

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

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**INITIAL COMMENTS OF DUKE ENERGY OHIO**

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**I. INTRODUCTION**

On June 25, 2008, the Public Utilities Commission ("PUCO or Commission") issued an Entry seeking comments on its Staff's ("Commission Staff") proposed changes to Chapters 4901:1-17 (Establishment of Credit for Residential Service) and 4901:1-18 (Termination of Residential Service) and Rules 4901:1-5-07 (Customer Bills), 4901:1-10-22 (EDU Customer Billing and Payment), 4901:1-13-11 (Gas or Natural Gas Company Customer Billing and Payment), 4901:1-15-17 (Business Offices), 4901:1-21-14 (Customer Billing and Payment), and 4901:1-29-12 (Customer Billing and Payment) of the Ohio Administrative Code (O.A.C.), pursuant to Section 119.032 of the Ohio Revised Code (O.R.C.). The Commission also seeks responses from interested parties concerning questions included at Appendix A of its proposed changes, which are intended to assist in evaluating Staff's proposed changes. Finally, the Commission seeks responses from interested parties concerning the proposed changes to the Ohio Statistics on Customer Accounts Receivable (OSCAR) Report, which are included at

Appendix B. Interested parties must file initial comments by September 10, 2008, and reply comments by October 14, 2008.<sup>1</sup>

Duke Energy Ohio (DE-Ohio) is an Ohio corporation engaged in the business of supplying electricity and natural gas to consumers in Southwestern Ohio and is a public utility as defined by Sections 4905.02 and 4905.03 of the O.R.C. The Staff's proposed changes, if adopted, will directly impact DE-Ohio's provision of electric and natural gas services to consumers in Southwestern Ohio. DE-Ohio appreciates the opportunity to offer initial comments addressing Staff's proposed modifications. Accordingly, DE-Ohio respectfully submits the following comments regarding the Staff's proposed changes as well as questions contained at Appendix A and modifications proposed at Appendix B.

## **II. GENERAL COMMENTS**

DE-Ohio commends the Commission Staff for writing rules that consider the evolving landscape of consumer service in the utility industry, such as electronic noticing, pre-paid metering alternatives, and a revised gas Percentage of Income Payment Plan (PIPP) that is focused on providing incentives to gas customers to conserve energy and make timely payments. DE-Ohio's comments are intended to offer limited and specific amendments to support the objectives that DE-Ohio believes the Commission intends to achieve. DE-Ohio has organized its comments such that general comments and specific comments are first presented, followed by comments concerning Appendix A and B, respectively.

## **III. 4901:1-17 *et. seq.*: ESTABLISHMENT OF CREDIT FOR RESIDENTIAL SERVICE**

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<sup>1</sup> On July 23, 2008, the Ohio Gas Association (OGA) filed a motion for a thirty-day extension of time for filing initial and reply comments as well as for the responses requested by the Commission for good cause shown. The Commission granted a 30-day extension on August 01, 2008.

**A. 04901:1-17-01: Definitions**

In Sections (D) and (E) of 4901:1-17-01, O.A.C., Staff proposes definitions for the terms “**customer**” and “**consumer**.” Specifically, the consumer is defined as, “ultimate user of the electric, gas, natural gas, telecommunications, waterworks, or sewage disposal services,” while the customer is defined as the party “who enters into an agreement to purchase [service] by contract and/or by tariff.” DE-Ohio requests that the Commission modify these definitions to require that the customer also be a consumer at a premise, unless the premise is master-metered. As is presently written, the *consumer* (*e.g.* resident) may be disadvantaged at a particular service delivery location if the *customer* (*i.e.*, landlord, parent, etc.) does not reside at the service delivery location and does not share with the consumer important correspondence or information concerning available programs from the service utility. DE-Ohio asserts that requiring the customer to be a consumer at the premise where service is provided also ensures that Ohio utilities are able to address service-related issues with the party who is ultimately responsible for the service.

**B. 4901:1-17-02: General Provisions**

Under 4901:1-17-02, O.A.C, *et. seq.*, the Staff proposes new language that appears to be an amalgamation of several rules, including the previous language included at 4901:1-17-02, O.A.C., as well as 4901:1-17-09, O.A.C. Notably, Staff includes Section 4901:1-17-02(D), O.A.C., which affords utility companies to use electronic transactions and notices, provided that the customer and the utility company are both in agreement with such use, and such use is consistent with Commission requirements or guidelines. DE-Ohio supports the addition of this provision. With many customers’ busy lifestyles, inclusion of this provision allows customers, who prefer

electronic interaction, the ability to communicate, pay their bills, and receive utility service notices through available electronic means (*i.e.*, electronic mail, instant messaging, text messaging, etc.).

**C. 4901:1-17-03: Establishment of Credit and Guarantor Agreement**

The Staff proposes several significant modifications to the present protocol for applicants to establish credit with a service utility. Specifically, Section 4901:1-17-03(A)(2), O.A.C., affords applicants the option to decline providing their social security number for credit checks. In light of heightened concerns related to identity theft and unauthorized disclosure of customers' personal private information ("PPI"), DE-Ohio understands the Staff's proposed modification. However, the implication of this change is that more customers who apply for service will decline offering their social security numbers to preclude Ohio utilities from performing credit checks, especially if the applicant's credit rating is questionable. As such, DE-Ohio requests that the Commission balance the proposed changes in 4901:1-17-03, O.A.C., with Ohio utilities' need to effectively establish applicants' creditworthiness. DE-Ohio asserts that its proposed modifications to Sections 4901:1-17-03(A)(1), (A)(3), and (A)(5) will strike such a balance.

Under 4901:1-17-03(A)(1), O.A.C., the Staff proposes the following modification:

- (1) The applicant is the owner of the premises to be served or of other real estate within the territory served by the utility and has demonstrated financial responsibility with *respect to that property*.

DE-Ohio requests that the Commission reject the proposed addition, "*with respect to that property*." Not unlike other territories in Ohio, DE-Ohio's service territory is inundated with unincorporated real estate entrepreneurs who establish separate accounts for each

of their residential real estate investments (*i.e.*, single family homes, condominiums, and duplexes). Unfortunately, many of these entrepreneurs are under-funded and have difficulty maintaining the utility accounts at these various residences.

If Ohio utilities are unable to use an applicant's social security number to perform a credit check, the proposed modification to 4901:1-17-03(A)(1), O.A.C., limits further Ohio utilities' ability to establish creditworthiness. The Staff's proposed modification implies that an applicant may have delinquencies and/or arrearages at any or all of their other service locations within a utility's service territory; however, Ohio utilities are not permitted to utilize that information in determining creditworthiness, as long as the property owner has not created a delinquency at the location where service is being requested. DE-Ohio argues that Ohio utilities should not be asked to turn a blind eye to delinquencies and/or arrearages associated with multiple properties owned by one applicant. In light of the applicant's ability to decline providing his/her social security number to perform a credit check, service utilities should be afforded the ability to utilize concurrent delinquencies and/or arrearages with that service utility to determine whether to provide utility service at an additional location. As such, DE-Ohio requests that the Commission modify 4901:1-17-03(A)(1), O.A.C., as follows:

- (A) The applicant is the owner of the premises to be served or of other real estate within the territory served by the utility and has demonstrated financial responsibility under either of the following conditions:
  - (a) with respect to that property, if the applicant owns only the premises to be served;
  - (b) with respect to any other real estate within the territory served by the utility, if the applicant owns multiple properties.

Proposed 4901:1-17-03(A)(3), O.A.C., provides:

- (3) The applicant demonstrates that he/she has had the same class and a similar type of utility service within a period of twenty-four consecutive months preceding the date of application, unless utility records indicate that the applicant's service was disconnected for nonpayment during the last twelve consecutive months of service, or the applicant had received two consecutive bills with past due balances during that twelve-month period and provided further that the financial responsibility of the applicant is not otherwise impaired.

In light of the Staff's proposed modifications related to customers' ability to decline offering their social security numbers for credit checks, DE-Ohio proposes that the Commission modify the proposed language under 4901:1-17-03(A)(3), O.A.C. DE-Ohio's proposed modification will ensure that the previous payment history furnished by an applicant to establish creditworthiness is consistent with the class and the amount of service extended to the applicant by the prior utility. Therefore, DE-Ohio proposes the following:

- (3) The applicant has been a customer of the utility for a similar type of service within a period of twenty-four consecutive billings preceding the date of application, unless utility records indicate that the applicant's service was disconnected for nonpayment during the last twelve consecutive months of service, or the applicant had received two consecutive bills with past due balances during that twelve-month period provided that the average periodic bill for such previous service was equal to at least fifty per cent of that estimated for the new service and provided further that the financial responsibility of the applicant is not otherwise impaired.

Under 4901:1-17-03(A)(5), O.A.C., the Staff proposes modifications concerning an applicant's ability to provide a creditworthy guarantor to secure payment of bills. Specifically, 4901:1-17-03(A)(5), O.A.C., provides the following:

- (5) The applicant furnishes a creditworthy guarantor to secure payment of bills in an amount sufficient for a sixty-day supply

for the service requested. If a third party agrees to be a guarantor for a utility customer, he or she shall meet the criteria as defined in paragraph (A) of this rule or otherwise be creditworthy.

