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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application of the Ohio)
Department of Development for an Order)
Approving Adjustments to the Universal)
Service Fund Riders of Jurisdictional Ohio)
Electric Distribution Utilities.)**

Case No. 08-658-EL-UNC

**COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER
COMPANY'S REPLY COMMENTS TO
THE OHIO DEPARTMENT OF DEVELOPMENT'S
SUPPLEMENT TO THE NOTICE OF INTENT
JUNE 2, 2008**

INTRODUCTION

On April 15, 2009, the Ohio Department of Development ("ODOD") filed a Supplement to its June 2, 2008 Notice of Intent submitted in this proceeding. The supplement contains ODOD's conclusions to the report submitted by Schneider-Downs as a result of its application of agreed-upon procedures designed to test the PIPP-related accounting and reporting practices of Columbus Southern Power Company and Ohio Power Company (AEP Companies) and to file reply comments to certain procedures as stated therein.

REQUESTS FOR RESPONSES

A. Request for Response from AEP Regarding Procedure No. 4

ODOD requests that AEP confirm that it will comply with the requirements for reporting customer arrearages and indicate the date when compliance will be achieved.

AEP's Response to Procedure No. 4:

Beginning with the January 2009 USF-301 Report, AEP began to report all financial activity for customers identified on the PIPP program within its customer information system (CIS). At this time, PAC 2 and inactive PIPP customer activity is still included in the data being reported due to system limitations. On April 23, 2009, AEP informed ODOD of its timeline to implement the wholesale changes in the electric PIPP program. The timeline amounted to a series of reprogramming and testing totaling 20 months of work. Upon implementation PIPP data will be reported consistently and for the same time period on the CIR and monthly USF reports, as well as the monthly OSCAR report.

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B. Request for Response from AEP Regarding Procedure No. 5

ODOD requests that AEP propose procedures for reporting the CIR and USF-301 Report data that will permit customer level data to be aggregated and matched to the monthly remittances and requests for reimbursement. AEP should also indicate when compliance will be achieved.

AEP's Response to Procedure No. 5:

AEP proposes that all its reporting of financial activity related to customers on the PIPP program be reported on a revenue month basis beginning with its implementation of the new electric PIPP rules. This includes the monthly CIR, USF and the OSCAR reports. This will enable the reported data to agree to the transactions recorded on AEP's General Ledger, which will ease the auditing process. AEP will maintain the supporting data in its CIS for the required three-year period. Moreover, only one billing per customer will be reported each month, as opposed to the potential for two billings under a calendar month based report. Exceptions to this rule will occur for customer billing adjustments and closed accounts receiving a final bill for a partial month.

C. Request for Response from AEP Regarding Procedure No. 8

ODOD requests that AEP explain to the parties and the Commission the circumstances under which 7 customers made no payments in 2006 or 2007, but remained PIPP customers.

AEP's Response to Procedure No. 8:

After reviewing the 7 accounts provided on the detailed audit summary, AEP found that the PIPP customers in question either made payments, or used a medical certificate to maintain service. Please see our findings below:

Acct Number	Number of Payments in 2006 and 2007	Comment
0758054870	7	Account closed 4/07
1093913023	13	Account still active
0711934408	4	Service date 12/06 – 7/07
1063686105	17	Account still active
1091594913	6	Account closed 10/08
0795981088	2	Service date 10/06 – 7/07
1079082927	0	Used medical certificate – Service date 4/07 – 7/07

D. Request for Response from AEP Regarding Procedure No. 12

ODOD requests that AEP explain its practices for dropping PIPP customers from program participation when OCS makes such request through the record transfer process.

AEP's Response to Procedure No. 12:

When a drop record is received through the record transfer process, the PIPP customer is 'inactivated' in AEP's CIS system. If customers recertify their income through ODOD or a Community Action agency, the PIPP account is restored to an 'active' status. More information on 'inactives' is given in the response to Procedure #14.

E. Request for Response from AEP Regarding Procedure No. 13

ODOD requests that, beginning with the first month of the USF (September 2000), AEP provide the amount of USF reimbursement it has received for PAC 2 customer accounts and the documentation supporting this calculation.

AEP's Response to Procedure No. 13:

AEP is working to gather the data as requested for the period January 2006 through March 2009. In accordance with the establishment of the program AEP archives customer financial data after three years of inactivity. But, we are gathering the data we can retrieve prior to that time. Historical PIPP status information may not be reliable or available for older time periods prior to establishing in 2003 a new revenue reporting system. Thus, accessing the older data may be difficult or for some periods it may be unavailable. At this time, AEP anticipates providing the available data to the ODOD no later than mid-June.

