

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the rates, terms, and)	
conditions for retail customers of)	
THE DETROIT EDISON COMPANY for)	Case No. U-12489
to choose an alternative electric supplier.)	
_____)	

QUALIFICATIONS AND DIRECT TESTIMONY OF BRUCE C. SCHLANSKER
ON BEHALF OF ENERGY MICHIGAN

1 Q. Please state your name and business address.

2 A. My name is Bruce C. Schlansker. My business address is 2010 Hogback Road, Ann
3 Arbor, MI 48105.

4 Q. By whom are you employed and what is your present position?

5 A. I am employed by Nordic Electric, LLC as Vice President of Marketing and Customer
6 Service.

7 Q. Please state your educational background.

8 A. I have obtained a Bachelor of Science and Engineering degree from the University of
9 Michigan.

10 Q. Please review your employment history with Nordic Electric.

11 A. I began my employment at Nordic in June of 2000 as Vice President of Marketing and
12 Customer Service. I am responsible for the acquisition, pricing, and servicing of all Open
13 Access customers. This role includes identifying potential customers, negotiating
14 customer agreements, managing the enrollment and customer hook up processes, and
15 providing ongoing customer service.

1 Q. Please review your employment history prior to joining Nordic Electric.

2 A. From 1975 to 1993, I worked in the marketing department of Michigan Consolidated Gas
3 Company (MichCon) of subsidiary is MCN Energy Group Inc. I began as a marketing
4 consultant in the Industrial Marketing Department calling on large industrial gas
5 customers. I was responsible for new sales, service, and sales forecasting for a defined
6 geographical area in Detroit.

7 I took on increasing responsibilities until I became manager of the Detroit District
8 Industrial Marketing Department. In that position, I was responsible for all aspects of the
9 customer relationship with industrial customers within MichCon's Service territory in
10 Southeast Michigan. These customers represented about \$500 million in sales.

11 Through a job rotation process, I subsequently moved to Manager of Residential
12 Commercial Marketing and Director of Market Planning.

13 In 1993, I became Vice President of MCN Investment Corporation, the
14 unregulated subsidiary of MCN Energy Group Inc. At MCN Investment Corp., I had
15 varying management roles which included: leadership positions at the unregulated natural
16 gas marketing business, the natural gas storage business, and the pipeline and processing
17 business. I also had responsibilities for community risk management for the marketing
18 and exploration business and business planning for MCN Investment Inc.

19 Q. Have you had a role in prior proceedings before the Michigan Public Service
20 Commission?

21 A. Yes. I was a witness on behalf of MichCon as an intervenor in a Detroit Edison case
22 regarding a Cogeneration Deferred Rate. I also testified before the Commission to

1 support sales levels in several gas cost reconciliation proceedings and a MichCon rate
2 case.

3 Q. Please describe the purpose of your direct testimony in this case.

4 A. I will describe the Retail Open Access (ROA) enrollment process and some of the
5 problems that have caused delays in getting customers switched to Open Access service.

6 I will also make a recommendation which, if approved will reduce the time DECo is
7 allowed to bring a ROA customer on line.

8 **ENROLLMENT PROCESS**

9 Q. What steps must AES take to switch a customer from bundled service to Retail Open
10 Access (ROA) with DECo?

11 A. The AES must first initiate a contract with the customer. This usually requires reviewing
12 the customer's electric bills to determine consumption profiles and electric costs,
13 preparing proposals, negotiating contracts, and executing the deal. Once this is
14 completed, the AES is required to enroll the customer with DECo through a web site or
15 electronic data interchange. As part of the enrollment process, the AES must have the
16 customer name, address, meter number, and account number. Once the customer
17 enrollment is accepted, a single phase customer is considered site ready and can be
18 scheduled to be switched to ROA if the site ready status is attained at least 10 business
19 days prior to the customer's next normal meter read date. In the case of a 3 phase
20 customer an interval meter is required to be installed and additional steps are required.
21 DECo sends a service worker out to check the current meter installation and install the
22 "Customer Access Box." The customer or AES must make arrangements to have a
23 telephone line installed, routed, and "properly" terminated at the Customer Access Box to

1 transmit meter data. If the customer desires to allow the AES access to the meter data,
2 the customer must also sign a Customer Information Release Form allowing the AES
3 access to the meter data. Once the phone line is installed, and the Customer Information
4 Release Form is signed, DECo sends another service worker to the site to install the new
5 meter and to test the data transmission links. All of this needs to be completed 10 days
6 prior to the end of the meter read cycle to allow a customer to switch to ROA.

