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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**

REPLY COMMENTS OF COLUMBIA GAS OF OHIO, INC.

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. On August 1, 2008, the Commission issued an entry extending the due date for initial comments to September 10, 2008, and for reply comments to October 14, 2008.

Columbia Gas of Ohio, Inc. ("Columbia") filed its initial comments on those amendments on September 10, 2008. Columbia now files its responses to the other initial comments submitted in this matter on September 10. Columbia will begin with general comments on the PIPP program, prepaid meters, and charges for processing payments through authorized payment agents. Columbia will then offer responses to some of the comments on amendments to Chapters 4901:1-17 and 4901:1-18, organized by their proposed rule number.

I. GENERAL COMMENTS

A. Policies Underlying the Percent-of-Income Payment Plan Program

1. OCC's proposed "principles for easing the burden of establishing and maintaining energy services for Ohio consumers"

The Ohio Consumers' Counsel (OCC) and its co-filers (collectively, the "Consumer Groups") ask the Commission to adopt eight broad-based "principles for easing the burden of establishing and maintaining energy services for Ohio consumers." (Initial Comments by the Office of the Ohio Consumers' Counsel et al. ("OCC's Initial Comments") at 15-16.) Principally, OCC asks the Commission to adopt the principle that "[n]atural gas and electric service are essential public services that should be available and affordable for all residential consumers." (Id., Principle 1.) OCC asserts that low-income consumers should pay only a low percentage of their income on essential utility services (see Principle 4) and that residential consumers who cannot afford essential utility services should receive those services for free (see Principle 3).

OCC's principles would drive up costs and promote the inefficient usage of energy resources statewide. Reducing the cost of utility service for some customers would require increasing the cost of utility service for all other customers. Columbia would have to increase its rates to cover the lost revenue. And customers whose payments are dictated by affordability would have even less incentive to conserve energy than current PIPP customers.

Adopting such principles also would represent a significant change from current state policy. The intent of PIPP was never to provide PIPP customers with free or reduced-cost service. It is a payment plan that permits some customers, in some instances, to avoid disconnection of utility service for nonpayment of utility bills. As the Commission explained when it adopted the PIPP program in 1983, "[b]ecause the customer is still liable for his/her

arrearages, the Commission's percent of income payment plan does not constitute free service or a rebate as charged by opponents to the plan." *In the Matter of the Investigation into Long-Term Solutions Concerning Disconnection of Gas and Electric Service in Winter Emergencies*, Case No. 83-303-GE-COI, Opinion and Order (Nov. 23, 1983), at 14. To the contrary, every customer pays the same service and delivery rates. This is consistent with the clear public policy set forth in "Ohio's public-utility statutes * * * that public utilities cannot discriminate among their customers," "even where a customer may not have the means to pay the rate." *Cincinnati Gas & Elec. v. Joseph Chevrolet Co.*, 153 Ohio App.3d 95, 2003-Ohio-1367, at ¶24 (citations omitted) (referring to the PIPP program).

If the State of Ohio chooses to make natural gas and electric service a public right, available to every Ohio citizen according to their ability to pay, the State may do so. But that policy decision should be made by the General Assembly, not by this Commission.

2. The Commission's goals for reforming PIPP

The Commission's Entry of June 25, 2008, lists the eleven goals that underlay the Staff's proposed revisions to the PIPP program. (See id. at ¶10.) OCC proposes several revisions to these stated goals. (See OCC's Initial Comments at 16-17.) These revisions would appear to have no concrete purpose, as the Staff has not proposed to adopt these goals officially or incorporate them into the Commission's rules. To the extent that the Commission incorporates these goals into the published rules, Columbia supports the proposed goals as the Staff wrote them.

The Staff's final stated goal for reforming the PIPP program is to "[a]lign the gas PIPP program with the electric PIPP program[.]" (Id. at 7.) The Ohio Department of Development ("ODOD") supports this goal. (ODOD's Initial Comments at 2.) Columbia supports this goal as well. However, there are differences between gas service and electric service that may cause gas

customers to behave differently from electric customers. The Commission should consider such differences when working to align the two PIPP programs.

B. Improving Customer Knowledge about PIPP

Several organizations submitting comments in this matter argued that PIPP customers do not understand the existing PIPP programs. Communities United for Action ("CUFA") and OCC asserted that PIPP customers generally do not understand that the charges they do not pay each month continue to build as arrearages on their accounts. (See CUFA's Initial Comments at 1-2, OCC's Initial Comments at 5.) CUFA asserted that PIPP customers do not understand that even when they are disconnected, utilities continue to assess PIPP payments that become due when the customers seek reconnection. (See CUFA's Initial Comments at 7.) And the ODOD and OCC argue that PIPP customers do not understand current PIPP arrearage crediting programs. (See ODOD's Initial Comments at 14, OCC's Initial Comments at 5.) Columbia does not agree with all of these comments. For example, PIPP customers should understand that their arrearages continue to accrue even when they make their PIPP payments; the customers' bills state the amount of the arrearage each month. Nonetheless, Columbia would support increased efforts to educate PIPP customers about the PIPP programs' requirements, arrearages, arrearage crediting, and related topics.

In a similar vein, OCC recommends that the Commission create a Customer Disconnection Bill of Rights to be provided to new residential customers and to existing residential customers at the beginning of the winter heating season. (See OCC's Initial Comments at 49.) The Bill of Rights would explain customers' ability to enter into payment arrangements, the terms under which their service can be disconnected and reconnected, and (if applicable) their rights as a customer of a combination gas and electric utility. (See id. at 49-53.)

While Columbia supports the effort to better educate customers about their rights and responsibilities, Columbia does not support the creation of a new Bill of Rights. The Bill of Rights would be duplicative of the rules themselves, which are available to the public through the Commission's website. It would be duplicative of the Natural Gas Customers' Bill of Rights that is already available on the Commission's website. (See P.U.C.O., Natural Gas Customers' Bill of Rights, http://www.puco.ohio.gov/PUCO/Consumer/Information.cfm?id= 7212.) And it would be duplicative of the "Rights and Responsibilities" pamphlets that the utilities inform their customers about and, upon request, provide copies to, as required by the Minimum Gas Service Standards. See Rule 4901:1-13-06, Ohio Adm. Code. Columbia also provides a web-based version of this pamphlet. (See https://www.directlinkeservices.com/nisource/portal/oh/, follow "Billing & Rates" hyperlink, follow "Customer Rights and Responsibilities" hyperlink.) If OCC wishes to publish its proposed Customer Disconnection Bill of Rights itself, however, it is of course free to do so.

