

**MPSC Staff Report on Investigation
of Consumers Energy Company Retail Open Access Program
Customer Enrollment and Supplier Support Systems and Processes**

June 2001

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Summary and Findings

During January through April 2001, the Staff of the Michigan Public Service Commission (Staff) conducted an investigation of the enrollment process used by Consumers Energy Company (Consumers) for its Retail Open Access (ROA) program. The purpose was to review the procedures, policies and methods utilized by Consumers to determine if, in Staff's opinion, Consumers was effectively and efficiently processing enrollments. Additionally, Staff attempted to discern whether Consumers was favoring specific Alternative Electric Suppliers (AESs), customers or customer groups.

The investigation first identified the various steps utilized by Consumers in its enrollment process. Staff reviewed and analyzed data on all enrollments in Consumers' program. Staff then selected a structured non-random sample of enrollments to evaluate, comparing the data Consumers had provided to the records on file for the sample. Then, after analyzing this enrollment process data, Staff conducted interviews with representatives of groups of customers and aggregators and with three of Alternative Electric Suppliers (AESs) that have been active in Consumers Energy's service territory. Following this evaluation, Staff presented several findings. These findings are:

1. Consumers is managing its enrollment process so that it has generally taken about 50 to 90 days to complete the process, for customers that are ready to be served. Staff believes that a range up to 60 days may have been an acceptable timeframe for the initial customer enrollments, but 90 days is excessive. For an ongoing program of full retail open access, slated to begin January 1, 2002, Staff believes that the process ought to be completed in 45 days or less, in all but the most unusual circumstances.
2. Interviews with customers, aggregators and AESs related a general impression that Consumers' enrollment process was wholly inadequate during the early start-up period (say, until January 2001), but has been improving as Consumers made adjustments. In part, Consumers made changes based on feedback from program participants. Also, it is apparent that Consumers studied the concerns Staff reported about the Detroit Edison Company customer enrollment process (see fn. 4 on p. 1) and made many process improvements in response to those issues.
3. A large majority of customers who have entered the enrollment process so far are not proceeding with open access service. About 90 percent of the customers, representing 2/3 of the MW, remain stalled in the process. Reasons for the low participation rates do not appear to be a result of problems with the enrollment process itself. Instead, they result from serious impediments currently present in the markets for transmission and generation services and in uncertainty about upcoming changes in Consumers' ROA tariff. These factors made the Staff review more difficult, because such large numbers of all enrollments have been dormant and not actively pursuing ROA service.

This is a theme that recurs frequently in this report. Almost no customers smaller than 1,000 kW (1 MW) are active in Consumers' program because firm network transmission

service has not been available to serve them during the summer. ROA service did not grow beyond the level of 30 customers (~68 MW) from January through March 2001, because adequate transmission and generation capacity was not available at affordable prices.¹ Also, generally speaking, Consumers' full-service rates for industrial and commercial customers are low enough that there have been limited opportunities for AESs to beat Consumers' prices and earn an adequate profit.²

It appears that electric customer choice in Michigan, especially in Consumers' territory, is developing very slowly while AESs and customers await the results of pending state and federal regulatory decisions and changes in transmission and generation markets. As the time draws nearer to the January 1, 2002, onset of full open access in Michigan, customers may be growing less and less interested in delving into ROA service during the prior, phase-in period. The lack of firm transmission capability may keep them watching from the sidelines until after the summer, and by then they will be only a few months away from the January start of full open access. Since there is still a fair amount of uncertainty about ROA program costs, especially concerning the rate structure and transition cost charges, customers may be increasingly hesitant to start ROA service while they wait to see how all these issues shake out. Furthermore, customers may be hesitant to sink any more resources into readying themselves for ROA service until they can get more complete information about the expected costs of service, competitive prices, etc. For example, customers might hold off on telephone line installations needed to complete ROA metering requirements, because they have to pay an installation charge and then a monthly fee for the phone line. It makes sense that they would want to wait until very near their expected service start-up date before sinking those costs, but that same action also keeps them from completing the enrollment requirements necessary to be moved into ready-to-serve status.

4. Consumers has recently modified its management information systems that track progress in the enrollment process, so it is becoming easier to identify when delays result from activities that are Consumers' responsibility, versus delays resulting from AES or customer decisions. Even with the changes that have been implemented in recent months, there still appear to be some gaps that prevent complete tracking.
5. Staff is concerned whether Consumers enrollment procedures and systems will be capable of handling much larger numbers of customers in the future, when full open access becomes available to all Consumers customers, January 1, 2002.

¹ Because of the recent slow down in the economy and auto industry, Consumers reduced its forecast of electric demand for the summer months and thus was able to release to AESs some additional open access transmission capacity, starting in May. Some additional customers are being activated now.

² In comparison, Detroit Edison's residential and commercial rates average almost exactly 1¢/ kWh more than Consumers'. As one might expect given this significant difference in prices (11% residential, 15% commercial), Detroit Edison already has about five times as much capacity (350 MW) and over 1000 meters participating in its ROA program. The two companies' average industrial rates are currently almost identical and Edison's special contract rate is only about ½¢/ kWh higher. So far, there has been essentially no ROA activity in Michigan for residential customers.

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1 Introduction & Statement of Purpose

The first few Retail Open Access (“ROA”) service customers in the Consumers Energy (“Consumers”) service territory started receiving electricity from the competitive suppliers of their choice in October 2000. Service to the first ROA customers in Michigan followed fairly soon after the June 2000 passage of Michigan’s *Customer Choice and Electricity Reliability Act* (2000 PA 141 & 142; MCL 460.10 et seq.; MSA 22.13(10) et seq.). The process of opening Michigan’s electric markets to retail competition began in the early 1990’s and was marked by a series of Michigan Public Service Commission (“MPSC” or “Commission”) orders on electric utility restructuring, dating back to 1996.

Some problems and time delays were encountered as Consumers and Detroit Edison (“Edison”) started to utilize the systems and procedures they had put into place for communications and information exchange with AESs and ROA customers. This was especially true for their customer enrollment processes.

Reports to MPSC Staff raised questions about the utilities’ performance in implementing the ROA program. In September and October 2000, two of the three active Alternative Electric Suppliers (“AESs”) and some of their prospective ROA customers voiced concerns that Edison’s process, in particular, was not working according to plan and was not meeting the expectations Edison had given.³ As a result of several communications received from AESs and prospective ROA customers, Staff undertook separate investigations of first Edison’s and then Consumers’ ROA service customer enrollment systems and procedures.

Perhaps the utilities were foot dragging or simply ill-prepared, as some of the AESs and customers first interpreted the situation. Or, as the utilities responded to Staff’s early inquiries on these issues, perhaps they were trying as hard as they could to implement a complicated and difficult program and start-up problems were unavoidable. This paper reports on Staff’s investigation of Consumers’ customer enrollment process.⁴

The process of implementing ROA service is fairly complicated, so it is not entirely surprising that some difficulties arose during program start-up. Still, the abilities to rapidly identify problems, resolve and smooth them over and make process changes necessary to prevent their reoccurrence are hallmarks of successful program implementation.

In its October 24, 2000, Order in Cases Nos. U-11955 & U-11956, approving retail access program implementation costs by Consumers Energy and Detroit Consumers, the

³ The third active AES at this time was DTE Energy Marketing, an affiliate of Edison. At the time MPSC Staff began its investigations, DTE Energy Marketing (“DTE-EM”) had not reported any concerns to MPSC Staff.

⁴ The “MPSC Staff Report on Investigation of Detroit Edison Company Retail Open Access Program Customer Enrollment and Supplier Support Systems and Processes” was completed in December 2000. Copies may be obtained from the MPSC web site, at <http://cis.state.mi.us/mpsc/electric/restruct/reports.htm>, or by contacting the Electric Division.

Commission defined implementation costs as “non-recurring costs that...are necessary to accomplish the changes required by restructuring” (p. 3). The Commission stated:

“Expenditures associated with the implementation of the retail open access programs must produce results. Procedures, policies, methods, or electronic data interfaces that prove to be ineffective, inefficient, or unworkable may not entitle the company to recover the costs of those systems” (pp. 4-5).

This Staff investigation is not a financial audit of Consumers’ ROA implementation expenditures. Instead, it is an investigation into the systems and procedures used for customer enrollment. Staff is mindful, however, that Consumers has already spent millions of dollars on the systems and processes that are the subject of this review. Consumers had reported implementation expenditures of about \$20 million through 1998 and at that time Consumers projected its total through 2002 would be just shy of \$200 million (October 24 Order, pp. 5-7).⁵ As reflected in the Commission’s order, the intent of this MPSC Staff investigation was to shed light on the effectiveness, efficiency, and workability of Consumers’ customer enrollment procedures, policies and methods.

In order to evaluate the situation, MPSC Staff completed an investigation of the Consumers customer enrollment process. The purposes of Staff’s review were to:

1. Investigate how the process has been working;
2. Identify and describe the problems that have been encountered;
3. Explore the adequacy of Consumers’ plans and its implementation of them; and
4. Provide information that can be used to develop recommended policies regarding customer enrollment procedures for implementation in Consumers’ Retail Open Access (ROA) tariff, which is now under consideration in Case No. U-12488.⁶

Since the Consumers investigation followed the one for Edison, both Consumers and MPSC Staff benefited from experience gleaned from Staff’s study and report on the Edison enrollment process. In particular, Consumers was able to anticipate Staff’s need to review

⁵ The Commission is reviewing applications for the recovery of implementation expenditures for Consumers Energy and Detroit Edison in a series of annual true-up cases, 1998 through 2007. U-11955 was the first Consumers true-up case, for 1998 and prior expenditures. In Case No. U-12358, Consumers is seeking recovery of about \$30 million in 1999 implementation expenditures. Consumers now projects its total will reach about \$100 million (personal communications, C. A. Gilzow, Feb. 28, 2001). These true-up cases were included in the MPSC’s Electronic Case Filings pilot project. See: <http://efile.mpsc.cis.state.mi.us/efile/electric.html>.

⁶Case No. U-12488 will establish the rates, terms, and conditions for retail customers of Consumers Energy Company to choose an alternative electric supplier. See <http://efile.mpsc.cis.state.mi.us/cgi-bin/efile/viewcase.pl?casenum=12488>. Staff believes that findings and recommendations from this review might also be applicable to the Detroit Edison ROA tariff and to ROA programs that will be implemented in the future for all other MPSC regulated electric utilities.

specific data on the various stages in its enrollment process. While Staff was working on the Edison study, Consumers began taking steps to revise its data collection and reporting procedures. Having this lead-time enabled Consumers to gather and present to Staff, in a timely manner, both aggregate data and supporting documents. Also, similar to the experience during the Edison investigation, Staff found that Consumers continued, during the time that the investigation was underway, to make adjustments intended to improve its processes and procedures. Furthermore, Staff has continued to learn more about the details of ROA implementation on the part of both of these companies, their customers, aggregators and AESs, in addition to customer enrollment experiences from other states that also have active electric customer choice programs. These experiences gave Staff a more thorough grounding in the issues presented in this investigation and increased Staff's ability to draw conclusions from the data and information obtained.

