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October 14, 2008

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PUCO

2008 OCT 15 AM 11:03

RECEIVED - DOCKETING DIV

RE: Case No. 08-723-AU-ORD

To Whom It May Concern:

Please find enclosed an original and the appropriate number of copies of the *Reply Comments of AARP-OH, Coalition on Homelessness and Housing in Ohio, Ohio Association of Second Harvest Foodbanks, and Ohio Partners for Affordable Energy* in the above-referenced docket. We do not require a stamped copy.

If you have any questions regarding this document, please feel free to contact me.

Sincerely,



David C. Rinebolt
Counsel

Encl - 21

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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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 AARP-OHIO, COALITION ON HOUSING AND HOMELESSNESS IN OHIO,
OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS, AND, OHIO
PARTNERS FOR AFFORDABLE ENERGY**

AARP-Ohio, Coalition on Housing and Homelessness in Ohio, Ohio Association of Second Harvest Foodbanks, and, Ohio Partners for Affordable Energy (collectively "Ohio Consumer Advocates" or "OCA") respectfully submits these reply comments in the above-captioned docket initiated by the Public Utilities Commission of Ohio ("Commission") to review Chapters 4901:1-17 and 4901:1-18 of the Ohio Administrative Code ("OAC") 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, OAC pursuant to the Entry of August 1, 2008.

OCA submits these comments based on its collective experience in helping low-income Ohioans survive in turbulent economic times. The State's unemployment rate is rising, more families are sinking into poverty despite working several jobs, and demand for housing, food, energy, and medical assistance is higher than any time in recent memory. The rules under consideration will have a profound effect on the ability of Ohioans to weather the

economic storm. With that background, OCA submits the following reply
Comments.

Discussion

Appendix A Commission's Questions

LOW-INCOME PAYMENT PROGRAMS

See comments below.

ENERGY CONSERVATION

1. **Are there programs related to energy conservation for low-income customers which the Commission should consider? If so, provide program details and quantitative analysis of the results of the program.**

Ohio has three award-winning energy efficiency and weatherization programs: the Home Weatherization Assistance Program (HWAP); the WarmChoice® Program; and, the Electric Partnership Program ("EPP"). HWAP provides the foundation for the other programs. The WarmChoice® Program is the model for other gas utility programs (with the exception of Duke). EPP is among the most successful electric efficiency programs in the country. There is no reason to reinvent the wheel. These programs should be adequately funded and expanded over the next several years, targeting high usage and payment troubled low- and moderate-income customers to improve affordability and reduce ratepayer costs for bad debt and the Percentage Income Payment Plan (PIPP).

ODOD has provided evaluations for HWAP and EPP. We refer the Commission to the appOCAtion in Case No. 08-833-GA-UNC for a summary of the evaluations conducted of the WarmChoice® Program.

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

The records in Case Nos. 07-829-GA-AIR (Dominion) and 08-72-GA-AIR include analyses of the usage of PIPP versus non-PIPP customers. Data from the 1994 HWAP evaluation indicates much of the difference in usage is related to family size, the size and condition of the building, and the efficiency of appliances and heating units.

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?**

ODOD has provided the general numbers for those served under EPP and HWAP. The FirstEnergy Community Connections Program served 2,703 households last year, but is delivered as a piggyback program with other energy efficiency and housing rehabilitation programs. The Dominion East Ohio Housewarming Program served approximately 1,600 households as did the WarmChoice® Program. There is some overlap between the two programs. EPP served around 10,000 households, by far the largest number. Again, there is some overlap

with the other programs. OPAE has no knowledge of programs in the Duke service territory.

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

No data is available.

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

See the response to Question 1 and the initial comments of the Ohio Department of Development (ODOD).

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

See the response to Question 1 and the initial comments of the Ohio Department of Development (ODOD).

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

See the response to Question 1 and the initial comments of the Ohio Department of Development (ODOD).

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

The OPAE network is committed to expanding its ability to provide quality services. This will take some time, but ODOD has made a commitment to expanding the training capacity and we will gradually build our staff, equip them, and train additional contractors as new

funding from natural gas and electric utilities is incorporated into our funding mix. Consistent funding over a period of years is critical.

Funding should grow as capacity grows and can be facilitated through collaborative efforts among utilities, low-income advocates, and other interested parties.

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

The barriers listed by other parties paint an accurate picture of the barriers.

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

It appears, based on evaluations, that the programs have reached a plateau when it comes to cost-effective energy savings. Rising prices or a technical breakthrough could increase the savings, but for the *interim the agencies in partnership with ODOD will continue to work to* improve quality and cost-effectiveness. The current mix of efficiency measures provides persistent savings and do not require new complex technologies. The exception is solar hot water systems which have an excellent payback given current gas prices and do not require much customer involvement. Solar photovoltaic panels and small wind turbines can be utilized and may be economic as Ohio's alternative energy benchmarks are implemented.