C. Arrearages

CUFA recommends that the Commission waive the arrearages for every active, inactive, and final PIPP customer. (CUFA's Initial Comments at 7-8.) Among the reasons CUFA offers for waiving current PIPP arrearages, CUFA asserts that "the collective utility companies * * * have not only long since recovered their money but may also have reaped tax advantages by treating it as 'bad debt.'" (Id. at 5.) This is incorrect.

It is true that, for federal tax purposes, Columbia deducts any unrecovered PIPP arrearages as unrecovered debt. But, when Columbia recovers its lost revenues through the PIPP surcharge, Columbia pays taxes on those amounts. In other words, any deductions Columbia gets for the PIPP arrearages are offset by the taxes Columbia later pays on the revenue from the PIPP surcharge. Columbia reaps no permanent tax advantage as a result of the PIPP program.

D. Pre-Paid Meters

OCC proposes that the Commission initiate a Commission-Ordered Investigation to develop a regulatory framework for adopting pre-paid meters in Ohio, rather than promulgating rules in this rulemaking. (OCC's Initial Comments at 55.) Columbia does not oppose this proposal so long as the investigation does not involve gas or natural gas companies. As Columbia explained in its responses to Appendix A of the Commission's Entry of June 25, 2008, pre-paid natural gas meters are not available for use in the United States. (See Columbia's Initial Comments, Response to Appendix A, Prepaid Meters, Question No. 3.) Accordingly, there is no reason to develop a regulatory framework for the use of pre-paid meters by natural gas companies in Ohio. Those companies should not be the subject of the Commission's investigation.

E. Authorized Payment Agents

1. Prohibition against using payday lenders as authorized agents

The Commission received several comments on its proposal to bar payday lenders from acting as authorized payment agents for utilities. Many of those comments were consistent with Columbia's position that the elimination of payday lenders as authorized payment agents would be harmful, not helpful, to Columbia's customers. (See Columbia's Initial Comments at 5-6.) Columbia offers only two additional comments on this topic.

ACE Cash Express noted that the Commission has no jurisdiction over check-cashing services. (See ACE Cash Express's Initial Comments at 5-10.) Columbus Southern Power and Ohio Power Company ("Columbus Southern") suggested that "it should be left to the legislature [instead] to determine" whether, and how, to regulate the use of payday lenders as authorized payment agents for utility companies. (Columbus Southern's Initial Comments at 6-7.) Columbia agrees with these comments.

Three of the companies submitting comments noted that allowing utilities to set up authorized payment agents in neighborhoods throughout the state gives customers a place to pay their bills and know that those payments will be posted in a timely manner, thereby reducing the possibility of disconnection or, where disconnection has already occurred, enabling customers to restore their service without undue delay. (See AT&T's Initial Comments at 15; CheckFreePay Corporation's Initial Comments at 1; Cincinnati Bell Telephone Company's Initial Comments at 5.) Columbia agrees that this is an important benefit to customers using authorized payment agents. This benefit redounds to customers, however, *because* the payment agents are officially authorized. Payments made at a natural gas company's authorized payment agent are credited to the customer's account immediately or, where immediate crediting is not feasible, as of the date received by the agent, because authorized payment agents are regulated by the Commission. See Rule 4901:1-13-11(E)(3), Ohio Adm. Code. Similarly, utility customers making payments through authorized payment agents are protected from unreasonable processing fees because the Commission's regulations cap the amount that an authorized payment agent may charge. See Rule 4901:1-13-11(E)(2), Ohio Adm. Code. Prohibiting utilities from using payday lenders as authorized payment agents will not prevent some unscrupulous payday lenders from continuing to accept and process utility payments; it will simply remove those unauthorized payment agents from the Commission's regulatory oversight. The Commission should continue to allow utilities to use payday lenders as authorized payment agents so that the Commission may continue to regulate them.

2. Charges for use of authorized payment agents

The Commission currently requires gas and natural gas companies to "make payment options available in a number of ways," including but not limited to payments in person, through the mail, over the telephone, by credit card, and through electronic money transfers. Rule

4901:1-13-11(E)(1), Ohio Adm. Code. Gas and natural gas companies may charge "not * * * more than two-times the cost of a first-class postage stamp for processing their payments * * * at authorized agent locations." Rule 4901:1-13-11(E)(2), Ohio Adm. Code. Companies may also charge fees for processing of payments over the telephone, by credit card, or through electronic money transfers, with such charges subject to evaluation by the Commission. See id. This provision of the Commission's rules is not up for review in this case. Nonetheless, OCC proposes that the Commission should prohibit utilities from charging their customers for making payments through authorized agents of the utility, whether those payments are made in-person, via the telephone, or through other alternative methods. (OCC's Initial Comments at 58-59.)

Columbia opposes OCC's proposed revision as bad policy. If utilities are required to absorb the cost for accepting payment through at payday lenders, over the telephone, by credit card, or through electronic money transfers, the utilities will need to pass on those costs to the ratepayers. This will simply make utility service more expensive for everybody. Moreover, every method of payment bears a cost. Customers mailing in their payments, for example, are required to pay their banks for the blank checks and must pay the United States Postal Service for delivering the payment. If those customers must bear the costs associated with their payments, there is no reason why the utilities should absorb every other customer's payment costs. This would simply encourage customers to stop mailing in their payments and switch to costlier alternative methods. That, too, would drive up utility rates. For all of these reasons, the Commission should reject OCC's proposed revisions to Rule 4901:1-13-11(E)(2), Ohio Adm. Code.

F. Implementation of the Proposed PIPP Amendments

In its responses to the Staff's questions in Appendix A to the Commission's Entry of June 25, 2008, Columbia estimated that it would take Columbia approximately eight months to

implement the proposed changes. (See Columbia's Initial Comments, Response to Appendix A – Low-Income Payment Programs, Question No. 6.) The Ohio Gas Company ("Ohio Gas"), however, "urges the PUCO to grant at least two calendar years time to implement the proposed rules," depending upon the extent of the changes the Commission ultimately adopts. (Ohio Gas's Initial Comments at 4-5.)

Because the utilities must keep two sets of records for each PIPP customer – one based on the payments required under the PIPP program, and one based on the total bill – any reprogramming of Columbia's computer systems will require eight months at a minimum. Depending on the extent of the changes, it could also take as long as two years. It will also require extensive retraining of Columbia's employees and revisions to Columbia's forms and materials. Columbia joins Ohio Gas in requesting up to two years to implement the proposed rules.

Ohio Gas additionally asks that gas and natural gas companies subject to the Commission's jurisdiction be permitted to recover any new costs resulting from the PIPP rule modifications. (Id. at 5.) Vectren Energy Delivery of Ohio ("Vectren") and Duke Energy Ohio ("Duke") similarly request that utilities be permitted to recover the costs of any computer system modifications necessary to implement the Commission's proposed changes. (See Vectren's Initial Comments at 8, Duke's Initial Comments at 21.) Columbia agrees that jurisdictional gas and natural gas companies should be permitted to recover the costs they incur to implement the Commission's proposed rule amendments. Columbia estimates that the cost to implement the changes may be in the tens of thousands of dollars.

