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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, the Electric Interconnection Standards, and the Electric Reliability, Safety and Customer Service Standards Enforcement at Chapters 4901:1-10, 4901:1-22 and 4901-23 of the Ohio Administrative Code	)	Case No. 02-564-EL-ORD

INITIAL COMMENTS OF THE DAYTON POWER AND LIGHT COMPANY

Now comes The Dayton Power and Light Company (DP&L) or (Company), by and through counsel, who hereby provides comments on the Public Utilities Commission's (Commission) proposed amendments to rules for electric service and safety standards (Proposed Rules). The Commission Staff (Staff) has made numerous revisions to the minimum electric service and safety standards and alleges that these changes will result in increased reliability and better service to customers. Unfortunately, the Staff has failed to provide a cost benefit analysis that would demonstrate that reliability and/or service will increase by a level which is commensurate with the investment that the Electric Distribution Utilities (EDUs) will make. DP&L provides excellent service to its customers and the Staff's proposal to increase these standards will not improve the service only make it more costly to customers. Therefore, DP&L must be provided with a cost recovery mechanism before any additional costs necessary to comply with these enhanced standards are made.

Such cost recovery mechanism should include the ability to recover these additional costs on a contemporaneous basis, rather than a deferral of costs for potential future recovery. DP&L has thus far invested over $18 million in computer system development to implement Ohio Electric Choice in its service territory. To date, only 70 customers have switched to an alternate supplier, making the investment $257,143 per customer. It does not make economic sense to continue to invest time and money into setting up elaborate systems to comply with rules where no cost/benefit studies, no data to which one can conclude that customer service is currently in need of improvement, and no confirmation that customers in fact want the level of detail in their bills that the proposed rates require. Customers today have low cost, reliable service. DP&L has had very few customer complaints filed at the Commission claiming they have received poor service quality. The proposed rules are not "minimum service" standards, but rather "premium" or "world class service" levels and there is a significantly higher cost for that level of service. Given that DP&L's distribution rates are frozen through 2006, current rates do not reflect this "premium" level of service contemplated by the proposed rules.

As drafted the current rules will increase the required investment in computer systems to approximately $7 to $10 million. The proposed budget billing modifications alone would account for $1 million investment, and the additional reporting on circuit performance is estimated to cost an additional $2.25 million per year. While the cost is difficult to quantify, the proposed changes in payment posting priorities will lead to increased customer disconnections and decreased customer service, as well as increased uncollectible expenses, and higher utility financing costs. Unless and until the Staff can demonstrate the benefits of the proposed changes out weigh these costs, the proposed rule modifications should be summarily rejected.

As set forth more fully below, DP&L opposes the Staff's effort to arbitrarily increase the minimum standards for meter sets involving construction, the number of circuits the EDUs are required to submit, the unrealistic objectives for customer service levels and the proposed Consolidated Billing rules. Accordingly, DP&L recommends numerous amendments or modifications to the Proposed Rules.

As a general comment, DP&L is concerned about the timing of implementation of these rules. The Company understands that these rules are scheduled to be presented to the Joint Committee on Agency Rule Review (JCARR) for review in September, however, if some of the rules are adopted as drafted, they will require a significant amount of computer programming, which could take several months to put in place. DP&L requests that the Commission allow (EDUs) time to put the required systems and processes in place to abide by the rules if they are approved by JCARR. Further, some of the rule changes may require tariff changes. DP&L requests that the Commission provide the EDUs with adequate time to implement any necessary tariff changes.

I. 4901:1-10-02 Purpose and Scope

DP&L Objection: Rules are inconsistent.

Section (A) states that the rules in this chapter apply to investor-owned EDUs and transmission owners but fails to state that certain rules also apply to Competitive Retail Electric Service (CRES) Providers. See Section 4901:1-10-33 which states that the rule applies to either an EDU or a CRES Provider. DP&L understands that the Consolidated Billing rules are identical to a set of proposed rules contained in the CRES Rules (Ohio Administrative Code Section 4901:1-21) that were issued on April 11, 2002. However, as currently drafted Section 4901:1-10-02 relating to the purpose and scope of this chapter of rules is inconsistent with Section (A) of 4901:1-10-33, which states that it applies to an EDU or a CRES Provider.

II. 4901:1-10-01 Definitions

DP&L respectfully notes there is a typo in Section (F). It appears the word "manes" should be "means."

III. 4901:1-10-08 Emergency plan(s); annual emergency contact report and annual review of emergency plan; critical customers; emergency exercise; and coordination.

Section H(3). The following language should be inserted ", not as a result of a major storm," after the word "service" in H(3)(a). The addition of this language will clarify that the emergency plan was implemented due to equipment failure, when such equipment failure was not a result of a major storm.

IV. 4901:1-10-09 Minimum Customer Service Levels

***DP&L Objection:* Increased requirements are excessive and unattainable and will cost over $1 million to implement.**

Section (A)(2). DP&L requests clarification on why the service standards for new service installations has been tightened. There has been no basis for the change. DP&L believes the standard should remain at 90% unless and until good cause is shown for tightening the standard. DP&L is not aware of any customer complaints or issues associated with the Company's timing of new service installations that require construction. If the Commission or Staff know of such issues, these situations are few and far between and should be resolved on a case by case basis. DP&L has based its staffing levels on the current standard and to tighten this standard would increase DP&L's staffing levels and cost over $110,000 annually without any commensurate customer benefit.

Section (A)(3) states that "a missed completion date shall count as a missed service installation or upgrade" and as such will count against the EDU for meeting the standards set forth in Sections (A)(1) and (A)(2). A strict interpretation of this rule would say that even if a customer requested a different date for service installation, this would count as a missed completion date. This strict interpretation would be counter to providing good quality customer service. DP&L seeks clarification of this rule so that if a customer requests a revised installation date, complying with the customer's request should not count as a missed completion date.

