**STATE OF ILLINOIS**
**ILLINOIS COMMERCE COMMISSION**

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| Ameren Illinois Company d/b/a Ameren Illinois | ) | |
| Proposed general increase in Gas rates | ) | Docket No. 13-0192 |

**PROPOSED ORDER-SUGGESTED CONCLUSIONS OF THE ILLINOIS COMPETITIVE ENERGY ASSOCIATION AND THE RETAIL ENERGY SUPPLY ASSOCIATION**

## I. INTRODUCTION

Pursuant to 83 Ill. Admin. Code Section 200.820 and the schedule established by the Administrative Law Judge ("ALJ"), the Illinois Competitive Energy Association ("ICEA")[1] and the Retail Energy Supply Association ("RESA")[2] submit their Suggested Conclusions in this proceeding. The only matter addressed in these Suggested Conclusions is the Small Volume Transportation Program ("SVT Program" or "Choice Program"). These Suggested Conclusions follow the agreed-upon outline approved by the ALJ in this proceeding.

[1] ICEA's members include Champion Energy, LLC; Constellation NewEnergy Inc.; Direct Energy Services, LLC; FirstEnergy Solutions Corp.; Homefield Energy; Integrys Energy Services, Inc.; MC2 Energy Services, LLC; Nordic Energy Services, LLC; NRG Retail; and Verde Energy USA Illinois, LLC. The views expressed in this filing represent the position of ICEA as an organization but may not represent the views of any particular member of ICEA.

[2] RESA's members include AEP Energy, Inc.; Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; GDF SUEZ Energy Resources NA, Inc.; Hess Corporation; Homefield Energy; IDT Energy, Inc.; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; NRG, Inc.; PPL EnergyPlus, LLC; Stream Energy; TransCanada Power Marketing Ltd.; and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

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## VIII. SVT PROGRAM

### A. RESOLVED ISSUES

#### 1. SVT PROGRAM SEPARATE PROCEEDING

For the reasons provided in Section VIII (B) (1), *infra*, the Commission is approving the SVT Program. The Commission agrees with the parties that detailed tariff sheets for the SVT Program should be considered in a proceeding subsequent to the entry of this Order. Ameren should file SVT Program tariffs within 45 days from the date of this Order. There should be an expedited schedule for the subsequent proceeding that allows a final order to be issued within 150 days after the filing so that the SVT Program can begin in the fourth quarter of 2014.

#### 2. BUDGET BILLING FOR SVT CUSTOMERS

ICEA and RESA raised some concerns regarding how Ameren's budget billing program would be applied to customers participating in the SVT Program. However, ICEA and RESA subsequently confirmed Ameren's representation that explanation by Ameren's witness, Ms. Vonda Seckler, satisfied ICEA's and RESA's concerns regarding budget billing for Rider SVT customers.

#### 3. RIDER SVT

##### a. ASSESSMENT OF PIPELINE PENALTIES

The assessment of pipeline penalties should be handled in the separate proceeding on SVT Program tariffs. The Commission need not decide this issue in this Order.

### b. UTILITY CONSOLIDATED BILLING

The Commission agrees that Ameren's electric service experience demonstrates that Utility Consolidated Billing/Purchase of Receivables ("UCB/POR") is an important aspect of a successful SVT Program. Although CUB cautions the Commission to scrutinize the tariff's POR component, no party contests the inclusion of a provision for UCB. The Commission agrees that the SVT Program should contain a UCB component. The POR component of the SVT Program will be addressed in Section VIII (B) (2), *infra*.

### c. STAKEHOLDER MEETINGS

The Commission finds Ameren's compromise proposal to be reasonable. Ameren should include a provision in its SVT tariffs for annual meetings with stakeholders, including third party suppliers, to review desired changes in the SVT Program, for a period of three years. Thereafter, the requirement would be removed from the tariff. Ameren should also hold a collaborative meeting with stakeholders before the beginning of the next docket for the purpose of reviewing the tariff language that will be filed. There should be at least one such stakeholder meeting and a second meeting if time permits, as determined in Ameren's discretion.

