

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

REPLY COMMENTS OF DUKE ENERGY OHIO

I. INTRODUCTION

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

Appendix B. Interested parties were required to file initial comments by September 10, 2008, with reply comments due no later than October 14, 2008.¹

Duke Energy Ohio (DE-Ohio) is an Ohio corporation engaged in the business of supplying electricity and natural gas to consumers in Southwestern Ohio and is a public utility as defined by Sections 4905.02 and 4905.03 of the O.R.C. The Staff proposes changes that, if adopted, will directly impact DE-Ohio's provision of electric and natural gas services to consumers in Southwestern Ohio. DE-Ohio appreciates the opportunity to offer reply comments. Accordingly, DE-Ohio respectfully submits the following reply comments regarding the Staff's proposed changes as well as initial comments received by interested parties in this case.

II. GENERAL COMMENTS

First, DE-Ohio reiterates the suggestions and recommendations made in its initial comments. DE-Ohio believes that its suggested modifications to the rules will promote consistency and provide clarity where the rules are ambiguous. Since making its initial comments in this case, DE-Ohio has also submitted comments responding to the Ohio Department of Development's ("ODOD") proposed modifications to its electric Percentage of Income Payment Plan ("PIPP") rules, which were due on October 6, 2008. DE-Ohio requests the Commission also consider the modifications proposed to the ODOD in its review of initial and reply comments in this case. In those comments, DE-Ohio raises several issues concerning the lack of consistency between the gas and electric PIPP programs. DE-Ohio contends that the lack of consistency between the two programs has resulted in issues associated with incongruent program terminology,

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

program offerings, reporting requirements, and payment policies. In some instances, such inconsistencies are unavoidable; however, DE-Ohio believes that, with both the PUCO and ODOD endeavoring to modify its programs, now is the time to ensure that the regulatory requirements are as consistent as practicable. For DE-Ohio, and undoubtedly other electric and gas companies, achieving program consistency will lessen the confusion related to terminology, unify the program offerings, simplify the reporting requirements, and lessen IT costs associated with the electric and gas PIPP requirements. Alignment will significantly lessen the burden on DE-Ohio, as it is subject to both sets of administrative requirements.

III. SPECIFIC COMMENTS

A. Appendix A. Clarifying Questions

In its initial comments, Ohio Consumer Advocates (“OCA”)² points out that, “Energy efficiency programs are effective not only for PIPP and payment troubled customers individually, but also for all customers because the delta revenue resulting from the difference between the PIPP payment and the actual bill is reduced by efficiency programs.....Efficiency programs reduce the amount of delta revenues that must be collected through the PIPP riders and bad debt recovery methods benefit all customers.”³ DE-Ohio agrees with OCA, as it relates to the aforementioned points. For DE-Ohio, the incorporation of SmartGrid technology will afford all customers, including low/limited income customers, the ability to experience hassle free service that provides convenience (any time, any where); security (safe, secure, confidential); control (a value pricing plan that fits today’s lives); freedom (“on the go” service option, ability to pay via

² Ohio Consumer Advocates consists of AARP-Ohio, the Coalition on Homelessness and Housing in Ohio, Ohio Association of Community Action Agencies, Ohio Association of Second Harvest Food banks, and Ohio Partners for Affordable Energy.

³ See OCA’s initial comments at 5.

mobile phones and other digital channels); and opportunity (the chance for customers to save money and gain control over their energy usage). The low/limited income customer experience will be improved through the incorporation of new programs that promote, among other things, customer accountability and energy efficiency. The low/limited income customer experience will also be improved through technology that meets the needs of customers who have challenges with managing and spending their money. With SmartGrid technology, DE-Ohio will be able to design low-income customer service interactions around affordability, acceptability, and availability. Therefore, DE-Ohio reiterates its request for the Commission to adopt provisions that afford Ohio utilities the ability to deploy SmartGrid technology as soon as it is technically practical.

