

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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

Case No. 08-723-AU-ORD

INITIAL COMMENTS OF
COLUMBIA GAS OF OHIO, INC.

PUCO

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I. INTRODUCTION

By entry dated June 25, 2008, the Commission proposed extensive amendments to Ohio Adm. Code Chapters 4901:1-17 and 4901:1-18 and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and 4901:1-29-12. The Commission's entry had two appendices. Appendix A listed several questions on low-income payment programs, energy conservation, foregone disconnection, prepaid meters, and other topics to which the Commission sought responses. Appendix B was a proposed revision to the Ohio Statistics on Customer Accounts Receivable ("OSCAR") report.

On August 1, 2008, the Commission issued an entry in which it granted a request by the Ohio Gas Association to extend the time to file initial and reply comments. Under the Commission's entry, initial comments are due on September 10, 2008, and reply comments are due on October 14, 2008.

Columbia Gas of Ohio, Inc. ("Columbia") hereby offers its initial comments on the proposed amendments. Columbia first offers general comments on the Percentage of Income Payment Plan ("PIPP") program and on the Commission's Staff's proposal to eliminate payday lenders as authorized payment agents. Columbia next offers specific comments regarding the Com-

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mission's proposed regulatory amendments, organized according to section. Columbia also offers responses to the Commission's questions in Appendix A. Those responses are attached separately.

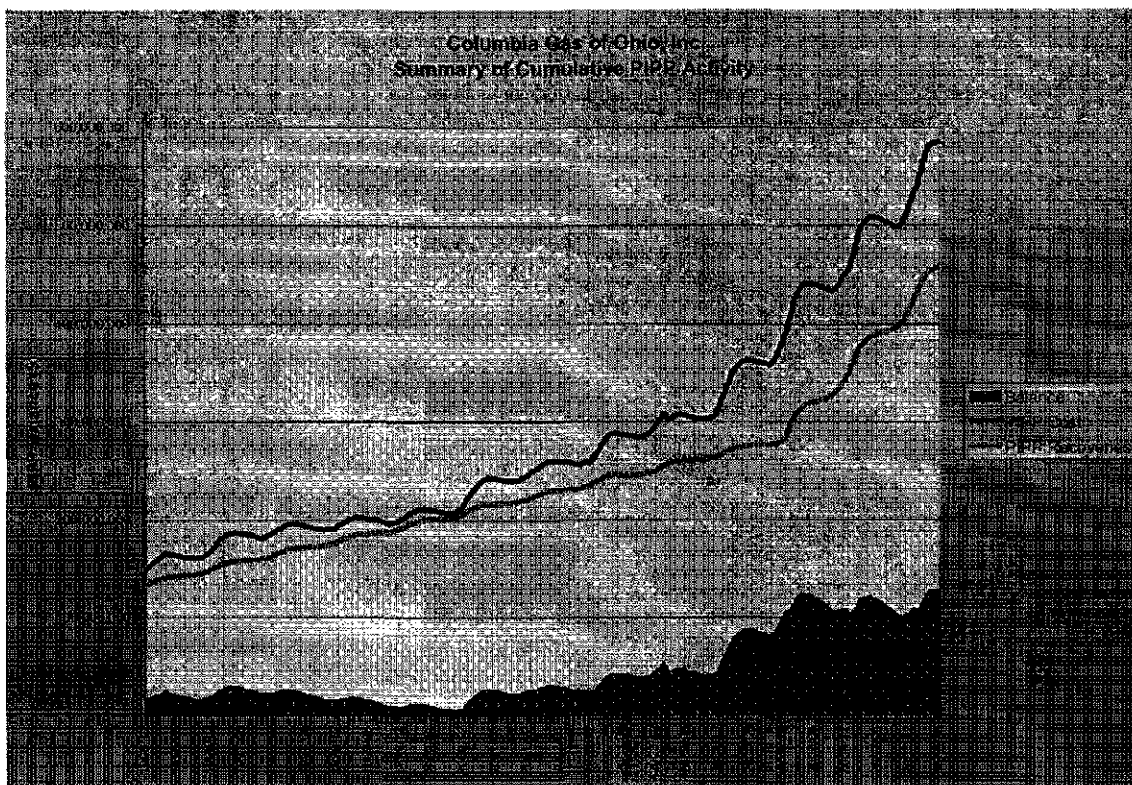
II. GENERAL COMMENTS

A. PIPP

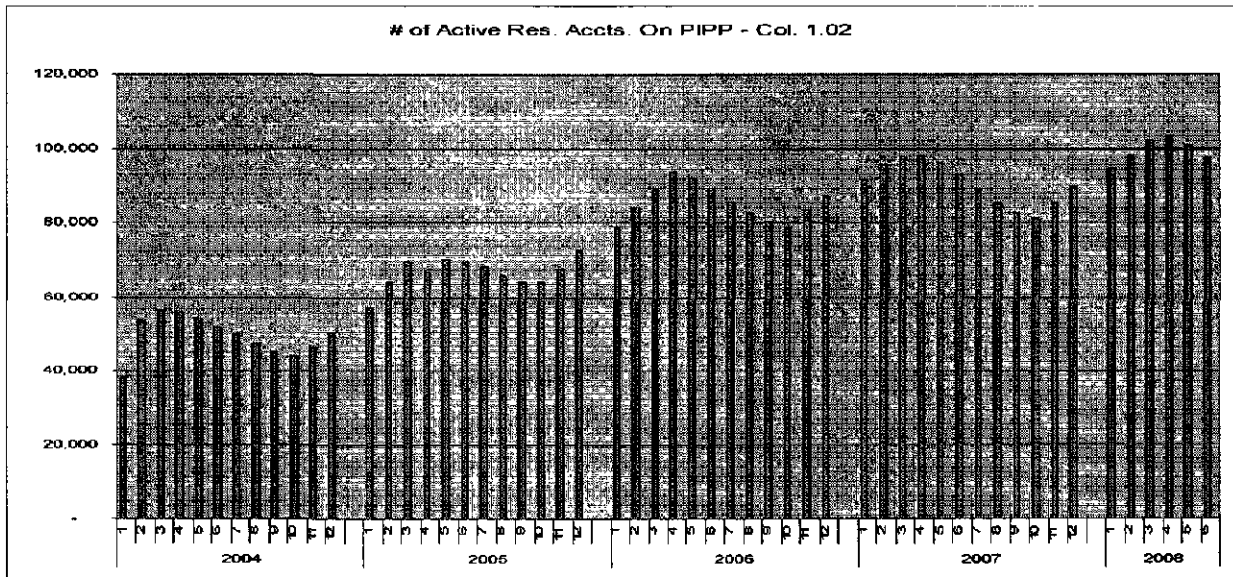
Columbia agrees with the Commission's Staff that it is important to review the Percentage of Income Payment Plan to assess whether the program is meeting the joint goals of assisting low-income customers who are trying to avoid disconnection of natural gas service, while generating positive financial benefits to all ratepayers.

The cost of providing the PIPP program has escalated dramatically in recent years. Effective June 10, 1987, the PUCO provided for the recovery of PIPP arrearages through base rates rather than the gas cost recovery ("GCR") mechanism. See *In the Matter of the Establishment of the Appropriate Recovery Method for Percentage of Income Payment Plan Arrearages*, Case No. 87-244-GE-UNC, Entry (June 2, 1987), at Attachment I. Columbia's PIPP surcharge (the amount billed to all other customers to recover the amounts billed to PIPP customers but not paid due to the requirement that PIPP customers pay a percentage of income payment amount), including carrying costs, was set at \$0.0819/Mcf. The PIPP surcharge was adjusted slightly to \$0.0821/Mcf effective October 31, 1994. See *In the Matter of the Application of Columbia Gas of Ohio, Inc. to Temporarily Suspend the Billing of Its Temporary PIP Plan Tariff Schedule Rider*, Case No. 93-562-GA-PIP, Entry (Aug. 11, 1994). On March 1, 2006, Columbia increased the PIPP surcharge to \$0.4004/Mcf to attempt to recover a rapidly increasing arrearage balance. See *In the Matter of the Applications of The East Ohio Gas Company d.b.a. Dominion East Ohio and Columbia Gas of Ohio Inc. for Adjustment of their Interim Emergency and Temporary Percentage of Income Payment Plan Riders*, Case No. 05-1427-GA-PIP, Entry (May 3, 2006), at ¶5.

