

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review    )  
of its Rules for the Establishment of        )  
Credit for Residential Utility Services and   )  
the Disconnection of Gas, Natural Gas, or    )  
Electric Services to Residential Customers   )  
Contained in Chapters 4901:1-17 and           )  
4901:1-18 of the Ohio Administrative.       )  
Case No. 13-274-AU-ORD

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**INITIAL COMMENTS OF  
THE DAYTON POWER AND LIGHT COMPANY**

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The Dayton Power and Light Company ("DP&L" or "the Company") appreciates the opportunity to provide comments in response to the Entry dated June 11, 2013, in which the Public Utilities Commission of Ohio ("Commission" or "PUCO") and the Ohio Development Services Agency ("ODSA") solicited interested parties' comments on proposed changes relating to the Commission's Electric and Gas Company rules. The Commission solicited general comments on policy questions as set forth in the Entry itself, as well as invited feedback on the proposed changes to the text of the existing rules. DP&L's comments with respect to changes to the proposed PIPP Plus rules outlined in Sections 4901:1-18 and 122:5-3 OAC are presented in section I. DP&L's comments addressing non-PIPP Plus rules contained in Chapters 4901:1-17 and 4901:1-18 OAC are presented in section II and the Company's responses to the Energy Conservation Questions within Attachment E are presented in section III.

**I. DP&L Comments addressing PIPP Plus rules contained in Chapters 4901:1-18 and 122:5-3, Ohio Administrative Code.**

### **122:5-3-02 Criteria for Customer Eligibility**

Section (H)(1)(a) proposes a modification that would categorize an inactive customer as one that remains disconnected for the remainder of the associated billing cycle. Currently, accounts that have been disconnected for nonpayment are generally closed if the service has been disconnected for 10 calendar days. Assuming that the drop from PIPP is to be initiated by the utility, then it would be more efficient to allow the natural drop process to occur, after 10 days of non-pay disconnection. Using this process would maintain a uniform procedure for dropping disconnected PIPP Plus customers and avoid the need to implement new and costly IT programs aimed at dropping these customers at the end of their corresponding billing cycle. Further, this rule is also inconsistent in identifying which entity is responsible for removing the customer from PIPP Plus for nonpayment.

DP&L disagrees with the proposed rule in Section (H)(1)(b)(i). This section proposes that the utility issue written notice to a customer that is not current by the customer's anniversary date. This has the effect of shifting the costs and burden of customer notification to the utility. In order to minimize the cost and align with the gas PIPP rules, the Company recommends that the notification be presented within a bill message on the customer's anniversary bill. The anniversary month's bill would be the last PIPP installment billing unless the customer owes no PIPP installments when it is time to bill for the subsequent month.

DP&L also disagrees with the proposed change to the rule in Section (H)(1)(b)(ii). As modified, the rule will permit the utility to reinstate the PIPP Plus customer back in the program when the customer pays all missed installments and current monthly charges for those months when the customer was not enrolled in the program, less any payments made. This process will ultimately result in more uncollectible debt

for the utility. Under the proposed rule, if the customer is dropped from the PIPP program and the customer is unable to pay missed installments plus the current monthly charges that accrued while the customer was not on the program, they will be placed on a payment plan. Past experience shows that the customer will continue to build debt with an increased probability of facing disconnection.

#### **122:5-3-03 Procedures for Verifying Customer Eligibility**

DP&L would like to point out to the Commission that while Section (C)(1) does appear to have the effect of empowering PIPP customers to be timely with income re-verification deadlines, there are potential repercussions that may result with such a modification. Under current practices, customers who fail to re-verify income are dropped; however, when they do re-verify their income, the customer's current bill balance is recovered from the Universal Service Fund, not the PIPP installment. Under the proposed rules, when customers eventually do re-verify income, the customer will bear responsibility for paying the full amount of the bills for the months during period in which they were dropped for failure to re-verify. The utilities will see an increase in uncollectible debt associated with those customers unable to make this payment.

#### **122:5-3-04 Payment and Crediting Arrangements and Responsibilities**

Section (A)(3) needs further clarification. It is not clear as to whether the customer is still entitled to the current bill balance credit if the utility allowance is only enough to credit the PIPP Plus installment. Also, it is unclear if the customer is still entitled to the 1/24<sup>th</sup> arrearage credit if the allowance pays off the current bill balance.

DP&L also recommends in Section (B)(5)(a) that if it is the ODSA's intent to offer only the Graduate transition option, then the following modification to the proposed

rule should be made:

- (a) Graduate PIPP Plus - customer continues electric service. A graduate PIPP Plus customer continues to receive electric service from the same electric distribution utility after ceasing to be enrolled in the PIPP Plus program. The customer shall select one of the three payment options in this paragraph at the time such customer is enrolled in the graduate PIPP Plus program by the electric distribution utility...