Note: AEP was not aware that the PAC 2 customer billings and payments were not considered "PIPP" for reporting purposes on the USF-301 and USF-302 reports. AEP's CIS has limitations to allocating payments to active and inactive periods. No attempt will be made in this response to allocate the identified payments to PIPP and PAC 2 billing periods. Customers in this stage of the arrearage crediting program are to pay the actual bill or be subject to disconnection, and therefore, should not be causing a substantial increase in the cost of PIPP to the ODOD. Moreover, the amounts reported by AEP have been subject to annual audits and no exceptions were noted.

F. Request for Response from AEP Regarding Procedure No. 14

ODOD requests that, beginning with the first month of the USF (September 2000), AEP provide the amount of USF reimbursement it has received for inactive PIPP customer accounts and the documentation supporting this calculation

AEP's Response to Procedure No. 14:

AEP is working to gather the data as requested for the period January 2006 through March 2009. In accordance with the establishment of the program AEP archives customer financial data after three years of inactivity. But, we are gathering the data we can retrieve prior to that time. Historical PIPP status information may not be reliable or available for older time periods prior to establishing in 2003 a new revenue reporting system. Thus, accessing the older data may be difficult or for some periods it may be unavailable. At this time, AEP anticipates providing the available data to the ODOD no later than mid-June.

Note: AEP has always included inactive status PIPP customer data on both the monthly USF-301 and USF-302 reports because AEP's CIS has limitations to allocating payments to active and inactive periods for customers that come and go on the PIPP program. No attempt will be made in this response to allocate payments to PIPP and non-PIPP billing periods. AEP has communicated and discussed these limitations many times with the ODOD, as well as with the PUCO Staff during the annual audits of the PIPP reports. Inactive PIPP customers are to pay their monthly bills in full or be subject to collection procedures, including disconnection. Over time, the net amount of these customers' bills less the subsequent payments should be close to zero, thereby not causing a substantial increase in the cost of PIPP to the ODOD. Moreover, the amounts reported by AEP on the USF-301 have been subject to annual audits and no disallowances have been recommended.

G. Request for Response from AEP Regarding Procedure No. 15

Please clarify the company's practice for re-enrollment of disconnected PIPP customers, excluding the one reconnection permitted during the period covered by the Winter Reconnect Order time period (typically November 1 through the following April 15).

AEP's Response to Procedure No. 15:

Customers are enrolled on PIPP at the Community Action Agencies. The PIPP enrollment records are then electronically sent to the utilities to establish the customers on PIPP. The agencies do not enforce payment of past due PIPP amounts from customers before sending the enrollment records to the utility companies. However, any defaulted PIPP amounts that exist on PIPP accounts in the summer months are owed by the customer on the next electric billing and must be paid or the account is subject to disconnection. When a PIPP account has been disconnected for non payment, the customer must pay defaulted PIPP amounts and a reconnection fee to have service restored.

H. Request for Response from AEP Regarding Procedure No. 16

ODOD requests that AEP explain the basis for its policy of not pursuing collection activities for final-billed PIPP customers, including any cost justification for this policy.

AEP's Response to Procedure No. 16:

As discussed on previous occasions with the ODOD, AEP will pursue collections on final billed PIPP accounts once ODOD determines how AEP will recover the monthly fees charged by third party collection agencies as set out in the original agreement between the ODOD and AEP, as follows:

Retaining Right to Collect PIPP Program Arrearages. By executing this Agreement, the Company has elected to retain the right to collect the amount of the PIPP Program Arrearages and agrees to remit to the Director all revenues collected from PIPP Program Arrearages, less a reasonable charge for the payment of third party collection costs to be negotiated by the Company and the Director. The company may, in its sole discretion, elect to assign the right to collect the amount of the PIPP Program Arrearages to the Director upon 60 days written notice to the Director. If the Company assigns the right to collect the amount of the PIPP Program Arrearages to the Director, the reporting of monthly consumer level information not already reported to the Director may be necessary. The Company shall have begun collection of the PIPP Program Arrearages on behalf of the Director on September 1, 2000. (emphasis added).

CONCLUSION

The AEP Companies appreciate the opportunity to provide responses to the areas highlighted. The AEP Companies recognize the long history of the PIPP program and the different factors that go into its implementation over time. The AEP Companies also recognize that the new changes to the electric PIPP program will create new audit considerations for the future.

Respectfully submitted,



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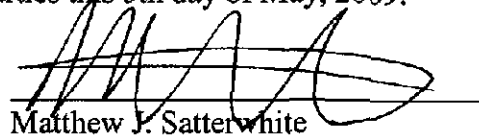
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CERTIFICATE OF SERVICE

I certify that a copy of The AEP Companies' Reply Comments to The Ohio Department of Development's Supplement To The Notice of Intent June 2, 2008 was served via ordinary mail on the following parties this 5th day of May, 2009.



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