

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)	
Investigation of Ohio's Retail Electric)	Case No. 12-3151-EL-COI
Service Market.)	

In the Matter of the Market Development)	Case No. 14-2074-EL-EDI
Working Group.)	

OHIO POWER COMPANY'S INITIAL COMMENTS

Filed January 6, 2015

Ohio Power Company (AEP Ohio) hereby submits its Initial comments regarding the Staff Report filed in this docket on July 16th, 2015. Failure to address any particular recommendation should not be interpreted as agreement by AEP Ohio. The Company appreciates the opportunity to comment on this issue and reserves the right to file reply comments.

Instant Connect

AEP Ohio agrees with Staff's concerns regarding Instant Connect that customers may lose rights they would otherwise have absent the program. Customers often apply for new service within a short timeframe of needing service, or even after they have already moved into a new residence, and the focus is on simply securing service and not shopping or understanding options. It is also unreasonable to the extent that this process would void a customer's opportunity of a full 7-day rescission period. If such a protection is absent then Instant Connect could force customers to pay costly early termination fees if they sign a contract while in the rush of moving or to secure distribution service before they fully understand the terms.

The cost to implement such a program is also a serious concern. The cost to implement such a program verses the number of customers eligible (calling ahead enough to receive a 7 day rescission notice) and/ or would be interested in Instant Connect does not justify the expense to implement the costly IT changes which would be needed for AEP Ohio. Therefore, AEP Ohio agrees that Instant Connect is not a good viable solution at this time.

Contract Portability

AEP Ohio agrees with Staff's comments regarding Contract Portability concerning the time to implement and likely complications. Contract Portability would take a significant time to implement due to the fact that current contracts with suppliers do not include language informing the customer that they are obligated to take their existing contract with them if they move into a new location within the same EDU (electric distribution utility.) In addition, as Staff mentioned, there will be complications for customers who move in or out of various aggregation areas. Some contracts might not be allowed to be ported due to aggregation constraints. Other customers who move into an area may benefit from moving into an aggregation, but might not have an opportunity to participate due to an existing contract, or may face costly early termination fees if they want to leave their current contract to participate in an aggregation.

The Company would also point out that customers may benefit from moving to a new address. Moving may give them a way out of an unfavorable contract without having to pay an early termination fee. While such a program may benefit a few customers with a good contract rate, forcing customers to take a possible unfavorable contract to a new location would not be looked upon as a favorable move by customers. In addition, moving may allow a customer to again shop for special introductory offers which is a customer benefit of moving.

Seamless Move

AEP Ohio agrees with Staff's comments on Seamless Move would require the largest degree of system and project changes for EDUs. A Seamless Move situation is one that could

be difficult to implement. While Seamless Move does allow for customer consent, it places the responsibility of obtaining that consent of switching with Ohio EDU's. This adds greater call time to the Electric Utilities and can add to customer frustration when the EDU is not able to discuss in detail the choices the customer has. While Staff points out that EDU's would have a conversation with the customer regarding if they want to stay with their current supplier, the EDU's would not have access to discuss what their current supplier rates are, when their supplier contract expires, or if their current supplier could offer them a better rate. Staff also mentions that the EDU's could mention to a customer that they are moving into an aggregation area, but again, the EDU would not be able to discuss specific rate information for the customer to be able to make an educated decision at the time they call to start service. This could lead to greater customer frustration, and little use of a seamless move program, even if it were available.

As Staff also points out, in order to implement a seamless move, a customer would need to start service and stop service on the same day in order to move a contract seamlessly. Customers, who are selling a house while moving into a new one, or moving between locations, do not always start and stop service on the same day. Customers who are still in the process of selling a house will generally keep service on at the house they are trying to sell while they move into their new location. Since customers typically do not take possession of a property on the same day they must vacate their old place. Therefore, AEP Ohio views the Seamless Move option as a low volume customer benefit that has very complex programming and customer interface. Therefore, AEP Ohio agrees with Staff's recommendation not to implement a seamless move program.

Warm Transfer

AEP Ohio has some concerns with the Warm Transfer process as currently laid out by Staff, but does provide a proposal that addresses those concerns. The goal is to balance the ability to provide a willing customer all the information they need to make an informed decision within the context of the regulatory system provided by the Commission. There is a balance to ensure that education does not become advocacy and a legitimate concern that the Commission's rule requirements concerning call times does not interfere with customer education. A third party transfer process addresses all of these concerns.