DE-Ohio does not object to an applicant's ability to furnish a guarantor; however, DE-Ohio requests that the Commission modify the methodology for calculating the amount requested from the guarantor. DE-Ohio believes that furnishing a guarantor is a less viable option for customers because neither the customer nor the guarantor has specific financial information concerning the amount for which they are responsible, should the guaranteed customer default. In Duke Energy's other service territories, providing more concrete information concerning the guarantor's maximum amount of responsibility has yielded an increase in guarantors.

DE-Ohio has found that guarantors are often surprised when the guaranteed customer's default amount is transferred to the guarantor's account. Guarantors question the amount of the transfer more than the transfer itself. Without financial information in advance, guarantors lack the proper frame of reference to recognize the amount they may be responsible for if the guaranteed customer defaults. DE-Ohio requests that the Commission adopt a rule that establishes a guarantor's financial obligation in advance rather than after the customer defaults. DE-Ohio suggests that a guarantor be held accountable for what equates to a two-month security deposit based on either the estimated usage for that particular service location or a standard deposit amount based on rate class and structure type (*i.e.*, apartment, condominium, single-family home). Finally, DE-Ohio suggests that the guarantor be informed of that amount prior to signing the guarantor agreement. DE-Ohio believes that ensuring that the guarantor understands his/her obligation in advance will lessen confusion and/or

complaints by guarantors should it become necessary to transfer the guaranteed customer's balance to the guarantor's account. As such, DE-Ohio proposes to modify proposed 4901:1-17-03(A)(5), O.A.C., as follows:

- (5) The applicant furnishes a creditworthy guarantor to secure payment of bills for service requested in a specified amount not to exceed the amount of a two-month security deposit as prescribed in 4901:1-17-05 or a preset deposit amount based on rate class and structure type for the premise for which service is provided. If a third party agrees to be a guarantor for a utility customer, he or she shall meet the criteria as defined in paragraph (A) of this rule or otherwise be creditworthy.

Again, DE-Ohio submits that its proposed modifications to proposed Sections (A)(1), (A)(3), and (A)(5) of 4901:1-17-03, O.A.C., will provide Ohio utilities with the ability to adequately ensure an applicant's creditworthiness should an applicant decline providing that utility his/her social security number under proposed 4901:1-17-03(A)(2), O.A.C.

**D. 4901:1-17-05: Deposit Administration Provisions**

At 4901:1-17-05(A), O.A.C., the Staff's proposed change states *in part*:

- (A) No public utility, as defined in this chapter, except telecommunications providers, shall require a cash deposit to establish or reestablish credit in an amount in excess of one-twelfth of the estimated charge for regulated service(s) provided by that ~~distribution~~ utility for the ensuing twelve months, plus thirty per cent of the monthly estimated charge. No telecommunications provider shall require a cash deposit to establish or reestablish credit in an amount in excess of that prescribed in rule ~~4901:1-5-13~~ *4901:1-5-05* of the Administrative Code. Each utility, upon request, shall furnish a copy of these rules to the applicant/customer from whom a deposit is required. If a copy of the rule is provided to a ~~customer/applicant~~ *the applicant/customer*, the utility shall also provide the name, address, website address, and telephone number of the public utilities commission of Ohio.



DE-Ohio again proposes that the Commission consider modifying the amount of the deposit required to establish creditworthiness from “*one-twelfth of the estimated charge for regulated services provided by the utility for the ensuing twelve months, plus thirty per cent of the monthly estimated charge*” to “*two-twelfths of the estimated charge for regulated services provided by the utility for the ensuing twelve months, plus thirty per cent of the monthly estimated charge.*” DE-Ohio’s previous experiences have shown that present deposit amounts do very little to dissuade customers against default or to address the average residential customer’s arrearage amount once default and disconnection have occurred. Section 4901:1-18-05, O.A.C., continues to allow residential customers to be approximately sixty days in arrears before any Ohio electric, gas, or natural gas utility may disconnect for non-payment (this includes the requisite 14-day and/or 10-day notice requirements). Section 4901:1-17-03(A)(5), O.A.C., as proposed, requires guarantors to be responsible for sixty days of service. The customer remains the least responsible party for securing his/her service. DE-Ohio argues that the customer’s responsibility should be equivalent to or exceed that of a guarantor or the service utility.

DE-Ohio submits that security deposits should be equivalent to the fullest amount of service that may be extended by the utility to the customer without the customer being required to pre-pay for service. To require less places a burden on other ratepayers who are not required to furnish a security deposit. Outstanding balances that go unpaid and are not recouped by security deposits become apart of a service utility’s uncollectible arrearages. Those arrearages are ultimately absorbed by other ratepayers through increased service fees, riders, and/or rates. DE-Ohio believes that it is prudent to shift more of the responsibility to those customers who require a security deposit. Such a

requirement, coupled with timely disconnections for nonpayment of utility bills, will likely lessen the number of customers who have sizeable residual uncollectible arrearages after their services are disconnected. It will also lessen the amount of those uncollectible arrearages passed on to other ratepayers.

**E. 4901:1-17-06: Refund of Deposit and Release of Guarantor**

DE-Ohio proposes that the Commission include language at Section 4901:1-17-06(E), O.A.C., that addresses protocol for handling the guaranteed customer's account when a guarantor requests a release of financial responsibility, and the customer is unable to establish creditworthiness by other means. Specifically, DE-Ohio proposes the following:

- (E) *If a guarantor requests in writing a release of financial responsibility related to a customer's account, the customer who provided the guarantor will be subject to establishing creditworthiness through an alternative means as prescribed by 4901:1-17-03(A), O.A.C., or subject to disconnection as prescribed by 4901:1-18-05, O.A.C.*

DE-Ohio asserts that adding this provision will afford guarantors the ability to discontinue acting as guarantors should circumstances require. Likewise, the provision will provide a customer with clearly defined protocol concerning establishing creditworthiness should the party guaranteeing his/her account request a release of financial responsibility before that customer has established creditworthiness through his/her payment history.

**IV. 4901:1-18 *et. seq.*: TERMINATION OF RESIDENTIAL SERVICE**

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

In 4901:1-18-01(G) and (H), the Staff proposes definitions of the terms “**customer**” and “**consumer**.” Specifically, the consumer is defined as the “ultimate user of the electric, gas, natural gas, telecommunications, waterworks, or sewage disposal

services,” while the customer is defined as the party “who enters into an agreement to purchase [service] by contract and/or by tariff.” DE-Ohio suggests that Staff further clarify these definitions. As is presently written, the “consumer” (*e.g.* resident) may be at a disadvantage at a particular service delivery site when/if the **customer** (*i.e.*, landlord, parent, etc.) resides somewhere other than the service delivery site and does not share with the consumer important correspondence from and/or programs provide by the utility for that account and service delivery site. Again, DE-Ohio finds this scenario especially prevalent in landlord/tenant situations.

#### **B. 4901:1-18-05: Extended Payment Plans and Responsibilities**

The Commission Staff proposes modifications to 4901:1-18-05(A)-(C), O.A.C., which address payment plans that service utilities must offer customers prior to disconnection for nonpayment of service charges. Specifically, 4901:1-18-05(A), O.A.C., as proposed, requires utility companies to make extensions or other extended payment plans appropriate for both customers and utility companies. DE-Ohio requests that the Commission modify the proposed language to: “the company shall inform the customers that it will make *reasonable* extensions or other extended payment plans appropriate for both the customer and the company....” DE-Ohio believes that including the term “reasonable” will ensure that this provision does not set unrealistic customer expectations concerning payment arrangements.

The Commission Staff also proposes to add a “one-twelfth payment plan” at 4901:1-18-05(B)(3), O.A.C. DE-Ohio opposes Staff’s proposed “one-twelfth plan.” DE-Ohio has experienced a myriad of issues associated with extending payment plans beyond 6 to 9 months. DE-Ohio previously formed an Agreement Analysis Team to research, among other things, the effect that longer payment agreements have on

customers' default rates, default time periods, and charge-off activity. DE-Ohio's Analysis Team studied 143,801 payment agreements initiated by gas and/or electric customers in its service territory. Of the 143,801 payment agreements studied, 37,561 agreements were initiated for term of 0-6 months. Of the agreements initiated for 0-6 months, 31,963 agreements were breached by customers, while 1,499 were cancelled by customers.

Of the 143,801 payment agreements studied, 67,591 agreements were initiated for a term of 7-12 months. Of the agreements initiated for 7-12 months, 62,133 were breached by customers, while 3,095 agreements were cancelled by customers. For agreements initiated for a term of 7-12 months, only 2,363 agreements were paid in full. Based on the results of DE-Ohio's study, DE-Ohio contends that the default rate of plans established for more than 6 months is approximately 92%, which suggests that the proposed "one-twelfth plan," without more (*i.e.*, mandatory consumer credit counseling), will be ineffective in promoting customer payments. As such, DE-Ohio requests that the Commission forego including the Staff's proposed "one-twelfth plan" in the final rule.

