

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Power Company for a Limited Waiver of) Case No. 13-1938-EL-WVR
Ohio Adm.Code 4901:1-18-06(A)(2).)

ENTRY

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is a public utility, as defined in R.C. 4905.02, and an electric utility, as defined in R.C. 4928.01(A)(11). As such, AEP Ohio is subject to the jurisdiction of this Commission.
- (2) On September 13, 2013, as amended on September 5, 2014, and March 5, 2015, AEP Ohio filed an application for a temporary waiver of Ohio Adm.Code 4901:1-18-06(A)(2), to establish a pilot. Ohio Adm.Code 4901:1-18-06(A)(2) requires the Company to provide a residential customer with personal notice on the day of disconnection. AEP Ohio requests a waiver of the personal notice provision as applied to approximately 132,000 residential customers within the Company's gridSMART Phase 1 project area and the surrounding vicinity, whose residence is equipped with advanced metering infrastructure (AMI), also known as a smart meter. AEP Ohio proposes this waiver to take advantage of AMI's remote connect and disconnect capabilities. The Company requests the waiver be approved for two years, to include two winter heating seasons.

The Company specifically excludes vulnerable customers from the proposed remote disconnect procedure and waiver request. Vulnerable customers, as defined by AEP Ohio, are customers who are over 60 years of age and have demonstrated difficulty understanding AEP Ohio's disconnection practices or procedures, someone with mental impairments who is unable to comprehend the bill or disconnection process, and persons with life support equipment or verified medical certificates.

To advise customers of the remote disconnection process, AEP Ohio proposes to notify affected customers of the change first by bill insert and then by postcard mailed directly to the customer. Thereafter, AEP Ohio plans to include a message on the customer's bill each billing cycle. The bill message would state that the customer has an AMI meter and a utility company representative will no longer provide personal notice prior to the disconnection of service for non-payment.

According to the application, a residential customer with installed AMI capabilities who fails to pay the bill by the due date will continue to receive a disconnection notice with the next bill. If the bill remains unpaid, a 10-day notice call will be made or written notice will be mailed to the customer. While the disconnection rules require a 10-day notice during the winter months (November 1 to April 15), the Company proposes, as a provision of this waiver request, to provide a 10-day notice to residential customers in the pilot year-round. If the Company is unable to reach the customer by telephone, the 10-day notice will be mailed to the customer. If the bill remains past due or no payment arrangements are made, AEP Ohio will initiate an automated call to the customer approximately 48 hours prior to the scheduled disconnection of service directing the customer to call the Company to discuss the customer's account. When the customer calls AEP Ohio customer service, the customer service representative will remind the customer that written notice of the disconnection will not be left at the premises on the day of disconnection. The Company proposes to disconnect service to affected customers at approximately 10:00 a.m. Attached to the waiver application are examples of the disconnect notices, bill insert, and the text of the automated telephone message proposed by AEP Ohio.

- (3) On September 23, 2013, Ohio Partners for Affordable Energy (OPAE) filed a Motion to Intervene and Protest. OPAE states that it is an Ohio non-profit corporation advocating for affordable energy policies for low and moderate income Ohioans and non-profit organizations within AEP Ohio's service territory. As such, OPAE asserts that it has a real and substantial interest in this matter. In its motion to intervene, OPAE asserts that its clients may be adversely affected by

AEP Ohio's application, as the waiver would eliminate vital consumer protections. OPAE contends that the disposition of this application may impair or impede OPAE's ability to protect its interests, and no other party to this proceeding will adequately represent the interest of OPAE.