### d. RESCISSION PERIOD

The Commission finds that the determination of the customers to whom rescission period provisions would be applied should be handled in the separate proceeding on SVT Program tariffs. The Commission need not decide this issue in this Order.

**e. TARIFF LANGUAGE CHANGES**

The Commission agrees that the proposed revisions to the SVT Supplier Terms and Conditions, Rider GSIC-Gas System Integrity Charge Calculation and Annual Reconciliations, Rider GTA-Gas Transition Adjustment, and the "Cities by Pipeline List", as agreed by the parties, are reasonable and should be reflected in Ameren's SVT Program tariff filing.

**4. RIDER GTA**

**a. SUNSET PROVISION**

The Commission agrees that a three-year sunset for Rider GTA is reasonable, as is Ameren's right to request reinstatement should circumstances warrant.

**b. USE OF SYSTEM WEIGHTED AVERAGE COST OF GAS**

The Commission agrees that WACOG should be used to compare to the liquidation price in order to determine the amount to allocate between Rider GTA and Rider PGA. However, the proper definition of system WACOG will be addressed in Section VIII (B) (5) (a), *infra*.

**c. TARIFF LANGUAGE CHANGES**

This matter has been resolved in Section VIII (A) (3) (e), *supra*.

**5. RIDER GSIC**

**a. IDENTIFICATION OF COSTS TO BE RECOVERED**

The Commission finds that AIC's proposal to file a list of contracts with the Commission's Manager of Accounting by October 1 of each year, identifying the costs that will be removed from Rider PGA and recovered through Rider GSIC during the

following November 1 through October 31 time period, is reasonable and should be adopted.

#### b. STORAGE INVENTORY TRANSACTIONS

The Commission finds that Ameren's proposed compromise—use of the first-of-the-month index on the condition that the cost of any storage inventory transaction is recovered in Rider GSIC rather than Rider PGA—is reasonable and should be adopted.

#### c. TARIFF LANGUAGE CHANGES

This matter was resolved in Section VIII (A) (3) (e), *supra*.

### 6. PRICE TO COMPARE

Ameren, ICEA, RESA and RGS have agreed that the price-to-compare issue will be a topic of discussion at the stakeholder meeting before the SVT tariff filing. Any changes to the price to compare will also be a discussion topic at the annual stakeholder meetings. The Commission agrees that this is a reasonable compromise.

## B. CONTESTED ISSUES

### 1. APPROVAL OF SVT

Staff does not oppose an SVT Program for AIC, stating that the Commission has already indicated that it favors retail competition and quoting from the Commission's final order in Ill. C. C. Docket 11-0282, in which the Commission found that customers would benefit from a well-designed SVT Program. Staff concludes that based on the work that interested parties have done in the workshops and in this proceeding, and the work that can take place in the separate docket recommended by Staff to consider just the SVT tariffs, the resulting tariffs will be well designed.

Similarly, Ameren does not oppose an SVT Program and is ready to implement an SVT Program if the Commission so directs and approves recovery of related costs. Ameren agrees with Staff's recommendation to address the operational issues and tariff design issues, and other related issues associated with an SVT Program, in another proceeding. Assuming the Commission directs Ameren to implement an SVT Program, Ameren is prepared to file a petition, supporting testimony and exhibits, including tariffs in support of the SVT Program, within 45 days after the date of the Commission's order in this proceeding. Ameren will propose an expedited schedule for that proceeding and request a final order 150 days after the filing so that the SVT Program can be implemented by the fourth quarter of 2014.

ICEA and RESA support the adoption of an SVT Program, subject to working out detailed tariffs in a subsequent proceeding. ICEA and RESA offered evidence setting forth many benefits of an SVT Program. Similarly, RGS supports the adoption of an SVT Program, subject to working out detailed tariffs in a subsequent proceeding. RGS, too, offered evidence setting forth many benefits of an SVT Program.

Only CUB takes the position that the Commission should not necessarily direct Ameren to implement an SVT Program in its final order in this proceeding. While agreeing that the detailed tariffs for an SVT Program should be worked out in a subsequent proceeding, CUB takes the position that the Commission should not approve the SVT Program until it determines that the benefits of the program outweigh the costs. In this regard, CUB claims that failure to conduct a cost benefit analysis of the SVT Program would "not be consistent with the Commission's own directive in Docket No.