Should the Commission find it necessary to offer Ohio customers an additional payment plan, DE-Ohio requests that the Commission replace the "one-twelfth plan," with a "one-ninth plan." Customers within DE-Ohio's service territory typically enter into extended payment plans at the end of a winter heating season in an effort to address their arrearage amounts before the next winter heating season. As the heating season begins in late-October or early-November and continues through late-March or early-April, DE-Ohio submits that a twelve-month payment plan will undoubtedly prevent many customers from becoming current before experiencing increased costs associated with the subsequent heating season. A "one-ninth plan" will likely offer customers the ability

to effectively utilize the spring and summer months to address their arrearage amount prior to the subsequent winter heating season. As such, DE-Ohio requests that the Commission modify 4901:1-18-05(B)(3) as follows:

- (B) If the customer fails to propose payment terms acceptable to the company, the company shall then advise the customer of the availability of all of the following extended payment plans and PIPP pursuant to rule 4901:1-18-12 of the Administrative Code:
  - (3) One-ninth plan - A plan that requires a customer to pay nine equal monthly payments on the arrearages in addition to a budget payment plan for the projected monthly bills, which will end nine months from the initial payment. The budget portion of the payments may be adjusted periodically during the nine-month period as needed.

Under 4901:1-18-05(H), O.A.C., the Staff proposes the following modification:

- (H) No company shall charge late payment fees to customers that are current on the payment plans identified in paragraphs (A) or (B) of this rule or PIPP.

DE-Ohio does not oppose PIPP customers being exempt from late payment charges, provided they remain current with their PIPP payment plans. However, DE-Ohio does not see the need to afford customers on deferred payment plans exemption from late payment charges, if they remain current on their deferred payment plans. DE-Ohio does, however, see a benefit in the Commission affording Ohio utilities the discretion to waive late payment charges for customers on extended payment plans when they make timely payments on their utility charges and payment plan installments. DE-Ohio proposes the following modification to Section (H):

- (H) No company shall charge late payment fees to customers who remain current on the payment plans required by PIPP. Companies may waive late payment fees for customers who remain current on the payment plans identified in paragraphs (A) and (B) of this rule.

**C. 4901:1-18-06: Disconnection Procedures for Electric, Gas, and Natural Gas Utilities**

The Commission Staff proposes modifications to the disconnection procedures for electric, gas, and natural gas utilities. Section 4901:1-18-06, O.A.C., does not, however, incorporate protocol for addressing notice requirements, disconnections, and field payments for residential customers' meters equipped with SmartGrid technology. Through the SmartGrid initiative, infrastructure will be installed that will afford Ohio utilities the ability to offer remote disconnections and reconnections. By having the remote disconnection and reconnection capability, Ohio utilities may no longer need to send field representatives to customers' premises to provide personal notice, collect payments in the field, complete customer-requested connection and/or reconnections, or complete disconnections.

DE-Ohio will have approximately 50,000 electric and 40,000 gas meters equipped with SmartGrid technology by the end of 2008. Once the meters and the communication technology are in place, DE-Ohio could immediately begin offering remote connections and disconnections. Therefore, DE-Ohio requests that the Commission, include language at 4901:1-18-06, O.A.C., to address procedural changes that are inherent in the deployment of SmartGrid technology. Further, DE-Ohio proposes that the Commission adopt provisions that allow Ohio utilities the ability to deploy SmartGrid technology as soon as it is technically practical.

Further, 4901:1-18-06(C)(3)(a), O.A.C., states that the utility company shall provide, upon request, a medical certification form to any residential customer or to members of the medical profession identified in Rule 4901:1-18-06(C)(2), O.A.C. Further, the appendix of this section includes a proposed 30-Day Medical Certification

form for Ohio utilities to utilize. DE-Ohio proposes two modifications to the 30-Day Medical Certification form. DE-Ohio proposes that the document include the date on which the patient/applicant was examined. DE-Ohio also requests that the Commission add a provision to the form that requires applicants to be seen by a licensed physician within thirty (30) days preceding the date of the medical certification. This will ensure that a physician's assessment and/or medical certifications that are not provided telephonically do not become stale or moot.

**D. 4901:1-18-07: Reconnection of Service**

At 4901:1-18-07(A), O.A.C., the Staff proposes the following:

- (A) Upon payment or proof of payment of the delinquent amount as stated on the disconnection notice, or of an amount sufficient to cure the default on any extended payment plan described in rule 4901:1-18-05 of the Administrative Code, or PIPP, including any reconnection charge, the company shall reconnect service by the close of the following regular company working day, unless service has been disconnected for greater than ten business days. If service has been disconnected for greater than ten business days, the timeline to reconnect service shall be consistent with rules 4901:1-10-09 (A) and/or 4901:1-13-05 (A) and (C) of the Administrative Code. The amount sufficient to cure the default includes all amounts that would have been due and owing under the terms of the applicable extended payment plan, absent default, on the date that service is reconnected.

When a customer is on an extended payment agreement, that customer is required to make payments on both current charges and extended payment installments. If a customer is disconnected for nonpayment of current charges or for defaulting on an agreement, DE-Ohio contends that the customer should be required to cure both the agreement default and default for current charges before reconnection. DE-Ohio opposes allowing a customer's service to be restored by curing the agreement but not the delinquent amounts associated with current charges. DE-Ohio submits that

customers who are disconnected for nonpayment, whether for an installment on an extended payment plan or delinquency associated with current charges, should be required to pay the total amount past due, whether the amount is attributable to defaulting on an extended payment plan or to arrearages associated with current charges before service is restored. DE-Ohio requests that the Commission adopt the following modification in place of the Proposed Rule:

- (A) Upon payment or proof of payment of the delinquent amount as stated on the disconnection notice, and/or of an amount sufficient to cure the default on any extended payment plan described in rule 4901:1-18-05 of the Administrative Code, or PIPP, including any reconnection charge, the company shall reconnect service by the close of the following regular company working day, unless service has been disconnected for greater than ten business days. If service has been disconnected for greater than ten business days, the timeline to reconnect service shall be consistent with rules 4901:1-10-09 (A) and/or 4901:1-13-05 (A) and (C) of the Administrative Code. ~~The amount sufficient to cure the default includes all amounts that would have been due and owing under the terms of the applicable extended payment plan, absent default, on the date that service is reconnected.~~

**E. 4901:1-18-08: Landlord-Tenant Provisions, Appendix A, Appendix B, and Forms A, B, and C**

The Commission Staff proposes to modify Section 4901:1-18-08(A), O.A.C., as follows:

- (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.

DE-Ohio opposes the proposed modification concerning the provision of a ten-day notice of pending disconnection to single-occupancy dwellings where the utilities are included in the rent. Without the Commission expanding its reach over landlords/agents and tenants within Ohio, service utilities will not have the ability to assess whether a tenant resides in a single-family resident with his or her utility services included in the rent. The Commission Staff's proposed modification, which incorporates a notice requirement for single-family residences, will be virtually impossible without the landlord and tenant residing at the premise.

A master-metered, multi-unit dwelling requires a landlord or his/her agent to take responsibility for the entire property when service is established. Where single-family residences are concerned, landlords and/or agents may not have divulged tenants' existence or identities. DE-Ohio asserts that requiring utilities to police landlord's property holdings to determine whether tenants residing in them have utility services as a part of their rent payments is overly burdensome and beyond the scope of providing gas and/or electric services. DE-Ohio requests that the Commission revise the Staff's proposed change to exclude single-family residences, as such notification is not reasonably feasible for Ohio utilities to achieve.

**F. 4901:1-18-09: Combination Utility Companies**

Under 4901:1-18-09(B)(1)-(2), O.A.C., the Staff proposes the following:

- (C) Whenever a residential customer receiving both gas and electric service from a combination utility company has received a disconnection of service notice, the company shall give the customer each of the following options:

- (1) An extended payment plan for both gas and electric as provided for in rule 4901:1-18-05 of the Administrative Code.
  - (2) An extended payment plan to retain either gas or electric service as chosen by the customer. Such extended payment plan shall include an extended payment plan as provided in rule 4901:1-18-05 of the Administrative Code.
- (D) If a residential customer of a combination utility company who has entered into one extended payment plan for both gas and electric service receives a disconnection of service notice and notifies the company of an inability to pay the full amount due under such plan, the company shall offer the customer, if eligible pursuant to paragraph (B) of rule 4901:1-18-05 of the Administrative Code, another payment plan to maintain both services. The company shall give the customer the opportunity to retain only one service by paying the defaulted payment plan portion attributable to that service and by continuing payment on the portion of the extended payment plan attributable to that service subject to paragraph (B) of rule 4901:1-18-06 of the Administrative Code.

As the only combination utility under the Commission's jurisdiction, DE-Ohio opposes the Staff's proposed additions. The separation of service option has been utilized by customers to retain one utility service when disconnection for nonpayment is unavoidable. DE-Ohio believes that customers who choose to separate service should be required to pay all past due amounts on the service they wish to retain or restore. As such, an agreement for retained or restored service would be unnecessary. DE-Ohio asserts that this procedure would place customers in a better position, after separation of service, to avoid falling quickly back into arrears and becoming subject to disconnect related to the service they retain. Requiring customers to pay past due balances on retained or restored service will also preclude customers from having to remain abreast

of multiple, concurrent extended payment plans associated with retained and/or relinquished services.