FOREGONE DISCONNECTION AND ASSOCIATED REVENUES

OCA does not support denying collection of revenues associated with delayed disconnection. Various utility comments outlined the advantages of permitting flexibility in determining when to disconnect customers. This flexibility should be encouraged, not discouraged by limiting collection of bad debt. The field staff at OPAE member agencies use the flexibility to work with utilities to keep people connected; placing a financial penalty on companies willing to work with customers in danger of disconnection will eliminate this tool. Frankly, encouraging flexibility by the utilities is preferable to implementing a winter moratorium which encourages customers not to pay at all. Our agencies saw a significant drop in appOCAnTs when the moratorium was declared last year because the word was on the street that households would not be disconnected. If you want to discourage payment by customers, a moratorium will do it, but ratepayers – including those who take advantage of the moratorium -- are ill served by that approach.

PREPAID METERS

OCA opposes the use of prepaid meters under any circumstances. As noted by Columbia Gas of Ohio, requiring prepaid meters for natural gas is problematic since no U.S. companies manufactures them. We stand by the recommendation in our initial comments that this issue should be the subject of a collaborative and integrated into the discussion of smart meters.

OTHER

OCA supports permitting customers to choose the monthly billing date. As customer's financial situations change, it will promote improved payment behavior if bills are rendered when they can be paid.

OCA believes that low-income programs should be regularly evaluated, but believes that annual reviews are not necessary. We also support the comments of ODOD related to the OSCAR report. We generally support the simplification proposed by Staff, and believe the utilities should be required to provide comparable data. This can be worked through in a collaborative.

OCA takes a dim view of the allegations by utilities that reprogramming their customer information systems to provide the information for the revised OSCAR and implement PIPP will take extended periods and must be compensated. It is our experience that when it comes to implementing new rates and rate designs, the companies have no difficulty programming those changes quite rapidly, often in less than a month. Moreover, customers pay for programmers and information technology contractors in base rates. We expect their talents to be used to comply with Commission rules. Providing these reports and payment plans is part of the responsibilities of distribution utilities that customers pay for. It should not be viewed as an additional cost or treated differently than other programming needs, and should meet the deadlines established by the Commission.

OCA remains supportive of the Staff proposal to prohibit the use of payday lenders as authorized payment agents. There is nothing the Commission can do

to limit payday lenders from acting as unauthorized payment agencies, but should take a strong position against their use by utilities. As noted by Dominion East Ohio, which has ceased using payday lenders (and uses the same contractor as many of the other utilities to establish its network of authorized agencies), it was able to maintain payment centers in key locations and has been able to build out a new network made up of businesses that do not prey on the poor. Ultimately, all ratepayers are better served by not using authorized payment centers with payday lenders. Ratepayers trapped in a cycle of debt will result in more not less bad debt that must be absorbed by all ratepayers. Some of the nonprofit community agencies that are members of OCA organizations are willing to host payment kiosks. Given that our E-HEAP offices tend to attract payday lenders as neighbors, this may simplify the transition from the use of those entities.

Chapter 4901:1-17
Establishment of Credit for Residential Service

Rule 4901:1-17-01

OCA recommends elimination of the reference to prepaid meters.

Rule 4901:1-17-03

OCA recommends that a guarantor agreement should cover a customer that moves to another location, eliminating the need for filing a new agreement. OCA supports the use of a standardized form.

OCA reiterates its view that references to prepaid meters be deleted from the rules and reserved for discussion through a separate collaborative process.

Rule 4901:1-17-04

OCA again recommends deletion of any reference to prepaid meters.

Rule 4901:1-17-08

OCA supports the requirement that an appOCant for natural gas and electric service be informed of the availability of the Percentage Income Payment Plan (PIPP), which is opposed by several utilities. The plan is available to customers and there is no reason not to inform them of this option, particularly when many customers move as a result of foreclosure and need to have options for establishing service. We also support waiving deposits for customers enrolling in PIPP as indicated in our initial comments.

Chapter 4901:1-18
Termination of Residential Service

Rule 4901:1-18-01

OCA believes that that the definition of "Household income" be included in the rules rather than through reference to the state plan and guidelines used for the administration of the home energy assistance program ("HEAP"). Under the proposed rule, HEAP income definitions can be altered annually through a simple public hearing process. Incorporating the definition of "household income" developed through a process inconsistent with the due process requirements of Ohio administrative law provides the Department with excessive authority to make critical changes in the definition of income to the potential detriment of program participants. Energy costs are the second largest costs associated with having a home. The definition of income available to meet those critical expenses should not be subject to revision without adequate due

process protections. A reference to procedures incorporated in a state plan subject to limited hearings is insufficient to meet this standard. In general, OPAE would support inserting the existing definition of household income into the regulations.¹

OCA supports the comment of AEP that the "PIPP anniversary date" be the date of appOCAtion, not one year hence.

