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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In The Matter of the Commission's)
Review of Chapters 4901:1-17 and 4901:1-18)
and Rules 4901:1-5-07, 4901:1-10-22,)
4901:1-13-11, 4901:1-15-17, 4901:1-21-14,)
and 4901:1-29-12 of the Ohio Administrative)
Code.)

Case No. 08-723-AU-ORD

COMMENTS

**OF AARP-OHIO, COALITION ON HOMELESSNESS AND HOUSING IN OHIO,
OHIO ASSOCIATION OF COMMUNITY ACTION AGENCIES, OHIO
ASSOCIATION OF SECOND HARVEST FOODBANKS, AND,
OHIO PARTNERS FOR AFFORDABLE ENERGY**

AARP-Ohio, the Coalition on Homelessness and Housing in Ohio, Ohio Association of Community Action Agencies, Ohio Association of Second Harvest Foodbanks, and Ohio Partners for Affordable Energy (collectively "Ohio Consumer Advocates" or "OCA") respectfully submit these comments in the above-captioned docket initiated by the Public Utilities Commission of Ohio ("Commission") to review Chapters 4901:1-17 and 4901:1-18 of the Ohio Administrative Code ("OAC") and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14 and 4901:1-29-12, OAC. OCA's comments are submitted in accordance with the Commission's June 25, 2008 Entry. While OCA may not discuss every proposed rule revision in these initial comments, it reserves the right to file reply comments on any rule revision discussed in any of the comments filed by other persons. OCA also responds herein to certain of the Commission's questions set forth in the Entry at Appendix A. OCA reserves the

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right to submit reply comments on any of the answers given to the Commission's questions even if OCA have not submitted initial comments on those questions, many of which appear directed to information in the possession of utility companies and the Ohio Department of Development.

OCA represents a broad range of interests:

AARP is a not-for-profit organization, with offices throughout the United States and in Ohio. AARP is dedicated to helping its members meet the challenges of pre-retirement and retirement living, including the retention of essential services such as gas and electric utility services. Nationally, AARP is the largest membership organization of older Americans, with over thirty million members. AARP has approximately 1.6 million members in Ohio and 40 million members nationwide, many of whom are persons with very low or fixed incomes. Persons are eligible for membership upon attaining the age of fifty years. Of this age group in Ohio, approximately half are AARP members.

The Coalition for Homelessness and Housing in Ohio ("COHHIO") has provided voice for the underrepresented for more than 30 years, originating as the Ohio Housing Coalition (formed in 1974), then merging in 1994 with the Ohio Coalition for the Homeless (formed in 1984). With a mission of ending homelessness and promoting affordable housing, COHHIO is involved in a range of housing assistance services in Ohio, including homeless prevention, emergency shelters, transitional housing and permanent affordable housing with linkages to supportive services. COHHIO assists hundreds of housing

organizations and homeless service providers in Ohio through public policy advocacy, training and technical assistance, research and public education.

The Ohio Association of Second Harvest Foodbanks ("OASHF") is a nonprofit organization representing 12 Second Harvest Food Banks that supply food and grocery items to over 3,000 nonprofit and faith-based food pantries, soup kitchens and homeless shelters. OASHF is Ohio's largest charitable response to hunger and its purpose is to provide for Ohio's neediest citizens.

Ohio Association of Community Action Agencies ("OACAA") is the nonprofit trade association for Ohio's fifty-six community action agencies. These agencies operate the Emergency-Home Energy Assistance Program in Ohio's eighty-eight counties. OACAA members also operate weatherization and other energy efficiency programs throughout the state.

Ohio Partners for Affordable Energy ("OPAE") is a nonprofit corporation dedicated to promoting affordable energy policies and preserving access to essential energy services for all Ohioans. OPAE includes over sixty nonprofits providing energy assistance to low income families throughout the State of Ohio. Its members operate bill assistance, weatherization, energy efficiency, and consumer energy and budgeting education programs. In addition, OPAE has member agencies that are individual customers within the service territories of all Ohio-jurisdictional utilities.¹ Our perspective is unique. OPAE members are the front line of delivering energy assistance working with hundreds of thousands of families every year.

¹ A list of OPAE members can be found on its website: www.ohiopartners.org.

