COMPLIANCE AUDIT AND REVIEW OF THE DISCONNECTION PRACTICES AND POLICIES OF DUKE ENERGY OHIO, INC.

REQUEST FOR PROPOSAL NO. SMED17-CA-1

FINAL REPORT

PREPARED FOR THE
PUBLIC UTILITIES COMMISSION OF OHIO

March 14, 2018

NORTHSTAR CONSULTING GROUP

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I. EXECUTIVE SUMMARY

On August 30, 2017, the Public Utilities Commission of Ohio (PUCO or Commission) issued an Opinion and Order in Case No. 15-298-GE-CSS finding that Duke Energy Ohio, Inc. (Duke Energy Ohio, or the Company) failed to comply with the disconnection requirements of Ohio Administrative Code (O.A.C.) 4901:1-18-06(B), specifically the winter heating season notification requirements. Additionally, the Commission found that a comprehensive review was necessary of Duke Energy Ohio's disconnection policies and procedures for both its electric and natural gas services.

NorthStar Consulting Group, Inc. (NorthStar) was retained by the PUCO to audit and evaluate Duke Energy Ohio's gas and electric disconnection practices, and recommend any steps that the Company should take to improve its performance in this area. The scope of the audit is to determine if Duke Energy Ohio's policies and practices regarding disconnection, including its newly implemented practices under the disconnection pilot/waiver of O.A.C. 4901:1-18-06(A)(2) granted in Case No. 16-1096-EL-WVR, are in compliance with Ohio Revised Code (R.C.) 4933.12 - 4933.123 and O.A.C Chapters 4901:1-10, 4901:1-13, and 4901:1-18, and assess whether Duke Energy Ohio should make improvements to its disconnection processes, as directed in the Opinion and Order issued in Case No. 15-298-GE-CSS.

A. AUDIT ACTIVITIES

In conducting the audit, NorthStar performed the following activities:

- Attended two-days of orientation presentations and interviews at Duke Energy Ohio's office in Cincinnati, which included a presentation of the utility's customer information system and the web-based system for on-line customer account access. NorthStar also listened to customer phone calls to the contact center and observed the Customer Service Representatives (CSRs) navigating the Duke Energy customer information system (CMS). The Ohio contact center handles call for both Ohio and Kentucky.

- Reviewed Case Numbers 15-298-GE-CSS, 16-1096-EL-WVR, and 17-2089-GE-COI, applicable testimony, intervenor data requests and Duke Energy Ohio's responses.

- Reviewed the collections-related regulations set forth in: O.A.C. Chapters 4901:1-10 (Electric Companies), 4901:1-13 (Gas Companies), 4901:1-18 (Termination of Residential Service), and other relevant regulatory requirements or customer protections, including R.C. 4933.12 and 4933.123 and the Winter Reconnect Order (WRO) in Case No. 17-1829-GE-UNC.

- Reviewed O.A.C. Chapter 122:5-3 Percentage of Income Payment Plan (PIPP) Program and the PUCO Energy Assistance Guide 2017-2018.

- Reviewed the waiver requirements established in Case 16-1096-EL-WVR, which allowed Duke Energy Ohio a temporary waiver of the requirement for an in-person visit prior to disconnection of a residential customer's service, for those customers with Advanced Metering Infrastructure (AMI) meters.

- Reviewed responses to about 70 formal information requests, including: internal policies, procedures and training materials; routine collections reports; various collections notices, bill inserts, and other materials.

- Listened to a sample of calls from customers seeking payment arrangements/extended payment plans (EPP).

- Selected a sample of customers eligible for termination. Reviewed customer data and account history.

- Issued follow-up inquiries based on the results of the review and testing.

- Compiled information on collections requirements and practices by other jurisdictions and utilities.

- Evaluated Duke Energy Ohio's outreach and education programs for at-risk communities regarding disconnection and payment assistance.

- Analyze Duke Energy Ohio's disconnection process for compliance with Commission rules and approved waiver modifying the disconnection process, pursuant to Case No. 16-1096-EL-WVR. Assessed compliance with O.A.C., Revised Code and Waiver requirements, including:

  - Notification requirements for customers to be remotely disconnected (AMI).
  - Notification requirements for other customers.
  - Notification timeline and language.
  - Separation of service requirements.
  - Minimum payment agreements/EPP.
  - Requirements related to customers with medical certifications.
  - Landlord-tenant notification requirements.

- Reviewed Duke Energy Ohio's reported disconnection notice effectiveness.

B. SUMMARY OF RESULTS

Although Duke Energy Ohio has a relative aggressive approach to collections, it generally complies with regulatory requirements. Duke Energy Ohio's collections

philosophy is to adhere to and stay in compliance with Commission regulations.[1] In practice, Duke Energy Ohio terminates service for all residential customers with a past due balance in excess of $100 or for past due security deposits of $25 or more. With the exception of access issues, eligible, delinquent residential customers will have their service terminated. Electric service is the default for termination unless the customer requests otherwise.[2] Gas is disconnected at a later date for customers that do not make arrangements. For the period June – October 2017, the average unpaid residential bill at the time of disconnection was $314.44 electric and $368.73 gas.[3]

Exhibit I-1 summarizes the results of NorthStar's compliance testing. Additional discussion and other areas of review are discussed in **Chapter III**. An assessment that Duke Energy Ohio has complied with the Code requirements, may still result in observations or areas for improvement.

Exhibit I-1
Compliance Testing and Results

O.A.C. Code Section (4901:1-10 Electric and 4901:1-13 Gas)	Compliance Testing	Results (Compliance/ Non-Compliance)
4901:1-10-01 Definitions (Electric) 4901:1-13-01 Definitions (Gas) Termination of Residential Service 4901:1-18-01 Definitions 4901:1-18-02 General provisions	Used for definitions	N/A
Provision of customer rights and responsibilities requirements		
4901:1-10-12 Provision of customer rights and responsibilities (Electric)	Compliance with posting, mailing, language clarity and specific disconnection-related requirements	Compliance Minor Observations
4901:1-10-13-06 Provision of customer rights and obligations (Gas)	Compliance with posting, mailing, language clarity and specific disconnection-related requirements	Compliance Minor Observations
4901:1-10-24 Customer safeguards and information	Bill insert requirement only	Compliance Minor Observations
4901:1-13-12 Consumer safeguards and information	N/A	N/A
Delinquent Residential Bill Disputes		
4901:1-10-19 Delinquent residential bills	Disputed amounts only. Review system and/or manual controls to ensure disputed amounts are not eligible for disconnect	No indication customers were terminated for disputed amounts
4901:1-18-10 Insufficient reasons for refusing service or for disconnecting service	Disputed amounts only. Review system and/or manual controls to ensure disputed amounts are not eligible for disconnect	No indication customers were terminated for disputed amounts

[1] DR 009
[2] IR 1
[3] OCC INT-01-037, Case No. 17-2089-GE-COI

O.A.C. Code Section (4901:1-10 Electric and 4901:1-13 Gas)	Compliance Testing	Results (Compliance/ Non-Compliance)
Customer Billing and Payments		
4901:1-10-22 Electric utility customer billing and payments	Compliance with informational, due date, payment amount and other collections-related requirements	Compliance
4901:1-13-11 Gas or natural gas company customer billing and payments	Compliance with informational, due date, payment amount and other collections-related requirements	Compliance
Separation of Service		
4901:1-18-09 Combination utility companies	Review of disconnect notices, procedures, training and samples to confirm compliance	Partial Duke Energy Ohio does not comply with 4901:10-18-09(G)
Disconnecting Residential Service (electric and gas)		
4901:1-18-03 Reasons for disconnecting residential electric, gas, or natural gas service.	Background – allows for disconnection for non-payment	N/A
4901:1-18-04 Delinquent bills	Definition of a delinquent bill	Compliance
4901:1-18-06 Disconnection procedures for electric, gas, and natural gas utilities (A)(1)-(4)	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers who were terminated for non-payment and a sample of customers that were eligible but not terminated to ensure compliance with requirements.	Partial Minor Observations
4901:1-18-06 (A)(5) Disconnect Notice Language	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers who were terminated for non-payment and a sample of customers that were eligible but not terminated to ensure compliance with requirements.	Partial Improvements Possible
4901:1-18-06 (B) Winter Notification Requirements	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers.	Partial Improvements Possible
4901:1-18-06 (C) Medical Certification	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers.	Compliance Improvements Possible
4901:1-18-08 Landlord-tenant provisions	Review of above and required tenant and landlord notifications	One instance of Non-Compliance
Case No. 17-1829-GE-UNC (WRO)	Compliance with Winter Reconnect Order	Compliance Improvements Possible

O.A.C. Code Section (4901:1-10 Electric and 4901:1-13 Gas)	Compliance Testing	Results (Compliance/ Non-Compliance)
Payment Plans		
4901:1-18-05 Extended payment plans and responsibilities	Review of policies, procedures, training, sample customer files and sample of customer calls	Partial Customers not offered all options Improvements possible
Case No. 17-1829-GE-UNC (WRO)	Compliance with Winter Reconnect Order	Compliance

Revised Code	Compliance Testing	Results (Compliance/ Non-Compliance)
4933.12 Company may shut off gas - exceptions	Review of processes and controls. Test based on sample of customers	Partial Does not comply with weatherization notification requirements
4933.121 Company may shut off electricity - exception	Review of processes and controls. Test based on sample of customers	Partial Does not comply with weatherization notification requirements
4933.122 Procedure for terminating residential service	Similar to O.A.C. requirements. Test based on sample of customers	No evidence of non-compliance
4933.123 Annual report of service disconnections for nonpayment.	Obtain and review report	Compliance

Finding and Order in Case No. 16-EL-WVR Pilot Waiver ¶ 22	Compliance Testing	Results (Compliance/ Non-Compliance)
Notification methods: • Text and/or phone message on day of disconnection • Text and/or phone message two business days before disconnection • Extension of 10-day disconnection notice from winter season to year-round • Continuation of the mailed 14-day notice	Review policies, procedures and training. Test based on sample of customers.	Partial Compliance issues noted
Notification methods: • One-time bill insert notifying customers of the change in process	Review bill insert and any other notifications (including paperless billing customers)	Compliance
Exclusions: Critical care customers (medical customers) are excluded.	Review policies, procedures and training. Test based on sample of customers.	No evidence of Non-Compliance

Source: NorthStar Analysis.

II. INTRODUCTION AND AUDIT APPROACH

A. SCOPE AND OBJECTIVES

On August 30, 2017, the Public Utilities Commission of Ohio (PUCO or Commission) issued an Opinion and Order in Case No. 15-298-GE-CSS finding that Duke Energy Ohio, Inc. (Duke Energy Ohio, or the Company) failed to comply with the disconnection requirements of Ohio Administrative Code (O.A.C.) 4901:1-18-06(B), specifically the winter heating season notification requirements. Additionally, the Commission found that a comprehensive review was necessary of Duke Energy Ohio's disconnection policies and procedures for both its electric and natural gas services.

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During interviews conducted at Duke Energy Ohio's offices on January 17, 2018, the PUCO Staff clarified that the focus of the audit is the disconnection of service for residential customers.

B. BACKGROUND

Among other requirements, the O.A.C. sets forth the timeline and notification requirements for customer billing, payment processing, delinquent customer notification requirements and protections for customers who do not pay the bill within required time frames. Key requirements include:

- All customers must be provided with a copy of their rights and responsibilities.
- Customer bills must be accurate, rendered at monthly intervals, contain clear and understandable form and language and contain the information required by Chapter 4901:1-10-22 (electric) and 4901:1-13-1 (gas). Residential bills shall be due not less than 14 days from the date of the postmark. For bills issued outside of Ohio (as is the case with Duke Energy Ohio), the due date shall not be less than 21 days from the date of the postmark for electric bills, and 17 days from date of the postmark for gas bills.

- Combination utility customers facing an impending disconnection of both electric and gas service (failure to pay a combination bill) may choose to retain or reconnect only one of the services – electric or gas. This is referred to as separation of service.

- Residential customers may be terminated, with proper notification for non-payment of regulated services including utility deposits. Per O.A.C. 4901:1-18-04, a customer is considered delinquent and subject to the utility company's disconnection procedures for nonpayment upon proper notification if the account meets one of the following criteria:

  (1) The customer has not made full payment or arrangements for payment by the due date, for any given bill containing a previous balance for regulated services provided by the utility company.
  (2) The customer is in default on an extended payment plan.
  (3) The customer fails to make the initial payment on an extended payment plan.

- The minimum payment necessary in order to avoid the disconnection procedures shall not be greater than the delinquent amount, i.e., that portion of the bill that represents a previous balance for regulated services provided by the utility company.

- The O.A.C. specifies the notification requirements, including delivery mechanisms, required language and timelines. Required timelines differ during the winter (November 1 – April 15) and non-winter periods.

  - **Year-Round:** Utilities must provide 14-days written notice, either through a separate mailing or as part of the bill. On the day of disconnection of service, the utility company shall provide the customer with personal notice. If the customer is not at home, the utility company shall provide personal notice to an adult consumer. If neither the customer nor an adult consumer is at home, the utility company shall attach written notice to the premises in a conspicuous location prior to disconnecting service.
  - **Additional Requirements November 1 – April 15:** Utilities are required to provide an additional 10 days and associated notification for customers to pay their bills. Notification may be made by personal contact, telephone, or hand-delivered written notice. Utility companies may send this notice by regular, U.S. mail; however, such notice must allow three calendar days for mailing. This additional notice shall extend the date of disconnection, as stated on the fourteen-day notice, by ten additional days.

- The O.A.C. also specifies the types of payment arrangements that must be offered to customers.

As a result of its implementation of AMI, on May 13, 2016, Duke Energy Ohio sought a waiver from the PUCO to eliminate the personal notification requirement on the day of disconnection (except in the case of critical care customers) and allow for remote

disconnection of AMI meters.[4] The Commission granted Duke Energy Ohio's request. In lieu of the onsite visit, the utility is to provide the additional 10-day notice year-round, text and/or call customers two business days prior to disconnection, and text/and or call customers on day of disconnection. The AMI meters can then be disconnected remotely. The PUCO approved the pilot effective May 1, 2017.[5] As stated in Duke Energy Ohio's original waiver proposal, as filed with the Commission on May 13, 2016:[6]

- Duke Energy Ohio will provide all residential customers a one-time bill insert that informs residential customer of the change in process and that no premise visit will occur for those residential customers served by certified AMI. The bill insert was to be issued one month prior to the implementation of the new notification process.

- Duke Energy Ohio will similarly include, on a permanent basis, a message in its notice required under O.A.C. 4901:1-18-06(A)(5) that a premises visit will no longer be made in those instances where a residential customer served by certified AMI is scheduled for disconnection.

- On the day of disconnection, Duke Energy Ohio will attempt a day-of-disconnection message to the customer that will include a link that will allow the customer to make a payment online, if so desired. This text message will be generated beginning two hours before the earliest time at which the disconnection of service could be completed on that day.

- Duke Energy Ohio will also attempt to contact the customer via telephone to relay an automated message informing the customer of the scheduled disconnection and that payment can be made to avoid disconnection. This telephone message will be generated beginning two hours before the earliest time at which the disconnection of service could be completed on that day.

- Call center representatives will remind residential electric customer who contact the Company regarding pending disconnection for nonpayment that no Duke Energy Ohio representative will come to their premises on the day of disconnection.

- No remote disconnection will occur before 10:00 am (ET) in order to enable customers to respond to the text and/or telephone message and minimize disruption to customary morning activities.

- Duke Energy Ohio will continue, on the day of disconnection, to visit the premises of residential customers who are classified as Critical Care customers pursuant to the Commission's regulations.

- If Duke Energy Ohio learns that a residential customer who meets the definition of a Critical Care customer but has not requested participation in the program has been

[4] AMI meters were installed beginning in 2014.
[5] PUCO Case Number 16-1096-EL-WVR Entered March 8, 2017
[6] PUCO Case Number 16-1096-EL-WVR Entered May 13th, 2016

remotely disconnected, it will restore that customer's service as soon as practicable after obtaining such actual knowledge and will provide the customer with information necessary for that customer to request the Critical Care classification on their residential account.

As stated in Duke Energy Ohio's July 22nd, 2016 amended application:[7]

- Text and/or telephone messages will be initiated beginning at 8 a.m.
- Final notices required under O.A.C. 4901:1-18-06(B) will be sent year-round.
- Duke Energy Ohio added an additional text/phone call attempt. Duke Energy Ohio will contact a residential electric customer via a text and/or telephone message two business days prior to the date on which that customer's account is scheduled for disconnection for nonpayment.
- The pilot was shortened from 3 years to 2 years.

C. DUKE ENERGY OHIO

Duke Energy Ohio is a subsidiary of Duke Energy, one of the largest electric power holding companies in the United States. Duke Energy supplies and delivers electricity to approximately 7.4 million customers and provides natural gas distribution services to more than 1.5 million customers in Ohio, Kentucky, Tennessee and the Carolinas.[8]

Duke Energy Ohio is a regulated public utility primarily engaged in the transmission and distribution of electricity in portions of Ohio and Kentucky, in the generation and sale of electricity in portions of Kentucky, and the transportation and sale of natural gas in portions of Ohio and Kentucky. Duke Energy Ohio also conducts competitive auctions for retail electricity supply in Ohio where recovery of the energy price is from retail customers. Duke Energy Ohio's service area covers approximately 3,000 square miles and supplies electric service to approximately 850,000 residential, commercial and industrial customers and provides transmission and distribution services for natural gas to approximately 529,000 customers.[9] Roughly 99 percent of Duke Energy Ohio's residential electric customers are on AMI.

Exhibits II-1 and II-2 provide details of Ohio customer by rate class. The customer base is predominately residential.