II. COMMENTS BY SECTION

A. Proposed Rule 4901:1-17-01(B)

The Commission has proposed defining "past due" to mean "any utility bill balance that is not paid by the bill due date." Proposed Rule 4901:1-17-01(B), Ohio Adm. Code. The ODOD proposes that this definition be amended "to define a payment received before a bill is issued for the next billing cycle by [a] utility as being 'on time' for purposes of arrearage crediting." (ODOD's Initial Comments at 17.) ODOD's proposal is unnecessary.

The portion of the Commission's proposed rules that deals with arrearage crediting, proposed Rule 4901:1-18-14, does not use the term "past due." Instead, that Rule refers to arrearages. The definition of "arrears" that applies to the proposed arrearage crediting rule – "any utility bill balance that is unpaid at the next billing cycle" (Proposed Rule 4901:1-18-01(B)) – is consistent with the Ohio Department of Development's proposed revisions. Accordingly, Columbia supports the Commission's proposed definition of "past due" in proposed Rule 4901:1-17-01(B) and does not support ODOD's proposed revision to that definition.

B. Proposed Rule 4901:1-17-03(A)

The Commission's Staff proposes to amend Rule 4901:1-17-03(A) to require utilities to advise each applicant for residential service of the criteria available to establish credit. Columbus Southern Power Company and Ohio Power Company comment that this new requirement would "result in lengthy telephone conversations" and recommend that the Staff's proposed amendment be rejected. (Columbus Southern's Initial Comments at 7.) Columbia agrees that the options for establishing financial responsibility are too lengthy and involved to recite over the telephone to each applicant. Requiring utilities to advise each applicant for residential service of all of the criteria available to establish credit is also unnecessary. Many applicants will simply demonstrate creditworthiness through a credit check. For any applicant

who declines to provide a social security number to allow such a credit check, the utility will be required to inform the applicant of all other options for establishing creditworthiness anyway. (See Proposed Rule 4901:1-17-03(A)(2).) The Staff's proposed language in Proposed Rule 4901:1-17-03(A) would be largely redundant of this requirement. Consequently, Columbia agrees that this requirement should be omitted.

1. Subsection (A)(1)

Rule 4901:1-17-03(A)(1), Ohio Adm. Code, currently allows an applicant for residential utility service to establish financial responsibility by demonstrating that he or she "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[.]" The Commission's Staff proposes to amend the rule to specify that the applicant must have demonstrated financial responsibility "with respect to that property."

Duke interprets "that property" to mean the premises for which the applicant is seeking residential service. For that reason, Duke opposes the addition. (See Duke's Initial Comments at 4-5.) Duke writes, "Ohio utilities should not be asked to turn a blind eye to delinquencies and/or arrearages associated with [other] properties owned by [the] applicant" within the utility's territory. (Id. at 5.) It is unclear whether Duke's interpretation of the proposed amendment to subsection (A)(1) is accurate; "that property" may refer to both "the premises to be serviced" *and* "other real estate within the territory served by the utility[.]" Rule 4901:1-17-03(A)(1), Ohio Adm. Code. If Duke's interpretation of the proposed amendment is correct, however, Columbia agrees with Duke's comment. Either way, the Commission should clarify the intent of the proposed amendment to subsection (A)(1).

Dominion East Ohio ("Dominion") comments that "the term 'financial responsibility' in the current and the proposed rule is vague" and recommends that the rule be amended to specify

how an applicant can demonstrate financial responsibility. (Dominion's Initial Comments at 1-2.) Dominion recommends that "financial responsibility" with respect to premises should be specifically defined as "twelve months of timely payments of the mortgage (if any), utilities and property taxes, over the most recent twelve month period." (Id. at 2.) Columbia agrees that the current language is vague and supports Dominion's proposed amendment.

2. Subsection (A)(2)

The Commission's Staff recommended that subsection (A)(2) be amended to allow a utility to request an applicant's Social Security Number in order to obtain credit information and establish the applicant's identity. The Staff proposed, however, that the utility be required to advise the applicant that providing the Social Security Number is voluntary. Columbia opposed the latter portion of this amendment on the grounds that it would be counter-productive. Columbia explained that advising applicants that they need not provide their Social Security Numbers ("SSNs") would increase the number of applicants who decline to do so, thereby depriving utilities of an effective way of verifying applicants' identities and increasing the risk of identity fraud. (Columbia's Initial Comments at 9.)

AT&T, in its comments, adds that the proposed requirement would be unnecessary. (AT&T's Initial Comments at 8.) AT&T explained that "[c]ustomers understand . . . how SSNs are used and are savvy enough to refuse to provide theirs if they have privacy concerns." (Id.) Instead of the proposed amendment, AT&T recommends that utilities be permitted simply to tell customers that utilities may "rely on pertinent information obtained from credit reporting bureaus in determining whether creditworthiness needs to be established." (Id. at 9.) Columbia agrees with AT&T's comment and supports its revision to the Staff's proposed amendment.

3. Subsection (A)(5)

Subsection (A)(5) allows an applicant for service to demonstrate financial responsibility by furnishing a creditworthy guarantor. The Commission's staff proposed several revisions to this subsection. Columbia's initial comments focused on the proposed amendments to subsection (A)(5)(c), which would require a customer to obtain a new guarantor agreement if the customer transfers his or her service to a new location. (See Columbia's Initial Comments at 11.)

Under the existing Rule and the proposed amendments thereto, there is no way for a utility to terminate a guarantor agreement if the guarantor becomes uncreditworthy. Dayton Power & Light recommends that subsection (A)(5) be amended to add, "If the guarantor no longer meets the criteria for creditworthiness, the utility may release the guarantor and bill the guarantee account a deposit." (Dayton Power & Light's Initial Comments at 8.) Columbia supports this revision.

4. Appendix

The appendix to Rule 4901:1-17-03 contains a model Guarantor Agreement that lays out the minimum information that must be contained in any guarantor agreement sent to a guarantor under the Rule. The model Guarantor Agreement states that any guarantor may terminate his or her agreement upon thirty days' written notice to the relevant utility.

Dayton Power & Light notes that, "[a]s written, this paragraph would permit a guarantor to request termination after learning that the account has gone into collections, which would defeat the purpose of the guarantee." (Dayton Power & Light's Initial Comments at 10.) In order to avoid an absurd result, Dayton Power & Light recommends that the Guarantor Agreement be amended to prevent a guarantor from terminating the agreement when "the customer account for which [he or she is] the guarantor has already been placed in a collection

activity * * *, in which case [the guarantor] will not be released from [his or her] payment obligations * * * until all outstanding amounts owed in connection with the account have been paid." (Id. at 10-11.) Columbia supports this proposed revision to the Guarantor Agreement.