What the Commission decides will be implemented in no small part by community action agencies and the other community-based nonprofits that make up the CCA membership. Clear rules and an attention to efficiency will ensure adequate assistance to families for which energy is simply unaffordable.

Appendix A Commission's Questions ENERGY CONSERVATION

- 1. Are there programs related to energy conservation for low-income customers which the Commission should consider? If so, provide program details and quantitative analysis of the results of the program.**
- 2. Have you conducted or are you aware of any studies which demonstrate a difference in energy consumption between Ohio's PIPP customers, non-PIPP low-income customers and other customers? If there is a difference in consumptions, please quantify the difference and provide an explanation, including any evidence to justify the difference in consumption.**
- 3. What are the number and percentage of PIPP customers who have been served by energy conservation programs in each of the last 5 years and cumulatively?**
- 4. What are the estimated number and percentage of PIPP customers who have never been served by energy conservation programs?**
- 5. What would be the expected Mcf / kWh energy savings for a typical PIPP customer if all cost-effective energy conservation measures were installed?**
- 6. What would be the expected bill savings for a typical PIPP customer if all cost-effective energy conservation measures were installed?**
- 7. What would be the potential total Mcf / kWh savings if cost effective energy conservation measures were implemented for all PIPP customers?**
- 8. What would be the cost of expanding energy conservation programs to implement cost-effective energy conservation measures for all PIPP customers?**

9. **What barriers may exist to expanding energy conservation programs or achieving conservation savings for low income consumers?**
10. **What opportunities may exist to improve on existing conservation and weatherization programs for low income consumers?**

In general, the same energy conservation programs that work for low-income residential customers and PIPP customers also work for most residential customers. Energy efficiency programs are effective not only for PIPP and payment troubled customers individually, but also for all customers because the delta revenue resulting from the difference between the PIPP payment and the actual bill is reduced by efficiency programs. For payment-troubled customers the individual savings is complemented by reduced arrearages and lower collection costs. Efficiency programs reduce the amount of delta revenues that must be collected through the PIPP riders and bad debt recovery methods benefit all customers.

It is easier to identify cost-effective demand-side management ("DSM") programs for high-use PIPP customers than for low-use PIPP customers or any other low-use customers regardless of income. DSM programs are as likely to be cost effective for high-use PIPP customers as for any other high-use residential customer, with programs targeting PIPP and other low- and moderate-income customers reducing costs associated with the PIPP Rider and the bad debt recovery methods. As for low-use PIPP customers or other customers with low usage, the number of cost effective DSM programs is limited given the long payback period for any program cost. Low-use PIPP customers still benefit from

energy efficiency and DSM programs, which should be made available to them for reasons other than the traditional justifications for DSM programs. The customer's usage can still be lowered, the delta revenue reduced, and PIPP riders and bad debt collections lowered.

OCA recommends the following approach to serve all customers below the statewide median income. Beyond traditional authority to implement energy conservation programs required under R.C. 4905.70 and state policy goals in R.C. 4928.02 and R.C. 4929.02, SB 221 establishes energy conservation and demand reduction requirements under R.C. 4928.161 mandating significant usage and demand reductions, designed to save all customers money. Stipulations filed in natural gas cases over the last five years indicate broad support for low-income programs and increasing DSM for customers above 150% of the federal poverty line. While the approach we are advocating encompasses far more than PIPP, it is important to recognize that developing the infrastructure in the form of small businesses to efficiently and effectively deliver energy efficiency services is critical to meeting statutory goals. This is interrelated with the importance of existing low-income focused programs. Moreover, implementing programs that target payment-troubled customers with incomes up to the median Ohio income will also reduce bad debt recovery.

OPAE and OACAA represent a statewide network of nonprofit community-based organizations that has been delivering energy efficiency services for over 25 years. To a great extent, the network has evolved as the technology has evolved, moving from putting plastic over the windows to the technical diagnostic

approach in use today. Ohio was the first state to require the use of blower doors, now the primary diagnostic tool in the industry, and has expanded the use of technology. Our delivery network is state of the art, which is key because we deliver the most cost-effective service possible given our mission to help poor families meet their basic needs. There is always greater demand for services than we can supply; frugality is a way of life and our cost structures are extremely low.