[7] PUCO Case Number 16-1096-EL-WVR Entered May 13th, 2016
[8] https://www.duke-energy.com/our-company/about-us
[9] https://www.duke-energy.com/_/media/pdfs/our-company/duke-energy-fast-facts.pdf?la=en

Exhibit II-1
Duke Energy Ohio Electric Rates

Res/C&I	Rate	Description	Electric Only	Elec & Gas	Total
Commercial & Industrial					
C&I	DM	Secondary Distribution Service Small	26,803	14,867	**41,670**
C&I	DP	Service at Primary Distribution Voltage	200	61	**261**
C&I	DS	Service at Secondary Distribution Voltage	8,360	10,469	**18,829**
C&I	EH	Optional Rate for Electric Space Heating	468	64	**532**
		Subtotal	**35,831**	**25,461**	**61,292**
		Percent of Customers	12%	6%	9%
Residential					
Res	ORH	Optional Residential Service with Electric Space Heating	175	21	**196**
Res	RS	Residential Service	253,044	383,928	**636,972**
Res	CUR	Common Use Residential Service	7,481	6,783	**14,264**
Res	RS3P	Residential Three-Phase Service	139	49	**188**
Res	RSLI	Residential Service Low Income	2,062	3,374	**5,436**
Res	TD	Optional Time of Day	7	10	**17**
		Subtotal	**262,908**	**394,165**	**657,073**
		Percent of Customers	88%	94%	91%
Other					
Other	TS	Service at Transmission Voltage	34	1	**35**
		Subtotal	**34**	**1**	**35**
		Percent of Customers	0%	0%	0%
		TOTAL	**298,773**	**419,627**	**718,400**

Source: DR-01-005.

Exhibit II-2
Duke Energy Ohio Gas Rates

Res/ C&I	Rate	Description	Gas Only	Elec & Gas	Total
Commercial & Industrial					
C&I	GS-S	General Service – Small	2,201	10,355	**12,556**
C&I	GS-L	General Service – Large	614	1,347	**1,961**
C&I	FT-S	Firm Transportation Service - Small	2,458	10,226	**12,684**
C&I	FT-L	Firm Transportation Service - Large	1,653	3,314	**4,967**
C&I	IT		103		**103**
		Subtotal	**7,029**	**25,242**	**32,271**
		Percent of Customers	27%	6%	7%
Residential					
Res	RS	Residential Service	11,415	177,298	**188,703**
Res	RFT	Residential Firm Service	6,964	214,386	**221,350**
Res	RSLI	Residential Service Low Income Pilot	126	1,048	**1,147**
Res	RFTLI	Residential Firm Transport. Service Low Income	95	1,710	**1,805**
		Subtotal	**18,600**	**394,442**	**413,042**
		Percent of Customers	73%	94%	93%
		TOTAL	**25,629**	**419,684**	**445,313**

Source: DR-01-006.

Duke Energy Ohio's collections philosophy is to adhere to and stay in compliance with Commission regulations.[10] In practice, Duke Energy Ohio terminates service for all residential customers with a past due balance in excess of $100 or for past due security deposits of $25 or more. With the exception of access issues, eligible, delinquent residential customers will have their service terminated. Electric service is the default for termination unless the customer requests otherwise.[11] Gas is disconnected at a later date for customers that do not make arrangements. For the period June – October 2017, the average unpaid residential bill at the time of disconnection was $314.44 electric and $368.73 gas.[12]

According to Duke Energy Ohio over 70 percent of customers reconnect service.[13] Duke Energy Ohio does not offer payment extensions for delinquent residential customers after the next meter read. Although not required by regulation, Duke Energy Ohio does not terminate customers during extreme weather or during the period including Christmas and New Year's.[14]

Exhibits II-3 and II-4 provides details of the residential gas and electric non-pay disconnects in 2017.

Exhibit II-3
Number of Residential Gas Disconnections for Non-Payment – 2017

	Manually Lock Meter	Manually Seal Meter	Other	Manually Turn Off at Curb	Total
January	2	217	0	53	**272**
February	5	273	0	74	**352**
March	19	204	0	74	**297**
April	2	226	1	39	**268**
May	13	262	0	31	**306**
June	68	396	0	138	**602**
July	30	359	0	91	**480**
August	25	454	0	129	**608**
September	16	300	0	93	**409**
October	9	389	0	113	**511**
November	0	218	0	35	**253**
December	0	134	0	43	**177**
Total	**189**	**3,432**	**1**	**913**	**4,535**
Percent	**4.2%**	**75.7%**	**0.0%**	**20.1%**	**100.0%**

Source: DR 035 Attachment.

[10] DR 009
[11] IR 1
[12] OCC INT-01-037, Case No. 17-2089-GE-COI
[13] IR 1
[14] Duke Energy Ohio does not disconnect residential customers if the temperature is projected to fall below 25 degrees within 24 hours or (a) projected one-day heat index factor of 105+ degrees for more than 3 hours per day for 2 days or (b) heat index of 105+ degrees anytime (DR-014 Attachment (CONFIDENTIAL)). Interviews January 17 and 18, 2018.

Exhibit II-4
Number of Residential Electric Disconnections for Non-Payment – 2017

	Manually Cut Off at Pole	Manually Cut Off Under-ground	No Code	Remove Meter	AMI Remote Seal	Manually Seal Meter	Total
January	6	0	7	0	3,033	18	**3,064**
February	4	1	10	1	3,833	21	**3,870**
March	4	0	9	0	3,472	28	**3,513**
April	17	1	6	0	3,739	40	**3,803**
May	7	0	13	0	4,724	47	**4,791**
June	5	1	5	0	3,950	28	**3,989**
July	10	0	4	0	3,918	21	**3,953**
August	18	0	10	0	4,368	39	**4,435**
September	9	0	8	0	3,767	28	**3,812**
October	12	0	5	0	4,251	35	**4,303**
November	8	0	6	0	3,661	24	**3,699**
December	3	0	2	0	2,101	30	**2,136**
Total	**103**	**3**	**85**	**1**	**44,817**	**359**	**45,368**
Percent	**0.2%**	**0.0%**	**0.2%**	**0.0%**	**98.8%**	**0.8%**	**100.0%**

Source: DR 035 Attachment.

D. AUDIT ACTIVITIES

In conducting the audit, NorthStar performed the following activities:

- Attended two-days of orientation presentations and interviews at Duke Energy Ohio's office in Cincinnati, which included a presentation of the utility's customer information system and the web-based system for on-line customer account access. NorthStar also listened to customer phone calls to the contact center and observed the Customer Service Representatives (CSRs) navigating the Duke Energy customer information system (CMS). The Ohio contact center handles call for both Ohio and Kentucky.

- Reviewed Case Numbers 15-298-GE-CSS, 16-1096-EL-WVR, and 17-2089-GE-COI, applicable testimony, intervenor data requests and Duke Energy Ohio's responses.

- Reviewed the collections-related regulations set forth in: O.A.C. Chapters 4901:1-10 (Electric Companies), 4901:1-13 (Gas Companies), 4901:1-18 (Termination of Residential Service), and other relevant regulatory requirements or customer protections, including R.C. 4933.12 and 4933.123 and the Winter Reconnect Order (WRO) in Case No. 17-1829-GE-UNC.

- Reviewed O.A.C. Chapter 122:5-3 Percentage of Income Payment Plan (PIPP) Program and the PUCO Energy Assistance Guide 2017-2018.

- Reviewed the waiver requirements established in Case 16-1096-EL-WVR, which allowed Duke Energy Ohio a temporary waiver of the requirement for an in-person visit prior to disconnection of a residential customer's service, for those customers with AMI meters.

- Reviewed responses to about 70 formal information requests, including: internal policies, procedures and training materials; routine collections reports; various collections notices, bill inserts, and other materials.

- Listened to a sample of calls from customers seeking payment arrangements/extended payment plans (EPP).

- Selected a sample of customers eligible for termination. Reviewed customer data and account history.

- Issued follow-up inquiries based on the results of the review and testing.

- Compiled information on collections requirements and practices by other jurisdictions and utilities.

- Evaluated Duke Energy Ohio's outreach and education programs for at-risk communities regarding disconnection and payment assistance.

- Analyze Duke Energy Ohio's disconnection process for compliance with Commission rules and approved waiver modifying the disconnection process, pursuant to Case No. 16-1096-EL-WVR. Assessed compliance with O.A.C., Revised Code and Waiver requirements, including:

  - Notification requirements for customers to be remotely disconnected (AMI).
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  - Minimum payment agreements/EPP.
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  - Landlord-tenant notification requirements.

- Reviewed Duke Energy Ohio's reported disconnection notice effectiveness.

III. AUDIT RESULTS

A. SUMMARY OF RESULTS

Exhibit III-1 summarizes the results of NorthStar's compliance testing. Additional discussion and other areas of review are discussed following the exhibit. An assessment that Duke Energy Ohio has complied with the Code requirements, may still result in observations or areas for improvement.

Exhibit III-1
Compliance Testing and Results

O.A.C. Code Section (4901:1-10 Electric and 4901:1-13 Gas)	Compliance Testing	Results (Compliance/ Non-Compliance)
4901:1-10-01 Definitions (Electric) 4901:1-13-01 Definitions (Gas) Termination of Residential Service 4901:1-18-01 Definitions 4901:1-18-02 General provisions	Used for definitions	N/A
Provision of customer rights and responsibilities requirements		
4901:1-10-12 Provision of customer rights and responsibilities (Electric)	Compliance with posting, mailing, language clarity and specific disconnection-related requirements	Compliance Minor Observations
4901:1-10-13-06 Provision of customer rights and obligations (Gas)	Compliance with posting, mailing, language clarity and specific disconnection-related requirements	Compliance Minor Observations
4901:1-10-24 Customer safeguards and information	Bill insert requirement only	Compliance Minor Observations
4901:1-13-12 Consumer safeguards and information	N/A	N/A
Delinquent Residential Bill Disputes		
4901:1-10-19 Delinquent residential bills	Disputed amounts only. Review system and/or manual controls to ensure disputed amounts are not eligible for disconnect	No indication customers were terminated for disputed amounts
4901:1-18-10 Insufficient reasons for refusing service or for disconnecting service	Disputed amounts only. Review system and/or manual controls to ensure disputed amounts are not eligible for disconnect	No indication customers were terminated for disputed amounts
Customer Billing and Payments		
4901:1-10-22 Electric utility customer billing and payments	Compliance with informational, due date, payment amount and other collections-related requirements	Compliance
4901:1-13-11 Gas or natural gas company customer billing and payments	Compliance with informational, due date, payment amount and other collections-related requirements	Compliance

O.A.C. Code Section (4901:1-10 Electric and 4901:1-13 Gas)	Compliance Testing	Results (Compliance/ Non-Compliance)
Separation of Service		
4901:1-18-09 Combination utility companies	Review of disconnect notices, procedures, training and samples to confirm compliance	Partial Duke Energy Ohio does not comply with 4901:10-18-09(G)
Disconnecting Residential Service (electric and gas)		
4901:1-18-03 Reasons for disconnecting residential electric, gas, or natural gas service.	Background – allows for disconnection for non-payment	N/A
4901:1-18-04 Delinquent bills	Definition of a delinquent bill	Compliance
4901:1-18-06 Disconnection procedures for electric, gas, and natural gas utilities (A)(1)-(4)	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers who were terminated for non-payment and a sample of customers that were eligible but not terminated to ensure compliance with requirements.	Partial Minor Observations
4901:1-18-06 (A)(5) Disconnect Notice Language	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers who were terminated for non-payment and a sample of customers that were eligible but not terminated to ensure compliance with requirements.	Partial Improvements Possible
4901:1-18-06 (B) Winter Notification Requirements	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers.	Partial Improvements Possible
4901:1-18-06 (C) Medical Certification	Review of notices, policies and procedures and training for compliance with requirements. Review of history for a sample of customers.	Compliance Improvements Possible
4901:1-18-08 Landlord-tenant provisions	Review of above and required tenant and landlord notifications	One instance of Non-Compliance
Case No. 17-1829-GE-UNC (WRO)	Compliance with Winter Reconnect Order	Compliance Improvements Possible
Payment Plans		
4901:1-18-05 Extended payment plans and responsibilities	Review of policies, procedures, training, sample customer files and sample of customer calls	Partial Customers not offered all options Improvements possible
Case No. 17-1829-GE-UNC (WRO)	Compliance with Winter Reconnect Order	Compliance

Revised Code	Compliance Testing	Results (Compliance/ Non-Compliance)
4933.12 Company may shut off gas - exceptions	Review of processes and controls. Test based on sample of customers	Partial Does not comply with weatherization notification requirements
4933.121 Company may shut off electricity - exception	Review of processes and controls. Test based on sample of customers	Partial Does not comply with weatherization notification requirements
4933.122 Procedure for terminating residential service	Similar to O.A.C. requirements. Test based on sample of customers	No evidence of non-compliance
4933.123 Annual report of service disconnections for nonpayment.	Obtain and review report	Compliance

Finding and Order in Case No. 16-EL-WVR Pilot Waiver ¶ 22	Compliance Testing	Results (Compliance/ Non-Compliance)
Notification methods: • Text and/or phone message on day of disconnection • Text and/or phone message two business days before disconnection • Extension of 10-day disconnection notice from winter season to year-round • Continuation of the mailed 14-day notice	Review policies, procedures and training. Test based on sample of customers.	Partial Compliance issues noted
Notification methods: • One-time bill insert notifying customers of the change in process	Review bill insert and any other notifications (including paperless billing customers)	Compliance
Exclusions: Critical care customers (medical customers) are excluded.	Review policies, procedures and training. Test based on sample of customers.	No evidence of Non-Compliance

Source: NorthStar Analysis.

B. Customer Rights and Obligations

Regulatory Requirements

O.A.C. 4901:1-10-12 and 4901:13-10 require electric and gas utilities, respectively to provide new customers with a written summary of their rights and responsibilities. Information is to be provided to new customers upon application for service, existing customers upon request, and must be posted on the utility's website. The Code specifies the required language. O.A.C. 4901:1-10-24 (A) requires each electric utility to notify customers annually, by bill insert or other notice, about its summary of customer rights and responsibilities, as prescribed by rule 4901:1-10-12 of the O.A.C., and how to request a copy from the electric utility.

Compliance Assessment: Compliance

No compliance issues identified.

Other Issues/Observations

1. **The Customer Rights and Obligations could be more clearly named and more prominently displayed on the website.**

   - Customer Rights and Responsibilities are included in a document labeled "Welcome to the Neighborhood".
   - A search for "customer rights" on the Duke Energy website or the Duke Energy Ohio website does not readily return the "Welcome to the Neighborhood" brochure.
   - Installation of service, gas meter testing and reads prior to termination of service are not discussed in the brochure.
   - Duke Energy Ohio also considers its tariff as a source for the customer rights and responsibilities; the tariff is on the website, but not provided to new customers.[15]

2. **While the bill insert informing customers of the Rights and Responsibilities is provided as required by the O.A.C., the design is potentially confusing to customers as they may construe the entire insert as related to the medical certification program.**

   - In 2017, Duke Energy Ohio notified its customers of the availability of the Rights and Responsibilities via bill inserts in June and September 2017.
   - The information regarding the availability of the Rights and Responsibilities is included on the back of the bill insert providing information on Duke Energy Ohio's medical certification program, without clearly specifying it as such. **Exhibit III-2** show the front and back of the bill insert.

[15] DR 028

Exhibit III-2
Rights and Responsibilities Bill Insert

DUKE ENERGY.

Medical Certification for Residential Customers

Medical Certification allows a customer who falls behind on bill payments due to family health problems to temporarily avoid disconnection of natural gas and/or electric service. This certification is designed for those times when disconnection of service would be especially dangerous to the health of a permanent household resident.

Certification will prevent disconnection of service for 30 days or restore services if the certificate is provided within 21 days of the disconnection of service. Each household may be eligible for three medical certifications in a 12-month period. Customers who use the Medical Certification will be required to enter into an extended payment plan.

If you think you may qualify for Medical Certification, please call our Credit Department at 800.544.6900.

If qualified, you will be instructed to have your licensed medical practitioner call our Credit Department to request a medical extension. You may also request that the Medical Certification form be faxed to your licensed medical practitioner.

The form must be filled out completely and signed by the practitioner certifying that disconnection of natural gas and/or electric service would be dangerous to the health of a permanent household resident.

From the time of the request, the form must be returned within seven days. It should be faxed to our Credit Department at 513.419.1460.

Postponing disconnection does not relieve a customer of the obligation to pay the amounts due for natural gas and/or electric service.

Customer rights and responsibilities

As a valued customer of Duke Energy, you are entitled to receive a listing of your rights and responsibilities, including such items as contact information, obtaining or discontinuing service, billing options, payment information and the opportunity to choose another supplier.

If you would like to receive this information, call 800.544.6900, or write to: Duke Energy, P.O. Box 960, Mail Drop EX300, Cincinnati, OH 45201.

Regarding your bill

Under Ohio law, the amount you are billed each month for natural gas and electric service includes assessments to assist in the support of the operations of the Public Utilities Commission of Ohio and the Ohio Consumers' Counsel, which have been in effect since 1912 and 1877, respectively.

Your bill for natural gas service also includes a gross receipt tax of approximately 4.89 percent. This tax has been in effect since 1982.

Late payment charges

A bill is due 21 days after mailing. If your payment is not received by the due date of the bill, a late payment charge of 1.5 percent of the total past-due balance on the account will be added.

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30827-I-0146

Source: DR 029.

Recommendations

1. When the "Welcome to the Neighborhood" new service booklet is next updated, include the required information on installation of service, gas meter testing and reads prior to termination of service.

2. Modify the website to ensure customer rights and responsibilities are prominently posted and can be located by the search engine.

3. In situations where a bill insert is serving multi-purposes, add a new main heading to prevent customers from conflating information.

C. BILLING AND PAYMENTS

Regulatory Requirements

Utilities are required to provide customers with clear and understandable monthly bills. O.A.C. paragraphs 4901:1-10-22 and 4901:1-13-11 provide the requirements for paper and online bills for electric and gas companies. Electronic bills must include all information required for paper bills.

The O.A.C. requires utilities to make payment options (for paying bills) available to customers but does not require the use of specific payment methods. Utilities are required to inform customers of their options and may not deny the customer use of one of the payment options solely because the account is in arrears. Customers may receive bills electronically but are not required to pay bills electronically. Payments to the utility or an authorized agent must be credited to the customer's account as of the date received. Utilities may not disconnect customers for payments received by the close of business on the date on the disconnect notice.