11-0282 to consider 'whether there would be any benefit to customers from such a program'".

However, as pointed out by ICEA, RESA and RGS, CUB neglects to mention that the language it cites from the Commission's order is directed to the workshops that the Commission ordered to be held on whether an SVT Program is appropriate for the AIC service territories. As pointed out by RGS in its Initial Brief, the examination of the costs and benefits of a customer choice program is exactly what the Commission directed the parties to address in the workshop.

When the Commission directed that workshops be held, it anticipated that all parties would participate fully and in good faith, addressing all of the issues set forth in the Commission's Order in Docket 12-0282. The Commission is disappointed that apparently that did not occur. However, the Commission is not foreclosing an analysis of the costs and benefits of an SVT Program in this proceeding.

In fact, the record is full of evidence regarding the benefits of SVT Programs. ICEA/RESA's witness Mr. Wright testified that recent events in the competitive retail electric market and increases in gas supply have changed the retail gas market to the point where AIC customers would see benefits from multiple supplier offers. Suppliers who currently offer electric service in AIC's service territory may be able to offer "multi-product" discounts for natural gas in combination with electricity offerings. AGS can not only offer customers savings but other value-added services that include the ability to set a fixed price for a set number of years or more innovative service offerings that could fuel a natural gas vehicle or provide free gas with installation of a fuel efficient furnace. Unlike Ameren, AGS are not limited to the PGA supply option, and AGS can offer fixed

price products, fixed bill products, variable rate offers, and multiple products to customers. Mr. Wright provided examples of each. ICEA/RESA's witness Mr. Puican also addressed the benefits of an SVT Program based on his experience in Ohio. Similarly, RGS' witness Mr. Crist addressed, in detail, the benefits of an SVT Program in Ameren's service territory.

CUB also argues that the Commission should reference the experience with SVT Programs in the service territories of Nicor Gas, Peoples Gas, and North Shore to determine whether to approve a program in Ameren's service territory, claiming that the experience in Ohio testified to by Mr. Puican was not relevant, nor was the experience on the electric side in the service territory of Ameren. However, there is evidence regarding the experience of the northern gas utilities in the record. Mr. Wright testified that based on calendar year 2011 data, Nicor Gas had approximately 203,760 residential and 32,700 non-residential customers in its Customer Select Program, Peoples Gas had approximately 67,900 residential customers and 10,500 non-residential customers in its Choices for You Program and North Shore had approximately 13,500 residential customers and 1,200 non-residential customers in its Choices for You Program. The Commission agrees that this level of participation demonstrates that customers are having a positive experience with SVT Programs in the northern part of Illinois.

CUB also argues that the costs of the SVT Program are real and significant. However, ICEA/RESA witness Mr. Puican calculated the annual cost of the SVT Program, on a per therm basis, as $0.00292 per therm. In contrast, he compared the historical differences between the NYMEX natural gas settlement price and Ohio's Gas Cost Recovery rate (Ohio's equivalent to the PGA) and the difference between the

NYMEX and the current auction based Retail Price Adjustments for three Ohio utilities, expressed in dollars per therm to be $0.1845 for Dominion East Ohio, $0.1272 for Vectren Energy Delivery of Ohio, and $0.1718 for Columbia Gas Ohio. The Commission agrees that comparing those historical differences with the $0.00292 per therm incremental costs of the SVT Program demonstrates a significant likelihood that the benefits of the SVT Program will exceed the costs.

CUB also argues that inherent market challenges make it difficult for AGS to offer savings to customers. However, Mr. Puican's analysis of the experience in Ohio illustrates that competitive suppliers can offer prices lower than utilities.

The Commission finds that the record in this proceeding demonstrates that an SVT Program will provide benefits in Ameren's service territory and concludes that the SVT Program should be approved, subject to a subsequent proceeding to determine the specific SVT Program tariffs. Ameren should file such tariffs within 45 days of this Order and the resulting proceeding should conclude with a Commission order no later than 150 days from that filing in order to allow Ameren to implement the SVT Program in the fourth quarter of 2014. Ameren should be allowed to recover the costs of the SVT Program reflected in the record of this proceeding.