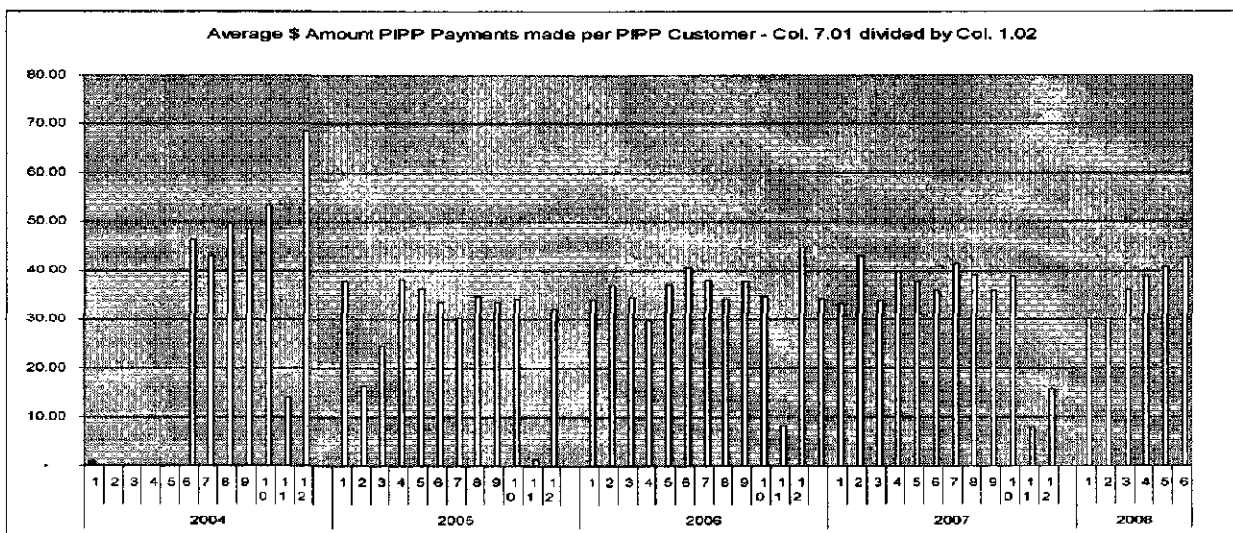
Even at this higher recovery rate, Columbia has not been able to erode the PIPP arrearage balance, and the arrearage balance continues to grow:



Based on a review of the information that Columbia has been reporting over the last four years on its monthly OSCAR reports, it appears that the primary issue that is driving the cost of providing the PIPP program to customers is a sizeable increase in the numbers of PIPP customers in recent years. Throughout the late 1990s, the number of PIPP customers generally stayed in the range of 30,000 to 40,000. In recent years, however, the number of customers utilizing PIPP has increased significantly. In the last four years alone, the number of Columbia's PIPP customers has doubled, from an average of 49,000 customers in 2004 to an average of 99,000 customers for the first six months of 2008:



Other possible causes for the increase in the PIPP arrearage balance could be lower customer payments, or higher overall customer bills. However, in looking at Columbia's data, neither one of these factors seems to have played a significant role. From 2005 to 2007, the average payments made by PIPP customers have stayed relatively constant, from \$29.35 per active PIPP customer per month in 2005 to \$33.53 per month in 2007:



And, Columbia's GCR rates actually decreased during this same time frame, from an average of \$11.08/Mcf in 2005 and \$10.50/Mcf in 2006 to an average of \$9.90/Mcf in 2007, so the GCR rates cannot be a direct cause for the increase in PIPP arrearages.

For these reasons, Columbia disagrees that the Commission's Staff's efforts to make PIPP more affordable to customers will benefit the program overall. For example, the Commission's Staff has proposed a decrease in the required percentage of income payment amount from 10% for natural gas customers to 8%. The apparent hope is that more customers will make their required percentage of income payments more frequently, thus leading to a greater amount of dollars collected from PIPP customers overall. There is no evidence that a lower payment amount will lead to more frequent payments on behalf of customers. Indeed, Columbia estimates that it will add another \$20 million in arrearages to the program annually. This estimate assumes current gas commodity prices, and the estimate will likely grow if gas prices increase further. Columbia is also concerned that a decrease in the percentage of income payment amount from 10% to 8% will have the effect of making PIPP a better economic choice for an even greater number of customers, thereby increasing the financial burden on all other customers.

Columbia supports, however, the Commission's Staff's efforts to provide for more frequent income verifications and to remove fraudulent customers from PIPP. Columbia would additionally support stricter requirements for customers to remain on PIPP, such as removal from the program after a certain number of missed payments. Columbia encourages the Commission to continue to work with the utilities to improve the current PIPP system.

B. Elimination of Payday Lenders as Authorized Payment Agents

The Commission's Staff has proposed amendments that would prohibit utilities from contracting with payday lenders to be authorized payment agents. According to the Commission's Entry of June 25, 2008, the Staff believes that using payday lenders as payment agents "unneces-

sarily exposes Ohio's financially vulnerable low-income population to the predatory lending practices of this industry." *Id.* at ¶8. Columbia does not feel that such amendments would be beneficial to Columbia's customers.

Columbia uses a diverse third-party vendor network of in-person payment agents. Approximately 35 to 40% of Columbia's authorized payment agents are check-cashers or payday lenders. If the Commission prohibits utilities from using payday lenders as authorized payment agents, Columbia believes payments will decrease in the short-term. Columbia would ask its third-party vendor to locate and secure additional payment agents, but locating such agents would take time. During the transition, Columbia's customers would have fewer locations at which to pay their utility bills and would have to travel further to find alternative payment agents.

Columbia also does not believe that the Staff's proposal is necessary. Columbia does not believe that its customers who visit payday lenders to pay their utility bills are lured into obtaining short-term loans they would not otherwise obtain. Additionally, those Columbia customers who wish to obtain loans from payday lenders will not stop doing so if the Commission adopts the Staff's proposal; they will simply be inconvenienced by their inability to make their utility bill payments at the payday lending facilities. Moreover, Ohio's legislature has already worked to resolve potential abuses by the payday lending industry. H.B. 545, which was set to become effective September 1, 2008, would cap short-term loans at \$500, set the duration of any loan to no less than 31 days, and prohibit interest rates above 28% annual percentage rate.

If the Commission chooses to adopt the Staff's recommendation to prohibit utilities from using payday lenders as authorized payment agents, Columbia respectfully requests that the Commission provide for a transition period, to allow Columbia to secure alternative agents.

III. COMMENTS BY SECTION

A. Proposed Rule 4901:1-17-02

1. 4901:1-17-02(B)(2)

This provision would authorize the Commission, in any proceeding, to prescribe standards for the establishment of credit for utility service that are different than those described in Ohio Adm. Code 4901:1-17-03. The purpose of this provision is unclear. To the extent that the provision would authorize the Commission to prescribe new standards or amend its existing standards without undergoing rulemaking, or waive its own rules sua sponte, Columbia respectfully requests that the Commission reconsider this provision. If the Commission could amend its regulations on the establishment of credit whenever the Commission deems necessary, in any case, without the normal rulemaking process or briefing on a motion for waiver, it would create uncertainty among utilities seeking to determine the financial responsibility of applicants for residential service. Any decision regarding the establishment of credit, even one following the letter and spirit of Ohio Adm. Code 4901:1-17-03, could be overturned upon a formal complaint by the applicant. It is important to maintain continuity with the way the Commission has conducted its proceedings in the past, so as to give utilities greater certainty regarding the rules they are obligated to follow.

2. 4901:1-17-02(D)

The final sentence of this subsection would require utilities to make their current credit procedures available to applicants and consumers upon request. While Columbia supports the intent of this provision, a modification may improve the rule.

Columbia's credit policies and procedures are very detailed and technical. Accordingly, the average consumer would find Columbia's credit policies and procedures too difficult to understand. The policies and procedures also comprise approximately 100 pages of Word docu-

ments, PowerPoint presentations, and PDFs. Combining and reformatting these documents to allow them to be sent to applicants and consumers would require significant time and expense, and the consumer would have to wade through hundreds of pages of documents to find relevant information.

Columbia currently makes available a summary of its credit procedures in a brochure titled "Rights and Responsibilities." This brochure is available upon request and is also available on Columbia's website. See <https://www.directlinkservices.com/nisource/portal/oh/>, follow "Billing and Rates" hyperlink, then follow "Rights & responsibilities" hyperlink. Documents like these are much more useful to utility customers. Accordingly, Columbia respectfully requests that the Commission modify the final sentence of this subsection to read:

The utility shall make a summary of its current credit procedures available to applicants and customers upon request.

3. 4901:1-17-02(F)

This provision would state that "[n]othing contained in this chapter shall relieve any utility company from meeting any of its duties or responsibilities as prescribed by these rules or by the laws of the state of Ohio." This provision appears to contradict proposed Rule 4901:1-17-02(B)(3), which authorizes the Commission to relieve a utility company from meeting its duties or responsibilities under the proposed rules. Columbia recommends that the Commission remove this provision.