Internal Policies and Procedures

Duke Energy Ohio offers its customer both electronic and paper bills. Bills are rendered on a monthly basis. Duke Energy Ohio offers customers a variety of payment options which are generally consistent with the industry. Customers may pay with cash, checks, money orders, automatic draft (banks), and credit/debit cards through the following channels.[16]

- In person (via authorized pay agents). Payment locations are available on Duke Energy Ohio's website. Fees for the use of pay agents are capped at $2.00 per the O.A.C. (4901:1-10-22(D) and 4901:1-13-11(E)(3)).
- By mail.
- By phone through SpeedPay for a fee of $1.50. Customers may call the SpeedPay number directly or be transferred to speed pay when talking to a CSR.
- By phone through the Integrated Voice Response (IVR) system.
- Online by registering for an online account. Payment with a checking or savings auto-draft is free. One-time online payments using a credit card, debit card or eCheck is done through SpeedPay for a fee of $1.50.
- Through Duke Energy Ohio's Payment Advantage program which automatically pays bills through a customer's checking or savings account. The payment comes out of the customer's bank account on the due date and is credited to the customer's Duke Energy Ohio account on the next day. This program is free. Customers may also make same day or schedule future payments through paperless billing. As of December 2017, about 14,000 residential customers were enrolled in auto-payment.[17] Duke Energy Ohio does not offer an auto-payment option for credit and debit cards.

[16] DR 023, DR 018 Attachment pp. 282 and 286
[17] DR 024

Unlike many utilities, Duke Energy Ohio does not market payment options, electronic billing or online account services through bill inserts.[18] Payment fees are relatively low based on NorthStar's experience with other utilities.

All conforming payments received at Duke's central cash remittance processing facility by 8:00 am via mail are processed same day.[19] Duke Energy Ohio uses an internal application called Common Payment Interface (CPI) to connect all payment processing vendors to Duke Energy Ohio's systems in real-time. CPI will place a pending payment on a customer account for the amount of the payment in real-time. If the customer is paying to avoid disconnection the system will automatically suspend disconnect once the required payment is made. If a customer has been disconnected for nonpayment and fulfills the payment requirements to be reconnected, the system will send an automated order for reconnection to the field.[20] Payments post to a customer's account within 2 minutes of the completed transaction.[21] Three third-party vendors offer payment services in the Duke Energy Ohio service territory: SpeedPay (one time ACH/Card); CheckFreePay (walk-in pay agent vendor/cash, check and money orders); and Kubra (paperless billing provider/ACH). All vendors provide real time, pending payment notifications to Duke Energy Ohio.[22]

Compliance Assessment: Compliance

No compliance issues identified.

Other Issues/Observations

None.

Recommendations

None.

D. NOTIFICATION TIMELINE

Regulatory Requirements – O.A.C. and Revised Code

In accordance with 4901:1-18-06(A) of the O.A.C., utilities are required to notify delinquent residential customers at least fourteen days in advance before disconnecting service. No disconnections for nonpayment 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.

During the period November 1st through April 15th, and during the duration of the waiver granted in Case No. 16-1096-EL-WVR, an additional ten days of notice (extending the initial

[18] NorthStar Analysis. Review of bill inserts (www.Duke-Energy.com)
[19] DR 021
[20] DR 020
[21] DR 018 Attachment 1, p. 287.
[22] DR 020

disconnection date stated in the fourteen-day notice) is required. In accordance with 4901:1-18-06(B)(1), during the period November 1 through April 15, the utility may not disconnect service to residential customers for non-payment unless it:

> "Makes contact with the customer or other adult consumer at the premises ten days prior to disconnection of service by personal contact, telephone, or hand-delivered written notice. Utility companies may send this notice by regular, U.S. mail; however, such notice must allow three calendar days for mailing. This additional notice shall extend the date of disconnection, as stated on the fourteen-day notice required by paragraph (A) of this rule, by ten additional days."

If the customer does not respond to the notice, fails to enter into a payment plan, or does not make the initial payment on a payment plan, the utility company may disconnect service after the 10-day notice expires unless the utility has received a medical certificate, or the customer has filed a complaint.[23]

The Revised Code imposes the following requirements during the period from November 15 to April 15:

> "No company shall disconnect service for nonpayment for a residential customer who is deployed on active duty. Upon return from active duty customers should be offered a period at least equal to the period of deployment to pay arrearages incurred during deployment." (4933.12(E) – electric and 4933.12(F) – gas).

Exhibit III-3 provides the required notification timeline for a customer with no initial arrangement or past-due balance where bills are mailed outside of Ohio. Duke Energy Ohio uses a vendor located in Piscataway, New Jersey for printing and mailing customer bills and notices.

Exhibit III-3
Notification Timeline – Requirements

	Summer		Winter	
	Electric	**Gas**	**Electric**	**Gas**
Customer is Current				
Postmark	**Day 0**	**Day 0**	**Day 0**	**Day 0**
Due Date (bills mailed outside Ohio)	Day 21	Day 17	Day 21	Day 17
Customer Does Not Pay Bill				
Postmark	**Day 30**	**Day 30**	**Day 30**	**Day 30**
Due date (bills mailed outside Ohio)	Day 51	Day 47	Day 51	Day 47
Customer Becomes Delinquent				
Customer delinquent (bills mailed outside Ohio)	Day 51	Day 47	Day 51	Day 47
Customer Does Not Pay				
14 Day Notice Due Date (bills mailed outside Ohio)	Day 65	Day 61	Day 65	Day 61
Customer Does Not Pay				
10 Day Notice (bills mailed outside Ohio) if called and call is successful			Day 75	Day 71

[23] O.A.C. Section 4901:1-18-06 (B)

	Summer		Winter	
	Electric	**Gas**	**Electric**	**Gas**
10 Day Notice if mail notice (original bills mailed outside Ohio – assumes bill mailed 3 days before 14-day notice expires)			Day 75	Day 71
Earliest Date of Disconnection				
14 Day Notice (bills mailed outside Ohio)	Day 65	Day 61	Day 75	Day 71

Source: O.A.C.

Customers that default on a payment arrangement effectively enter the cycle on Day 30.

Medical Certification

In accordance with O.A.C. 4901:1-18-06(C) customers with medical issues may extend the date of disconnection for non-payment by 30 days or restore service for 30 days, by obtaining certification from a licensed physician, physician assistant, clinical nurse specialist, certified nurse practitioner, certified nurse-midwife, or local board of health physician and providing said certification to the utility. A customer may renew the certification two additional times (thirty days each) by providing additional certificates to the utility company. The total certification period may not exceed ninety days per household in any twelve-month period.

Medical certifications are to be used in the following cases:

- If the disconnection of service would be especially dangerous to the health of any consumer who is a permanent resident of the premises.

- When the disconnection of service would make operation of necessary medical or life-supporting equipment impossible or impractical.

Utility companies must act in accordance with the following medical certification requirements:

- Upon request of any residential consumer, the utility company shall provide a medical certification form to the customer or to any of the health care professionals identified above. The utility company shall use the medical certification form posted on the commission's website.

- The certification of the medical condition or the need for the medical or life-supporting equipment shall be in writing and shall include the name of the person to be certified; a statement that the person is a permanent resident of the premises in question; the name, business address, and telephone number of the certifying party; a statement of the need for the medical or life-supporting equipment, if applicable; and a signed statement by the certifying party that disconnection of service will be especially dangerous to the health of a permanent resident of the premises.

Initial certification by the certifying party may be by telephone if written certification is forwarded to the utility company within seven calendar days. If a medical certificate is used to avoid disconnection, the customer shall enter into an extended payment plan prior to the end of the medical certification period or be subject to disconnection. The initial payment on the plan

shall not be due until the end of the certification period. If service has been disconnected for nonpayment within twenty-one calendar days prior to the certification, the utility company shall restore service to that residence once the certifying party provides the required certification to the utility company and the customer agrees to an extended payment plan.

Duke Energy Ohio Requirements – Pilot Waiver

As part of the initial and amended waiver requests, in lieu of the in-person contact on the day of disconnect for electric service required by the O.A.C., Duke Energy Ohio must provide the following additional notifications (Case No. 16-1096-EL-WVR):

- Notification of pending disconnection two days prior to disconnection by phone and text (Amended Waiver Request).
- Notification on the day of disconnection by phone and text (Initial Waiver Application)
- During the period of the waiver, Duke Energy Ohio is also required to provide the 10-day notice year-round. Duke Energy Ohio mails the notice year-round and also calls before mailing during the winter season.

Critical care customers, gas customers, and electric customers without an AMI meter are still subject to the in person visit.

Internal Policies and Procedures

The Duke Energy Ohio credit action timeline is dependent on the credit status of the customer, defined based on account longevity, arrears, and days past due. The credit status is shown in Duke Energy Ohio's customer information system (CMS), allowing CSRs to determine if a customer's service should be active or inactive due to non-payment of bill. **Exhibit III-4** provides information on the credit status.

Exhibit III-4
Credit Status in CMS – Ohio Customers

Credit Status	Description
<blank>	• Account Status is Inactive
New	• New Duke Energy customer. Less than 12 months of credit history with the Company.
Good	• Customer pays bill on time every month.
Acceptable	• Customer has had one or more DNP Notices within the last 12 months.
Reminder Message	• Customer with a GOOD credit status with a past due balance will receive a reminder message. • Residential customer with 30 days past due amount less than $100.
DNP Notice [Note 1]	• Account is 30 days past due with an amount of $100 or more. • Past due deposit of $25 or more.

Credit Status	Description
Final Notice [Note 1]	• Customer still has not made payment to avoid the disconnection. This is their final notice. • Duke Energy is required to notify customers 10 days prior to disconnecting a service for non-payment. - Winter final notices will be mailed to DNP customers. - During the summer season the bill will serve as the customer's ONLY notice.
DNP Eligible	• It is the day of or the day before disconnection due to non-payment. The DNP order is scheduled to be worked at any time during the DNP date.
DNP Complete	• Customer has been disconnected for non-payment of the bill
Exempt	• Account is tax exempt, such as a Church or other place of worship. A non-profit organization would fall in this category.

Note 1: Call center training manuals were not updated to reflect the waiver.
Source: DR 18 Attachment 2 - Call Center Training Material Manual II – Credit Training, IR 2.

The majority of the collections timeline is automated within CMS. Duke uses two different vendors that assist with the notification process. One vendor handles the printing and mailing of bills and disconnect notices. Another vendor provides the texts and phone calls. The two-day texts and calls are not part of Duke Energy Ohio's automated process due to the timing of the amended waiver requirements. There is no system-generated trigger for the two-day text and call. These are handled by performing a query of the system and sending the file to the vendor.

Duke Energy Ohio provides the required 14-day disconnect notice as part of the bill. CMS generates a daily file of bill information which is sent nightly to Duke Energy Ohio's bill print vendor. Bills are postmarked the next day and the 14 days printed on the notice is from the postmark date.

As part of the waiver agreement, Duke Energy Ohio provides the 10-day notification year-round. During the non-winter season, the 10-day notice is mailed to the customer. During the winter season, Duke Energy Ohio first attempts to call the customer. If the call is not considered successful, Duke Energy Ohio then mails the 10-day notice.[24]

A call is considered successful if the customer listens to the portion of the automated message that alerts the customer to the pending disconnection and the availability of energy assistance. The remainder of the message notifies the customer that they will be required to pay a reconnect fee, in addition to the past due balance and potentially a security deposit, and reminds the customer that Duke Energy Ohio will not visit their home. If the individual answering the phone indicates they are not the customer of record (COR) or the call is answered by an answering machine, the call is considered unsuccessful and a letter is mailed. During the automated call customers are offered the opportunity to pay using the automated system, learn about payment options (i.e., customers are directed to call the contact center), or learn more about avoiding disconnection. [25]

[24] DR 055 Attachment and review of DR 057 notification records,
[25] DR 055 Attachment

The two-day and day of disconnection texts and calls begin at 8:00 am. The texts are performed first and then the calls begin around 8:30 am. Accounts are manually reviewed to identify potential critical care customers and to generate the disconnection orders. Remote disconnection does not begin until after 10:00 am to allow time for customers to respond to the texts and calls.

Compliance Assessment: Partial Compliance

NorthStar's review of a sample of forty customer accounts identified some exceptions to the notification timeline requirements, as discussed below.

Other Items/Observations

1. **NorthStar's review of a sample of delinquent customer accounts identified the following exceptions to the disconnection notification timeline requirements.[26]**

   - One account had a bill preparation date of September 26, 2017. According to Duke Energy Ohio's typical process this bill would have been mailed by the vendor on the following day (September 27, 2017). The due date of the bill was October 17, 2017 – 20 days after the postmark date. The requirement for bills mailed outside of Ohio is 21 days for electric bills. Account 78800077.

   - For two accounts, the date of the mailing as performed by Duke Energy Ohio's vendor and the disconnection date given on the bill was 13 days rather than the required 14 days: The timeline did not consider the fact that January 1, 2018 was a holiday in the postmark date planning, and the bills would not be mailed until January 2, 2018. Account 61000647 and Account 37500805.

   - One combination customer was eligible for termination of service due to non-payment in July 2017. The customer was sent the 10-day summer disconnect notice. The customer's electric service was terminated on August 8, 2017. Due to access issues the gas service was not terminated until January 31, 2018 - during the winter period, but the customer was never sent a 10-day winter disconnect notice. The customer did receive a premise visit and disconnection notice. Once a 10-day notice is sent, there is not another system trigger to send a notice when crossing into another season. This is potentially a rule violation. Account 52400057.

   - The following four customers (10 percent of the sample) did not receive the 2-day text or phone call prior to disconnection. Two-day text messages do not get sent if the CMS automated credit timeline is interrupted by manual account changes, typically performed by a CSR. Some examples of manual changes are payment extensions, medical certificates, appointments with community actions agencies and access issues.

     - Account 28500093
     - Account 61800076

[26] Review of DR 057 Notification Records and March 6, 2018 phone call with Duke Energy Ohio

- Account 74700557
- Account 22100803

- For the reason cited above, the required landlord notification did not occur in one instance: Account 74700557.

- Two customers were not sent the day-of text or phone call due to batch processing timing issues (two jobs running too close together) that occurred on the first business day of the week. According to Duke Energy Ohio, it has recently shifted the timing of its submittal to the vendor handling the automated texts and calls by one hour and fifteen minutes to allow more time for the first job to finish:

  - Account 94900212
  - Account 55900410

- Account 94900212 received a 2-day text notification on January 25, 2018. The customer paid $175 on January 26, 2018 (pending) and the payment cleared on January 29, 2018. The customer was disconnected on January 30, 2018 without the benefit of the same day disconnect notification text or call, due to the batch processing timing issue discussed above. It appears that the customer did not contact Duke Energy Ohio to indicate that they were using the $175 WRO and so the amount was applied to their past due balance and they were disconnected. Had the customer received the day of text or call they may have been able to avoid disconnection.

2. Customers that use a medical certification to avoid disconnection or to restore service are reclassified as "Acceptable" credit status in CMS and do not subsequently move through the collections timeline in the same manner as other customers.

- These customers do not receive a special notice once the initial medical certification expires.

- Prior to medical certification these customers received the standard notices up until the point at which they use the medical certification.

- During their medical certification period they do not receive specific notices of disconnection, the date of disconnection, or minimum amount required to avoid disconnection upon the expiry of their 30-day certification period, as they have been placed in acceptable status. Depending on the timing they may receive a subsequent bill with no 14-day notice on it.

- If the customer has not paid the minimum amount required to avoid disconnection or entered into a payment arrangement, they become immediately subject to disconnection upon expiration of their medical certificate.

3. **Duke Energy Ohio does not have a process for proactively identifying and flagging customers that are deployed on active duty within CMS. As a result, customers on active duty could potentially be terminated for non-payment, which would be in violation of 4933.12(E) and 4933.12(F) of the Revised Code.**

   - According to the Revised Code: "No company shall disconnect service for nonpayment for a residential customer who is deployed on active duty. Upon return from active duty customers should be offered a period at least equal to the period of deployment to pay arrearages incurred during deployment."[27]

   - According to Duke Energy Ohio: its "'Military Deferred Payment Program' is available for activated reservists or National Guard members on extended absence due to military obligations. Once notified, Duke Energy Ohio will suspend collection, and advise the customer to fax proof of deployment to Accounts Receivable. Once documents are received, Accounts Receivable will waive all late charges and security deposit, set payment agreement, postpone disconnection or restore service, and send the customer confirmation of the Military Deferred Payment Program. Customers or dependents will be given an extended payment plan on a past due balance they may have accumulated, equal to the length of their deployment."[28]

   - Duke Energy Ohio's website and bill inserts provide no information on this requirement or Duke Energy Ohio's program.[29] Customers are only informed of the program if the contact the call center.

Recommendations

1. Determine the root cause for the account with a 20-day payment due. Resolve any system issues and inform the PUCO staff as to the resolution.

2. Improve system controls to ensure holidays are considered during the mailing of all notifications and required payment dates.

3. Work with the PUCO staff to develop an approved method for providing the winter notification to accounts that were initially eligible for disconnection during the non-winter period, but disconnection was delayed due to access issues. Alternatively, develop a single 10-day notification letter that provides the applicable year-round information, but includes a section on the winter season programs. Or modify CMS such that the 10-day winter notice is sent for combination accounts where the gas service remains eligible for termination at the start of the winter season.

4. Investigate and address the frequency and cause of account actions that interrupt the automated collections timeline. Inform the PUCO staff of the causes and resolution to mitigate future issues. Due to the timing of the issue identification, NorthStar cannot

[27] (4933.12(E) – electric and 4933.12(F) – gas)
[28] DR 65
[29] NorthStar review of www.duke-energy.com

determine if this is a system issue, training issue, combination or some other cause; however, this affected 10 percent of the sample accounts tested.

5. Develop exception reports or controls to notify management of batch process timing issues occur. Duke Energy Ohio reports that it has addressed the issue identified by NorthStar's testing; however, controls and exception reports should be developed.

