more than
16 one person is doing it, that vendor is going to get
17 fired.

18 MR. GERARDO DELGADO: So it seems like the
19 rules are creating transparency. There's perhaps
20 self-policing happening within the space of the
21 retail electric market?

22 MR. KEVIN WRIGHT: I think there's a -- a

1 greater awareness now that the Part 412 Rules have
2 been approved and, you know, the pudding in the
3 pie, so to speak, will be after May 1st.

4 I can tell you from my members and we have
5 similar conversations across trade associations,
6 those member companies are spending a good deal of
7 time examining their compliance programs in
8 door-to-door and telemarketing. I know one of my
9 members has fired a vendor and, I think, are
10 listening more closely to the third-party
11 verification tapes.

12 But I'm going to be honest here. Again,
13 that's the trade association aspect, and we don't
14 represent all 55 retail electric suppliers. I
15 think we know who's -- certainly if you look at the
16 complaint statistics -- and here I go, but let's be
17 frank -- a lot of those with the highest complaint
18 statistics are not necessarily trade association
19 members.

20 And while we're making an effort within
21 the associations to bring the attention to our
22 membership here's what Part 412 is saying, here's

1 what Jean Gibson and folks are saying from the
2 implementation workshop, here's the complaint
3 statistics that just came out, here's your star
4 ranking, that's the extent of our policing
5 internally because we have antitrust provisions
6 that govern our behavior.

7 So I think from a trade association we're
8 really trying, but we only represent a smaller
9 group of the entire market.

10 MR. GERARDO DELGADO: Jean, if I could
11 gain your insight on the stakeholder collaborative
12 process when addressing challenges and
13 opportunities in the retail electric space...

14 MS. JEAN GIBSON: Absolutely. Very
15 excited about the new advisory committee that's
16 going to be getting together. We will be exploring
17 some of the issues that we've been talking about
18 today. Things like self-policing, we'll be
19 gathering and talking about that and that group
20 will be -- we can have a conversation about what
21 that might look like and how a healthy market
22 would -- would come together.

1 And I just wanted to step back and address
2 the earlier question, too, if you don't mind --

3 MR. GERARDO DELGADO: Not at all.

4 MS. JEAN GIBSON: -- that while there's
5 self-policing, we have our Consumer Services
6 Divisions who will be receiving any -- continuing
7 to receive any complaints or question calls, and if
8 they do relate to parts of the Rules, Part 412,
9 that are now more strictly guided, we'll be able to
10 identify those issues earlier and address them --
11 address them directly or through an advisory
12 committee where the stakeholders are sitting around
13 the room together and exploring what might look --
14 what it might look like and how do we address it.

15 So having these ongoing conversations are
16 very important. Again, the market is changing. We
17 have new rules in place that we need to make sure
18 we're working together, and we have suppliers out
19 in the market who may not be following the rules
20 and what do we do to work together to make sure
21 that we are meeting the standards that need to be
22 met for the consumers.

1 MR. GERARDO DELGADO: So we heard about
2 that the amendments to the ICC rules have provided
3 consumer tools which is great. So maybe -- Ruby
4 and Anna, maybe you could add how can consumer
5 awareness and education continuously within the
6 stakeholders in the space be improved? So what
7 resources do you utilize, how do you reach out to
8 the community?

9 MS. RUBY HAUGHTON-PITTS: I'm certain that
10 with AARP's 1.7 million members throughout the
11 state of Illinois, we have the ability to communicate
12 much of what we've talked about here, and we -- we
13 do that.

14 And so there are opportunities for us to
15 share the information more widely, for us to warn
16 and encourage people not to make snap decisions,
17 but to begin to thoughtfully research and find out
18 exactly what is going on before they make a change.

19 So those are the things that we can do in
20 the immediate to make people aware of the new rule
21 and to encourage them to do the kind of research
22 that is necessary in this day and age in order to

1 make right decisions for yourselves.

2 MR. GERARDO DELGADO: Just one more
3 question. Given the fact that being in a
4 de-regulated state is that customers have a choice
5 of an electric supplier, Kevin, you touched on
6 this, but perhaps we could -- Gerry, you'd like to
7 supplement as well: How are customers currently
8 being benefited by a competitive market?

