

Illinois Commerce Commission
REQUEST FOR COMMENTS
SB1299 Workshop

Ameren Illinois Utilities' Response

I. Public Act 95-0700 authorizes the Commission “ to establish retail choice and referral programs to be administered by an electric utility or the State in which residential and small commercial customers receive incentives, including, but not limited to, discounted rate introductory offers for switching to participating electric suppliers.”

1. Please state the benefits you anticipate from establishing retail choice and referral programs.

RESPONSE: *The benefit the Ameren Illinois Utilities anticipate in the establishment of retail choice and referral programs is the ability to offer delivery service customers the potential to lower monthly utility bills through choice for the largest portion, that being the supply cost portion, of the total bill. As a result of lower bills, the Ameren Illinois Utilities hope to realize an increase in customer satisfaction since the price customers pay overall for utility service has been shown to be a driver of customer satisfaction.*

2. What are your concerns relating to the creation of such programs?

RESPONSE: *It is the Ameren Illinois Utilities hope that the retail choice and referral programs are designed so that they are easy for customers to understand while at the same time economical, efficient and easy for utilities and suppliers to administer. Additionally, it is the Ameren Illinois Utilities hope that the benefits of the retail choice and referral programs outweigh the costs and result in true cost savings to retail customers.*

3. What are important characteristics of such programs?

RESPONSE: *The Ameren Illinois Utilities believes full disclosure coupled with consumer education will allow consumers to make informed choices about the “who, what, when, where and how” related to their energy supplier and will bring an educated, and hopefully satisfied, consumer to the market place.*

4. Would you prefer these programs to be administered by an electric utility or the State? Please describe your preferred administration of these programs as detailed as possible.

RESPONSE: *The Ameren Illinois Utilities support the “Customer Referral Concept” as developed by the Ameren Illinois Utilities and shared at previous SB1299 workshops as the preferred method of program administration. This concept provides for the administration of customer referral programs by the*

utility (1) through a supplier self-service web portal and (2) by web-site and call center contact between utility and customers.

5. From a procedural standpoint, what is the preferred manner in which the Commission would establish and/or approve such programs? Should these programs be part of an electric utility's tariff?

RESPONSE: The Ameren Illinois Utilities envision an initial retail choice and referral program tariff filing with the Commission to establish introductory discount rates as well as recovery mechanisms for those system requirements that will be needed to develop a platform for referral programs to occur. Depending upon the components of the tariff, informational filings may be used in subsequent years to update relevant pricing/cost data.

II. The statute describes three possible retail choice and referral programs as follows:

(1) An introductory fixed discount program in which suppliers participating in the program offer customers a fixed percentage discount off of the electric utility's supply rate for a set number of billing periods. Customers would be able to enroll in the program by using an online enrollment form, completing an enrollment card found in their monthly electric utility bill, or by calling a toll-free number. Customers would be free to withdraw from the program at any time and select another alternative retail electric supplier or return to the electric utility.

RESPONSE:

Desirability: The Ameren Illinois Utilities believe the introductory fixed discount program as contained in the statute is desirable in terms of providing choice of power supplier to residential and small commercial customers (the mass market) to choose. For ease of market movement, the Ameren Illinois Utilities recommend that the introductory discount be a uniform discount rate percentage offering by all participating suppliers and suggests a two-billing period time frame for customers to realize supply cost savings and evaluate additional supplier choices. This discount rate uniformity and limited time period provides neutrality to all participating suppliers in the introductory fixed discount program and makes entry to the market easier for customers to understand. The Ameren Illinois Utilities also recommend that customers only receive the introductory discount one time for the life of their account.

Roles: The Ameren Illinois Utilities support the "Customer Referral Concept" shared at previous SB1299 workshops. This concept utilizes a web-based tool which is a modification to the Ameren Illinois Utilities' eCustomer tool and RES portal. The Ameren Illinois Utilities' role will be to insure the necessary system platforms and infrastructure are in place, including customer service employee training, to support customer enrollment among participating RES' in the introductory fixed discount program. The Ameren Illinois Utilities will

also be responsible for including enrollment cards in monthly utility bills of delivery service customers, establishing a toll-free number and establishing an on-line enrollment form.

