08-723-AU-ORD

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Legal Department

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PUCO

American Electric Power
1 Riverside Plaza
Columbus, OH 43215
AEP.com

April 23, 2009

Janet Stoneking
Utilities Attorney, Legal Office
Ohio Department of Development

Re: Electric PIPP/Home Energy Level Payment Program (HELPP)

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Dear Janet,

Thank you for the opportunity to discuss the issues facing AEP Ohio in implementing the recently passed electric PIPP rules. As shared previously, it is highly unlikely that AEP Ohio will have the system ready for implementation in the 2009-2010 winter heating season.

At this point our best estimate is that it will take 20 months to implement the necessary changes associated with the new rules. That estimate includes clarifications on what is expected in the system and preliminary design, a high-level design phase, a detailed design, a code and unit test, and a system test/UAT.

In an effort to provide you a clearer picture of what work is involved AEP Ohio also broke down the work associated with the different requirements of the new rules. The attachment highlights the work arranged by subject and includes the impact in work hours that will be needed to implement the program.

These types of programming issues are common with new rules in the utility industry. This is best evidenced by the Public Utilities Commission of Ohio's recent Entry on Rehearing in PUCO Case No. 08-723-AU-ORD. The PUCO delayed implementation of its natural gas PIPP program to allow those utilities to make the appropriate updates needed to run the program. On pages 41-42 the PUCO recognizes the fact that the PIPP program has changed very little over the past 25 years and that there are pragmatic parameters facing the industry with changes. The PUCO recognizes the importance of time to allow ODOD, stakeholders, the PUCO, and utilities to collaborate to address coordination of the two sets of rules, to address technology issues, and to ensure training. The PUCO even orders the present electric PIPP program to remain in effect until the new ODOD rules can be put into effect.

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Further coordination with the PUCO will also ensure that the appropriate cost recovery associated with an overhaul of the PIPP system is provided. It would seem appropriate that the Universal Service Fund would be used to fund the changes ordered by the Department. Communication between the different agencies and stakeholders is needed to ensure the newly ordered costs are properly recovered.

AEP Ohio welcomes the Commission's recognition of the inherent challenges facing the wholesale change in the PIPP program. In recognition of the outstanding issues, AEP Ohio respectfully requests that the Department take advantage of the PUCO's experience in this area and place the new rules on the same timeline as the PUCO's changes. This approach allows all stakeholders to roll out the changes to the long standing program at one time and increase opportunities for customer education, as well as ensure the utilities have adequate time to implement the program correctly.

AEP Ohio is committed to working with ODOD to ensure the rules are implemented correctly to take advantage of the goals expressed by the Department. The reality is that doing it correctly will take some time and involve further communication to ensure the program is being properly implemented. Please feel free to contact me if there are any questions about what is provided in this letter.

Cordially,

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cc: PUCO Case No. 08-723-AU-ORD

AEP Ohio PIPP/HELPP IT Rewrite Timeline

Best Estimate Timeline for Re-write level project = 20 Months

- Order given
- 3 months – Requirements, clarification, questions and preliminary design
- 2 months – High-level design
- 3 months – Detail design
- 8 months – Code/Unit Test
- 4 months – System test/UAT

Req #	ODOD PIP Requirement	Impact Estimate Category	Comments/Assumptions
1	**Reimbursement - electric utilities will only be able to recover the difference between the electric bill and the PIPP installment from the Universal Service Fund**	Large to Very Large = 2500 hrs	Would require significant changes to financial tracking. Recovered/unrecovered PIP needs to be tracked and maintained for every financial transaction. Significant impact to AIMS and PIP modules.
2	**Year-round electric PIPP payments**	Small = 100 hrs	
3	**Minimum PIPP amount of $10 for zero income PIPP customers after 180 days**	Medium = 500 hrs	
4	**New arrearage crediting plans**	Large to Very Large = 2500 hrs	Current arrearage crediting program would be completely revamped. Significant impact to financials/AIMS, PIP modules and PIP data model.
5	**PIPP amounts would be based on 6% or 10% of the total monthly household income**	Small = 100 hrs	422 codes table chg + testing
6	**CIR (Customer Information Report) will be generated monthly instead of quarterly**	Medium to Large = 500 - 1500 hrs	Need to balance to what we bill state
7	**OSCAR report is being revised to include additional information**	Medium = 500 hrs	Financial portion needs to balance with CIR
8	**Reporting – Exclude reporting of inactive PIP monies to ODOD**	Large to Very Large = 2500 hrs	Significant impact to financials/AIMS and PIP modules. New reporting requirements not yet received from ODOD but they have indicated significant changes are coming.
9	**Revise PIPP daily transfer file layout and create an electronic process for 'Rejected' accounts that have been corrected in our system**	Small to Medium = 100 - 500 hrs	New file layouts have not yet been received from ODOD; however, they have indicated several fields are being added.
10	**Post-PIP arrearage credit final account**	Small to Medium = 100 - 500	Once customers are final, need to send customers correspondence

Development Effort-Category	Estimate Range (Includes Dev Hrs Only)
Small	100 hours or less
Medium	>100 to 500 hours
Medium-Large	>500 to 1500 hours
Large (Approaching PIP Re-write; need to re-write a portion of the)	>1500 to 2500 hours
Very Large (Most likely would require PIP Re-write)	> 2500 hours