

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's	)	
Investigation of the Disconnection	)	
Practices and Policies of Duke Energy	)	Case No. 17-2089-GE-COI
Ohio, Inc.	)	

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**REPLY COMMENTS OF DUKE ENERGY OHIO, INC.**

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**I. Introduction**

On October 11, 2017, the Public Utilities Commission of Ohio (Commission) directed its Staff to issue a request for proposal to obtain an auditor to conduct an investigation into the disconnection practices and policies of Duke Energy Ohio, Inc. (Duke Energy Ohio or Company). On November 29, 2017, the Commission selected Northstar Consulting Group (Northstar) to conduct the audit. Northstar's Compliance Audit and Review of the Disconnection Practices and Policies of Duke Energy Ohio, Inc., (Audit Report) was prepared and submitted on March 14, 2018. Pursuant to an Entry granting a motion to extend the filing deadline, and after initial comments on the Audit Report were filed on April 27, 2018 reply comments were to be filed on June 1, 2018. Duke Energy Ohio submits herein its reply comments on the Audit Report.

**II. Discussion**

The Commission has undertaken a broad review of the Company's policies and practices with respect to disconnection, which review included a directive to the auditor to "Compare the disconnection notice process of other utilities, including utilities with advanced metering infrastructure, and report on best practices for noticing customers of a pending disconnection." As noted in the Company's initial comments, the directive to the auditor included much more

than a compliance audit. Also as noted in the Company's initial comments, the Company welcomed the more comprehensive review and the good results obtained. However, the recommendations that resulted go beyond the Commission's current rules and therefore contain matters that should more appropriately be considered in a rulemaking proceeding. Additionally, to the extent such recommendations include process changes that require expense or investment, consideration of such changes should be provided proper consideration in context.

As a result of the scope of this audit, external stakeholders are likewise seeking changes that are not currently required by Commission rules. While the Company complies with industry best practices and has demonstrated that its disconnection procedures and performance are well within industry best practices, the Company disagrees with many of the comments provided by intervenors in this proceeding. Those comments are addressed below.

### **III. Staff's Comments On the Audit Report**

The Staff of the Public Utilities Commission of Ohio (Staff) submitted comments in numbered paragraphs that included recommendations as to the auditor's findings, as well as Staff's view of the way in which the Company could choose to implement improvements or policy. Duke Energy Ohio will respond to Staff's numbered paragraphs.

1. Staff notes that the Company should modify its website to prominently post customer rights and responsibilities. The Company will make this change.
2. Staff notes that a bill insert that serves multiple purposes should be clearer as to the various purposes. The Company accepts this finding and will make all headings consistent so as to make the communication more readable.

3. Staff recommends resolution of a problem with respect to a 20-day payment issue noted by the auditor. The Company believes this recommendation is the result of a miscommunication and need not be further addressed.
4. This Staff recommendation concerns an improvement to system controls to ensure holidays are considered when mailing all notifications and required payment dates. The Company has already taken steps to correct this process. The Company will provide Staff with an explanation of how the problem has been addressed.
5. Staff recommends that the Company provide separate ten-day notices to each customer that is a combination customer for gas and electric service. Presently, the Company provides a ten-day notice on the combination bill for its customers. The Company does not agree that a separate notice is advisable or required. Receiving and reinitiating separate ten-day notices repeatedly will be administratively difficult and costly and will be more confusing to the customer. The Company does not agree that this change is advisable.
6. Recommendation six directs the Company to investigate and address the frequency and cause of account actions that interrupt the automated collections timeline. The Company accepts this recommendation and has provided additional training to improve upon this process.
7. Recommendation seven directs the Company to develop exception reports to notify management when batch process timing issues occur. The Company has resolved this issue and will provide information as to that resolution to Staff.
8. Recommendation eight suggests that the Company clarify language on disconnect notices to remind customers that they must call the utility to invoke the Winter

Reconnect Order. It further states that the Company should default customers to the Winter Reconnect Order if they make a payment of \$175.00. The Company cannot agree to this provision. Putting a customer, by a default process, into a budget program will violate the Fair Credit Reporting Act.