The role of the suppliers will be to develop necessary system changes to accommodate referral enrollments from the Ameren Illinois Utilities. Suppliers will need to develop appropriate marketing material. Suppliers will need to maintain Ameren Illinois Utilities' web-portal data on behalf of their respective company.

The role of the ICC will be to set a uniform discount rate and period and to establish a proper recovery mechanism to determine whether a portion of the introductory fixed discount program costs should be paid by residential and small commercial customer classes eligible to receive the incentive to switch or if all costs should be paid by RES' participating in the introductory fixed discount program.

(2) A new customer program in which electric utilities would offer consumers initiating new electric service a choice of offers from participating electric suppliers to provide the consumer's electric supply service. Customers expressing a preference for a specific electric supplier would be enrolled with that supplier. Customers not expressing a preference for a specific electric supplier would be offered the opportunity to enroll with an electric supplier selected randomly on a rotating basis.

RESPONSE:

Desirability: The Ameren Illinois Utilities believe the new customer supplier selection program as contained in the statute is desirable in terms of offering residential and small commercial customers (the mass market) power supply choice. For customer convenience with the goal of making choice as easy to understand as possible, the Ameren Illinois Utilities support that new customers already with a supplier be allowed to continue the supplier relationship if so desired rather than having a random selection of a new supplier made.

Roles: The Ameren Illinois Utilities support the "Customer Referral Concept" shared at previous SB1299 workshops. This concept utilizes a web-based tool which is a modification to the Ameren Illinois Utilities' eCustomer tool and RES portal. The Ameren Illinois Utilities' role will be to insure the necessary system platforms and infrastructure are in place as well as a random selection tool to support customer enrollment among participating RES'. The Ameren Illinois Utilities' will also need to adequately train customer service employees to implement such a concept.

The role of the suppliers will be to develop necessary system changes to accommodate referral enrollments from the Ameren Illinois Utilities. Suppliers will need to develop appropriate marketing material. Suppliers will need to maintain Ameren Illinois Utilities' web-portal data on behalf of their respective

company and update discount and/or introductory product offerings as appropriate.

The role of the ICC will be to set a uniform discount rate and period and to establish a proper recovery mechanism to determine whether a portion of the introductory random selection tool costs should be paid by residential and small commercial customer classes eligible to receive the incentive to switch or if all costs should be paid by RES' participating in the customer supplier selection program.

(3) A customer service call center referral program in which customers calling an electric utility's call center would be offered enrollment with an alternative retail electric supplier and informed that they have the option to receive immediate savings or introductory offers by participating in the referral program. Customers choosing to participate would be transferred to a customer service representative for the program and would either select the electric supplier from which they would like to take service or be placed with a participating electric supplier chosen at random on a rotating basis.

RESPONSE:

Desirability: The Ameren Illinois Utilities believe the customer service call center referral program as contained in the statute is desirable in terms of offering choice of power supplier to residential and small commercial customers (the mass market). As previously stated, the Ameren Illinois Utilities support the "Customer Referral Concept" shared at previous SB1299 workshops which utilizes a web-based tool which is a modification to the Ameren Illinois Utilities' eCustomer tool and RES portal. By using the eCustomer web tool, the Ameren Illinois Utilities would hope to minimize longer customer telephone wait times and transfer to RES call center hold times while at the same time maintaining handling consistency through scripting, thus making the customer enrollment process easy for consumers.

The Ameren Illinois Utilities' role will be to insure the necessary system platforms and infrastructure, including customer service employee training, are in place as well as a random selection tool to support customer enrollment among participating RES'.

The role of the suppliers will be to develop necessary system changes to accommodate referral enrollments from the Ameren Illinois Utilities. Suppliers will need to develop appropriate marketing material. Suppliers will need to maintain the Ameren Illinois Utilities' web-portal data on behalf of their respective company and update discount or introductory product offerings as appropriate.