2 History of Program

The transition toward retail open access (ROA) in Michigan has been underway for several years. Experimental retail wheeling programs in Michigan were the subject of cases that began in 1992. For Consumers Energy, an experimental retail wheeling program called “Rate DA” (for “direct access”) was initiated in November 1995 and the first DA customers began taking service in December 1996.⁷ A Michigan Jobs Commission report that called for industry-wide restructuring was delivered to Governor John Engler in January 1996, and the Governor then forwarded that report to the Michigan Public Service Commission with his request for a restructuring of the electric utility industry. The Commission established the basic framework for restructuring in a series of orders dating back to December 1996. A gradual phase-in of ROA capacity was initially slated to start in January 1998 and full open access was scheduled to begin January 1, 2002. Various administrative and legal issues delayed implementation and postponed the start-up, but in September 1999 Consumers agreed to voluntarily begin the Commission-ordered ROA service and the first round of bidding for the rights to participate in ROA took place that same month. Ultimately, the Customer Choice and Electricity Reliability Act (2000 PA 141) was signed by Governor John Engler and took effect on June 5, 2000. The new law affirmed the phase-in schedule and the starting date for open access for all Consumers customers of January 1, 2002.

Consumers began to design and implement its enrollment process, in anticipation of a 1998 start-up date. Eventually, Consumers prepared handbooks and provided workshops to explain the procedures to suppliers and customers.⁸ The first workshops were held in August 1999. Five rounds of bidding for capacity based on the level of transition charges were completed; one each in September, November 1999, January, March and November 2000. In these auctions, the highest bidders won the rights to ROA capacity for the phase-in period prior to January 2002.

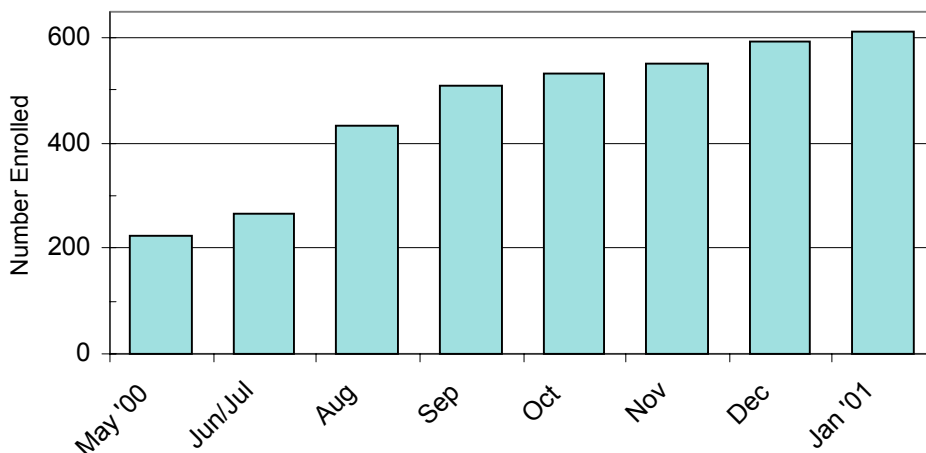
Bidding established the rights for ROA service to begin as early as fall 1999. Suppliers and customers first started to enroll with Consumers in November and December 1999. The major reason for the long delay between the initiation of enrollments and the first customers taking ROA service (in October 2000) was that by the time AESs were finally prepared to begin serving ROA customers, no economical and/or firm transmission capability into Michigan was available to be reserved for the summer months of 2000. Those AESs relying

⁷ The experimental retail wheeling program tariffs for Consumers Energy and Detroit Edison were decided in April 11, 1994 (interim) and June 19, 1995 (final) Orders in Cases Nos. U-10143 & U-10176. The opening of Consumers’ Rate DA program to a limited number of qualifying customers was triggered by the Commission’s November 14, 1996 and April 10, 1997 Orders in Cases Nos. U-10685, U-10754 & U-10787.

⁸ Early in the genesis of the Consumers ROA program, there were some reports of problems and concerns, and even one formal complaint raised about specific requirements of Consumers’ ROA program, but those concerns are not the subject of this report. The complaint was resolved via Commission Order in Case No. U-12327. Any remaining concerns about Consumers’ program requirements may be raised in the ongoing ROA tariff case, U-12489. See: <http://efile.mpsc.cis.state.mi.us/cgi-bin/efile/viewcase.pl?casenum=12489>.

on out of state sources of generation could not be assured they could move power to their Michigan customers in the summer, so participating AESs and their customers waited until after the summer to begin ROA service. About two hundred enrollments were submitted in November and December 1999.⁹ They were followed by roughly 200 more in May and again in August 2000 (see Figure 1). Once Michigan's electric restructuring legislation had passed in June 2000, the active AESs started to enroll customers with hopes of bringing them into ROA service by the fall.

Figure 1: Cumulative Enrollments Received, May 2000 through January 2001



The most important point to understand from this brief summary of events that led to Staff's investigation is that Consumers had been anticipating the start of ROA enrollments for several years, and could have been called upon to enroll many more customers even sooner than experienced. As of today, approximately 670 MW of capacity available for ROA service has been allocated through the bidding process for Consumers' territory. The enrollment process has been started for only about 200 MW. Less than 76 MW is presently being served (Figure 3, p. 9; Figure 4, p. 10). The startup difficulties experienced to date in both Consumers and Edison's programs call into question the adequacy of Consumers' 1998 and 1999 preparations for this process.

⁹ Data on enrollments prior to May 2000 is not readily available. Many of the enrollments submitted earlier were subsequently withdrawn from consideration. A large number of those were re-entered into the process, starting in May 2000.

3 Overview of Process and Current Status

In order to implement ROA service enrollment, Consumers established an interrelated set of information systems and procedures to be followed by AESs, customers, and Consumers staff. Consumers had already established some similar enrollment systems for its natural gas customer choice program, which became available to approximately 220,000 Consumers Energy natural gas customers in the spring of 1998. Consumers’ general approach was to apply systems similar to those that had worked for the gas choice program and then make gradual, incremental changes to its electric choice systems as experience was gained about problems and obstacles.

Consumers’ enrollment system tracks information and qualifications for three different entities: (1) ROA capacity owners (bid winners), (2) AESs and (3) Customers. Table 1 provides a basic description of each entity, and indicates what Consumers checks, in order to qualify them for participation in the ROA program.

Table 1: ROA Program Qualifications for Three Different Entities

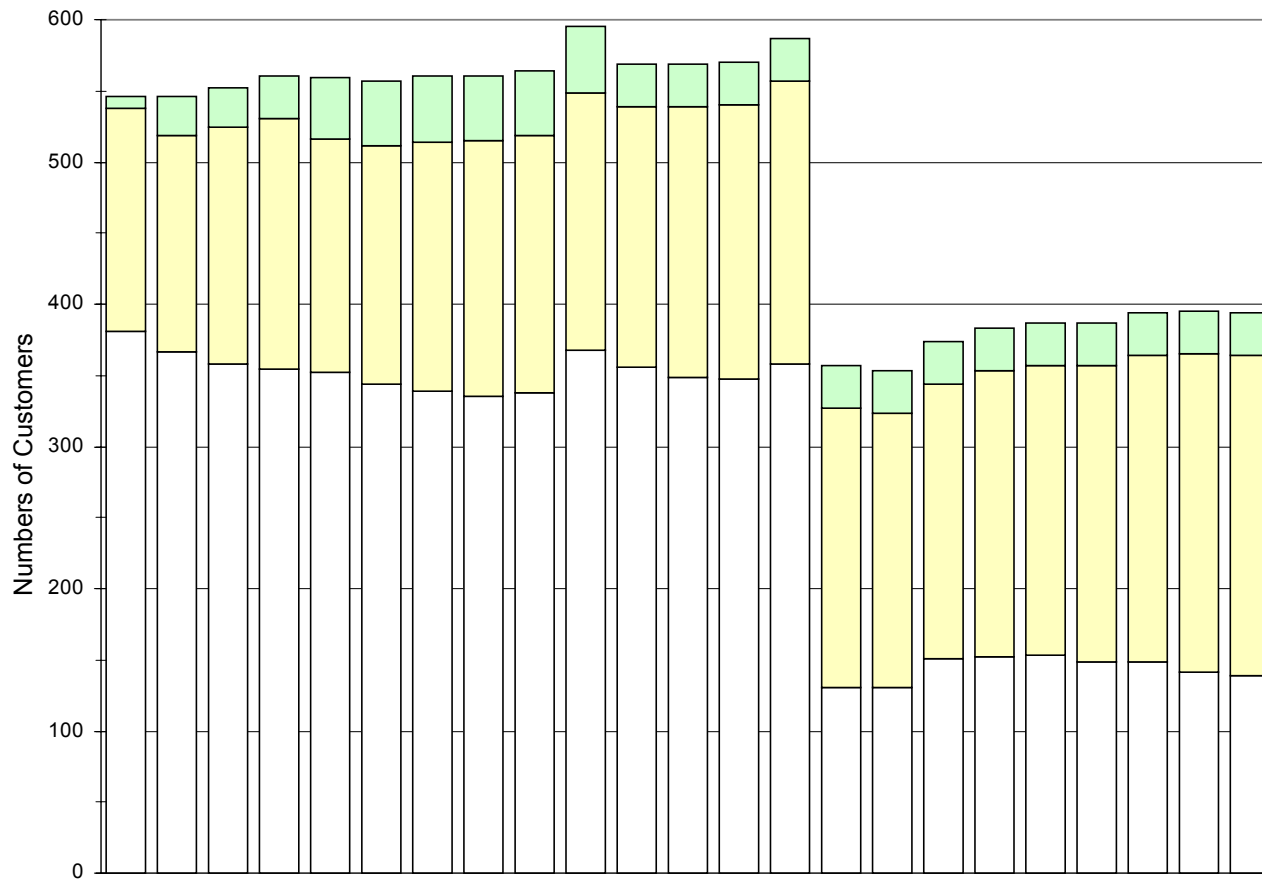
ENTITY	DESCRIPTION, QUALIFICATIONS, & COMMENTS
Capacity Owner	Holds the right to ROA transmission capacity, as a result of the bid process. Capacity owners may be AESs, customers, or other entities.
Alternate Electric Supplier (AES)	Holds the appropriate license from the MPSC, under MCL 460.10(a). Has met applicable FERC requirements. Has credit approval to reserve transmission capacity and has executed a marketer agreement with Consumers.
Customer	The word “customer” is used, but it should be noted that for the purposes of the ROA customer enrollment process, the customer is functionally equivalent to a Consumers Energy account or meter. For practical purposes, it is the meter that is enrolled in the ROA program.

This Staff investigation involves the process of enrolling customers in the Consumers ROA program. The procedure is summarized in Table 2 (p. 6). Additional details about each step in the process are provided in Section 4 of this report (p. 14).