**2. Purchase of Receivables**

The Commission finds that the evidentiary record in this proceeding demonstrates that POR is a necessary component of the SVT Program. However, the specifics of the POR component of the SVT Program may be addressed in the SVT Program tariff proceeding.

### 3. Consumer Protections

The Commission notes that CUB's proposals were raised for the first time not in the workshops ordered by the Commission in Docket 12-0282, nor in CUB's Direct Testimony. Rather, they were raised in CUB's Rebuttal Testimony. While the Commission is disappointed that these proposals were not made during the workshops, the Commission will, nevertheless, address them herein. The basis for the proposals is that they are necessary to address the problems of misleading marketing seen in Northern Illinois gas choice programs, which were described in the Direct Testimony of CUB's witness.

The Commission finds that there are a number of problems with CUB's proposals. First, they are untimely. They should have been brought up during the SVT Program workshops that were held after the Commission's Order in Docket 12-0282. Second, Mr. Cohen's proposals ignore the fact that there are significant consumer protections contained in the Public Utilities Act. Section 19-115 of the Public Utilities Act contains are extensive consumer protections, including important provisions relating to matters such as customer switching, customer complaints, marketing, early termination fees, and rescission rights. Third, the problems described in Mr. Cohen's Direct Testimony predate the consumer protections added to the Public Utilities Act after the Commission proceedings cited by CUB. The record shows that the most recent statistics available, from CUB itself, do not demonstrate the need for CUB's proposals. During calendar year 2013—through August 19, 2013—CUB has received the following total number of inquiries and complaints against all alternative gas suppliers: 20 relating to

Nicor Gas' Customer Select Program, 16 relating to Peoples Gas' Choices for You Program, and 0 relating to North Shore's Choices for You Program. Thus, there were a total of 26 complaints and inquiries to CUB, compared to a total of approximately 320,000 residential and small commercial customers participating in Choice Programs for these three gas utilities. The Commission finds that the record does not support adoption of CUB's proposals.

4.**DISCOUNT RATE FOR SVT AND UCB/POR CUSTOMERS**

The Commission believes that all parties are basically in agreement tht there needs to be sufficient time to evaluate the experience with uncollectibles before amending the POR component of the SVT Program regarding different discount/uncollectible percentages for Rider SVT customers and sales customers. The Commission agrees with the proposal by ICEA and RESA that this issue be reevaluated when the SVT Program has reached a participation rate of 20%.

**5.RIDER GTA**

The Commission finds that Rider GTA is necessary, at least in the beginning of the SVT Program. Accordingly, the Commission accepts Ameren's proposed Rider GTA subject to its having a three-year sunset.

**a. Definition of System Weighted Average Cost of Gas**

[Commission decision regarding Ameren/Staff issue]

**6.RIDER GSIC**

The Commission considers this to be a resolved issue and addressed this in Section VIII (A) (5), *supra*.

**7.RIDER PGA**

[Commission decision regarding Ameren/Staff issue]

Respectfully submitted,

Illinois Competitive Energy Association

Retail Energy Supply Association

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## NOTICE OF FILING

Please take note that on October 7, 2013, I caused to be filed via e-docket with the Chief Clerk of the Illinois Commerce Commission, the attached Proposed Order/Suggested Conclusions of the Illinois Competitive Energy Association and the Retail Energy Supply Association in this proceeding.

Dated: October 7, 2013

/s/GERARD T. FOX
Gerard T. Fox

## CERTIFICATE OF SERVICE

I, Gerard T. Fox, certify that I caused to be served copies of the foregoing Proposed Order/Suggested Conclusions of the Illinois Competitive Energy Association and the Retail Energy Supply Association upon the parties on the service list maintained on the Illinois Commerce Commission's eDocket system for Ill. C. C. Docket 13-0192 via electronic delivery on October 7, 2013.

/s/ GERARD T. FOX
Gerard T. Fox