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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review of Chapters 4901:1-17 and 4901:1-18 and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and 4901:1-29-12 of the Ohio Administrative Code.	**Case No. 08-723-AU-ORD**

INITIAL COMMENTS OF THE EAST OHIO GAS COMPANY D/B/A DOMINION EAST OHIO

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INTRODUCTION

The East Ohio Gas Company d/b/a Dominion East Ohio ("DEO"), pursuant to the Commission Entry of August 1, 2008, respectfully submits its initial comments to the Commission's June 25, 2008 Entry proposing to amend certain provisions of the Ohio Administrative Code ("OAC") pertaining to the establishment of credit for and termination of residential service.

COMMENTS TO PROPOSED RULES

A. Rule 4901:1-13-11, "Gas or natural gas company customer billing and payments."

Section (E): The proposed rule prohibits the use of a "check-cashing business" or "licensee" as an authorized payment agent and defines those types of businesses by reference to Sections 1315.21 and 1321.01 to 1321.19, respectively, of the Ohio Revised Code ("ORC"). These sections of the ORC are voluminous. The proposed rule should be made clearer by including precise descriptions of the prohibited businesses rather than references to the ORC.

B. Rule 4901:1-17-02, "General Provisions."

Section (E): The proposed rule allows the use of electronic transactions and notices if the customer and utility company agree and if "such use is consistent with Commission requirements or guidelines." The proposed rule change does not specify which Commission "requirements and guidelines" must be taken into consideration for purposes of complying with the rules. Specific Commission requirements and guidelines should be identified in the proposed rule.

C. Rule 4901:1-17-03, "Establishment of Credit."

Section (A)(1): This section establishes that financial responsibility with respect to the premises owned by the customer is one of the criteria that a customer may meet to establish overall financial responsibility. While this rule has been clarified with the addition of the phrase "with respect to that property," the term "financial responsibility" in the current and the proposed rule is vague and subject to differing interpretations. A more precise description of "financial responsibility" should be included. The Company therefore proposes the following addition to the rule:

> 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, <u>as evidenced by proof of twelve months of timely payments of the mortgage (if any), utilities and property taxes, over the most recent twelve month period</u>.

<u>Section (A)(5)(b) and Appendix</u>: The proposed change to this rule regarding guarantors deletes the wording "unless the guarantor affirmatively waives that right" regarding the requirement of the utility company to send the guarantor a copy of all disconnection notices sent to the guaranteed customer. Similarly, the revision to Rule 4901:1-18-05(A)(3)(a), which now falls under proposed Rule 4901:1-18-06(A)(3)(a), removes the language regarding the guarantor affirmatively waiving the right to notices. The Company does not have any specific concerns regarding these changes, but would note the Appendix to the rules must be changed to be consistent. In particular, the guarantor agreement in the Appendix to this rule still includes the wording proposed to be deleted, as well as a place at the bottom of the agreement for the guarantor to affirmatively waive that right. Accordingly, because it appears that the changes to Rule 4901:1-17-03(A)(5)(b) intend to remove the option of the guarantor to waive receipt of the notices, the guarantor agreement in the Appendix should be revised to remove such language.

D. Rule 4901:1-17-04, "Deposit to reestablish creditworthiness."

<u>Sections (B) and (D)</u>: These rules provide that a utility may require a deposit, or an alternative to a deposit "[a]fter considering the totality of the customer's circumstances." The

quoted phrase is vague and subject to interpretation. As a practical guideline, it does not provide adequate guidance and should be deleted. Inclusion of that phrase may require the utility company to defend its deposit decision when the customer simply disagrees with it. If the customer's credit history warrants a deposit request, that should be the sole determining factor.

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

Section (A)(3)(c): This paragraph has been revised to require the provision of an electronic means by which detailed customer information will be provided to the Department of Job and Family Services. DEO does not object to this change in principle, but such a requirement will entail a significant programming effort in order for DEO to comply. If this rule is adopted, DEO recommends that a sufficient amount of time should be allowed for the necessary changes to its customer information systems to be made.