Unlike states on the west coast and in the northeast, Ohio has few companies that sell energy efficiency services to residential and small commercial customers. Significant components of energy efficiency appliances and HVAC equipment are manufactured in Ohio, so the state and ratepayers will clearly benefit from additional investments in this area. The key is to build out an infrastructure that delivers quality efficiency services.

Delivering energy efficiency is a retail business made up of entry level, semi-skilled and highly skilled jobs. It requires rigorous training to be done correctly. The low-income network and other industrial professionals have long maintained a weatherization standard manual, updated every two years, which serves as the focal point of training, program delivery, quality control and evaluation. The State needs to work with the existing training network to expand training into community colleges, the professional trades, and other vehicles.

OCA believes that the reach of the existing Electric Partnership Program (EPP) should be expanded through a significant increase in funding and an increase in the eligibility level to the state median income, about \$44,000 for a

family of four. The efficiency services would be provided at no cost other than the funding contained in rates; the utilities would essentially be buying efficiency rather than paying for higher priced power. Targeting payment-troubled, high-use customers will pay dividends.

OPAE members can facilitate this by expanding their programs and increasing the number of contractors. Our network has a long history of working with contractors, ensuring adequate training and providing quality control. As these contractors are trained under our watchful eye, they can begin to provide services under more traditional DSM programs which serve households that can afford the cost-share requirement. OPAE sees its niche as delivering to customers below the median income because we can do so very efficiently and have the experience to produce results immediately. As the industry expands, quality control and evaluation of other programs can be provided by our network in conjunction with the Ohio Department of Development, which has a long track record in this area and is nationally recognized for its programs.

The same is true of natural gas utility funded weatherization programs. Columbia Gas of Ohio has developed an award-winning low-income program, Warm Choice®, which passes standard cost effectiveness tests with flying colors. Columbia has permitted the use of this basic program design in the Vectren service territory and, given the additional funding provided by the stipulation filed in the recent Dominion East Ohio rate case (Case No. 07-829-GA-AIR) the program model is being considered in that service territory as well. Between EPP and Warm Choice®, along with other programs based on that

model, Ohio customers of regulated utilities are currently provided services under two state-of-the-art programs. There is certainly no need to reinvent the wheel. The issue is one of funding levels to permit more customers, potentially at higher income levels up to Ohio's median income, to participate in the programs.

Energy efficiency is not a panacea but it is a part of the solution. Oversight evaluation that supports modifying programs to be more cost-effective is a critical part of the puzzle. Efficiency is a long-lived asset. We need to establish the energy efficiency industry methodically and promote the creation of small businesses engaged in energy efficiency rather than create programs run by large corporations that export their profits out of state. We need to keep energy dollars here, because at the end of the day, our clients will only become self-sufficient if they have jobs. Investments in efficiency complement the credit and disconnection rules because they can help minimize the use of them.

Chapter 4901:1-17
Establishment of Credit for Residential Service

- I. **The proposed rules for prepaid meters set forth at Rule 4901:1-17-01(I), 4901:1-17-03(A)(6) and 4901:1-17-04(D) should not be adopted.**

Proposed Rule 4901:1-17-03(A)(6) provides that an applicant for utility service can establish financial responsibility if the applicant agrees to receive service through a prepaid meter. A new applicant may establish credit by agreeing to prepaid metering or, under Rule 4901:1-17-04(D), credit may be reestablished by such an agreement. Appendix A inquires whether utilities should be permitted to require prepaid service for customers who have been disconnected for longer than ten business days. If a disconnected customer

were required to have a prepaid meter to reestablish service, the Commission also asks whether the customer should be required to pay for the meter and pay a reconnection fee as well.

OCA questions why this issue is being raised in a rules process when it has never been considered in a workshop or other collaborative process. Deployment of these meters would end the Ohio precedent of erring on the side of ensuring access to essential utility service. Other than a pilot to be conducted in the Duke Energy Ohio service territory, Ohio has no experience with these devices. In fact, broad-based deployment has only occurred in the desert southwest in an area that has not had access to electricity for all that long and customers often use 'swamp coolers,' a uniquely efficient form of air-conditioning in dry climates, which require little or no electricity. No utility, to our knowledge, utilizes prepaid meters for natural gas service. Prior to taking a major step such, Ohio should step back and take time to consider the ramifications of this major policy change.