- (4) On October 8, 2013, AEP Ohio filed a memorandum contra OPAE's intervention and protest. While AEP Ohio summarily opposes OPAE's intervention, AEP Ohio does not directly present any arguments to justify denying OPAE's intervention. OPAE filed a reply on October 15, 2013. Further, AEP Ohio replies to OPAE's claims in protest of the waiver.
- (5) On October 18, 2013, the Office of the Ohio Consumers' Counsel (OCC) and the Appalachian Peace and Justice Network (APJN) filed motions to intervene. No memorandum contra to either motion to intervene was filed. OCC and APJN assert a direct, real, and substantial interest in this matter, the disposition of which may impair or impede OCC's and APJN's ability to protect its interests. Movants assert that no other party to the matter can adequately represent their interest. Further, OCC and APJN state that their respective participation in this matter will not cause undue delay, will not unjustly prejudice any existing party, and will contribute to the just and expeditious resolution of the issues presented in this case.
- (6) The Commission finds that OPAE's, OCC's, and APJN's respective motions to intervene are reasonable and should be granted.
- (7) OPAE filed comments to AEP Ohio's application on September 23, 2013, and filed comments jointly with APJN and OCC on September 22, 2014. APJN and OCC each filed comments on October 18, 2013.
- (8) By Entry issued December 2, 2014, a procedural schedule for the processing of this application was established. Consistent with the procedural schedule, additional comments were filed by OCC and jointly by APJN and OPAE on January 6, 2015. The Company filed replies on January 20, 2015. Through their

respective comments OCC, APJN, and OPAE ask that the Commission deny AEP Ohio's waiver request.

Comments and Reply Comments

Application

- (9) APJN, OCC, and OPAE (jointly Consumer Advocates) filed a request for clarification of the Company's application for waiver. Consumer Advocates ask that the Commission direct AEP Ohio to refile its application to clearly explain, in a single document, the details of its waiver request, the data to be collected, and to make the data collected available to intervenors.
- (10) The Company retorts that it filed the original motion for waiver on September 13, 2013, and amended the application on September 5, 2014, to clarify the term of the waiver, define the limited number of AMI meter customers that would be part of the remote disconnect pilot, describe the notification process for the proposed pilot, describe the remote disconnect process, and to commit to providing pilot data to the Staff. AEP Ohio submits the waiver request is clear and there is no need for the Company to submit a new revised waiver application.
- (11) The Commission finds AEP Ohio's waiver application, as amended, to be sufficiently clear for interested persons to file comments, therefore, it need not be revised and refiled, as the commenters' request.

Opportunity to make payment

- (12) OPAE and APJN argue the requested waiver of Ohio Adm.Code 4901:1-18-06(A)(2) would also result in the waiver of Ohio Adm.Code 4901:1-18-06(A)(4)(a) - (c). OPAE and APJN allege that, if the waiver is granted, customers with an installed smart meter will lose the opportunity to make a payment or payment arrangements directly with a utility employee to avoid disconnection.
- (13) The Commission notes that Ohio Adm.Code 4901:1-18-06(A)(4) permits, at the utility's discretion, utility company

employees or agents who disconnect service at the premise, to make extended payment arrangements. Ohio Adm.Code 4901:1-18-06(A)(4)(a) - (c) requires the employee or agent who disconnects service to either accept payment, dispatch an employee to accept payment or make another means available for the customer to avoid the disconnection of service. As proposed, AEP Ohio's waiver would comply with the requirements of Ohio Adm.Code 4901:1-18-06(A)(4)(a) - (c), because consistent with those provisions the customer would have a means to avoid the disconnection of electric utility service and make payment to an authorized agent, by telephone, or online to avoid the disconnection of service.

Increased disconnections

- (14) APJN and OCC surmise that, with the installation of smart meters, if the personal visit to the premises is eliminated, service disconnections will increase. Consumer Advocates note that, with the installation of smart meters, service disconnections for nonpayment in the Duke Energy Ohio (Duke) service territory have increased from less than 70,000, in 2010, to more than 80,000 in 2014. *See In re Duke Energy Ohio, Inc.*, Case No. 14-841-EL-SSO, Direct Testimony of James D. Williams (Sept. 26, 2014) at 11. APJN and OPAE argue that, during 2013, Duke and AEP Ohio disconnected approximately the same number of customers and, in May 2013, AEP Ohio disconnected 4 percent of the customers receiving disconnection notices. Since Duke deployed smart meters throughout its service territory, APJN and OPAE note that 22 percent of customers receiving a disconnection notice have had their service disconnected. *See In re Annual Report of Service Disconnections for Nonpayment Required by R.C. 4933.123*, Case No. 14-846-GE-UNC, AEP Ohio (June 30, 2014) at 2, Duke (June 10, 2014) at 1.