Table 2: Enrollment Procedure Steps and Criteria

PROCESS STAGE	CRITERIA TO SATISFY & STEPS TO COMPLETE BEFORE PROCEEDING TO NEXT STAGE	
Pre-Enrolled (Submitted)	Enrollments are submitted via fax, mail, email, or electronic data interchange (EDI). Consumers acknowledges receipt of pre-enrollments by email or EDI. Consumers looks up customers in computerized billing systems & verifies basic account information.	
	Transfers from CA/Main to SL	Customer accounts that reside in the CA/Main (Customer Accounts/Main) billing system must be transferred to the Special Ledger (SL) system. Generally, this affects all customers smaller than about 300 kW in demand.
	Consumers "Investigate Phase"	For customer accounts that already reside in the SL system, Consumers can look up basic information about their meters and meter telephone lines from pre-existing records. This often obviates the need for a preliminary site visit to ascertain the status of meter and phone line.
In Process	In this stage, all customer-specific and AES program requirements must be met. Customers must submit a signed acknowledgement of switch to ROA and for all customers 20 kW and larger, a meter phone line must be installed and operational.	
	Meter Phone Ready	Customers with interval demand meters are responsible for having telephone lines installed near meters. The customer completes the installation on its own schedule; then notifies Consumers when installation completed.
	Meter Field Work	Consumers completes fieldwork to assure meter and telephone line are correctly installed and operational.
Ready	All customer and AES program requirements have been met. AES schedules power delivery. Consumers awaits AES notification of activation date.	
Queued	Activation date has been established. Queued time almost always has been only 2 or 3 days.	
Active	ROA service commences.	
Switch or Transfer In/Out	Customers may change service providers from one AES to another. Customers may drop out of the ROA program Active Status to return to full service. Customers may drop out of the enrollment process before they have ever been in Active status. If a customer submits a request, Consumers notifies the AES. Consumers identifies this action as a Transfer if the customer had never been in Active status, or as a Switch for customers that had been Active. These are short-lived status categories that have not been reported to MPSC Staff in Consumers' weekly summary reports. AESs receive Transfer or Switch Out reports that identify accounts that are leaving their service, or Transfer or Switch In reports for customers coming into their service.	

Figure 3: Customer Enrollment Status by Week, October 27, 2000 through March 30, 2001



	10/27	11/03	11/10	11/17	11/24	12/01	12/08	12/15	12/22	12/29	01/05	01/12	01/19	01/26	02/02	02/09	02/16	02/23	03/02	03/09	03/16	03/23	03/30
Active	8	27	28	29	43	46	46	46	46	46	30	30	30	30	30	30	30	30	30	30	30	30	30
Ready	157	152	166	177	164	167	175	180	180	181	183	191	193	199	196	193	193	201	204	209	215	224	225
Enrolled	381	367	358	354	352	344	339	335	338	368	356	348	347	358	131	130	151	152	153	148	149	141	139

Figure 4: Percent of Enrollments Active by Week, Oct. 27, 2000 –March 30, 2001

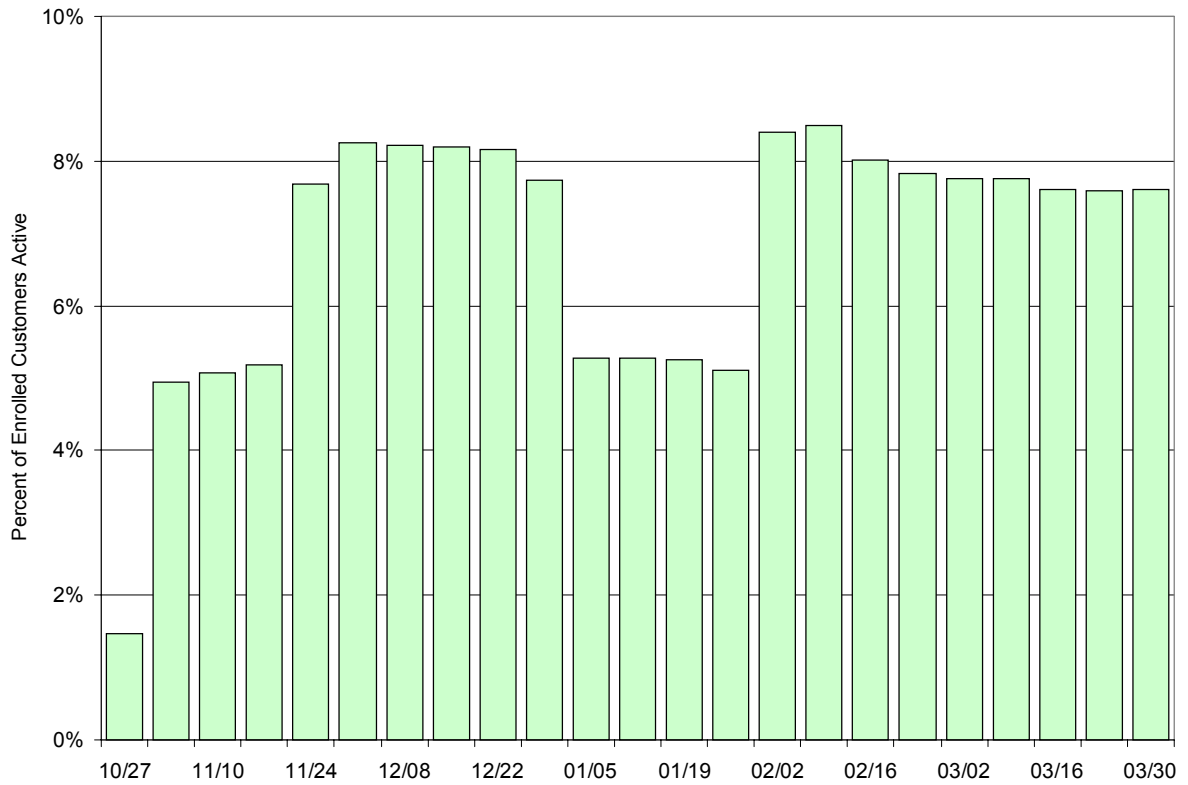


Figure 5: Days for Enrollments to Complete Each Stage in Process, Jan. 31, 2001

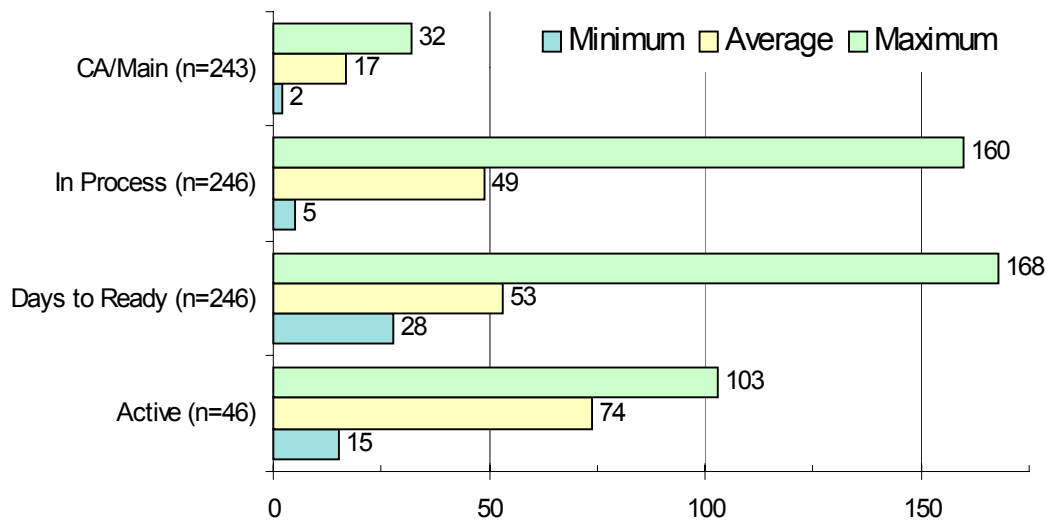


Figure 3 (p. 9) presents summary data for Consumers customer enrollments, from late October 2000 through March 2001. Data on active customers is repeated in Figure 4 (p. 10). This data shows little change in enrollments over this time period. The two most noticeable changes were (1) in early January 2001 when about one-third of all active customers (16, totaling 8.4 MW) dropped out of ROA and returned to full service, and (2) in early February 2001 when almost two-thirds that had been listed in enrolled status (227 customers totaling 21.5 MW) dropped out. As shown in Figure 4, less than 10 percent of all enrollments have reached Active status. The percentage increased in late fall 2000 as more customers became active. Then, it decreased by a similar amount in January 2001 when 16 active customers dropped out. The percentage increase depicted in February 2001 resulted from many customers dropping out before they became active.

Figure 5 (p. 10) shows data on the time it took, in days, for the enrollments to complete the various stages. Consumers has developed goals for the time frames it expects each step of the process to take. Some of the details for Consumers' expectations vary depending on the specific circumstances of each customer enrollment. Those differences are discussed in Sections 4.3 through 4.5 (pp. 20–28) of this report.

Looking at Figure 5, it is clear that transfers from CA/Main to SL were completed within the time frame Consumers expected, for those that were completed. As explained on page 18, some transfers were not completed, and the timeline was exceeded for them.

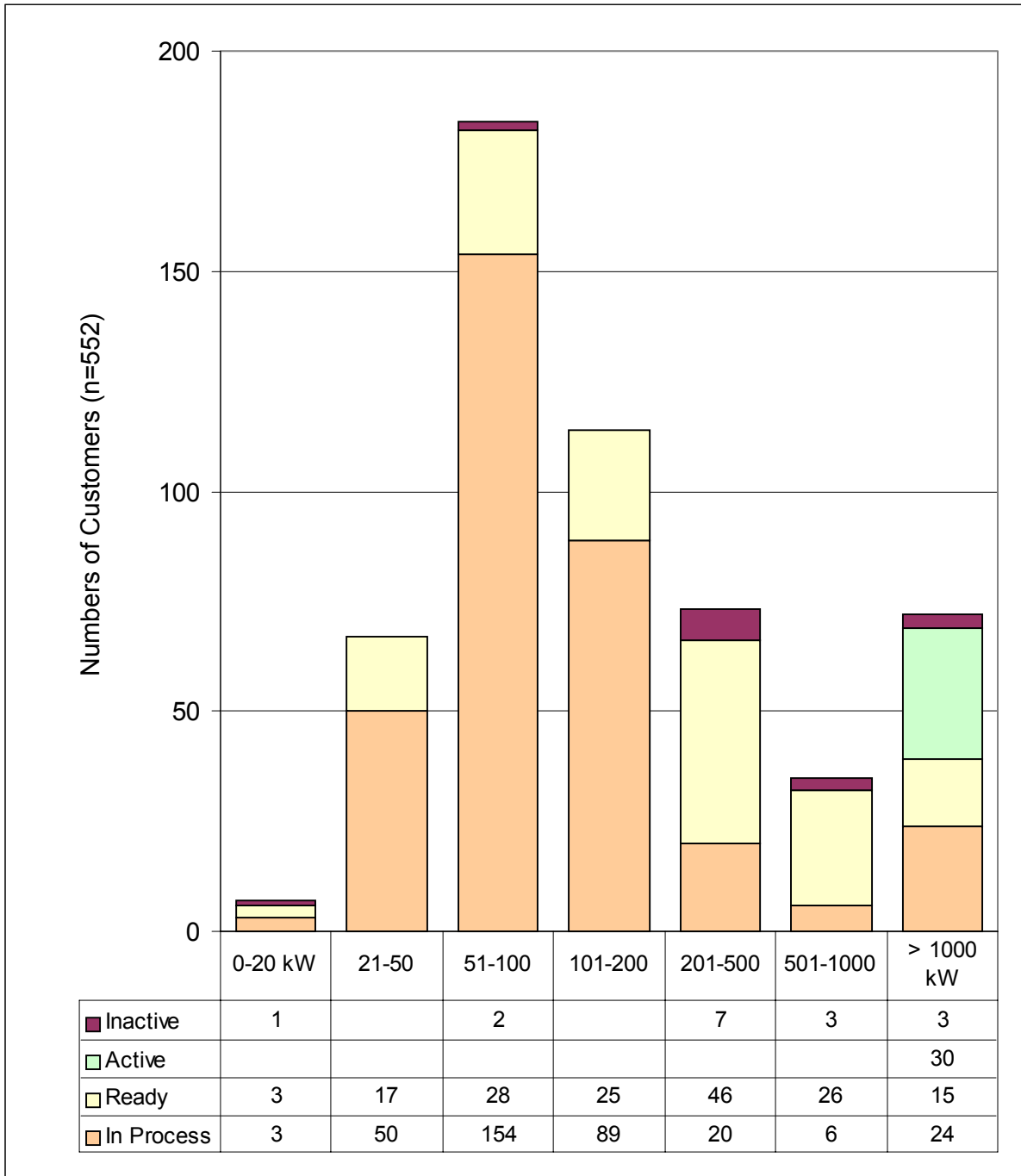
The In Process steps, where the bulk of processing takes place, have taken an average of 49 days for the 246 cases where those steps have been completed, and on average it took an additional four days for those same cases to be moved to Ready status. Once the enrollments have reached Ready status, all that remains before service can begin is for the AES to schedule service.¹⁰ Thus, the delays between Ready and Active status ought not to be attributed to Consumers enrollment process.