9. Staff notes that when a medical certification is about to expire, the auditor recommends that the Company add an additional phone call or text to remind the customer of the expiration prior to disconnection. Staff seeks a copy of the letter sent and notes that the letter should offer payment plan options. Staff does not comment on the recommendation for a phone call or a text message and the Company notes that there is no regulation requiring such additional communications. The Company will provide a copy of the requested letter to Staff.
10. Staff reiterates the auditor's recommendation regarding services for active military customers. The auditor recommended that the Company proactively "develop marketing materials targeted to active duty military." The Company is aware of and compliant with the statute and regulations cited. The recommendation that the Company proactively "target" active military customers can be implemented in many ways. The Company is willing to work with Staff and other electric distribution utilities in Ohio to discuss ways in which such programs should be implemented or otherwise enhanced without violating customer privacy. To date, the Company is not aware of any active military member who has not been properly billed pursuant to the relevant statute and the Commission's rules.
11. Staff again echoes the auditor's recommendation noting that the Company should modify the 14-day notice, font size, graphics, colors, payment, coupon, and should

also separate amounts for combination customers and explain consequences of default on payment plan. Duke Energy Ohio will work with Staff as it devises a new billing system to make such changes.

12. This recommendation directs the Company to train personnel to provide customers with the option of separating service, to explain past due amounts for gas and electric, and explain extended payment plan amounts. The Company believes these services are presently provided but will work with personnel to ensure continued compliance as recommended.
13. This recommendation recommends that the Company modify the 10-day notice to include information on payment assistance and the specific amount owed, without reference to an earlier bill. While this recommendation seeks changes beyond what is currently required by Commission regulation, the Company has begun a system process change to accommodate this request.
14. Recommendation 14 suggests that the Company provide delinquent e-billing and online customers with information included on the pink disconnect insert, as part of the e-billing and online account information. The Company presently provides such information in a hard copy of their bill even if they also receive an e-bill or make payment online. There is not additional regulatory requirement for such notice.
15. This Staff recommendation states that the Company should clearly indicate required payment amounts to avoid disconnection on all disconnection notices. The Company agrees that it is important to clearly show such information and is working to accommodate this request.

16. The auditor and Staff recommended that all Customer Service Representatives (CSRs) offer all payment options, including negotiated plans. The Company does comply with this requirement and is not aware of any process change needed. However, the Company will initiate additional training for this purpose.
17. Staff notes that CSRs must offer eligible defaulting customers one of the Commission-required extended payment plans, a PIPP plus payment plan and the separation of service option. The Company will reiterate such requirement in CSR training to ensure ongoing compliance with this recommendation.
18. The auditor and Staff recommend that the Company add a default payment arrangement for customers that use medical certificates but do not call the Company to make extended payment plan arrangements. The second part of the recommendation is to consider any payment of \$175 to initiate Winter Reconnect Order and to place such customer on the best available payment plan. The Company disagrees with both of these recommendations as the Company believes such recommendations would violate the Fair Credit Reporting Act.
19. See above.
20. This recommendation directs the Company to increase the frequency of marketing to at-risk customers and communities and to make it easier for low income/at-risk customers to know about payment options. As recognized by the auditor, the Company performs outreach to these communities through bill inserts, social media, news media, email blasts, its call center, community events and by interactions with social service agencies. The Company complies with all regulatory requirements but will discuss this recommendation with Staff as needed.

#### **IV. Comments of the Office of the Ohio Consumers' Counsel**

A. The comments of the Office of the Ohio Consumers' Counsel (OCC) predictably go far beyond the reaches of this proceeding and far beyond the auditor's recommendations. OCC seeks to use this proceeding to relitigate matters already lost in previous proceedings. In doing so, OCC fails to provide value to the process and instead engages in administrative wastefulness and undue vitriol.

