

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission)	
On Its Own Motion)	
)	14-NOI-01
Notice of Inquiry regarding retail)	
electric market issues.)	

AMEREN ILLINOIS COMPANY’S SURREPLY COMMENTS

COMES NOW Ameren Illinois Company d/b/a Ameren Illinois (“AIC” or “the Company”) and respectfully submits the following Surreply Comments to the Reply Comments provided by interested parties in this docket on December 3, 2014, and to the questions clarified by the Staff of the Illinois Commerce Commission (“Staff”) during and since the workshop held on November 13, 2014.

I. Consumer Education

The Retail Energy Supply Association (“RESA”) proposes requiring supplier logos on utility-consolidated bills. In their comments, RESA states that the benefits of having the logos on utility-issued bills justifies the implementation and timing concerns and added costs involved in applying the logos to bills. (RESA Rep. Com., p.3). RESA believes that the application of the supplier logo will eliminate customer confusion and educate customers on whether they have been switched. (*Id.*). In support of its argument, RESA cited an Ohio Public Utilities Commission decision referencing the use of utility and supplier logos. Yet that decision undermines RESA’s argument in that it clearly states the “CRES provider’s logo *or name* must be displayed....next to the EDU’s logo or in the area containing the supply charges of the bill” (emphasis added). The Ohio Public Utilities Commission provides for the use of either the supplier *name or*

logo and allows for the name to be placed where the supplier's charges can be found within the bill.

RESA failed to address or point out that, as noted by Commonwealth Edison Company ("ComEd"), the utility-consolidated bill in Illinois *already identifies* the RES as the electric supplier, including its phone number, address, billing lines items, and optional messages. (ComEd Rep. Com., p. 6 (emphasis added)). AIC agrees with ComEd that with all this information currently included on bills, the addition of a color logo would not meaningfully add to the information provided.

Likewise, the addition of a supplier logo is not necessary to educate customers on whether they have been switched. AIC currently mails letters to customers upon receipt of enrollment and drop requests, thereby giving customers additional notice of their decision to change their electric supplier. These current communications, along with the information currently found on consolidated bills, are sufficient to inform customers of pending supplier changes.

AIC would also emphasize that it is a combination utility, issuing combination bills to those gas and electric customers. This combined bill already holds a large amount of information and to potentially include *two* additional supplier logos would require a total redesign of the bill and would likely add to customer confusion.

Further, AIC agrees with ComEd that there have been no solutions presented by other parties in regards to implementation, cost recovery and legal issues set forth in AIC's and ComEd's Initial and Reply Comments. (AIC Int. Com., p. 4-5; ComEd Int. Com., p. 1-5; AIC Rep. Com., p. 1-2; ComEd Int. Com., p.5-6). Meaning, it would be

premature to adopt the RESA requirement of adding the logo without first resolving these issues.

II. Mass Market Switching Processes

A. Introduction

Originally, the NOI asked parties to address whether the Commission should change the rescission period for customers with a smart meter. And, if so, what the new rescission period should be. However, this discussion has evolved such that the issues tied to the effects of “variable pricing” not only implicate traditional rescission restriction questions (for example, Part 412 requirements affecting a customer’s ability to rescind an impending switch), but also questions tied more closely to “drop” processes and other enrollment-related restrictions for Mass Market accounts. Specifically, these issues implicate (1) restrictions associated with AIC’s billing window and (2) additional restrictions dictating when in the billing cycle a Mass Market customer can effectuate a change in supplier (on versus off cycle switching rules). Although as explained further below AIC remains open to discussing changes to its practices and these restrictions, the Company’s current practices are related to the time necessary to complete the meter reading, validation and billing processes and are designed to comply with the Commission’s rules. Incorporation of AMI technology into AIC’s network is not likely to reduce these constraints in a material manner. Likewise, the Company questions whether any such changes are likely to address any issues associated with the use of residential variable price products, as discussed in further detail below.