Section (B) as currently drafted implements a zero tolerance for busy signals or missed calls when a customer calls the call center. It is inappropriate to set a service standard that is unattainable. Regardless of the phone system or number of employees available to answer calls, some calls will be dropped or may reach busy signals due to circumstances outside of the control of the EDU. To require that a single busy signal will "constitute a failure to meet this rule" and subsequently the EDU must file a report with the Director of Consumer Services to report the failure and planned action to be taken is unreasonable. DP&L requests clarification of this rule and whether the Commission intends that a single busy signal or dropped call would trigger a failure to meet this standard. Further, DP&L respectfully requests that the PUCO evaluate whether its own call center can meet the requirements this new rule imposes. If not, DP&L urges the Commission to re-evaluate the reasonableness of this proposed rule.

Busy Signals

The only way to realistically offset potential busy signals would be to add the additional resources of a high volume call answering (HVCA) service and supplemental agents. An HVCA outsourcer could be obtained for outage calls to be answered by an interactive voice system (IVRU). Additional IVRU ports would be needed so that customers did not receive a busy signal in the event DP&L's current IVRU ports, queues and agents were busy. Additionally, current staffing would have to be supplemented by an outsourcer which would cost approximately $50,000 per year per agent. At least ten employees would be needed with the option for an additional ten shared agents as needed. DP&L would incur over an additional $900,000 annually for the HVCA, additional employees and supplemental agents.

It is very difficult and expensive to eliminate all busy signals because they can quickly occur as a result of an electric circuit lockout, severe weather, a holiday not observed by many local businesses, such as Good Friday, or other cause not within the control of the EDU. In addition, the PUCO has made decisions historically (such as last year's collections moratorium) that have caused exponential and unpredictable increases in daily and hourly telephone call volumes, that resulted in overloading DP&L's current telephone systems. There are a number of situations that occur that are difficult to predict and respond to immediately. DP&L has contingency plans in place to account for an increase in call volumes but in limited circumstances and not on an indefinite basis. To accurately forecast the required staffing to eliminate busy signals is extremely difficult and it is cost prohibitive to staff for the unknown.

The telephone company can "choke" calls coming into a utility or other business, depending on their desired equipment operation. This would give callers a busy signal. DP&L's telephone service provider does not choke calls to the Company's call center today, but could without advanced notification. This would not be considered a problem or equipment failure at the phone company, but a desired business change on their part and would require reporting by the EDU.

Whether a party has its own PBX or uses a common PBX from the local telephone company, no telephone system can be designed to avoid busy signals 100% of the time. Doing so would require the ability to handle an infinite number of telephone calls and would be cost prohibitive. Customers recognize there are going to be busy signals during peak operational or emergency times and do not expect 100% answering by the EDU during such times.

Disconnected or Dropped Calls

DP&L's systems are unable to differentiate inbound answered calls that are disconnected or dropped versus abandoned calls. System enhancements including a new phone switch would be required and even then DP&L is not sure it could provide this information. DP&L would incur an initial investment of over $750,000. Disconnected or dropped calls can occur for a variety of reasons. DP&L's IVRU currently answers calls within a few seconds; however, those calls may not be completed by the IVRU and/or agent. An example of a call disconnected/dropped within the IVRU could occur when a bulletin board message is provided during large outages. Many callers, satisfied that DP&L is aware of their outage, hang up after hearing the message. Other callers may hang up for a variety of reasons after the IVRU answers the call or after the call is in the queue to be answered by an agent. A doorbell may ring, another call may come in on call waiting, a cell phone loses its signal, etc., that prompts the caller to terminate the call.

Section (C). The requirement to report on any missed monthly target is inappropriate. Performance data is influenced by random events and variation is inevitable. Reliability data for several months must be considered before one can establish a trend. Datum from a single month should not be used as a trigger for reporting. A good guideline to trigger reporting is a missed target for three or more months consecutively. An isolated event beyond the EDU's control can trigger reporting. This is a waste of the EDU's time and Staff's time to evaluate meaningless information.

Section (C)(3) of this rule requires the EDU to maintain records relating to compliance with this rule for three years. Maintaining data is costly and an administrative burden and the benefit to ratepayers from the extended maintenance of this data is noticeably absent.

V. 4901:1-10-10 Distribution System Reliability

DP&L Objection: Proposed rules are duplicative and excessively burdensome, one year of data does not a trend make.

Section (C)(2) refers to an annual report for each performance index described in Section (B). It is unclear how this annual report is different from the annual report required in OAC 4901:1-10-26. The annual report required in Rule 26 states that the EDU must report its compliance with the minimum service quality, safety, and reliability requirements. These rules are duplicative. DP&L suggests that Section (C) of Rule 10 be deleted in its entirety.

Section (C)(2)(b) requires EDUs to submit an action plan for any index that drops below the target for a single year is inappropriate and unnecessary. Reliability indices are influenced by random events and variation is to be expected. Data for several years must be considered before one can establish a trend. Datum from a single year should not be used as a trigger for reporting. DP&L suggests the Commission adopt a more appropriate guideline of one or more indices missed for three or more years consecutively. Furthermore, the requirement to submit an action plan and provide monthly updates for each action item adds no value and creates a substantial amount of unnecessary "busy work" for the EDU.

VI. 4901:1-10-11 Distribution Circuit Performance

DP&L Objection: Increasing the reporting and evaluation standards to 10% is excessive, burdensome, and will cost approximately $2.25 million annually. Current standards already provide quality and reliable service. Premium service is beyond that which is required or requested by customers.

A distribution system will always have the worst performing 10% circuits even if all of the circuits are achieving the best possible results. DP&L submits that our already excellent reliability demonstrates that we are presently at the optimal level of reliability investment. Therefore, the dramatic increased investment required under the proposed rule amounts to unnecessary and unjustifiable expenditures. The law of diminishing returns is applicable to reliability work. Investing at the appropriate level can yield significant reliability improvements and investing beyond that level yields little.