B. Proposed Revisions to Rule 4901:1-17-03

1. Subsection (A)(2)

This provision would permit a utility to request the social security number of an applicant for service in order to obtain credit information and establish identity. Utilities requesting appli-

cants' social security numbers would be required to advise applicants of the purpose for the request and inform applicants that providing the social security number is voluntary.

This latter provision – requiring utilities affirmatively to advise applicants that they need not provide their social security numbers – may be counter-productive. Columbia asks for applicants' social security numbers in an attempt to verify the applicants' financial responsibility. Social security numbers also help Columbia verify applicants' identities. There are occasions when a proffered social security number is associated with fraud, belongs to a child or a deceased person, or has an initial or extended fraud alert upon it. If applicants are informed that they do not need to provide their social security numbers, they will be less likely to do so. This would deprive utilities of the most effective way of verifying an applicant's identity and also exposes utility customers to potential identity fraud.

The State of Ohio itself uses social security numbers to verify the identity of applicants for new drivers' licenses and identifications cards. See Ohio Adm. Code 4501:1-1-21; see, also, Media Release, Ohio Department of Public Safety, Ohio Bureau of Motor Vehicles Eliminates Social Security Card Requirement for those Renewing Driver License, State ID (http://www.publicsafety.ohio.gov/news/2007/AcceptableDocs_112007.pdf). Ohio's Division of Public Assistance similarly requires participants in the Ohio Works First financial assistance program to provide (or apply for) a social security number, which the Division must verify. See Ohio Adm. Code 5101:1-3-09(A), (E).

Additionally, under the Federal Trade Commission's new "Red Flag" rules, creditors (including utility companies) must develop written programs to identify and detect identity theft by November 1, 2008. See Federal Trade Commission, "New 'Red Flag' Requirements for Financial Institutions and Creditors Will Help Fight Identity Theft" (June 2008) (available at

<http://www.ftc.gov/bcp/edu/pubs/business/alerts/alt050.pdf>); see, also, 72 Fed. Reg. 63,718 (Nov. 9, 2007) (issuing the final Red Flag rules and guidelines); see, also, 16 C.F.R. § 681.2(d) (2008) (requiring the establishment of identity theft prevention programs). Among other requirements, the new Red Flag rules require utilities to “address the detection of Red Flags in connection with the opening of covered accounts and existing covered accounts, such as by * * * Obtaining identifying information about, and verifying the identity of, a person opening a covered account.” 16 C.F.R. Part 681, Appendix A, § III(a). Utilities are encouraged to “us[e] the policies and procedures regarding identification and verification set forth in * * * 31 CFR 103.121[.]” *Id.* Those procedures include obtaining a customer’s taxpayer identification number (i.e., social security number). See 31 C.F.R. § 103.121(b)(2)(i)(A)(4)(i).

With proper controls in place, the risk of applicants’ social security numbers falling into the wrong hands is minor. Columbia’s servers are protected from hacking by outside entities. The Commission’s existing rules prohibit utilities from disclosing any customer’s social security number without the customer’s consent, except where necessary to evaluate the customer’s creditworthiness, to collect unpaid bills, to report information to credit bureaus, or where required by government agency or law. See Ohio Adm. Code 4901:1-13-12(D)(2). Columbia further protects against inadvertent disclosure of customers’ social security numbers by training all employees that accept and view social security numbers to exercise the utmost caution. For instance, when Columbia’s Customer Service Representatives verify the identity of a caller who has previously provided her social security number, Columbia’s representatives may ask for only the last four digits of the number. When a Columbia employee prints customer service information containing a customer’s social security number, the employee is required to shred the paper after

use and prior to disposal. And Columbia is continuously looking for ways to further improve its security procedures.

Allowing applicants to withhold their social security numbers would simply make it harder to detect applicants using another person's identity to establish service. Accordingly, Columbia respectfully requests that the Commission reconsider the portion of the proposed rule that would require utilities affirmatively to advise applicants for service of their right to refuse to provide their social security numbers.

2. Subsection (A)(5)(c)(ii)

This provision would change the effect on guarantor agreements of a transfer of service to a new location. Under existing Rule 4901:1-17-03(A)(5)(c)(iv), the guarantor agreement transfers to the new location by default. If a guarantor does not want to continue the guaranty at the new service location, the guarantor can end the guaranty by providing thirty days' written notice to the utility company. Under proposed Rule 4901:1-17-03(A)(5)(c)(ii), the guarantor agreement does not transfer to the new location by default. If the guarantor does want to continue the guaranty at the new service location, the guarantor must sign a new guarantor agreement.

The existing rule is preferable to the proposed revision. First, the revision is unnecessary. Columbia is not aware of any complaints from guarantors about the current rule. Second, the proposed revision would be less convenient to the customer and the guarantor, because it would require them to submit an additional form to maintain the status quo. Third, the revision would require reprogramming Columbia's billing system, which would involve significant time and expense and require Columbia to enter each renewal manually.

Fourth, the revised rule increases the likelihood that the customer will incur unsecured debt. Under the revised rule, a customer may receive service for up to fifteen days at the new

service address before the guarantor declines to renew the guarantor agreement. Only then may the utility bill the customer for a security deposit at the new service address. Columbia bills its customers for security deposits on their regular monthly bills. A customer who did not pay a required security deposit would not receive a termination notice until the next monthly bill. This means that a customer whose guarantor does not renew her guarantee and who had not otherwise established financial responsibility could obtain more than two months' service without any guarantee of payment before service is ultimately terminated.

Accordingly, Columbia respectfully requests that the Commission maintain the existing rule. In the alternative, Columbia requests that the rule be revised to require the guarantor to sign and return the new guarantor agreement before the transfer of service to the new location can be effectuated. If the Commission does not maintain the existing rule as suggested above, Columbia proposes the following amendment to the Commission's draft revised language:

A statement that, if the guarantor does not sign and return the new guarantor agreement ~~within fifteen days~~ before service is to commence at the new location, the utility will notify and bill the guaranteed customer for a security deposit at the new service address.

This will ensure that there will be no period of time following the transfer of service to a new location when the customer's account is unsecured.

3. Appendix, Guarantor Agreement

Rule 4901:1-17-03(A)(5)(b) requires a utility company, when an applicant furnishes a creditworthy guarantor to secure payment of utility bills, to send the guarantor a copy of all disconnection notices sent to the guaranteed customer. The proposed revision to that rule would remove the guarantor's ability to waive the right to receive copies of the disconnection notices. Columbia supports the proposed revision. However, the form Guarantor Agreement included in the Appendix to Rule 4901:1-17-03 still states, in the fourth paragraph, that the guarantor may

affirmatively waive the right to receive disconnection notices send to the guaranteed customer. The Commission may wish to revise the Guarantor Agreement to make it consistent with the proposed revisions to Rule 4901:1-17-03(A)(5)(b).

C. Proposed Revisions to Rule 4901:1-17-06(A)

Please see Columbia's comments with regard to the proposed revisions to Rule 4901:1-17-03(A)(5)(c)(ii), above.

D. Proposed Rule 4901:1-18-01(P)

Proposed Rule 4901:1-18-01(P) defines "PIPP anniversary date" as "the calendar date twelve months from the date that the customer enrolled in PIPP" – in other words, as the one-year anniversary of the customer's enrollment in PIPP. For example, if a customer enrolled in PIPP on January 1, 2009, the customer's "PIPP anniversary date" would be January 1, 2010.

Under proposed Rule 4901:1-18-12(E)(1), PIPP customers must periodically re-establish their eligibility "at least once every twelve months from the customer's PIPP anniversary date." Accordingly, the customer who enrolls in PIPP on January 1, 2009, and has a PIPP anniversary date of January 1, 2010, would not need to re-establish eligibility for the first time until twelve months after his anniversary date, or January 1, 2011 – two years after enrolling. Under proposed Rule 4901:1-18-12(E)(2), zero-income customers would need to re-establish their eligibility "at least once every ninety days from the customer's PIPP anniversary date." Accordingly, a zero-income PIPP customer who enrolled in PIPP on January 1, 2009, with a PIPP anniversary date of January 1, 2010, would not need to re-establish eligibility for the first time until April 1, 2010 – fifteen months after enrolling in the program.

It is important that PIPP customers continue to re-establish their eligibility for participation in the PIPP program on at least an annual basis, if the Commission is to contain the escalat-

ing costs of the PIPP program. Accordingly, Columbia respectfully requests that the definition of “PIPP anniversary date” in proposed Rule 4901:1-18-01(P) be revised as follows:

(P) “PIPP anniversary date” means the calendar date ~~twelve months from the date that the customer enrolled in PIPP.~~

This way, a PIPP customer would need to re-establish eligibility within one year of enrolling in the PIPP program, and a zero-income PIPP customer would need to re-establish eligibility within ninety days of enrolling.