OCA opposes the use of prepaid meters for any purpose including the establishment of credit and the reestablishment of credit or service. The Commission's questions about prepaid meters set forth in Appendix A illustrate the problems associated with their use as an option to establish or reestablish credit. There is little experience in Ohio with prepaid meters on the part of both utilities and customers. It is not known whether and to what extent prepaid meters adversely affect service to customers and whether customers are forced

to endure inadequate service, such as intermittent service and decreased usage of natural gas in winter or electricity in the summer, when service is a necessity.

Moreover, if disconnected customers are required to have prepaid meters to reestablish service, it is obvious that the imposition of a charge for a prepaid meter (and possibly a reconnection fee) would be an added burden to customers already under financial stress. Requirements such as paying for a prepaid meter and reconnection fees are obviously a huge impediment to the reestablishment of service, rendering it an unlikely possibility. Appendix A implies that the Commission is uncertain as to the cost of prepaid meters, the installation costs, the time required to install, the need for a reconnection fee, maintenance costs, and other obviously important aspects of the use of prepaid meters. Given these unknowns and the very likely outcome that the cost to customers, both in terms of financial costs and inadequate service, will be too great, this new method to establish credit or reestablish credit is not feasible and should not be adopted.

OCA also opposes any rule that would give utilities the option to require prepaid meters under certain circumstances. Utilities might be too eager to require prepaid meters if this were left entirely to their discretion. If all costs associated with the prepaid meters are to be borne upfront by the customer forced to use the prepaid meter, the utility might be highly motivated to foist this method on customers. The result would be to deny customers utility service.

The proposal states that prepaid meters are a new option for customers to establish or reestablish credit, but in reality prepaid meters are no option at all and will be used merely to deny service to customers. OCA recommends that the

Commission not adopt the proposed Rule 4901:1-17-01(I), as well as the proposed rules at 4901:1-17-03(A)(6) and 4901:1-17-04(D), which suggest prepaid meters be used as a method to establish credit or reestablish service.

II. Rules regarding the establishment of credit should not apply to customers enrolled in the Percentage of Income Payment Plan.

Rule 4901:1-17-03 sets forth the methods by which an applicant for utility service is able to establish financial responsibility. The applicant must establish that he or she is a satisfactory credit risk and may do so in a number of ways, including making a cash deposit to secure payment of bills for utility service. Rule 4901:1-17-03(A)(4). All but one gas utility has voluntarily waived deposits for customers that enroll in Percentage of Income Payment Plan ("PIPP") and ODOD has prevailed on electric utilities to cease requiring a deposit under the same circumstances. A utility may require customers not on PIPP to make a deposit or additional deposit to reestablish creditworthiness based on a customer's credit history. The utility may require a customer whose service has been disconnected to pay a deposit in addition to any charges under the reconnection rules in Rule 4901:1-18. Rule 4901:1-17-04(A).

When a customer enrolls in the PIPP, the utility is able to collect the delta revenue associated with the payment plan through a separate rider that is periodically adjusted to reflect costs. As a result, it is inappropriate to require PIPP customers to pay deposits to secure payment of bills because utilities are not at risk for recovery of the payments. PIPP customers should be exempt from the regulatory requirements regarding deposits to establish or reestablish credit.

The mandatory exemption of PIPP customers from deposits will reduce the overall cost of PIPP to ratepayers as well. Rather than requiring these decisions be made on a case-by-case basis, the Commission should affirm current practice in the rules.

**Chapter 4901:1-18
Termination of Residential Service**

I. Payment Plans should consider a customer's income and resulting energy burden.

Existing Commission rules provide for two payment plans, and authorize utilities to negotiate customized payment programs with customers though the latter authority is not regularly used. The proposed rules present two additional payment plans at Rule 4901:1-18-05(B). These are the modified one-sixth payment plan and a one-twelfth payment plan. These additional payment plans will be useful and should be adopted.

OCA believes, however, that customers are not well served by 'one size fits all' payment plans or payment plans that focus exclusively on what a customer owes the utility. Such payment plans are often unaffordable and ultimately put customers in danger of disconnection once again. Data clearly indicates that the number of disconnections is increasing, and while the additional payment plans will be helpful, they do not represent a new approach.