The role of the ICC will be to set a uniform discount rate and period and to establish a proper recovery mechanism to determine whether a portion of the introductory random selection tool costs should be paid by residential and small commercial customer classes eligible to receive the incentive to switch or if all costs should be paid by RES' participating in the customer supplier selection program.

1. Please comment on the desirability of having any of these three programs implemented and what the role of the electric utilities, the participating suppliers, the Commission, and others, if any, should be.

SEE RESPONSES ABOVE

2. Are there other retail choice and/or referral programs that you would like the Commission to consider? If so, please describe the characteristics of such programs in detail. For example, do you believe there should be other incentives and/or programs offered to low income consumers in Illinois? If so, should these be based on LIHEAP qualifications and what funding mechanism should be used?

RESPONSE: *The Ameren Illinois Utilities acknowledge there are other retail choice and referral programs that have been implemented across the country and look to the experiences of the RES community to share the successes and pitfalls of such programs with other stakeholders at the SB1299 workshops.*

The Ameren Illinois Utilities are committed to low income customers and have entered into a Percent-of-Income Pilot (PIPP) with the IL Dept. of Healthcare & Family Services to address the energy needs of low income electric heat customers over a three year pilot period. While the pilot is in its infancy, having just begun July 2008, new things may be learned with respect to securing the future energy needs of low income customers. For example, the PIPP pilot now places the State (HFS) in the position of paying a portion of the low income customer's bill each month with LIHEAP funds. In the future, the State may decide to take on the role of aggregator and purchase electric supply services on behalf of those low income customers.

It is the Ameren Illinois Utilities' recommendation that any definition regarding a low income utility customer related to SB1299 be contained to the eligibility standards for LIHEAP – the Low Income Home Energy Assistance Program – for Illinois. This will insure consistency with discussions underway in current Part 280 workshops.

III. The law further states that “reasonable costs associated with the implementation and operation of customer choice and referral programs may be recovered in an electric utility's distribution rates, except that any costs associated with any introductory discount for switching to a supplier shall be assumed by that supplier. Reasonable costs associated with the implementation and operation of a customer choice program may also be recovered from retail electric suppliers participating in a customer choice and referral program.”

1. Please describe your preferred cost recovery mechanism in detail.

RESPONSE: *Assuming the “Customer Referral Concept” as developed by the Ameren Illinois Utilities and discussed at previous SB1299 workshops is the path chosen for delivering customer choice and referral programs, the Ameren Illinois Utilities envision the cost recovery for these programs to come from both the RES' and delivery service customers. The Ameren Illinois Utilities envision those costs necessary to build the system platforms and establish the necessary infrastructure so that all delivery service customers have the opportunity to participate in these programs to be spread among all delivery service customers. To be more specific, modifications to Ameren's eCustomer web tool would be included in these types of costs. Ameren's*

preferred cost recovery mechanism would be in the form of a supplemental customer charge, similar to the way UCB start-up costs are being addressed.

RES costs are likely to be costs incurred due to enhancements to the Ameren Illinois Utilities' RES portal, random selection tool, introductory discount program expenses and individual customer referral costs. The Ameren Illinois Utilities would expect these costs to be recovered either on a transaction-based or flat fee basis or combination of both.

Section 16-117 (b) of the PUA requires the Commission to “implement and maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options in a competitive electric services market, and their rights and responsibilities.”

While the initial implementation of the program was required to be done in the 1999-2002 time frame, Staff is interested in the possibility of re-focusing the education program. Section 16-117(j) states that “each year the General Assembly shall appropriate money to the Commission from the General Revenue Fund for the expenses of the Commission associated with this Section.”

Given that Section 16-117(k) requires the Commission to study the effectiveness of the consumer education program and complete such study “by January 31st of each year during the mandatory transition period”, Staff is interested in the parties' assessment regarding the program's continued statutory support.