Columbia would also propose small revisions to the draft rules for re-establishing PIPP eligibility. These proposed revisions are discussed below, under the heading “Proposed Rule 4901:1-18-12(E)(1).”

E. Proposed Rule 4901:1-18-02

1. Subsection (B)(2)

Please see Columbia’s comments with regard to proposed new Rule 4901:1-17-02(B)(2), above.

2. Subsection (D)

Proposed Rule 4901:1-18-02(D) would permit utilities to use electronic transactions and notices, if the customer and the utility agree to do so and “such use is consistent with Commission requirements or guidelines.” Columbia supports this proposed rule.

3. Subsection (E)

Please see Columbia’s comments with regard to proposed new Rule 4901:1-17-02(F), above.

F. Proposed Rule 4901:1-18-05(B)

The Commission’s rules currently provide utility customers with two extended payment plans: a one-sixth plan (customers pay their current bills plus one-sixth of their arrearage each

month for six months) and a one-third plan (customers pay one-third of their total bill, arrearage included, each month during the winter heating season). The proposed rule would add two new payment plans. Under the first proposed plan, a modified one-sixth plan, customers would make a down-payment of twenty-five percent of their total arrearage (plus their current charges) and then pay the remaining balance of the arrearage in six equal payments (plus their current charges). Under the second proposed plan, a one-twelfth plan, customers would pay off their arrearage in twelve equal monthly payments. Over the same time period, the customers would participate in a budget payment plan, which could be adjusted during the twelve-month period as needed.

1. The Modified One-Sixth Plan

Columbia supports the proposed modified one-sixth plan. The proposed modified one-sixth plan is clearer than the existing one-sixth plan, because the proposed plan specifies the down-payment that a customer must make in order to enroll in the plan. The existing one-sixth plan does not specify what, if any, down-payment a customer must make to enroll. Because the proposed modified one-sixth plan is clearer, the Commission should replace the existing one-sixth plan with the proposed modified one-sixth plan.

Columbia recommends that the Commission amend the proposed rule, however, to make clear that customers must continue paying their current bills while on the modified one-sixth plan. The examples provided in the Commission's June 25, 2008 entry (see *id.* at 3) show that the monthly payment under the modified one-sixth plan would equal the current bill plus one-sixth of the arrears. The proposed rule, if adopted, should make this clear. Columbia recommends the following revision to the Commission's proposed rule:

- (2) Modified one-sixth plan – A plan that requires the customer to pay twenty-five per cent of his/her total balance (arrearage plus current charges) and to enter into a one-sixth payment plan (six equal pay-

ments on the arrearages in addition to full payment of current bills) on the remaining balance to begin with the next billing cycle.

2. The Proposed One-Twelfth Plan

Columbia believes that the proposed one-twelfth plan is ill-advised and unnecessary. Because of its length, Columbia believes it would ultimately increase customer arrearage totals. The longer the period for an extended payment plan is, the harder customers will find it to focus on their payment requirements or to budget their utility payments. Either the existing one-sixth plan or the modified one-sixth plan, when coupled with the Commission's winter reconnect orders and disconnection moratoria, would do enough to help customers maintain their gas service.

The proposed one-twelfth plan also appears to conflict with another provision in proposed Rule 4901:1-18-05. The one-twelfth plan requires the customer to make twelve equal monthly payments on his arrearages and enter into a twelve-month budget payment plan. But proposed Rule 4901:1-18-05(D) suggests that companies should offer budget payment plans only to customers without arrearages. For all of these reasons, Columbia asks the Commission to reconsider its proposal to create a new, one-twelfth plan.

If the Commission does choose to adopt the two new proposed payment plans, Columbia will require four to six months and incur extensive costs to reprogram its billing systems in order to accommodate any new payment plans.

G. Proposed Rule 4901:1-18-06

1. Subsection (A)(3)(c)

This proposed rule would allow the Ohio Department of Job and Family Services ("ODJFS") to request ongoing, advance notification of all residential service disconnections in particular Ohio counties. The rule would require utilities to provide such notifications electronically and would specifically require the utility to identify the to-be-disconnected customers by

full name, account number, service address, county, account status, current balance, amount in arrearage, total balance, and the amount necessary to prevent disconnection or restore service. The utility would be required to provide this information at the same time it generates the disconnection notices it distributes to its customers.

The proposed rule goes beyond the requirements of the authorizing statutes. The statute that applies to natural gas companies, R.C. 4933.12(E), only allows a county human services department to request prior notification of any residential service terminations scheduled between November 15 and April 15. Upon such a request, a natural gas company must provide written notice to the department, at least twenty-four hours before the disconnection, identifying the residential customer. The proposed rule, on the other hand, applies year-round, rather than just during the winter heating season; requires the utility to provide the termination notice to the county Department of Job and Family Services electronically, rather than in writing; and requires the utility to provide significantly more information than the customer's identity. The Commission should revise the proposed rule to require utilities to provide only the information required by R.C. 4933.12(E), and only in the manner and during the period permitted by that statute.

Columbia also believes the rule would be unworkable. Columbia alone currently issues upwards of eight hundred thousand service termination notices each year. Columbia does not believe any county ODJFS office would be prepared to handle the volume of termination information that the Commission's proposed rule would create. Columbia, too, is unprepared from an information systems perspective to share that much information with the county ODJFS offices. Columbia currently has only one disconnect database, which covers sixty-four counties. If the Commission chooses to adopt the proposed rule, Columbia would incur significant costs and re-

quire four to six months to reprogram its system to allow for the electronic transfer of information the rule would require.

The rule is unnecessary. Not every customer threatened with a disconnection notice will need aid from the Ohio Department of Job and Family Services. Some customers could be offended by a call from ODJFS simply because the customers, for example, forgot to pay a bill. Indeed, many customers contacted by ODJFS would be ineligible for the agency's aid.

Similarly, Columbia questions the amount of information that the new rule would require utilities to provide county ODJFS offices. The new rule would require utilities to divulge a fair amount of private customer information without their customers' consent. Ohioans may not appreciate such an invasion of their privacy, particularly when the rule would not guarantee that only customers truly in need, and eligible for aid, would be contacted by the ODJFS. For all of these reasons, Columbia respectfully requests that the Commission not adopt proposed Rule 4901:1-18-06(A)(3)(c).

2. Subsection (C)(2)

Subsection (C), which is similar to the current Ohio Adm. Code 4901:1-18-05(C), allows a residential utility customer to forestall disconnection if the customer can demonstrate that the utility service is needed for the health or life of the customer. Subsection (C)(2) requires the customer to submit a certification of medical need from a licensed health professional. Columbia supports this requirement. Columbia recommends that the customer should also be required to have a recent medical certification, to ensure that forestalling disconnection is medically necessary when it is requested. Accordingly, Columbia suggests that the Commission revise proposed subsection (C)(2) to require that the certification reflect a medical examination occurring no more than thirty days before the certification's submission to the utility company.

3. Subsection (C)(3)(h)

This subsection, which is similar to the current Ohio Adm. Code 4901:1-18-05(C)(6)(d), would allow a consumer who has submitted a medical certification to renew the certification twice, for a total certification period of up to ninety days per household per year. Columbia respectfully requests that the Commission reduce the permitted number of renewals to one, for a total medical certification period of no more than sixty days in any year.

Last winter, the Commission issued a ninety-day moratorium on the disconnection of residential electric and natural gas services. The moratorium, coupled with the rule allowing a ninety-day medical certification period per year, allowed some consumers to avoid disconnection for non-payment during almost the entire winter heating season. Consumers qualifying for medical certification and for the winter disconnection moratorium could effectively pass the winter without paying for their natural gas service. Compounding the negative impact is the fact that gas customers typically use between seventy and seventy-five percent of their annual volume during the winter heating season. In this way the two programs, combined, diminish consumers' incentive to pay for service and, consequently, increase the arrearage of consumers participating in the two programs. Reducing the number of times that a consumer may renew a medical certification to one will help reduce these negative incentives.

4. Subsection (C)(3)(i)

This subsection would require utilities to inform consumers with medical certifications of four pieces of information: (1) when their certification periods will end; (2) that they need to establish an extended payment plan, if they have not already done so; (3) that to avoid disconnection, they need to either make their first payment or renew their medical certification before their certification period ends; and (4) contact information for any potentially available govern-

ment assistance programs. This information must be provided personally or via written notice at least seven days prior to the termination of each thirty-day certification period.