C. Proposed Rule 4901:1-17-04

Rule 4901:1-17-04 generally states that "[a] utility may require a customer to make a deposit * * * to reestablish creditworthiness[.]" (Id., subsection A.) OCC proposes that this rule be rewritten to allow customers who must reestablish creditworthiness "[t]he full range of options that are available to establish creditworthiness" under Rule 4901:1-17-03, or at least the option of obtaining a guarantor. (OCC's Initial Comments at 71.) Columbia opposes OCC's proposed revisions to this rule. A customer who has been required to reestablish creditworthiness has already demonstrated that he or she is not creditworthy. A security deposit is the best way to secure the customer's account. Columbia supports the proposed Rule as it is written.

The Staff's proposed amendments to Rule 4901:1-17-04(B) and new proposed subsection (D) state that a utility "may require a deposit" or, alternatively, "that the customer receive service(s) through a prepaid meter" only "[a]fter considering the totality of the customer's circumstances[.]" Dominion comments that the phrase "after considering the totality of the customer's circumstances" is vague and provides little guidance. (Dominion's Initial Comments at 2-3.) OCC similarly comments that "it would be extremely difficult to determine that the utility has considered the totality of the circumstances." (OCC's Initial Comments at 71.) Accordingly, both Dominion and OCC recommend that the Commission reject the Staff's proposed amendment in subsections (B) and (D) requiring utilities to "consider[ ] the totality of the customer's circumstances." (See Dominion's Initial Comments at 3, OCC's Initial Comments at 71.) Columbia agrees with Dominion and OCC.

D. Proposed Rule 4901:1-17-08

Under existing Rule 4901:1-17-08(B), and proposed Rule 4901:1-17-08(C), if an applicant/customer expresses dissatisfaction with a utility's decision to require a cash deposit to establish or reestablish service, the utility must provide certain information about the decision to the applicant/customer. The utility must explain its decision, how to contest the decision and show creditworthiness, the right to have the decision reviewed by a utility supervisor, and the right to have the decision reviewed by the Commission's Staff. (See id.) Under proposed Rule 4901:1-17-08(D), this information must be provided in writing within five business days of the request.

OCC proposes that the Rule be amended to require utilities to provide the listed information even if the customer does not express dissatisfaction with the utility's decision. (See OCC's Initial Comments at 76.) OCC's proposal is unnecessary. Utilities should not be required to send out written explanations of decisions to require cash deposits, along with detailed instructions for contesting that decision, if the affected applicants/customers have not complained about the decision. Such a requirement would impose a needless expense on the utilities, which would ultimately be passed on to all ratepayers. OCC also proposes that utilities be permitted only two business days to provide the listed information. (See OCC's Initial Comments at 77.) Again, Columbia disagrees with OCC. Columbia supports the proposed Rule as it is written.

E. Proposed Rule 4901:1-18-01(C)

Proposed Rule 4901:1-18-10(C) states that a utility may not refuse or disconnect service to any customer for failure to pay any amount that is in "bona fide dispute." Proposed Rule 4901:1-18-01(C) defines "bona fide dispute" as "a complaint registered with the commission's call center or a formal complaint filed with the commission's docketing division." OCC

proposes that the definition of "bona fide dispute" be expanded to encompass complaints lodged with OCC. (See OCC's Initial Comments at 78.) Columbia opposes this proposed revision. There is no formal process in place to resolve complaints against natural gas companies lodged with OCC. Consequently, if an applicant or customer lodged a complaint against Columbia with the OCC regarding a disputed charge, Columbia would not know when it would be permitted to disconnect service for non-payment.

The Commission recently rejected a similar request by OCC in a different case, holding:

> [W]e would not find that it was appropriate to prevent disconnection when a customer had only contacted OCC and not, as provided by law, the Commission. * * * [I]t is vital to be aware that the resolution of a customer's problem is, ultimately, accomplished through the Commission's processes. Informing the Commission that there is a problem must be the first step.

In the Matter of the Commission's Review of Rules 4901:1-13-09, 4901:1-29-10, 4901:1-29-11, and 4901:1-29-12 of the Ohio Administrative Code, Case No. 08-724-GA-ORD, Finding and Order (Sept. 24, 2008), ¶45. Columbia respectfully requests that the Commission reject OCC's proposed revision in this case as well.

F. Proposed Rule 4901:1-18-02(D)

Proposed Rule 4901:1-18-02(D) "allow[s] the use of electronic transactions and notices, if the customer and the company are both in agreement [on] such use[.]" OCC generally supports this new rule, but comments that "disconnection notices and other contacts required to be in person should not be provided only by electronic means even if the customer agrees." (OCC's Intial Comments at 82.) Columbia disagrees with OCC's position. Some customers who travel or spend the winter in warmer climes may not always be accessible through traditional means. Whatever the reason, if a customer concludes that he or she can best be reached by electronic notices, Columbia believes that choice should be respected.

G. Proposed Rule 4901:1-18-03

Under existing Rule 4901:1-18-02(B), a natural gas or electric company may disconnect service to a residential consumer who violates or refuses to comply with a contract and/or applicable general service rules and regulations. Columbus Southern recommends that this provision be retained and added to proposed Rule 4901:1-18-03. (See Columbus Southern's Initial Comments at 10.) Columbia agrees with this recommendation. If Columbia is deprived of the ability to disconnect a customer's service when he or she violates Columbia's Commission-approved tariff, then Columbia will have no easy way to enforce the tariff's requirements.

1. Subsection (F)

Proposed Rule 4901:1-18-03(F), like existing Rule 4901:1-18-02(H), permits an electric, gas, or natural gas company to disconnect residential service for repairs, so long as notice is given to customers prior to scheduled maintenance interruptions in excess of six hours. OCC recommends that the Commission remove the exception for interruptions of six hours or less and require twenty-fours' notice for all scheduled maintenance interruptions, regardless of duration. (See OCC's Initial Comments at 84.) Columbia opposes this rule. There is no need to provide a gas or natural gas company's residential customers with advance notice for brief service interruptions. Moreover, it would be difficult and inefficient for Columbia to contact every residential customer who is subject to a brief, scheduled maintenance interruption at least twenty-four hours in advance of the interruption. If a brief service disconnection needed to be rescheduled, a natural gas company would be required to make repeated calls to its customers. Columbia supports the proposed Rule as it is written.