Similarly, each of the commenters challenge AEP Ohio's study that, as of the end of 2012, of the 10,102 AEP Ohio customers facing disconnection, only 5.8 percent requested an hour extension to pay their bill at the time of disconnection and not all of those customers were able to pay to avoid disconnection. Because electricity is an essential service, OPAE contends that it is imperative that personal notice of

impending disconnection be maintained. APJN notes that AEP Ohio did not file the results of the referenced study with the waiver requests. Further, APJN states that a waiver of this provision of the disconnection rules is not necessary to the functioning of smart meters. APJN and OPAE ask the Commission to maintain the currently effective consumer protections set forth in Ohio Adm.Code 4901:1-18-06. APJN adds that notice on the day of disconnection may allow the Company to determine that a customer is vulnerable, as defined by the utility, who should not be subject to the usual disconnection process.

Relying on the figures quoted by AEP Ohio as of the end of 2012, OCC emphasizes that some 500 customers in AEP Ohio's study took advantage of the notice on the day of disconnection to prevent the disconnection of service. Noting that AEP Ohio issued more than 2.1 million disconnection notices for the year ending May 31, 2014, OCC extrapolates that more than 121,000 customers took advantage of the in-person notice on the day of disconnection to make payment or payment arrangements to avoid disconnection.

- (15) AEP Ohio replies that, pursuant to the Company's waiver proposal, a customer will be afforded three communications, consisting of at least two written notices and one automated call prior to disconnection. Therefore, AEP Ohio advocates the affected customer will have the opportunity to make payment or payment arrangements to avoid disconnection. The Company also notes that, with smart meters, a customer's utility service can be reconnected approximately one hour after the customer makes payment and complies with the reconnection requirements.

AEP Ohio denies any claims that the Company will use remote disconnect AMI merely to increase the number of service disconnections. Further, the Company submits that the commenters have not presented any evidence that waiver of Ohio Adm.Code 4901:1-18-06(A)(2) will lead to an increase in the number of customers eligible for disconnection for nonpayment.

AEP Ohio emphasizes that the waiver is limited to the personal notice afforded customers pursuant to Ohio Adm.Code 4901:1-18-06(A)(2) and clarifies that the Company is not seeking a waiver from the winter disconnection procedures or medical certification provisions set forth in Ohio Adm.Code 4901:1-18-06(B) and (C).

- (16) The Commission is not persuaded that the mere installation of smart meters and approval of the waiver of Ohio Adm.Code 4901:1-8-06(A)(2) will increase the number of residential disconnections. This waiver goes to the means of complying with the disconnection notice requirements and does not directly affect the number of residential accounts eligible for disconnection. Furthermore, this pilot is applicable to a defined set of customers and will facilitate the evaluation of a remote disconnection and notice process.

Compliance with R.C. 4933.122

- (17) OPAE and APJN reason that R.C. 4933.122 prohibits the disconnection of utility service without reasonable prior notice to the customer, including notice of rights and remedies. OPAE argues that a customer facing disconnection of the electric service needs an on-premises visit to be fully aware of the disconnection and all possible means to avoid it. OPAE argues that waiver of Ohio Adm.Code 4901:1-18-06(A)(2) prevents reasonable prior notice, a reasonable opportunity for the customer to dispute the disconnection of service, and for the Company to assess whether the customer is vulnerable or will face a serious health risk, if service is disconnected. Further, OPAE and APJN argue that the customer may not receive the automated telephone call made 10 days or 48 hours prior to disconnection as proposed by AEP Ohio. OPAE and APJN offer that social service agencies presume that 20 percent of their clients lose telephone service or change telephone numbers in the course of a year. APJN asserts that granting this waiver request could easily mean that a customer receives no notice of disconnection.
- (18) The Company replies that, pursuant to its proposal, at least two written notices will be mailed to the customer which will include, consistent with the requirements of Ohio Adm.Code

