

**FILE**

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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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, ) Case No. 08-723-AU-ORD  
4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and )  
4901:1-29-12 of the Ohio Administrative Code. )

COLUMBUS SOUTHERN POWER COMPANY'S  
AND OHIO POWER COMAPANY'S  
INITIAL COMMENTS

By Entry dated June 25, 2008 the Commission invited comments regarding revisions to 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. By subsequent Entry, the Commission set September 10, 2008 and October 14, 2008 as the filing dates for initial and reply comments, respectively. In accordance with this schedule, Columbus Southern Power Company and Ohio Power Company (collectively AEP Ohio) file the following initial comments.

The initial comments below are organized in two sections. First, answers are provided to questions set out in Appendix A of the Entry. The remaining section, organized by rule number, addresses specific provisions and selected issues concerning the proposed rules. AEP Ohio reserves the right to submit reply comments concerning any proposed rule addressed by another party in its initial comments.

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## ANSWERS TO APPENDIX A QUESTIONS

### ENERGY CONSERVATION

1. In AEP Ohio's Electric Security Plan filing (Case Nos. 08-917-EL-SSO and 08-918-EL-SSO) two energy conservation programs focusing on low-income customers were identified. These are:

**Targeted Energy Efficient Weatherization Program:** This program is designed to facilitate the installation of a wide range of cost effective weatherization upgrades and other measures in homes where customer's total annual household incomes are at or below 125 to 200 percent of the federal poverty guidelines.

**Low Income Weatherization Programs:** Similar to the Targeted Energy Efficient Weatherization Program, this program, targets customers with total annual household incomes at or below 125 percent of federal poverty guidelines and are eligible for energy assistance.

These programs have not yet been implemented. Therefore, there are no program results to report.

2. AEP Ohio has not conducted studies which demonstrate a difference in energy consumption between PIPP customers, other low-income customers and all other customers.

3. AEP Ohio does not have this information available.

4. AEP Ohio does not have this information available.

6. AEP Ohio does not have this information available.

7. AEP Ohio does not have this information available.

8. AEP Ohio does not have this information available.

9. Barriers that may exist include cost recovery, cost of implementation, customer acceptance/education, access to premises, and sufficient numbers of trained installers.

10. As a starting point, all of the barriers identified in the answer to question No.9 must successfully be resolved. Further, programs implemented by other government entities will support and spotlight the need for energy conservation by low-income customers.

## FOREGONE DISCONNECTION AND ASSOCIATED REVENUES

This question presents an important policy issue that must be carefully considered. If utilities are not going to be able to recover as part of their rates uncollectible charges or charges incurred after the first moment that disconnections are permitted (assuming that moment can be determined), the Commission should expect the number of service disconnections to increase dramatically. There are a large number of disconnections that are postponed beyond the permitted time as utilities attempt to work out payment arrangements with customers. If the charges incurred during that process are not going to be recovered the utilities will have no choice but to disconnect service immediately rather than taking the time to try to work with our customers. This question also ignores the fact that disconnections might be postponed because of storm restoration efforts, the failure of a customer to follow through with a promised medical certification or because temperatures may be so high or so low so as to cause the disconnection to be prohibitive.

Moreover, utilities would need to increase staffing levels to perform all of the warranted disconnections as soon as the disconnection is permitted. The cost of this additional staffing level must be considered by the Commission to determine if the "savings" associated with reducing the level of uncollectible charges are worth the impact of many more customers being disconnected.

The only reason that a utility should not be allowed to fully collect from its customers its uncollectible charges is if the Commission were to determine that the utility was not adequately pursuing the collection of arrearages or was not reasonably using disconnection of service as a mechanism to control the amount of uncollectible charges.

Adopting a universal practice of shutting off service at the very moment that such an action can be lawfully performed should not be equated with being reasonable.

### PREPAID METERS

(1) Two programs the Commission should consider are the Salt River Project (SRP) program and Tacoma Power program. Tacoma's prepay option can use a centralized prepayment system that performs all the account balance calculations and controls the switching of services. Both programs are easily transitioned into an Automated Metering Infrastructure (AMI) environment.

(2) AEP Ohio has limited experience with pre-paid metering programs.