These new requirements are unnecessary. Consumers requiring medical certification can be expected to remember to renew their certifications if renewal is necessary to the health of a permanent resident of the premises. If the Commission does choose to adopt this new requirement, Columbia will need to reprogram its billing systems to provide the required notifications. Such reprogramming will be neither quick nor inexpensive.

5. Subsection (F)

This proposed rule would require utilities to respond to an inquiry from the Commission's staff regarding a pending or actual disconnection within two business days. This proposed rule appears to conflict with Ohio Adm. Code 4901:1-13-10, which requires a natural gas company to provide status reports to the Commission within three business days of receiving a customer/consumer complaint, at five-business-day intervals thereafter, and within five business days of completing an investigation of the complaint. See *id.*, subsections (C) – (E). The proposed rule should be either eliminated or revised to make it consistent with Ohio Adm. Code 4901:1-13-10.

If the Commission chooses to adopt this proposed rule, Columbia respectfully requests that the Commission provide utilities with special notification when contacting utilities with written disconnection inquiries. Columbia proposes the following revision to the proposed rule:

The company when contacted by the commission's staff shall respond to an inquiry concerning a pending disconnection or actual disconnection within ~~threetwo~~ business days. Any written inquiry subject to this subsection shall be marked "URGENT," either in the Subject line, if the inquiry is sent via electronic mail; on the cover page, if the inquiry is sent via facsimile transmission; on the front of the envelope, if the inquiry is sent via U.S. mail or other delivery or postal service; or at the top of the front page, if the inquiry is delivered with no envelope. At the request of commission

staff, the company shall respond in writing. Commission staff will notify the customer of the company's response.

6. Proposed Medical Certification Form

The proposed rules include a standardized medical certification form for utilities to provide to their residential consumers on request. See proposed Rule 4901:1-18-06(C)(3)(a). Columbia supports the creation of a standardized medical certification form. Columbia proposes, however, that the Commission add a field to the form in which the medical professional completing the form is required to note the date on which he or she examined the consumer seeking the certification. Columbia feels that adding this information to each submitted medical certification form will make it easier to verify medical certification claims and therefore will reduce the potential for fraudulent certifications.

H. Proposed Rule 4901:1-18-07(B)(2)

This proposed rule would enable a customer whose service has been disconnected for non-payment for no more than 10 business days to guarantee the reconnection of his or her service on the same day payment is rendered in two ways: (1) by providing proof of payment of the delinquent amount or an amount sufficient to cure the default on a payment plan no later than 12:30 pm, or (2) by paying or agreeing to pay for after-hours reconnection. Columbia respectfully requests that the Commission clarify that utilities need not offer after-hours reconnection, and that customers may have to pay an approved tariff charge for after-hours reconnection if such is offered.

I. Proposed Rule 4901:1-18-08(A)

This proposed rule, which is similar to current Ohio Adm. Code 4901:1-18-07(A), governs the disconnection of utility service for consumers whose utility services are included in rental payments or who are living in a multi-unit dwelling for which the customer is the landlord.

The rule requires utility companies to give a notice of disconnection of service to the landlord/agent at least fourteen days before the disconnection would occur. If the customer has not paid or made arrangements to pay by the end of the fourteen-day notice period, the utility must provide a separate ten-day notice to the landlord/agent, each unit of a multi-unit dwelling, and, under the new proposed rule, "to single-occupancy dwellings where the utilities are included in the rent."

The new notice requirement is ambiguous. Is a single-occupancy dwelling one in which only one person lives, or one in which there is only one housing unit? Columbia also is concerned that the new notice requirement may not be feasible. Currently, customers are not required to notify Columbia if they are renting out single-occupancy dwellings and including utility payments in the rent. If the Commission were to adopt the new notice requirement, Columbia would not typically know which dwellings were subject to the requirement. Columbia proposes that the Commission amend the rule to require customers to notify Columbia if they are renting out single-occupancy dwellings and including utilities in the rent.

J. Proposed Rule 4901:1-18-10(A)

This rule, which is identical to current Ohio Adm. Code 4901:1-18-11(A), permits a utility company to refuse service to or disconnect service to any applicant/customer who fails to pay for service furnished to a former customer, when the former customer and the new applicant for service continue to be members of the same household. Columbia supports the retention of this provision in the rules. The rule can be difficult to apply, however, because customers are not required to inform Columbia of all adult occupants who are full-time residents in the customer's premises. Columbia proposes that the Commission consider amending the rule to require customers to inform utility companies of all full-time adult residents in their households.

K. Proposed Rule 4901:1-18-12

1. Subsection (B)(1)

This proposed rule would require gas and natural gas companies to inform all applicants for new service about the availability of PIPP. This requirement is unnecessary. Subsections (B)(2) through (5) of the proposed rule would require gas and natural gas companies to offer information about the PIPP program to the applicants and customers who would most likely benefit from participation in the program: customers who inquire about payment plans, are already in default on an extended payment plan, have a past-due account, or wish to avoid account delinquency. Subsection (B)(1), on the other hand, would require gas and natural gas companies to notify all new applicants for service, even where the applicants would not qualify for PIPP. This requirement could offend customers who do not view themselves as needing payment assistance. Columbia is also concerned that Subsection (B)(1) could encourage some new applicants for service who would otherwise pay in full for their service to enroll in PIPP instead. This would have the undesirable effect of increasing the costs of the low-income energy program and discouraging payment. Accordingly, Columbia respectfully requests that the Commission remove subsection (B)(1) of proposed Rule 4901:1-18-12.

2. Subsection (E)(1)

Proposed Rule 4901:1-18-12(E)(1) requires PIPP customers to reverify their eligibility at least once every twelve months from their PIPP anniversary date. The proposed rule does not require PIPP customers to reverify their eligibility at the same approximate time each year. As a consequence, much more than twelve months could actually pass between reverifications. For example, a customer with a PIPP anniversary date in January could reverify his eligibility in February one year and then in December the following year. The customer would be reverifying his eligibility at least once every twelve months from his January anniversary date, but twenty-two

months would pass between reverifications. Columbia believes this may be contrary to the Commission's intent. The Commission appears to intend that PIPP customers reverify their eligibility at least once a year. To fulfill this intent, Columbia proposes the following revision to the first sentence in proposed Rule 4901:1-18-12(E)(1):

All PIPP customers, except-zero-income customers, must provide proof of eligibility to the Ohio department of development of the household income at least once every twelve months from the customer's PIPP anniversary date or from the most recent date on which the customer's eligibility has been re-established, whichever date is most recent.

Proposed Rule 4901:1-18-12(E)(1) also states that each customer "shall be accorded a grace period of thirty days after the customer's PIPP anniversary date to reverify eligibility." In Columbia's comments on proposed Rule 4901:1-18-01(P) above, Columbia recommended that the Commission revise the definition of "PIPP anniversary date" to mean "the calendar date that the customer enrolled in PIPP." If the Commission adopts Columbia's recommendation, the Commission will need to amend proposed Rule 4901:1-18-12(E)(1) as well. Columbia proposes the following revision to the last sentence in proposed Rule 4901:1-18-12(E)(1):

The customer shall be accorded a grace period of thirty days after the customer's ~~PIPP anniversary date to~~ first deadline for reverifying eligibility.

L. Proposed Rule 4901:1-18-13 – Appendix

The appendix to Proposed Rule 4901:1-18-13 sets forth the percentage and minimum payment requirements for PIPP, graduate PIPP, and zero-income PIPP customers. A zero-income PIPP customer pays nothing for the first ninety days and then \$10 per billing cycle thereafter. PIPP and graduate PIPP customers are billed 8% of their household incomes per billing cycle.

Columbia proposes that the Commission consider adding a minimum payment of \$10 per billing cycle for all PIPP and graduate PIPP customers. Under the proposed appendix to Pro-

posed Rule 4901:1-18-13, a customer with a monthly household income of less than \$125 pays less per billing cycle than a zero-income PIPP customer pays after his or her initial ninety-day period. For example, a PIPP or graduate PIPP customer with a monthly household income of \$100 would pay only \$8 per billing cycle – \$2 less than a zero-income PIPP customer. A \$10 minimum payment for PIPP and graduate PIPP customers would ensure that such customers pay at least as much as customers determined to have no income at all.

M. Proposed Rule 4901:1-18-14

The proposed rule would create two new programs to give PIPP and graduate PIPP customers financial incentives to make their payments in-full and on-time and to reduce their natural gas consumption. The first program would give PIPP and graduate PIPP customers an arrearage credit each month they pay their PIPP in-full and on-time. The second program would give PIPP and graduate PIPP customers two arrearage credits if they reduce their energy usage in comparison to the prior twelve months by ten percent or more (after weather normalization). Credits under this second program would be available only once a year. Credits would be available only for customers who had received utility service at the same residence for two years.