2. Subsection (I)

Proposed Rule 4901:1-18-03(I) permits an electric, gas, or natural gas company to disconnect residential service "[f]or good cause shown." OCC opposes this proposed rule on the grounds that it is vague and does not explain to whom good cause must be shown. (OCC's Initial Comments at 84.) Columbia supports the rule as it is written. While the rule does list several instances in which a utility may need to disconnect service to residential customers, it is not "exhaustive," contrary to OCC's claims. (Id.) There may be rare instances in which an electric, gas, or natural gas company legitimately needs to disconnect residential service but which, due to their rarity, are difficult to foresee and therefore not listed in the proposed rule. In such situations, Columbia respectfully submits, an electric, gas, or natural gas company should be permitted to disconnect service to residential customers if it can demonstrate good cause for doing so. Columbia supports the proposed Rule as it is written.

H. Proposed Rule 4901:1-18-05

1. Subsection (A)

Proposed Rule 4901:1-18-05 expands on and revises the rules on extended payment plans currently set out at Rule 4901:1-18-04, Ohio Adm. Code. Under the Commission's proposed rule, "a customer whose account is delinquent or who desires to avoid a delinquency" is provided with several options. He or she may propose payment terms, which the company may adopt in its discretion based on several listed factors "and any other relevant factors concerning the customer[.]" Proposed Rule 4901:1-18-04(A). If the customer does not propose acceptable payment terms, the customer may choose among several listed extended payment plans. See Proposed Rule 4901:1-18-04(B). If the customer has defaulted on an agreed-upon extended payment plan or one of the listed payment plans, the customer may enroll in PIPP, if the customer is eligible. See proposed Rule 4901:1-18-04(C). Alternatively, if a customer is having

trouble complying with a payment plan and asks the company to review the plan, the company may modify the plan. See id. Customers without arrearages may choose a uniform payment plan. See proposed Rule 4901:1-18-04(D). And if the customer has a medical problem, the customer may seek a medical certification. See proposed Rules 4901:1-18-04(E) and 4901:1-18-06.

OCC asserts that, rather than requiring a customer to propose payment terms, utilities should be required "to offer reasonable, affordable, and appropriate payment plans on terms that are agreeable to the customer and company before resorting to the standard payment plans." (OCC's Initial Comments at 44 (emphasis omitted).) OCC recommends that proposed Rule 4901:1-18-05(A) be amended to state that utilities "must consider affordability in determining if a payment plan is to be extended." (Id. at 86.) OCC further recommends that the rule be amended to state that, '[i]n determining affordability, the Company [should be required to] consider the customer's reported income, employment status, medical issues, and other circumstances" (id.), along with the criteria already listed in proposed Rule 4901:1-18-05(A).[1]

OCC's position is completely unworkable and impractical. First, OCC does not explain how the Commission will be able to "require payment plans that support the interests of both the consumer and the company if agreement between the two is not possible." (Id. at 48.) Does OCC intend for consumers to file complaints with the Commission to enforce proposed payment plans? What standards would the Commission apply in ruling on such complaints? Second, the customer is in the best position to consider his or her personal circumstances and determine how

[1] The Commission should be cautious in reviewing OCC's recommended revisions to Proposed Rule 4901:1-18-05 (see OCC's Initial Comments at 86-88), as OCC's comments contain several proposed amendments that are not properly marked as such. For instance, the last two lines of subsection (A) and subsection (B)(4) are new language proposed by OCC but are not marked as such.

much he or she can afford to pay. Utilities do not generally possess the personal information necessary to put together extended payment plans for delinquent or near-delinquent customers. Third, Columbia does not possess the resources necessary to conduct an individualized payment counseling session for each customer who calls for payment plan information. As of August 1, 2008, Columbia had 51,451 active extended payment plans in place for residential customers (not including PIPP customers).

Fourth, requiring utilities to create individualized payment plans for each customer is an invitation to inequity and litigation. Given the volume of individualized payment plans that utilities would need to craft under OCC's proposal, and the number of employees at each utility that would be required to help craft such plans, similarly situated customers inevitably will end up with different payment plans. This will no doubt lead to customers filing complaints at the Commission accusing utilities of discrimination. Utilities seeking to avoid such complaint cases will instead make more and more accommodations to customers. And fifth, if the Commission requires utilities to negotiate individualized payment plans, the likely result will be multi-year payment plans. In Columbia's experience, the vast majority of customers on such plans will default on their agreements and utilities would simply write-off greater amounts of charges. The total arrearages in Ohio will simply increase.

Finally, OCC's proposed amendments are not necessary to safeguard customers from unaffordable payment plans. If a utility accepts a customer's proposed payment plan, but the customer has incorrectly estimated the affordability of the agreed payment amount, the Staff's proposed rules allow the utility company to modify the payment plan or, alternatively, allow the customer to accept a standardized payment plan. (See proposed Rule 4901:1-18-05(C).) For all of these reasons, Columbia supports the proposed Rule as it is written.

2. Subsection (B)

(a) Modified one-sixth plan

The Commission's Staff proposed creating a new, modified one-sixth payment plan. (See proposed Rule 4901:1-18-05(B)(2).) Columbia, in its initial comments, supported the modified one-sixth plan and recommended that it should replace the existing one-sixth plan. (See Columbia's Initial Comments at 15-16.) OCC, on the other hand, does not support the modified one-sixth plan. According to OCC, "[t]he down payment amount of 25% that is required for the modified one-sixth payment plan [should] be negotiable, and assessed according to affordability." (OCC's Initial Comments at 47.) Columbia does not oppose OCC's proposed revision to the modified one-sixth rule. Regardless of the form that the modified one-sixth rule ultimately takes, however, Columbia recommends that the original one-sixth rule should be removed from the Rules. For the sake of clarity and to reduce the likelihood of error that would arise from two separate but similar payment plans, the Rules should include only one one-sixth payment plan.

(b) One-twelfth plan

The Commission's Staff also proposed adding a new, one-twelfth payment plan. (See proposed Rule 4901:1-18-05(B)(3).) Columbia opposed the proposed one-twelfth plan because such a lengthy plan would lead to increased customer arrearage totals. Columbia notes that the Commission reached the same conclusion when it declined to adopt a twelve-month payment plan twenty-five years ago. The plan under consideration in 1983 would have required a customer to pay his or her current bill each month plus one-twelfth of his or her arrearages. See *In the Matter of the Investigation into Long-Term Solutions Concerning Disconnection of Gas and Electric Service in Winter Emergencies*, Case No. 83-303-GE-COI, Opinion and Order (Nov. 23, 1983) at 9. Columbia and other utilities argued that a twelve-month plan would not

"allow delinquent customers to 'catch up' on winter bills during the warmer months when bills are lower." Id. at 10. Instead, a customer would still be paying off last winter's arrearages when the next winter began. See id. The Commission agreed, concluding that a "twelve month plan not only would fail to provide long term relief, but would exacerbate the problems of those we seek to help while increasing costs which would ultimately be paid by the remainder of the utilities' rate payers." Id.