Sections (C)(3)(c), (d), and (f): These rules relate to medical certification and state a specific time frame in number of days in which the related action must occur. The rule should be clarified to state whether the number of days specified are business days or calendar days.

F. Rule 4901:1-18-07, "Reconnection of service."

Section (A): The proposed rule changes the time frame in which a customer that has been disconnected for greater than ten days must be reconnected upon payment or proof of payment of a delinquent balance. The new language requires that the timeline to reconnect service for such accounts be consistent with Rules 4901:1-13-05(A) and (C). It is not clear, however, how such timeline may be impacted by the Commission's winter reconnection orders. The rules (or the order) should make explicit the relationship between the reconnection rules and the winter reconnection orders.

G. Rule 4901:1-18-15, "General PIPP Provisions."

Section (F): The proposed rule requires the company to notify PIPP customers "by telephone message or direct mail, within five days after the due date, when the customer has failed to make a payment." DEO generally does not send reminders to customers to pay their bills. It is unclear why PIPP customers should be treated differently. Moreover, this proposed requirement is unduly burdensome to the company in that it would require specific tracking of the timeliness of payments for approximately 100,000 of DEO's total 1.2 million customers. Considerable programming effort would be required to automate this process. Not only does the arrearage crediting program already provide incentive for PIPP customers to make their payments on time, but it is uncertain that any improvement in timely payments resulting from reminder notices will outweigh the additional cost of providing the reminder notification.

Section (G): This proposed rule would require utility companies to notify PIPP customers by telephone, direct mail or prominent notice on the bill, of the need to reverify income at least 30 days prior to their enrollment anniversary date. Such notice would also have to remind PIPP customers of the availability of the conservation incentive credit allowed by Rule 4901:1-18-14(B). Under current procedures, the Ohio Department of Development ("ODOD") is responsible for income verification and reverification. Because the proposed notification process is a part of the reverification process and is dependent on the ODOD's ability to meet the required reverification timeframe, the notification process, if adopted, should be the responsibility of the ODOD. As with other proposed rules changes, if this rule is adopted as it is written, significant programming effort will be needed to comply.

DEO RESPONSES TO COMMISSION QUESTIONS IN APPENDIX A

I. LOW-INCOME PAYMENT PROGRAMS

A. QUESTION 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?**

The goals are laudable, but the program's experience (escalating costs, a gradual long-term trend increase in the number of PIPP customers even as the number of active residential customers shows a gradual long-term decline, very large and increasing arrears, negative reactions from other customers as the PIPP rider becomes a more significant portion of their monthly bill) indicates that customers either are gaming or otherwise manipulating the system or, more likely, are simply unable to handle the rising cost of energy in comparison to their household income. PIPP is not operating as a short-term patch to help lower-income customers get through one heating season. DEO would therefore suggest adding the following goal for Commission consideration: "Ensure that the system is achieving its desired goals and is not being manipulated or abused."

– **Are any of the proposed goals inappropriate? If so, why are they inappropriate?**

Goal (10)(b). The main contradiction among the goals is the desire to create more affordable payments for participants, yet also seeking to control the escalating cost of the program. While this tension is likely unavoidable given the nature of the problem, lowering the minimum amount to be paid per month aggravates, not mitigates, that tension. PIPP customers already receive a substantial discount, and it is not clear that further subsidization of PIPP bills will encourage any reversal of the demonstrated poor payment history of PIPP customers. It will surely, however, increase the size of the monthly PIPP credit and ultimately the PIPP arrears that are deferred for recovery and borne by all customers through the PIPP rider.

B. QUESTION 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.)?**

DEO has not conducted any studies regarding the impact of the proposed PIPP program on amounts owed by or collected from low-income or other customers.

– **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.**

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

For 2007, the average number of PIPP payments made was 6.26.

(b) What is the average monthly payment required of PIPP customers?

The average monthly PIPP payment required is currently $73.00.

(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?

In 2007, PIPP customer paid an average of 67.8% of their required monthly payment.

(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?

Based on 2007 information, 7.9 payments per year would need to be collected under the proposed PIPP program in order to collect as much as under the existing PIPP program.