OCC continuously seeks to relitigate a case that the Commission has closed. OCC's application for rehearing in *In the Matter of the Complaint of Jeffrey Pitzer*, Case No.15-298-GE-CSS, was denied in January of this year. OCC did not appeal this decision. In the Commission's Second Entry on Rehearing, the Commission explicitly noted that it was going to conduct an audit "as an appropriate outcome of this complaint proceeding..."<sup>1</sup> and denied OCC's argument for forfeiture. OCC's attempt to relitigate that outcome in this proceeding is inappropriate and legally baseless.

B. The auditor reviewed the Company's procedures with respect to Separation of Service Requirements. The auditor was made a number of recommendations related to this requirement and the Company has indicated that it will accept the auditor's recommendations. This is the purpose of the audit. The option to impose forfeiture is one that the Commission typically applies judiciously. None is required here.

C. Duke Energy Ohio customers are made aware of their option to separate service and to choose which service to retain when partial payment is made. Duke Energy Ohio agrees with the auditor's recommendations to improve upon communications related to this requirement. In recent years, all of Duke Energy Ohio's bill formats have been reviewed and

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<sup>1</sup> *In the Matter of the Complaint of Jeffrey Pitzer*, Case No.15-298-GE-CSS, Second Entry on Rehearing, January 3, 2018, at p.17.

approved by the Staff. At no time was the Company advised that its format did not comply with any provision of the rules. Moreover, the Rule in question discusses how customers' payments are to be applied, and what must be explained to a customer who is subject to disconnection. It also explains what must be provided to a customer in a notice of eligibility for disconnection. The OCC is intentionally conflating these different forms of communication. The Company's notice provides the required information. The Company will work with its CSRs to ensure that they continue to advise customers via telephone of their options to separate service.

D. OCC opines that the Company does not adequately and proactively offer all payment plans to all customers. The auditor's report contains a section entitled "Extended Payment Plans" that provides a number of comments and statistics. The statistics clearly show that the Company has customers on all categories of payment plans and therefore offers all of these plans to customers. The auditor makes recommendations that include revisions to the Ohio Administrative Code. There is no finding that the Company is not in compliance with the requirements of law or regulation.

E. OCC admits in its comments that the auditor found no violation with regard to prominently identifying bill/disconnection notices. The auditor recommends that the disconnection notice be more prominently provided. The Company has agreed to make changes per Staff's recommendation. OCC's comments are not informative and provide no value added.

F. Again OCC admits that the auditor found no violation with respect to the disclosure of payment assistance available. The OCC disagrees with this finding. Only OCC argues that the Company does not comply, but OCC is incorrect.

G. OCC complains that there is a discrepancy in the numbers reported to the Commission in the annual report detailing disconnection and the numbers reported to the auditor.



It was discovered that the numbers reported to the Commission included both residential and non-residential customers. Thus the numbers did not match what was provided to the auditor for residential only. The reporting has since been corrected so there is nothing further required and there is no real discrepancy.

H. OCC argues that the Company is in violation of the law because it does not separately track disconnection of customers who have balances from suppliers. OCC is misinformed. Again, neither the Staff nor the auditor found this to be a problem. Duke Energy Ohio purchases accounts receivable from virtually of its suppliers. Therefore, disconnection of customers for their arrearages relates only to arrearages owed to Duke Energy Ohio. More importantly however, the Company was granted a waiver, specifically to address this matter. The Commission expressly provided that the Company be granted a waiver for this purpose. See: *In the Matter of the Application of Duke Energy Ohio, Inc. for Waiver of Rules 4901:1-10-19, 4901:1-18-03, 4901:1-18-05(A) and 4901:1-29-12(K), Ohio Administrative Code, and Approval of Applicable Tariff Revisions*, Case No.06-688-GE-UNC, et al., Finding and Order, (August 16, 2006).