B. Restrictions Related to Bill Timing - “The Blackout Windows”

Currently, a request for an on-cycle drop must be received by AIC at least 7 calendar days prior to the Mass Market account’s next scheduled meter reading date. This 7-calendar-day period is referred to as the “drop blackout window” and exists in order to ensure that the Company has the appropriate amount of time to obtain the customer's meter reading data, perform validation work, and issue a bill. If a drop request is received at least 7 days before the next reading date, it becomes effective as of that next meter reading date (which by definition, is at least 7 days later). Drop requests received less than 7 calendar days prior to the next scheduled meter reading date become effective as of the meter reading date thereafter (approximately 35 days later).

There is also a blackout window for enrollments of Mass Market accounts. The “enrollment blackout window” varies between 12 and 16 calendar days¹ prior to the Mass Market account’s next scheduled meter reading date. It is extremely important to note that a minimum of 10 and a maximum of 14 of these 12 to 16 calendar days is reserved for the enrollment rescission window provided for under 83 Ill. Admin Code § 412.210. If an enrollment request is received outside of the enrollment blackout window, it becomes effective as of the next meter reading date. Enrollment requests

¹ If the 10th calendar day of the enrollment rescission window falls on a weekend day or a holiday, then the enrollment rescission window is extended to the next business day. In some cases, this can cause the enrollment rescission window to be lengthened to a total of 14 calendar days. The last day of the enrollment rescission window may not encroach upon the account’s billing window, which begins two business days prior to the account’s scheduled meter reading date. Thus, the minimum number of days (i.e. the blackout window) prior to a Mass Market account's next scheduled meter reading date in which a RES must submit an enrollment for it to be effectuated as of the next meter reading date varies between 12 and 16 calendar days.

received during the enrollment blackout window are effectuated as of the meter reading date after the meter reading date next approaching (say 45 days later).

These practices exist in order to ensure that the Company has the appropriate amount of time to obtain the customer's meter reading data, perform validation work, issue a bill and employ any necessary post-bill date review and correction work. Traditionally, roughly two of these days were allocated to the collection and processing of usage data itself (for example using the traditional meter reader function). In the case of Mass Market enrollments, 10 to 14 calendar days of the enrollment blackout window are reserved for the enrollment and contract rescission period required under 83 Ill. Admin Code § 412.210.

The introduction of AMI technology will not result in a situation where the drop and enrollment blackout windows could be shortened by material amounts of time for AMI-enabled customers. Although AMI meters will allow the Company to gather data more efficiently and expeditiously, we are constrained in the case of the drop window by the amount of time needed to correctly process bills and, in the case of the enrollment window, by the parameters of Part 412. Stated differently, the availability of AMI will not/should not shorten the drop blackout window by a material amount of time given that the Company will still require several days to perform the necessary validation work and engage in the billing process. And, in the case of Mass Market enrollments, 10 to 14 calendar days of the enrollment blackout window are required per 83 Ill. Admin Code § 412.210. Thus, any reduction to this period would require rule or legislative changes.

In addition, it is extremely important to note that unlike ComEd, AIC is not deploying AMI technology to 100% of its residential customer base (only 62%). Thus, a

change in the blackout windows will not work uniformly for those customers on Automated Meter Reading (“AMR”) technology or other non-AMI metering. Regardless of any changes applicable to AMI customers, those non-AMI users would still require the current restriction periods noted above. AIC would rather not employ different practices for AMI-enabled Mass Market customers and non-AMI enabled Mass Market customers, given the additional burdens associated with administering different processes and the strong potential for confusion on behalf of customers, the Company and Suppliers alike. Any changes, whether uniform or not, will require additional programming and set-up costs, which AIC will expect to recover as legitimate costs of service.