As part of the settlement reached in Commission case 14-1693-EL-RDR and 14-1694-EL-AAM, AEP Ohio agreed to proposed a pilot program for Commission consideration providing a third party call transfer system. Specifically the settlement agreement pending before the Commission at page 19 states:

AEP Ohio will file a proposal for a pilot program in the comments due January 6, 2016, in the 12-3151-EL-COI docket. The proposal will be to establish a pilot program in the AEP Ohio service territory providing an EDU third-party agent call transfer process to educate and enroll interested customers moving and initiating service and to establish a procedure for the offering of a standard discount rate providing a guaranteed discount off the price to compare without early termination fees.

AEP Ohio offers the following proposal as committed to in its settlement agreement and asks that the Commission approve this pilot to further the issues under consideration in this proceeding.

AEP OHIO PROPSAL:

1. THIRD PARTY PROCESS

AEP Ohio proposes to leverage a third-party call center agent transfer process, where customers, at their consent, will be transferred to trained third-party agents who can handle the

customer conversation. Customers that may benefit from this process, based upon their consent, can be: 1) customers moving to a new premise wanting to keep their current CRES provider, 2) new customers moving into the AEP Ohio territory that wish to select a CRES provider they have already identified, 3) new or moving customers in the AEP Ohio territory that wish to participate in a standard discount rate option, or 4) new or moving customers that wish to learn more about Ohio Choice. Customers calling the AEP Ohio call center about moving into a new premise for the first time, or moving from an existing premise to a new premise will be given this option.

AEP Ohio's proposal to utilize a third party education system is the right option to address the warm transfer issue. Most importantly, the proposal ensures the customer has the proper amount of time and information to make an informed decision. A third party can have open conversations with new and moving customers about choice if they are currently not a shopping customer as well as if they are currently shopping and want to either keep their existing provider or see if there are any better offers in the state based on the Commission's Apples to Apples. A third party option allows a customer to have a conversation and not be 'on a clock' as they might be with an EDU due to their regulated call answer time rules. A third party handling the conversation with the customer also allows for a greater range of flexibility in tailoring the conversation to the customer's level of understanding and focus.

The logistics of AEP Ohio's proposal make sense for the Company's operations. The Company representative would transfer the new or moving customer, and associated customer information, to a third party for discussion. Ensuring a customer will know that they are being transferred to a legitimate third party that offers the potential for real savings, will give customers peace of mind about switching, that they might not get from CRES door

to door sales or mail offers. The intention is that the third party would be an agent of the Company and therefore be able to immediately receive the call and associated customer information to avoid repetitive information sharing by the customer. The EDUs can discuss the exact nature and responsibilities of the agent with Commission Staff to ensure the goals are reached. AEP Ohio believes utilizing a third party vendor could offer a customer more options than just a traditional warm transfer, but would accomplish the same goal.

A third party alternative is also a good approach for utilities. The structure does not tie up Company trunk lines, does not add significant time to customer calls, does not require additional staffing, does not require additional trunk lines, and does not add training requirements for call center agents regarding choice. The Company is then assured that its customers are provided the time needed to make a decision without being concerned by any time restraints placed on resources to meet the Commission's minimum answer time requirements under O.A.C. 4901:1-10-9(B).

If the pilot is successful and the concept is expanded then each EDU in the state could utilize a third party vendor of their choosing to get the right service for their telecommunication needs and to provide the best service to their customers. A third party system would also allow for each utility to submit a plan to laying out the specifics of how each utility would accomplish at minimum a type of third party choice program. Currently AEP Ohio has an agreement with a third party who can offer new and moving customers a one stop shop for signing up for needed services. AEP Ohio would utilize a transfer to an agent like this as its "warm transfer" process. The third party vendor can take time to explain how the customer's first bill will show they are standard service, but that their second bill will reflect the switch. Due to all the factors mentioned, AEP Ohio recommends and

supports the use of a third party vendor to achieve the results which the Staff recommended in their comments.