DP&L objects to the increase in information required by the change in Section (C) of this rule. The value additional reporting information will provide Consumer Services Division (CSD) Staff is unclear. Not only are the changes to this rule more than double the circuits for which the information is required to be reported, the detail required for EACH circuit is unreasonable. The EDU needs to focus on continuing to provide service for customers, improving reliability, and resolving any service quality issues. The level of information required by the changes to this rule is excessive and burdensome. If CSD Staff has issue with a given EDU for a particular issue, it should request additional information related to the problem area. To require all EDUs to report this level of information for 10% of all distribution circuits in its service territory is unreasonable.

Section(C). Ten percent of the circuits is too many to analyze and complete remedial action in a single calendar year. It is important to note that reporting on 4% semi-annually is not equivalent to reporting on 8% annually. Because of the six month overlap in source data, approximately 50% of the circuits are repeats from the previous reporting cycle. Repeats are not expected to be a significant factor with 10% reporting annually because the source data will be unique for each reporting period. Therefore, the true percentage increase in reporting is from 4% to 10% or 250%. This will increase remediation costs by approximately 250% or $2.25 million annually. DP&L requests that the Commission evaluate whether the value of having this additional data is worth an additional $2.25 million annually.

The intent of this rule is to identify and evaluate circuits that are truly poor performers. Rather then arbitrarily increasing the reporting requirement, it is recommended the Commission adopt a statistically valid methodology for rule setting. Furthermore, this methodology must demonstrate that the investment required to support any increase in this requirement will result in a measurable reliability improvement.

Section (C)(5). DP&L requests the Commission clarify which MAIFI they are requesting. DP&L strongly recommends reporting $MAIFI_E$ rather than MAIFI. $MAIFI_E$ counts events rather than operations resulting in a more meaningful statistic. For example, a circuit that trips twice within a single reclosing cycle would be counted twice under MAIFI and once under $MAIFI_E$. Similarly, $MAIFI_E$ does not count trips immediately preceding a lockout. Please refer to IEEE standard P1366 for more details.

Section (C)(12). EDUs should not be required to bring the worst 10% up to the goals established in rule 10. This rule is objectionable for several reasons:

1) Comparing system and circuit level reliability performance is an apples-to-oranges comparison. The average of SAIFI, CAIDI, etc. for all of the distribution circuits does not equal system level performance. It is most appropriate to measure a distribution circuit against its own past performance. Due to differences in elevation, lightning, wind exposure, length, etc. comparisons between circuits must be made with care and comparing circuit level performance to system level performance is meaningless.

   As expected, some circuits will far exceed system level targets and others will consistently fall below. For those that fall below, it is more likely the result of the intrinsic characteristics of the circuit (location, exposure, design etc.) than any particular problem that needs to be addressed. It is the nature of electric distribution system that every distribution circuit is unique. For example, circuits that are part of the downtown network will always be more reliable than other distribution circuits. In some cases, it will prove technically infeasible and financially unjustifiable to bring a particular circuit up to the system level target.

2) Regardless of circuit reliability, there will always be a worst 10% and it is absolutely incorrect to assume that corrective action is required for all circuits listed in the worst 10%. An EDU's worst 10% may be very reliable. EDUs must be allowed to exercise basic engineering judgement without constantly being second-guessed.

3) As stated above, 10% is simply too many circuits to evaluate in a single calendar year. The proposed rule requires an action plan to bring each of the worst 10% up to an impossible target. By forcing this unnecessary work, the Commission would essentially be pushing utilities into a 10-year maintenance cycle. Since the timeline for the 20% requirement under Rule 27 is fixed, there is no guarantee of overlap and it is possible that companies will find themselves burdened with completing remedial action on as many as 30% of their circuits in a given year. This is clearly unnecessary, unreasonable and burdensome.

The arbitrary increase from 4% to 10% and the requirement to somehow bring the worst 10% in line with system level targets are objectionable individually. Together, these proposed rules are absolutely unconscionable. The Commission should not propound rules where there is no reasonable opportunity for compliance without expending extraordinary resources that result in little to no benefit.

<u>VII. 4901:1-10-12 Provision of customer rights and obligations</u>

DP&L Objection: Proposed rules conflict with already existing rules in other dockets and customer bill of rights will confuse rather than assist customers in understanding their rights.

Section (F)(1) of this rule contains an extraneous ")" after the words "percentage of income payment plan programs."

Section (I) of this rule is not necessary and should be deleted in its entirety because it conflicts with the EDU requirements set forth in Case No. 00-813-EL-EDI. All of the EDUs were required, as part of the EDI case stipulation, to adopt a pro forma supplier tariff. In that supplier tariff, the EDU was required to send a confirmation letter to all residential and small commercial customers that switch to a new supplier, allowing them 7 days to rescind the switch. This rule as currently drafted conflicts with that confirmation requirement because it does not limit the customers ability to cancel the switch to residential and small commercial customers. During extensive discussions at the Commission's Operation Support Planning for Ohio (OSPO) working group, parties agreed that large commercial and industrial customers should not have the opportunity to rescind a switch to a new supplier, because given their size, they should have the sophistication to make a decision to sign a sizable contract with a new supplier. That same logic still applies today. Large commercial and industrial customers should not be given an opportunity to change their mind once they have signed a contract with a new generation supplier. Therefore this Section (I) should be deleted in its entirety.

Section (J) of this rule, which relates to notifying customers of slamming issues, needs to be clarified. DP&L understands that Rule 12 is intended to be a customer bill of rights requirement. However, to specifically require the information contained in Section (J)(3) will be confusing and too much information for a customer to read and understand. DP&L agrees the customer should be directed on what action to take if they believe they have been switched without their authorization. However, to re-state the slamming rules in the customer bill of rights provides a forum for inconsistencies between the bill of rights and the actual slamming rules and will lead to misunderstandings. For example, Section (J)(3)(c) appears as though the EDU will credit and reimburse the customer for any excess charges associated with the slamming incident. If the EDU was not the party that slammed the customer, it should not have any obligation to credit the customer's account. But rather than restate who is liable for what costs in a slamming situation in the customer bill of rights, the EDU should only be required to tell the customer:

1) who to call if they believe they are a victim of slamming,
2) if they are found to be slammed, that they have the right to be made financially whole, as if the slam had not taken place, and
3) that they have the right to be reinstated with their previous supplier.