B. Appendix B. OSCAR Report

In its initial comments, ODOD strongly supports and encourages the retention of the OSCAR database and endorses staff's suggested improvements.⁴ Similarly, Ohio Consumer and Environmental Advocates ("OCEA")⁵ supports the changes to the OSCAR report.⁶ DE-Ohio agrees with ODOD and OCEA in part and disagrees in part. Specifically, DE-Ohio favors maintaining the OSCAR Report but does not believe that the OSCAR Report should be expanded any further. On the contrary, DE-Ohio believes that the report should be streamlined to make it more concise and user-friendly. In its initial comments, DE-Ohio also points out that the data required for several new columns

⁴ See initial comments of the ODOD at 12.

⁵ OCEA consists of Franklin County Department of Job and Family Services; OCEA includes OCC, Appalachian People's Action Coalition, Cleveland Housing Network, Empowerment Center of Greater Cleveland, The Neighborhood Environmental Coalition; Consumers for Fair utility Rates; United Clevelanders against Poverty; Supports to Encourage Low-Income Families; Cleveland Tenant's Association; Citizens United for Action, May Dugan Center, Pro-Seniors, Harcatus Tri-County Community Action Organization, Ohio Interfaith Power and Light; The Ohio Farm Bureau Federation; Edgemont Neighborhood Coalition.

⁶ See initial comments of OCEA at 57.

proposed by the Commission Staff will be virtually impossible to acquire. Specifically, it will be extremely difficult for utility service companies to accurately acquire data for those columns that address former PIPP customers who have discontinued their service with a specific utility service company or who have left the utility service company's territory. DE-Ohio contends that customers who leave the utility service company's territory or move beyond the PUCO's administrative jurisdiction should not be afforded the ability to remain on extended payment plans or graduate PIPP. Therefore, utility service companies should not be required to capture such customer data in the OSCAR Report. DE-Ohio also requests that the Commission take this opportunity to address alignment of the data required by the OSCAR Report to meet the needs of both electric and gas PIPP reporting. In its comments to the ODOD concerning the electric PIPP rules, DE-Ohio points out that it is extremely concerned that it will be forced to exhaust already-constrained IT resources to duplicate efforts to address customer information and special data reporting requirements for the two different PIPP initiatives, if alignment is not achieved.

Over the past 18 months, DE-Ohio has responded to a number of PIPP-focused special data requests from the PUCO and/or ODOD, in addition to providing requisite data for the monthly OSCAR Report. By and large, the requests seem to solicit duplicative information that is already provided by the OSCAR report, the quarterly reports mandated by the Winter Reconnection Order, or the revenue reports. DE-Ohio reiterates that it is not opposed to providing the PUCO and/or the ODOD with adequate customer data to assist with effective administration of the electric and gas PIPP programs; however, the overlapping requests have been extremely confusing and costly

to achieve. DE-Ohio has continuously requested clarification concerning the need for duplicative data in varying forms, yet it has not received sufficient clarity.

For these reasons, DE-Ohio requests that the PUCO and the ODOD work jointly to also align the OSCAR Report reporting requirements for electric and gas PIPP, PIPP-arrearage crediting, and PIPP-energy conservation crediting programs in the final rules. DE-Ohio proposes that the PUCO and ODOD determine which periodic reports and/or data requests are duplicative for the two programs and discontinue them in favor of a distinct reporting schedule that supplies the necessary data for both PIPP programs. This will allow DE-Ohio to timely and accurately comply with the reporting requirements of both electric and gas PIPP initiatives.

C. Chapters 4901:1-17 *et seq.*

In its initial comments, OCA opposes the use of prepaid meters for any purpose including the establishment of credit and the reestablishment of credit or service. AARP reasons that there is little experience in Ohio with prepaid meters. OCA reasons that, “there is little experience in Ohio with prepaid meters on the part of both utilities and customers. It is not known whether and to what extent prepaid meters adversely affect service to customers and whether customer are forced to endure inadequate service, such as intermittent service and decreased usage of natural gas in winter or electricity in the summer, when service is a necessity.”⁷ DE-Ohio disagrees with OCA’s assessment. DE-Ohio favors the opportunity to explore prepaid metering options in the state of Ohio. DE-Ohio believes that prepaid metering will benefit all customer classes, including low/limited income customers. DE-Ohio does not believe that a lack of experience with

⁷ See OCA’s initial comments at 10.

prepaid metering provides valid support for not exploring such an alternative. DE-Ohio plans to begin offering prepaid metering to a small subset of customers within its service territory in the coming months; therefore, DE-Ohio requests that the Commission retain the Staff's proposed language in the rules, which allows for provision of prepaid metering.