Further, the Staff's proposed modifications do not address the most prevalent issue associated with offering the option to separate service: customers routinely discontinue efforts to pay the arrearages associated with the service they opt not to retain or restore. As a practical matter, many customers in DE-Ohio's service territory who choose the option of separating service do not become current on the service account that they chose not to retain or restore (which is usually gas service) unless or until weather conditions require it. When service has gone unpaid and unrestored for months, customers are then faced with an "uncollectible arrearage" that may have damaged their credit standing with DE-Ohio and other creditors. Alternatively, customers may relocate to a premise that has one utility service (which is usually electric only service); as such, they make little or no efforts to pay the outstanding arrearage associated with the service they do not retain or restore (which is usually gas service). Again, the arrearage becomes "uncollectible" and damages customers' standing with DE-Ohio, and may damage their standing with other creditors.

In light of these issues, DE-Ohio proposes that the Commission adopt changes that are designed to mitigate these occurrences. DE-Ohio submits that the Staff's proposed payment plans be implemented to promote payment after customers separate service. Specifically, DE-Ohio proposes the following modifications:

- (C) Whenever a residential customer receiving both gas and electric service from a combination utility company has received a disconnection of service notice, the company shall give the customer ~~each~~ either of the following options:

- (1) An extended payment plan for both gas and electric as provided for in rule 4901:1-18-05 of the Administrative Code.
  - (2) An extended payment plan for the unretained gas or electric service arrearage as chosen by the customer after requiring a residential customer to pay past due charges to retain either gas or electric service as chosen by the customer. Such extended payment plan shall include an extended payment plan as provided in rule 4901:1-18-05 of the Administrative Code.
- (D) If a residential customer of a combination utility company who has entered into one extended payment plan for both gas and electric service receives a disconnection of service notice and notifies the company of an inability to pay the full amount due under such plan, the company shall offer the customer, if eligible pursuant to paragraph (B) of rule 4901:1-18-05 of the Administrative Code, another payment plan to maintain both services. The company shall give the customer the opportunity to retain only one service by satisfying the default amounts attributable to that service and by continuing payment on the portion of the extended payment plan attributable to that service subject to paragraph (B) of rule 4901:1-18-06 of the Administrative Code.
- G. 4901:1-18-13: Payment Requirements for PIPP Customers and Appendix (Determination of Percentage of Payment Due and Minimum Payment)**

Under 4901:1-18-13(C), O.A.C., the Staff proposes to discontinue allowing PIPP customers to receive E-HEAP funds in order to restore service after disconnection for nonpayment. DE-Ohio applauds the Staff's proposed modification. Over the past decade, a cycle has developed involving customers on PIPP who use medical certificates to avoid payment for utility services until E-HEAP funding becomes available during the winter heating season. Specifically, many PIPP customers discontinue paying their PIPP charges early in the year. These customers then utilize medical certificates to suspend disconnection until they are able to receive Winter E-HEAP funds to retain service and clear their PIPP default amount. DE-Ohio does not believe that

such inappropriate conduct was intended during the inception of E-HEAP or PIPP. Therefore, DE-Ohio appreciates the Commission's efforts to address this invasive problem.

**H. 4901:1-18-14: Incentive Programs for PIPP and Graduate PIPP Customers and Appendix (Percentage of Income Payment Plan Arrearage and Conservation Incentive Credit Formula)**

Under 4901:18-14, O.A.C., the Commission Staff proposes incentive programs for PIPP and graduate PIPP customers. DE-Ohio supports the Staff's efforts to revamp the present PIPP program; however, DE-Ohio believes that calculating and applying the conservation credits proposed by the PUCO Staff will require significant billing system changes as well as bill formatting changes. DE-Ohio suggests that the Commission address cost recovery mechanisms for such changes, as DE-Ohio will undoubtedly seek cost recovery for IT costs associated with bill format changes as well as system changes required by the proposed changes.

**I. 4901:1-18-15: General PIPP Provisions**

Under 4901:1-18-15(F), the Staff proposes the following requirements be added to the PIPP procedures:

- (F) The company shall notify the PIPP customer by telephone message or direct mail, within five days after the due date, when the customer has failed to make a payment.

DE-Ohio appreciates the Staff's efforts to revitalize Ohio's PIPP program by promoting timely payments. However, DE-Ohio does not believe that including this provision furthers that objective. When a PIPP customer does not make his/her required PIPP installment by the due date, the PIPP customer is not subject to a late charge or any other consequences that might promote timely payments. DE-Ohio contends that

additional telephone calls or messages by mail notifying them of their delinquency will do very little to motivate customers to make timely payments. Further, the costs associated with IT modifications as well as programming service utilities' billing systems and automated voice response systems to initiate a notification campaign far outweigh any benefit received by the requirement.

**J. 4901:1-18-16: Graduate PIPP Program**

Under proposed Section 4901:1-18-16(A), O.A.C., the Staff proposes to afford former PIPP customers who remain within a gas or natural gas company's service territory the option of enrolling in a graduate PIPP program if the customer terminates participation in the PIPP program or is no longer income eligible. The proposed rule includes the following addition:

- (A) ...Former PIPP customers removed from the program due to fraud are not eligible to participate in graduate PIPP.

DE-Ohio requests that the Commission modify this requirement to include the following language:

- (A) ...Former PIPP customers removed from the program due to meter tampering and/or utility service theft or fraud are not eligible to participate in graduate PIPP.

DE-Ohio contends that each of the included infractions should be tantamount to exclusion from the graduate PIPP program. Customers who attempt to steal from or defraud Ohio service utilities should not be rewarded for their behavior by being allowed to participate in assistance programs provided by the utility or state and/or local government.

The Commission Staff also proposes 4901:1-18-16(E)(1)-(3), O.A.C., which addresses the payment requirements of the "graduate PIPP program." DE-Ohio

understands that there are daunting financial hurdles for customers who want to transition from the PIPP program or customers who are no longer income eligible for the PIPP program. DE-Ohio appreciates the Staff's efforts to assist customers in exiting the PIPP program by proposing a graduate PIPP program. However, DE-Ohio asserts that the proposed graduate PIPP program is seemingly a reinvention of the present PIPP Arrearage Crediting Program. In light of increasing personal debt associated with consumer spending, DE-Ohio suggests that a different approach should be taken to assist Ohio customers with exiting the PIPP program. DE-Ohio asserts that the proposed graduate PIPP Program will result in customers remaining stagnant on their PIPP arrearage, if not finding themselves in worse financial straights, before the Commission revisits these rules to determine whether further modifications are needed. DE-Ohio requests that the Commission adopt a graduate PIPP program that encourages graduate PIPP customers by ensuring that each year will allow customers to realize a measurable decrease in their arrearage while maintaining their utility charges, as they "graduate" from the PIPP program. DE-Ohio believes that its suggested modifications to the proposed graduate PIPP program will better facilitate customers' efforts to exit PIPP and/or graduate PIPP without insurmountable PIPP arrearages.

Proposed Rule 4901:1-18-16(E)(1), O.A.C., states the following concerning year one:

- (1) For the first twelve monthly bills (year one) following enrollment in graduate PIPP, the customer shall continue to be billed the PIPP income-based payment. The income-based payment due shall be based on the income and household size immediately prior to the PIPP customer becoming ineligible for PIPP.

DE-Ohio requests that the Commission modify year one of the proposed program. Customers moving to the graduate PIPP program are, for the most part, no longer income eligible for the PIPP program. Consequently, they should not be allowed to continue to make payments as if they retain income eligibility. Furthermore, customers who elect to leave the PIPP program for the graduate PIPP program will do so with the hope of beginning to pay down their PIPP arrearage amounts. As proposed, payments made on the graduate PIPP program during year one will not decrease customers' arrearages. On the contrary, customers will have an increased arrearage amount at the end of year one, as the difference between the amount of the customer's bill and their PIPP installment will continue to be added to the customer's PIPP arrearage amount.

DE-Ohio proposes that, during year one, graduate PIPP customers be required to pay either their current bill amount or a budget bill plan amount in addition to a minimum payment of twenty dollars toward their PIPP arrearage. If customers are able to and wish to pay more, then they can increase the amount paid toward their arrearage as their income level allows. Transitioning customers from PIPP installments during year one will effectively delineate between being on PIPP and graduating from PIPP; it will also allow customers to see a noticeable difference in their arrearage at the end of year one. By paying the additional twenty dollars, customers will realize a decrease of at least \$240 in their arrearage by the end of year one. Therefore, DE-Ohio requests that the Commission modify the final rule, as follows:

- (1) For the first twelve monthly bills (year one) following enrollment in graduate PIPP, the customer shall be billed, at the customer's option, the current bill amount or the budget bill plan amount *plus an additional minimum payment of twenty (\$20) dollars toward any PIPP arrearage until the arrearage is zero or until the customer graduates to year two of the program, whichever occurs first.*



During year two, the Staff proposes the following requirements for graduate PIPP customers:

- (2) Then, for the next twelve monthly bills (year two) after enrollment in graduate PIPP, the customer shall be billed, at the customer's option, the current bill amount or the budget bill plan amount.

