

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Request for Union)
Electric Company d/b/a Ameren Missouri,)
For an Order Granting a Variance from 4)
CSR 240-13.020(7) Regarding Payment)
Posting Requirements)

Case No. EE-2018-0238

STAFF RECOMMENDATION

COMES NOW the Staff of the Public Service Commission of the State of Missouri and states to the Commission that it opposes Ameren Missouri's variance requests and recommends that the Commission find that Ameren Missouri is no longer in violation of 4 CSR 240-13.020(7)

1. On March 5, 2018, Ameren Missouri filed its Requests for Variance. On March 16, 2018, the Commission ordered Staff to file its Recommendation no later than March 23, 2018.

2. After the investigation in Case No. EC-2018-0113, Staff found that Ameren Missouri was in violation of 4 CSR 240-13.020(7).

3. Subsequent discovery and communication with Ameren Missouri revealed that, as of February 23, 2018, Ameren Missouri is now date stamping all payments when they are received by the lockbox vendor. Such documentation can be used to demonstrate and document when individual customer payments have been remitted to the Company. Affirmation that payments have been received can be communicated to customers.

4. Staff has reviewed Ameren Missouri's Request for Variances and as a result of its review states that it is of the opinion that Ameren Missouri's recent actions

to date stamp payments negates the need for a variance for reasons stated in Staff's Memorandum attached as Appendix A.

WHEREFORE, for reasons stated above and in Staff's Memorandum, Staff recommends to the Commission that it deny Ameren Missouri's Request for Variance, as it is no longer necessary.

Respectfully Submitted,

/s/ Casi Aslin

Casi Aslin

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand delivered, transmitted by facsimile or electronically mailed to all counsel of record this 23rd day of March, 2018.

/s/ Casi Aslin

MEMORANDUM

TO: Missouri Public Service Commission
Official Case, Case No. EE-2018-0238

FROM: Lisa A. Kremer, Customer Experience Department

/s/ Lisa A. Kremer 03-23-2018 /s/ Casi Aslin 03-23-2018
Case Coordinator / Date Staff Counsel's Office / Date

SUBJECT: Staff Recommendation Regarding Request for Variance

DATE: March 23, 2018

Ameren Missouri's Request for Variance

On March 5, 2018 Union Electric Company, d/b/a Ameren Missouri ("Ameren Missouri," or "Company"), filed a Request for Variance ("Request") from 4 CSR 240-13.020(7) to the Missouri Public Service Commission ("Commission"), allowing the Company to post certain payments to customer accounts within 24 hours of receipt rather than within the same calendar day. Ameren Missouri referenced its request to File No. EC-2018-0113, a pro se complaint case, where the customer requested a preferred payment date by which to pay his utility bill. While the Staff's investigation into File No. EC-2018-0113 concluded that Ameren Missouri was not obligated to offer or provide its customers a preferred pay date¹ Staff did conclude that the Company was in violation of the portion of the 4 CSR 240-13.020(7) as it stated:

The date of payment for remittance by mail is the date on which the utility receives the remittance.

The rule goes on to provide:

A utility shall not base an assessment of a deposit or delinquent charge, or a discontinuance of service, on a payment agent on or before the due date or delinquent date.

The date of *payment* (or date of "remittance") is critical in the residential customer billing and payment cycle as customers, by Commission rule, are permitted at least 21 days from the rendition (mailing) date of the bill to pay their utility charges before a late payment charge may occur.² Recognition that the customer has 'paid' their utility bill, which is most clearly demonstrated by the "posting" of the payment to the customers' utility account, is the "credit" to the customer and the acknowledgment by the utility that the charges have been paid. At that

¹ Staff Report filed in File No. EC-2018-0113, page 2; 4 CSR 240 13.015 (X) Definitions and 4 CSR 240.13.020(7).

² Commission Rule 4 CSR 240.13.020(7).

point and assuming no prior account balance, no late fees or other collection activities will occur. Should the customer call the Company to verify their payment has been received, the Company's customer information system (commonly known as CIS) will have the record that the bill has been "remitted" and the account has been credited and or paid.

Page 6 item 11 of the Company's Request states that the Company's billing system does not apply late fees to a customer's account until three days after the bill's due date. This is consistent with Staff's findings on page 4 of the Report of the Staff filed in File No. EC-2018-0113. The three day "grace period" helps to ensure that if there is a delay in posting payments customers will not be assessed a late fee.