Payment plans should be customized based on a customer's income and the resulting energy burden – the percentage of the customer's income spent on utility bills. The rules should require utilities to offer affordable payment plans

based on the customer's energy burden, which includes consideration of the household income, not simply consideration of how much the utility is owed.

The energy burden is one basic measure of the impact of energy prices on families of all types. For the average family the energy burden is approximately 5.9 percent. In other words, the family spends 5.9 percent of its household income to pay for the costs of heating, cooling and operating lights and appliances. Low-income families had a median energy burden of 16 percent and an average burden of 28 percent in 2008 based on 2008 actual and projected prices. Given the steady rise in the price of natural gas and the massive increases in fuel oil and propane prices this past winter and going forward, the energy burden is increasing. Between 2000 and 2005, energy bills for low-income households grew by 40%. The Energy Information Administration projects average bill increases this year of 19 percent for natural gas (\$162), 5.7 percent for electricity, 30 percent for heating oil (\$585), and 13 percent for propane (\$217). The prices add to the burden for all customers, particularly low income customers. Ohioans will likely see bills higher than the average.

According to data from the 2005 American Community Survey conducted by the U.S. Census Bureau, 952,150, or 21% of Ohioans have incomes below 150% of the poverty line. OCA agencies have seen an increased demand for bill assistance, and weatherization and energy efficiency services. There have been consistent increases in the need for assistance in obtaining essential energy services since 2000, when the first wave of the recession began to be felt in Ohio. Combining the impact of the recession with the 40% increases in

electricity, natural gas, fuel oil, and propane prices since 2000, many families have been forced to turn to community nonprofits for assistance.

The OPAE network provides permanent assistance in the form of weatherization and energy efficiency services to reduce a household's use of energy. The community-based agencies also provide households with bill payment assistance and enroll customers in the PIPP Plan when they are served by regulated utilities or assist in arranging other payment plans.

OCA recommends that the Commission propose an additional payment plan that takes into account the customer's energy burden, defined as the percentage of the customer's income spent on utility bills. This will consider customer income and energy expenses, not simply how much the utility is owed.

This is not a difficult thing to do. The OPAE network in partnership with the Ohio Department of Development (ODOD) already performs these functions for 230,000 low-income households participating in the PIPP program annually. The evaluation of income can be done efficiently. In a sense, OPAE members and ODOD have taken over the function of the old customer service network, at least for low-income customers. There is no reason a similar model cannot be developed in conjunction with the utilities for those of higher incomes.

II. Fees and charges associated with disconnection and reconnection should be eliminated for customers with Automatic Meter Reading equipment.

OCA objects to the failure of the proposed rules to require that utilities eliminate fees or charges associated with disconnection and reconnection when the customer receives service via automated meter reading ("AMR") equipment. AMR equipment is touted as eliminating the need for manual disconnection and reconnection, instead allowing the utilities to 'flip a switch' to accomplish the tasks. This expensive AMR equipment will be paid for through rates and riders.

As a result of the implementation of AMR, the cost of disconnection and reconnection is effectively embedded in the cost of AMR equipment. Therefore the rules should require the fees be eliminated for customers served with AMR equipment. Customers will then avoid being charged twice for AMR equipment.

The proposed rules should also state that utilities are required to make monthly actual readings for customers with AMR equipment. Natural gas prices are widely acknowledged to be extremely volatile. Customers may pay more or less than they should depending on the accuracy of the estimated consumption calculated by utilities. With the implementation of AMR, the utility has the capacity to base all billing on actual readings and the actual cost of natural gas. The rules should require monthly actual meter readings for customers with AMR equipment.

III. The payment requirements for PIPP customers set forth in the appendix to Rule 4901:1-18-13 should be revised.

OCA agrees with many of the Staff's goals in revising the gas PIPP program to generate positive financial benefits to all ratepayers by addressing the payment troubles of low-income customers based on lack of affordability. OCA supports the Staff's goals of creating more affordable payments, improving payment patterns, addressing the seasonal cycle of disconnection and creating incentives for energy conservation. OCA also supports the Staff's goal to align the gas PIPP program with the electric PIPP program and to create better partnerships with community action agencies and other nonprofits, the utilities, and the Ohio Department of Development ("ODOD"). The gas PIPP program administered by the Commission should be harmonized to the maximum extent with the electric PIPP program administered by ODOD.