In its initial comments, Columbia also noted that the proposed one-twelfth plan's incorporation of a budget payment plan appeared to conflict with proposed Rule 4901:1-18-05(D). Proposed Rule 4901:1-18-05(D) suggests that only customers without arrearages may adopt budget payment plans. The one-twelfth plan, however, allows customers without arrearages to adopt budget payment plans. (See Columbia's Initial Comments at 16.) In a similar vein, the Dayton Power & Light Company commented that, by allowing customers with arrearages to adopt a budget payment plan, the one-twelfth plan "rewards a customer accumulating an arrearage" and "would remove one of the incentives a customer has to keep current with payments." (Dayton Power & Light's Initial Comments at 12.) Columbia agrees with Dayton Power & Light. Customers wishing to be on a budget payment plan would have no incentive to avoid accumulating an arrearage because the budget plan would still be available as part of the one-twelfth plan. For this reason as well, Columbia again encourages the Commission to reject the proposed one-twelfth plan.

(c) One-ninth plan

Like Columbia, Duke opposes the one-twelfth plan because it believes that customers are more likely to default if they are given payment plans lasting longer than six months. (Duke's Initial Comments at 12.) If the Commission feels the need to adopt a payment plan that lasts longer than six months, Duke recommends that the Commission adopt a one-ninth plan. Duke

explains that, with a one-ninth plan, at least, customers could take advantage of the spring and summer months to pay down their arrearages before the winter heating season. (See Duke's Initial Comments at 12-13.)

As stated above and in its original comments, Columbia does not support the adoption of any new payment plans longer than six months. If the Commission does choose to adopt Duke's compromise one-ninth plan, however, Columbia respectfully requests that the language be amended to specify that customers may adopt the plan only at the beginning of the winter heating season. That way, customers will have completed the payment plan before the summer months and will have an opportunity to reduce their arrearages while the weather is warm.

(d) "Energy burden" plans, $25 payment plans, and five percent caps

Several commenters recommended new payment plans beyond the four listed in the Staff's proposed Rule. OCC recommends that proposed Rule 4901:1-18-05(A) be amended to state that "[c]ustomers [with individually-tailored plans] should not be required to pay more than 5% of their monthly income for any utility payment." (OCC's Initial Comment at 86.) OCC also proposes that the Commission add a "capped payment plan," under which a customer would pay "an amount not to exceed $25 applied to arrearages along with current charges." (Id. at 87.) The Ohio Association of Community Action Agencies and its fellow commenters (collectively, the Ohio Consumer Advocates or OCA) similarly recommend "that the Commission propose an additional payment plan that takes into account the customer's energy burden, defined as the percentage of the customer's income spent on utility bills." (OCA's Initial Comments at 15.) OCA does not propose any specific rule language.

Columbia opposes these proposed revisions. If a customer is willing to agree to a payment plan that requires payment of more than 5% of the customer's monthly income, he or

she should be permitted to do so. Moreover, OCC and OCA's proposals overlook the purpose for extended payment plans. The purpose of extended payment plans is to help consumers avoid delinquency or pay off arrearages that have already accrued. Limiting permissible payments to 5% (or, under OCA's plan, some other percentage) of a customer's monthly income would not help achieve this purpose. If customers' payment plans were limited in this manner, customers' payment plans would need to be extended for years, simply increasing the likelihood of eventual default. For these reasons, OCC and OCA's proposals to limit allowable monthly payments under proposed Rule 4901:1-18-05(A) should be rejected.

I. Proposed Rule 4901:1-18-06

1. Subsection (A)(1)

OCC recommends that proposed Rule 4901:1-18-06(A)(1) be amended to prohibit disconnections for non-payment on days during the winter heating season when the temperature is forecasted to hit 32° F or below or on days during the non-heating season when the temperature is forecasted to hit 90° F or higher. (OCC's Initial Comments at 89.) Columbia does not support this revision. Each utility has its own, self-imposed policies on disconnection during severe weather. Columbia takes care not to disconnect service when disconnection could endanger the health or safety of its customers. Accordingly, a formal revision to the rules is not necessary.

2. Subsection (A)(5)

Proposed Rule 4901:1-18-06(A)(5), like existing Rule 4901:1-18-05(A)(5), lists the information that must be included in a disconnection notice. OCC proposes adding a requirement that the utility include in the notice "[t]he date upon which delinquency occurred." (OCC's Initial Comments at 92.) Columbia opposes this proposed revision. When delinquency "occurred" is a meaningless concept. Delinquency begins the day after payment is due and

continues every day thereafter until payment is made. In cases of partial payment, the date on which delinquency "occurred" would be impossible to determine. Columbia bills on a monthly basis, rather than a daily basis, so it could not determine which days' service charges most closely matched the payment amount.

The proposed revision is also unnecessary. OCC asserts that "[i]t is important for the customer to know this date, so that it can be confirmed." (Id.) However, the date of delinquency has no relevance. The customer knows his or her billing date and knows whether he or she made a payment. If the customer requires additional information, the customer can call his or her utility. OCC's proposed addition should be rejected.

3. Subsection (C)

Proposed Rule 4901:1-18-06(C) sets forth the conditions under which a utility customer may obtain a medical certification to prevent disconnection of residential service. OCC asserts that these medical certification rules should be broadened to provide a new payment plan for the dangerously or chronically ill. Specifically, OCC asserts that customers with chronic illnesses or on life-support "should be afforded a special income based payment plan * * * requir[ing] payment of no more than three percent of the customer's monthly income for the length of time defined by the physician." (OCC's Initial Comments at 96.) OCC's proposed revision is unnecessary. The existing medical certification rules, when coupled with the PIPP rules, provide ample protection for low-income customers who have chronic illnesses or are on life support. Columbia respectfully requests that the Commission reject OCC's proposed revisions.

4. Subsection (C)(1)

Proposed Rule 4901:1-18-06(C)(1) states, in part, that a company may not disconnect residential service for nonpayment when the disconnection "would be especially dangerous to the health of any * * * permanent resident of the premises." OCC recommends that the rule be

revised to apply to all residents, rather than just permanent residents. (See OCC's Initial Comments at 96.) Columbia disagrees with OCC's recommendation. If a resident at a particular location is not a permanent resident, then disconnection of service to that residence should not be "especially dangerous" to the resident's health. The resident can return to his or her own permanent residence if necessary. Columbia supports the proposed Rule as it is written.