Again, the effect of the proposed modification is that graduate PIPP customers pay nothing toward their PIPP arrearage during year two. Effectively, customers will not realize any progress in reducing their PIPP arrearage by the end of year two on the proposed graduate PIPP. As such, DE-Ohio suggests that the Commission include an incremental increase in the payment requirement for year two. DE-Ohio suggests the following:

- (3) Then, for the next twelve monthly bills (year two) after enrollment in graduate PIPP, the customer shall be billed, at the customer's option, the current bill amount or the budget bill plan amount plus an additional minimum payment of twenty-five (\$25) dollars toward the customer's PIPP arrearage until the arrearage is zero or until the customer graduates to year three of the program, whichever occurs first.

DE-Ohio asserts that under its proposed modification, customers will contribute an additional \$300 toward their PIPP arrearage by the end of year two and will realize to total decrease of \$540 in their total PIPP arrearage.

During year three, the Staff proposes the following:

- (3) Then, for the next twelve monthly bills (year three) after enrollment in graduate PIPP, the customer shall be billed, at the customer's option, the current bill amount or the budget bill amount plus twenty dollars (\$20.00) until the arrearage is zero or the graduate PIPP period ends, whichever occurs first. After three years, the graduate PIPP customer is no longer eligible for arrearage and/or conservation incentive

credits. Any remaining arrearages on the customer's account may become due and the customer placed on one of the extended payment plans in rule 4901:1-18-05 of the Administrative Code. If the arrearage remains on the customer's account, and the customer fails to make extended payment arrangements, the company may initiate disconnection procedures for failure to pay the remaining arrearage.

DE-Ohio suggests modifying year three by changing the proposed twenty dollar payment to thirty dollars. At the end of year three, customers will contribute an additional \$360 toward their PIPP arrearage and realize a total decrease of \$900 in their PIPP arrearage over the three year period. Coupled with the credits received from the Staff's proposed arrearage crediting and energy conservation crediting programs, PIPP customers will exit the graduate program realizing a decrease in their PIPP arrearage of at least \$1000, as opposed to a decrease of approximately \$300 over the three year period under the proposed program. On average, each DE-Ohio customer that is on PIPP carries a PIPP arrearage of approximately \$1500. DE-Ohio asserts that the arrearage remaining at the end of its proposed graduate PIPP program can more reasonably be transitioned into an extended payment plan without placing the "graduated" customer in jeopardy of disconnection shortly after leaving the program. As such, DE-Ohio proposes that the Commission adopt 4901:1-18-16(E)(3), O.A.C., as follows:

- (3) Then, for the next twelve monthly bills (year three) after enrollment in graduate PIPP, the customer shall be billed, at the customer's option, the current bill amount or the budget bill amount plus *thirty dollars (\$30.00)* until the arrearage is zero or the graduate PIPP period ends, whichever occurs first. After three years, the graduate PIPP customer is no longer eligible for arrearage and/or conservation incentive credits. Any remaining arrearages on the customer's account may become due and the customer placed on one of

the extended payment plans in rule 4901:1-18-05 of the Administrative Code. If the arrearage remains on the customer's account, and the customer fails to make extended payment arrangements, the company may initiate disconnection procedures for failure to pay the remaining arrearage.

Again, DE-Ohio believes that its suggested modifications will empower customers to graduate from the PIPP program. DE-Ohio's suggestions will also afford customers the ability to realize a gradual improvement in their financial circumstances at the end of the three year graduate PIPP program. As such, DE-Ohio respectfully requests that the Commission adopt its suggested modifications to Sections 4901:1-18-16(E)(1), (E)(2), and (E)(3) in the final rule.

At Section 4901:1-18-16(F), the Staff proposes the following:

- (F) Zero-income customers who subsequently become PIPP ineligible, due to an increase in household income, may enter the graduate PIPP program. The graduate PIPP payment level for former zero-income PIPP customers will be established at the time of the enrollment into the graduate PIPP program.

DE-Ohio submits that this section is ambiguous, as it does not provide a calculation or methodology for Ohio utilities to determine payment levels for former zero-income PIPP customers. As such, DE-Ohio requests that the Commission provide clarification concerning how it expects Ohio utilities to establish payment levels for former zero-income PIPP customers. Establishment of such payment levels is likely to impact Ohio gas utilities billing systems; therefore, DE-Ohio also requests that the Commission afford interested stakeholders the ability to comment on the proposed payment levels.

**K. 4901:1-18-17: Removal from or Termination of Customer Participation in PIPP**

Under Proposed Rule 4901:1-18-17(E), O.A.C., the Staff proposes the following modification:

- (E) **Fraud.** The gas or natural gas company shall terminate a customer's participation in PIPP when it is determined that the PIPP customer was fraudulently enrolled in the program. The customer shall be required to make restitution and shall not be eligible to participate in PIPP, graduate PIPP, or to receive any other benefits available to PIPP customers or graduates for twenty-four months.

DE-Ohio proposes adding "meter tampering and service theft" to this provision. Again, DE-Ohio is not in favor of allowing customers who attempt to steal from or defraud Ohio service utilities to benefit from participation in assistance programs provided by the utility or state and/or local government. As such, DE-Ohio proposes the following modification to 4901:1-18-17(E), O.A.C.:

- (E) **Fraud.** The gas or natural gas company shall terminate a customer's participation in PIPP when it is determined that the PIPP customer was fraudulently enrolled in the program or the PIPP customer has been involved in meter tampering or utility service theft while enrolled in the program. The customer shall be required to make restitution and shall not be eligible to participate in PIPP, graduate PIPP, or to receive any other benefits available to PIPP customers or graduates for twenty-four months.

#### L. 4901:1-18-18: Payment Agreement for Former PIPP Customers

Under Proposed Rule 4901:1-18-18, O.A.C., the Commission Staff proposes a five-year arrearage repayment agreement for former gas customers who were on PIPP. Specifically, the proposed rules provides *in part*.

The company shall enter into a payment agreement with PIPP customers for the accumulated arrearages when a PIPP customer:

- (1) Moves beyond the gas or natural gas company's service area;

- (2) Transfers to a residence where utility service is not in the former PIPP customer's name; or
  - (3) Moves to a master-metered residence.
- The monthly payments shall be no more than the total accumulated arrearage divided by sixty months....

DE-Ohio opposes the proposed repayment program, as is overly burdensome to administer and is too lengthy to yield valuable results.

DE-Ohio proposes that, if the Commission adopts a repayment program, the program should be offered to former PIPP customers who remain within the utility's service territory, and the program should be of short duration. Otherwise, the former customer's transition into a new service territory or a new state will result in the program becoming overly burdensome, if not impossible, to maintain. If a customer relocates from one gas utility's service territory to another service territory within the state, the former gas utility is unable to transfer the customer's outstanding balances to the current gas company or require the current gas utility to administer the remainder of the arrearage crediting program. Without added recourse for Ohio gas utilities, they should not be burdened with the responsibility of continuing to offer programs to former PIPP customers who move beyond the gas utility's service territory.

Likewise, the proposed program effectively places the onus on Ohio gas utilities to continue its relationships with former PIPP customers, after they relocate beyond the borders of the state. The burden placed on Ohio utilities by the proposed program becomes virtually impossible if a former PIPP customer relocates beyond the state of Ohio. As a practical matter, the customer is beyond the Commission's jurisdiction. Therefore, Ohio utilities should not be required to offer or maintain Commission-proposed programs to former PIPP customers once they are beyond the Commission's reach.

DE-Ohio also contends that a five-year payment plan for those former PIPP customers who remain in a gas utility's service area is impracticable. Once a PIPP customer is no longer a current customer of the gas utility, and thereby no longer subject to disconnection, there is little to no incentive for that customer to remain current on payments associated with arrearages. The success rate of a five-year repayment plan for uncollateralized debt is de minimis, at best. DE-Ohio's Agreement Analysis Study found that of 143,801 repayment agreements created by customers, 529 of those agreements were for a term over 48 months. Of the 529 repayment agreements initiated, 490 agreements were breached by customers, 39 agreements were cancelled by customers, and none of the agreements were paid in full. Recognizing these realities, DE-Ohio asserts that the costs associated with administering such a program will exceed the benefits received. DE-Ohio requests that the Commission reject the proposed five-year arrearage repayment program for former PIPP customers. Should the Commission find merit in the proposed program, DE-Ohio requests that the Commission adopt a repayment program that affords customers *no more than three years to repay their arrearage, as long as the former PIPP customer remains in a specific utility's service territory*. DE-Ohio proposes the following changes to the proposed rule:

The company shall enter into a payment agreement with PIPP customers for the accumulated arrearages when a PIPP customer:

- (1) ~~Moves beyond the gas or natural gas company's service area;~~
- (2) Transfers to a residence within the company's service territory where utility service is not in the former PIPP customer's name; or
- (3) Moves to a master-metered residence.