While OCA agrees with many of the Staff's goals in proposing the new rules, OCA disagrees with certain aspects of the proposed PIPP rule revisions. Specifically, OCA takes exception to the proposal set forth in the Appendix to Rule 4901:1-18-13 on Income-Based Percentage at (B) PIPP and Graduate PIPP. This states that for all PIPP customers except customers with zero income, the customer shall be billed at eight per cent (8%) of his household income per billing cycle by the gas company that provides the customer with his source of heat.

Eight percent of income is too high for PIPP customers to pay. Combining the impact of the current recession with the increases in prices for transportation,

food, and other necessities, many low-income families are unable to make their monthly payments under the current PIPP program. The number of PIPP customers falling behind on their monthly payments demonstrates that a lower monthly PIPP payment would be helpful in reducing non-payments and late payments. The Staff's goals in revising the gas PIPP program include generating positive financial benefits to all ratepayers by addressing the payment troubles of low-income customers based on lack of affordability of the PIPP program. The Staff's goals also include more affordable PIPP payments, improving payment patterns and addressing the seasonal cycle of disconnection. All of these goals would be better met by a monthly PIPP payment lower than 8% of income for the heating source. In addition to lower affordable payments for PIPP customers, all customers benefit when PIPP customers are able to make their PIPP payments on a consistent and timely basis.

Therefore, OCA recommends that the goals for the revision of the PIPP rules would be better served if the percentage were set at 5% instead of the proposed 8%. Therefore, in the Appendix to Rule 4901:1-18-13 at (B) the language should read:

PIPP and Graduate PIPP. For all PIPP and graduate PIPP customers, except those customers determined to have zero income, the customer shall be billed ~~EIGHT-FIVE~~ per cent of his/her household income per billing cycle by the jurisdictional gas or natural gas company that provides the customer with his/her source of heat.

IV. The arrearage credit formula set forth in the appendix to Rule 4901:1-18-14 should be revised.

OCA strongly supports PIPP arrearage crediting programs and believes that PIPP customers who timely and consistently make their monthly PIPP payments ought to have no arrearages accumulating on the basis of the difference between the PIPP payment amount and the amount of the actual bill in the absence of the PIPP program. The Staff's arrearage crediting program does not achieve this goal because under the Staff's proposal PIPP customers will always have an arrearage on their bill based on the difference between the PIPP payment and the actual bill. Thus, the Staff's proposal does not achieve the goal of eliminating PIPP arrearages, but only perpetuates them for the entire time that a customer remains on PIPP. This is not acceptable, nor will it meet the policy imperative for improving payment behavior and controlling programs costs. It is also different from the crediting program developed by ODOD. This will perpetuate the confusion among PIPP customers and make it more difficult for OCA members to educate our customers on the new rules during the limited time our intake workers have to spend with clients.

For new, continuing, and zero PIPP customers, the Staff proposes basically to divide the total amount of a customer's accumulated arrearages existing as of the annual PIPP reverification date by twenty-four. The calculated amount will be the PIPP customer's arrearage credit for the following twelve monthly billing periods. The PIPP customer's arrearage credit amount will be calculated each year by this process. The PIPP customer will always have some arrearage amount on his bill, even if the PIPP customer makes timely payments.

A better solution to the problem of PIPP arrearages is to allow a customer to have no PIPP arrearages at all if a customer consistently makes his required PIPP payments. OCA recommends that a PIPP customer's past historical arrearages be divided into twelve and credited for twelve months as the customer makes his required PIPP payments. Once that twelve-month period has been accomplished with the customer making his required PIPP payments and the historical arrearages credited by $1/12^{\text{th}}$ for each of the 12 months, PIPP arrearages for that customer should be gone for good. No further PIPP arrearages should be calculated as long as the customer continues to make his monthly PIPP payments. There would be no need for re-calculating arrearages on an annual basis, as the required monthly PIPP payments are all that the customer owes and are thus sufficient to prevent the accumulation of any further arrearages. This process should be applied to new PIPP customers who bring arrearages upon enrollment, zero-income PIPP customers who make the proposed new minimum payment for twelve months, and continuing PIPP customers. The Appendix should be revised as follows:

(A) **New PIPP customers.** For new PIPP customers the initial arrearage credit amount shall be calculated by dividing the accumulated arrearages as of the PIPP customer's enrollment date by TWELVE. The calculated amount shall be the PIPP customer's applicable arrearage credit for timely payments for the following twelve monthly billing periods. IF THE CUSTOMER CONTINUES TO MAKE TIMELY PAYMENTS OF HIS PIPP AMOUNT, NO FURTHER ARREARAGES WILL ACCUMULATE.