Again, if the customer bill of rights is too specific. First of all it will be too confusing for the customer, and secondly there is a chance it will conflict with the rules that are already stated in Rule 21.

Section (K). EDU's notify customers of their rights to have an actual meter read and this is the appropriate section for this information to be conveyed to this customer not in 4901:1-10-05.

<u>VIII. 4901:1-10-14 Deposits</u>

DP&L Objection: Deposit requirements should be re-evaluated given today's environment.

Section (E). The current security limit of 1.3 times the average monthly usage should be changed to 2 times the average monthly usage for all classes of accounts. Under current regulations, a delinquent residential account cannot be disconnected for nonpayment until more than 70 days of service has been rendered (greater than 80 days with additional winter notifications). Commercial and industrial accounts can only be disconnected for nonpayment after more than 55 days of service. Since the current deposit limit provides coverage for only the first approximately 40 days of this exposure, accounts which pose a threat of default are always severely under-secured. Moving the security amount to a limit that would cover approximately 60 days of this exposure, would greatly reduce the uncollectible (charged-off) amounts occurring as a result of payment default.

Section (I) 1 and 2 should be deleted. Account security for nonresidential accounts should not be refunded according to existing guidelines, but should be held and applied only in final billing situations. Increasingly, nonresidential customers' payment habits are not indicative of the likelihood of default. Customers facing bankruptcy will often pay all electric bills in a timely fashion when no other creditors are receiving such treatment. Under current regulations the companies are frequently required to refund a deposit, leaving a totally unsecured account at the time of default. Consequently, in the event of bankruptcy or default the EDU's are prevented from collecting on services provided. At a minimum, the EDU is often left with an unpaid final bill. Even when major credit rating services and business publications indicate that a customer's overall financial position is deteriorating and that default appears imminent, the current rule precludes the companies from securing the account unless payments to the companies meet specified late payment requirements.

Section (L) of this rule requires the EDU to refund a portion of a deposit if the customer switches to a CRES provider. DP&L request clarification of this rule. If the EDU is billing for the CRES Provider and has therefore purchased the CRES Provider's receivables, the EDU should be permitted to maintain the full deposit since the customer will still be obligated to pay the EDU for the full amount of the bill, including CRES Provider charges. DP&L requests that the Commission consider modifying this rule to allow for an exception when the EDU is providing consolidated billing and has purchased the CRES Providers receivables.

IX. 4901:1-10-15 Reasons for denial or disconnection of nonresidential service

The lettering sequence does not track after (J). The letters should be (K), (L), and (M).

Section (M) of this rule needs to remain. There are situations that are not covered by the other sections of this rule for which the EDU may need to disconnect or deny service, such as by court or police order. Rather than to believe that through this rule we can possibly describe every single incident where disconnection or service denial is appropriate, this section of the rule should remain as originally stated.

X. 4901:1-10-19 Delinquent residential bills

DP&L Objection: Disconnection notice requirements must be coordinated with payment posting priorities.

Sections (A) and (C) of this rule need to coincide with the provisions of Section 4901:1-10-33 (G). Section (A) of this rule says that a customer cannot be disconnected for failure to pay

CRES charges. Section (C) of this rule essentially requires that the EDU separately identify regulated from non-tariffed charges, including CRES charges, on a customer disconnect notice. If a Rule 33 is adopted as currently drafted, and Section (A) of this Rule 19 is also adopted as drafted, customers will see an increased risk of being disconnected for non-payment of EDU charges, and the disconnection notices will be confusing. For example, if a customer has a $140 consolidated bill from the EDU, and $50 of that is CRES charges, the current disconnect notice will state, in order to avoid disconnection he/she must pay $90 (representing only the EDU charges). However as currently drafted Rule 33 would say that if the customer paid $90 to avoid disconnection, he/she will still be disconnected because $50 of the $90 payment will be applied to CRES charges, and $40 of the EDU charges will still be unpaid. Thus the customer will be disconnected. DP&L does not believe the change to Rule 33 is appropriate, but additional comments in this regard are provided later in this document. Also, if Rule 33 is implemented as drafted, Section (A) of this Rule 19 should be deleted in its entirety. All three rules must coincide and work together to give the customer the correct information to avoid disconnection.

XI. 4901:1-10-20 Fraudulent practice, tampering, and theft of service

DP&L respectfully points out that the references in Section (C) (1) of this rule are inconsistent with proposed modifications to the rules. Instead of paragraph (L) of rule 4901:1-10-02, the reference should be to paragraph (M) of rule 4901:1-10-01.

XII. 4901:1-10-21 Customer Complaints, slamming complaints, and complaint-handling procedures

DP&L Objection: Slamming rules are excessively burdensome, will result in unnecessary administrative work for both EDU and CRES Providers, and provide no commensurate benefit.

Section (H) of this rule sets forth requirements for slamming complaints. While the revised rules are somewhat of an improvement over the prior rules, there are several issues with the proposed rules that need to be modified to have an efficient and effective process to address slamming complaints.

As discussed at length with CSD Staff during the proposed slamming rule meetings over the last year, if the customer with a proposed slamming complaint calls the PUCO first, there will be non-slamming complaints logged at the Commission as slamming complaints. As the EDUs and the CRES Providers have said numerous times, a transposition of numbers in the account number could lead to an inadvertent customer switch. The process for addressing proposed slamming complaints should accept that inadvertent switches will occur and should allow for the parties to resolve these types of issues prior to the customer logging a complaint at the Commission. The time and efforts of the EDU, Staff, and the CRES Provider should not be spent logging, tracking down, and explaining inadvertent switches. The party that transposed the numbers should resolve the matter as quickly as possible without harm to the customer or any other party. The rules as currently drafted do not account for inadvertent mistakes and will require an enormous amount of burdensome administrative work.