In addition, this proposed rule is unclear as to whether the utility should automatically enroll the customer in the Graduate PIPP program when the utility receives the notice from the Office of Community Assistance that the customer has ceased to participate, or is income ineligible. DP&L notes that if the process is not automatic, then the Office of Community Assistance would also need to provide an electronic enrollment for the Graduate PIPP program.

## **II. DP&L Comments addressing non-PIPP Plus rules contained in Chapter 4901:1-17 and Chapter 4901:1-18 Ohio Administrative Code.**

### **4901:1-17-01(E) Definitions**

DP&L notes that the definition for “Fraudulent act” was not modified to include electric utilities.

### **4901:1-17-02(D) General Provisions**

DP&L recommends the following revision to Section (D):

Each utility company shall establish and maintain written credit procedures consistent with these rules that allow an applicant for residential service to establish, or an existing residential customer to reestablish, credit with the utility company. The procedures should be equitable and administered in a nondiscriminatory manner. The utility company, without regard to race, color, religion, gender, national origin, age, handicap, or disability, shall base its credit procedures upon the credit risk of the individual as

determined by the utility company without regard to the collective credit reputation of the area in which the residential applicant or customer lives. The utility company shall make its current credit procedures available to applicants and customers upon request and shall provide this information either verbally or in writing, based upon the utility's applicant's or customer's preference. ~~The utility company may also provide its applicants or customers with a summary of the utility company's credit procedures, which shall be written in plain English. This summary must be reviewed and approved by commission staff before distribution to the utility company's applicants or customers.~~

DP&L currently provides credit procedures verbally upon customer request and has done so for some time with no issue. Imposing the additional burden of creating a written document is unnecessary. At most, communicating via a written document should be at the option of the utility.

#### **4901:1-17-03 Establishment of Credit**

Section (A)(1) establishes a customer's credit with the utility by simply owning property. DP&L recommends that this section be rescinded. It has been the Company's experience that property ownership does not necessarily correlate with a customer's credit worthiness and thus, should not automatically establish credit. Further, DP&L recommends that customers establish credit history via sections (A)(2) or (A)(3).

Section (A)(5) outlines the criteria that a guarantor must meet to be deemed credit worthy. To further the effectiveness of this section, DP&L recommends the following addition:

(f) The guarantor shall not be on the Percentage of Income Plan Plus, Graduate Percentage of Income Plan Plus, or have PIPP arrearages. If a guarantor enrolls in these programs, the customer no longer qualifies to be a guarantor and the previously guaranteed customer will be required to provide another form of security.

Section (A)(5)(b) requires a utility company to keep an original signed copy of each guarantor agreement during the term of the guaranty. Maintaining a copy of each executed

guarantor agreement will put burden on the utility and ignore the current procedure that has proven to be effective. Further, this requirement would delay a customer's establishment of service since the Company would now wait for a signed document to be provided by the guarantor before granting service to the guaranteed customer. Today, DP&L verbally explains the guarantor agreement to the potential guarantor and obtains a verbal agreement from the potential guarantor. Once this occurs, the guaranteed customer is granted service. A letter is then mailed to the guarantor confirming the acceptance of the agreement. The guarantor has the ability to opt out at that time. If the guarantor opts out at that time, the previously guaranteed customer is billed a deposit.

DP&L notes that Section (A)(5)(d) is another instance requiring the Company to modify an already efficient, working process. Each guarantor agreement should not be transferable and that if a customer wishes to continue the existing agreement under a different property address, that customer should initiate the agreement process again. Mandating that the utility provide written notice to the guarantor that it retains the right to end the guaranty with 30 days notice adds burden to both the utility and guaranteed customer. Maintaining the procedures outlined in the Company's comments on Section (A)(5)(b), would provide for a much more effective procedure.

In accordance with the Company's proposed comments above, the Guarantor Agreement would need to be modified to accommodate both a verbal acceptance of the guarantor agreement and a non-transfer clause. The guarantor agreement should also include language that prohibits the guarantor to cancel its Guarantor Agreement if the guaranteed account is past due, received a disconnection notice, is disconnected for nonpayment, or has a final bill balance.

#### **4901:1-17-05     Deposit Administration Provisions**

Section (A) sets forth the methodology for calculating deposits for customers seeking service with the utility. In order to establish credit, the rule requires that the customer provide a cash deposit equal to one-twelfth of the estimate charge for regulated services for the ensuing twelve months, plus thirty percent. The thirty percent figure is insufficient. The percentage should be increased to 100%. This would make the deposit commensurate with a guarantor's responsibility of 60 days of service and more likely to cover unpaid debt for those customers that do not pay and close the account.