For the small number of enrollments that did eventually reach Active status, it took an average of 74 days for the process to be completed, with two or three weeks, on average, attributable to delays in AESs scheduling service to begin.

Figure 6 (p. 12) shows how the status of enrollments varied by customer size (measured in terms of customer maximum demand in kW), as of January 31, 2001. Figure 5 shows that only customers with demands greater than 1,000 kW were active in the program at that time and greater percentages of the higher-demand customers had reached Ready status.

¹⁰ The only exception to this situation could be what happens with batches of small customers. Consumers will not move enrollments to Ready status for customers with maximum demands less than 20 kW each until the AES has aggregated demands of at least 800 kW. Although this has not yet happened, the situation could occur where a group of small customers representing at least 800 kW has reaches the Ready status, but cannot move forward to Active until the remainder of at least 1,000 kW also reaches Ready status.

Figure 6: Numbers and Status of Enrollments by Size of Customer Load, Jan. 30, 2001



In summary, all of this data paints a picture of a retail open access program that has barely started, with only 30 customers (about 68 MW) being served. The number of customers and MW being served did not change from January through March 2001. The full enrollment process was completed within 60–90 days for most of the 46 customers that made it all the way through to the end of the process and began taking service. Of those, about 1/3 (16 customers) dropped out of the program. It does not appear that their dropping out was related to the enrollment process. In addition, at the beginning of February 2001, one AES removed a large number of customers (at least 227) prior to completing the enrollment process.

The customers being served are almost exclusively large customers, with demands in excess of 1,000 kW or 1 MW. That situation appears to be the result of the current status of markets for transmission and, to a lesser extent, generation services. The rest of the customers, over 90 percent of those that have begun the enrollment process, remained in various stages of the process, awaiting changes in market conditions which would permit their participation to be viable.

The next section of this report reviews Consumers enrollment process in detail. The review explores the process, analyzes Consumers' performance in managing it, identifies problems associated with the various steps in the process and makes observations about possible program improvements where practical.

4 Detailed Description of Process & Problems Encountered With Process

This section includes detailed descriptions of the six status categories Consumers uses to describe its enrollment process. Aggregate data is reported for all the enrollments. More details are provided, where relevant, for a sample of enrollments that Staff reviewed. Section 4 lists enrollment requirements as described by Consumers and identifies problems encountered at each stage of the process. The information sources used include Staff's analysis of the aggregate enrollment data and the Staff sample, correspondence and interviews with customers, AESs and Consumers staff.

4.1 Sample of Enrollments for In-Depth Review

Consumers provided Staff with a list of all enrollments as of early January 2001. Staff used an informal stratified sampling procedure to identify cases for detailed review. Consumers was aware that Staff had been working on a similar review of the Detroit Edison enrollment process. Given the advance notice that Staff intended to complete this study, Consumers gathered data on all of its enrollments. This included the current status of each enrollment as of early January, and the pertinent dates and durations when each case completed each stage of the process.

Since Consumers was able to provide this level of detail for all of its enrollments, Staff was able to analyze Consumers' performance for the entire group. In addition, Staff identified a set of cases for more detailed study and reviewed the related documentation. Table 3 (p. 15) shows the categories Staff used to select a sample for more detailed study. Where possible, Staff's sample included enrollments for each AES, in each of the major status categories. Also, Staff's sample included various size customers in each of the ROA classes: (1) residential and small secondary, and (2) primary.¹¹ Finally, where AESs enrolled large, aggregated groups of customers, Staff's sample included representatives of each. For example, groups included corporate accounts with many small customers, load-aggregation cooperatives and statewide retail chains.

4.2 Initiating the Enrollment Process: Pre-Enrollment

4.2.1 Description & Requirements

After each round of bidding in the ROA phase-in period, Consumers mailed a "Welcome Packet" of information to each winning bidder. The packet included instructions about the enrollment process and identified the capacity holder's contact person at Consumers.

¹¹ No residential customers have been enrolled in Consumers' ROA program, to date, but Staff's sample included representative numbers of both small secondary and large primary customers.

Table 3: Categories for Initial Sample

Criterion or Category	Data for Population & Sample (as of Mid-Oct 2000)		
	Company	Population	Sample
Four Active Suppliers	DTE EM	284	51 (~18%)
	Nordic	30	16 (~55%)
	Quest	274	50 (~18%)
	Wolverine EM	1	1 (100%)
Five Status Categories in Enrollment Process	Pre-Enrollment & CA/Main Transfers to S.L.		
	DTE EM	10	2
	Nordic	5	2
	Quest	5	1
	In Process		
	DTE EM	265	44
	Nordic	8	8
	Quest	64	7
	Wolverine EM	1	1
	Ready		
	DTE EM	9	5
	Nordic	1	1
	Quest	175	26
	Active		
	Quest	30	16
	Inactive		
	Nordic	16	5

The enrollment process begins when an AES submits customer pre-enrollment forms to Consumers by one of five methods: fax, mail, online form, email, or electronic data interchange (EDI). Consumers provides paper copies of the forms that can be filled out and then faxed or mailed. AESs can also access, fill out and submit forms on Consumers’ secure Web site. Another method is for AESs to enter their customer data into a spreadsheet template provided by Consumers, then email the completed spreadsheet to Consumers’ business center. Finally, enrollments may be submitted by EDI. This process uses a standard “EDI 814 transaction set,” with instructions available from Consumers about what it calls “some unique attributes.”

Enrollment forms include several fields that must be completed. Among the required fields are the account number, name, and address. The AES must also specify which bid class and transmission service type will be used to supply the account. For a preliminary validation, Consumers checks for a valid account number and an exact match on the street number portion of the street address. Consumers checks only the street number because there could be many variations of street name spelling. If the account number and street number match precisely, the account is assumed to be valid and proceeds through the enrollment process. Consumers expects any undetected misinformation at this stage of the screening process will be caught later, possibly when a confirmation letter is sent to the customer. Staff is not aware of any problems that have occurred due to this relaxed crosschecking. If there is not an exact information match, the account is routed to a queue for review by a Consumers Business Center employee. In many cases, the accounts are valid and this manual review allows for confirmation without rejecting the enrollment. If the account information does not match after these checks, then it is marked invalid, is rejected and the AES is notified.

Consumers expects to process all pre-enrollment forms no later than the end of the next business day. Consumers date- and time-stamps all forms upon receipt. It processes pre-enrollments twice each business day, at 9:30 a.m. and 3 p.m. Consumers provides duplicate mechanisms for feedback on enrollments; via its Web site and by email replies to the AES. All enrollments received prior to 3 p.m. each workday are checked and feedback on them is provided on Consumers' secure Web site by 6 p.m. the same day. Consumers maintains a Retailer Customer Status Report for each AES. The AES can view their reports on the Web site at any time. Reports are provided separately for enrollments accepted and rejected. AESs can then quickly identify enrollments with problems that need to be resolved. Consumers had already developed some similar programs for its gas customer choice program, dating from the first quarter of 1998. It was able to modify those programs and use them in the electric choice program. Right now, the Customer Maintenance Rejects Reports arrive via email. AESs have asked to receive the reports in spreadsheet format, as attachments to an email message, rather than as text in an email message. That capability could allow the AESs to make any necessary revisions and re-submit the data again, via spreadsheet. Consumers reports it is working to develop that capability.

Consumers acknowledges the valid pre-enrollments via a Retailer Customer Status Report, which is available to each AES via Web access. Next, Consumers completes its investigation to match information from the enrollment form with Consumers customer data base. Consumers checks in which billing system the customer account resides: CA/Main or Special Ledger (SL). CA/Main refers to Consumers' main system for computerized customer accounts. All ROA accounts are processed in Consumers' SL system. If the account resides in CA/Main, Consumers transfers it to the SL system. Accounts can only be switched at the end of a billing cycle, so that process can take anywhere from 1 to 30 days.

Also, Consumers checks to the type of customer meter. If the account starts this process in the CA/Main system, Consumers knows of no special provisions regarding the meter or telephone line. For accounts in SL, however, Consumers has a database of customer information it can use to look up meter type, size, whether a phone line exists or existed at

the site. That database is currently paper records but Consumers is working on transferring it to a computer database to be completed in May, 2001.

Consumers serves approximately 1.5 million electric customers. About 25,000 of those customers have demands in excess of 20 kW. Under Consumers current ROA program tariff, these 25,000 customers would need to be served using recording demand meters equipped with telephone lines. At the onset of Consumers ROA program, only about 3,300 customers had demands of 300 kW or more with recording demand meters. Generally, the SL system was set up for handling the accounts of these larger customers. Of the 3,300 customers in the SL system, about 1,500 have telephone lines installed. That is because in the past Consumers sometimes used telephone lines for communicating with meters. Just prior to the advent of the ROA program, about 400 of the customers had active telephone lines.¹² For the other 1,100 customers, the phone company can often reactivate existing lines. Consumers provides the old phone number, which (if not already reassigned by the phone company) facilitates remote reactivation and sometimes avoids a phone company service call.

As information about customer meter and telephone line requirements is obtained, Consumers updates the RCSR, indicating the accounts that require phone line installations at the meter.

Consumers sends a notice to the customer within three days of the enrollment, letting them know the process has started, giving them information about the responsibilities customers and AESs have for finalizing the enrollment and becoming active in the program and giving the customers a chance to rescind the enrollment.

Consumers uses its retail billing system ("RBS") to handle ROA billings and communications with customers. The RBS interfaces with Consumers' mainframe computer for printing letters, adding appropriate inserts and mailing them. This is the system used to send confirmations to customers. As the ROA program developed, Consumers updated its RBS four times, in January, April, and September 1999 and again in September 2000. Each time, more automation and functionality and enhancements for the enrollment process were added.

In October 2000 Consumers met with active AESs to discuss needs and solicit input about the enrollment process and desired improvements. The major improvements requested were: (1) standardizing and increasing EDI utilization; (2) sending enrollment acceptance and

¹² The active phone lines were being used by customers: (a) to interrogate their own meters for monitoring purposes; (b) to be on a calendar-month billing cycle; or (c) where Consumers Energy had placed diagnostic equipment. About 185 were being monitored for Consumers and the customer using BMI (short for Basic Measuring Instrument) equipment to monitor service quality and diagnose problems. This equipment makes extensive use of the telephone line, so customers that have the BMI equipment installed must provide a second telephone line if they wish to participate in electric customer choice. So far, this affected only a handful of ECC enrollments. The other customers that already have active phone lines can switch to ECC without installing a second line. The local telephone company simply switches the billing from Consumers Energy to the customer.

rejection reports as attached spreadsheets, rather than email message text; (3) adding more status reports available via the secure Web site; and (4) accepting batch enrollment *changes* electronically, in addition to the existing ability to submit batch enrollments and deletions. Consumers indicates it is continuing work on EDI improvements.¹³ However, the lack of new enrollment activity has slowed Consumer's implementation of changes in AES reports and the Web site.