Staff is encouraged by the fact that the General Assembly did not establish a sunset date for Section 16-117 when it originally enacted the Section as part of the Electric Service Customer Choice and Rate Relief Law of 1997 and that this Section was not modified or eliminated at any time subsequent to the end of the mandatory transition period, including the passage of Public Act 95-0481 last year.

1. Please explain whether the General Assembly should appropriate money to the Commission from the General Revenue Fund for the expenses of the Commission associated with Section 16-117.

RESPONSE: The Ameren Illinois Utilities support the appropriation of funding from the General Revenue fund for the expenses of the Commission associated with Section 16-117.

2. If you do not believe Section 16-117 is a funding source for any type of a Commission consumer education program, please describe other potential funding sources.

RESPONSE: Depending upon the viability of consumer education funding from the General Revenue Fund, other funding sources could come from RES contributions, delivery service customers in the form of a supplemental customer charge as part of the opportunity to participate in customer choice and from public and private foundation grants. In addition, no-cost public

service announcements about the availability of customer choice in Illinois should not be overlooked.

3. Please describe the preferred Commission involvement in any consumer education program.

RESPONSE: In the Ameren Illinois Utilities' opinion it is very important for the Commission to be involved in a consumer choice education program to insure that a statewide, consistent message is delivered to consumers in a competitively neutral manner so that consumers can make an informed, educated choice about supply options.

4. Aside from any potential financial responsibilities, please also describe the preferred involvement of electric utilities, alternative retail electric suppliers, and others.

RESPONSE: The Ameren Illinois Utilities embrace the spirit of SB1299 and is very committed to encouraging retail choice in the mass market. As such, Ameren is willing to be as involved in consumer education programs as other parties and stakeholders deem appropriate for a delivery service company.

5. Besides printed materials and information published on public websites, what other specific mediums would you like to see used in such a campaign?

RESPONSE: The Ameren Illinois Utilities would like to see a "talk radio circuit" within its service territory which provides its delivery service customers an interactive way by means of call-in radio to learn about retail choice. On a statewide basis, billboard, bus and "el" signage may be appropriate communication strategies in larger, more urban markets to communicate the retail choice message.

6. The Office of Retail Market Development is interested in creating an online place for consumers to compare offers of electric suppliers. The type of information displayed by the "Power To Choose" websites of Texas and New York as well as other sites such as the Pennsylvania Office of Consumer Advocate seem to be a good starting point.

a. Please describe what type of additional information not found on those sites you would like to see for the Illinois market.

RESPONSE: The Ameren Illinois Utilities are supportive of both the Texas and New York consumer education websites and can offer no other information components to be included at this time.

b. Should the planned website display information for residential customers only?

RESPONSE: The Ameren Illinois Utilities' thoughts are that the planned website should include display information for both residential and small commercial customers since that is the thrust of the initial mass market

campaign; however, the Ameren Illinois Utilities will defer to opinions of other stakeholders on this issue.

c. How often should the information be updated?

RESPONSE: The Ameren Illinois Utilities believe website information should be updated at any point in time in which it becomes inaccurate so that it becomes a trusted, reliable source of information for consumers.

d. Does the Commission have the authority to require suppliers to provide their relevant service offerings on such a website? If you believe the Commission currently does not have such authority, please explain why Section 16-117(h) of the PUA would not give the Commission the authority to do so.

RESPONSE: The Ameren Illinois Utilities believe Section 16-117(h) of the PUA gives the Commission the authority to require suppliers to provide relevant service offerings on a statewide consumer website.

e. In the event the information displayed on such a website is out of date, should the Commission (and does the Commission have the authority to) require the supplier to provide requesting customers the opportunity to sign up for a service offering displayed on the website even if the supplier has subsequently modified or eliminated such an offering?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

II. Section 16-117(h) of the PUA states that “the Commission may also adopt a uniform disclosure form which alternative retail electric suppliers would be required to complete enabling consumers to compare prices, terms, and conditions offered by such suppliers.” Assuming you agree that Section 16-117’s legal standing has not changed following the end of the mandatory transition period, please comment on the following:

1. If the Commission were to adopt such a uniform disclosure form, what specific items should be on the form?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

2. Do you agree, given that the items on the disclosure form would differ from offer to offer, that an ARES will have to complete such form for each product it offers at the time?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

3. Should this disclosure form be completed for residential offerings only?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

4. In addition to the planned website mentioned above, do you believe the Commission should make this type of information available in printed form and how should the material be made available?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

5. If so, how often should this printed material be updated?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

6. The Texas PUC recently adopted proposed changes to its requirements for information disclosures by retail electric providers.¹ Among other changes, it proposed to create definitions for different types of contracts and proposed to prohibit retail electric providers from using the term “fixed” when marketing products that do not meet the two approved fixed price product definitions.

If the ICC were to adopt similar requirements, do you believe the proposed definitions of the Texas PUC are a workable starting point for definitions applicable to the Illinois market? If not, what changes would be appropriate? In particular, please comment on ways to reflect the structural differences when it comes to the manner by which transmission and distribution service charges are billed and collected in Texas.

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

III. Section 16-115A(e) of the PUA requires ARES to ensure that “any marketing materials which make statements concerning prices, terms and conditions of service shall contain information that adequately discloses the prices, terms and conditions of the products or services that the alternative retail electric supplier is offering or selling to the customer.” It further states that “before any customer is switched from another supplier, the alternative retail electric supplier shall give the customer written information that adequately discloses, in plain language, the prices, terms and conditions of the products and services being offered and sold to the customer.”

In addition, Section 505/2EE of the Consumer Fraud and Deceptive Business Practices Act states, among other things, that “an electric service provider shall not submit or execute a change in a subscriber's selection of a provider of electric service unless and until the provider first discloses all material terms and conditions of the offer to the subscriber [...]” and it further states that “[...]the terms, conditions, and nature of the service to be provided to the subscriber must be clearly and conspicuously disclosed, in writing, and an electric service provider must directly establish the rates for the service contracted for by the subscriber [...]”

1. Does Section 16-115A(e) and/or Section 505/2EE of the Consumer Fraud and Deceptive Business Practices Act give the Commission authority to require ARES to comply with disclosure obligations similar to Texas' Terms of Service document, the Electricity Facts Label, and the Your Rights as a Customer document?

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

2. If you believe the Commission has the authority to create similarly detailed disclosure requirements, please indicate how they should differ from the Texas rules.

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

3. Given that Section 16-115A of the PUA does not give the Commission explicit rulemaking authority pursuant to that Section, please state where such requirements could be incorporated or created.

RESPONSE: Ameren suggests that rulemaking pertaining to ARES be included in 83 Ill. Adm. Code 451.

IV. 83 Ill. Adm. Code §451.60 allows applicants or ARES to request that the Commission enter an order to protect the confidential, proprietary or trade secret nature of any data, information or studies pursuant to 83 Ill. Adm. Code 200.430 if the applicant or ARES believes any of the information to be disclosed by an applicant or ARES is privileged or confidential. Typically, an ARES uses Code Part 451.60 to request confidential treatment for its annual call center report (filed pursuant to Code Part 410.45).

1. Please explain whether you believe that the Commission should generally grant such requests for confidential treatment of annual call center reports.

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

2. If you do not believe such requests should be granted, please indicate and explain whether you think all of the items in the call center reports should be disclosed or only a subset of those reported.

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

3. Aside from the existing reporting requirements, is there any other type of periodic report that you believe would be beneficial in a competitive retail electricity market? If so, please indicate the Commission's authority to require such a report.

RESPONSE: The Ameren Illinois Utilities believe other stakeholders would be better suited to respond to the issues identified in this question.

V. Section 16-122(b) of the PUA states that “upon request from any alternative retail electric supplier and payment of a reasonable fee, an electric utility serving retail customers in its service area shall make available generic information concerning the usage, load shape curve or other general characteristics of customers by rate classification. Provided, however, no customer specific billing, usage or load shape data shall be provided under this subsection unless authorization to provide such information is provided by the customer [...]”