The monthly payment shall be no more than the total accumulated arrearage divided by thirty-six months...

**III. 4901:1-5-07: Customer Bills; 4901:1-10-22: EDU Customer Billing and Payment; 4901:1-13-11: Gas or Natural Gas Company Customer Billing and Payment; 4901:1-15-17: Business Offices; 4901:1-21-14: Customer Billing and Payment; and 4901:1-29-12: Customer Billing and Payment**

Collectively, the Staff proposes to prohibit telecommunication companies, electric companies, gas and natural gas companies, waterworks and sewage disposal system companies, certified retail electric service (CRES) providers, certified retail natural gas service (CRNGS) providers, governmental aggregators, and/or agents thereof from contracting with check-cashing businesses or licensees to act as authorized payment agents. DE-Ohio recognizes that the driving motivation for Staff's proposal is concern with protecting the economically disadvantaged and does not oppose this change.

However, DE-Ohio suggests that the Commission consider the immediate effect that this change will have on service companies' ability to provide local and convenient avenues for customers to make payments. In choosing payment agents, many service companies, including DE-Ohio, considered businesses that were local and convenient for customers, as well as cost-effective for the service company. Oftentimes, check-cashing payment agents are the only local, accessible "store" in many urban and suburban areas. As such, DE-Ohio presently has 21 check-cashing businesses acting as payment agents throughout its service territory. The Staff's proposed modifications will undoubtedly result in customers being required to travel farther to make payments toward their service accounts, as check-cashing payment agents begin discontinuing the practice of accepting service companies' payments.

To lessen the immediate impact on customers affected by the Staff's proposed changes, DE-Ohio proposes that Staff incorporate a twelve- to eighteen-month transition period to (1) offer customers time to become accustomed to the effect of the proposed

change; (2) allow service companies to fulfill present contractual obligations with check-cashing payment agents; and (3) afford service companies time to find, if possible, suitable non check-cashing payment agents to replace present payment agents that are check-cashing businesses or licensees.

#### IV. QUESTIONS AT APPENDIX A

##### A. LOW-INCOME PAYMENT PROGRAMS

1. Are there goals, other than those articulated in finding (10) of the attached entry that should be included in the Commission's consideration of the evaluation of a low income plan? Are any of the proposed goals inappropriate? If so, why are they inappropriate?

**The Commission Staff has adequately detailed the goals that should be considered by the Commission as it relates to elevating a low income plan.**

2. As compared to the existing PIPP program, how will the proposed PIPP program impact the amounts owed by, and collected from, low-income customers? How will the proposed PIPP program impact the amount paid by other residential and business (commercial and industrial) customers (i.e., bad debt rider, universal service fund rider, PIPP rider, etc.)? Provide a quantitative analysis, using actual data, with your answer. For the amounts owed by low-income customers, if you have more discrete information by payment amount levels, please provide that information as well. Be sure to include the following information in your response:

- a. On average, how many monthly payments are made throughout the year by the average PIPP customer?

**On average, 7 full or partial payments are made throughout the year by the average PIPP customer.**

- b. What is the average monthly payment required of PIPP customers?

**The average monthly payment required of PIPP customers is \$97.08.**

- c. On average, how much of their monthly required payment does a PIPP customer actually pay? For example, if a PIPP customer's income based payment is \$50 per month, is the customer, on average, paying \$50 per month, or more or less than \$50?

**On average, customers pay 71% of the monthly required payment. Based on total original charges of \$1.99M incurred since July 2007, \$1.413M has been paid.**



- d. Under the proposed PIPP program, how many payments would have to be made throughout the year by the low-income customer in order to collect as much revenue as is collected under the existing PIPP program?

DE-Ohio is not able to determine how many payments would have to be made throughout the year by the low-income customer in order to collect as much revenue as is collected under the existing PIPP program. The number of payments will be determined by the number of months PIPP customers actually make payments. If a PIPP customer is required to make twelve gas PIPP installments per year (1 per month), but that customer only makes 7 of the 12, then the dollar amounts paid on the 7 installments must be enough to equate to a lesser amount collected by a customer 12 times per year. The PIPP customers' payment practices will dictate this determination.

3. If a PIPP customer's income-based payment level is set at 8 percent under the proposed PIPP program, would that percentage level result in more or less money being received by the company from the PIPP customer payments than is received today? What percentage of PIPP customers' income is necessary to yield the same dollar recovery as the existing PIPP program, assuming each PIPP customer makes at least 10 monthly payments and, also assuming that each customer makes at least 11 monthly payments?

DE-Ohio is not able to determine whether more customers would be inclined to make timely payments if the payment level is set at 8 percent under the proposed PIPP program. Further, DE-Ohio is not able to determine whether the company would receive more money than is presently received today. The amount of money that DE-Ohio would receive will be determined by the number of months that PIPP customers actually make timely payments of the full amount due. DE-Ohio suggests that a false result may occur if companies assume that PIPP customers will make at least 10 or 11 timely, monthly payments.

4. What other plans exist that you believe the Commission should consider?
  - a. Provide copies of those plans in your response.

DE-Ohio plans to pilot a low-income gas customer residential rate in order to provide incentives for low-income customers to conserve natural gas and to avoid penalizing low-income customers who wish to reduce reliance on programs such as the Percentage Income Payment Plan ("PIPP"). The logistics of the pilot are still being addressed. Therefore, DE-Ohio is presently unable to provide copies of the plans.

- b. How, specifically, would any proposed plan(s) impact both low-income PIPP customers and all other customers? Provide a quantitative analysis with your answer, using actual data.

DE-Ohio's plans are not yet finalized with the Commission Staff and other interested parties; therefore, DE-Ohio is unable to provide quantitative analysis. DE-Ohio does expect to be able to provide more data related to the benefits of the pilot once the pilot has concluded.

- c. How, specifically, would those plans impact the low-income PIPP customers and other customers differently from the proposed new PIPP program? Provide a quantitative analysis, using actual data.

**Not Applicable.**

- d. What has been the payment patterns of customers involved in those programs?

**Not Applicable at this time.**

5. If there is another program that you believe the Commission should consider, or there are changes you would like to propose to the Staff's proposed PIPP program, provide detailed information, including quantitative analysis using actual data, on the impact of that program or those changes upon both the low-income customer bills and the bills of all other customers.

**Based on studies provided by E-Source,<sup>2</sup> one of the most effective ways to keep low-income customers current with their bills is to influence those customers to apply for all of the financial aid possible. Therefore, DE-Ohio suggests that the Commission modify the PIPP program to require that customers who enroll in PIPP also be required to apply for weatherization programs and/or any other available energy efficiency programs. DE-Ohio also suggests the Commission compel relationships between local community action agencies, Ohio service utilities, and Consumer Credit Counseling Centers to provide low-income customers with the requisite skills to better budget their resources.**

**DE-Ohio has formed a low-income strategy team to evaluate new alternatives for low-income customers to remain current on their utility bills while lowering their energy usage. The team will continue to consider the questions posed by the Commission.**

6. For the proposed PIPP program, and for any changes or different low-income program(s) you are recommending, how long would it take the company to implement the program(s) from the time of the Commission issues its final order?

**Many of DE-Ohio's low-income programs are planned as part of DE-Ohio's incorporation of SmartGrid technology. As technology becomes available, DE-Ohio intends to make offering consistent with available technology.**

## **B. 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.

**DE-Ohio currently offers gas and electric energy efficiency programs for low-income customers. The income qualification for gas is 150% of federal income**

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<sup>2</sup> E-Source provides energy information research and consulting with a focus on distributed generation, power quality and reliability, energy efficiency, and load management. It's an unbiased, independent analysis and research firm for energy providers and key energy users in the energy marketplace.

**guidelines. The income qualification for electric is 200% of federal income guidelines. DE-Ohio is continuously seeking ways to better assist low-income customers.**

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 all other customers? If there is a difference in consumption, please quantify the difference and provide an explanation, including any evidence to justify the difference in consumption.

**DE-Ohio accumulated the usage of the gas PIPP customers for the twelve months ended September 2007. During that period, the average gas PIPP usage was 104.1 Mcf versus the average of all residential customers (including PIPP customers) of 80.9 Mcf. During this period, PIPP customers used 29% more than the average of all residential customers. DE-Ohio performed similar research for electric PIPP customers. The research shows that electric PIPP customers' usage is consistent with the average of all electric customers.**

**As the information provided is not apart of an official study, DE-Ohio does not have quantitative data to justify the difference in consumption. DE-Ohio's low-income strategy team has considered this type of information in addressing low-income customer needs for the coming winter heating season.**

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?

**All PIPP customers in DE-Ohio's service territory are offered weatherization services through bill inserts, customer service representatives, and social service agencies. Based on current, cumulative billing records, DE-Ohio has 4,103 PIPP customers in its service territory who have participated in weatherization programs.**

4. What are the estimated number and percentage of PIPP customers who have never been served by energy conservation programs?

**DE-Ohio records indicate that 22,025 PIPP customers have not received weatherization. All PIPP customers are offered weatherization services through bill inserts, customer service representatives, and social service agencies.**

5. What would be the expected Mcf / kWh energy savings for a typical PIPP customer if all cost-effective energy conservation measures were installed?