4901:1-18-05(A), information on the customer's rights and remedies, the billing account number, the disconnection date and time, the amount due, deposit requirements, information on financial assistance, and the contact information to make payment arrangements or to dispute the disconnection of utility service. In addition, at least 48 hours prior to disconnection, AEP Ohio commits to attempt at least one automated telephone call to the customer's residence, which would give the customer another opportunity to make a payment or payment arrangements to avoid disconnection. The notices will indicate that the Company will accept payment or arrange for alternative payment options immediately over the telephone consistent with the requirements of Ohio Adm.Code 4901:1-18-06(A)(4). The Company reiterates that this disconnection process is not applicable to known vulnerable customers. As such, AEP Ohio avers that its waiver application complies with R.C. 4933.122, and is consistent with Ohio law and the rules promulgated by the Commission.

- (19) The Commission finds that, pursuant to AEP Ohio's disconnection policy and this waiver application, affected customers will receive two written notices mailed to the customer, a 10-day notice (by telephone call or mailed) and, if necessary, a telephone call approximately 48 hours prior to the scheduled disconnection of service. The Commission finds that the Company's proposed disconnection notice process as modified by AEP Ohio's response to the comments to include at least an automated telephone call to the customer's residence at least 48-hours in advance of disconnection, constitutes reasonable notice to the customer and, therefore, meets the requirements of R.C. 4933.122. The notices provide the necessary information and time for the customer to make payment, payment arrangements, or dispute the pending disconnection. Further, AEP Ohio is directed to work with the Staff to ensure that the disconnection notices and the content of the automated telephone call clearly provide the customer, in an easily understandable manner, the information required pursuant to Ohio Adm.Code 4901:1-18-05(A) and are consistent with the Commission's directives as set forth in this Entry.

Denial of similar request

- (20) Consumer Advocates note that the Commission previously denied a request by Duke to waive Ohio Adm.Code 4901:1-18-06(A)(2). *In re Duke Energy Ohio, Inc.*, Case No. 10-249-EL-WVR, (*Duke WVR Case*) Entry (June 2, 2010). In its application, Duke proposed to notify customers facing disconnection by text or electronic message rather than by personal notice on the day of disconnection. The commenters emphasize that the Commission reasoned that personal notice allowed the customer one last chance to prevent the disconnection of service by making payment and stated that without personal notice or display of the notice, the customer could be unaware of the pending disconnection or believe that the lack of service is due to an outage. *Duke WVR Case*, Entry (June 2, 2010) at 7-8.
- (21) AEP Ohio submits that its waiver request and proposed notice process for remote disconnection is consistent with Ohio law, the Commission's rules regarding disconnection, and is fundamentally different from the process proposed by Duke in the *Duke WVR Case*. AEP Ohio emphasizes its waiver proposal includes three notices, two by mail and a telephone call, to communicate the necessary information to the customer. Thus, AEP Ohio reasons that this waiver proposal ensures customer protections regarding the disconnection of service are preserved.
- (22) While the Commission denied Duke's request for a waiver of the personal notice provision, the Commission indicated a willingness to further consider the issue and directed Duke to work with the Staff to review the disconnection notice process and potential alternative notice procedures. *Duke WVR Case*, Entry (June 2, 2010) at 8. In this proceeding, AEP Ohio proposes to notify customers by mail, initially on the next bill and then by 10-day notice. If necessary, AEP Ohio will also attempt notice by automated telephone call to the customer. The Commission finds the three communications and the method of communicating with affected customers to be sufficient to make the customer aware of their account status and to provide the customer an opportunity to avoid the

disconnection of utility service without personal notice on the day of disconnection.

Overtime Reconnection Fees

- (23) As a provision of the amended waiver application, AEP Ohio commits to waive the overtime reconnection fees for customers within the pilot area.
- (24) APJN and OP&E acknowledge AEP Ohio's commitment to waive overtime reconnection fees as a provision of this waiver request. However, APJN and OP&E contend that the fee should be eliminated for all customers with smart meters.
- (25) The Company has agreed to eliminate overtime reconnection fees for residential customers in the remote disconnection pilot program. The Commission finds it inappropriate to consider the collection of overtime reconnection fees for customers outside the scope of this remote disconnection pilot program as a part of this proceeding.