Zero-income PIPP customers would become eligible for credits under both programs after their first ninety days of enrollment in PIPP. Graduate PIPP customers would stop being eligible for credits under either program after three years in graduate PIPP or until their arrearage disappeared, whichever comes first. For new PIPP customers, the arrearage credit would equal their arrearage at the time of enrollment divided by twenty-four. For zero-income PIPP, continuing PIPP, and graduate PIPP customers, the arrearage credit would equal the arrearage at the time of eligibility reverification divided by twenty-four.

Columbia supports the Commission's efforts to revise the PIPP programs to "award[] good payment history with arrearage crediting" and "[c]reate incentives for energy conservation

through reduced consumption of energy.” Entry (June 25, 2008) at ¶ 10(g) and (e). Columbia is concerned, however, that the proposed timely incentive appears to be less generous than Columbia’s current arrearage crediting. Columbia also is concerned that the proposed energy conservation incentive may be confusing to consumers, difficult to implement, and ultimately ineffective.

1. Timely Payment Incentive

Columbia understands that the Commission wants to give PIPP customers greater incentives to make on-time payments. Unfortunately, PIPP customers will get less of a benefit under the proposed rule than they currently receive under Columbia’s arrearage crediting program.

Under Columbia’s arrearage crediting program, PIPP customers who pay their PIPP amounts in full and on-time are automatically enrolled. After twelve complete and timely payments, Columbia gives a credit equal to one-third of the customer’s account balance before the twelve payments. After twenty-four complete and timely payments, Columbia credits one-half of the customer’s balance as of that time. After thirty-six complete and timely payments, Columbia erases the customer’s entire balance. And so long as the customer continues to make complete and timely payments under the PIPP program, Columbia continues to erase any new arrearage after every twelfth payment. See <https://www.directlinkservices.com/nisource/portal/oh>, follow “Billing Plans” hyperlink, then follow “Percentage of Income Payment Plan” hyperlink.

Under the Commission’s timely payment incentive plan, a customer who pays in full and on-time every month will effectively get a fifty percent credit of their account balance at the time of verification by the end of the first year, versus a thirty-three percent credit under Columbia’s program. However, Columbia’s program has the benefit of providing customers with the opportunity to completely eliminate their arrearages in three years and every year thereafter, which the customer cannot do under the Commission’s proposal. Columbia’s program also applies to zero-

income PIPP customers during their first ninety days of enrollment; the Commission's does not. Accordingly, Columbia respectfully requests that the Commission give Columbia's customers the option to choose Columbia's arrearage crediting program.

2. Energy Conservation Incentive

Columbia agrees with the Commission's efforts to improve energy conservation by PIPP customers. PIPP customers, on average, use twenty-five percent more natural gas than the average residential customer. And it is not difficult to see why, since the customer's payment is tied to their income and not to their total bill. Under the current PIPP program, a customer receives no economic benefit from investing in energy conservation.

Unfortunately, the Commission's proposed energy conservation credit will not achieve the desired objective. The credit will be difficult to explain to customers and to program and administer. Because the usage comparison contemplated by the rule requires "weather normalization" to exclude the effects of weather on usage, customers will not be able to determine themselves whether they have reduced their consumption enough to qualify for the credits. Finally, the conservation credit will not always reward energy conservation. Customers who have conserved may not be eligible if they have moved in the past twenty-four months, while customers who have done nothing could benefit due to non-conservation-related household changes (e.g., a reduction in the number of residents).

If the Commission wishes to encourage energy conservation, Columbia respectfully suggests that the Commission consider revising the low-income payment program to tie payments to consumption rather than income. One suggestion is to provide eligible customers a discount from their actual bill, so that their payments are more logically tied to their gas usage rather than their income. The discount could perhaps be ratcheted based on income, to keep energy consumption affordable. Unfortunately, the ability of many low-income customers to conserve will

be constrained by the inefficiency of their home furnaces and the draftiness of their homes. Helping PIPP customers weatherize their homes should reduce their energy consumption. For that reason, Columbia supports the Commission's proposal, in proposed Rule 4901:1-18-12(D)(2), to require all PIPP customers to apply for all weatherization programs for which they are eligible.

N. Proposed Rule 4901:1-18-15(F)

The proposed rule would require a utility to notify a PIPP customer by telephone message or direct mail within five days when the customer misses a payment. This rule is unnecessary. Customers who miss payments already receive notification of their delinquency in their bills. Also, this rule could be confusing to customers who miss a payment after they have already received a disconnection notice on a previous account balance. Finally, Columbia questions whether an additional reminder, five days after payment is due, will significantly increase the rate of payments by PIPP customers.

If the Commission chooses to adopt the proposed rule, Columbia respectfully requests that the Commission modify the rule to add the words "attempt to" before the word "notify." Columbia also respectfully requests that the Commission modify the rule to exempt utilities from the notification requirement when the customer missed his or her prior payment. If a customer is serially delinquent in his or her payments, monthly calls or mailed notices will not likely encourage responsible behavior.

O. Proposed Rule 4901:1-18-15(G)

This proposed rule would require utilities to notify PIPP customers of their re-verification deadlines at least thirty days before the re-verification date. Columbia does not support this proposed rule. Requiring this notification will increase the costs associated with the PIPP program. In addition, the Ohio Department of Development currently notifies PIPP participants when it is

time to reverify their PIPP eligibility. It is not necessary to impose the same obligation on the utilities. Indeed, it may be beneficial for PIPP Customers to receive the notification from an entity other than Columbia. PIPP participants may pay more attention to a notification from the State of Ohio than they would an additional notification from their utility company.

If the Commission chooses to adopt this proposed rule and revises the definition of “anniversary date” as recommended above in Columbia’s comments on proposed Rule 4901:1-18-01(P), the Commission will need to amend this proposed rule as well. Columbia would propose the following revision:

The company shall notify the PIPP customer by telephone message, direct mail or prominent notice on the bill, of the PIPP customer’s reverification date at least thirty days before the PIPP customer’s anniversary reverification date. This notice shall also remind the customer of the availability of the conservation incentive credit pursuant to rule 4901:1-18-14(B) of the Administrative Code.

The Commission used the term “reverification date” in proposed Rule 4901:1-18-12(E)(2).

P. Proposed Rule 4901:1-18-16(A)

This proposed rule states, in relevant part, that former PIPP customers removed from PIPP for fraud may not participate in graduate PIPP. Columbia respectfully proposes that this provision be amended to exclude as well any customers who have tampered with a utility company’s meter, metering equipment or other property used to supply the service.

Q. Proposed Rule 4901:1-18-17

1. Subsection (D)

This proposed rule states that PIPP customers cannot receive funds from the Emergency Home Energy Assistance Program (“E-HEAP”) to restore or prevent the disconnection of gas utility service. The proposed rule appears to fall outside the Commission’s jurisdiction. To Columbia’s understanding, E-HEAP is generally administered through the Ohio Department of De-

velopment. The proposed rule also appears inconsistent with the current administration of E-HEAP. According to the Ohio Department of Development, the purpose of E-HEAP is to restore or prevent the disconnection of gas utility service, and customers must sign up for PIPP or another payment plan to receive E-HEAP benefits. See Ohio Department of Development, Emergency Home Energy Assistance Program (<http://www.odod.state.oh.us/CDD/OCS/eheap.htm>). Columbia respectfully seeks guidance as to the intent behind this proposed rule.

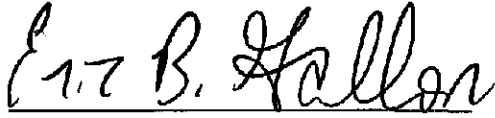
2. Subsection (E)

This proposed rule states that a gas or natural gas company shall terminate a customer's participation in PIPP if the customer is determined to be fraudulently enrolled in the program. Columbia supports the proposed rule. Columbia proposes adding a similar provision, however, that would require a gas or natural gas company to terminate a customer's participation in PIPP if the customer is determined to have tampered with the company's meter, metering equipment or other property used to supply the service.

IV. CONCLUSION

For all of these reasons, Columbia respectfully requests that the Commission consider the comments and adopt the regulatory amendments suggested above.

Respectfully submitted by
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COLUMBIA GAS OF OHIO, INC.

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

**COLUMBIA GAS OF OHIO, INC.'S
RESPONSES TO APPENDIX A**

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 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?