(3) a.i.(1) A reconnection charge should not be applied if a prepaid meter is required because reconnection costs would be built into the installation costs.

a.i.(2) If the customer should be required to have a prepaid meter, yet not be required to pay for it, the customer then should pay a reconnection charge.

ii. If the customer is a direct-billed tenant, the landlord's permission must be secured prior to the installation of a prepaid meter. The service should remain disconnected until the landlord's permission is received and the prepaid meter is installed.

iii. The time interval permitted to install a prepaid meter if service has been disconnected for more than ten days should be the same as the new service intervals.

b. If the company is allowed to require a prepaid meter program for customers whose service has been disconnected, the company should not be required to install meters that can be remotely "recharged" by the customer.

c. AEP Ohio does not have any further suggested program aspects.

d. The cost of a prepaid meter unit is the same as an AMI meter with Remote Service Switch (RSS). Costs might initially be \$300-\$350 per meter. The installation cost would be approximately \$40. The other costs to be incurred to provide prepaid meters would be considerable modifications to AEP's Customer Information System (CIS) and Meter Data Management (MDM) system to support prepaid meters. Additional software from third party providers may need to be purchased as well. The costs that could be eliminated by having a prepaid metered customer would be a reduced number of credit related field trips.

The Commission could consider an option for utilities to offer prepaid meters, but utilities should not be required to offer them because the cost of the meter may prohibit many customers from paying for the equipment.

### OTHER

(1) If customers were to choose their monthly due dates, it would reduce the efficiency of AEP Ohio's existing meter routing and billing processes. With the current metering technology, the current cycle based system provides a very cost effective way to collect meter readings. This cycle based system also helps with the workflow associated with processing and mailing the bills. These efficiencies flow through when it is necessary to process credit issues as well.

- (2) The revised OSCAR report appears to capture all pertinent information for analyzing the proposed low income payment plan. However, AEP Ohio would have an associated 12 months of IT programming and associated costs to accommodate the changes.
- (3) AEP Ohio's contract with CheckFreePay to fully manage our payment agent network contains no specific fees for recruiting and equipping new agents as needed. There would, however, be inconvenience to the approximately 20,000 AEP Ohio customers currently paying at these 45 locations for the estimated six months that it would take to fully establish those replacements. Regarding the elimination of Payday Lenders, see AEP Ohio's comments regarding proposed Rule 4901:1-10-22(D).
- (4) As of June 26, 2008, AEP Ohio had 60,408 customer accounts coded as using a secondary heating source.
- (5) AEP Ohio does not have a suggestion for a new name at this time.
- (6) Staff's proposal seems to make sense to have all disconnection/reconnection rules under one chapter.
- (7) A customer's service should be disconnected for thirty days before that customer would be considered a new applicant for service.

### **COMMENTS ON SPECIFIC RULES<sup>1</sup>**

#### **4901:1-10-22 (D)**

In this proposed new division, electric utilities would be prohibited from contracting with a check-cashing business or licensee to be an authorized payment agent. AEP Ohio believes that it should be left to the legislature to determine if these businesses

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<sup>1</sup> AEP Ohio's proposed changes are reflected in a red-line format to Staff's proposed rules.

“unnecessarily [expose] Ohio’s financially vulnerable low-income population to the predatory lending practices of this industry.” (Entry, p-5), and if they do, how that situation should be remedied. The proposed rule change would discriminate against these businesses even if the legislature imposes restrictions on these businesses which it perceives to balance the interests of the businesses and the individuals that conduct business with them.

As a practical matter, more than 20,000 AEP Ohio customers used such businesses to remit payments in June 2008. Also, it is estimated that it would take at least six months to secure replacement agents for the businesses currently under contract, which this proposed rule would prohibit from acting as a payment agent.

For these reasons, the proposed new division should be rejected. While not directly affected, AEP Ohio suggests that proposed new divisions 4901:1-5-07 (E), 4901:1-13-11(E), 4901:1-15-17(D), 4901:1-24-14 (D) and 4901:1-29-12 (C), also be rejected.

4901:1-10-22 EDU customer billing and payments.

- (D) ~~Electric utilities shall not contract with a check cashing business or licensee to be an authorized payment agent. Check cashing business means any person who engages in the business of cashing checks for a fee, as defined in section 1315.21 of the Revised Code. Licensee means any person to whom one or more licenses have been issued as defined in sections 1321.01 to 1321.19 of Revised Code.~~

4901:1-17-03 (A)

This division will require the utility to advise the applicant, at the time of application, of each criteria available to establish “credit.” The rule then goes on to list

six different criteria for establishing "financial responsibility." At a minimum the same term should be used in both sentences.

More important, this requirement will result in lengthy telephone conversations, particularly as the details of the guarantor option are reviewed. If this requirement is imposed, the Commission would need to modify its rule concerning average answer times for telephone calls.