C. On- and Off-Cycle Drops and Enrollments

Using a drop example, if a customer is on a billing cycle that runs from the 1st to the 30th of a month and the Company receives and accepts a drop request on the 15th, that drop would become effective on the 1st of the following month. A drop processed in that manner is said to be "on cycle", whereas a request to effectuate the drop prior to the 1st (but outside of the “drop blackout window” discussed above) would be said to be "off-cycle."

Currently, Mass Market customers in AIC's service territory are not eligible for off-cycle drops or off-cycle enrollments. Using the above example, if AIC receives an enrollment request from a RES on the 15th of the month requesting an enrollment effective date that is five days later (on the 20th), AIC would not honor that request and the enrollment would not become effective until that month's meter read date (in this example, approximately 15 days later). Although non-Mass Market customers can

switch off-cycle, those requests are not typical and are subject to a \$50 per meter charge in the case of enrollments (no charge in the case of drops).

If the rules for off-cycle drops and enrollments are changed to include Mass Market customers, additional programming and labor resources will be necessary. Specifically, changes will be required to AIC's billing processes to prorate delivery and supply charges in a manner similar to that used to accommodate off-cycle switching for non-Mass Market accounts. And additional changes will be required to facilitate communication between AIC's billing system and its Meter Data Management System to collect and incorporate AMI data relevant to the pre- and post-switch periods. Even further changes will be required to accommodate changes for AMR-enabled customers. This programming and labor will result in increased costs, both upfront and ongoing in nature. As with any changes to the drop and enrollment blackout windows (discussed above), the Company will seek to recover these costs through user-based fees and/or base rates.

Regardless of the cost recovery mechanism, AIC questions the benefit of the additional expenditures given the infrequent nature of the requests in the non-Mass Market realm and what may be relatively modest interest by Mass Market customers in off-cycle switching due to the existence of supplier/contract-based early termination fees applicable to Mass Market customers. These termination fees may still be impediments for customers who are looking to disassociate with a certain supplier and the Company would urge the Commission to examine the existence of these fees in ordering any changes to on- and off-cycle drop practices for Mass Market customers.

III. Changes to the Blackout Windows or Cycle Switching Rules, in and of Themselves, will not "Fix" any Issues with Variable Pricing

Issues tied to drop and enrollment timing are but small pieces of a much larger and complex puzzle. There is currently a lack of customer understanding of supply contracts and of variable pricing. This is a two way street. On one hand, customers, as consumers in an open marketplace, need to take responsibility for understanding what they are signing or agreeing to. On the other hand, it is incumbent for those customers to have access to information that makes their supply contracts more accessible, easier to understand, and capable of comparison to other rates, indices or benchmarks. And this information should be readily available to them upon request and in a user friendly format.

For these reasons, the Company supports greater disclosure of variable pricing terms and conditions and greater availability (say through the Office of Retail Market Development's website and/or other avenues more accessible to non-internet-enabled customers) of related information.

To be clear, these comments are not made in an attempt to affect in a negative or improper manner any competition amongst or between suppliers or between suppliers and AIC. It is not our goal to push or lure customers back to the utility default rate or to stifle the use of reasonable, non-fixed price products. But our concerns are not Socratic or anecdotal either. We have increasing concerns about the magnitude of what we understand to be variable supply rates paid by some (though a small subset) of our delivery customers to some RESs and we feel that we have a responsibility to bring these issues to the Commission's attention. We urge the Commission to continue to

explore these issues² in the interest of both customer education and in furthering its goal of helping to ensure just and reasonable rates. To the extent that rates are not competitively reasonable, customers should have the ability to determinate that for themselves and the market and Commission should have also enforcement mechanisms available to deal with those circumstances and/or any bad actors.

IV. Conclusion

The Company appreciates this opportunity to provide comments. We look forward to continuing to work together with interested parties in the best way to support and educate customers and to hold parties accountable for the rates they charge.

Dated: January 8, 2015

² For example, by considering a potential “band” or range of charges eligible to be passed through UCB/POR.

Respectfully Submitted,

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