As explained more fully below, Staff recommends the variance is not needed based on recent changes to Company processes.

Additional Background of the Request for Variance

Staff's finding in File No. EC-2018-0113³ indicated that the Company was not in compliance with 4 CSR 240-13.020(7). Specifically, Staff's opinion was that the Company was in violation of the rule provision that relates to and states: "The date of payment for remittance by mail is the date on which the utility receives the remittance." Staff's justification for its finding relied significantly on the Company's response to Staff Inquiry Number 3 in its investigation which indicated:

The Company . . . "has a service level agreement with our lockbox vendor that 98% of mailed payments are posted within 2 days. That being said the vendor usually posts the payments within 1 day if not the same day."⁴

The Company has however, made a recent process change and responded to a subsequent data request on March 20, 2018 in this matter that "beginning on February 23, 2018 (subsequent to the filing of File No. EC-2018-0113 and Staff's December 18, 2017 report) all payments processed through the lockbox vendor have an associated date signifying when the mailed item was received at the lockbox facility."⁵ (Attachment 1) Staff followed the Company's response with additional informal inquiry and a telephone call to further understand the Company's new process. It is Staff's understanding that since February 23, 2018 an individual customer payment (including the customer's specific account number and amount paid) can be traced to the date it was received by the Company's lockbox vendor. While the information is not stored in the Company's customer information system, a customer service representative can contact the company's Treasury Technology Department and receive verification regarding specific customer payment and date received.

³ Page 3, Item 4 of the Report of the Staff in File No. EC-2018-0113.

⁴ Page 4, of the Report of the Staff in File No. EC-2018-0113.

⁵ MPSC Data Request No. 0003 in File No. EC-2018-0113.

Staff views this recent process change as a positive improvement in the vendor handling and internal control of customer payments. The process change satisfies the majority of Staff's prior concerns identified in its investigation conducted in the context of File No. EC-2018-0113 which resulted in Staff's finding that the Company was in violation of 4 CSR 240-13.020(7) regarding:

The date of payment for remittance by mail is the date on which the utility receives the remittance.

While the Company is not "posting" all payments to customer account records the day they are received, it now has a mechanism in place to track, demonstrate and produce the specific date payments were remitted, the amount received and the associated account number. It is Staff's opinion that such ability to acknowledge and recognize the date customer payments were received, whether by posting or date stamping the mail, serves the intent of the Commission's rule.

In addition to the information the Company provided in its Request and in Ameren Missouri's Response to the Staff Report ("Response"), Staff participated in a conference call with the Company on March 1, 2018. During that call the Company described the process of its vendor to receive and process mail which included a discussion of conforming (clean) and non-conforming payments as well as the processing of high speed and low speed envelopes. The Company indicated that non-conforming payments, such as payments that are submitted without payment stubs, illegible handwriting, envelopes other than those provided by Ameren Missouri etc. may take longer to process.

While such delay(s) are understandable by a vendor who is processing a significant volume of payments a day, Staff inquired of the Company as to the total number of non-conforming residential payments the Company receives on a daily basis and the average number of days it takes to process and post non-conforming payments.⁶ The Company responded that it receives approximately 82 non-conforming Missouri residential payments daily which accounts for approximately .61% (less than 1%) of the total number of residential payments received. The Company indicated it presently does not have the means to track specific metrics for the non-conforming payments.⁷ The Company's Request includes allowing a 24 hour period for conforming payments but notes that the variance to accommodate the manual handling of non-conforming payments described above should be "allowed to extend until all manual processing required to credit the correct account can be completed" which may be beyond the 24 hour period.

Page 4 of the Company's Response stated, and is repeated in its Request, that it is not in violation of 4 CSR 240-13.020(7) because the rule "does not expressly prohibit a lag between receipt and posting of payments." The Company quoted the subsequent portion of the rule as it prohibits:

⁶ MPSC Data Request Nos. 0002 and 0005 in File No. EC-2018-0113.

⁷ MPSC Data Request No. 0005 in File No. EC-2018-0113.

. . . the assessment of a deposit or delinquent charge, or a discontinuance of service, on a payment that was made to a payment agent on or before the due date or delinquent date.