5. Subsection (C)(3)(g)

Proposed Rule 4901:1-18-06(C)(3) provides that, when a utility receives a medical certification from a customer whose service has been disconnected, the utility must restore service within the same day, when the certification is received before 3:30 pm; "by the earliest time possible on the following business day," when the certification is received after 3:30 pm; or by the end of the day, if possible, when the certification is received after 3:30 pm on a day preceding a day on which the customer cannot arrange and the company does not regularly perform reconnections. OCC requests that the rule be amended to require same-day reconnection regardless of when the customer submits the medical certification. (See OCC's Initial Comments at 97.)

Columbia opposes OCC's proposed revision. Same-day reconnection is difficult to guarantee, especially when Columbia does not receive notice of the need to reconnect service until late in the day. If Columbia is required to provide same-day reconnection to all customers submitting medical certifications, Columbia will undoubtedly need to reschedule other customers to accommodate those reconnections. Scheduling those last-minute reconnections will be burdensome to Columbia's work-force and costly to Columbia. Accordingly, Columbia respectfully requests that the Commission reject OCC's proposed revision. Nonetheless, Columbia assures the Commission that it will make its best efforts to reconnect customers submitting medical certifications on the same day, when possible.

6. Subsection (F)

Proposed Rule 4901:1-18-06(F) states that a company must respond to an inquiry from the Commission's Staff regarding a pending or actual disconnection within two business days. OCC asserts that the time for response should be reduced to one business day and that the requirement to respond also should apply to inquiries from OCC. (OCC's Initial Comments at 99.) Columbia disagrees with the OCC's proposed revisions. Reducing the time for response to one business day, as OCC suggests, would not give companies sufficient time to communicate with the customer and the Commission and/or OCC about the disconnection.

OCC's next recommends that utilities be required to postpone any disconnection until the company responds to a Commission or OCC's inquiry about the disconnection. (Id.) This recommendation should be rejected as well. Some customers seeking to forestall disconnections would abuse this requirement by filing meritless complaints with the Commission or OCC. The result would be more work for the utilities, the Commission, and the OCC and reduced disconnections for customers with no legitimate grounds for avoiding disconnection. The proposed revision is also unnecessary. Under the existing rules, a customer with legitimate grounds for contesting a disconnection may file a complaint with the Commission and "request, in writing, that the commission provide assistance to prevent the termination of service during the pendency of the complaint." Rule 4901-9-01(E), Ohio Adm. Code. For both of these reasons, Columbia respectfully requests that the Commission reject OCC's proposal to provide automatic suspensions of disconnection while Commission or OCC inquiries are pending.

7. Subsection (G)

Several provisions in the proposed amendments to Chapter 4901:1-18, Ohio Adm. Code, explicitly state or implicitly suggest that a utility may charge a fee for reconnecting disconnected service. Proposed Rule 4901:1-18-06(G), for instance, states that the utility should include "any

applicable collection and reconnect charges" in its tariff. The Ohio Consumer Advocates recommend that the Commission prohibit utilities from assessing reconnection charges when the customer has automated meter reading ("AMR") equipment. (See OCA's Initial Comments at 16.) Because AMR equipment allows utilities to simply "flip a switch," OCA asserts, "the cost of disconnection and reconnection is effectively embedded in the cost of AMR equipment." (Id.)

As applied to natural gas companies, at least, OCA's comments are not accurate. Natural gas AMR equipment does not allow companies to simply "flip a switch" to disconnect or reconnect service. And even if AMR equipment were able to remotely disconnect service, under the Minimum Gas Service Standards (see Rule 4901:1-13-05(A)(3), Ohio Adm. Code), Columbia must visit the premises to reinspect the meter and the facilities before reconnecting service. For these reasons, Columbia opposes OCA's proposed revisions.

J. Proposed Rule 4901:1-18-07

1. Subsection (A)

Proposed Rule 4901:1-18-07(A) states that a company must reconnect service "[u]pon payment or proof of payment of the delinquent amount as stated on the disconnection notice, * * * including any reconnection charge[.]" OCC recommends that reconnection fees be billed as charges on the customer's next monthly bill, rather than up-front, so that "customers are able to make the missed payments" and have their service restored. (OCC's Initial Comments at 105.) The proposed Rule should not be revised as OCC recommends. Requiring customers to pay reconnection charges up-front gives them a greater incentive to make timely payments and avoid disconnection. Some utilities, however, may agree with OCC's arguments. Columbia respectfully proposes that the Commission allow utilities to decide when to bill reconnection charges.

Proposed Rule 4901:1-18-07(A) also suggests that a customer may cure the default on an extended payment plan by paying the delinquent amount. Ohio Edison comments that this suggestion is incorrect; "once a customer defaults on a payment plan and service is disconnected as a result of such default, that * * * payment arrangement becomes null and void." (Ohio Edison's Initial Comments at 13.) Ohio Edison requests that the Commission strike the reference to curing a default under a payment plan. (See id.) Columbia agrees with Ohio Edison's comments.

2. Subsection (B)

Proposed Rule 4901:1-18-07(B) states that a customer can guarantee reconnection of service on the same day that payment is rendered only if service has been disconnected for no more than ten business days. Such customers would also need to provide proof of payment of the delinquent amount no later than 12:30 pm or, for reconnection after normal business hours, agree to pay any approved tariff changes for after-hours reconnection. OCC recommends that any customer be able to guarantee reconnection on the same day that payment is rendered, regardless of the length of the disconnection. (See OCC's Initial Comments at 104-105.)

Columbia opposes this revision. If required to offer same-day reconnections to all customers providing proof of payment by 12:30 pm, Columbia would likely be forced to postpone other scheduled service calls and repairs to accommodate the same-day reconnections. Moreover, the proposed rule encourages customers to more timely reconnect and discourages customers from seasonally reconnecting service. OCC's proposal would remove any such incentive. Columbia supports the proposed Rule as it is written.

K. Proposed Rule 4901:1-18-08

Proposed Rule 4901:1-18-08(K), like existing Rule 4901:1-18-07(K), requires a utility to provide a ten-day notice prior to disconnection of residential service when the customer is a

property owner, landlord, or the agent of a property owner and residential tenants reside at the premises. Subsection (L) of both rules states that a company will not be found to have violated subsection (K) if "[t]he company uses reasonable efforts to determine the status of the customer/consumer as either a property owner, landlord, the agent of a property owner, or a tenant" or if the customer/consumer misrepresents his or her status. OCC recommends that the Commission revise the rule to create a "rebuttable presumption that a company knows that residential tenant-consumers reside at the premises where the billing address of the customer is different than the address of the residential premises for which the customer has requested disconnection of service." (OCC's Initial Comments at 110.)

Such a presumption is unwarranted. There are several reasons why a customer's billing address might be different than the address for which the customer has requested disconnection. The customer might have bills sent to his or her P.O. box, accountant, child, guardian, or secondary residence. Alternatively, the customer may have multiple residences in different states. Columbia supports the proposed Rule as it is written.