9 MR. GERARD FOX: Well, first off, you
10 can't just look at benefits in terms of the price
11 because one problem is that it's very difficult to
12 come up with the price to compare.

13 Utilities offer a default, an ordinary,
14 known product. As Kevin mentioned in his talk,
15 suppliers offer green products. They offer fixed
16 prices, fixed bills where you pay one amount per
17 month no matter what your usage is, products that
18 are bundled with thermostats or other energy
19 conservation measures, a whole array of things that
20 are not available from the utility.

21 But the other thing to keep in mind when
22 you're looking at the price to compare is if

1 Illinois didn't become de-regulated back in 1997,
2 would the electric prices of the utilities be what
3 they are today? And I think the answer is clearly
4 no.

5 If you look at Dr. O'Connor's paper, he
6 takes a nationwide perspective, compares the 14 --
7 he counted 14 choice states with 35 monopoly
8 states -- I don't know why they don't add up to 50,
9 but they don't -- and determines that there's many
10 benefits both in terms of overall price over the
11 period of time that you're looking at, as well as,
12 again, the options, the use of energy conservation.
13 And so I think that's where the benefits lie.

14 MR. GERARDO DELGADO: Any additional
15 thoughts?

16 (No response.)

17 MR. GERARDO DELGADO: Well, unfortunately,
18 that's all the time we have for our Q and A.

19 Chairman, Commissioners, any other
20 questions? For the sake of time, we have a hard
21 stop at 12:30, but...

22 COMMISSIONER ROSALES: I'll do it really

1 fast, really fast. Thank you, Sadzi, for putting
2 this together. It was really well- -- really
3 well-done.

4 So there's some general comments that I
5 have because Ruby had mentioned 1.6 members that
6 you have for AARP.

7 MS. RUBY HAUGHTON-PITTS: 1.7.

8 COMMISSIONER ROSALES: 1.7. Okay.

9 So for the rest of -- the
10 nine-point-something members, the rest of Illinois,
11 whose responsibility is that to understand the
12 retail market? We kind of give it to all of you to
13 be ambassadors, and that puts us sometimes in a
14 really tough situation because you're educating and
15 selling at the same time whether you understand
16 that or not.

17 So I want to -- this all sounded good and
18 it was great. I appreciate you all being here and
19 taking the time. I just want you to understand
20 that we really want -- we want you to do well,
21 believe it or not. I mean, it's an open market,
22 it's a fair market, and for us, the market does

1 well when it's free and open.

2 And we want to be number one. Ohio is --
3 you mentioned Ohio who is a member of -- of -- they
4 only have, like, 900 AMI meters. Com Ed has
5 four million just in, you know, the Chicago area
6 alone, so they're -- Illinois is doing really well,
7 so we -- this is -- this is a great opportunity in
8 the state.

9 But I want you to also understand and be
10 very clear before you leave here, it needs to come
11 from the top down. And everything that you said up
12 there, which I totally agree with, in understanding
13 the law and respecting the law and following the
14 law, it sounds good here; make sure it transfers
15 over until you get to the boots on the ground on
16 those folks at those houses. I want to be very
17 clear about that because, you know, when that
18 doesn't translate and they don't understand that,
19 that's when we get the complaints, that's when they
20 get the complaints, and that's when we have the
21 problems. Make sure that gets -- make sure that
22 gets through to everybody.

1 We appreciate your time being here. Thank
2 you.

3 MR. GERARDO DELGADO: Thank you. Thank
4 you, Commissioner.

5 Ladies and gentlemen, please join me in
6 thanking Jean, Gerry, Kevin, Mike, Ruby, and Anna
7 today for their presentations.

8 (Applause.)

9 MR. GERARDO DELGADO: I'll hand it over to
10 Commissioner Oliva.

11 COMMISSIONER OLIVA: So that concludes our
12 Policy Session. Thank you to the Chairman and my
13 colleagues for your support, to all of the
14 panelists, to my team, Janel and Gerardo, for all
15 their help, and for all of you for attending. And
16 stay tuned for installment number four of the
17 Illinois' Power Meter.

18 Thank you.

19 (Whereupon, the above matter was
20 adjourned.)

21

22