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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review)
Of Its Electric Service and Safety Standards,) Case No. 02-564-EL-ORD
The Electric Interconnection Standards, and)
The Electric Reliability, Safety and Customer)
Service Standards Enforcement At Chapters)
4901:1-10, 4901:1-22 and 4901:1-23 Of The)
Ohio Administrative Code)

**INITIAL COMMENTS OF
MIDAMERICAN ENERGY COMPANY**

Pursuant to the March 21, 2002, Entry in this matter, MidAmerican Energy Company
("MidAmerican") submits these initial comments to the Staff's proposal. Mid-American
believes that additional information will be important to the Commission's deliberations, and
toward that end, has focused its comments on a few or parts of the Electric Service and Safety
Standards. Thus, MidAmerican's silence on a particular rule or rule subpart should not be
interpreted as an endorsement of the rule.

These comments are arranged on a rule by rule basis and where appropriate, specific
language is proposed to each such rule.

I. Proposed Rule 4901:1-10-01(D)—"Definitions"

MidAmerican is concerned that there may be confusion that the definition of
"Consolidated Billing" may be interpreted to include gas as well as electric sales when a
combination utility provides distribution services for both. Currently, Subsection (D) provides
for the definition of "Consolidated Billing" as follows: "Consolidated Billing' means that a
customer receives a single bill for services provided during a billing period for both EDU and
CRES provider services."

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MidAmerican recommends that the Commission insert the adjective “electric” before the word “services” where it first appears. This will clarify that a CRES provider who provides consolidated billing services but only supplies electricity will not be responsible for billing for natural gas services provided by someone else.

II. Proposed Rule 4901:1-10-29(C)—Coordination With CRES Providers

In Subsection (C), the Staff has proposed adding a sentence as follows:

The supplier agreement must also provide that if the EDU collects customer payments on behalf of the CRES provider, when the customer makes payment to the EDU, the customer’s liability to the CRES provider to the extent of the payment made ceases.

At the April 2 workshop, it was made clear that there was no intention on the part of the Staff not to protect the customer when the CRES provider collects customer payments.

Therefore, MidAmerican recommends that additional sentences be added as follows:

The CRES provider shall remit the EDU delivery charges of the Customer’s payment to the EDU within two business days* of receipt of payment. Likewise, the supplier agreement must also provide that if the CRES provider collects customer payments on behalf of the EDU, when the customer makes payment to the CRES provider, the customer’s liability to the EDU to the extent of the payment made ceases. The EDU will remit the supply portion of the Customer’s payment to the CRES provider within two business days* of receipt of the payment.

* Or the amount of time agreed upon in the Model Purchase of Receivables Agreement.

MidAmerican submits that these changes will clarify the Commission's intent.

III. Proposed Rule 4901:1-10-33(B)(4)—Consolidated Billing Requirements

Subsection (B)(4) requires that all consolidated customer bills issued by or on behalf of an EDU and a CRES provider must include the "current gas and electric charges separated if these charges are billed on the same bill." MidAmerican seeks clarification that a CRES provider, which only provides electric service to customers, will not be required to bill for gas service if that service is provided by a non-CRES provider, including gas delivery service charges from a dual fuel utility company. At the April 2 workshop, it was made clear by the Staff that unless there was an agreement, a CRES provider could not be forced to bill for gas service that it did not provide. Thus, MidAmerican recommends that Subsection (B)(4) be further revised to add the following language at the end of the current language: "but only to the extent that the issuer of a consolidated bill provides both electric and gas services."

IV. Proposed Rule 4901:1-10-33(C)(8)—Consolidated Billing Requirements

Subsection C lists additional information that each consolidated bill must include in that portion of the bill which details the charges from the EDU. Item 8 indicates the following:

If the EDU elects to provide notice of tariff changes by bill message, the EDU shall provide notice of any change in the criteria, rate, term or conditions of service within 90 days after the tariff provisions become effective."