6. Clarify the language on the disconnect notices to remind the customer that they must call the utility to inform it of the use of the WRO and make acceptable payment arrangements.

7. Consider the implementation of text messages or phone calls to remind customers using medical certificates that the certificate is approaching expiration and arrangements must be made or their service will be disconnected.

8. Develop marketing materials targeted to active duty military or include on an existing bill insert.

E. DISCONNECT NOTIFICATION LANGUAGE

Regulatory Requirements

14-Day Disconnect Notice

The 14-day disconnect notice may be mailed separately or included on the regular monthly bill. If the notice is included on the regular monthly bill, it needs to be prominently identified as a disconnection notice.[30] The following information is to be displayed either on the disconnection notice or in documents accompanying the disconnection notice:[31]

- Billing account number, amount required to prevent disconnection, and security deposit owed at time of notice.
- Earliest date when disconnection may occur.
- Local or toll-free number and address of the utility company's office for customers to contact about their account.
- Verbiage regarding complaint filing.
- Verbiage regarding failure to pay the amount before the date specified may require payment of a security deposit and a charge for reconnection, and the amount of each fee.
- If applicable, a statement that failure to pay charges for non-tariffed products or services may result in the loss of those products and/or services.
- An explanation of payment plans and options available.
- A statement that a medical certification program and forms are available where disconnection may be especially dangerous to the health of those persons.
- A statement that a listing of authorized payment agents is available by calling the utility's toll-free customer service number.

[30] O.A.C. Section 4901:1-18-06 (A)(5)
[31] O.A.C. Section 4901:1-18-06 (A)(5)(a) through (A)(5)(i)

Notice Requirements November 1 – April 15

During the winter period, customers or adult consumers must also be informed that sources of federal, state, and local government aid for payment of utility bills and for home weatherization are available at the time the utility company delivers the notice, and provides sufficient information to allow the customer to further pursue available assistance.[32] This requirement is reiterated in the R.C.:

> "Utilities must inform the occupant of the premises where to obtain state and federal aid for payment of utility bills and for home weatherization, and information on local government aid for payment of utility bills and for home weatherization." (4933.121(C) – electric and 4933.12(D) – gas).

Separation of Service Requirements

O.A.C. 4901:1-18-09 requires combination utilities to provide customers with the same rights as customers that are served by separate gas and electric companies. Combination utilities must allow residential customers the right to choose to retain or reconnect either gas or electric service, or both services, and must offer customers extended payment plans to retain the service of their choice. Disconnection notices must advise customers of this option.

4901:10-18-09(G) requires the combination utility company to inform the customer of the total past due amount for each service, and with respect to the extended payment plans available under this rule, the monthly payment due on the past due amount for each service.

Internal Policies and Procedures

Duke Energy Ohio addresses the 14-day notification language requirements through the combination of a disconnect notice printed on the bill and an insert included with that bill. The insert provides general information and the bill provides customer-specific information. **Exhibit III-5** provides an example of the 14-day notice (page 1 of the bill). Although not shown on Exhibit III-5, the "DISCONNECT NOTICE" header on pages 2 and 3 of the bill are difficult to read.

Exhibits III-6 provides an example of the pink winter bill insert. The summer bill insert is also pink, and similar to the winter insert, but does not include information on the WRO or the Winter Heating Season Payment Plan.

[32] O.A.C. Section 4901:1-18-06 (B)

Exhibit III-5
Sample 14-day Disconnect Notice

DUKE ENERGY.

To view information printed on the back of your bill please click or go to www.duke-energy.com/ohio/billing/back-of-bill.asp

DISCONNECT NOTICE

Due Date	Amount Due
Dec 7, 2017	$ 304.92

Account Number [redacted] 10 12

$_____ HeatShare Contribution (for Customer Assistance)

$_____ Amount Enclosed

[redacted]

PO Box 1327
Charlotte NC 28201-1327

410 0000030492 1 [redacted] 120720171 0000030949 4

DISCONNECT NOTICE

PLEASE RETURN THE TOP PORTION WITH YOUR PAYMENT

Page 1 of 3

Name /Service Address	For Inquiries Call		Account Number
[redacted]	Duke Energy	1-800-544-6900	[redacted]
	Constellation NewEnergy	1-888-367-4493	4271877
	Dynegy Energy Services	1-877-331-3045	1643099

Mail Payments To	Account Information	
PO Box 1327 Charlotte NC 28201-1327	Payments after Nov 15 not included Last payment received Oct 23	Bill prepared on Nov 15, 2017 Next meter reading Dec 15, 2017

If your service is disconnected for non payment, in addition to a reconnection charge, you may be required to pay a deposit in the amount of $220.00 before service is restored.

IMPORTANT: Per Commission regulations, your service may be disconnected if your past due amount of $160.00 is not paid by 11/30/2017. A reconnection charge will be required. In addition, a service deposit may be required; if so, payment arrangements may be available. For questions, please call the number shown above.

You also have the option to retain or have reconnected one of your services, either gas or electric. Please contact us at the number shown above to discuss this option.

Meter	Number	Reading Date From	To	Days	Meter Reading Previous	Present	Usage
Gas	000500683	Oct 16	Nov 14	29	5782	5859	77
Elec	100216902	Oct 16	Nov 14	29	83338	83826	488

Gas - Residential	
Usage - 77 CCF	
Duke Energy - Rate FTRT	$ 45.93
Constellation - Rate FS40 NewEnergy	31.58
Current Gas Charges	**$ 77.51**

Current Billing	
Amt Due - Previous Bill	$ 338.69
Payment(s) Received	178.69cr
Late Payment Charge(s)	2.40
Balance Forward	**162.40**
Current Gas Charges	77.51
Current Electric Charges	62.80
Taxes	2.21
Current Amount Due	**$ 304.92**

DISCONNECT NOTICE

Due Date	Amount Due	After Dec 7, 2017
Dec 7, 2017	$ 304.92	$ 309.49

DUKE ENERGY.

Visit us at www.duke-energy.com

Source: DR 016.

Exhibit III-6
Winter Bill Insert with 14-Day Disconnect Notice – Bi-Fold

Front and Back

RESTORING SERVICE

If your service has been disconnected you will be required to satisfy all of the following in order to restore service(s):

- Pay the amount displayed on the Disconnection Notice located on your bill or the past-due amount of any extended payment plan (including PIPP Plus). **If paying 10 days or more after the disconnection has occurred, the entire past-due amount must be paid.**
- Pay a reconnection charge (if applicable): natural gas $17; electric $25; both services $38.
- Pay a security deposit (if applicable). See "IMPORTANT" message box on the bill to determine if a deposit will be requested.

DISPUTED BILLS

If you dispute the reason for disconnection, please contact the Credit Department at the telephone number listed below.

CONTACT INFORMATION

Credit Department

Our customer care specialists are available Monday through Friday 7 a.m. to 7 p.m. For added convenience, you can get information anytime using our automated system.

Telephone number: 800.544.6900

If you have a complaint in regard to this disconnection notice that cannot be resolved after you have called Duke Energy, or for general information, residential and business customers may contact the Public Utilities Commission of Ohio (PUCO) for assistance at 800.686.7826 (toll-free) from 8 a.m. to 5 p.m. weekdays, or at **puco.ohio.gov**. Hearing- or speech-impaired customers may contact the PUCO via 711 (Ohio relay service).

The Ohio Consumers' Counsel (OCC) represents residential utility customers in matters before the PUCO. The OCC can be contacted at 877.742.5622 (toll-free) from 8 a.m. to 5 p.m. weekdays, or at **occ.ohio.gov**.

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DUKE ENERGY.

Ohio Residential Disconnection Notice

According to our records your account is past due. To maintain your natural gas and/or electric service(s), please pay the amount noted on the enclosed bill. Please see the "IMPORTANT" message box in the body of the bill for the amount to pay and the date payment needs to be made to avoid disconnection.

Or contact us before the date noted in the message box in the body of the bill to determine if you are eligible for other payment options.

A Duke Energy employee will not visit your home on the day electric service is scheduled for disconnection. Rather, we will attempt to contact you by text and/or phone message.

As a reminder, Duke Energy will never demand payment in the form of a prepaid debit or prepaid credit card. If you have concerns about the authenticity of a request for payment, please contact Duke Energy directly.

AVOIDING DISCONNECTION

To avoid disconnection it will be necessary to satisfy one of the following options by the date noted on the bill:

- Pay the amount noted on your enclosed bill (see "IMPORTANT" message box in the body of the bill).
- Pay the required amount to set up a payment plan (applicable to qualified customers only).
- Provide a Medical Certification (see information on Page 2).

To learn more about how to maintain your natural gas and/or electric service(s), please review the additional information in this notice and/or contact our Credit Department at 800.544.6900.

- 1 -

©2017 Duke Energy Corporation 170537 9/17 JUNE-DDHR-W

Inside

Please note: Failure to pay charges for products or services may result in the loss of those products and/or services.

EXTENDED PAYMENT PLANS

Residential customers may request one of the following extended payment plans:

- **Percentage of Income Payment Plan (PIPP Plus)** – The income-based payment plan for income-eligible, residential customers served by regulated electric, gas and natural gas utility companies.
- **One-Third Plan/Winter Heating Season (WHS) Plan** – This plan is offered Nov. 1 through April 15. This plan requires the customer to pay one-third of the total account balance each month.
- **One-Sixth Plan** – A plan that requires six equal payments on the arrearages in addition to full payment of the current bill.
- **One-Ninth Plan** – A plan that requires nine equal monthly payments on the arrearages in addition to a budget payment plan.
- **Separation of Service** – An extended payment plan to retain either natural gas or electric service as chosen by the customer.

MEDICAL EMERGENCY

If disconnection of your residential natural gas and/or electric service would be especially dangerous to the health of a person who lives in your household, you may be able to postpone disconnection with a Medical Certification.

A Medical Certification will prevent disconnection of service for 30 days or restore service if the Medical Certification form is received within 21 days from the date of disconnection and you enter into an extended payment plan.

- 2 -

You may apply for a Medical Certification by:

- Having a medical professional call our Credit Department.
- Requesting a Medical Certification form be sent to your medical professional.

PAYMENT OPTIONS

Payments can be made by any of the following methods:

- Pay by phone with electronic check or credit card (VISA and MasterCard). Please call 877.596.5068.
- Pay at one of our Pay Stations. Please contact our Credit Department to locate a Pay Station near you, or visit our website at **duke-energy.com**.
- Pay online at **duke-energy.com**.
- If payment is made at the time of the disconnection a charge of $15 will be assessed.

ENERGY ASSISTANCE

Residential customers may contact United Way by calling 211 for energy assistance referral information.

WINTER RULE

During the period of Oct. 16, 2017, through April 13, 2018, residential customers can avoid disconnection or have natural gas and/or electric service restored, on a one-time basis, by paying $175 and enrolling in an extended payment plan. If your natural gas and/or electric service has been disconnected, a reconnection charge (if applicable) must be paid in addition to the $175. A security deposit (if applicable) will be included on your next bill.

Please note: Funds from energy assistance programs can be applied toward the $175 Winter Rule payment.

- 3 -

Source: DR 016.

During the winter season, Duke Energy Ohio initially calls customers to provide the 10-day notice. If the call is not considered successful a letter is sent.[33] The call is considered successful if the individual answering the phone indicates they are the COR and listens to the portion of the automated call that informs the customer that they need to pay the amount indicated in the "important" message box of the customer's prior bill or make satisfactory payment arrangements within ten calendar days from the date on the notices and informs the customer that energy assistance is available through the customer's local community action agency or the Ohio Development Service Agency at (800) 282-0880 or by contacting the United Way at 211 for energy assistance referral information.[34] NorthStar assumes the decision to consider the call successful at this point was based on discussions with the PUCO, but does not have information regarding the specifics of any agreement. During the summer season the 10-day letter is sent; Duke Energy Ohio does not call the customer first.[35]

If the customer does not disconnect the call after listening to the initial message, they are provided information on reconnection fees and security deposits and provided the menu of options for additional information shown in **Exhibit III-7**.

Exhibit III-7
10-day Notice Call Options

Option		Action/Information
To hear the disconnect notice again, press	1	Repeats the language that the customer must make a payment or arrangements within ten days, and repeats the energy assistance information
To make a payment using our automated system, press	2	Connects customer to automated pay-by-phone system
To learn about payment options, press	3	• Instructs the customer to call the contact center for information options. • Informs the customer that payments may be made at a pay station.
To learn about avoiding disconnection, press	4	• Provides the number of the contact center for questions on the account. • Indicates that to avoid disconnection the customer must pay the amount in the "important" message box on the bill or call the credit department to set up an EPP or provide a medical certificate. • Provide information on the WRO. • Provides numbers to contact for complaints and information on the Ohio consumer's counsel.

Source: DR 055.

The two-day call is considered successful if the customer listens long enough to hear that the service will be eligible for disconnection in two days, and that to avoid disconnection they need to pay the amount in the "important" message section of the bill or make satisfactory payment arrangements within two business days. If the caller continues to listen they are informed that they will be charged a reconnect fee and potentially a security deposit; that a Duke Energy Ohio employee will not visit the home on the day of disconnections and they are provided with the phone number of the contact center.[36]

[33] DR 055, March 2, 2018 phone call with Duke Energy Ohio
[34] DR 055
[35] March 1, 2018 response to Question 4 of NorthStar's February 23, 2-18 email
[36] DR 055

The day of disconnection call is similar to the 10-day call.[37]

The 10-day, 2-day and day-of texts inform the customer that they are eligible for disconnection in "x" days; provide a link to pay options and the number of the contact center. Customers may text "STOP" to opt out. For the 2-day and day-of texts the customer can text "HELP" for more information.[38] The text campaigns are initiated first; about 30 minutes later the calls begin.[39]

Compliance Assessment: Partial Compliance/Some Instances of Non-Compliance

Duke Energy Ohio's 14-day notice provides the information required by O.A.C. 4901:1-18-06 (A)(5) in all material respects; however, minor language differences were noted:

- The notice is a "disconnect" rather than "disconnection" notice; "service deposit" is used by Duke Energy Ohio in its 14-day disconnect notice on the bill, rather than "security deposit"; and "authorized agents" are referred to as "pay stations".
- Information on payment options does not include budget billing or a customer-negotiated plan.
- Service deposit amounts are not always specified and the reconnection fee is on the insert rather than the bill notice.
- The earliest date of disconnection is inferred rather than clearly stated. The notice states the following: "Per Commission regulations, your service may be disconnected if your past due amount of $[amount] is not paid by [date]."

Duke Energy Ohio's 10-day notice does not specifically provide information on weatherization as required by the Revised Code and O.A.C. 4901:1-18-06(B)(2). The language on the notice refers to "energy assistance" and not "government aid for payment" as referred to in the Codes.[40]

Duke Energy Ohio offers separation of service as an extended payment plan option, and informs customers of this option on the 14-day disconnect notice, the separate pink disconnect insert, the 10-day disconnect notice, through a separate bill insert on extended payment plans, and in the customer rights and responsibilities. The 14-day notice does not provide the total past due amount for each service, nor is there any indication that the call center provides customers with the amounts due for each service or proactively informs them of their ability to separate service.

[37] DR 055
[38] DR 055
[39] DR 011, p.7
[40] O.A.C. 4901:1-18-06(B)(2), R.C. 4933:12(D) and R.C. 4933:121(C)

Other Issues/Observations

1. **Customers on paperless billing do not receive the pink disconnection insert as part of the email notification. The customer also does not see the pink bill insert if they log into their account online. According to Duke Energy Ohio, customers receive the required notices via regular mail. NorthStar did not verify this.**

2. **Although it complies with the O.A.C. requirements, the Duke Energy Ohio 14-day disconnect notice is not sufficiently clear or prominently identified as a disconnect notice.**

   - The bill with the 14-day disconnect notice is entirely black and white. Many utilities use colors – either for the entire notice or for the language indicating it is a disconnect notice to alert customers to the difference. Duke Energy Ohio's 14-day disconnect notice was previously provided in **Exhibit III-5**.

   - There are no significant graphics indicating the account is past due and subject to disconnection. **Exhibit III-8** (pages following) provides a sample bill and disconnect notice bill from another utility. **Exhibit III-9** (pages following) provides another sample disconnect notice.

   - Although the words "DISCONNECT NOTICE" appear in three places on the front of the bill, the font size is relatively small. The words "DISCONNECT NOTICE" on pages 2 and 3 of the bill are overwritten by the Duke Energy logo and virtually illegible.

   - The "important message" box indicating the service to be disconnected and the required amount to avoid disconnection is easily overlooked and the font size is small.

   - The amount due boxes indicate the amount of the current charges plus past due balance (i.e., the full amount due) and the amount due if the bill is not paid timely (i.e., with late payment charges). They do not show the amount to be paid to avoid disconnection.

   - For a customer that has defaulted on a payment plan, the total "amount due" includes the entire balance of the payment plan. There is no language explaining to the customer that they are being required to pay the full amount as they have defaulted on a payment plan.

   - There is no information on how the amount the customer needs to pay to avoid disconnection in calculated. The customer must locate and evaluate their prior bill, and even then, the amount to avoid disconnection may be difficult to reconcile. NorthStar reviewed a sample of bills and found the amounts required to avoid disconnection were not always a straightforward calculation, and late fees appear to be included in the minimum amount required when the customer has defaulted on a payment plan.

Exhibit III-8
Sample Bill and Disconnect Notice – San Diego Gas & Electric Company

Bill

SDGE A Sempra Energy utility

ACCOUNT NUMBER 3941 714 337 1
SERVICE FOR

DATE MAILED Sep 6, 2017 Page 1 of 4
www.sdge.com
1-800-411-SDGE (7343) *English*
1-800-311-SDGE (7343) *Español*
1-877-889-SDGE (7343) *TTY*
M-F, 7am-8pm, Sat, 7am-6pm
24 Hour Emergency Service

Balance out the highs and lows of your monthly energy bills. Sign up for our Level Pay Plan at sdge.com/LPP.