I. OCC argues that the Company's threshold for disconnecting customers is unreasonably low. Neither the Staff nor the auditor found this to be an issue. It is worth recalling that the arrearages that are unpaid by customers are ultimately recovered from other customers. It therefore benefits customers generally for the Company to effectively manage the disconnection process.

#### **V. Comments of Ohio Partners for Affordable Energy**

OPAЕ's comments simply reiterate all of the recommendations set forth in the audit report. OPAЕ adds nothing additional to the discussion. Accordingly, the Company's response

to the individual comments provided by the other parties likewise responds to OP&E's comments and nothing further is needed.

## **VI. Comments of the City of Cincinnati**

A. The City of Cincinnati (City) raises five areas of concern. Each of these is also addressed by other parties. However the Company will respond to the City's individual comments to clarify the inconsistencies and incorrect assertions made therein.

The City first explains that the Company has initiated a new "day of disconnection" procedure pursuant to a waiver that was granted by the Commission. As explained by the City, rather than provide an in-person notification on the day of disconnection, the Company is instead providing an additional ten-day notice year-round, automated texts, and/or phone calls to the customer two days prior to disconnection and automated texts and/or phone calls to customers on the day of disconnection. The City further explains that on the day of disconnection, the Company sends additional text messages, including hyperlinks that allow payment online. The Company also continues attempting to communicate via phone, etc. Neither the Staff nor the auditor seeks to alter the waiver that is currently in effect. The City neglects to mention that it submitted comments in the docket wherein the waiver was granted. The City is merely reiterating the same argument that was rejected in that docket.<sup>2</sup> The Company's experience with the pilot has been positive to date. The City's concerns here were already addressed and are unfounded.

B. The City argues that the amount for which the Company initiates disconnection is too low. Neither the Staff nor the auditor raised this issue. The Company has responded to this concern above.

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<sup>2</sup> *In the Matter of the Application of Duke Energy Ohio, Inc., for a Waiver*, Case No.16-1096-EL-WVR, Finding and Order, (March 8, 2017) at pg.8.

C. The auditor recommended that the Company consider implementation of text messages or phone calls to remind customers using medical certificates that the certificate is approaching expiration. At present, the Company provides a ten-day notice. There is presently no rule that requires such a notice so there was no issue of noncompliance. The Company's experience is that the existing ten-day notice is effective. Although the City refers to the existing practice as a "problem," there is no indication that it is a problem. Accordingly, the Company respectfully submits that this is a matter that should be addressed in the Commission's rule-making docket.

D. The City opines that the Company's existing practices relevant to active duty service members is insufficiently proactive. The City's inflammatory comments are replete with criticism but well short of any facts to suggest that service members are not adequately advised of their statutory rights. Again, to the extent the Commission believes that existing programs for active service members are insufficient; the Commission should address such matters in a rule-making docket. There is no violation of any rule in relation to this observation by the auditor, and therefore the recommendation is one that the Company will take under advisement.

E. Finally, the City recommends that the Company implement "cash kiosks" similar to those used by Detroit Edison in the greater Detroit area and in Pontiac, Michigan. Duke Energy Ohio presently provides for payment ninety-five different locations in the greater Cincinnati area. This amount of payment accessibility has not shown to be inadequate in any way. The City is in search of a solution where there is no problem.

## **VII. Conclusion**

As noted above, the Audit Report generally demonstrates that Duke Energy Ohio's customer service is robust, efficient, and compliant. The Company appreciates the Auditor's recommendations that go beyond compliance and looks forward to discussing such recommendations in rule-making proceedings involving a diverse group of stakeholders so that such policy changes may be implemented on a state-wide basis.

Respectfully submitted,

Duke Energy Ohio, Inc.

/s/ Elizabeth H. Watts

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## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Reply Comments of Duke Energy Ohio, Inc. was served upon the below listed parties this 1<sup>st</sup> day of June, 2018.

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