Finally, as to criteria six regarding prepaid meters, AEP Ohio, at this time, is not prepared to implement a prepaid meter program for customers whose service has been disconnected, let alone as a criteria for establishing financial responsibility for all new customers. Subdivision (6) should be deleted. Prepaid meters could be an option available to the utility, as is the case under proposed rule 4901:1-17-04 (D). This option also is consistent with Paragraph 6 of the Entry which states that prepaid meters MAY be used as an option for customers to establish or reestablish credit.

4901:1-17-03 Establishment of credit.

- (A) Each utility may require an applicant for residential service to satisfactorily establish financial responsibility. If the applicant has previously been a customer of that utility, the utility may require the residential applicant to establish financial responsibility pursuant to paragraph (C) of rule 4901:1-17-04 of the Administrative Code. ~~Each utility shall advise the applicant, at the time of application, of each of the criteria available to~~ establish credit. If the utility requires an applicant to provide additional information to establish FINANCIAL RESPONSIBILITY ~~credit~~, such as identification or written documentation, then the utility shall confirm with the applicant when it receives the requested information. An applicants financial responsibility will be deemed established if the applicant meets any one of the following criteria:



**4901:1-18-01 (C)**

Whether a dispute is a “bona fide” dispute should not be established based on whether the customer has complained to the Commission – either formally or informally. The proposed definition will encourage the lodging of complaints, even frivolous or meritless complaints, simply to avoid disconnection of service. Instead of a definition the rules should simply refer to “good faith” complaints.

**4901:1-18-01 Definitions.**

For the purposes of this chapter, the following definitions shall apply:

~~(C) — “Bona fide dispute” means a complaint registered with the commission’s call center or a formal complaint filed with the commission’s docketing division.~~

**4901:1-18-03 (E)(1)**

Under existing rule 4901:1-18-02 (G)(1) disconnection of service is permitted if the utility is prevented from reading the meter for a year or more. However, a full year need not pass if the utility “suspects tampering or other fraudulent activities.” This same exception should be included in division (E)(1). There is no appropriate reason for preventing a meter from being read for a year or more. The period of time should be reduced to four months. If the twelve-month period is retained, so should the exception for tampering or fraudulent acts.

**4901:1-18-03 Reasons for disconnecting residential electric, gas or natural gas service.**

Electric, gas, or natural gas companies under the jurisdiction of the commission may disconnect service to residential customers only for the following reasons:

- (E) When a customer, consumer, or his/her agent does any of the following.

- (1) Prevents company personnel from reading the meter for a year or more. IF, HOWEVER, THE COMPANY SUSPECTS TAMPERING OR OTHER FRAUDULENT ACTIVITIES, IT NEED NOT WAIT FOR A YEAR TO PASS WITH BEING PREVENTED FROM READING THE METER.

**4901:1-18-03 NEW (J)**

Under existing rule 4901:1-18-02 (B) disconnection of service is permitted if a customer violates or refuses to comply "with a contract and/or the general service rules and regulations on file with the commission that apply to the customer's service." This provision should be retained in the new rule.

**4901:1-18-03 Reason for disconnecting residential electric, gas, or natural gas service.**

Electric, gas, or natural gas companies under the jurisdiction of the commission may disconnect service to residential customers only for the following reasons:

- (J) VIOLATES OR REFUSES TO COMPLY WITH A CONTRACT AND/OR THE GENERAL RULES AND REGULATIONS ON FILE WITH THE COMMISSION THAT APPLY TO THE CUSTOMER'S SERVICE.

**4901:1-18-05 (G)**

Current rule 4901:1-18-04 (E) requires the utility to furnish a copy of the payment plan entered into by the customer if the customer requests a copy. The proposed rule requires a copy be sent even if not requested by the customer. In the first seven months of this year AEP Ohio has processed over 62,000 payment plans. AEP Ohio believes this proposed requirement is unwarranted and will add needless postage and processing expenses. The monthly bill acts as a regular reminder of the customer's obligation under

the agreed-upon payment plan. This monthly confirmation is more effective than a one-time confirmation at the outset.

4901:1-18-05 Extended payment plans and responsibilities.

- ~~(G) The company shall advise the customer, who enters into an extended payment plan, that it will provide the customer with the terms of the plan in writing. The company shall also advise the customer that failure to make a payment under the extended payment plan may result in the disconnection of service in accordance with the procedures set forth in rule 4901:1-18-06 of the Administrative Code.~~

4901:1-18-06 (A)(3)(c)

The full scope of information to be provided to the appropriate county Department of Job and Family Services (DJFS) is too broad and may unnecessarily violate the customer's privacy rights. The existing rule does not require that all of this information be provided. It should be sufficient to provide the customer's name and the service address, including county of residence. When contacted by the DJFS the customer can provide the account number and bill status information.