The rules should instead require the customer to FIRST contact the supplier to which it was switched and ask that supplier for all the information relating to his/her enrollment. If the supplier determines that it was an inadvertent switch, the supplier can resolve the issue by canceling the enrollment. If, after the alleged slamming provider provides the customer with the enrollment information, the customer disputes that they enrolled with that supplier and it is beyond the 7 day rescission, then he/she should contact the Commission and file an alleged slamming complaint. This will minimize the number of alleged slamming complaints, will allow customers and their proposed suppliers an opportunity to work out any misunderstandings. This process will provide for better customer service to customers that participate in Ohio Electric Choice.

Section (H)(4) requires that the EDU not send a confirmation letter when returning a previously slammed customer to its pre-slam provider. The EDUs have stated in written comments, and verbal comments numerous times to CSD staff that the EDU must send the confirmation letter. The confirmation letters are programmed into the computer system so that when a switch in supplier occurs a confirmation letter is mailed. It is automatic. To put programming in place to stop the letter from being produced in a handful of cases when slamming has actually occurred will provide no commensurate benefit to the additional costs that would be required. A period should be placed after the phrase "the EDU shall not charge the customer any switching fees" and the rest of the sentence should be deleted. The word "customers", the first time it appears in this section, should be singular rather than plural. If it is the Commission's objective to prohibit a customer that has been slammed and is being returned to his/her original supplier from rescinding the post-slam switch, the Commission should require the following sentence in the EDU's confirmation letter:

> "If this notice of a change in supplier is as a result of correcting a slamming
>
> complaint, the rescission provisions of this notice do not apply."

Additionally, the customer would have received one rescission letter that he/she did not read, so the chances are small he/she will read the second letter.

Section (H)(5) is not necessary, and should be deleted in its entirety. Section (H)(4) should be modified to state "If correcting an unauthorized switch involves returning the customers to its previous ~~CRES~~ provider . . ." this will cover the situation regardless of whether the pre-slam supplier was a CRES Provider or the EDU. If Section (H)(5) is not deleted in its entirety, it should also be modified similar to (H)(4). A period should be placed after the phrase "the EDU shall not charge the customer any switching fees" and the rest of the sentence should be deleted. Again, the EDU must send the confirmation letter in the specific incident of when a customer is slammed. Instead the sentence provided above should be included on the confirmation letter.

<u>XIII. 4901:1-10-22 EDU customer billing and payments</u>

DP&L Objection: Proposed changes to the budget billing program are unwarranted and will cost $1 million with no commensurate benefit. The Commission should perform customer focus group analyses before making sweeping changes to billing requirements.

Section (A)(23) requires that a price to compare notice should be stated on small commercial bills. What definition of "small commercial" applies to this rule? DP&L requests the Commission clarify that a "small commercial" customer is as defined in the applicable EDU's Tariffs.

Section (G). The last paragraph of this section should be deleted in its entirety. DP&L understands that the intention of this paragraph is to require that a customer that is served by a CRES Provider will have separate budget bill amounts for EDU charges and for CRES Provider charges, and that the CRES Provider should be paid the budget bill amount regardless of the cost of actual CRES service covered by the bill. To separately establish budget bill amounts for CRES Provider charges and EDU charges is cumbersome, inefficient, and irrelevant. Customers that are on a budget billing program want a single bill, with a single known stated amount that they have to pay by the designated due date. A budget billing program is a service provided to customers by the billing party, to allow customers to plan for and budget for monthly payments for utility bills. Budget billing is **not** a means to allocate payments to various service providers. This allocation of payments to service providers is carried out in the billing agreement between the two service providers.

The cost to implement such a rule is approximately $1 million for DP&L and any perceived benefit to customers would be quickly out-weighed. Further, DP&L respectfully suggests that the Commission conduct customer focus groups before making sweeping changes to its requirements for billing. Any time the payment posting priorities are modified, this creates an enormous amount of computer programming changes, which are costly, cumbersome, and time consuming. It is unclear the value that this change will have to ratepayers, who will unfortunately ultimately pay for these changes.

Further, implementation of budget billing in this fashion will create different incentives for parties to establish their budget bill factor. If a CRES Provider is paid first based on the level of budget bill amount associated with CRES charges, it will have the incentive to overstate the budget bill amount for CRES charges. Even if there is an annual true up of charges, a CRES Provider that is barely staying in business because of financial problems will increase the budget bill amount to remain in business, even if it is just for a short period of time. If the CRES provider files for bankruptcy, the EDU will be financially harmed because the CRES was being paid more than what it was owed for services provided, and the EDU will have to spend months, if not years, in bankruptcy litigation to receive money back from the overpayment. This will also increase costs to ratepayers as the higher litigation bills will serve to increase distribution rates and will increase the level of collateral the EDU will require from the CRES if it is going to be providing consolidated billing. Again, the last paragraph of Section (G) of this rule 22 should be deleted in its entirety.

Section (G)(3). If an account is on standard offer, but has unpaid CRES generation charges, are the CRES generation charges considered non-tariffed charges? The revised posting priority does not address this issue. DP&L believes CRES generation charges are non-tariffed charges.

Section (G) – last paragraph. "Budget billing payments and payments in full of the undisputed amount related to a bona fide billing dispute do not constitute partial payments. Payments made on accounts for which there is a bona fide billing dispute shall be credited to the undisputed portion of the account." DP&L's CSS system does not have a way to direct payment dollars toward specific undisputed dollars. The system enhancement to provide this feature would be costly. DP&L's business practice is to suspend collection activity if the disputed dollars are past due and waive/cancel any late payment charges until the dispute is resolved. This is a benefit to the customer because it provides incentive for DP&L to quickly reach resolution on the dispute.