The Company further states in its Request that:

this prohibition [quoted above], read together with the preceding portion of the rule, essentially tells a utility that a customer's payment is timely if it is received on or before a due or delinquent date, so the utility must not jump the gun and assess late fees or cut on that date while a timely payment may still be received. *The practical effect is that any lag between receipt and posting must be addressed by a utility in its processes.*

The Company went on to state in its Request that it does not post late fees until three days after a bill's due date and has the ability to reverse late fees that may be assessed to a customer as a result of a delay in payment processing and posting beyond the date payment was received. The Company states that it reversed approximately 885 late payment fees on a monthly basis, March 2017 through February 2018⁸ (Attachment 2), or approximately 17,640 a year. Regarding the assessment of late payment fees, the Company has informed Staff that the majority of late fees are assessed and then credited back to the customer before the next bill is issued so the customer is not aware the late fee was assessed. The Company further indicated there may be some instances where the late fee isn't discovered in time to avoid the fee on the customer's bill and in those cases a note of explanation regarding the posting and removal of the late fee is added to the customer's account. Further, the Company stated it does not disconnect until well after a bill's due/delinquent date.

While Staff is not necessarily interpreting the Company's statement (italicized above) that it is appropriate to *indefinitely* defer payment posting as long as late fees are not applied, a process is in place to reverse late fees or disconnections are postponed, Staff does offer caution on payment posting deferral generally. To be clear, the timely posting of customer payments serves multiple purposes including the important ability to provide customer assurance that they have been given timely credit by the utility for their payment. Should customers contact the utility to verify their payment was received or use the Company's on-line portal, a prompt payment process enables customers to be affirmed that they do not owe the utility payment. Such assurance becomes particularly important should customers be in a situation of having received a prior disconnect notice. Cash flow and the potential interactions with other processes, such as the generation of late payment notices, account balances forwarding to subsequent bills, the generation of disconnection notices (even if not acted upon or the ability to be reversed) could be an

⁸ MPSC Data Request No. 0001 in File No. EC-2018-0113.

unintended consequence of payment posting deferral that could have a negative or perceived negative impact to customers.

Further, this matter may also present an opportunity for Ameren Missouri to examine its processes to promote both electronic billing and electronic payments. Electronic payments would decrease the number of mailed payments to process.

Commission Staff Recommendations

It is Staff's opinion that the Company's actions on February 23, 2018 to date stamp individual customer payments received by its lockbox vendor provides sufficient address of 4 CSR 240-13.020(7) with regard to "*the date of payment for remittance by mail is the date on which the utility receives the remittance,*" and, therefore, a variance is not needed. Staff holds the opinion that both conforming and non-conforming payments should be processed as expeditiously as reasonably possible. Further, the Company should make every effort to ensure that late fees do not post to customer bills when payments are received on time. It is the Staff's understanding that such occurrences, though few, do occur before such late fees can be reversed in its system as described previously.

In the Matter of the Request of Union Electric)
Company d/b/a Ameren Missouri for an Order)
Granting a Variance from 4 CSR 240-13.020(7))
Regarding Payment Posting Requirements)

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NOTARY PUBLIC

Ameren Missouri's
Response to MPSC Data Request - MPSC
EC-2018-0113
Anthony R. Granillo v. Union Electric, d/b/a Ameren Missouri

No.: MPSC 0003

Please indicate whether all customer payments processed by the vendor are date stamped or are noted in some other manner as to the date they are received by the vendor. Data request submitted by Lisa Kremer.

RESPONSE

Prepared By: Brian Spinzig
Title: Manager, Treasury Technology Services
Date: 3/16/18

Beginning on Feb 23, 2018, all payments processed through the lockbox vendor have an associated date signifying when the mailed item was received at the lockbox facility.

Ameren Missouri's
Response to MPSC Data Request - MPSC
EC-2018-0113
Anthony R. Granillo v. Union Electric, d/b/a Ameren Missouri

No.: MPSC 0001

With reference to page 4 section 14 of "Ameren Missouri's Response to Staff Report" please provide the approximate number of residential customer "late fee reversals" that are performed by the Company in any given month. Please indicate what number of the 16,500 payments delivered by U.S. mail per day to Ameren's vendor are residential payments.

RESPONSE

Prepared By: Brian Spinzig
Title: Manager, Treasury Technology Services
Date: 3/16/18

Using data from the 12-month period, March 2017 through February 2018, there were approximately 885 late payment fees reversed monthly for Missouri residential customers.

There are approximately 13,400 Missouri residential payments received at the lockbox facility daily.