Response:

Finding (10) of the Commission's Entry dated June 25, 2008 in Case No. 08-723-AU-ORD states that "[t]he primary goal of Staff's proposed revisions to the gas PIPP program is to generate positive financial benefits to all ratepayers by addressing the payment troubles of low-income customers based on the lack of affordability." Staff has proposed changes to the PIPP program to attempt to accomplish the goals listed under finding (10).

Columbia agrees that the goals delineated by Staff are appropriate goals for a low-income energy assistance program for the customers of utilities in the state of Ohio. Columbia agrees with Staff that the gas and electric utility industries have changed dramatically since 1983, and the costs of providing the PIPP program have changed dramatically also. For this reason, Columbia notes that simply making changes to the existing PIPP program structure, while potentially providing some improvements, may not fully accomplish the goals set forth by the Staff.

With respect to (10)(i), Columbia agrees that appropriate data collection and company reporting is an appropriate goal, but notes that the success of reporting is directly tied to the relative complexity of the program design. The changes proposed by Staff, particularly the incentive and conservation credits, will make the program more complex, which will make it even more difficult to collect and report meaningful information about PIPP customers. Additionally, the companies often do not know how the information that they are reporting is ultimately used by Staff. Therefore, it is difficult to know if the company is providing data that accurately responds to the question at hand.

Goal (10)(k) seeks to align the gas PIPP program with the electric PIPP program, and to create better partnerships. This is a reasonable goal in some cases, but should not overrule legitimate differences between gas and electric customers, bills and energy usage. Also, Columbia is aware that there will be significant changes proposed to the electric PIPP program, but the companies do not know what those changes are. The companies should have the benefit of reviewing the electric PIPP changes before being required to comment on alignment issues.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 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?
- b. What is the average monthly payment required of PIPP customers?
- 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?
- 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?

Response:

At this time Columbia has approximately 96,000 customers enrolled in the PIPP program, and the average monthly payment amount required for PIPP customers is \$120. However, it is very difficult to identify how many payments are made throughout the year by the average PIPP customer; how much of their monthly required payment a customer actually pays; and how many payments would have to be made by each low-income customer to collect as much revenue as currently collected under the existing program. As an alternative, Columbia elected to review the payment history of 10 PIPP customers to better understand the impact of the proposed change. This review resulted in the following conclusions: (1) the reduction in contribution rate may result in reduction in revenue received from customers that make the required payment each month since no additional opportunity for additional payments exists; (2) the change should have no impact on the contributions where customers do not make the required payment each month,

but do make payments in excess of that required annually; (3) the change has no impact on customers with a zero payment requirement; (4) the potential for increased payments resides with those customers where the required PIPP payment is not being made each month or on an annual basis; and (5) the change will likely result in a reduction in overall revenues received. See Attachment OCC I-002 for payment history upon which these conclusions were ascertained.

Case No. 08-723-AU-ORD
OCC Data Request No. 2
Attachment OCC 2d
Respondent: Larry Martin

Columbia Gas of Ohio, Inc.
Computation of Additional Payments Required to Collect As Much Revenue As Under Existing Program

[illegible]

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 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?

Response:

Currently, natural gas customers are required to pay 10 percent of their income to participate in the PIPP program. The program requires customers to make their percentage of income payment amount every month. A reduction in the percentage of income payment amount from 10% to 8% will result in less money being received from the PIPP customer payments than is received today. Columbia has estimated in its response to OCC Data Request No. 16 that the reduction of payments from 10% to 8% would reduce the customer contribution to the PIPP program by close to \$20,000,000 annually for Columbia Gas of Ohio alone. There is no evidence to support that those customers who are not making full monthly payments today will begin to do so if the payment amount is reduced from 10% to 8%.

In fact, since gas prices have increased substantially since the PIPP program was created, there could be an argument made that the percentage of income payment amount should increase to keep pace with increasing natural gas costs.

As noted in the response to Low-Income Payment Programs Question No. 2, (1) the reduction in contribution rate may result in reduction in revenue received from customers that make the required payment each month since no additional opportunity for additional payments exists; (2) the change should have no impact on the contributions where customers do not make the required payment each month, but do make payments in excess of that required annually; (3) the change has no impact on customers with a zero payment requirement; (4) the potential for increased payments resides with those customers where the required PIPP payment is not being made each month or on annual basis; and (5) the change will likely result in a reduction in overall revenues received.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 4:

What other plans exist that you believe the Commission should consider?

- a. Provide copies of those plans in your response.
- 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.
- 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.
- d. What have been the payment patterns of customers involved in those programs?

Response:

Columbia believes that the current payment plans offered in Chapter 4901:1-18 Termination of Residential Service provide the customer with enough payment options to prevent disconnection of non payment. However, Columbia would be willing to do a pilot program for a new low income payment plan in which data from it could be compared to data from the PIPP program to analyze the effectiveness and payment patterns of customers in both programs.

- a. N/A
- b. N/A
- c. N/A
- d. N/A

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 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.

Response:

There were no other programs identified during this process that Columbia believes the Commission should consider or changes Columbia would like to propose beyond those previously provided in our comments.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - LOW-INCOME PAYMENT PROGRAMS STAFF
QUESTIONS

Question No. 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?

Response:

It would take Columbia approximately eight months to implement the proposed changes to the PIPP program from the time the Commission issues its final order.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 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.

Response:

The commission may want to consider Columbia's WarmChoice program. WarmChoice provides a diagnostic energy inspection and comprehensive weatherization services, including sidewall and attic insulation, furnace replacements, and air sealing for customers at or below 150% of the federal poverty guidelines. The most recent impact evaluations of the WarmChoice program for 1999-2004 indicate gas usage reductions of approximately 32 Mcf per customer, per year. A 2003 study of the 1997 program indicated potential arrearage reductions of \$60 in 1999 and \$147 in 2000 for WarmChoice program participants. WarmChoice participants have higher average use per customer than Columbia's average residential customer usage. Higher than average pre-weatherization usage is positively correlated to higher than average energy savings.

Columbia's WarmChoice program is funded through its base rates. In its currently pending rate filing, Columbia has requested an increase of approximately 30% in funding for the WarmChoice program in recognition of the impact of inflation and its ability to operate the program at a level consistent with that provided for in its last rate case.

In addition, the Commission should further review the Percentage of Income Payment Program (PIPP). Because PIPP is based on the customer's income, and not their actual gas bill, a PIPP customer has little incentive to conserve, whether by participating in the WarmChoice program or through any other means. A low-income payment program based on the customer's total bill would make the customer directly accountable for his or her own usage, and would provide the appropriate price signals for the customer to conserve natural gas.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 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.

Response:

Expert testimony prepared by witness Russell Feingold in case 08-0072-GA-AIR estimates that the average Columbia customer uses 82.5 Mcf of gas annually, compared to 109.4 Mcf annually for PIPP customers.

No specific research has been conducted to explain the difference in gas usage between PIPP and non-PIPP customers. It may be that PIPP customers live in older, un-insulated houses with less efficient heating systems compared to non-PIPP customers. Another factor may be the lack of incentives for PIPP customers to conserve gas since payments are not linked to gas usage. PIPP customers or landlords with PIPP renters may neglect to make repairs to housing units, since the cost of the repair is not offset by lower utility bills.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 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?

Response:

The number and percentage of PIPP customers served by Columbia's WarmChoice programs is not specifically tracked because WarmChoice is available to all low income customers. Approximately 48,000 low income customers have received WarmChoice since its inception in 1987.

In the last 5 years, Columbia's WarmChoice program has served the following number of low income customers:

Year	CalendarYear	# served
1	2007	1,380
2	2006	1,348
3	2005	1,195
4	2004	1,339
5	2003	1,231
TOTAL		6,493

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 4:

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

Response:

Based on the answer to question 3, the current number of un-served customers is not readily available.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 5:

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

Response:

Columbia has not performed an energy savings potential study for typical PIPP customers or for the PIPP population, so that estimate is not readily available.

Low income customers who participate in WarmChoice averaged pre-weatherization normalized annual consumption of 124.6 Mcf from 1999 to 2004, which is higher than the current estimate of PIPP customer average usage. WarmChoice customers, whether on PIPP or not, may live in the least energy efficient housing. WarmChoice customers saved over 32 Mcf per year from 1999-2004.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 6:

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

Response:

Without conducting a detailed energy savings potential study of the PIPP population, the expected bill savings are not readily available.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 7:

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

Response:

Without conducting a detailed energy savings potential study of the PIPP population, the potential total Mcf savings are not readily available.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 8:

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

Response:

Without conducting a detailed energy savings potential study of the PIPP population, the potential cost to serve all PIPP customers is not readily available.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 9:

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

Response:

Barriers may include:

1. Limited available funding.
2. Potentially high proportion of low income customers living in rental properties with landlords not interested in participating in programs.
3. Capacity of low income energy efficiency delivery network to quickly increase services.
4. Some low income customers live in low use buildings with limited savings potential.
5. Lack of an incentive for PIPP customers to participate in energy conservation programs due to no direct pricing signal related to energy usage.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - ENERGY CONSERVATION STAFF QUESTIONS

Question No. 10:

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

Response:

1. Targeting customers based on energy usage.
2. Designing specific programs to serve moderate or low usage customers.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - FOREGONE DISCONNECTION AND ASSOCIATED
REVENUE STAFF QUESTIONS

Question No. 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?