4.2.2 Data

Transfers from CA/Main. Almost half of all enrollments were accounts that initially resided in CA/Main (268; 47.1%). Twenty-eight of these accounts (4.9% of the total population, and 10.5% of the accounts that resided in CA/Main) remained in CA/Main Transfer status. Only 16 had progressed to Ready Status and 4 were Inactive, having returned to full service. All the rest (221; 40% of all enrollments) were listed as In Process as of January 2001.

Figure 8 (p. 19) shows data on the time it took Consumers to complete transfers from CA/Main. This process takes place only at the beginning date of a new billing cycle. Thus, depending on the billing cycle when each request was made, it could take as much as 30 days to complete the transfer. Consumers' announced target for the completion of this stage is 30 days. The data Consumers provided indicated slightly more than 90 percent of enrollments met this goal. For the remainder of the accounts still awaiting transfer from CA/Main, however, the reasons for hold-ups were not clear.

4.2.3 Problems Encountered

4.2.3.1 CA/Main Transfers

None of the customers that began enrollment in the CA/Main system are presently taking ROA service. This is a reflection of the unavailability of transmission service. Since the AESs have not been able to purchase firm network transmission service, they have not been able to serve customers smaller than 1,000 kW (1 MW). Four of the 16 customers that are now coded as Inactive (having returned to full service) were initially transferred from CA/Main to SL. Those four had maximum demands of only about 20, 80, 100, and 200 kW.

A small number of enrollments (16; about 6%) remained in the CA/Main transfer status for more than one billing period. Consumers explained that 3 cases were delayed because of a billing account number change, unrelated to the ROA program, initiated by Consumers. In that case, Consumers needed to bill the customer one more time in the CA/Main system

¹³ In Case No. U-12488, Consumers is proposing a working group to address EDI standardization for Michigan, including representatives from Consumers, Detroit Edison, all interested AESs and MPSC Staff. See Rebuttal Testimony of Ronald T. Carrier, March 16, 2001, pp. 6-7; MPSC Electronic Filing pilot project, <http://efile.mpsc.cis.state.mi.us/efile/docs/12488/0064.pdf>.

Figure 7: Numbers of Enrollments With and Without CA/Main Transfers by Size of Customer, in kW of Demand

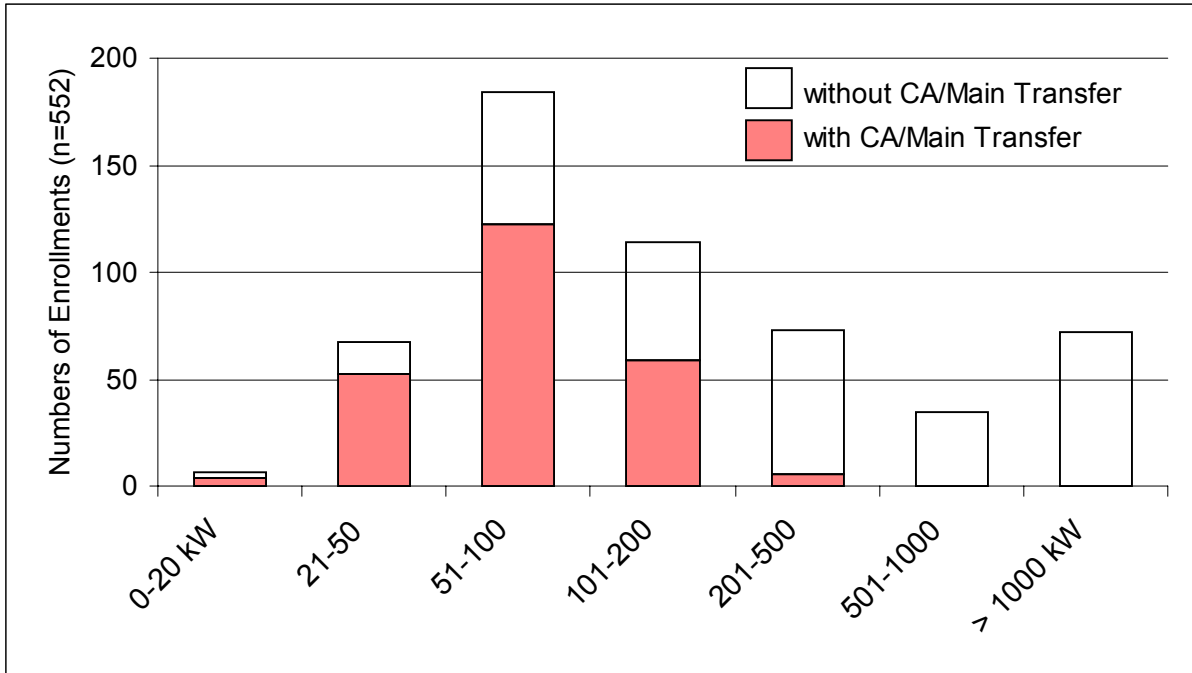
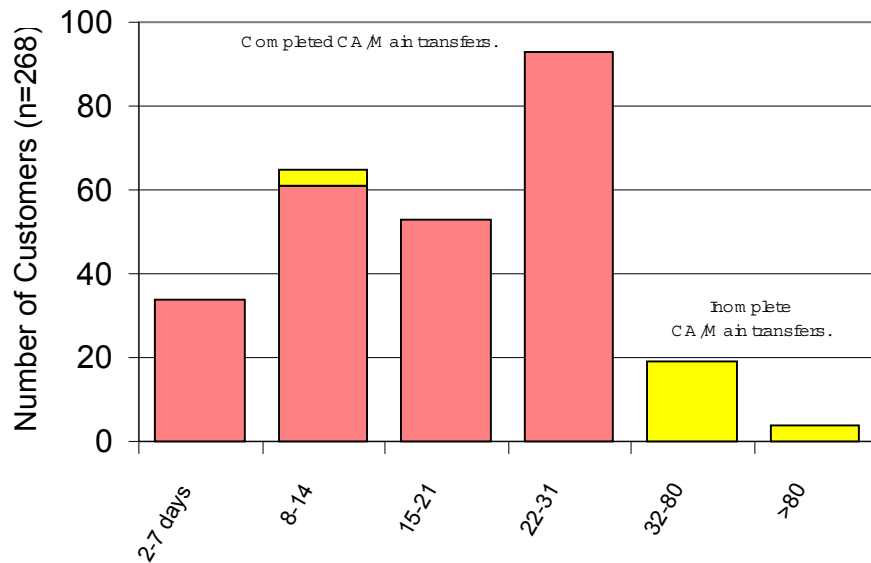


Figure 8: Time to Transfer Accounts from CA/Main



before switching the account to SL. That explained why a few cases took more than 30 days to transfer. For the remainder, however, the reason for delay was not explained. Though the number of cases affected is small, it is more than 1/20 of the accounts that needed to be transferred. Staff believes Consumers should investigate to determine the reasons for any holdups, and establish methods to ensure that processing account transfers does not delay enrollment.

4.2.3.2 Rejections

Problems with rejections are reportedly minor. There were reportedly a few instances where the customer maximum demand was not appropriate for the type of service requested. Consumers recently added a validity check for this, so that mismatches will be identified quickly and the reason clearly explained.

4.2.3.3 Implementing Full EDI System

Consumers is changing its EDI formats, called “data maps,” to accommodate ROA service. The changes will have to be reflected for 810 invoices (EDI bills) that Consumers is presently sending to 25 different “trading partners” (that is, corporate accounts). The 810 invoices cover 6,255 accounts (meters or service locations) for full-service customers of Consumers who have been receiving EDI-format bills (EDI form 812) and sometimes meter data (form 820), prior to ROA service availability. All of these invoices are paid by electronic funds transfer (EFT) or automated check handling (ACH). The existing EDI customers will all have to switch to the new data maps before Consumers can implement them for ROA customers. Consumers expects to complete the changeover by May 2001. Consumers is in the process of expanding EDI capabilities, and is reviewing retail open access programs in Ohio and Pennsylvania to see how they are using EDI. (See also Section 4.3.3.4 (p. 25) for discussion of a related issue.)

4.3 In Process

4.3.1 Description & Requirements

By the time the enrollment proceeds to the In Process stage, Consumers has identified the customer class for ROA purposes and thus the tariff requirements for metering. Consumers places the account in one of three meter status categories:

- (1) No field action is required. The customer already has the appropriate meter and telephone line. All that needs to be done is to switch the telephone service so that the customer, rather than Consumers, will be billed.

- (2) A TOU meter is present. It can be used for ROA service but the customer must provide a telephone line.¹⁴
- (3) Consumers will have to exchange the existing meter for a new one that will work with ROA and the customer must provide a telephone line.⁹

At this stage, Consumers completes the process it calls the “Make Ready Phase.” Customers whose maximum demand is less than 20 kW will be load profiled and do not need telephone lines or special meters. They can proceed directly from this stage to Ready status, with no further ado. But, the AES must enroll small customers with at least 800 kW in aggregated demand before Consumers will move them to Ready status. For accounts larger than 20 kW, the customer must have the telephone line installed and then call Consumers to report the meter telephone number and date the telephone service will be active. Consumers completes a site visit to connect the telephone line to the meter and validate the communications link. Upon completion, Consumers sends the AES a Time-Of-Use Meter Setup Report, confirming the meter phone number and explaining how to retrieve data from the meter. Consumers tries to manage its process so that site visits are minimized. In a large majority of cases, Consumers is able to avoid making multiple site visits because it can obtain basic information about the current status of metering and telephone equipment from an existing database.

Meter Phone Notification and Electric Meter Services Fieldwork: In an attempt to better understand the nature of processing delays, Consumers has started to track both the date the customer notifies Consumers that the meter phone line is installed and operational and how many days later Consumers completes its work to connect the phone line to the meter, verify it is operating correctly and move the enrollment to the Ready status.

For accounts that require electric meter services (EMS) investigations, Consumers tracks the date the information request is submitted and when the EMS work is completed. The EMS investigation process was initiated for 586 of the first 612 enrollments (96%).¹⁵ EMS work for more than 270 customers was completed within one day of the order being placed. A handful of EMS orders were completed in 2 or 3 days and about 250 more were completed by the fifth day. Consumers goal is to complete all EMS investigations within 10 days. The data indicates this goal is being met.

Based on the data Consumers supplied about this stage in the process, there were roughly 200 enrollments where the customer had notified Consumers that the meter phone line was ready. Of those, the average delay between the notification and the move to Ready or Active status

¹⁴ If a deactivated meter phone line already exists at this site, in many cases the customer can simply ask the telephone company to activate it. Consumers keeps a database of the old phone numbers and can tell the customer what the old phone number was. If the old phone number has not been reassigned, the telephone company can activate the line without making a site visit. This may apply to a few hundred Consumers customers.

¹⁵ This included all enrollments at the time this data was analyzed, except for a couple dozen that were in CA/Main transfer status and another half dozen that had been in the enrollment queue for less than two weeks.

was almost exactly 30 days. About 12.5 percent were processed in 10 days or less, 50 percent in 11 to 30 days, 25 percent in 31-60 days; and the remaining 12.5 percent in 61-120 days. In all, there were more than 100 cases where the delay was three weeks or more. At least some of these cases involved incomplete or incorrect telephone line installations or EMS fieldwork problems. Consumers reported that a few dozen EMS field visits had to be repeated. Beginning December 1, 2000, if a problem with the phone line and meter is identified after the customer has reported it is ready, Consumers will stop timing this stage of the process, wait for the customer to resolve the problem and then restart the clock.