4901:1-18-06 Disconnection procedures for electric, gas, and natural gas utilities.

- (A) If a residential customer is delinquent in paying for regulated services, the company may, after at least fourteen day's notice, disconnect the customer's service during normal company business hours in compliance with all of the following conditions.
- (3) Third-party or guarantor notification.
- (c) In compliance with division (E) of section 4933.12 and division (D) of section 4933.121 of the Revised Code, if the company plans to disconnect the residential utility service of a customer for the nonpayment of his/her bill, and that customer resides in an Ohio county in which the Department of Job and Family Services has provided the company with a written request for ongoing notification of residential service

disconnection prior to the disconnection, then the company shall provide, on an on-going basis, the appropriate county Department of Job and Family Services with an electronic means for acquiring information on those customers whose service will be disconnected for nonpayment. This information will include at a minimum, the customer's first name, middle initial, last name, ~~account number~~, service address, AND county of residence, ~~account status, current balance, amount past due, total account balance, as well as the amount to be paid to prevent disconnection or to restore service.~~ The said information shall be made available to the county Department of Job and Family Services simultaneous with the generation of disconnection notices being distributed to customers. The county Department of Job and Family Services may use this information to assist customers in the payment of delinquent utility bills in an effort to avoid disconnection of service.

**4901:1-18-06 (C)(3)(i)**

The proposed rule imposes an obligation on the utility to inform the customer who has a medical certification, at least seven days before the expiration of the certificate, of the end date of the medical certificate; that an extended payment plan should be established before the medical certificate expires; that in order to avoid disconnection the customer should provide another medical certification or make the first payment on the payment plan by the end date of the certification; and of the available governmental assistance programs.

AEP Ohio customers utilize approximately 25,000 medical certificates per year. Mailing a letter for every customer seven days prior to the expiration date would significantly increase the expense related to the medical certification process. Since customers are advised by telephone when requesting the medical certificate and by a bill insert twice a year of the abovementioned information, AEP Ohio feels it is unnecessary to add an additional notification.

4901:1-18-06 (C)(3)(i)

(C) Medical certification.

- (3) The utility company shall act in accordance with the following medical certification requirements.

~~(i) At least seven days prior to the end of the thirty day extension created by the medical certification the company shall either make personal contact with the customer or send a notice which shall include all of the following.~~

- ~~1. state the end date of the medical certificate.~~
- ~~2. advise the customer that, if the customer has not yet established an extended payment plan with the company the customer should do so before the end date of the medical certificate.~~
- ~~3. advise the customer to either pay the first payment of that payment plan no later than the end date of the medical certificate or provide the company with another medical certificate to prevent disconnection of service.~~
- ~~4. provide the customer with contact information regarding any government assistance programs that may be available.~~

4901:1-18-08 (A)

The proposed rule adds new language which would require an additional ten-day notice to single occupancy dwellings where utilities are included in the rent. Imposing this requirement to provide notice on even a “good faith” basis is unreasonable. The


utility generally will not know if the occupant of a single occupancy dwelling is an owner or tenant. A tenant with a lease that includes utilities must rely on the landlord to pay the utility bills. The utility should not have to keep track, even on a good faith basis, of what dwellings are rented and, of those that are rented, which tenants pay their own utilities and which do not.

4901:1-1808 Landlord-tenant provisions.

A company may disconnect utility service of consumers whose utility services are included in rental payments and of consumers residing in a multi-unit dwelling (i.e., tenants who receive master-metered services) for which the customer is the landlord, only in accordance with the following:

- (A) The company shall give a notice of disconnection of service to the landlord/agent at least fourteen days before the disconnection would occur. If, at the end of the fourteen-day notice period, the customer has not paid or made payment arrangements for the bill to which the fourteen-day notice relates, the company shall then make a good faith effort by mail, or otherwise, to provide a separate ten-day notice of pending disconnection to the landlord/agent, to each unit of a multi-unit dwelling (i.e., each tenant who receives master-metered service), and to single-occupancy dwellings where the utilities are included in the rent. This ten-day notice shall be in addition to the fourteen-day notice given to the landlord/agent. This notice requirement shall be complied with throughout the year. In a multi-unit dwelling, written notice shall also be placed in a conspicuous place.

Respectfully submitted,



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