In its initial comments, Dominion East Ohio ("DEO") points out that the Federal Trade Commission's new "Red Flag" rules, among other things, require utilities to address the detection of Red Flags in connection with the opening of covered accounts and existing covered accounts such as obtaining identifying information about, and verifying the identity of a person opening a covered account...those procedures include obtaining a customer's taxpayer identification number."⁸ DE-Ohio agrees with DEO that allowing applicants to withhold their social security numbers will make it harder to detect applicants using another person's identity to establish service. As such, DE-Ohio requests that the Commission consider the requirements of the Red Flag rules before making modifications to the final rule. This will ensure that the Staff's proposed modifications to the requirements for the establishment of credit are aligned with the federal Red Flag legislation.

D. Chapter 4901:1-18, *et seq.*

In its respective comments, OCEA and OCA point out that PIPP payment percentage should be reduced to 5 percent. DE-Ohio disagrees with OCEA and OCA. DE-Ohio believes that lowering gas PIPP customers' payment percentage may frustrate programs like graduate PIPP and dissuade PIPP customers from leaving the gas PIPP program. A lower PIPP payment percentage is not likely to lower customers' service

⁸ See DEO's initial comments at 10.

usage; instead, it is likely to result in gas PIPP customers experiencing much larger PIPP arrearage amounts. Hefty gas PIPP arrearage amounts have a discouraging affect on PIPP customers who are looking to leave the gas PIPP program in favor of graduate PIPP or a payment plan. Therefore, DE-Ohio does not favor lowering the gas PIPP percentage further than the amount proposed by the Commission Staff. The practical effect of a percentage decrease is that PIPP customers will realize higher PIPP arrearages than those which they presently face.

Along the same lines, ODOD requests that the Commission adopt the minimum \$10 payment for customers who report zero monthly household income, unless that customer can demonstrate a continuing fiscal crisis and has no other source of funds available. DE-Ohio is highly in favor of requiring a minimum payment for customers reporting zero income. As stated in its comments to the ODOD, such a requirement will ensure that customers reporting extended periods of zero-income continue to work with the community action agencies, and possibly other outreach agencies, to assist them with addressing those financial obstacles that hinder their removal from zero-income status. DE-Ohio also requests that the Commission also establish and publish guidelines for waivers to this provision prior to adopting the final to afford interested parties an opportunity to review and comment on them.

Several interested parties raised issues concerning the arrearage crediting and graduate PIPP programs, including DE-Ohio. DE-Ohio does not oppose the program offerings; however, DE-Ohio requests that the Commission (and the ODOD) address the inconsistencies that may affect DE-Ohio's ability to cost effectively and efficiently comply with the requirements of these programs. As the only combination utility, the lack of consistency between the two programs is extremely problematic from an administrative,

reporting, and most importantly, an IT programming perspective. In its comments to the ODOD, DE-Ohio requests that the ODOD define and/or clarify the gas graduate PIPP program to lessen confusion for combination customers endeavoring to take advantage of these programs. Further, DE-Ohio contends that by aligning the two arrearage crediting programs, such that each program offers credits under the same conditions and at the same intervals, DE-Ohio should be able to work with both the ODOD and the PUCO jointly and/or individually to undergo a single set of IT modifications that will satisfy the administrative and reporting requirements of both programs.

Therefore, DE-Ohio urges the PUCO and ODOD to jointly ensure the final rules for both PIPP programs are aligned to allow for the concurrent administration of both programs. Finally, DE-Ohio requests that the Commission address cost recovery associated with the IT modifications required by the procedural and reporting changes to the gas PIPP program, including the arrearage crediting and energy conservation crediting initiatives. The costs of such changes are likely to exceed the million dollar mark. As such, DE-Ohio contends that a cost recovery mechanism is essential.

III. CONCLUSION

Again, DE-Ohio appreciates the opportunity to provide reply comments in this matter. For the reasons stated above, DE-Ohio respectfully requests that the Commission consider the comments provided herein and adopt the changes proposed by DE-Ohio in the afore-referenced code sections.

Respectfully submitted,

//Signed//

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