XIV. 4901:1-10-23 Billing adjustments

Section (B). The new Section (B) should be deleted. The EDU is already required to comply with Section 4933.28 of the Ohio Revised Code. There is no need to write a rule that requires the EDU to comply with a law it is already required to comply with.

XV. 4901:1-10-24 Consumer safeguards and information

Section (D)(2). DP&L requests that the Commission clarify that the verbal agreement between the EDU and the customer, when a customer initializes EDU service at their premise, meets the "positively elected to subscribe" requirement contained in this rule.

XVI. 4901:1-10-26 Annual system improvement plan report

DP&L Objection: Rules should be clarified and DP&L is opposed to reporting information that the Commission already has.

Sections (B)(3)(f)(iv) and (v). The Commission should delete the words "transmission and." After all Ohio EDUs are members of an operating RTO that is approved by FERC, the EDU will not have operational control over transmission systems and therefor it will be unable to comply with these new rules. Monitoring over loading of transmission systems will be the responsibility of the RTO and thus the EDU will not be responsible for taking actions to remedy overloading situations.

Section (B). DP&L requests that this report be submitted to the Director of Consumer Services Department instead of being filed at docketing. The information contained in this report is sensitive business information and should not be made available to the public.

Section (B)(3)(b). DP&L requests that this section be deleted. The Commission has the ability to track complaints. To have the EDUs report this information is unnecessary.

XVII. 4901:1-10-28 Net Metering

DP&L Objection: Rules should be clarified.

Section (B). The Commission should clarify that all qualifying customer generators must follow the guidelines established in the EDU's Interconnection Service Tariff and sign an Interconnection Agreement with the EDU.

Section (E)(4) should be deleted in its entirety. If a customer generator feeds energy back to the system and that energy causes system failures or reliability issues, the customer generator should be responsible for any damages or liabilities associated with its own actions.

XVIII. 4901:1-10-29 Coordination with CRES providers

DP&L Objection: Coordination of service for PIPP customers needs to be further refined with Ohio Department of Development (ODOD).

Section (C). The new language addition to this section is misplaced. If Commission's intention is to satisfy the customer's liability to the CRES when the customer makes payment to the EDU for a consolidated bill, this is an issue for the CRES rules and not the EDU rules. An agreement between the CRES Provider and the EDU cannot address a third party (the customer's) obligation. The CRES rules should state that if the EDU is performing consolidated billing and has purchased the CRES Provider's receivables, the CRES contract with the customer shall state that the customer will be free from its liability to the CRES Provider when it makes payment to the EDU. Therefore, this proposed new language in Section (C) should be deleted in its entirety.

Section (I)(iii) should be deleted in its entirety. If a customer is currently served by a CRES Provider and subsequently signs up for the PIPP program, the Ohio Department of Development (ODOD) should notify that customer that his/her PIPP benefits will not be provided until the customer returns to the EDU's standard service offer. DP&L understands that this issue is a problem for all parties involved. However, the EDU first of all cannot switch customers outside of the Direct Access Service Request (DASR) process because this process is all automated. It is not cost effective to put exceptions into the programming for customer switching, in addition to the ongoing costs of special meter reads and cancel rebills. A cheaper and more effective way to address this problem is for the issue to be resolved manually when the customer signs up for the ODOD's PIPP program. ODOD should notify customers that if they are currently served by a CRES Provider, someone other than the EDU, PIPP benefits will not be provided until they switch back to the EDU's standard service offer. The customer always has the ability to switch back to the standard offer and can do this by calling the CRES provider. The EDU can then put the customer's request through the normal DASR process, and no costly exception programming will need to be put in place. A customer cannot switch suppliers outside the normal meter reading time frame. To do that would require special meter readings and unless the new PIPP customer, or the ODOD, is willing to pay for the EDU to make a special trip to the customer's premise to read their meter so that he/she can switch back to the standard offer. The customer cannot switch suppliers outside the standard switching time which includes a switching window and the switch can only occur on the regular meter reading schedule date. Therefore, this Section (I)(iii) should be deleted in its entirety and the Commission Staff should work with ODOD to resolve this issue as a part of the customer's application for the PIPP program.

The Commission and the ODOD also need to consider a consolidated billing scenario where the EDU is the billing agent: how does the EDU recover new pre-PIPP or new PIPP dollars when the EDU purchases the CRES receivable at a discount? Under a consolidated billing scenario where the CRES is billing for the EDU's regulated dollars and purchases the EDU's receivables at a discount, how does the EDU recover any new pre-PIPP or new PIPP dollars? These are very complicated issues that the EDUs/ODOD/PUCO will need to think through so cost for administration and tracking will be minimized for all parties. There will be a substantial unrecovered cost to the EDUs if this issue is not resolved.

DP&L respectfully submits that the numbering under Section (I) should be (a), (b), (c), rather than (i), (ii), (iii).

XIX. 4901:1-10-33 Consolidated Billing Requirements

DP&L Objection: Proposed rule revisions will cost approximately $4 to $7 million additional investment, provide no commensurate benefits, and are contradictory to what customers want. Changes to payment posting priorities will result in increased disconnections, decreased customer service, and higher distribution rates.