C. QUESTION 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?**

DEO has not conducted any studies regarding the impact of the proposed PIPP program on amounts owed by or collected from low-income or other customers.

- **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?**

Based on 2007 information, making at least 10 payments per year, the PIPP customer would need to pay 6.3% of the household income and making at least 11 payments per year, 5.7%.

D. QUESTION 4: What other plans exist that you believe the Commission should consider?

DEO has no suggestion regarding existing plans that the Commission should consider.

E. QUESTION 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.

Not applicable; see response to Question 4.

F. QUESTION 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?

The Company estimates that the earliest reasonable time frame for implementing the proposed changes to the PIPP program would be the beginning of the 2009-2010 heating season.

II. ENERGY CONSERVATION

A. QUESTION 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.

DEO suggests that the Commission consider a weatherization program ("Housewarming") that DEO currently sponsors for customers with incomes at or below 150% of the federal poverty level. The program, managed by Dominion East Ohio's Customer Relations Department, is administered by Cleveland Housing Network and contracted to 34 nonprofit neighborhood providers throughout DEO's service territory. The Housewarming Program began in 1987 and has been administered by Cleveland Housing Network since 1989. Company representatives, social service agencies and other third parties refer eligible customers to the program. Since 1994, DEO has spent over $41 million in total on weatherization. The annual budget for Housewarming is currently $3.5 million, of which $2.5 million is funded through existing rates and $1.0 million is funded by DEO. Under the existing budget, approximately 1,500 households receive weatherization services each year, which include the following measures:

- Safety inspections
- Heating unit repair/retrofits or replacements (replacements for owner-occupied homes and low-income tenants)
- Sidewall and/or attic insulation measures
- Carbon monoxide alarm
- Client education regarding ongoing conservation measures

Energy savings range from an average of 20-30% depending upon the housing unit, insulation, and furnace modifications.

B. QUESTION 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.

The information below is OSCAR report data submitted monthly to the PUCO staff extracted from DEO's customer information system. DEO does not have any information that addresses the reason for the difference in consumption.

Average MCF Usage per Account by Month

2006	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PIPP	21.2	21.3	19.0	11.8	7.0	4.4	3.5	2.9	3.4	7.1	12.9	16.8
Non-PIPP	15.9	15.7	14.4	8.5	4.8	3.2	2.4	2.1	2.4	4.7	9.2	12.6
2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PIPP	21.0	26.1	19.5	14.1	6.8	3.9	2.9	2.6	2.9	4.2	11.9	20.4
Non-PIPP	16.2	21.1	14.7	10.1	4.5	2.7	2.2	2.0	2.2	2.9	8.6	15.5
2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PIPP	22.2	23.3	21.3	11.9	7.2	4.3						
Non-PIPP	17.2	18.0	16.3	8.4	4.7	3.0						

C. QUESTION 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?

DEO does not track the requested information.

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

DEO does not track the requested information.

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

DEO is not aware of what would constitute "all cost-effective energy conservation measures," and therefore does not know what the related expected energy savings would be.

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

Please see the response to Question 5 above.

G. **QUESTION 7: What would be the potential total Mcf / kWh savings if cost-effective energy conservation measures were implemented for all PIPP customers?**

Please see the response to Question 5 above.

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

Please see the response to Question 5 above.

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

Please see the response to Question 5 above.

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

Please see the response to Question 5 above.

III. FOREGONE DISCONNECTION AND ASSOCIATED REVENUES

A. **QUESTION 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. A penalty such as the above implies that the company is simply choosing not to disconnect customers according to the timelines and payment levels. In reality, many of those disconnections will not be a cost-effective means for keeping the customer from accumulating arrears due to subsequent immediate reconnections. DEO seeks to achieve lower charge-offs in the most cost-effective manner possible. This will ultimately redound to the benefit of DEO ratepayers as a whole. Moreover, a significant number of inside meters still present access issues, further constraining the Company's ability in practice to disconnect customers according to the timelines and payment levels provided for in the proposed rules. Likewise, complaint proceedings also impact the Company's ability to disconnect customers. There is no evidence that the problems with the PIPP program have anything to do with the companies implementing it, and unless significant evidence of this is adduced, this proposal has no merit.