7 Q. What would be the minimum time schedule under the current process to begin service to
8 a 3-phase customer from the date of initial enrollment with DECo?

9 A. The following table shows the minimum timetable, in business days, to switch service for
10 an interval metered customer, once the AES enrolls the customer and assuming the phone
11 line is already installed:

12	1. Review Application	5 days	
13	2. Initial Site Visit	5 days	
14	3. Install Meter	10 days	
15	4. Customer Grace Period	10 days	
16	TOTAL	30 days	(1½ calendar months)

17 All of the above must be completed prior to the end of the billing cycle or an additional
18 month is added, increasing the switching time to 2½ months. Accomplishment of the
19 above tasks is the responsibility of DECo and the time of completion is at their discretion.

20 Q. Has Edison been able to process applications within 30 days?

21 A. No. A December 2000 MPSC Staff Report on Investigation of Detroit Edison Company
22 Retail Open Access Program Customer Enrollment and Supplier Support System and
23 Processes (Staff Report) found that completion of enrollment averaged well over 100

1 days and in some cases exceeded 200 days. *See Staff Report, p. 14.* My own experience
2 confirms these conclusions.

3 Q. Is the timing of the Edison Enrollment process predictable?

4 A. The variation in the length of enrollment documented by the Staff as well as my own
5 experience leads me to conclude that timing of the Edison enrollment process is not
6 predictable.

7 Q. What are the items that have delayed completion of customer switching?

8 A. The problems can generally be broken down into two categories: one administrative and
9 the second field related. Let me start with the administrative issues.

10 Q. What type of administrative problems has Nordic encountered in the DECo enrollment
11 process?

12 A. The DECo enrollment web page is a critical link in the enrollment process. In its initial
13 months, Nordic was unable to enroll customers for long periods of time because the web
14 page was not working. At other times, the page was working but was so slow that only a
15 few customers could be enrolled in an hour.

16 The web page required three pieces of data to enroll a customer: the customer's
17 name exactly as it appears on the bill, meter number, and account number. If any one
18 piece was wrong, the enrollment was rejected. Nordic was not informed which piece of
19 information was incorrect, so it was subsequently difficult to resolve the enrollment
20 problem. If an account number or meter number changed after the date of the bill that
21 was used for enrollment, the enrollment was rejected. This was particularly frustrating in
22 the summer and fall of 2000 at which time DECo was in the process of changing all of its
23 customers to a new billing system. Nordic experienced many rejections and had to ask

1 the customer or DECo to determine the proper new account number so that a location
2 could be enrolled. Many times even the customer did not know the account number
3 because the number was changed, but the customer did not yet have a new bill.

4 Accounts were also rejected or canceled, sometimes weeks after enrollment
5 without explanation. It has been time consuming just to track down the reasons for a
6 cancellation or rejection before resolving the problem

7 Q. Are there any other administrative problems related to enrollments?

8 A. Yes. In a number of instances, an enrollment was not accepted because the meter had not
9 been read in the last 2 months. Nordic and DECo had to make arrangements for meters
10 to be read which sometimes had not been read in over a year.

11 Q. Has Edison proposed new RAST language which could create documentation problems?

12 A. Yes. Proposed RAST Sec. 5.3 could be read to require that AES – customer agreements
13 include written authorization. This requirement could prevent use of alternate electronic
14 forms of contracting. We propose that the concept used in the Consumers Energy Gas
15 Choice Rule H3 Program be incorporated. That rule allows customer agreements to be
16 confirmed by signature, third party verification, voice recording or other form approved
17 by the Commission.

18 Q. Can you please describe some of the field issues Nordic has experienced with DECo's
19 enrollment process?

20 A. The most significant field related area of delay for an interval metered customer is the
21 installment of the phone line required by DECo and the connection of the phone line to
22 the meter. Nordic customers use either a cell phone or a landline to provide phone
23 service to the meter. Nordic's contractor installs the cell phones Nordic uses. The local

1 phone company installs the landlines or in cases where the customer has its own phone
2 system, the customer's contractor does the installation.

3 The scarcity of qualified contractors has been a significant delaying factor in the
4 installation of phones. Our own contractors sometimes will install a phone in a few days
5 or it may take over a month. The contractors have informed us that they are very busy
6 and short on skilled help. Some of them are turning away our business. They appear to
7 be competing in the same labor pool as the phone companies, which are also looking for
8 qualified installers.