**DE-Ohio's demand side management cost effectiveness testing shows 12,000 kwh per *month* for weatherization program, and 580 kwh and 181 ccf per *year* on individual customers.**

6. What would be the expected bill savings for a typical PIPP customer if all cost-effective energy conservation measures were installed?

**Duke Energy presently has energy conservation programs available to all PIPP customers. DE-Ohio offers a tier-structured weatherization program in Ohio.**

Benefits are measured using ccf and kwh per square foot of the customer's home. Tier I services are \$600.00/home. Tier II services can be up to \$4,000 per home w/o furnace replacement and \$6,000/home with furnace replacement (furnaces apply to gas heated customers). The refrigerator replacement program is leveraged with the weatherization program, and the average cost per unit is \$550.

- a. What would be the potential total Mcf / kWh savings if cost-effective energy conservation measures were implemented for all PIPP customers?

At Tier I, the savings could be up to approximately \$13,215,000 based on 22,000 PIPP customers who do not take advantage of DE-Ohio's weatherization program.

At Tier II, the savings could be up to approximately \$88,100,000 based on 22,000 PIPP customers who do not take advantage of DE-Ohio's weatherization program.

8. What would be the cost of expanding energy conservation programs to implement cost-effective energy conservation measures for all PIPP customers?

Duke Energy presently has energy conservation programs available to all PIPP customers.

9. What barriers may exist to expanding energy conservation programs or achieving conservation savings for low income consumers?

DE-Ohio believes there are several barriers to expanding its energy conservation programs or achieving conservation savings for low-income consumers. Specifically, low-income customers have little interest in a split incentive. A split incentive requires the renter (the low-income customer) to spend money to improve a property they do not own. Therefore, it becomes difficult to promote more aggressive energy conservation programs, as those programs require coordination between conservation measures and a customer's investment in energy efficiency measures.

DE-Ohio believes that property owners/landlords are also barriers to expanding energy efficiency programs or achieving conservation savings for low-income consumers. Property owners/landlords are often disinterested in making improvements associated with energy efficiency, as they do not receive a return on their investment. Since many low-income customers are renters, DE-Ohio asserts that the best way to maximize energy conservation programs is to have cooperation between property owners and renters; such cooperation is often lacking.

DE-Ohio also believes that energy conservation is not at the forefront of low-income customers' concerns. Instead, low-income customers face daily challenges covering basic needs such as food, housing, and medical expenses.

Lastly, DE-Ohio believes that customer skepticism is also a barrier. DE-Ohio has found that communication with this customer group can be challenging, as low-

income customers tend to be skeptical about whether these types of offers are truly to their benefit.

10. What opportunities may exist to improve on existing conservation and weatherization programs for low income consumers?

DE-Ohio is always seeking ways to better assist low-income customers. DE-Ohio promotes making conservation and weatherization program participation mandatory for PIPP and energy assistance customers.

### **C. FOREGONE DISCONNECTION AND ASSOCIATED REVENUES**

1. For companies that do not disconnect customers according to the timelines and payment levels provided for in the proposed rules in Chapter 4901:1-18 of the Administrative Code, should the uncollected charges incurred beyond the timelines specified in the rules be ineligible for recovery from other customers?

No, DE-Ohio does not think that uncollected charges incurred beyond the timelines specified in the rules should be ineligible for recovery from other customers, provided that the charges are beyond the service utilities' control. Ohio utilities generally incur additional charges because of efforts to negotiate with delinquent customers, the inability to access customers' premises and/or meters, or other related issues. If the Commission determines that it will preclude companies from recovering uncollected charges incurred beyond the timelines specified in the rules from other customers, the Commission should ensure that it provide companies its full support when they take more aggressive measures for disconnection of service.

### **D. PREPAID METERS**

1. Are there prepaid metering programs the Commission should consider? If information about any such program is available in writing, provide the written material.

DE-Ohio has researched Pre-Paid Metering programs in Kentucky, Texas, and California. Although these programs have notable benefits, many existing programs afford customers the ability to charge their pre-paid metering cards at specific ATM locations throughout the utility's service territory. Further, customers are responsible for maintaining the prep-paid charge cards between transactions. DE-Ohio envisions a Prepaid Metering Program that continues to afford customers the ability to make payments on their pre-pay account via U.S. mail, the Worldwide Web, telephone transactions, and/or authorized payment agents. As such, customers are able to pre-pay more frequently, with less inconvenience. To date, DE-Ohio is not aware of any pilots presently offering Pre-Paid metering under such circumstances.

DE-Ohio expects to begin its Pre-Paid Metering Pilot for electric service in the fall 2008 to one hundred single family homes. The pilot will offer participants' pre-paid electric service that can be pre-paid via U.S mail, the Worldwide Web, telephone payment transactions, and/or through one of DE-Ohio's authorized payment agents. The pilot will extend for a period of 12 months. Thereafter, DE-Ohio will review the benefits of the Pilot in order to determine the best avenue to move forward with

**offering pre-paid metering services that are more convenient than those presently offered today.**

- a. Provide information about both the customer's and the company's experience with the prepaid meter program. **DE-Ohio's Pre-Paid Metering Pilot is ongoing.**
  - b. Provide enough information so parties are clear, in detail, how the program would work. **DE-Ohio's Pre-Paid Metering Pilot is ongoing.**
2. What has been your experience with prepaid meter programs? **DE-Ohio expects to make this determination after its 1 year pilot.**
- a. Has the number or amount of uncollectible accounts decreased? **DE-Ohio expects to make this determination after its 1 year pilot.**
  - b. Has customer satisfaction increased or decreased? **DE-Ohio expects to make this determination after its 1 year pilot.**
  - c. Have consumption patterns changed? **DE-Ohio expects to make this determination after its 1 year pilot.**
    - i. Has there been an overall decrease in consumption by prepaid customers? **DE-Ohio expects to make this determination after its 1 year pilot.**
    - ii. Has there been change in the pattern of consumption? For example, does consumption increase at the beginning of the month and tend to decrease at the end of the month. Does consumption decrease relatively more, as compared to nonprepaid meter customers, in winter months for gas and in the summer for electric? **DE-Ohio expects to make this determination after its 1 year pilot.**
3. For customers who have been disconnected for longer than 10 business days, should companies be permitted to require prepaid service for those customers?

**Yes. DE-Ohio is in favor of requiring prepaid service to customers who have been disconnected for a specific period of time. DE-Ohio believes further discussion is necessary to determine the whether ten (10) business days is the proper number of days a customer is disconnected before prepaid metering is required by a utility.**

- a. If service has been disconnected and a prepaid meter is required:
  - i. Who should pay for the installation of the appropriate meter and devices for this service? **DE-Ohio presently provides the meter and devices free of charge.**
    - 1) If the customer should be required to pay for the meter, should the reconnection fee apply as well? If so, what costs are recovered in the

reconnection fees that are not recovered in the cost of installing a prepaid meter? DE-Ohio does not anticipate charging for the meter or assessing a reconnection fee at this time. **This is an issue that may be revisited after its 1 yr pilot.**

2) If the customer should be required to have a prepaid meter, yet not be required to pay for it, should a reconnection fee apply? **DE-Ohio does not anticipate assessing a reconnection fee at this time. This is an issue that may be revisited after its 1 yr pilot.**

ii. If the customer is a direct-billed tenant, should the landlord's permission be secured prior to the installation of a prepaid meter? **Presently, tenants are not eligible to participate in DE-Ohio's Prepaid Metering pilot.**

If so, should service be allowed to remain disconnected until the landlord's permission is received and the prepaid meter installed? **Not Applicable.**

iii. What should be the time interval permitted to install a prepaid meter if service has been disconnected for more than ten days? If the time needed is longer than the new service installation intervals, explain in detail why a longer period is needed. **DE-Ohio's Pre-Paid Metering Pilot will assist in determining the appropriate time interval.**

b. If the company is allowed to require a prepaid meter program for disconnected customers, should the company be required to install meters that can be remotely "recharged" by the customer? **One of the overreaching objectives of DE-Ohio's Prepaid Metering Pilot is to all customers to remotely recharge their meters.**

c. What other program aspects should be required if the company is permitted to require a prepaid meter for previously disconnected customers? **DE-Ohio's Pre-Paid Metering Pilot will assist in determining these requirements.**

d. What is the cost of a prepaid meter unit? What is the installation cost? What other costs have to be incurred to provide prepaid meters? What costs are eliminated by having a prepaid metered customer? **DE-Ohio's Prepaid Metering Pilot will assist in determining these costs.**

#### **E. OTHER**

1. Should customers be permitted to choose the monthly due date of their bills on an annual basis? If so, should there be any limits on the date selected? For companies which do permit the customers to select their due date on an extended basis, please explain how your program works and the impact it has had on bill payment.