Other Details of In Process Stage: Customers taking primary service and those with greater than 300 kW of demand have to cancel their old distribution services contract with Consumers, and enter into a new one, which carries a minimum term of one year. The contracts are changed to reflect the new ROA relationship.

If Consumers changes account numbers (e.g., for accounts switched from CA/Main to SL), Consumers reports both the new and old account numbers to the AES, to help avoid confusion.

Consumers checks bid capacity and confirms the relationship between the customer and the bid under which they will be served. The only requirement at this stage is that enough capacity remains in the specified bid class, under control of the specified bidder. Consumers links the customer to the specific bid later, at the Ready or Queued stage, and not at the beginning of the enrollment process.

4.3.2 Data from Enrollments and Sample

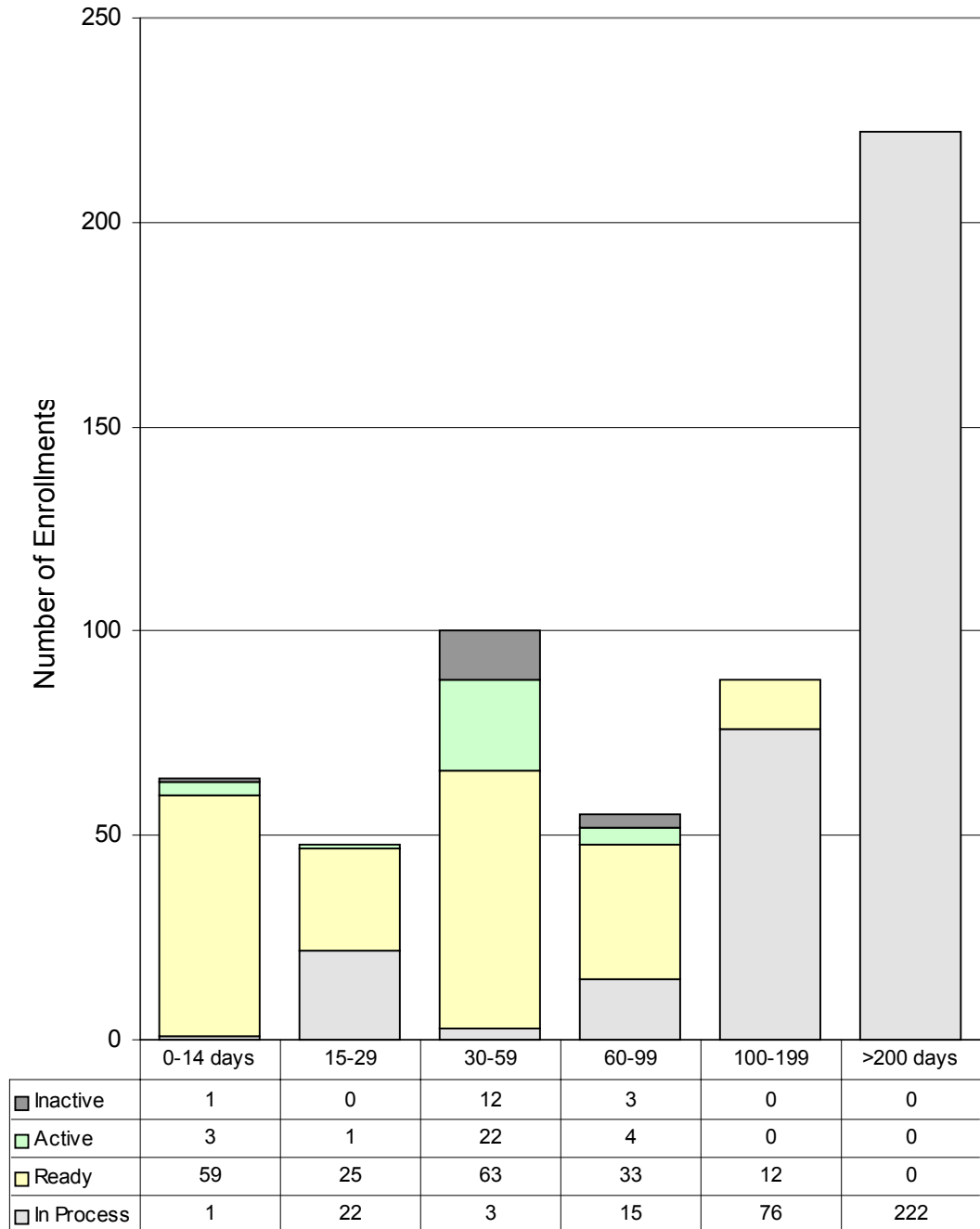
Figure 9 (p. 22) shows data on enrollments that are or were in the In Process status category. About half of all the enrollments (339) were In Process in January 2001. Of those, 222 had been In Process for more than 200 days. Nearly 100 more had been In Process for more than 90 days.

4.3.3 Problems Encountered

4.3.3.1 Consumers Information Systems Do Not Clearly Identify “Transfers”

Some of the cases (40) showed the number of days In Process equal to zero. Those are reportedly records for customers whose enrollments were transferred from one AES to another. Consumers information system was not set up to record enrollment process dates for more than one AES. Thus, when customers transferred from one AES to another the dates were no longer accurate. That made the reported data difficult to analyze. This is a minor issue and not likely to happen regularly in the future. Staff does not see a need to revise the systems to accommodate this rather unusual circumstance.

Figure 9: "In Process" Stage Summary: Current Status & Number of Days In Process



4.3.3.2 Simplifying Communications

There appear to be some opportunities to make communications between the various participants more efficient and effective. Customers, aggregators and AES representatives have all indicated to Staff that they believe Consumers can improve communications.

One theme repeated in Staff interviews was that the status of enrollments becomes uncertain in too many instances. Delays were reported between the time enrollments were submitted and when they were Acknowledged by Consumers, how long it took to obtain information about customer maximum demand (in order to ascertain whether a telephone line and interval meter would be required), and for many difficulties associated with telephone line and meter installations. In other instances, participants blamed Consumers for week-long delays communicating information between Consumers' Electric Customer Choice group, its Business Center, and EMS field staff. AESs, in particular, felt that they had to invest a great deal of time and effort to follow up with Consumers to find out the status of particular enrollments. It does appear, however, that Consumers has already started to make changes to improve this situation.

Staff received some specific suggestions for procedural improvements to facilitate communications. For one example, Consumers might make it possible for AESs or aggregators to enter customer meter telephone numbers and activation dates via the web site or using a batch process for updating accounts. Notification of this information by telephone call does seem too cumbersome for a mass-market program.

4.3.3.3 Problems Validating Telephone Installations and Communications Links

A majority of enrollment problems are associated with the requirement for all customers with maximum demand greater than 20 kW to have a telephone line and interval meter installed, so that Consumers can obtain meter data remotely.

In some cases, there was confusion or uncertainty about whether a customer was larger or smaller than 20 kW. That has not been a major problem to date, because so few small customers are attempting to participate and the lack of available transmission service has effectively removed any time pressure for completing small customer enrollments. Nevertheless, this issue is reported to be an additional source of low-level frustration to customers, aggregators and AESs. Participants wish there were some simpler, faster, more reliable way to determine if a customer needs to install a phone line and interval meter to participate in Consumers ROA program.

Almost everyone interviewed by Staff reported that obtaining the necessary telephone installation services from Ameritech was difficult, for customers who did need telephone lines. Staff heard there were frequent instances where technicians from the two utilities, Ameritech and Consumers, would blame one another for technical difficulties. Reportedly,

resolving such problems took what seemed to be an inordinate amount of time and frequently a great deal of customer, aggregator and AES involvement.¹⁶

Staff became aware of more than one instance when customers had difficulty getting telephone lines properly installed and functioning and then having Consumers validate the meter and communications links. According to reports, technical details associated with the telephone line installation ended up causing problems for everyone involved and sometimes resulted in Consumers making multiple site visits, billing customers for wasted trips and delaying activation of ROA service. It appears that these issues were ultimately resolved to the satisfaction of the customers involved, but not without a fair amount of hassles.

Presently, customers, aggregators and AESs all report to Staff that they are assuming more responsibility for telephone line installation, hoping to prevent these problems from reoccurring. But, they note, this results in added costs, which effectively reduce the energy cost savings customers hope to gain by participating. More than one participant said they plan to install phone lines prior to initiating enrollments. That will make enrollments move faster according to Consumers' timetable. These participants expect to manage telephone line installation much faster than what they experienced from Ameritech. Still, in many instances Ameritech must make a site visit to the customer's premises in order to activate a new phone line, if that is required to complete the installation.

4.3.3.4 ROA Customers Become Ineligible for Some Services or Programs

Consumers' full service customers are sometimes eligible for special programs or services that ROA customers are not. This can lead to real or perceived second-class citizenship for ROA customers and thus would constitute a potential barrier to competition.

For example, Consumers offers electronic bill presentment service to its customers, via the Internet and a Web interface. At present, full service customers are eligible for this service but ROA customers are not.¹⁷ Similarly, 6,225 accounts are presently participating in a system that offers summary billings and EDI format information exchange with Consumers (see Section 4.2.3.3, p. 20). Until very recently, EDI services available to ROA customers were not the same as those available to full service customers.

¹⁶ The Commission issued press releases on September 7 and September 29, 2000, regarding ongoing problems with Ameritech Michigan service quality, and opened contested case hearings in Cases Nos. U-12598 and U-12599 (see <http://cis.state.mi.us/mpsc/orders/press>). On December 20, 2000, the Commission issued an order which approved a settlement agreement that addressed quality of service issues for Ameritech Michigan. See <http://cis.state.mi.us/mpsc/orders/comm/2000/>.

¹⁷ Consumers reports about 14,000 customers are now using the Web-based electronic bill presentment option and several hundred more are signing up each month. All but about 2% of these participants are residential customers, however. Perceiving no foreseeable activity in residential electric customer choice, Consumers is not moving forward with plans for presentment of ROA bills on the Web.

Under such circumstances, if the customer is presently participating in a service or program that has not yet been made available to ROA customers, Consumers notifies the AES via a "Customer Maintenance Rejects Report." In those cases, before the customer can participate in ROA, it is up to the AES to notify the customer. Then, the customer would contact Consumers, to cancel their participation in the service or program. If that is done, then the AES has to resubmit the enrollment.

Staff's impression is that small numbers of customers may be affected by these differences and the customers may not perceive the services or programs involved as critically important, but such situations do raise a potentially serious concern. In particular, customers that have already taken advantage of some of these service options may be among the best candidates for ROA service. Customers should not have to choose between convenient billing and information exchange services or ROA. Staff recommends that Consumers identify all services and programs that are available to full-service customers but not ROA customers. Consumers should assess how many customers are presently affected and expedite resolution of these situations. Ideally, all services and programs will be available to both full-service and ROA customers by January 1, 2002, when full open access begins.

4.3.3.5 AESs & Customers Not Ready to Proceed

It appears that many of the customers that have begun the enrollment process are not ready to consummate their relationship with their AES and begin taking service until remaining regulatory uncertainties are removed, or their AES cannot begin serving them until the markets for transmission and generation services become more favorable, or both. They may be awaiting Commission decisions in one or more of the pending cases that involve implementation of 2000 PA 141, awaiting changes in the market, or both. Some such issues may prevent customers from moving all the way to Ready status. In other cases, the enrollment might proceed to Ready status, but then something prevents the customer from becoming active.