Section (B)(4) requires that the utility accrue interest on customer deposits at a rate of 3 percent. Consistent with DP&L's comments in other rule review proceedings, the Company believes that this rate is much too high given the interest rate environment today. This rate should best reflect the opportunity cost to the customer, for example the average national savings account rate. In addition, DP&L recommends that this benchmark rate be adjusted annually to reflect changes in economic conditions.

#### **4901:1-17-06   Refund of Deposit and Release of Guarantor**

For further clarification concerning the guarantor's responsibilities, DP&L recommends the following modification to Section (A):

(A) After discontinuing service, the utility company shall promptly apply the customer's deposit, including any accrued interest, to the final bill. The utility company shall promptly refund to the customer any deposit, plus any accrued interest, remaining, unless the amount of the refund is less than one dollar. A transfer of service from one customer location to another within the service area of the utility company does not prompt a refund of the deposit or a the release of the guarantor's obligations toward the account balance at the previous address.

Section (E) provides the guarantor the option of requesting to be released from financial responsibility as guarantor by providing written notice to the utility. DP&L recommends that a guarantor forfeit this right if the guaranteed account is past due, received a disconnection notice, is disconnected for nonpayment, or has a final bill balance. The Company believes that the purpose of having a guarantor in the first place is frustrated if the guarantor is able to terminate the agreement while the guaranteed customer's account is not current.

#### **4901:1-18-04 Delinquent Bills**

The proposed rule in Section (C) constitutes a significant change and is problematic from DP&L's perspective. DP&L recommends the following modification:

- (C) The utility company may transfer the balance of a delinquent account to any like account held in the customer's name. A utility company may not transfer balances of a former PIPP Plus customer to an account in the same customer's name. to or from PIPP Plus accounts. The utility may also transfer the balance of a previous account to a customer applying for new service and enrolling in the PIPP Plus program as long as the customer's name is the same on both accounts.

This proposed rule change will in turn require a modification to the definition of "Like Account" in Section 4901:1-18-01. The proposed definition does not group, for instance, residential customer classes together and would require a "Like Account" to encompass the same rate class (i.e. Residential Non-Heat, or Residential Heating). Tthis is too granular of a modification and recommends that a Like Account be modified as follows:

- (O) "Like account" means any accounts in the same customer's name providing the same ~~tariffed service rate~~ class of service. PIPP Plus accounts may not be considered like accounts.

This change will allow for residential transfers that occur between residential rate classes (i.e. from Residential Non-Heating to Residential Heating).



Further, to be consistent with the Company's initial comments offered in the Electric Service Safety Standards rule review case 12-2050-EL-ORD (at page 7), DP&L also recommends that landlords be permitted to transfer unpaid final bills for residential service to a commercial account in the same landlord's name.

#### **4901:1-18-06 Disconnection Procedures for Electric, Gas, and Natural Gas Utilities**

Section (A)(1) provides that "no disconnections shall be made after twelve-thirty p.m. on the day preceding a day on which all services necessary for the customer to arrange and the utility company to perform reconnection are not regularly performed." DP&L recommends that this section be modified to permit disconnections up to the time the utility stops offering same day reconnections.

The proposed rule in Section (D)(3) does not identify the party responsible for energy consumed following a customer's move out date. Currently, the customer of record is held responsible for any consumption at the premise up until the time of disconnection. DP&L recommends the following modification as result:

- (3) The customer of record requesting termination of service will not be financially responsible for the utility service consumed from the date of move-out until the disconnection of service by the utility.

Section (F)(3) is yet another rule that DP&L believes shifts a significant amount of responsibility from the property owner to the utility. This Section states:

"Under the circumstance where the new resident becomes a consumer of the electric, gas, or natural gas service that was left on by virtue of the landlord/reversion agreement, the consumer will be financially responsible for the utility service consumed from the date following the day on which the consumer requests service from the utility.."

As written the proposed rule implies that it is the utility's responsibility to back-bill the usage effective the date of the new customer's lease—a date known only by the landlord and consumer.

In regard to the proposed modifications to Section (H), DP&L cautions that limiting the utility's response time to one business day would limit significantly the time needed to investigate and provide a sufficient response to Staff. This is especially true during times of the year when the Company experiences peak call volumes.

#### **4901:1-18-07 Reconnection of Service**

DP&L proposes the following change to Section (A):

- (A) Upon payment or proof of payment of the past due balance ~~delinquent amount as stated on the disconnection notice~~, or of an amount sufficient to cure the default on an extended payment plan or the percentage of income payment plan plus (PIPP Plus), and applicable reconnection charge, the utility company shall reconnect service that has been disconnected for nonpayment pursuant to the following provisions:

DP&L notes that this is the way the rule was previously written. Due to the length of the regulated collection timeline, requiring only the amount delinquent as stated on the disconnection notice to be paid to restore service in many instances causes the utility to reconnect service with a past due balance still left owing. The customer is then noticed immediately after making the payment and eligible for disconnection 14 days later in the summer and 27 days later in the winter. This creates significant customer confusion and increases collection costs for the utility (additional collection notices, trips to the field, etc.).