All Ohio EDUs, representatives for the marketers that have registered in Ohio, OCC, and PUCO Staff met on a number of occasions during 2001 and the first quarter of 2002 to discuss the Consolidated Billing rules issued here. Beginning in January 2001, at least one full day of monthly two day Commission led OSPO Taskforce meetings was devoted to discussing consolidated billing. The members of the OSPO Taskforce traded comments, papers, and ideas on at least a monthly basis throughout 2001, and into January and February of 2002. The meetings in early 2001 were focusing on what CRES providers needed to have on bills for their services. In April 2001, the marketer representatives drafted what they believed were the minimum requirements for a consolidated bill. All of the EDUs responded to the marketer's proposal through written comments and a consolidated EDU response was provided on June 6, 2001. During the May OSPO meeting the participants spent an entire afternoon summarizing on the white board what each EDU could do and could not do with respect to each component of a consolidated bill. In subsequent meetings the parties nearly reached a consensus as to what the billing systems can provide and what each party believed was necessary to be included on a consolidated bill. In December 2001, CSD Staff issued its draft consolidated billing requirements to the OSPO taskforce, which did not take into consideration any of what the parties had spent the last 12 months discussing. This draft of the rules is nearly the same if not the same as the rules contained in this proposed rulemaking. The parties spent additional time evaluating the draft rules discussing the portions to which they could not accomplish, meeting and conducting conference calls. On February 25, the parties met with CSD Staff to voice their concerns. This meeting appeared to be very beneficial and it appeared that CSD Staff understood the concerns of the EDUs and the marketers. However, none of what was discussed at that meeting as a concern was incorporated into the rules issued on March 21, 2002. Instead the set of rules contained in this docket are the same rules that CSD Staff issued in December 2001, to which all parties stated they could not comply with certain aspects.

All of the meetings, conference calls and sharing of written material has been a waste of time if CSD Staff is not going to consider the issues raised, and consensus reached in drafting the consolidated billing rules. While it appears that CSD Staff has solicited input through this process, it is all for show if none of the comments, concerns, and suggestions are incorporated or even considered.

It appeared all parties were in agreement that a consolidated bill could not, and should not show separate balances for delivery services and generation service. Yet in Section 4901:1-10-33 (C) and (D), the proposed rules require that a consolidated bill show amount due for the previous billing period, total payments and credits applied during the billing period, and current charges separated for EDU charges and CRES charges. This is exactly what parties told CSD Staff they could not implement. To implement this proposed rule will require costly programming for no benefit. To the extent the billing party purchases the receivables of the non-billing party, the past due charges and credits applied will not be tracked separately. To track payments and credits to past due balances will require implementation of two separate accounts receivable systems place. Further, it is unclear why CSD Staff believes customers want to see separate balances for EDU charges and CRES charges. Customers want reasonable energy prices, and they want one bill that clearly states how much they owe and when it is due. To state EDU balance, credits applied, current charges, separately from CRES balance, credits applied, and current charges is beyond reasonable and beyond what customers want. To require this as part of the consolidated billing rules will serve to increase billing costs, which may discourage marketers from using the EDU's billing services. Thus, very expensive systems will be put in place and no one will use them. Costs to customers will increase and they will receive two separate bills, which is all contrary to what customers want.

DP&L would incur between $4 and $7 million to make system changes necessary to implement the proposed rules. Therefore, the following modifications are proposed:

Section (A). "Nothing in this rule affects the obligations of the EDU to provide disconnection notices." If the CRES is the billing agent under consolidated billing, it is assumed it will also be the remittance agent. Therefore, timing of notification to the EDU of customer payment to the CRES, will be critical to prevent erroneous disconnection of service for non-payment or delay in the EDU's efforts to collect past due regulated charges.

Section (A) only refers to disconnection notices. DP&L requests clarification from the Commission regarding the other notices the EDU is required to provide either by Commission Order or statute. Some of these notices include: extended payment plans, certified supplier list, energy theft insert, life support insert, medical certification insert, excise tax insert and a low income weatherization insert. This is an important issue because if the EDU is still required or remains responsible for providing these notices, then the EDU will continue to incur costs so there will not be a billing credit for the CRES provider which is providing the billing service. In fact, it will require cost the EDU money to set up the systems to provide limited information to the CRES provider.

DP&L suggest the following changes:

(B)(12). Total credits applied during the billing period~~, listed by who the credit was issued;~~.

Comment: This is a duplication and is contained in sections (C)(6) and (C)(4).

(B)(13). Total consolidated amount due and payable, including a breakdown of <u>consolidated</u> current and past due charges;

Comment: DP&L does not break down the current and past due charges on an EDU and CRES level.

Insert (B)(21). If the customer is on a budget bill plan, the total budget bill amount due.

Comment: As discussed above, the budget bill amount can not be broken down by EDU and CRES.

(C) In addition to the information required pursuant to paragraph (B) of this rule, each consolidated bill issued must include, ~~in that portion of the bill which details the charges from~~ for the EDU, at least the following information:

(C) (4) Specific tariffed charges: customer charge, delivery, transition charge, shopping ~~incentive~~ credit and late payment ~~or gross/net charge(s)~~ or other tariffed charges, if applicable;

Comment: DP&L uses generation credit instead of shopping incentive per the C~~c~~ommission Finding and Order in Case No. 00-1998-EL-UNC. Other tariffed charges will account for any transition charges and switching fees, etc.

(C) (5) ~~If the customer is on a budget plan, the monthly budget amount and current balance of EDU account;~~

Comment: As discussed above, DP&L provides a consolidated budget bill amount.

(C) (6) ~~Amount due for previous billing period, total payments and credits applied during the billing period, past due charges. c~~Current charges, ~~and total amount due and payable on the EDU account; and,~~

Comment: DP&L is not planning to show customer payments broken down by EDU versus CRES. As discussed at length above, to do so will be costly and will provide zero benefit to the customer or CRES provider. The current balance of the EDU account will be the sum of CRES and EDU charges.

(D) In addition to the information required pursuant to paragraph (B) of this rule, each consolidated bill issued must include, ~~in that portion of the bill which details the charges from~~ for the CRES provider, at least the following information:

(D) (2) Itemization for ~~each~~ the total energy related charge including ~~any late payment or gross/net charge(s), if applicable; for~~charges for fixed-price offers~~,~~ and the unit price per kWh for competitive service ~~and for all other offers, an explanation of how the rate is derived; and any other information the customer would need to recalculate the bill for accuracy;~~

Comment: DP&L does not provide for separate CRES late charges given that it will purchase the CRES receivables and all late payment fees will be EDU late payment fees.