**DE-Ohio presently offers its residential customers the ability to choose the monthly due date of their bills on an annual basis. With this offering, DE-Ohio customers may adjust their due date up to ten (10) billing cycles. The customer contacts the company to request a change to their due date. After determining the customer's needs, DE-Ohio's customer service representative changes the customer's billing**

cycle (up to 10 billing cycles). By changing the billing cycle, the bill will be generated at a later date in the month, which will then allow the bill to be due at a different time of the month. The meter(s) is read on the same read/billing cycle; however, the bill will not generate until the date of the new billing cycle.

2. What data should be annually reviewed to determine the impact and success of a proposed low-income program?

**DE-Ohio believes that the information required by proposed Columns 5, 6, and 8 of the OSCAR Report should be sufficient to address the impact and success of a proposed low-income program.**

- a. Are there data points that are not contained in the attachment to the Staffs proposal at Appendix B (the revised OSCAR report) that should be gathered? If so, what are they specifically, what data would they evaluate, and how would that data be substantively used in an overall analysis of the proposed low income program's impact and success?

**DE-Ohio believes that the information required by proposed Columns 3, 4, 5, 6, 7 and 9 of the OSCAR Report should be sufficient to address the impact and success of a proposed low-income program. Further, DE-Ohio is in favor of including an "uncollectible" or "write off" column at the end of the OSCAR Report to accurately track the program dollars correctly.**

- b. How long would it take to capture these data points? **Not Applicable.**

- c. What historical data would be impacted by these changes, such that trending over time may be problematic? **Not Applicable.**

3. With the proposed elimination of payday lenders as authorized payment agents, what other outlets are readily available to customers that are, or could be, authorized payment agents? What is the cost and what equipment, if any, is required to establish an authorized payment agent?

For example, if neighborhood drugstores became payment agents, what would be the cost associated with establishing that new authorized payment agent location? For those companies that still have company owned payment centers, please list the location(s) of those centers.

**DE-Ohio presently has a few smaller authorized payment agents, such as wireless telephone sales companies and smaller grocery stores. Likewise, DE-Ohio presently has a pay agent pilot with The Kroger Company, which DE-Ohio hopes to expand to more Kroger locations over the next twelve- to eighteen-months.**

**As payday lenders have been the least expensive alternative, DE-Ohio believes that the cost associated with moving into other venues (*i.e.*, larger grocery stores, drugstores, gas stations, shopping centers, etc.) may be higher than the costs associated with payday lenders. However, DE-Ohio will be unable to quantify any increased costs until other authorized payment agents are explored more fully.**



**DE-Ohio has a Holiday Park payment center at the intersection of 8th and Linn Streets, Cincinnati, Ohio.**

4. Staff has proposed to delete references to primary and secondary sources of heat. Is gas or natural gas used as a secondary source of heat and, if so, quantify the number of residential customers with gas or natural gas as the secondary source of heat.

**DE-Ohio does not oppose Staff's proposed deletion.**

5. Given the changes proposed in the PIPP program, should the proposed program be given a new name to distinguish it from the current PIPP program? If so, do you have a suggestion for the new name?

**DE-Ohio proposes renaming PIPP to ensure that customers realize that the aims and procedures of the program will change. Further, DE-Ohio believes a new name will assist customers in mentally leaving the PIPP program and its processes behind. DE-Ohio suggests that the new name should consider new goals of lowering energy consumption and promoting timely payment. DE-Ohio proposes "Ohio's Energy Assistance and Conservation Program (Ohio's EACP)." The name effectively encompasses the EACP's Conservation Crediting Initiative (CCI), as well as the EACP's Arrearage Crediting Initiative (ACI).**

6. Staff proposes to incorporate the residential and non-residential disconnection and reconnection provisions of the Electric Service Standards at Chapter 4901:1-10, O.A.C., and the Gas Service Standards at Chapter 4901:1-13 into Chapter 4901:1-18, O.A.C. Staff believes that doing so would enhance future comprehensive reviews of the disconnection and reconnection rules. Is there any reason not to adopt Staff's proposal?

**DE-Ohio does not oppose the changes proposed by Staff related to disconnection and reconnection provisions.**

7. In proposed Rules 4901:1-18-06(A)(5)(e) and 4901:1-17-04(A), O.A.C., an existing customer, if disconnected, must pay the amount past due listed on the disconnection notice, and may be required to pay a reconnection fee and a security deposit to be reconnected. Proposed Rule 4901:1-17-03(D), O.A.C., provides that any unpaid charges for previous residential service must be paid before service may be re-established (in addition to re-establishing the applicant's credit). What should be the required time interval between when the provisions of proposed Rule 4901:1-17-03(D), O.A.C., which is applicable to an applicant for service, apply as opposed to an existing customer under proposed Rules 4901:1-18-06(A)(5)(e) and 4901:1-17-04(A), O.A.C? In other words, how long must a customer's service be disconnected before the customer or former customer is considered a new applicant pursuant to proposed Rule 4901:1-17-03(D), O.A.C?

**DE-Ohio is in favor of allowing customers to extend five (5) business days from the date of disconnection before being considered a new applicant.**

## **V. OSCAR REPORT MODIFICATIONS**

The Staff proposes to add a number of new columns to the OSCAR Report. DE-Ohio requests that the Commission consider the proposed data columns, as well as the present data columns, to ensure that the benefit of OSCAR Report continues to outweigh the cost of making such technically labor-intensive modifications. DE-Ohio agrees that certain data is needed to determine the success rate of the PIPP program. However, DE-Ohio is not certain if much of the information included in the OSCAR Report is actually utilized to assess the success of the PIPP Program.

**A. Column 4: PIPP Payments**

In addition to Columns 4.01 through 4.05, DE-Ohio requests for the addition of several columns. Specifically, DE-Ohio suggests the addition of columns to capture the number of PIPP customers who pay their PIPP amounts in full each month as well as the number of PIPP customers who make only partial payments. Further, DE-Ohio also suggests the addition of a column to capture the dollar amounts associated with the customer's full PIPP payments. Next, DE-Ohio suggests the addition of a column that reflects the PIPP arrears dollars for which each Ohio utility will not receive reimbursement under the proposed PIPP program. DE-Ohio believes that it is extremely important that Ohio electric utilities, customer advocacy groups, and the Commission are able to accurately assess the amounts associated with the PIPP Program that are written off, and thereby passed along to other ratepayers, for unpaid electric and gas service. DE-Ohio also suggests adding a column to track the number of PIPP customers that use other programs, such as medical certifications, Emergency HEAP, etc., to avoid service disconnection. DE-Ohio believes that tracking these amounts will assist in future years to assess whether PIPP remains viable.

Proposed Column 4.02 tracks the number of requirement payments received from active PIPP customers, excluding agency payments. DE-Ohio requests clarification concerning this column, as the column is a little ambiguous. It appears to include partial payments. DE-Ohio is not opposed to reporting partial payments, in another column. DE-Ohio contends that Column 4.02 should not include partial payments, as partial payments detract from making an assessment concerning those customers who are truly paying according to the plan.

**B. Column 7: Out-of-Territory, Former PIPP Customers**

In Column 7, the Staff proposes to track payments received from and the arrearage credits given to out-of-town, former PIPP customers. Again, DE-Ohio contends that this information is virtually impossible to track and maintain. As this section relates to Section 4901:1-18-18, O.A.C., DE-Ohio reiterates its position concerning offering a repayment plan for out-of-town, former PIPP customers. DE-Ohio is opposed to Staff's proposed program, as it places an undue burden on a Ohio utilities to maintain accounts for former customers once these customers have left the utilities' service territories or the state of Ohio. Further, the costs of maintaining such a program outweighs the benefits received, as individuals who are no longer customers of a utility, are less likely to remain current on payments for service that is not subject to disconnection. DE-Ohio contends that such a responsibility is overly burdensome and extends beyond the scope of offering utility service in a specific service territory. Therefore, DE-Ohio proposes that the Commission strike Columns 7.01, 7.02, 7.03, and 7.04 of the proposed OSCAR Report.

**C. Column 8: Commission-Ordered Payment Plans other than PIPP**

In Column 8, the Staff proposes to track the effectiveness of the company's Commission-ordered payment plans other than PIPP. DE-Ohio proposes modifying Column 8.17 to provide for data associated with DE-Ohio's proposed one-ninth plan, should the Commission adopt it instead of the proposed one-twelfth plan.

**D. Column 9: Residential Disconnections**

In Column 9, the Staff proposes to compare the total number of residential disconnections to the number of PIPP disconnections. DE-Ohio proposes modifying Column 9.07 to provide data associated with DE-Ohio's proposed one-ninth plan, should the Commission adopt it instead of the proposed one-twelfth plan.

**E. Column 10: Reconnections**

In Column 10, the Staff proposes to track information concerning how long customers remain without service. DE-Ohio proposes adding column 10.09 to track the number of reconnections for Graduate PIPP customers who are disconnected for nonpayment.

**VI. CONCLUSION**

For the reasons stated above, DE-Ohio respectfully requests that the Commission adopt the changes proposed by DE-Ohio in the afore-referenced code sections.

Respectfully submitted,

//Signed//

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**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**9/11/2008 7:43:07 AM**

**in**

**Case No(s). 08-0723-AU-ORD**

Summary: Comments of DE-Ohio electronically filed by Anita M Schafer on behalf of Colbert, Paul A. Mr.