L. Proposed Rule 4901:1-18-10

Proposed Rule 4901:1-18-10(A), like existing Rule 4901:1-18-11(A), states that a utility company may not refuse or disconnect service to any applicant/customer for failure to pay for service furnished to a former customer, "unless the former customer and the new applicant continue to be members of the same household." Ohio Edison recommends that this exception be amended. Ohio Edison suggests that a company should be permitted to refuse or disconnect service for failure to pay for service furnished to a former customer where the applicant/customer lived with the former customer when the service was furnished. Under Ohio Edison's revision to the Rule, the exception would apply regardless of whether the applicant/customer and the former customer are still members of the same household. (Ohio Edison's Initial Comments at 14.)

As a practical matter, Ohio Edison's proposed revisions could apply only when the applicant/customer's name was listed on the account of the former customer. Otherwise, the utility company would not be aware that the applicant/customer and the former customer had previously lived together. In such circumstances, it makes sense to hold the applicant/customer responsible for the former customer's charges, at least during the period for which the applicant/customer and the former customer lived together. Columbia supports Ohio Edison's proposed revision to the Rule.

M. Proposed Rule 4901:1-18-13

The formulas to calculate PIPP, graduate PIPP, and zero-income PIPP payments are set out in an appendix to Proposed Rule 4901:1-18-13(A). The Proposed Rule states that the Commission may review these formulas once each year. OCC recommends that the requirements of the Appendix should be put into the Proposed Rule, and that future changes to the PIPP formulas should be accomplished in a Commission-ordered investigation or rulemaking proceeding, rather than an informal action. (OCC's Initial Comments at 119.) Columbia agrees with OCC.

Subsections (B) to Proposed Rule 4901:1-18-13 states that money provided from the regular HEAP program (or a similar program) on behalf of a PIPP customer to a jurisdictional gas or natural gas company shall be applied to the customer's arrearage. The Ohio Department of Development requests that this language be deleted, so that it may have the "discretion to determine the best way to apply HEAP funds for the benefit of eligible recipients." (ODOD's Initial Comments at 13.) Columbia agrees with ODOD.

The Appendix to Proposed Rule 4901:1-18-13 sets the payment requirement for PIPP and graduate PIPP customers' gas or natural gas service at eight percent of a customer's household income per billing cycle. This represents a decrease of two percent from the current PIPP

payment. Columbia opposes this decrease for the reasons explained in its initial comments. (See Columbia's Initial Comments at 5.) OCC and OCA, in contrast, assert that the PIPP payment amount should be reduced to five percent. (See OCA's Initial Comments at 17-18; see, also, OCC's Initial Comments at 19.) Columbia reiterates its opposition to decreasing PIPP payment levels below ten percent. Reducing PIPP payments to five percent of the customer's household income will increase total arrearages by even greater amounts and encourage even more customers to participate in PIPP, further increasing the financial burden on all other customers. Again, Columbia respectfully recommends that the Commission maintain the existing ten percent payment level for PIPP and graduate PIPP customers.

N. Proposed Rule 4901:1-18-14

Proposed Rule 4901:1-18-14 describes the Commission's new proposed timely payment incentive and conservation incentive programs. Columbia's initial comments applauded the Commission's efforts but expressed Columbia's concern that the proposed timely payment incentive plan would be less generous than existing programs. (See Columbia's Initial Comments at 26.) Columbia further commented that the Staff's proposed energy conservation incentive plan would be confusing, difficult to implement, and ultimately ineffective. (Columbia's Initial Comments at 26.)

CUFA commented that the "proposed arrearage crediting scheme is too complex to be easily understood by participants and administered by companies[.]" (CUFA's Initial Comments at 2.) And CUFA and ODOD agreed that the plan "holds no realistic possibility for a customer to shed the burden of arrearages[.]" (Id.; see, also, ODOD's Initial Comments at 15-16.)

Several commenters recommended alternative arrearage crediting programs. (See CUFA's Initial Comments at 1; ODOD's Initial Comments at 16; OCA's Initial Comments at 9-12; OCC's Initial Comments at 39-40 and 123.) Eastern Natural Gas Company, Pike Natural

Gas Company, and Southeastern Natural Gas Company (collectively, "Eastern Natural Gas"), for instance, recommends that arrearage credits should not be available until a customer has made twelve consecutive months of timely payments (see Eastern Natural Gas's Initial Comments at 3-4), which is consistent with Columbia's existing arrearage crediting program. (See Columbia's Initial Comments at 26.) At this time, it is unclear which of these proposed programs would best fulfill the Commission's goals of "awarding good payment history." (Entry of June 25, 2008, at ¶10(a)(g).) Accordingly, Columbia respectfully recommends that the Commission administer several pilot programs, each offering different incentives, to determine which incentives best impact customer payment behavior.

Ultimately, as Columbia stated in its initial comments, Columbia believes that the Commission should offer a plan like Columbia's arrearage crediting program. (See Columbia's Initial Comments at 27.) Whichever timely payment incentive the Commission ends up choosing, however, Columbia respectfully recommends that the Commission offer only one such plan. Allowing customers to choose between timely payment incentive plans would be impracticable to administer and confusing to customers. Picking a single timely payment incentive plan would help simplify PIPP and make it consistent from customer to customer.

O. Proposed Rule 4901:1-18-18

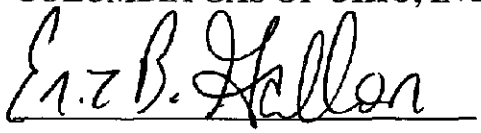
Proposed Rule 4901:1-18-18 requires a gas or natural gas company to enter into a payment agreement with a PIPP customer for his or her accumulated arrearage when he or she moves out of the company's service area, transfers to a residence where the utility service is in another person's name, or moves to a master-metered residence.

The Commission should reject the portion of Rule 4901:1-18-18 that requires the company to give former PIPP customers arrearage credits for timely payment. Keeping former PIPP customers in a timely payment incentive program would require additional programming.

Moreover, arrearage credits are unlikely to encourage any former PIPP customers to make payments that they would not otherwise make. Columbia respectfully proposes that the Commission strike the portion of proposed Rule 4901:1-18-18 between "Each time" and "periodic statement."

Columbia thanks the Commission for its thoughtful consideration of the foregoing comments and recommendations.

Respectfully submitted by
COLUMBIA GAS OF OHIO, INC.



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I hereby certify that on this 14th day of October, 2008, true and accurate copies of the foregoing Reply 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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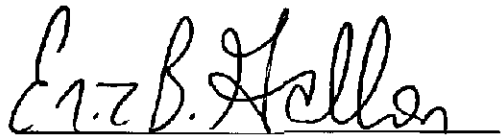

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