DATE DUE Sep 25, 2017
AMOUNT DUE $362.97

Account Summary

Previous Balance			$244.83
Payment Received	08/15/17	THANK YOU	- 244.83
Current Charges			+ 362.97
Total Amount Due			**$362.97**

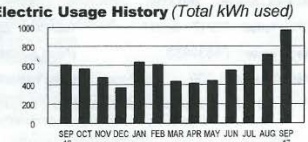
Summary of Current Charges *(See page 2 for details)*

	Billing Period	Usage	Amount($)
Electric	Aug 3, 2017 - Sep 1, 2017	972 kWh	362.97
Total Charges this Month			**$362.97**

Regulatory Notices

- All customers are required to pay a Competition Transition Charge as part of the charges above, including those who choose an electric service provider other than SDG&E.

Electric Usage History *(Total kWh used)*



	Sep 16	Aug 17	Sep 17
Total kWh used	605	712	972
Daily average kWh	20.9	24.6	33.5
Days in billing cycle	29	29	29
Change in daily average from last month			+ 36.2%
Change in daily average from last year			+ 60.3%

PLEASE KEEP THIS PORTION FOR YOUR RECORDS. (FAVOR DE GUARDAR ESTA PARTE PARA SUS REGISTROS.)
PLEASE RETURN THIS PORTION WITH YOUR PAYMENT. (FAVOR DE DEVOLVER ESTA PARTE CON SU PAGO.)

SDGE A Sempra Energy utility

Save Paper & Postage
PAY ONLINE
www.sdge.com

ACCOUNT NUMBER
3941 714 337 1

DATE DUE Sep 25, 2017
AMOUNT DUE $362.97

SERVICE ADDRESS: 3650 5TH AVE 214 SD 92103

Please enter amount enclosed.
$

Write account number on check and make payable to ***San Diego Gas & Electric.***

CY 2

SAN DIEGO GAS & ELECTRIC
PO BOX 25111
SANTA ANA CA 92799-5111

1 2 5000039417143370000036297000003629 7

Disconnect Notice

SDGE
A Sempra Energy utility®

ACCOUNT NUMBER
SERVICE FOR

DATE MAILED Jan 6, 2017 Page 1 of 6
www.sdge.com
1-800-411-SDGE (7343) *English*
1-800-311-SDGE (7343) *Español*
1-877-889-SDGE (7343) *TTY*
M-F, 7am-8pm, Sat, 7am-6pm
24 Hour Emergency Service
H

Account Past Due

Past Due Payment Notice

Our records indicate your payment has not been received.

To avoid disconnection of your service, a payment of **$188.77** must be received before 5 pm on **Jan 16, 2017.**

To make your account current, your remaining balance of **$118.81** must be received **before 5 pm on Jan 25, 2017.** A deposit or additional deposit may be requested when bills are paid after the expiration date of a Past Due Notice. If you have any questions, please email at info@sdge.com or call 1-800-411-7343.

Save 30% or more on your energy bill every month if you qualify for California Alternate Rates for Energy. Apply for the CARE discount at sdge.com/CARE.

To prevent disconnection, $188.77 must be received **before 5pm Jan 16, 2017**

TOTAL AMOUNT DUE $307.58

Account Summary

Previous Balance	$188.77
Payment Received	- .00
Past Due Balance	$188.77
Current Charges	+ 118.81
Total Amount Due	**$307.58**

Summary of Current Charges

(See page 2 for details)

	Billing Period	Usage	Amount($)
Electric	Dec 2, 2016 - Jan 4, 2017	632 kWh	118.81
Total Charges this Month			**$118.81**

Regulatory Notices

- All customers are required to pay a Competition Transition Charge as part of the charges above, including those who choose an electric service provider other than SDG&E.

Payment Options $

Online: It's fast, easy and free. Just register or sign into My Account at https://myaccount.sdge.com

Home banking: If you pay bills online through your bank, check with them to see if you can receive your bill online.

Automatic Pay: Have your payment automatically deducted from your account. For more information, call 1-800-411-SDGE (7343) or visit www.sdge.com

Pay by Phone: Visit www.sdge.com to enroll. Once enrolled for pay by phone option, you may authorize a payment from your checking account any day up to and including the bill due date.

By Mail: Mail your check or money order, along with the payment stub at the bottom of your bill, in the enclosed envelope to SDG&E, PO Box 25111, Santa Ana, CA 92799-5111

ATM/Debit/Credit Card or Electronic Check: You can use most major ATM/Debit cards, MasterCard and Visa credit cards, or the Electronic Check thru BillMatrix. A convenience fee is charged. Contact BillMatrix at 1-800-386-0067 or visit www.sdge.com/epay.

In Person: To find the nearest location and hours of operation, call 1-800-411-SDGE (7343) or visit www.sdge.com.

Need help paying your bill? Call us for programs and services at 1-800-411-SDGE (7343) or visit www.sdge.com.

PLEASE KEEP THIS PORTION FOR YOUR RECORDS. (FAVOR DE GUARDAR ESTA PARTE PARA SUS REGISTROS.)
PLEASE RETURN THIS PORTION WITH YOUR PAYMENT. (FAVOR DE DEVOLVER ESTA PARTE CON SU PAGO.)

SDGE A Sempra Energy utility®

Save Paper & Postage
PAY ONLINE
www.sdge.com

ACCOUNT NUMBER

	DUE BY	AMOUNT DUE
PAST DUE AMOUNT	Jan 16	$188.77
CURRENT CHARGES	Jan 25	$118.81
TOTAL AMOUNT DUE		$307.58

SERVICE ADDRESS: 3650 5TH AVE 214 SD 92103

ACCOUNT PAST DUE
To prevent disconnection $188.77 must be received *before 5pm Jan 16, 2017*

Please enter amount enclosed.
$

Write account number on check and make payable to San Diego Gas & Electric.

3145.138.3115.1739007 1 AV 0.376 oz 0.952

CY 2

SAN DIEGO GAS & ELECTRIC
PO BOX 25111
SANTA ANA CA 92799-5111

1 2 20000394171433700000118810000030758

Exhibit III-9
Sample Disconnect Notice – Public Service Electric & Gas – Long Island

PSEG LONG ISLAND
We make things work for you.

Visit www.psegliny.com

E

Amount Due **$ 3,117.77**
See Message Center

Customer ID:
Service To:

MESSAGE CENTER

THIS IS A FINAL TERMINATION NOTICE PLEASE BRING THIS NOTICE TO OUR ATTENTION WHEN PAYING THIS BILL.

Because of the unpaid balance of $2838.71, your service is scheduled to be turned off if payment is not received by Oct 13, 2017. Call us at 1-800-490-0025. We would like to continue your service. Assistance may be available from the Department of Social Services. Call them at (631)853-8825 for further information. Enclosed is a pamphlet summarizing your rights as a utility customer in the State of New York. For payment locations, please visit www.PSEGLINY.com

ACCOUNT SUMMARY

Service From Aug 11, 2017 - Sep 14, 2017

Previous balance	$ 3,513.42
Payment(s) Received Through 08/30/17 - Thank You!	-674.71
Balance Remaining	2,838.71
New charges	236.48
Late Payment Charge	42.58
Total Account Balance	$ 3,117.77
Past due required by October 13 to avoid termination **See Message Center**	**$ 2,838.71**
Current Charges due	279.06
Total Amount	**$ 3,117.77**

A 1.5% late payment fee will be applied to outstanding charges if payment is not received by October 9, 2017

NEXT METER READING

On or about 10/12/2017

CONTACT US

- **Customer Service**
  1-800-490-0025 | **Espanol** :1-800-490-0085
  Weekdays 8AM-8PM, Automated Phone Services–24/7
- **Outages/Emergencies (24/7)**
  Text OUT to PSEGLI (773454) or Call 1-800-490-0075
- **Hearing/Speech Impaired - TTY Device Required**
  1-631-755-6660
- **Energy Efficiency** | **Report Theft of Service**
  1-800-692-2626 1-631-755-6871
- **facebook.com/PSEGLI** **twitter.com/PSEGLI**
  Weekdays 7AM-11PM, Sat, Sun 9AM-6PM

PAGE 1 of 3 CUSTOMER ID: BILL DATE 09/16/2017

Please detach here and return with your check made payable to PSEG Long Island.

PSEG LONG ISLAND
We make things work for you.

CUSTOMER ID:

Amount Due **$ 3,117.77**
See Message Center
Enclosed: $

PAY YOUR WAY, 24/7
We offer a variety of methods that make it easy to pay your bill. See reverse side for more information.

000019905

020006000000000

PSEGLI
PO Box 888
Hicksville NY 11802-0888

015250112741007259331177742790 64

PSEG LONG ISLAND
We make things work for you.

Customer ID:

Meter #

Usage	**Reading**
Estimated reading on 09/14/2017	3034
Actual reading on 08/11/2017	-1937
Electricity used in 34 day(s)	1097 KWH

Amount Due **$ 3,117.77**
See Message Center

DETAILS OF CURRENT ENERGY CHARGES
Rate 180 - Residential, General Use

43% **Delivery & System Charges** **$ 102.03**

The cost to deliver electricity: includes operation and maintenance of the electric system, certain on-island generation and certain transition charges of $0.015764/kWh on behalf of the Utility Debt Securitization Authority.

Basic Service : 34 day(s)	@ $ .3600 =	12.24
First 283 KWH	@ $ .0679 =	19.22
Next 814 KWH	@ $ .0867 =	70.57

49% **Power Supply Charges** **$ 115.11**

The cost of electricity: includes the purchase of fuel (e.g. oil and gas) used to produce electricity and electricity purchased directly.

1097 KWH @ $ .104932 = 115.11

8% **Taxes & Other Charges** **$ 19.34**

DER Charge 1097 KWH @ $ .002927 =	3.21
Delivery Service Adjustment	-0.86
Revenue Decoupling Adjustment	2.62
NY State Assessment	0.67
Revenue-Based PILOTS	2.60
Suffolk Property Tax Adjustment	5.33
Sales Tax @ 2.5 %	5.77

100% **Total Charges** **$ 236.48**

BILL DEFINITIONS

KWH - Kilowatt Hour - energy consumed if 1,000 watts (ex. ten 100w bulbs) are used for one hour.

Meter Multiplier - Converts recorded use to total use on meters that are designed to only record partial use.

Basic Service - The minimum daily cost for a 24/7 connection to the electric system.

Delivery Service Adjustment - Effective 1/1/17 - Charge or credit applied to balance actual expenses with budgeted expenses. Creates long-term rate stability by accounting for unpredictable costs, including storm response.

Distributed Energy Resources (DER) Charge - the cost of customer programs such as energy efficiency and conservation, as well as new technologies and methods for producing and storing energy.

Revenue-Based PILOTs (Payments in Lieu of Taxes) - State and local taxes on utility revenues. This does not include property taxes assessed on the electric system, which make up 15% of your bill.

Revenue Decoupling Adjustment Effective 3/1/16 - Charge or credit applied to balance actual delivery revenue with the approved revenues level. Encourages energy efficiency by breaking utility dependency on sales revenue.

NY State Assessment - Assessment imposed on all utilities and collected on behalf of the State.

Suffolk Property Tax Adjustment - The amount collected by PSEGLI from Suffolk County customers representing the overpayment of property taxes to the Shoreham taxing jurisdictions from a court-ordered legal settlement dated January 11, 2000.

Sales Tax - State and/or local sales taxes.

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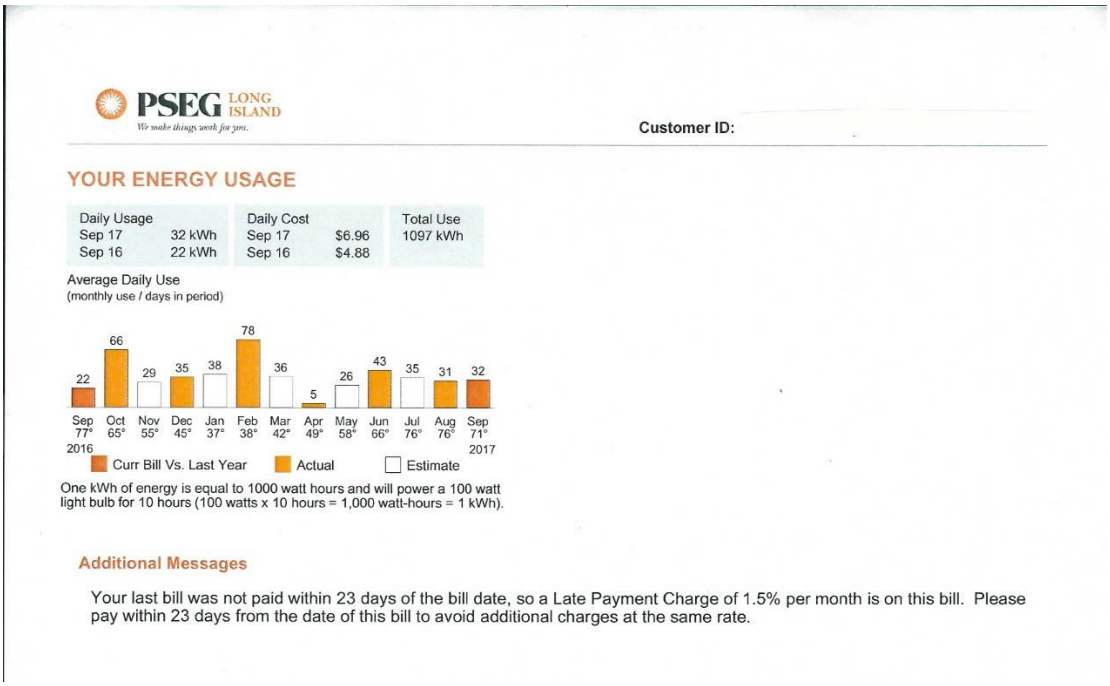


PSEG LONG ISLAND
We make things work for you.

Customer ID:

YOUR ENERGY USAGE

Daily Usage		Daily Cost		Total Use
Sep 17	32 kWh	Sep 17	$6.96	1097 kWh
Sep 16	22 kWh	Sep 16	$4.88	

Average Daily Use
(monthly use / days in period)

One kWh of energy is equal to 1000 watt hours and will power a 100 watt light bulb for 10 hours (100 watts x 10 hours = 1,000 watt-hours = 1 kWh).

Additional Messages

Your last bill was not paid within 23 days of the bill date, so a Late Payment Charge of 1.5% per month is on this bill. Please pay within 23 days from the date of this bill to avoid additional charges at the same rate.

3. **The winter pink disconnection insert could more clearly state that customers using the $175 Winter Reconnect Order must immediately contact the call center to notify them of their intent to use the Winter Reconnect Order to avoid disconnection and to make an extended payment arrangement.**

4. **The 10-day written notice language does not comply with the Revised Code and O.A.C. requirements. The information could also be clearer.**

   - The 10-day notice does not provide the customer with the amount they must pay to avoid disconnection. Instead it instructs customers to refer to their prior bill.[41] Although the O.A.C. does not require the notice to state the amount, it is a relatively simple and common practice to include the amount on the notice so the customer does not have to locate his/her bill.

   - The wording on the 10-day notice regarding payment assistance and home weatherization could be clearer. At the end of the second page of the 10-day winter notice Duke Energy Ohio provides the information shown in **Exhibit III-10**.

     - Weatherization is not specifically mentioned.
     - The heading refers to "Energy Assistance" not "Payment Assistance" or "Financial Assistance". The notice assumes a certain level of understanding of these programs, benefits offered and potential eligibility.[42]

[41] DR 016
[42] DR 016

Exhibit III-10
10-Notice Weatherization and Payment Assistance Information

CONTACT INFORMATION

If you have any questions about your bill, or this disconnection notice, please contact our Credit Department at 1-800-544-6900. Our representatives are available 7:00 a.m. to 7:00 p.m. Monday through Friday.

If you have a complaint in regard to this disconnection notice that cannot be resolved after you have called Duke Energy, or for general information, residential and business customers may contact the Public Utilities Commission of Ohio (PUCO) for assistance at 1-800-686-7826 (toll free), from eight a.m. to five p.m. weekdays, or at http://www.puco.ohio.gov. Hearing or speech impaired customers may contact the PUCO via 7-1-1 (Ohio relay service).

The Ohio consumers' counsel (OCC) represents residential utility customers in matters before the PUCO. The OCC can be contacted at 1-877-742-5622 (toll free) from eight a.m. to five p.m. weekdays, or at http://www.pickocc.org.

ENERGY ASSISTANCE:

United way Referral Service
Call 211

HeatShare – Administrated by
The Salvation Army
513-762-5636

Emergency Home Energy Assistance Program (EHEAP)
Contact local Community Action Agency

Home Energy Assistance Program (HEAP)
Contact local Community Action Agency at
1-800-282-0880

Source: DR 016, 064, 066.

- The 10-day automated call includes a similar discussion of energy assistance, and does not mention of weatherization: "Energy Assistance information is available through your local Community Action Agency or the Ohio Development Services Agency at (800) 282-0880 or by contacting United Way by calling 211 for energy assistance referral information."[43]

5. **The winter 10-day notice call does not provide customers with the amount due to avoid disconnection and is considered "successful" after the customer has received limited information.**

- Customers are not provided with the amount to be paid to avoid disconnection.[44] They are referred to their bill.

- If the customer disconnects at the point at which the call is considered successful, they will not have received information on reconnect fees or security deposits, the availability of payment plans or medical certificates, the availability of the $175 WRO program, or where to direct complaints.[45] A statement regarding the availability of medical certificates could easily be part of the introduction of the call as the program is offered year-round.

- **Exhibit III-11** provides the 10-day automated winter call script.

[43] DR 055
[44] DR 055
[45] DR 055

Exhibit III-11
Duke Energy Ohio 10-Day Automated Winter Call Script

Duke Energy Ohio - Ten Day Final Notice Call Campaign

Hello, This is Duke Energy calling with important information about your account.
To hear this message in Spanish Press 5.

If you are <John Smith>, Press 1
If not press, 2

1 = This information is regarding the service at <SERVICE ADDRESS>

To avoid disconnection of your gas and/or electric service, please pay the amount noted in the "important" message box located in the body of the last bill you received or make satisfactory payment arrangements within **10** calendar days from the date you received this call.