(D) (3) ~~If the customer is on a budget plan, the current balance of the CRES account;~~

Comment: As discussed above, DP&L provides a consolidated budget bill amount, to do so otherwise will be costly and provide zero benefit to customers.

(D) (4) ~~Amount due for previous billing period, total payments and credits applied during the billing period, past due charges,~~ ~~current~~ Current charges, ~~and total amount due and payable on the CRES account;~~

Comment: DP&L combines the CRES amount with the EDU charges given that if it is performing consolidated billing it will be purchasing the CRES providers receivables.

(D) (5) An identification of the provider(s) of ~~each~~ generation service appearing on the bill and each provider's toll-free number and address for questions and complaints;

Comment: There can be more than one generation provider displayed on a bill and not multiple generation services.

(D) (6) ~~highlighted n~~Notice of any change in providers, rates, terms or conditions appearing on the first two consecutive bills following the occurrence of any such changes~~ and a clear explanation of each change~~.

Comment: DP&L does not currently have the ability to bold or underline to highlight and to require this would be costly.

Section (G) must be modified to have partial and full payments credited in the following order:

(a) Past due EDU distribution, standard offer generation, and transmission charges;
(b) Current EDU distribution, and transmission charges;
(c) Past due CRES provider charges for generation service;
(d) Current CRES provider charges for generation service;
(e) Other past due and current non-regulated charges.

To implement what is proposed in the rules as drafted will lead to additional customer disconnects, and poor customer service by both the EDU and the CRES Provider. If a customer is behind on payment for its consolidated bill, whether such bill comes from the EDU or the CRES, if the CRES provider is paid first for partial payments, the customer will reach disconnection more quickly than the policy that is in place today. In other words, if a customer has a $150 consolidated bill, of which $60 is current CRES charges for generation service, if the customer pays $100, $60 will be applied to CRES charges, and $40 will be applied to EDU charges, and thus the customer will still be disconnected. DP&L understands that the Commission took this approach to payment posting priorities to encourage CRES Providers to participate in Ohio's Electric Choice program, however, if the customer is disconnected, he/she won't receive any service, CRES, EDU or otherwise. It is in all parties' (EDU's, CRES Provider's, and the customer's) interest to keep the service on and to avoid disconnection. This policy change will not only increase the number of customers that are disconnected on a daily basis, it will serve to increase distribution costs as the EDU will have to send crews out to disconnect service more frequently. If the Commission wants to assist CRES Providers to encourage them to participate in Ohio's retail energy market, it should make charges for CRES generation service subject to disconnection. This will encourage customers to pay the full amount of their consolidated bills.

Further, as mentioned above in response to Rule 19, customer notices regarding disconnection must coincide with the final outcome on the payment posting priorities. A disconnect notice that says "to avoid disconnect pay $x" and the $x represents only EDU charges, will give customers the wrong signal and will lead to customer confusion when they pay $x and still get disconnected because a portion of $x went first to the CRES charges outstanding. The Commission should consider all of the implications before making such a sweeping change in payment posting priorities. It not only affects customer service quality, it can impact the cash flows of the EDU, which could lead to higher financing costs, and ultimately higher distribution rates for all customers.

Section (G)(1) – It is possible for a customer to be on Standard Offer and have unpaid CRES dollars on the customer's account and possibly past due dollars from more than one CRES. What posting priority should be used? Is the posting priority determined by the status of the account at the time of payment? Non-regulated charges get paid last according to 4901:1-10-22(G)(3) and first according to 4901:1-10-33(G)(1)(a). In the posting priority 4901:1-10-33(G)(1), does not take into account current standard offer generation charges. Where do they fall in priority? There is no mention of past due CRES dollars being paid by age. If the account has dollars from more than one CRES past due, which CRES charges get paid first? DP&L requests the Commission clarify these questions. DP&L suggests the posting priority be established as suggested within these comments to Section (G) on page 19, above.

Section (G)(2)(b) should be deleted in is entirety. Again, DP&L understands that the intention of this paragraph is to require that a customer served by a CRES Provider have a separate budget bill amount for EDU charges and CRES Provider charges, and that the CRES Provider should be paid the budget bill amount regardless of the cost of actual CRES service covered by the bill. To separately establish budget bill amounts for CRES Provider charges and EDU charges is cumbersome, inefficient, and irrelevant. Customers that are on a budget billing program want a single bill, with a single known stated amount that they have to pay by the designated due date.

COSTS

The following is a chart detailing the dollars associated with DP&L making changes to their programs and systems to implement the proposed rules:

Proposed Change	Cost
4901:1-10-05 Metering	$480,000 annually
4901::1-10-09 (A)(2) Minimum Customer Service Levels	> $110,000 annually
4901::1-10-09 (B) Minimum Customer Service Levels	> $900,000 annually, $750,000 initial investment
4901:1-10-11 Distribution Circuit Performance	$2.25 million annually
4901:1-10-14 Deposits	> $15,000 initial investment
4901:1-10-21 (H)(4) Slamming Complaints	> $10,000 initial investment
4901:1-10-22 EDU Customer Billing and Payments	$1 million initial investment
4901:1-10-29 Coordination with CRES Providers	> $10,000 initial investment
4901:1-10-33 Consolidated Billing	$4-$7 million initial investment
Total	$5,775,000-$8,775,000 million initial investment > $3,740,000 Annually

DP&L would need to reach an agreement with the Commission on a cost recovery mechanism before funding the proposed changes to the draft rules.

CONCLUSION

Based on the foregoing, DP&L respectfully requests that the Commission amend or modify the Proposed Rules. DP&L appreciates the opportunity to provide the above-mentioned comments and to work with all interested parties to develop standards that promote reliable and safe electric service for all customers. DP&L urges the Commission and Staff to carefully read and consider all of these comments, as significant time, effort and thought have been put into preparing these comments.

Respectfully submitted,

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