IV. PREPAID METERS

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

DEO has not considered prepaid meters and has no first-hand experience with them. Therefore, DEO has no comments regarding prepaid meters.

V. OTHER

A. QUESTION 1:

– **Should customers be permitted to choose the monthly due date of their bills on an annual basis?**

Possibly. Unlike other companies which issue monthly bills for services rendered and which often do allow the customer to choose the monthly due date of their bills (such as telephone companies or credit card issuers), utilities are tied to a physical meter reading route and thus a fixed date for determining monthly usage and amounts owed. Significant revenue accounting and programming issues would arise if this option were to be offered. The Company suggests that these issued be explored in greater detail before this option is pursued.

– **If so, should there be any limits on the date selected?**

There should be limits on the frequency of changes (once per year is suggested), primarily to hold costs down and to prevent payment manipulation by the customer. There should also be limits on the amount of time between the bill date and the due date.

– **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.**

Not applicable.

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

DEO has no suggestions concerning how the impact and success of proposed low-income programs should be evaluated.

C. QUESTION 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?**

DEO already offers numerous outlets as authorized payment agents, such as drug stores, convenience stores, and grocery stores. The elimination of payday loan agents in 2007 did reduce the number of agents used, but the Company was able to replace all of the agents within key locations.

– **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?**

A third-party vendor used by DEO, CheckFreePay, incurs all of the costs associated with setting up authorized agents. There is no cost to DEO or to the payment center. There are, however, certain criteria that each of these agents have to meet including the designation of phone lines to download the payments. Each agent must pass a credit check and must comply with the guidelines established by CheckFreePay. The costs to CheckFreePay to establish new locations would include set-up and equipment-relocation costs, as well as the training and solicitation of additional agents.

- **For those companies that still have company-owned payment centers, please list the location(s) of those centers.**

DEO does not maintain any company-owned payment centers.

D. QUESTION 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.

DEO currently has 13,432 premises that are classified as non-heat. Of those, 7,708 are active accounts (of which 357 are active PIPP accounts); 5,724 are inactive accounts (*i.e.*, Final, Charged-off, Inactive or Sold).

E. QUESTION 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?

DEO has no issues with the current name of the program.

F. QUESTION 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?

No.

G. **QUESTION 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.?**

DEO proposes that it stay with its current 10-day interval after final billing. After that, the customer is considered a new customer when reconnected.

VI. DEO RESPONSES TO PROPOSED CHANGES TO THE OSCAR REPORT - APPENDIX B

A. The provision of monthly data as of the 28th day of each individual month:

Standardizing the date as of which the utilities provide information is reasonable. Clarification should be added, however, to provide guidance as to which date should be used when the 28th of the month falls on a weekend or holiday.

B. Columns 2.03, 3.05–.06, 7.01–.04:

New columns have been added to report the number of out-of-territory former PIPP customers. An "out-of-territory former PIPP customer" is defined as "a former PIPP customer who no longer resides in the reporting company's service territory pursuant to Rule 4901:1-18-18 of the Administrative Code." DEO, however, does not specifically track data for customers who move out of its service territory and could merely report the number of former PIPP customers who no longer have a gas service account with DEO. Accordingly, it may be impractical for utilities to provide the requested information.

C. Column 4.02:

In proposed Column 4.02, the companies are to report the number of required payments received from active PIPP customers, excluding agency payments. DEO will be able to provide the requested information to the extent that agency payments are identified in DEO's customer information system. Payments from some of the smaller assistance agencies may not be identified in the system as agency payments and, accordingly, may not be excluded.

VII. CONCLUSION

In conclusion, DEO appreciates the hard work and careful thought by the Staff that is reflected in the proposed rules. DEO appreciates the opportunity to comment on the proposals, and respectfully requests that the Staff consider and implement DEO's suggestions.

Respectfully submitted,

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