Energy Assistance information is available through your local Community Action Agency or the Ohio Development Services Agency at (800) 282-0880 or by contacting United Way by calling 211 for energy assistance referral information.

<successful call at this point>

If services is disconnected, a reconnect fee, in addition to your past due balance, will be required to restore service. Accounts that are disconnected for non-payment may be subject to a new or additional deposit.

A Duke Energy employee will not visit your home or leave a notice prior to the electric service being disconnected.

To hear the disconnection notice again, press 1.
To make a payment using our automated system, press 2.
To learn about payment options, press 3.
To learn about avoiding disconnection, press 4.

2 = *(Generic Message 1) : This Duke Energy calling. If we are unable to reach* <RECIPIENT FIRST NAME> <RECIPIENT LAST NAME> *by phone, we will mail a letter. Thank you from Duke Energy, goodbye.*

Answering Machine *(Generic Message 2):* Hello, this is Duke Energy calling with important information about your account. If we are unable to reach you by phone, we will mail you a letter. Thank you from Duke Energy, goodbye.

No Response: *IVR Closing: We appreciate your business. Thank you from Duke Energy, goodbye.*

Option 2 –
Please hold while we connect you to our Automated 'Pay by Phone system. You will be asked to confirm your street number or the first characters of your name.

Option 3 –
Other Payment Plans may be available by contacting customer service at 800-544-6900 Monday through Friday 7 AM to 7 PM. Payments may be made at a pay station. To locate a pay station near you please call customer service or you may find a payment location, access your account and pay your bill online at duke dash energy dot com.

Option 4 –
For questions about your account or to verify a payment has been received, call (800) 544-6900. Our credit department hours are 7 AM to 7 PM, Monday through Friday.

To avoid disconnection, you must satisfy one or more of the following conditions:
Pay the amount noted on your bill located in the "important" message box or
Call the credit department to pay the required amount to set up an extended payment plan, available only to qualified customer or provide a Medical Certificate.

From <October DD, YYYY> through <April DD, YYYY> residential customers can avoid disconnection or have gas or electric service restored, on a one-time basis, by paying $175.00 and enrolling in an extended payment plan. If your gas or electric service has been disconnected, a reconnection charge of $17.00 for gas, $25.00 for Electric or $38.00 for both must be paid in addition to the $175.00.

Funds from the Emergency Home Energy Assistance or other emergency energy assistance programs can be applied toward the $175.00 payment.

Complaints regarding this disconnect notice that are not resolved after contacting Duke Energy Ohio, or for general information, residential and business customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686-7826 eight a.m. to five p.m. weekdays, or at puco.ohio.gov. Hearing or speech impaired customers may contact the PUCO by dialing 7-1-1 for Ohio relay service.

The Ohio consumers' counsel represents residential utility customers before the Public Utilities Commission of Ohio and can be contacted at 1-877-742-5622 eight a.m. to five p.m. weekdays, or at pickocc.org.

To repeat this message press 1.
To return to the previous menu, press 8.
To end this call, hang up

Source: DR 055-CONFIDENTIAL

- Duke Energy Ohio's vendor does not provide monthly statistics on when customers drop off the call. As a result, NorthStar cannot determine what portion of customers listen to all required information.

- Option 3 – to learn about payment options, mixes both payment plans and pay agents, and does not provide any real discussion of payment plans. If the customer wishes to hear about payment options they are provided with the number for the contact center and that payments may be made at a pay station.[46] They are not provided with payment plans.

- Customers must press option 4 to learn about payment plans and the standard plans are not discussed. Option 4 provides the contact center phone number before it presents other information. Customers may (or may not) disconnect at this point, without learning about the extended payment plans.

6. **The amount cited on the day of disconnection call may be in excessive of the minimum amount to avoid disconnection. NorthStar was not able to test this based on the information provided. It may differ from the 14-day notice amount and be the full amount of the past due bill.**

7. **The 14-day and 10-day disconnect notices provide customers with different potential disconnection dates. This may cause customer confusion and ultimately train customers who have multiple delinquencies to ignore the 14-day notice.**

8. **Duke Energy Ohio does not fully comply with the Separation of Service Requirements of the O.A.C.**

- Duke Energy Ohio offers separation of service as an extended payment plan option, and informs customers of this option on the 14-day disconnect notice, the separate pink disconnect insert, the 10-day disconnect notice, through a separate bill insert on extended payment plans, and in the customer rights and responsibilities.

- O.A.C. 4901:10-18-09(G) requires the combination utility company to inform the customer of the total past due amount for each service, and with respect to the extended payment plans available under this rule, the monthly payment due on the past due amount for each service. The disconnection notices do not specify the past due amounts for each service.

- There is no indication that the call center provides customers with the amounts due for each service or proactively informs them of their ability to separate service.

  - NorthStar listened to a sample of calls from customers who had received disconnection notices. None of the customers were provided with the past due amounts for each service (only in total), were offered the option to separate service

[46] DR 055

or provided with the extended payment plan amounts associated with separation of service.

- Only one of the accounts selected for deleted testing used the separation of service to avoid disconnection. This customer elected to disconnect gas service.

Recommendations

1. Consider separating the disconnection notification process from the bill.

2. Modify the 14-day disconnection notice included as part of the bill as follows:

   - Increase the font size of the words "Disconnect Notice".
   - Add additional graphic or colors to more clearly indicate the customer is at risk of disconnection.
   - Include the past due amount required to avoid disconnection as part of the payment coupon.
   - For customers receiving bundled service, specify the past due amount for gas and the past due amount for electric service, to comply with the separation of service requirements.
   - Provide the customer with a calculation showing how the amount due to avoid disconnection was calculated.
   - Explain to customers that the payment plan must be paid in full if they default on an extended payment plan.

3. Train call center personnel to provide customers with the option of separating service, the past due amounts for both and the extended payment plan amounts if the customer is considering separation of service.

4. Modify the pink insert included with the disconnection notice as follows:

   - Include a discussion of budget billing.
   - Add a statement to include customer-negotiated plans in the discussion of extended payment plans.
   - Modify the Energy Assistance section to indicate that "payment assistance" or "financial assistance" may be available to income-qualified customers.
   - More clearly state that customers using the $175 Winter Reconnect Order must immediately contact Duke Energy Ohio to make an extended payment arrangement.

5. Modify the 10-day disconnection notice included as part of the bill as follows:

   - Add additional language about payment assistance and weatherization, and a brief description of the programs.

   - Provide the amount the customer must pay to avoid disconnection, as opposed to referring them to a prior bill.

6. Provide delinquent customers with e-billing and online account access with all of the O.A.C. required information included on the pink disconnect insert, as part of the e-billing email and when they access their online account.

7. Clearly indicate required payment amounts to avoid disconnection on all notices.

F. EXTENDED PAYMENT PLANS

Section 4901:1-18-05 of the O.A.C. requires utilities to make reasonable extensions and payment plans available to customers whose account is delinquent or who wish to avoid delinquency. Customers may propose payment terms and utilities may exercise discretion in accepting the proposed terms. If the customer and utility cannot arrive at an agreement, the utility must advise the customer of all of the following regulatory-required extended payment plans. Customers that default on a discretionary payment plan, must be offered the regulatory-required payment plans. Customers that default on one of the regulatory-required payment plans may be terminated subject to appropriate notification procedures.

- **One-Sixth Plan** – six equal payments on the past due balances plus full payment of the current bill.

- **One-Ninth Plan** - nine equal payments on the past due balances and customers are enrolled on budget billing. In addition to the 1/9 payments, customers must pay the monthly budget billing amount. The budget billing requirement ends nine months from the initial payment. The budget portion of the payments may be adjusted periodically during the nine-month period as needed.

- **Percentage of Income Payment Plan (PIPP)** Plus – allows limited-income customers (at or below 150% of the federal income guidelines) to pay a percentage of their income towards their utility bills. Depending on the specific PIPP program, the customer may receive credits towards his/her past-due balances. Payments not received before the next bill is issued are not eligible for credits. Customers that default on their PIPP Plus payments are subject to disconnection upon required notice. Customers in default can maintain service by paying the defaulted amounts. PIPP Plus customers can use the Winter Reconnect Order discussed later in this section to maintain service.

  - A qualified gas customer pays 6% of the household's current gross monthly income to the gas company, or a minimum of $10 monthly, whichever is greater, year-round.
  - If electricity is not the primary source of heat, a customer pays 6% of the household's current gross monthly income to the electric company, or a minimum of $10 monthly, whichever is greater, year-round.
  - If the customer has an all-electric household, he/she pays 10% of the household's current gross monthly income, or a minimum of $10 monthly, whichever is greater, year-round.
  - A customer served by Duke Energy Ohio who has a gas heating account and an electric account pays Duke Energy Ohio 12% (6% gas/6% electric) of the

household's current gross monthly income, or a minimum of $10 monthly, whichever is greater, year-round. An all-electric customer pays 10% of the household's current gross monthly income, or a minimum of $10 monthly, whichever is greater, year-round.

- **Winter Heating Season Plan (November 1-April 15)** - during the winter heating season, residential customers not already on a payment plan may opt for the one-third payment plan for any bills that include usage occurring from November first to April fifteenth. The one-third plan requires payment of one-third of the balance due each month (past due balances plus the current bill) for three months. For any outstanding balance remaining after the last one-third bill has been rendered, the utility company shall offer the customer the option to pay the balance, to enter into one of the other plans, or to enroll in PIPP plus, if he/she meets the qualification requirements.

  - As an example, if the customer's past due balance is $445 and the current bill is $130, in the first month the customer must pay $191.67 ($445+$130 divided by three), leaving a past due balance of $383.33
  - In the next month, the customer must pay 1/3 of the remainder ($383.33) plus the current bill. Assuming the current bill is $165, the customer would pay ($383.33+$165 divided by three) or $182.78, leaving a past due balance of $365.55.
  - In the final month, assuming a current bill of $160, the customer would pay $175.18 ($365.55+$160 divided by three), leaving a past due balance of $350.37, at which point the customer must pay the balance or enter into a different plan.

- **Winter Reconnection Order** - Each year, the PUCO issues a Winter Reconnection Order (WRO), which allows customers to avoid disconnection or reconnect service one time during the winter heating season by paying $175 to maintain service or $175 plus applicable charges to reconnect service.[47] The $175 may be paid by the customer or a Social Services Agency (SSA). Customers that use the WRO must enroll on one of the PUCO extended payment plan for the remaining balance. For the 2017-2018 heating season, WRO may be used one time between October 16, 2017 and April 13, 2018.[48]

Internal Policies and Procedures

Duke Energy Ohio's procedures contain the following general eligibility requirements:

- Customers must pay returned check fees and returned check amounts before they are eligible for an agreement.
- Customers must pay tamper and fraud charges before they are eligible for an agreement.
- Customers are eligible for one agreement in a 12-month period. If the agreement is paid in full they are eligible for another agreement. If a customer has defaulted on a payment agreement they may still be eligible for the 1/3 Winter Heating Season Agreement.
- Customers that have defaulted on agreements are required to pay different amounts depending on the timing and whether they wish to reset the agreement or merely avoid

[47] The most recent WRO was issued September 13, 2017 (Case No. 17-1829-GE-UNC).
[48] PUCO Energy Assistance Resource Guide 2017 – 2018.

termination. Customers that have already been disconnected for non-payment, must pay reconnection fees and security deposits and generally are required to pay greater amounts of the past due balance.

- When resetting an agreement, the agreement should be set up for the remaining number of installments.
- Once a CSR has set a customer up on an agreement, they choose from a drop-down box to send the agreement letter to the customer. The system then generates the letter. The CSR also selects whether the first payment is required which determines whether the DNP order will be cancelled.
- Eligibility requirements for the WRO, referred to as the WRRA by Duke Energy Ohio; and the Winter Heating Season Plan are provided in **Exhibit III-12**. According to Duke Energy Ohio's procedures, customers must enter into a payment plan with the $175 serving as the first installment. Payment must be made before setting up the agreement. Customers are offered a 7-month agreement or a CAB Agreement (Combination Agreement and Budget Billing). Under the 7-month Agreement the $175 serves as the first installment and then the customer pays six equal installments.

Exhibit III-12
Winter Heating Season Plans

Agreement	Non-Eligible Accounts	Eligibility	Notes
1/3 Winter Heating Season Plan	• DNP Complete • Commercial • Master Meter (unless all same customer) • Return Check/Return Check Fee • Tamper/Fraud Charges	• Customer must be in DNP status but not yet disconnected • Should be offered a regular agreement first	• Default amount must be paid to reset agreement • Can use WRO if not used previously
Compliance Notes: Procedures indicate that when the program ends, the entire balance is due. Customers may have a regular 6-month agreement if eligible. There is no mention of the 9-month plan.			
$175 WRO/ WRRA	• Commercial • Master Meter (unless all same customer) • Return Check/Return Check Fee • Tamper/Fraud Charges	• Customer can be disconnected or in DNP status	
Compliance Notes: Procedures have potential conflict.			

Source: DR 18, Attachment 2, DR 11 Attachment (WP Tab 7).

Compliance Assessment: Partial Compliance

Procedures and recorded calls indicate that customers are not necessarily offered all PUCO-required payment arrangements and are seldom offered a customer-negotiated arrangement.

Other Issues/Notes

1. **Call Center procedures clearly instruct CSRs that customers are eligible for one agreement in a 12-month period. If the agreement is paid in full they are eligible for another agreement. The O.A.C. requires that a customer that has defaulted on a**

PUCO-required payment plan, shall be offered a PIPP Plus plan if they are eligible. The procedures do not state this.[49]

2. **Call center procedures do not indicate that the CSR is required to offer customers all of the payment options, or discuss the customer's ability to suggest a payment agreement.**

3. **Customer calls indicate multiple payment options are not consistently offered.**

- NorthStar reviewed a sample of fifteen payment arrangement calls from November 6, 2017. Details of the calls are provided in **Exhibit III-13**. Of the fifteen calls, seven used the $175 WRO to avoid disconnection; the other eight calls were various collections types (e.g., defaulted on a payment or extended payment plan, requests for extensions. The following items were noted:

  - Customers were not consistently offered all possible arrangements. Two callers were offered only one payment option and had to ask if the balance could be paid over a longer period of time. Only one caller was offered all PUCO payment options.
  - None of the callers were offered PIPP or a negotiated payment plan.
  - Customers were not consistently offered assistance upon mentioning financial difficulties.
  - For customers using the WRO and the "7-month" plan, the $175 was considered the first payment and the customer were required to make 6 additional payments (DNP Amount - $175)/6.
  - None of the customers were offered the option of a medical certificate.
  - None of the calls addressed separation of service.

Exhibit III-13
Call Sample

Call	Offered Multiple Payment Options	Call/ Payment Option Notes	Customer Mention Financial Challenges	Options Offered
		Winter Reconnect Order – Related Calls		
1	No	Customer had to ask if longer time possible. CSR had to make two payment arrangements due to PIPP.	Yes	None
2	Yes	Offered 7 month and 9 months with QBB.	Yes	None
3	Yes	Offered 6 month and 9 months with QBB.	No	N/A
4	N/A	Customer had a returned check. Call dropped when transferred to a supervisor.	No	N/A
5	N/A	Call dropped when had to get customer of record on line.	No	N/A

[49] 4901:1-18-05(C) A customer who is in default on one of the extended payment plans in paragraph (B) of this rule shall be offered PIPP plus, provided that he/she meets the qualifications for the PIPP plus plan. If a customer is having difficulty complying with any payment plan and requests that the utility company review that payment plan, the utility company may agree to modify the payment plan to meet both the customer's and utility company's needs.

Call	Offered Multiple Payment Options	Call/ Payment Option Notes	Customer Mention Financial Challenges	Options Offered
6	No	Customer had to if longer time possible. Did not like BB so stayed with shorter plan.		
7	Yes	Offered 7 month and 9 months with QBB.		
		Other Calls		
8	N/A	Defaulted on last EPP payment – paid amount due.	Yes	None
9	N/A	Wanted an extension to avoid disconnect. Customer defaulted on an agreement and as the meter was read on 11/3, Duke Energy Ohio would not grant an extension or new agreement.	Minor (next paycheck)	211
10	No	Customer had previously spoken to a CSR. Was set up on a six-month plan as DN amount less than $175.	No	N/A
11	Yes	Defaulted on agreement. Needed to pay defaulted amount or $175. Could only extend to next meter read date.	Minor (next paycheck)	N/A
12	Yes	Called to see if payment received. Offered a host of payment options, community action agencies (CAA), and locations where the customer could make cash payments.	No	CAA
13	No	Defaulted on previous agreement. Offered the 1/3 winter plan.	No	N/A
14	No	Assumed account for family member that passed away. Being disconnected for security deposit ($205.11). Customer mentioned 1/9th and 1/6th plan. Already on an agreement for security deposit which defaulted so nothing she could do.	Yes	211 and CAA
15	No	Defaulted on payment agreement. Last date to pay is meter read date	Minor	N/A

Source: NorthStar Analysis, DR 48, 2/20/18 email.