(B) **Zero-income PIPP customers.** Zero-income PIPP customers are not eligible for an arrearage or ~~conservation~~ credit during the initial ninety days after enrollment. Upon reverification (after the initial ninety-day period), the initial arrearage credit amount for a zero-income customer shall be calculated by dividing the

accumulated arrearages as of the date of verification by TWELVE. The calculated amount shall be the zero-income customer's applicable arrearage credit for timely payments for the following twelve monthly billing periods. IF THE CUSTOMER CONTINUES TO MAKE TIMELY PAYMENTS OF HIS PIPP AMOUNT, NO FURTHER ARREARAGES WILL ACCUMULATE.

(C) Continuing PIPP customers. The PIPP customer's arrearage credit amount shall be calculated by dividing the total amount of the customer's accumulated arrearages existing as of the effective date of this rule by TWELVE. The calculated amount shall be the PIPP customer's applicable arrearage credit amount for the following twelve monthly billing periods. IF THE CUSTOMER CONTINUES TO MAKE TIMELY PAYMENTS OF HIS PIPP AMOUNT, NO FURTHER ARREARAGES WILL ACCUMULATE.

V. The conservation incentive credit formula, while well intended, is not workable, and, therefore, should not be adopted.

While energy efficiency and conservation programs should always be encouraged, OCA does not support the proposed conservation incentive credit formula set forth in Rule 4901:1-18-14. The problem with the incentive for conserving energy is that it is not practicable and will be expensive to provide.

The rule states that a utility company shall evaluate the PIPP or graduate PIPP customer's energy usage for the past twelve months excluding the effects of weather and compare the customer's energy usage for the immediately preceding twelve months. If the company determines that the customer has reduced his usage, after weather normalization, by ten per cent or more, the company shall credit the PIPP arrearage by a certain amount. A PIPP customer is eligible for the conservation credit once during a twelve month billing period.

First, OCA fears that the proposed conservation credit will be too difficult and expensive for the utilities to administer. Although weather normalization

would be necessary for this program to work, the weather normalization process will not be simple to perform. Given the demands placed on utility billing and customer service personnel, the cost to the utilities to administer this program may make it unworkable.

Second, even with the necessary weather normalization, the program may not reward actual energy efficiency and conservation given the whole host of other factors that may impact energy usage in a given residence. Family size may change, for example, and a family may use additional energy even if conservation measures are taken, perhaps because of an illness. The program is not unlikely to produce persistent energy savings on the part of PIPP households, nor is it likely to send rational signals to PIPP households to conserve. Low-income customers, by and large, use less energy than high income customers. Those on PIPP have the misfortune to have either the largest families under one roof or a house that is extremely inefficient.

Third, PIPP customers and other low-income households tend to move frequently; few own their homes. Absent twelve months of consumption at the same address prior to the period of usage that will trigger the credit, effectively a large number of participants will not be eligible, even if they practice conservation. In a sense, the proposed crediting program discriminates against PIPP customers that may be forced to relocate for a host of reasons.

In light of the minimal savings to customers from the program, the problems in administering it, failure to verify that it is actually rewarding energy efficiency or creating persistent energy savings, and the mobility of the customer

base, OCA recommends that the energy conservation credit program not be adopted.

Wherefore, OCA respectfully submits these comments to the proposed rule revisions. OCA urges the Commission to adopt its recommendations. OCA also reserves again the right to file reply comments on any comments made by any other persons.

Respectfully submitted,

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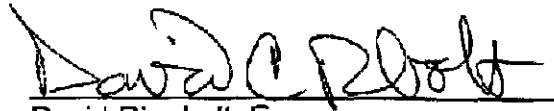
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served by U.S. Mail
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