The time of the disconnection of service

- (26) Consumer Advocates submit that AEP Ohio fails to explain why remotely disconnecting service at around 10:00 a.m. would be beneficial to customers, given that most low income customers work and, therefore, 10:00 am is not likely particularly convenient.
- (27) AEP Ohio states that they propose remote disconnections on or about 10:00 a.m. because at that time, it is generally light outside and, therefore, the impact to family members will be reduced. Further, the Company submits the customer will be informed of the date and time of scheduled disconnection and have an opportunity to go to a payment location during business hours. AEP Ohio commits to continuing to work with the Commission and Consumer Advocates to incorporate adjustments to the remote disconnect process and procedures, including the time of disconnection.
- (28) The Company has committed to disconnect service to customers within the pilot at about 10:00 a.m. More than the time of day the service is disconnected, the Commission is

concerned that the customer has a reasonable opportunity to have the service reconnected the same day. We note a customer can make payment by telephone or to an authorized agent. Further, with AMI, electric service can be restored within approximately an hour after payment is received, provided all the requirements for reconnection have been met. Accordingly, the Commission finds the time of the proposed remote disconnection for the pilot to be reasonable.

Commission policy regarding disconnection

- (29) Further, OPAE and APJN argue that granting the waiver of Ohio Adm.Code 4901:1-18-06(A)(2) is inconsistent with the Commission's stated policy regarding the importance of preventing injury to residential customers and minimizing the disconnection of residential utility service and the Commission's conclusion that such is in the public interest. *In re Winter Reconnect Order*, Case No. 13-1889-GE-UNC, Finding and Order (Sept. 11, 2013) at 2; Case No. 14-1371-GE-UNC, Finding and Order (Sept. 9, 2014) at 1-2 (*Winter Reconnect Cases*). Commenters allege that a waiver of Ohio Adm.Code 4901:1-18-06(A)(2) is not necessary to secure the savings associated with the use of smart meter technology.
- (30) Consumer Advocates state that AEP Ohio fails to explain the purpose of the pilot, the issues to be studied, goals, or metrics or other means of evaluation. Further, APJN and OPAE assert the demographics of the customers within AEP Ohio's gridSMART pilot are not representative of the Company's service territory, particularly as to the poverty rate and rate of disconnection. Further, the commenters assert the savings that may accrue from eliminating the requirement for an in-person visit on the day of disconnection can be estimated and is likely to be illusory and minimal in comparison to the cost of Phase 1 and Phase 2 gridSMART. OCC requests that AEP Ohio provide more details regarding the purpose of the pilot, the goals of the pilot, and how the success of the pilot will be measured and evaluated, and OCC requests the details evaluating the pilot be docketed in this case or another proceeding. OCC also requests that the public be given an opportunity to comment on the pilot.

- (31) AEP Ohio submits the waiver and proposed pilot are clearly defined in the application as amended. Further, the Company has committed to work with the Commission and Consumer Advocates to evaluate the pilot, to determine potential cost and efficiency savings afforded by the deployment of AML, and to acquire data and experience related to the remote disconnection process and procedures. The Company lists nine categories of data to be compiled as part of the pilot.
- (32) Ohio Adm.Code 4901:1-18-06(A)(2) requires the utility company to provide the customer, or other adult consumer, with personal notice on the day of disconnection. If neither the customer nor an adult consumer is at home, the utility company shall attach written notice of disconnection to the premises in a conspicuous location prior to disconnecting service. The purpose of Ohio Adm.Code 4901:1-18-06(A)(2) is to notify the customer of the pending disconnection of service and allow the customer one last chance to prevent the disconnection. The Commission concludes that two notices, which will be mailed to the affected customer, in addition to the 10-day notice and a telephone call 48 hours prior to the scheduled disconnection, reasonably inform the customer and communicate a sense of urgency regarding the status of the utility account.
- (33) As the Company and Consumer Advocates have indicated, the Commission previously rejected Duke's request for waiver of the same provision in the *Duke WVR Case*. At that time, however, the Commission indicated its willingness to further consider a waiver of Ohio Adm.Code 4901:1-18-06(A)(2) and other means of notifying affected customers. In light of the notification process proposed by AEP Ohio, and the customer's ability to make a payment to an authorized agent or by telephone, the Commission concludes that AEP Ohio's request for waiver of Ohio Adm.Code 4901:1-18-06(A)(2), is reasonable and should be granted.