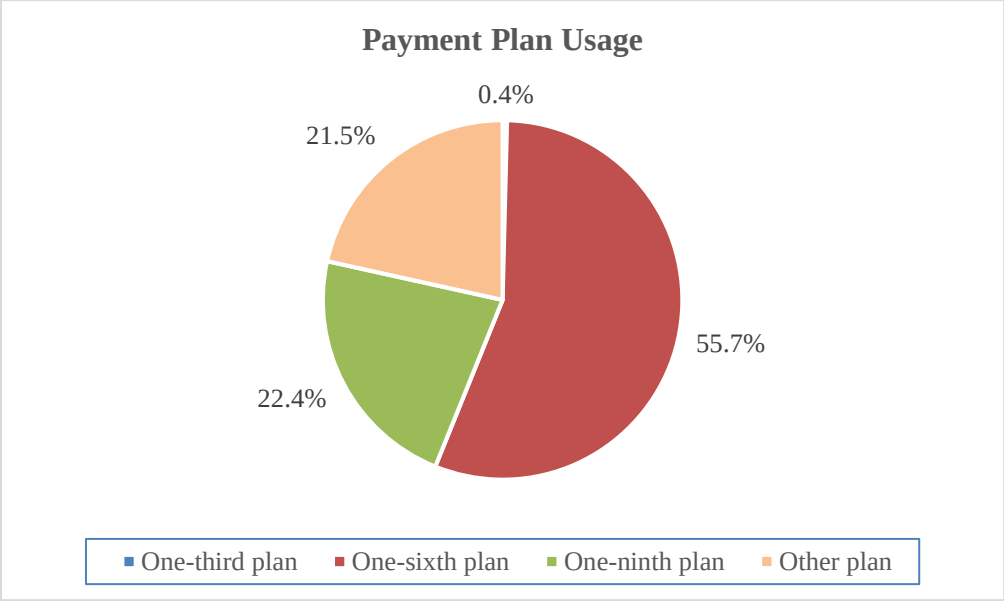
- NorthStar did not have access to the customer's accounts to determine if there were reasons for the manner in which the call was handled

4. When entering an agreement CMS defaults to 6 installments. The CSR must change the number of installments to provide the customer with information on the One-Ninth Plan or another payment plan option. This may account for the higher proportion of customers on the 1/6th plan.

- As shown in **Exhibit III-14**, during 2017, about 14.4 percent of Duke Energy Ohio's non-PIPP residential customers were on an extended payment plan. The majority were on the 1/6th Plan.

Exhibit III-14
2017 Payment Plan Statistics – Monthly Average

	2017 Average
Number of Non-PIPP Residential Customers	635,671
Number of Customers on Budget Payment Plans	74,633
Extended Payment Plans (EPP)	
One-third plan	67
One-sixth plan	9,452
One-ninth plan	3,792
Other plans	3,654
Subtotal - Non-Budget EPPs	**16,965**
Total Number of Customers on Budget and EPPs	91,598
Arrearages for Customers on Budget and EPPs	$21,783,411.33
Average Arrearage per Customer on Budget or EPPs	$291.87
Average Arrearage per EPP Customer	$1,284.02



Source: Duke Energy Ohio 2017 PIPP Plus Metrics Report.xls

5. **As required by the O.A.C., customers that chose the One-Ninth Plan are also required to sign-up for budget billing. The budget billing requirement may be a deterrent for customers and a source of potential customer confusion.**

- Duke Energy Ohio offers two budget billing plans: a quarterly plan, where the monthly amount may change at the end of a quarter and an annual plan.

- The O.A.C. requires that the customer remain on the budget billing plan for the nine-month duration of the agreement. As a result, customers are signed up for Duke Energy Ohio's Quarterly Plan. This is in compliance with the requirements; however, as it is referred to as the "quarterly plan" this may cause confusion for customers.

- CSRs explain that the amount can change after 3 months, but based on the calls NorthStar listened to, it was not always clearly explained that the customer would remain on budget billing for nine months.

- One caller expressed concern about the budget billing amounts based on the timing of enrollment.

6. Duke Energy Ohio's procedures are conflicting as they relate to the WRO, and there may be confusion among the call center personnel.

- Duke Energy Ohio's procedures indicate that the customer must enter into an agreement and that when promoting the WRO, Duke Energy Ohio should be sure offer all other applicable payment plan; however, they emphasize a 7-month agreement or CAB Agreement (Combination Agreement and Budget Billing – the 1/9th plan)."[50]

- The O.A.C does not require or prohibit a "7-month" agreement. This appears to be an internal Duke Energy Ohio policy or confusion among the call center personnel. Among the sample of phone calls this was the most frequently offered.

Recommendations

1. Update the call center procedures and remind CSRs that they are required to offer customers all payment agreements including customer-negotiated agreements. Alternatively, the O.A.C. could be modified to streamline offerings and achieve a balance between inundating customers with information and ensuring Duke Energy Ohio is providing customers with adequate information to understand their options.

2. Update the call center procedures and remind CSRs that they must offer eligible customers who have defaulted on one of the PUCO-required extended payment plans, a PIPP Plus payment plan and the separation of service option.

3. Train CSRs in the proper calculation of installments when using the $175 WRO (1/6th Plan versus 1/7th).

4. Consider adding a default payment arrangement for customers that use medical certificates or make payments but do not call Duke Energy Ohio to make extended payment plan arrangements.

5. Duke Energy Ohio should classify all $175 payments provided during the period of the WRO by customers who have received disconnect notices or whose service has been terminated for nonpayment, where the payment has not been designated for another purpose as a WRO payment and place the customer on a default extended payment plan. Duke Energy Ohio should work with the PUCO Staff to determine the appropriate default extended payment plan.

[50] DR 18, Attachment 2, p.79

G. OUTREACH AND EDUCATION

The following programs are potentially available to Duke Energy Ohio customers to assist with their energy bills.

- HeatShare - HeatShare was established in 1986 to assist Ohio residents in need with winter heating bills and is funded by Duke Energy Ohio customers, employees and shareholders. Duke Energy Ohio contributes and will match dollar-for-dollar up to $100,000 in customer contributions. HeatShare is administered by the Salvation Army. Eligibility is based upon need, and an individual must be subject to disconnection of service in order to qualify. Eligible customers may apply for one-time annual assistance from the program's start date in mid-January through April 30 or until funds are depleted. Customers must contact the Salvation Army to apply for assistance. Customers may donate by mailing a donation to the salvation army or adding a donation to their monthly bill. Most monthly bills have a special notation in the upper right-hand corner to mark a HeatShare donation.[51]

- Home Energy House Call is offered to Duke Energy Ohio customers on a first-come, first-served basis. According to its website, Duke Energy Ohio may terminate the program at any time without notice. Customers must own their single-family home and have lived there for at least four months, and must have an electric water heater, electric heat or central air. There are no income eligibility requirements. Customers receive a free in-home energy assessment, valued at $180 and receive a free Energy Efficiency Starter Kit, valued at $30, which includes LEDs, an energy-efficient showerhead, switch and outlet energy seals, and other items.[52]

- Neighborhood Energy Services. This program offers free walkthrough energy assessments designed to help customers learn how their homes use energy and how they can lower their monthly electric bills. In addition, qualified customers receive up to 16 free energy-saving products installed at no cost such as: energy-efficient light bulbs, water-saving shower heads and faucet aerators, air conditioning/heating system filters and water heater wraps. This service is available to residential customers (both homeowners and renters) living in communities identified by Duke Energy Ohio. Eligible customers receive a postcard and letter notifying them of the local neighborhood kickoff event.[53]

- The Home Weatherization Assistance Program (HWAP) is designed to help low-income customers save energy and reduce expenses through the installation of energy conservation measures, the implementation of energy efficiency measures in their homes and energy education. The program is available to single-family homes and multi-family units, both owners and renters with owner approval. Eligibility is determined by People Working Cooperatively (PWC) and an in-home assessment. Customers must have an income of less than 175 percent of Federal Poverty Guidelines. Typical services

[51] https://www.duke-energy.com/community/customer-assistance-programs/heatshare
[52] https://www.duke-energy.com/home/products/home-energy-house-call
[53] https://www.duke-energy.com/home/products/income-qualified/neighborhood-energy-saver

include: sealing air leaks, installing insulation, replacing existing lighting with energy-efficient bulbs, and performing tune-ups and repairs to heating and cooling systems.[54]

- The Furnace Replacement Program offers heating system replacements of inefficient/inoperable heating systems. The program is available to income-eligible (at or below 175% of the Federal Poverty Guidelines) Duke Energy Ohio customers with single-family homes using > 1 therm/square foot of living space. Eligibility is determined by People Working Cooperatively (PWC) and an in-home assessment.[55]

- The Maintenance Services Program is an income-qualified program (at or below 175% of the Federal Poverty Guidelines) designed to assist elderly and disabled customers with cleaning their HVAC units. The program is available to electric and gas customers living in single-family homes. Eligibility of participation is determined by Clermont County Community Action Agency and an in-home assessment.[56]

- Home Energy Assistance Program (HEAP) provides financial assistance to customers who meet income qualification requirements. The program is administered by Community Action Agencies.[57]

- Winter Crisis Program (also referred to as Emergency HEAP) provides financial assistance to customers who meet income qualification requirements, are faced with disconnection of their primary heat source or have already had their service disconnected for nonpayment. The program is administered by Community Action Agencies.

- PIPP Plus is an Ohio payment plan for income-eligible utility customers.[58]

Other Issues/Observations

1. **Duke Energy Ohio performs basic outreach and education for at risk communities; however, efforts could be more aggressive, and program materials could be clearer, consistent and more dynamic.**

   - Duke Energy Ohio markets its programs for at risk communities through bill inserts, social media, the news media, email blasts, the call center, community events, and by networking with the various SSAs. Social service agencies and the agencies administering the programs (i.e., Salvation Army, People Working Cooperatively) also market the programs.

   - **Exhibit III-15** provides an overview of the marketing channels for the various programs. The primary customer-direct channels are the website and the disconnect notices.

[54] https://www.duke-energy.com/home/products/income-qualified
[55] https://www.duke-energy.com/home/products/income-qualified#tab-a85f8b9f-ede7-4a18-9896-34fb8dadf6c5
[56] https://www.duke-energy.com/home/products/income-qualified#tab-a85f8b9f-ede7-4a18-9896-34fb8dadf6c5
[57] https://www.duke-energy.com/home/billing/special-assistance/home-energy-assistance-program
[58] https://www.duke-energy.com/home/billing/special-assistance/percentage-of-income

Exhibit III-15
Customer Assistance Program Marketing

Program	Income Qualif.	Website	Bill Inserts	Email Blast	14-Day Pink Disconnect Notice	10-Day Disconnect Notice
Heat Share	Yes	Yes	Yes	Yes	Potentially thru United Way 211	Yes
Home Energy House Call	No	Yes	Yes		N/A	N/A
Neighborhood Energy Services	Yes	Yes	No		No	No
Home Weatherization Assistance Program	Yes	Yes	Yes	Potentially thru link	No	No
Furnace Replacement	Yes	Yes	Not specifically		No	No
HVAC Maintenance Service	Yes	Yes	Not specifically		No	No
HEAP	Yes	Yes	Yes	Potentially thru link	Potentially thru United Way 211	Yes
Winter Crisis Program	Yes	No	Yes	Potentially thru link	Potentially thru United Way 211	Yes Referred to as EHEAP
PIPP Plus	Yes	Yes	Yes		Yes	Yes
Medical Certificate	No	Medical professional online form only	Yes		Yes	Yes

Source: www.duke-energy.com, DR 016.

- HeatShare is advertised through the customer assistance link on Duke Energy Ohio's website.[59] The other programs are advertised through the products and services link or the special assistance link on the billing page. As a result, customers must visit several sites or search to find all available program information.

- Duke Energy Ohio sends periodic emails to customers informing them of available programs. In 2017, only one email blast targeted customers needing financial assistance. A HeatShare email was sent on November 7, 2017.[60] On January 22, 2018, customers received an email on higher energy bills during cold weather which contained energy saving tips and a link to customer assistance programs.[61]

[59] https://www.duke-energy.com/community/customer-assistance-programs
[60] DR 056
[61] DR 056

- Duke Energy Ohio hosts four community agency meetings per year, with local non-profits, hospitals and other agencies.[62] These meetings address a range of community issues.

- Community events where customer assistance and energy efficiency programs might be promoted are not listed on Duke Energy Ohio's website.

- Duke Energy Ohio makes limited use of bill inserts targeting elderly, disabled or limited income customers. There are no materials discussing the assistance to customers on active duty deployment. **Exhibit III-16** provides an overview of Duke Energy Ohio's 2017 bill inserts. One to three bill inserts are provided each month. Inserts targeted to at-risk communities are highlighted in yellow. The bill inserts are generally text with limited use of graphics.

Exhibit III-16
2017 Bill Inserts – Duke Energy Ohio

Bill Insert	Brief Description	Target Audience	Month(s)
Gas Customer Choice / Opt Out	Alternative Gas Supplier Information	All Customers	January, April, July, October
Electric Customer Choice	Alternative Electric Supplier Information	All Customers	February, April, August, November
Extended Payment Plans	For customers experiencing difficulty paying winter heating bills. • PIPP Plus • WHS (1/3rd) • One-sixth • One-sixth with Budget Billing • One-ninth • Separation of service	Lower Income Customers or Customers with Difficulty Paying Bill	February [Note 1]
Work Zone Safety	Move over and slow down	All Customers	March
Life Support Program	Life Support Program for residential electric customers	Life Support Customers	March [Note 2]
Changes to Disconnection Notice for Nonpayment	Beginning May 1, 2017, Duke Energy Ohio will no longer visit a customer's home on the day electric service is scheduled for disconnection	Electric AMI Customers	April
Excessive Flow Valve Gas	An excess flow valve (EFV) is a device that automatically closes and restricts the flow of natural gas if that flow exceeds prescribed limits, such as when the service line is damaged due to excavation or other activities	Gas customers where EFV not required by law	May
Home Energy House Call	Free home energy assessment, a free energy savings kit, info up to $1,000 in home improvement rebates	All Customers	May, July
Southwest Airlines	Welcome Southwest Airlines	All Customers	June

[62] IR 7

Bill Insert	Brief Description	Target Audience	Month(s)
Medical Certificate and Customer Rights	Medical Certification for Residential Customers Customer rights and responsibilities	Dual audience: • Customers with household health problems and financial issues • All Customers	June, September
Summer High Bills	Summer Energy Tips • Change filters • Set A/C to 78 • Check energy use • Close the blinds	All Customers	July
Natural Gas Safety	Important Natural Gas Pipeline Safety Information What to do if you smell gas	All Gas Customers	August, December November
Winter Heating Assistance Program	Weatherization program for income qualified customers	Low Income Customers	September
Winter Heating Bill Assistance	Assistance program for income qualifying customers • HEAP • Home Weatherization Assistance • Winter Crisis Program • Heat Share • Community Action Agency Referral	Low Income Customers	October [Note 3]
Smart $aver	Energy Star Water Heater Promotion	All Customers	October
HeatShare	Seeking donations for families and seniors struggling to pay heating bills	All Customers	November, December

Note 1: Only provided once, toward the end of the heating season. Does not discuss the $175 WRO.
Note 2: This is not an assistance program. It is designed to try to provide advanced notice in the event of an outage. Participation in the Life Support Program does not prevent disconnection, following notification, for non-payment of a bill.
Note 3: Does not mention 211.
Source: https://www.duke-energy.com/home/billing/bill-inserts

- Depending on the location on the Duke Energy Ohio website or the marketing materials, programs have different names.

  - The Weatherization program is referred to as the "Weatherization Program" the Home Weatherization Assistance Program/HWAP" and the "Ohio Electric Residential Low Income Pilot Program."
  - The 10-day disconnect notice refers customers to call the United Way at 211 and provides information on HeatShare, HEAP and Emergency HEAP (EHEAP). EHEAP is referred to as the Winter Crisis Program in other materials.

- The Duke Energy Ohio website offers a Gas Low Income Pilot Program that offers lower rates for low-income, low-usage Ohio natural gas customers.[63] This is the only mention of this program NorthStar could find.

[63] https://www.duke-energy.com/home/billing/special-assistance/gas-low-income-pilot-program

- Duke Energy Ohio does not specifically evaluate the effectiveness of its outreach efforts or perform surveys of customer awareness.[64]

2. **Duke Energy Ohio does not provide bill inserts that notify customers of the availability of the WRO. This information is only provided in the disconnection notices.**

   - According to the September 13, 2017, Finding and Order in Case No. 17-1829-GE-UNC, each "utility company shall, in writing, by bill insert, or any other form of customer communication, notify its customers whose service continues to be disconnected because of nonpayment that such customers may have their service restored with consistent with the procedures set forth herein."[65]

   - NorthStar reviewed the bill inserts provided on Duke Energy Ohio's website and found none that mention the WRO.[66]

   - The WRO is discussed in the winter pink disconnection insert included with the 14-day winter disconnect notice and on the winter 10-day notice.[67]

Recommendations

1. Review all customer information and marketing materials to ensure clarity, consistency, compliance with regulatory requirements and understandability. Make materials (particularly bill inserts) more eye-catching to increase the likelihood customers will read and retain the information. Customer focus groups are frequently used in this regard.

2. Conduct awareness surveys of key customer groups to assess knowledge and understanding of utility programs and resources available to customers in need, and to assess communication recall.

3. Increase the frequency of marketing to at risk customers and communities.

4. Provide a bill insert describing the WRO, upon issuance of the WRO. This bill insert could include the winter heating season plan.

H. WAIVER PILOT EFFECTIVENESS

The waiver pilot began May, 2017. As a result, all information is preliminary; however, it appears customers are responding to the increased messaging, as shown in **Exhibit III-17**. Overall, the results of the pilot waiver campaign appear to show improvement in lowering the overall average monthly disconnections for electric residential customers. However, one must exercise caution in drawing inferences from the information as there are numerous factors that

[64] IR 7
[65] September 13, 2017, Finding and Order in Case No. 17-1829-GE-UNC, ¶24
[66] www.duke-energy.com
[67] DR 16

can contribute to a rise or fall in delinquency, including, but, not limited to, extreme or mild weather conditions; changes in commodity prices; changes in delivery rates; operational changes; changes in the way information is tracked or reported; and, economic down-turns. Also, it is difficult to definitively determine the precise driver behind customer behavior. A customer receiving a 14-day notice may schedule a future payment on a day that coincides with another notification method.

NorthStar presents the information reported by Duke Energy Ohio, but has not validated the integrity of the data. For more precise reporting and a better understanding of the customer response to communication methods, NorthStar recommends that data be tracked based on the reported 14-day notice origination date and follow the accounts through the collections cycle. Data is currently reported for a month, rather than tracking accounts through the cycle.