Rule 4901:1-18-05

As noted in the initial OCA comments, we support the addition of the modified 1/6 payment plan and the 12-month payment plan. We believe the utility opposition to the 12 month plan is misplaced as ratepayers are advantaged by affordable payment plans which promote payment compliance. OCA reiterates its support for a payment plan based on energy burden and income as articulated in their initial comments. We also support continuing to provide utilities with the flexibility to develop customized payment plans for customers based on their individual circumstances.

Rule 4901:1-18-06

OCA concurs with the comments of various parties that the provisions requiring information on disconnection be provided to county Departments of Job and Family Services is overbroad and should be limited to customer name, account number, service address, amount past due and total account balance. OCA opposes the recommendation of AEP that customers requesting a medical certification must be examined by a doctor prior. If a customer seeking a medical

¹ OPAE suggests that the PUCO and ODOD consider deducting the cost of rent from income. This would, of course, affect the amount of household income to be paid for service, but could be done in such a way as to keep shelter costs below a reasonable percentage of income.

certification has a chronic condition, this requirement only increases the cost for health care services to the customer or other ratepayers if the customer is on Medicare or Medicaid. Medical professionals should be taken at their word.

Rule 4901:1-18-08

OCA does support notification to tenants when the landlord has not paid utility bills included in the rent as is currently required in the case of multi-unit, master metered dwellings. Utilities do know when the service address is different than the landlords address and should provide a notice to the service address as well. This cost of this notification can be charged to the landlord.

Rule 4901:1-18-10

OCA opposes Subsection (A) because determining whether a previous account holder continues to live in the home is extremely intrusive. Moreover, the utility still has a collection action against the prior account holder. If the new account holder complies with deposit requirements and meets payment responsibilities the societal goal of providing service is met and the utility (and ratepayers) have no more bad debt than they started with.

Rule 4901:1-18-13

Zero Income PIPP – OCA supports providing local agencies with the authority to continue a zero PIPP amount for customers with an ongoing emergency situation. For example, there are major delays in processing disability applications. This creates an ongoing crisis for households affected and warrants a continuation of zero income treatment. Second, OCA opposes the \$10 minimum payment. We do support a small minimum payment of \$1-2 in order to trigger arrearage crediting programs. Keep in mind that customers with no income or very low-incomes do not have bank accounts. They have to either pay the bill in person, with associated travel costs, or use a money order, which

also increases the cost. The agencies currently have appeal procedures and should be given the discretion to set payments based on their review of the customer's application. Should a minimum payment be applied, the customer can appeal.

OCA reiterates the position taken in its initial comments that an 8% PIPP is too high and the amount should be 6%. Other jurisdictions that have adopted programs similar to PIPP but use more affordable percentages of income have seen higher payment compliance rates than we have seen in Ohio. A lower percentage, coupled with a greater emphasis on education and casework, which is anticipated because of the changes, should result in more monthly payments. If that does not become a reality, the Commission may initiate a proceeding to adjust the percentage. OCA urges the Commission to attempt to increase payment compliance with a lower percentage and review the outcome to determine whether future changes are necessary.

Rule 4901:1-18-14

OCA supports the incentives proposed by ODOD in its draft rules and the included in the initial comments to these proposed rules. OCA stands by its initial comments that the conservation incentive be deleted as unworkable, a perspective shared by ODOD and several utilities.

Rule 4901:1-18-15

OCA supports this provision.

Rule 4901:1-18-16

OCA supports the Graduate PIPP Program proposed by ODOD.

Rule 4901:1-18-17

OCA believes Subsection (D) should be eliminated. The use of HEAP funds is within the discretion of ODOD under federal law. Forbidding the use of E-HEAP

funds by a PIPP customer to secure reconnection is simply punitive.

Establishment of a payment plan to pay off previous PIPP arrears is preferable.

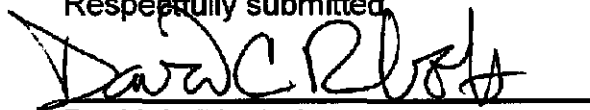
Rule 4901:1-18-18

OCA supports this Rule as proposed.

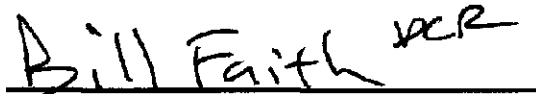
Rule 4901:1-13-11; Rule 4901:1-15-17; Rule 4901:1-21-14; Rule 4901:1-29-12

OCA supports the proposed rules as drafted and notes its particular support for the provisions prohibiting the use of payday lenders as indicated in our discussion above.


Respectfully submitted,



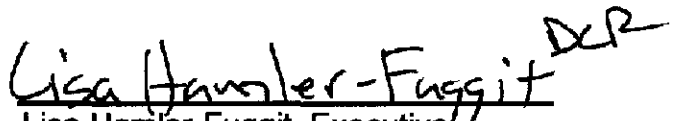
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I hereby certify that a copy of the foregoing Reply Comments was served by U.S.

Mail upon the persons identified below on this 14th day of October, 2008.

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