#### **4901:1-18-08 Landlord-Tenant Provisions**

Since DP&L does not record or track individual premise addresses associated with a master metered account, the Company recommends the following amendment to Section (H):

- (H) The utility company shall provide service to a master-metered premise only if the customer is the landlord/owner of the premises. Company acceptance of new applications for service to master-metered premises requires the landlord/owner to provide, upon the utility's request, an accurate list specifying the individual mailing addresses of each unit served at the master-metered premises.

#### **4901:1-18-08 Appendices**

In reference to the Appendices A and B, the Company recommends that the Commission provide the local tenant and local bar association information that it wishes the Company include within the appendices. The utility would like to see these sections written in a way that would allow for a single notice that did not require modification from one locality to the next. It is unduly burdensome for the utility to track and provide local tenant organization and local bar association contact information for all localities within the utility's service territory.

### **III. DP&L Response to Energy Conservation Questions, Attachment E**

1. PIPP Plus customers pay a percentage of their income as their required monthly payment and are awarded incentive credits for making on-time and in-full payments. These incentive credits help PIPP Plus customers reduce old debt and prevent any new debt from accruing. After 24 months of timely in-full payments, it is possible for a PIPP Plus customer to have no debt and go forward debt free. The PIPP Plus payment amount is tied to a customer's income and not usage. After the PIPP Plus customer has had the opportunity to do away with his or her arrearages, should a new process

be in place which encourages this customer to conserve energy, thus decreasing his or her usage?

Energy efficiency and weatherization services and consumer education are available as part of the PIPP Plus program, 122:5-3-08 OAC. Customers who are debt free after 24 months are still on the program, thus they still have access to the energy efficiency, weatherization and consumer education programs already in place.

2. Would a program that offers the PIPP Plus customer a fixed percentage off the monthly bill be a reasonable way to encourage the customer to conserve energy? The percentage off could be higher for those customers with lower income. For example: A customer's monthly bill is \$100, the customer fixed percentage off is 20%, the customer would receive a \$20 credit. The customer would pay \$80. If the customer's bill was \$130, the customer would receive a \$26 credit and would pay \$104. The customer could lessen the required bill amount by decreasing one's usage, thus decreasing one's bill.

A percentage off approach as described in the question would be highly difficult and costly to program and track, especially when bill adjustments are involved. PIPP customers would continue to receive the current bill balance credit as long as they pay their installment on time and in full. DP&L ultimately questions where the incentive lies for the customer to reduce consumption. While the example above demonstrates the savings a PIPP customer could see, it ignores the customer's elasticity of demand for energy, which could be argued to be quite inelastic. A \$6 credit would not likely sway consumption behavior. This modification to the PIPP program would spawn additional questions, such as where the credit should be applied. (e.g., Would it reduce the installment amount or be paid against the current bill balance?) If it was paid against the current bill balance, then it would be remitted against the Universal Service Fund, which would counter the intent if the PIPP customers do not conserve.

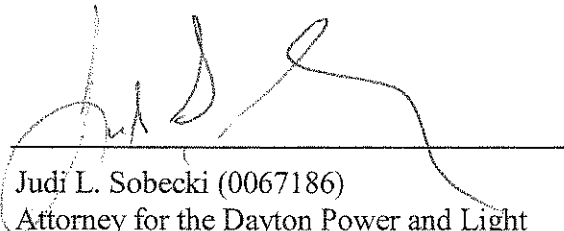
**3. What barriers may exist to creating a fixed percentage off type program as described above?**

The major barrier here is going to deal with fluctuations in weather that contributes to energy consumption. Given this information, it will be difficult to accurately measure how much energy was conserved. This is especially true since PIPP, and non-PIPP customers for that matter, simply look at the final bill amount due each month. It is possible that during a peak summer or winter month that a customer could do all within their power to reduce consumption and still receive a bill much higher than in prior months. This will erase any incentive the customer may have had. Consumer education would be key to offsetting this effect. In addition to weather-related barriers there are long and short bill periods that come into play as well as estimated meter readings that could have the same effect of obscuring any energy savings from the customer's perception, and thereby removing any incentive.

#### IV. Conclusion

DP&L appreciates the opportunity to provide comments and urges the Commission to adopt the recommendations set forth above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Judi L. Sobecki', is written over a horizontal line.

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Summary: Comments electronically filed by Mr. Robert J Adams on behalf of The Dayton Power and Light Company