For example, there has been some question whether the decisions in Cases Nos. U-12488 and U-12489 (regarding the rates, terms, and conditions for retail customers of Consumers Energy Company and the Detroit Edison Company, respectively, to choose an alternative electric supplier) might result in changes to the size of customer demand that will trigger the need for a time of use meter and telephone line. Some customers may hesitate to incur expenses to put in the telephone line, if they think there is a chance that the phone line will not be needed in the not-too-distant future. In any case, customers do not want to pay for a telephone line installation and monthly service charges, long before they are ready to begin ROA service. This is one example of a variable expense that AESs and customers face. Customers and AESs, understandably, do not want to incur any such costs until they are very close to the end of the enrollment process.

Another example involves power scheduling. AESs must procure generation and transmission services. They must reserve and deliver the quantities needed to serve each and every customer when their ROA service commences but it is expensive for them to reserve

any transmission rights and generating capacity that they do not use. Thus, AESs must match with reasonable accuracy the starting dates for each new customer and specific contracts for supply and delivery. At least some of the apparent delays in the enrollment process prior to the Ready stage are simply reflections of these realities.

And, finally, another example involves the Commission determination of the transition charges that will apply starting January 1, 2002. Until then, customers will pay the price associated with the bid (in ¢/kWh) under which they are being served. Customers may hesitate to complete their move to ROA, not knowing future transition charges. The risk involved also depends, in part, on the final rules, costs and timing associated with returning to full service, should a customer find that more attractive than ROA. And, as January 1, 2002 approaches, there is less impetus for customers to switch to ROA before learning the transition charge set by the Commission.

In summary, these may be the most important reasons why AESs and customers are delaying completion of the enrollment process and so few additional customers are beginning it. They are not reasons to criticize the enrollment process, itself, but at this time they do represent serious obstacles to the development of a robust, competitive ROA market.

4.4 Ready Status

4.4.1 Description & Requirements

In Consumers ROA program, a customer may switch from full service to ROA at any time in the billing cycle. Once they are in ROA, all the demand-metered (>20 kW) ROA customers are billed on the same cycle, with their meter read taking place at the last hour of the last day of each month. That creates one long or short billing period for the month of the switch. Small customers (20 kW or less) that will be load profiled stay on their same billing cycle. For the month of the switch, Consumers prorates their bill between full service and ROA portions, based on the load profile and billing cycle.

4.4.2 Data from Sample

Figure 10 (p. 29) shows data on how many days it took customers to reach the Ready stage, for enrollments that had progressed at least that far. The number of enrollments that had progressed to the Ready stage (238, about 40%) by January 2001 was still small. Still, as Figure 10 shows, almost every customer that eventually became Active progressed to the Ready stage in less than 90 days. Most took 30-59 days.

After reaching the Ready stage, customers that later became Active moved quickly through the remaining stages. However, data indicates that 200 enrollments were Ready by January 2001, but proceeded no further.

Consumers is not responsible for the time spent in the Ready stage. For Ready enrollments, Consumers is set to begin ROA service. Scheduling a starting date is entirely up to the AES and customer. Figure 11 (p. 30) shows the numbers of enrollments that were delayed in Ready status for varying lengths of time, as of January 2001. Almost none of these customers became active since then.

The general explanation for the delays depicted in Figure 11 is that market conditions prevented more customers from being activated. Some customers have been reluctant to consummate their move to ROA service. Apparently, they are concerned that higher than anticipated prices for generation service or a lack of available firm transmission service could place them at more risk than they would experience as full service customers. This problem is not a reflection of the efficiency of Consumers' enrollment procedures, but it may certainly impact the time it takes for some customers to complete the process.

4.5 Queued

4.5.1 Description, Requirements and Problems Identified

Once an enrollment has reached the Ready stage, all that remains is for the AES to schedule the switch date. When that schedule is provided to Consumers, the enrollment is moved to Queued status, where it remains until the selected date. Then ROA service begins and the enrollment is switched to Active status. All enrollments that reached this stage were queued for either 2 or 3 days. The AESs generally give Consumers the required, 48-hour notice. This reflects the market structure. AESs line up supplies and lock in prices just before they are ready to buy. They want to minimize the time lag between completing contracts for transmission and generation and the start of service delivery. Thus, AESs are likely to move numbers of customers into the Ready stage and hold them there until they represent a sufficiently large block of power. They are typically contracting for a minimum of 25, 50, or even more MW. When the group is sufficiently large, then the AES will try to schedule the whole block of customers to be switched on the same date. This is reflected in the fact that, of the 46 customers that became active (30 presently active, plus 16 that became inactive and returned to full service), 17 were activated on one date, 14 on another, and 8 on a third; leaving only 7 customers that were activated on six other dates.

4.5.2 Data

46 enrollments had been queued. This is all the ones that are Active (30) and Inactive (16). All queued customers were activated within 2 or 3 days after being queued. Staff is not aware of any problems that occurred with this stage of the process.

Figure 10: Total Days to Ready Stage

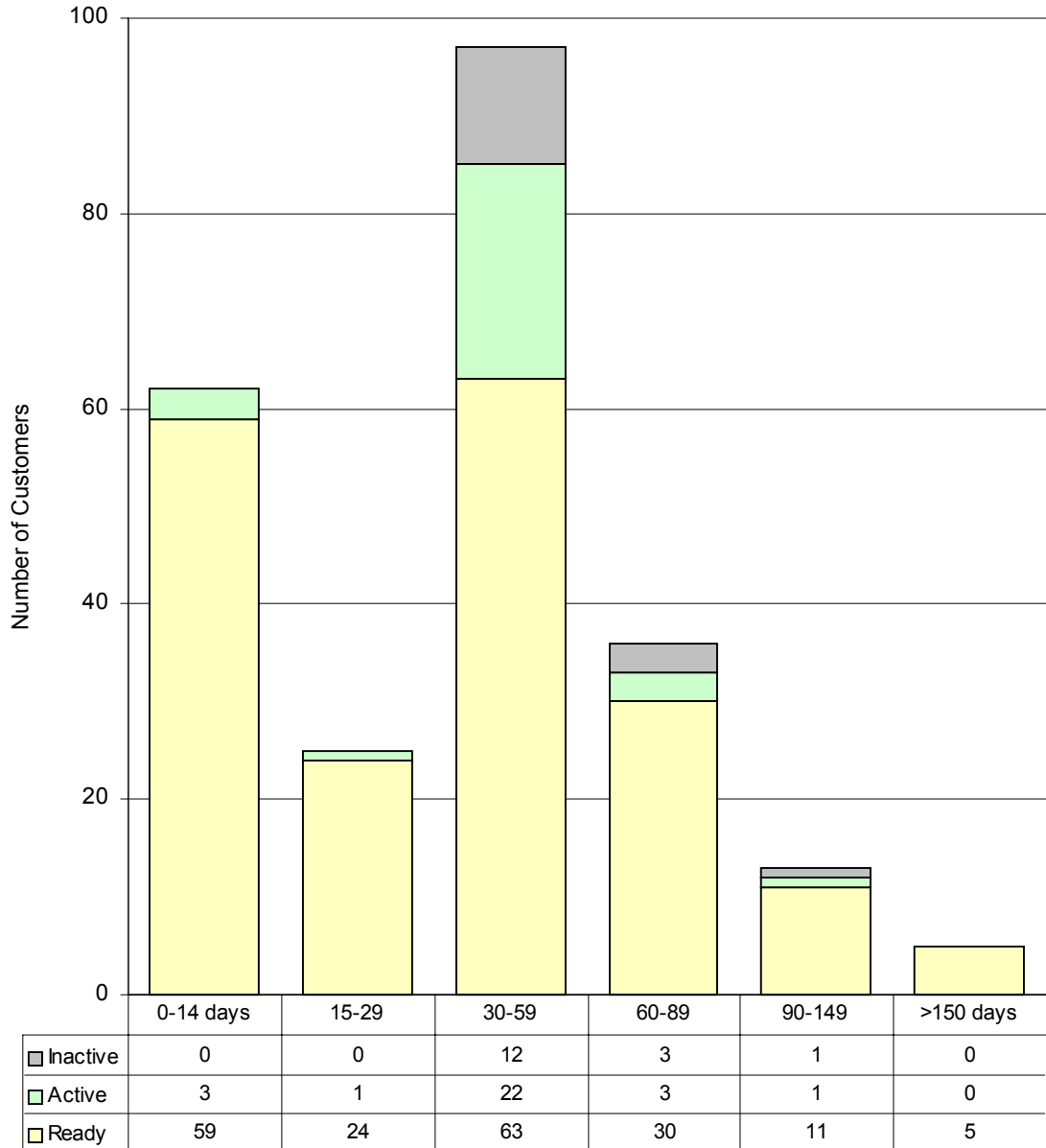
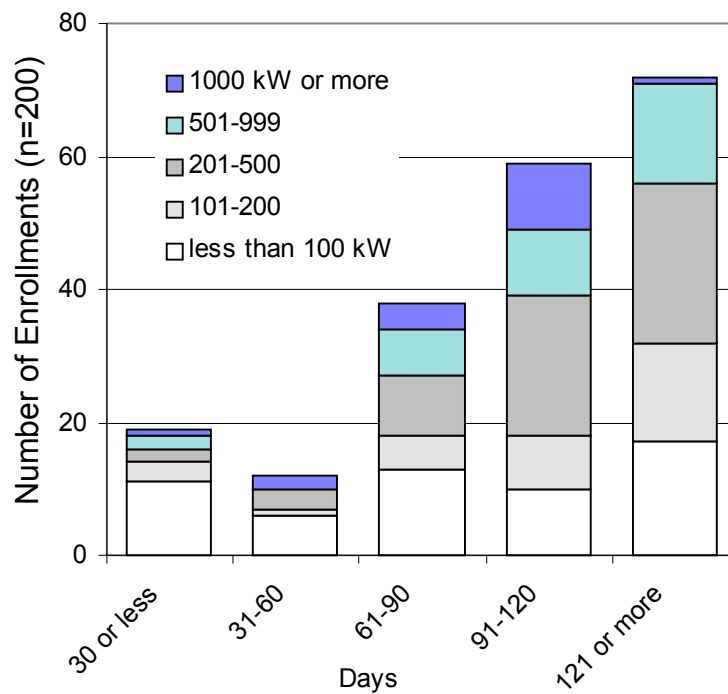


Figure 11: Duration in Ready Stage for Deactivated Enrollments by Maximum Demand



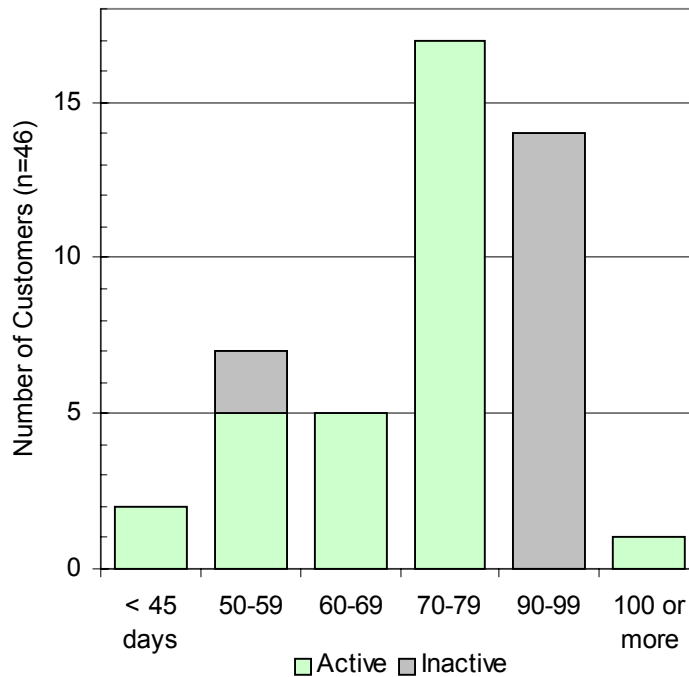
4.6 Active

4.6.1 Description & Requirements

4.6.2 Data

Figure 12 (p. 31) shows data on the 46 customers that eventually reached Active status. This shows it took 50 to 80 days for almost all of the presently active customers to move through the entire enrollment process, and 90 to 99 days for almost all of the first set of active customers that later became inactive. It may be that the now inactive customers took a little bit longer because they were enrolled during the earliest start-up of the program, when all participants were just beginning to learn about it.