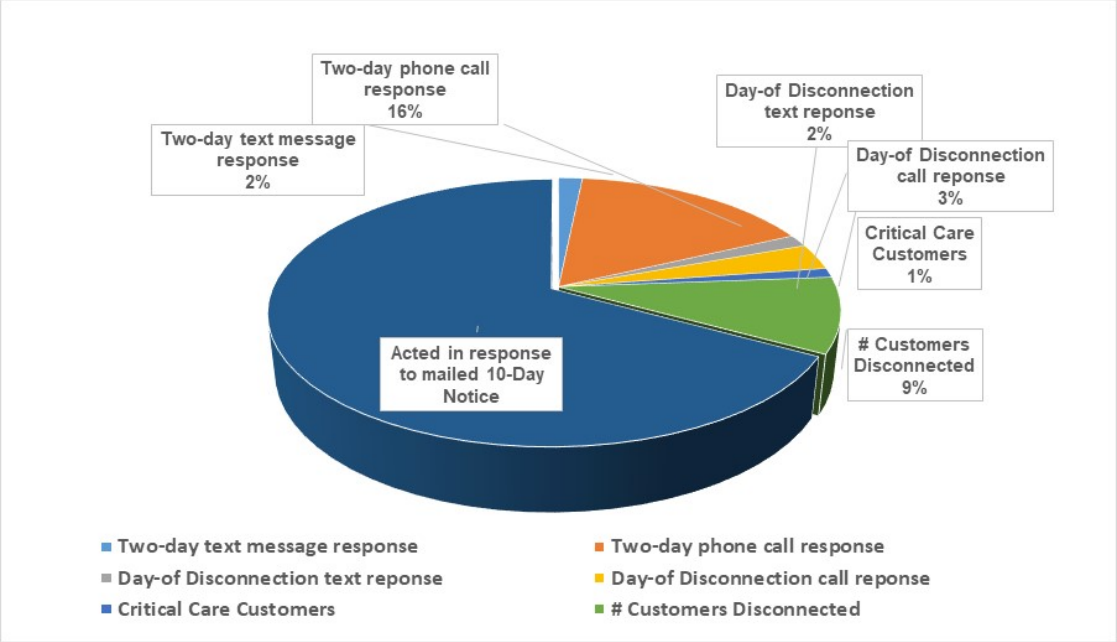
Exhibit III-17
Numbers of Notifications and Potential Response
May–November 2017 – Monthly Average [Note 1]

Notification Method/ Event	Number Sent/ Attempted	Customers Avoiding Disconnect by Taking Action	Percent of Customers Taking Action	Notes
14-day written disconnection notices sent	84,233			Response not tracked
10-day phone calls				Not reported
10-day written disconnection notices sent	49,524			Response not tracked
Two-day text messages sent	14,696	805	5.5%	Response w/in 15-20 min
Two-day phone calls	14,030	8,116	57.8%	
Day of disconnection text messages sent	5,476	730	13.3%	Response w/in 15-20 min
Day of disconnection phone calls	5,914	1,570	26.5%	

Note 1: This data does not consider the timing lag.
Source: DR 19, March 7, 2018 phone interview with Duke Energy Ohio.

Exhibit III-18 provides a rough estimate of customer response from the point of the 10-day notice.

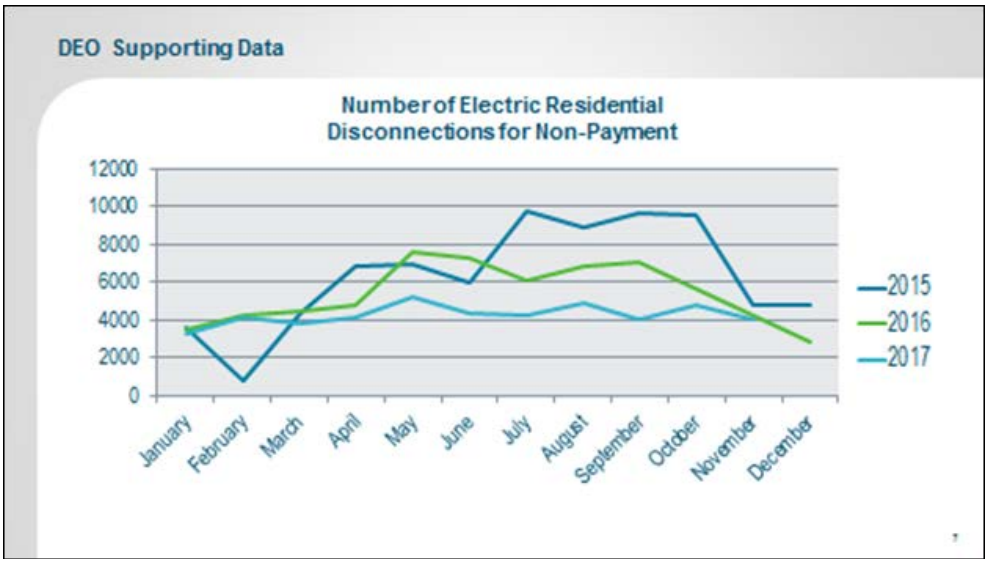
Exhibit III-18
Pilot Waiver Customer Response Following 10-Day Notice



Source: DR 019.

As shown in **Exhibit III-19**, the average number of residential electric customers disconnected for non-payment in 2017 is less than in 2016 and 2015. During the May through October 2017-time frame, the decrease in customers disconnected could be the result of the 10-day notice being sent to customers year-round (as required by Pilot Waiver). In reviewing the winter months (beginning November 1st), both 2015 and 2016 saw a sharp decrease in disconnections in the fourth quarter of the year. More data for 2017 would be needed to conclude if the same decrease is occurring in 2017.

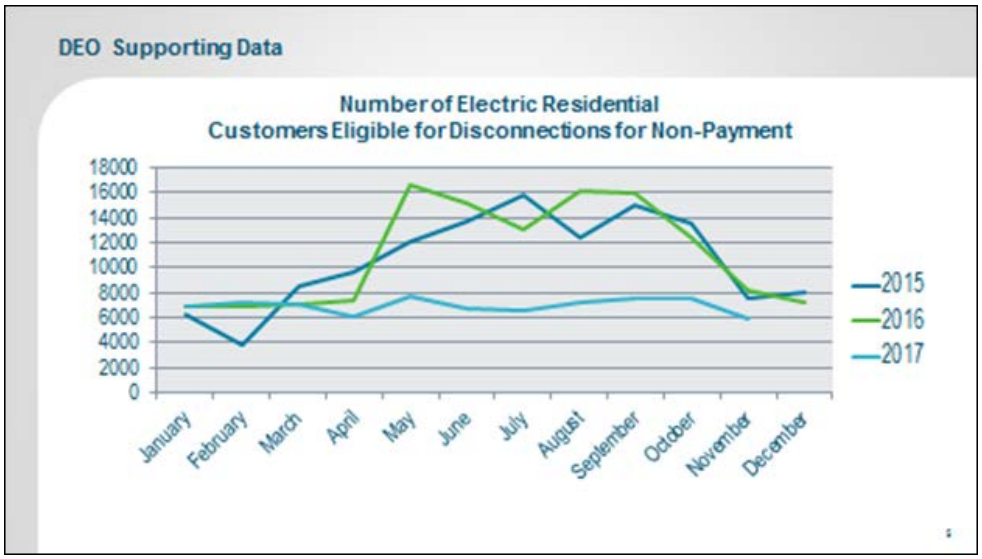
Exhibit III-19
2015-2017 Number of Electric Customers Disconnected for Non-Payment



Source: IR#6 Waiver Pilot Results

The number of electrical residential customers eligible for disconnection for non-payment shown in **Exhibit III-20**, reflects the aggregate monthly number of daily disconnection orders that were scheduled. With the commencement of the Pilot Waiver, this monthly number has remained around 7,000. For 2016, this remained at an average of approximately 13,000 per month, and for 2015, an average of 12,000 per month. This decrease is most likely attributed to the implementation of the pilot waiver, as this is the most notable change in Duke Energy Ohio's operations in 2017.

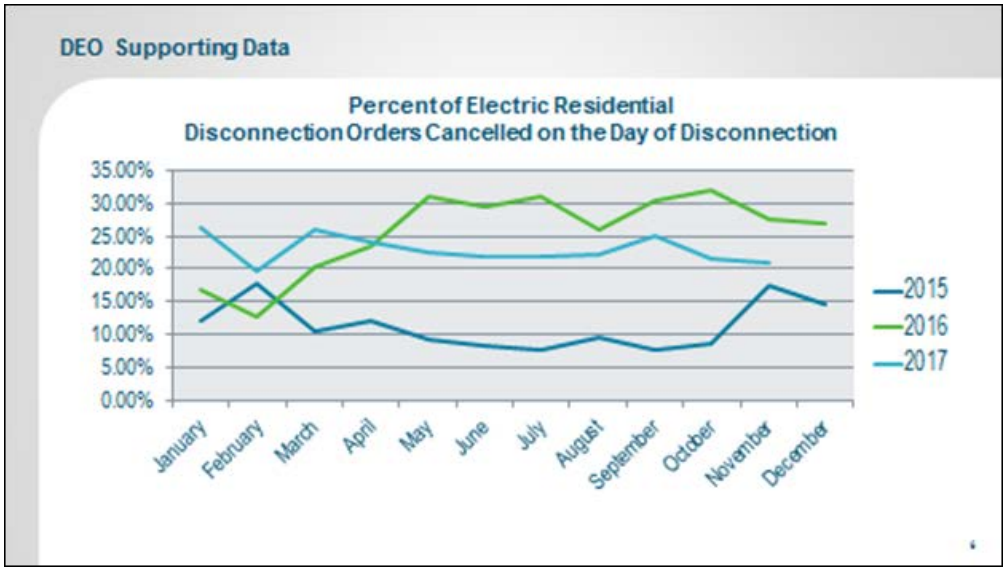
Exhibit III-20
2015-2017 Number of Electric Customers Eligible for Non-Payment



Source: IR#6 Waiver Pilot Results.

For 2017, the percentage of electric residential disconnection orders cancelled on the day of disconnection is less than 2016 but more than 2015, as shown in **Exhibit III-21**. Given that the monthly number of eligible disconnections decreased substantially in 2017, it would be expected that the percent of disconnection orders cancelled on day of disconnection would be less given that the year-round 10-day notice and two-day call/or text would have already helped to prevent customer disconnections.

Exhibit III-20
2015-2017 Percentage of Electric Customers Eligible for Non-Payment



Source: IR#6 Waiver Pilot Results.

IV. BENCHMARK REVIEW

NorthStar conducted a review of disconnection practices for select utilities, focusing on the following:

- Utilities that have weather patterns similar to Duke Energy Ohio, where winter disconnection of customers may be subject to special regulatory or utility procedures.

- Advanced metering infrastructure implementation and disconnection procedures.

NorthStar has organized this chapter to highlight practices in other jurisdictions that may be beneficial to Duke Energy Ohio and to highlight trends exhibited during the research. NorthStar's research was based on five key resources:

- Regulatory requirements found in State Administrative Codes
- Utility approved tariffs
- Publicly available brochures/pamphlets explaining customer rights
- Interviews with utility credit and collection personnel
- NorthStar Management Audit Reports

A. KEY PRACTICES

- **Cash Kiosks** – Detroit Edison (DTE) has installed over 30 kiosks in the greater Detroit area and Pontiac, Michigan. DTE believes they are the only utility in the country providing this service to its customers. In 2015, the first year of operation, over 180,000 transactions were conducted with the kiosks. The kiosks provide customers with:

  - Real time access to accounts. This feature provides customers who do not have computer access with the ability to manage their accounts independently.
  - Multiple payment options including cash, credit cards, debit cards and personal checks.
  - Expanded hours. Hours of operation vary based on the location of the kiosk but some operate until 2:00 a.m.
  - Safe payment locations such as grocery stores and public buildings.
  - No surcharge for using the kiosk.

- **Separate Disconnection Notices** – Some utilities issue separately mailed disconnect notices upon delinquency of the first bill. While messages may appear on the second customer bill, the notices are not tied to the bill schedule. The separation of the disconnect process from the billing process permits:

  - Timelier management of delinquent accounts
  - Increased customer awareness of account delinquency
  - An implied importance that the utility is managing delinquent accounts and not just sending new bills.

- Earlier intervention and assistance to customers that may be unable to pay their bills. Earlier intervention may reduce the amount of delinquency.

- **Expiration Dates/Supplemental Actions** – Disconnect notices that are not executed on the eligible date require a 24-hour to 48-hour notice to the customer. This policy:

  - Prevents customers from being lulled into assuming their service will not be shut off.
  - May assist the utility in inadvertently disconnecting during a moratorium.
  - Gives customers a concrete time when action must be taken.

- **Limited shut off days and times** – Utilities generally do not shut off service late in the day and before holidays or other days the utility is closed. This allows the customer the opportunity to reconnect in a relatively short time and protects the utility from subjecting customers to harm due to multiple days of no heat or air conditioning.

- **Prioritization** – PG&E customers are segmented based on credit risk and history with the utility. Disconnects are prioritized based on dollar amount and length of delinquency. New Jersey Natural Gas will not disconnect for less than $100 dollars or less than three month's delinquency. This practice permits:

  - The utility to effectively allocate resources.
  - Assist those customers with the largest and longest delinquencies to obtain assistance.
  - Reduces an appearance of "pettiness".

B. REGULATORY/UTILITY TRENDS

Deferred Payment Agreements (DPA) and Winter Protection Plans (WPP)

State Commission regulations related to DPA vary from strict mandates to requiring utility "reasonableness". **Exhibit IV-1** provides a sample of utility DPAs. Common elements included:

- Refusal to offer another DPA when the customer is in default on an existing DPA.
- In excess of 12-months in term.
- Collection of a down payment.
- Enrollment in budget billing after satisfactorily completing a DPA.

Exhibit IV-1
Comparison of DPAs

	Wisconsin Public Service (WPS)	Long Island Power Authority (LIPA) and all NY Utilities	Commonwealth Edison (ComEd)	Pacific Gas and Electric (PG&E)	Detroit Edison (DTE)
Regulatory Authority	Wisconsin Public Service Commission	New York Department of Public Service	Illinois Commerce Commission	California Public Utilities Commission	Michigan Public Service Commission
State Criteria	Reasonable	Reasonable	Prescriptive	Reasonable	Prescriptive for Gas
Down Payment	Based on number of disconnect notices: 1st – 30 percent then 10 percent for each subsequent notice up to 60%	Greater of 15% or ½ of one month's usage	10 percent	Risk Based Low risk – 20 percent and 30 days to pay Medium risk – 20 percent and 14 days to pay High risk – 30 percent and 7 days to pay	7 percent of annual bill
Terms	Must be paid off before winter season	Monthly payments of the greater of ½ months usage or 1/10 of the balance	Monthly payments of not less than 4 months and no more than before the next winter season	Monthly payments Low risk – 12 months Medium risk – 6 months High risk – 3 months	Monthly payments of 1/12
Special Conditions		Customers experiencing extreme financial duress can be offered no down payment and installments as low as $10 per month		Medical cert. treated same as DPA but get 12 months regardless	

Treatment of Special Customer Groups

Exhibit IV-2 provides the results of NorthStar's review of the treat of special need customers. Generally, utilities comply with state mandated regulations. California is one state where the policy is not developed and PG&E has developed its own internal programs.

Exhibit IV-2
Comparison of Special Customer Group Provisions

	WPS	LIPA	ComEd	PG&E	DTE
Medical Certifications	21-day postponement	30-day postponement with one renewal	60-day postponement plus payment plan	Standard DPA	21-day postponement. Standard DPA Certificate is good for up to 63 days with one extension
Life Support/Life Sustaining	Must register with utility – Cannot shut off heating source if less than 250% of poverty level or presents health or safety issue	Must register with utility. Cannot disconnect until 15 days after a payment plan is offered. Payment plan must be offered within 72 hours of shut-off.	Must register with ComEd. Nothing specific in regulations.	Must register with utility. Currently not disconnecting these customers as State policy is in development.	Winter Protection Plan – Standard DPA
Elderly	Same as life support	Must wait 15 extra days from timeline to allow contact with social services.	Nothing specific in regulations.	Standard DPA.	Winter Protection Plan – Standard DPA

Weather Moratoriums

Half the utilities have firm weather protocols that prohibit disconnection during forecast weather extremes. All the utilities surveyed have specifically identified winter heating season requirements where the utility must offer payment plans, public assistance, or other payment option prior to shutting off heat to a dwelling.

Payment options

Utilities offer numerous payment options. Typical payment channels include:

- Traditional mailed check
- Electronic bill bay
- Automatic Bill Pay
- Accepted payment partners
- Customer service offices
- Pay by phone

AMI Trends

Several utilities in the sample have full deployment of AMI. ConEd, LIPA and WPS have committed to aggressive AMI installation programs during 2017 and 2018. **Exhibit IV-4** provides a comparison of AMI deployment.

Exhibit 4
AMI Deployment

	Type of Utility	Number of Customers (Residential)	Percent AMI	Notes
LIPA	Electric	1.1 million	Less than 5	In progress
ConEd	Electric Gas	2.8 million 1.1 million	Unknown	Began full deployment in 2017
PG&E	Electric Gas	4.7 million 4.2 million	90	Complete in 2018
WPS	Electric Gas	440,000 315,000	100	
DTE	Electric Gas	2 million 1 million	100	
ComEd	Electric	3.6 million	80	Complete in 2018
NJNG	Gas	525,000	None	

Michigan is the only state in the sample that has separate remote and on-site disconnection rules. California has altered its disconnection rules such that it doesn't matter if the disconnection is remote or on-site. Both states require telephone and text attempts before remote disconnection.

Sources:

New Jersey	Bill of Rights, Title 14, NJNG website
Illinois	Title 83 Part 280.130, Published Tariff, ComEd website, public articles
Michigan	Bill of Rights, MAC 460.9q, DTE Tariff, public articles
Wisconsin	PSC 113.0301, PSC 113.04.04, WPS Tariff, public articles
California	Interview with PG&E, Rules 8 and 11, PG&E Tariff, public articles
New York	LIPA Tariff, ConEd Tariff, Title 16 NYCRR (HEFPA) Part 11, public articles, NorthStar Audit Report
Utility Statistics	2016 EIA Survey

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in

Case No(s). 17-2089-GE-COI

Summary: Audit electronically filed by Mrs. Barbara J Bossart on behalf of PUCO Staff