Further, we find this waiver is consistent with the Commission's policies to prevent injury to residential customers and to help customers maintain their utility service, as stated in the *Winter Reconnect Cases*. Case No. 13-1889-GE-UNC, Finding and Order (Sept. 11, 2013) at 2; Case

No. 14-1371-GE-UNC, Finding and Order (Sept. 9, 2014) at 1-2. The notice process will provide two written notices, a 10-day notice, and a telephone call before the utility service is disconnected. The last telephone call, 48 hours prior to disconnection, allows the customer sufficient time to make payment or payment arrangements to address the status of the account.

As to the pilot, the Commission finds the waiver application, as amended, sufficiently sets forth the data to be collected and evaluated as a part of this pilot. Following the two-year pilot, the Commission, the Company, and Consumer Advocates will have the opportunity to evaluate the success of the pilot and consider revisions to the remote disconnection process if the process is continued or expanded. Further, the Commission emphasizes that the special reconnection provisions set forth in the *Winter Reconnect Cases* will continue to be available to customers in the pilot during the course of this waiver.

- (34) In light of the notice process proposed by the Company, the Commission finds the request for temporary waiver of Ohio Adm.Code 4901:1-18-06(A)(2) is reasonable. The Commission notes that key to our conclusion that the proposed disconnection notice process is reasonable, is the Company's current process to provide two written disconnection notices. Accordingly, AEP Ohio shall notify the Commission at least 60 days prior to any change in the Company's policy that would affect the number of written disconnection notices provided to a customer. AEP Ohio shall provide Staff with copies of the bill inserts and postcards to be mailed to customers in the pilot program, at least 14 days in advance of mailing the notice to affected customers. Further, AEP Ohio may commence the remote disconnection pilot on August 1, 2015, and continue through August 1, 2017, or until otherwise ordered by the Commission. Should AEP Ohio wish to continue or expand this pilot, AEP Ohio must file a request with the Commission and notify the parties to this proceeding by June 1, 2017.

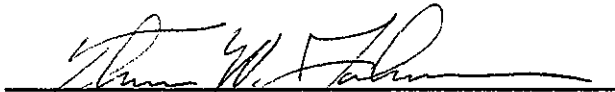
It is, therefore,


ORDERED, That OP&E's, OCC's and APJN's respective motions to intervene be granted. It is, further,

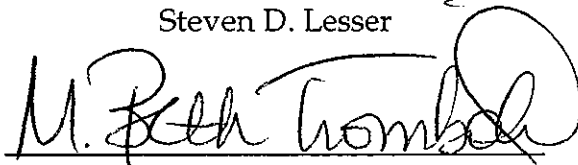
ORDERED, That AEP Ohio's motion for waiver of Ohio Adm.Code 4901:1-18-06(A)(2) is granted, as discussed and modified herein, provided AEP Ohio complies with the Commission's directives as set forth in this Entry. It is, further,

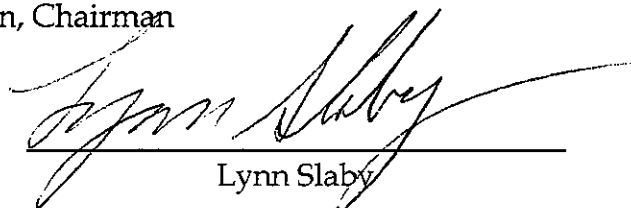
ORDERED, That a copy of this Entry be served upon all interested persons of record in this case.


THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser

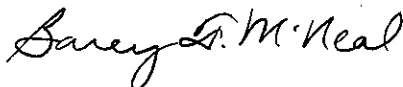

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Entered in the Journal **MAR 18 2015**


Barcy F. McNeal
Secretary