Figure 12: Days to Reach Active Status



4.7 Switch-Out or Transfers

4.7.1 Description & Requirements

A “Switch” happens when a customer ends participation in ROA or switches retailers. Consumers is not a party to the contract between the AES and customer, so the AES has to un-enroll them. If the customer contacts Consumers, Consumers will refer them back to the AES. If a customer changes from one AES to another, the old AES submits an un-enrollment notice to Consumers and the new AES submits an enrollment notice. Consumers responds by coding a “Switch-Out” from the old AES and “Switch-In” to the new one. Those are reported back to the respective AESs on their Retail Customer Status Report. The notices include the date these transactions will take place and, for the duration of the waiting period, the enrollment is appears in the appropriate “Switch” status.

This same process has been termed a “Transfer” by Consumers if a customer switches AESs before ever becoming active in the program. Because a few customers did that already, Consumers adjusted its systems to accommodate this process and gave it a different name so it could more easily track the changes.

If a customer decides to terminate ROA participation and return to full service, as the 16 inactive customers did, then the AES notifies Consumers of the effective un-enrollment date. The account is considered in Switch-Out status from the time the notification is acknowledged until the date of return to service. Afterwards, Consumers denotes the enrollment as Inactive.

4.7.2 Data

Data on switch-outs and transfers is not readily available. The intent of the switching categories was to track customer turnover from one AES to another. This is termed “churning,” as customers move from one provider to another (like with long-distance telephone service). The only switching to date involved the 16 customers now termed Inactive, who decided to quit ROA and return to full service.

Consumers had not made provisions to track transfers, and that it more difficult to analyze data on all the enrollments. It appears that approximately 50 to 100 accounts were transferred from one AES to another, before becoming Active. Consumers system for AES and customer data management effectively replaced the old AES name with the new one and wrote the date of the switch over the old “date created” field for the customer record. That resulted in some records where it was no longer possible to track the enrollment’s progress through the entire process without a significant amount of time and effort to retrieve records. Staff did not attempt to recreate the history of the original enrollments for these customers that had switched.

Staff does not believe this is a significant problem for Consumers enrollment process. Consumers may find it beneficial to establish some mechanisms to archive data on enrollments prior to a switch, so that it can review them later to identify recurring problems, if any. On the other hand, Staff sees no reason to expect many transfers will occur prior to a customer being activated and even if that does happen, Staff sees little gain in being able to distinguish enrollment progress details before, versus after, the transfer.

4.8 Enrollment Process Summary

Interviews with AESs indicated that Consumers’ enrollment system has been improving after a difficult start. All interview participants spoke highly of Consumers employees and the customer service they received but they also expressed high levels of frustration with the process. Some interviewees even noted that Consumers gradually became proactive in trying to help identify and resolve problems. They blame difficulties not on Consumers employees or its procedures, per se, but on specific program requirements that they say lead to onerous enrollment details. One supplier said that completing enrollments prior to February 2001 was “like pulling teeth,” but they report the situation has improved. Another interviewee acknowledged they were like “guinea pigs” in the early stages of Consumers’ enrollment process, suffering while they worked with Consumers to overcome technical difficulties and outdated information and instructions about the enrollment process. Still, there are reports

that some customers are getting “fed up” with the ROA program, “sick and tired” of all the problems and feeling like the program just “doesn’t work.” Customers who also have facilities in other states with retail open access programs (notably Illinois, Ohio, and Pennsylvania) are asking, “Why can’t Michigan have a program that works like other states?” Both customer representatives and AESs report that other states’ program rules and procedures make for much simpler and faster enrollments.

Consumers’ enrollment system is now designed to accommodate parallel processing: The order is flexible for completing the various steps, just so all required steps are completed before ROA service begins.¹⁸ Consumers employs a checklist process to verify that all requirements are met.

In general, Consumers has developed the capability to track progress through its enrollment process fairly accurately. There are still some points in the process where it is possible to lose track of the reasons why individual enrollments might be stalled but Consumers has clearly made efforts to reduce those problems. Nevertheless, even today there is a concern that enrollments can wind up “in limbo,” where the reason for delay is not clear to anyone. Often, the AES, customer and Consumers need to do a fair amount of detective work to determine what the problem is and resolve it.

Table 4 shows how long Consumers expects various steps in the enrollment process to take. This table greatly simplifies the many details required to complete the process, boiling it down to just a few major steps. In comparison, Consumers’ detailed diagram of the entire process includes about 50 separate steps and checkpoints. It is also important to keep in mind that these durations are not necessarily cumulative, either. Parallel processing may allow Consumers, the AES and customer to be working on more than one step at a given time. Nevertheless, based on Staff’s understanding of the entire process and the goals Consumers has set for its enrollment process tasks, Staff would expect normal enrollments to proceed within the general timelines indicated in Table 4. Those timelines suggest the total enrollment process should be completed within about three weeks to two months, if no delays are caused by the customer or AES.

As shown in Figure 12 (p. 31), only about 1/5 of the enrollments that reached Active status completed the process within these timelines. At this time, it is not possible to assign responsibility for delays accurately, between customers, AESs and Consumers. It does seem clear, however, that it will be a challenging endeavor for all concerned if large numbers of enrollments attempt to complete the process in two months or less.

¹⁸ One interviewee did complain, however, that the process was initially designed to require sequential processing. That, reportedly, caused delays that were felt to be unreasonable.

Table 4: Estimated Duration of Major Enrollment Process Steps

Process Step	Expected Time (days)
Enrollment received and verified	0-2
CA/Main Transfer (if needed)	2-32
Verify Meter & Phone Line Needs	1-10
Customer Has Phone Line Installed & Readied	Customer Scheduled
Hook Up & Test Meter & Phone Line	14

5 Summary Findings, Conclusions, and Recommendations

In completing this review of Consumers' enrollment process, Staff intended to answer several questions:

- What are the sticking points in the enrollment process, if any?
- Why have problems occurred, if they have, and what has been done to resolve them?
- Has Consumers' process showed any favoritism or special treatment, either to specific customers or AESs?
- Does the enrollment process work quickly enough to be used for a completely open market, beginning in January 2002?

The following are Staff's general findings, recommendations, and conclusions for Consumers' enrollment process. These findings are also summarized in Table 5 (p.37).

- 5.1 A small number of enrollments have been delayed in the transfer from CA/MAIN to SL customer account and billing systems. Consumers should investigate to determine why delays are happening and change procedures or information tracking systems as needed to make certain this step does not result in problems finalizing customer enrollments and initiating service.
- 5.2 Most of the enrollments that are presently stalled are somewhere in the "In Process" stage. Gaps still remain in Consumers' information systems, which make it possible for enrollments to become stalled during this phase without clearly identifying the reason why and who is responsible for taking the next step. Consumers should expand its tracking and management information systems as needed to clearly identify reasons for delays and communicate them to the responsible parties, via EDI, Web interface, email or whatever means is most practical.
- 5.3 By far the greatest difficulties and time delays with enrollments are related to the requirement that every customer with maximum demand of 20 kW or more must have an interval meter and telephone line so that Consumers can obtain meter data remotely.

Some minor difficulties have occurred when AESs and their smaller customers do not know whether their installation will necessitate the interval meter and phone line. That is a hassle for those involved, but should be resolved without too much difficulty. Consumers should make sure it has procedures in place to address this concern and resolve such questions in a timely manner. The costs associated with the telephone line and interval meter are certainly large enough – particularly in relation to the likely energy costs and potential savings for the small customers involved – that

it is very important for the affected customers and service providers to know as quickly as possible if a phone line and meter installation is not needed.

- 5.4 Larger customers, however, make up the bulk of all the enrollments. For them, the customer must provide the telephone line and Consumers must make sure the right type of meter is installed. When those steps are complete, Consumers must connect the phone line to the meter and test it to make sure it is operating properly. These steps are where the vast majority of all problems with the enrollment process are encountered. AESs, aggregators and customer groups are attempting to address these problems by taking responsibility for their own telephone line installations and, in most cases, by waiting to submit customer enrollments until after the telephone line installation is complete.¹⁹

In any case, Staff believes Consumers should make a concerted effort to assist in resolving all of the delays associated with telephone line and meter installation. Staff believes that better communications and feedback systems to serve all the parties involved can help to reduce the problems and expenses associated with these tasks.

- 5.5 Some service options offered to full-service customers have not been available to ROA customers. Consumers should strive to make all services and programs equally available to full-service and ROA customers by January 1, 2002, when full open access begins.
- 5.6 Staff did not find any evidence of favoritism to specific AESs or customers.
- 5.7 Other important reasons for enrollment delays and the small number of active customers appear to be the result of market conditions and ROA program design issues and not the enrollment process, per se.
- 5.8 At this point in time, Staff believes Consumers' enrollment process must become significantly faster and more efficient, before it can be considered satisfactory for application when full competition arrives, in January 2002.

¹⁹ In addition, proposals are being considered now, in the ongoing retail open access tariff cases, to change the requirements for telephone lines and interval meters and associated customer load profiling issues. Some parties are asking for tariff changes that would greatly reduce the number of ROA customers required to have telephone lines. See Cases Nos. U-12488 (Consumers) and U-12489 (Edison), at <http://efile.mpsc.cis.state.mi.us/efile/electric.html>.

Table 5: Summary of Problems Identified and Staff Recommendations

Problem Identified	Possible Solution
Delays in CA/Main – SL Transfers	Consumers should investigate to determine why delays are happening and change procedures or information tracking systems as needed to make certain this step does not result in problems finalizing customer enrollments and initiating service.
Delays in “In Process” Stage	Gaps still remain in Consumers’ information systems, which make it possible for enrollments to become stalled during this phase without clearly identifying the reason why and who is responsible. Consumers should expand its tracking and management information systems as needed to clearly identify reasons for delays and communicate them to the responsible parties.
Delays due to telephone line and meter installation and verification.	The vast majority of problems are encountered in these process steps. Consumers should make a concerted effort to assist in resolving delays associated with these steps. Staff believes that better communications and feedback systems to serve all the parties involved can help to reduce the problems and expenses associated with these tasks.
Service options are not the same for full-service and ROA customers.	Consumers should identify all services and programs that are available to full-service customers but not ROA customers. Consumers should assess how many customers are presently affected and expedite resolution of these situations. Ideally, all services and programs will be available to both full-service and ROA customers by January 1, 2002, when full open access begins.