Response:

Utilities should be eligible for recovery of bad debt expense incurred in the course of doing business under the rules and regulations of the Public Utilities Commission.

Although the proposed Chapter 4901:1-18 provides a regulated timeline for disconnections of customers, these rules, in combination with other rules related to deposits and reconnections, provide the utility with a limited set of tools to manage uncollectible accounts. For example, security deposits are limited to one-twelfth of the estimated charge for the ensuing twelve months, plus 30% of the estimated monthly charge, which is inadequate to cover the default amount that a customer can incur prior to potential termination. The annual Winter Reconnect Order allows customers to "recycle" their prior bad debt expense by allowing customers to reconnect service without paying off the entirety of the past due amounts incurred in prior periods. The requirements to reconnect customers in the same or next day upon the payment of defaulted amounts forces utilities to balance disconnections with the availability of workforce to provide reconnections. (For natural gas utilities, this issue is exacerbated by the fact that reconnections of service require skilled personnel to test and inspect reconnected service, and the tendency of many defaulted customers to reconnect at the onset of cold weather). Moratoriums against disconnections in the winter heating season prevent utilities from disconnecting non-paying customers during a period of time when the customer utilizes 70 – 75% of their total annual gas usage.

Of course, utilities must do what they can within the constraints of the rules to manage bad debt expense by aggressively pursuing collections efforts. From 2005 to 2007, Columbia has increased its average number of residential customers disconnected by 8.8%, and the total dollar amount of residential disconnects increased by 57.7%.

However, the existence of these rules indicates that the Commission desires to balance societal considerations against the financial costs created by customers who do not pay their bills. The comments made by Columbia and other parties in this proceeding are proof that this balance is

not perfect, and improvements can be made. However, the suggestion that costs incurred beyond the timeline provided for in the rules should not be recoverable by utilities is a radical departure from the existing framework. If the balance that the Commission has created is to continue to exist, utilities must be allowed to recover its legitimately incurred costs of providing gas service to both those customers who pay timely and the cost of providing service to those customers who are afforded protections under the Commission rules.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - PREPAID METERS STAFF QUESTIONS

Question No. 1:

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

- a. Provide information about both the customer's and the company's experience with the prepaid meter program.
- b. Provide enough information so parties are clear, in detail, how the program would work.

Response:

Columbia is not aware of any natural gas pre-paid metering programs the Commission should consider.

- a. N/A
- b. N/A

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - PREPAID METERS STAFF QUESTIONS

Question No. 2:

What has been your experience with prepaid meter programs?

- a. Has the number or amount of uncollectible accounts decreased?
- b. Has customer satisfaction increased or decreased?
- c. Have consumption patterns changed?
 - i. Has there been an overall decrease in consumption by prepaid customers?
 - 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 non-prepaid meter customers, in winter months for gas and in the summer for electric?

Response:

Columbia does not have any experience with pre-paid meter programs.

- a. N/A
- b. N/A
- c. N/A

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - PREPAID METERS STAFF QUESTIONS

Question No. 3:

For customers who have been disconnected for longer than 10 business days, should companies be permitted to require prepaid service for those customers?

- 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?
 - 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?
 - 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?
 - ii. If the customer is a direct-billed tenant, should the landlord's permission be secured prior to the installation of a prepaid meter? If so, should service be allowed to remain disconnected until the landlord's permission is received and the prepaid meter installed?
 - 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.
- 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?
- c. What other program aspects should be required if the company is permitted to require a prepaid meter for previously disconnected customers?
- 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?

Response:

Columbia supports the concept of pre-paid meters for customers who have been disconnected for non payment for longer than 10 days. We believe that pre-paid meters would help to reduce write-off and associated credit and collection costs. However, according to our research, pre-paid natural gas meters are not available for use in the United States. Columbia's Engineering Department contacted the three manufacturers that supply natural gas meters in the United States – American Meter, Actaris, and Sensus. Although Actaris and Sensus offer a pre-paid natural gas meter in Europe, they do not have a pre-paid meter that is marketed in the United States. Both manufacturers indicated that the pre-paid natural gas meter they supply to the European market does not meet ANSI Specifications for use in the United States. American Meter indicated they no longer manufacture a pre-paid natural gas meter. Since natural gas pre-paid meters are not currently available in the United States, Columbia has not developed a plan for their utilization and cannot appropriately respond to Question 3 a. to f. Columbia is aware that work is being done regarding the development of remote turn off devices by all three natural gas meter manufacturers in the United States. This technology will potentially allow disconnection of a natural gas meter from a remote location. This technology combined with an Automated Meter Reading device may allow for some type of pre-payment system for Columbia customers in the future.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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.

Response:

Customers should be permitted to choose the monthly due date of their bills on an annual basis within certain parameters.

Yes, there should be limits on the date selected.

Columbia customers can elect to change their monthly due date to correspond with the due date of a different billing unit. For example, a customer that is in billing Unit 1 could request to change their due date to the due date of billing Unit 10. Because of system limitations, a customer cannot move their due date more than 9 billing units forward. Columbia currently has 5,616 customers who have a due date at their request that is different than the due date of their normal billing unit. Of the 5,616 customers with a different due date, fifty-nine percent (3,328) of them paid all of their bills on time during the 2007 calendar year.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 2:

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

- a. Are there data points that are not contained in the attachment to the Staff's 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?
- b. How long would it take to capture these data points?
- c. What historical data would be impacted by these changes, such that trending over time may be problematic?

Response:

- a. Both the existing and proposed OSCAR reports are extremely complex. There is an overwhelming amount of data, most of which is not useful to utilities. A report that focuses on the following would be beneficial, and would be simpler: PIPP default rate, PIPP and non-PIPP residential disconnects, successful completion of PIPP, PIPP conservation results, PIPP and non-PIPP arrears, # of PIPP additions, results of arrearage credit program.
- b. These data points would take less time to capture than either the existing or proposed OSCAR reports.
- c. This new report could be built with minimal impact.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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.

Response:

Columbia Gas utilizes a diverse third-party vendor network of in-person payment agents. In addition to check cashers / payday lenders, this network includes certain banks, grocery stores, drugstores, convenience stores, gas stations, and other retail establishments. There is no cost to Columbia Gas for setting up new in-person payment agents. As the need for an agent arises, the third-party vendor will pursue locating and securing an agent on Columbia's behalf. The cost for establishing a new agent is incurred by our third-party authorized agent vendor. Columbia Gas does not operate any company-owned payment centers.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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.

Response:

Yes, natural gas is used by some customers as a secondary source of heat. Columbia currently has 6,734 customers that utilize natural gas for something other than their primary source of heat.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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?

Response:

At this time, Columbia is indifferent as to whether the proposed program is given a new name and does not have a suggestion related thereto.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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?

Response:

Columbia is not opposed in principal to incorporating the residential and non-residential disconnection and reconnection provisions of the Electric Service Standards at Chapter 4901:1-1, O.A.C. and the Gas Service Standards at Chapter 4901:1-13, O.A.C. into Chapter 4901:1-18, O.A.C. Columbia agrees that consistency between gas and electric credit and collection policies is a reasonable goal; however, there are a number of differences, such as gas usage is much more seasonal than electric usage, that should be taken into account when combining these chapters.

To the extent Columbia has any specific comments regarding Chapter 4901:1-18, O.A.C., as proposed by Staff, those comments will be submitted separately and filed as part of Columbia's comments in this proceeding.

COLUMBIA GAS OF OHIO, INC.
RESPONSE TO APPENDIX A - OTHER STAFF QUESTIONS

Question No. 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.?

Response:

When a customer is disconnected, they receive a final bill containing a due date for the final bill amount from the time of their last meter reading date to their date of disconnection. Although this bill includes arrearages, that portion of the bill that is from their last meter reading date to the date of disconnection is not due until the due date shown on the final bill. When the customer calls to reconnect service and it is past the due date of their final bill, the customer should be treated under Rule 4901-1-17-03(D).

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of September, 2008, true and accurate copies of the foregoing Initial Comments of Columbia Gas of Ohio, Inc. were served by First-Class United States Mail, postage prepaid, upon the following parties:

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