As confirmed at the April 2 workshop, the Staff inserted this provision because Rule 4901:1-1-03(B) of the Ohio Administrative Code imposed a duty upon electric light companies to disclose to customers within 90 days after a new rate schedule becomes effective notice of its existence or to disclose to customers within 90 days of their effective date notice of

modifications or changes in the criteria or terms and conditions of service of an existing tariff schedule or offering. But the duty to disclose imposed by Rule 4901:1-1-03 allows the electric utility to use a brief message contained on a bill, on a bill insert, or in a special mailing. See Rule 4901:1-1-03(A)(4). MidAmerican simply asks the Commission clarify that the duty imposed upon CRES providers with respect to bills is not more onerous than that imposed upon electric light companies. Subsection (C)(8) should have the following language added:

“However, to the extent the EDU elects to provide notice of tariff changes on CRES bills, such notices must fit within the line and text limitations of billing systems as agreed upon by the EDU and CRES provider. To the extent the EDU’s notice of tariff changes exceed the line and text limitation of a CRES billing system, it is the responsibility of the EDU to make such a notice of tariff change by making a special mailing.”

V. Proposed Rule 4901:1-10-33(G)—Partial Payment Priority

MidAmerican supports the Staff’s proposed rule on partial payment priority and the exceptions. The Staff has prudently required that when a partial payment is made, the past due charges should be credited first. Because the CRES provider charges are likely to be 50 to 55 percent of the customer’s bill, it also makes sense to make the past due CRES provider charges first in priority, followed by the past due EDU distribution, standard offer generation, and transmission charges.

The third priority category is the current CRES provider charges. That is logical as the CRES provider current charges are likely to be at least 50% of the current bill. The fourth priority is the current EDU distribution transmission charges. That logically follows. Finally, the Staff recommends that the fifth priority category be other past due and current non-regulated charges. This is not unlike the priority established in the Minimum Telephone Service Standards. MidAmerican believes that the Staff’s partial payment priority proposal is reasonable and should be adopted.

VI. **Proposed Rule 4901:1-10-33—Consolidated Billing Requirements (H) Clean-Slate Billing**

MidAmerican proposes that the Commission address and insert a new subsection within Rule 33 that would address a billing policy and specifically a policy of “clean-slate billing” for consolidated billing. Clean-slate billing means that the consolidated billing entity does not pass through to its customers the prior charges of an EDU or prior charges of a previous CRES provider on the new supplier’s bill. Both the EDU and the previous CRES supplier should collect its final bill or past due amounts on its own. A competitor should not be collecting and posting its payments to a competitor.

Having prior-EDU charges or previous CRES provider charges reflected on a competitive service bill raises costs to a CRES provider by increasing its risk exposure. Since prior supplier charges and prior EDU charges must be paid before current supplier charges, the new supplier must collect all the customer’s prior balances before collecting any of its own charges. The supplier is required to pay these charges even if the customer’s intent is to pay the supplier’s current charges. The new supplier is required to collect charges for a period when he did not even have a relationship with the customer. Customer service representatives of the new CRES provider cannot possibly address billing inquiries as they relate to charges prior to the time it provides services. Thus, a policy of clean-slate billing will avoid customer confusion and delay in providing answers to customer inquiries.

MidAmerican proposes that the following policy be adopted and incorporated within Rule 4901:1-10-33:

It is the policy of this Commission that a new consolidated billing entity shall not pass through prior charges of a previous CRES provider on the new supplier’s bill. The previous CRES provider

should collect its final bill or past due amounts on its own.

Likewise, when a customer moves to a new billing entity, the new consolidated billing entity should not be required to bill for the EDU's prior charges but should only be required to bill for current charges in the initial bill. The EDU and the prior consolidated bill provider should be required to collect the past due amounts.

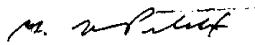
VII. **Proposed Rule 4901:1-10-33 – Consolidated Billing Requirements (I) Online Billing**

Mid American proposes that the Commission insert a new subsection within Rule 33 to address consolidated billing statements provided to Customers online. The provisions proposed under the Rule 4901:1-21-18(I) of the Ohio Administrative Code (from the "CRES" rules) would be appropriate to bring consistency between the two rules, especially as the Subsection A provides that the rules provided under this section apply to either an EDU or a certified CRES provider issuing a consolidated electric bill that includes both EDU and CRES provider charges.

VIII. **Conclusion**

MidAmerican respectfully requests that the Commission adopt all of the changes proposed herein and to adopt revised rules which reflect these changes.

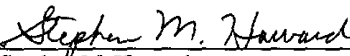
Respectfully submitted,



M. Howard Petricoff (0008287)
Stephen M. Howard (0022421)
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
Telephone: (614) 464-6400
Facsimile: (614) 464-6350
Attorneys for MidAmerican Energy Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Initial Comments of MidAmerican Energy Company will be served in accordance with Paragraph 6 of the Commission's March 21, 2002 Entry in Case No. 02-564-EL-ORD.



Stephen M. Howard