On the issue of providing a mass customer list to assist in retail market development, the Pennsylvania PUC adopted the following rule:

(a) An EDC or EGS may not release private customer information to a third party unless the customer has been notified of the intent and has been given a convenient method of notifying the entity of the customer’s desire to restrict the release of the private information. Specifically, a customer may restrict the release of either the following: (1) The customer’s telephone number. (2) The customer’s historical billing data. (b) Customers shall be permitted to restrict information as specified in subsection (a) by returning a signed form, orally or electronically.

(c) Nothing in this section prohibits the EGS and EDC from performing their mandatory obligations to provide electricity service as specified in the disclosure statement and in the code.²

2 52 Pa. Code § 54.8., Privacy of customer information. EDC stands for Electric Distribution Company and EGS stands for Electric Generation Supplier.

1. Please explain whether Section 16-122 of the PUA would allow for a similar rule to be adopted by the Commission.

RESPONSE: In its present form, 220 ILCS Sect. 16-122 would prohibit the promulgation of the rule cited above enacted by the Pennsylvania PUC. It is clear that PUA Sect. 16-122 requires prior consent before dissemination of customer specific billing information to ARES. It should be noted that pursuant to 815 ILCS 505/2HH, it appears that licensed marketers could be provided personal customer information, however, that section of the Consumer Fraud and Deceptive Business Practices Act appears to be much more broadly applicable than PUA Sect. 16-122, which specifically applies to ARES. A careful reading of both statutes would tend to indicate that the Consumer Fraud statute applies subject to the PUA restriction.

2. In Docket No. 07-0241/0242 Consol., the Commission recently directed Peoples Gas and North Shore Gas to provide alternative gas suppliers access to customer information. The Commission’s February 5, 2008 Order (starting at page 298) creates three different tiers of reports, with the type of information provided and the customer consent required varying across the three tiers.

a. Please explain whether you believe a similar structure should be implemented for the retail electricity market.

RESPONSE: As a distribution utility, the Ameren Illinois Utilities believe that the ARES would be better poised to articulate what type of information they

would require. AIU is willing to provide reasonable information access necessary to support retail competition within the confines of applicable state law and regulations. A structure similar to the one endorsed in the Peoples' Gas rate order may work for the utilities, however, the ambiguity of what constitutes "billing information" is not clarified in that order. Taken literally "billing information" would necessarily include the name of the person or persons on a customer account.

There is the potential that the applicable laws referenced above could be interpreted to permit the furnishing of service addresses by rate classifications. AIU however would want to hear the position of the consumer representative stakeholders on such an interpretation before endorsing the appropriateness of providing service addresses by rate class. Clearly, 220 ILCS Sect. 16-122 would prohibit the furnishing of any "billing information" without prior consent.

- b. Please explain whether Section 16-122 of the PUA would allow for a similar rule to be adopted by the Commission.

RESPONSE: See response to (a) above.

VI. What provisions related to the operation of a competitive retail electricity market currently not found in the statute, in administrative code parts, utility tariffs, or other regulations would you like to see created?

RESPONSE: The Ameren Illinois Utilities believe that ARES would be better suited to address changes in law to assist the functioning of the retail electric market. AIU would generally support the recognition of its neutrality in statutes, regulations, and tariffs. Additionally, any mandated programs created should also address cost recovery. Costs on utilities and their ratepayers should be considered and addressed when formulating new statutes, regulations, or mandatory tariff offerings.

For each proposed provision, please provide proposed language and the preferred mechanism to create such provisions.

For example, if you propose that all contracts for electricity service be printed on blue paper, please provide the proposed wording of such a requirement and indicate whether such a requirement should be part of a utility's tariff (if so, which tariff section?), an existing or new administrative code part, or some other mechanism.

For each proposed requirement please state the Commission's source of authority for doing so.

In addition, if you propose that certain requirements be part of a utility's tariff, please also state whether you view that to be a permanent place for such requirements or if you propose that these tariff requirements be temporary until a permanent placement has been created.