9 It is my understanding that this shortage of installers has also affected the lead-
10 time required to get a phone installed by the local phone companies.

11 Q. Are there any other phone installation problems that Nordic has experienced?

12 A. Yes. We have a number of installations at which we have not yet determined how to
13 install a phone.

14 A number of schools and other secondary service locations have the meter
15 installed on the transformer at a location remote from the customer's building. These
16 sites may require underground trenching to bring a phone line to the meter. In some
17 cases, this will be across a customer's parking lot. Installing a cell phone at such a
18 location also is a problem because 110V electricity to power the cell phone is not readily
19 available.

20 Q. Has DECo changed its instructions regarding telephone line installations since September
21 2000?

22 A. Yes. Initially the customer was only requested to provide a telephone line to the meter
23 and leave three feet of extra wire. Then DECo changed their requirements and requested

1 that an RJ11 connector be installed on the end of the wire. The last change requires that
2 the wire be installed in DECo's customer access box with an RJ11C connector.

3 These different instructions have caused confusion and delays due to rejection of
4 the installation and revisits by contractors and DECo to customer locations to replace or
5 install a connector.

6 Q. What is the Energy Michigan proposal to deal with phone installation problems?

7 A. Energy Michigan witness Richard Polich has proposed that, for customers with less than
8 1000 kW demand, the requirement to install communication links to interval meters be at
9 the option of the customer.

10 Q. Have some of the problems with the enrollment process been fixed or improved by
11 DECo?

12 A. Yes. DECo has fixed a number of problems such as improving the speed of the web
13 page, reducing information required for enrollment, and allowing enrollments with either
14 the old or new account numbers.

15 However, as the old problems are fixed new ones arise. For example, after each
16 upgrade of the web page, we find transactions that will not work properly. We go
17 through periods of time when we can't enroll or at other times can't schedule. On January
18 29th, Nordic had a half dozen customer locations that were ready to schedule. The phone
19 lines were in and hooked to the meter. The meter data could be retrieved by DECo but
20 the DECo system would not allow them to switch to ROA. DECo agreed that the sites
21 were ready but the computer would not recognize them.

22 Q. What is the consequence of the unpredictability and delays in the enrollment process?

1 A. For the customer and the AES it delays the switch date of the program and thus reduces
2 the savings and profits for each. It also makes it very difficult for the AES to make power
3 purchasing decisions and commitments. For DECo there appear to be no consequences.

4 Q. How do you propose the enrollment process should be improved?

5 A. I propose that DECo be required to switch a customer to Open Access service on its next
6 regular meter read date provided the enrollment is completed 15 calendar days prior to
7 the next meter read date. The specific tariff language is in Exhibit 1 EM___ (RAP-1)
8 This should give DECo ample time to notify the customer of the enrollment, time for the
9 verification of customer data, and time for the customer to rescind the enrollment.

10 Q. Why do you feel that DECo should be required to complete the enrollment process within
11 a minimum time frame?

12 A. This mandatory time frame is required to shorten and to add predictability to the
13 enrollment process.

14 The MPSC Staff Report documents the fact that Edison has taken an unreasonably
15 long time to process applications for Electric Choice Service and concluded that the
16 process must be reworked to make it significantly faster and more efficient. The staff
17 also concluded that the current system does not appear to be capable of efficient and
18 effective handling of even the modest volume of customers migrating to ROA during the
19 initial phases. *See Staff Report pages 34-35.* My own experience confirms these
20 conclusions. As a remedy, I believe the burden must be placed upon DECo to
21 accomplish enrollment on a timely and predictable basis.

22 Q. Are other states requiring electric utilities to enroll customers on similar time frames?

1 A. Yes. As you can see from the table below, several states are requiring the utilities to
2 switch their customers to Open Access Service under mandatory time frames.

3	<u>Company</u>	<u>State</u>	<u>Switch Time from</u>
4			<u>Enrollment to meter Read</u>
5			<u>Date</u>
6	Duguesne Light and Power	Pennsylvania	16
7	Ohio Edison	Ohio	12
8	Public Service Electric and Gas	New Jersey	20
9	PEPCO	Virginia	17
10	Dominion	Virginia	15

11 Q. Does this conclude your testimony?

12 A. Yes.