2. STANDARD DISCOUNT RATE OPTION

By utilizing a third party agent as proposed, a standard discount rate option for residential and small commercial customers can be offered for participating CRES providers, where customers not familiar with shopping can be introduced to Choice through a basic percentage off price-to-compare (PTC), with no early termination fees.¹ This option may be offered to interested customers on the phone with the third party agent. Terms of the discount rate would be developed with the PUCO staff and interested CRES providers, and provisions of the rate would be posted on the PUCO's Apples-to-Apples website. Working with Staff to develop details of standard discount rate can include such customer protections as no early termination fees, standard length of time the PTC offer lasts, ensuring a fixed rate remains after the initial contract term ends, and customer notification and options when the initial PTC contract rate expires. Customers opting into the standard discount rate option would be randomly assigned to participating CRES providers by the third party agent. The standard discount rate increases the options customers have in the Ohio electric Choice market, and provides a low-risk introduction to shopping for customers interested in participating in Choice. The standard discount rate option also offers an excellent opportunity to educate residential and small commercial customers while supporting competition among CRES providers.

¹ This concept was previously raised by RESA witness Dwayne R. Pickett in AEP Ohio's ESP III Proceeding in Commission Case 13-2385-EL-SSO. Mr. Pickett called his proposal the Market Energy Program and based it in part on a similar program offered in Pennsylvania.

AEP OHIO'S CONCERN WITH OPTIONS DISCUSSED

Aside from missing the benefits of the proposed third party transfer system, the alternatives raised in the Staff Report also have limitations making implementation difficult for AEP Ohio. There was a significant amount of conversation around this topic in the MDWG. The alternatives raised by Staff do not easily align with the AEP's telecommunications systems. There are two ways in which a Warm Transfer could occur for AEP Ohio:

Problem 1 "Trunk Looping." This is where an agent transfers the call to the CRES provider by looping the trunk (using the original inbound trunk and using an out bound trunk) and transferring the call to the CRES provider. In this scenario, AEP Ohio pays for the inbound and outbound telecom costs for the entire duration of the call until the CRES hangs up with the customer. This may require additional trunking to be installed. The volume of transfers and the duration of the call would determine if we would need to add additional trunks. In addition, this would most likely increase the need for staffing at the call center, adding additional costs to the program for both training costs and resource costs. In order to meet the current rules under O.A.C. 4901:1-10-09 (B) AEP Ohio may need to hire additional Staff or request a waiver from the existing rule since due to both the additional time added to the conversation between the agent and the customer, as well as the time the AEP agent is required to stay on the line until the Supplier picks up the phone, and the additional time it takes for an agent to hand over the call to a supplier. The utility also has no agency relationship with the CRES, therefore if a supplier fails to pick up the phone the assumption is that the utility is at fault when the responsiveness of the CRES is beyond the

utility's control. Likewise, if the CRES does not properly respond, the utility agent may need to have additional conversations with the customer to explain the CRES was unavailable adding even more time to the call and possibly creating an unhappy customer experience.

Problem 2 “Network Redirect.” For a network redirect, AEP would be required to modify the version of transfer connect used today for all Ohio calls to include the ability for AEP to bridge the call between the customer and the CRES provider (conference and transfer). There are concerns related to staffing as our agent is required to stay on the line until the CRES answers the call and assumes control. It should be noted that CRES call center response metrics are unregulated and EDUs have no idea how long customer service agents may be in queue with the customer. AEP would be required to pay the higher cost of conference and transfer for every call when many calls are currently handled by the lower cost version Consult and Transfer. If the CRES does not use AT&T, AEP continues to pay for the entire duration of the call. If AEP transfers to a CRES that uses AT&T, the charges would stop once the call is transferred to the CRES provider and the AEP agent releases the call once the CRES agent takes over the customers call. Again, as in the previous scenario, additional costs to conference and transfer all calls as well as train and hire new associates would be required to implement a Warm Transfer situation. Waiting for a CRES to answer a call and of a call goes unanswered or is dropped by a CRES, the customer may have a negative experience. Also, costs for this program would be inconsistent depending on the Suppliers telecom provider.

Conclusion

AEP Ohio appreciates the opportunity to provide these comments to the Commission regarding the Retail Market Investigation. The Company would urge the Commission to consider these comments and any subsequent comments filed by the Company.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments were served upon the interested parties below by electronic service this 6th day of January, 2016.

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Commission of Ohio Docketing Information System on

1/6/2016 5:17:43 PM

in

Case No(s). 12-3151-EL-COI, 14-2074-EL-EDI

Summary: Comments (Initial) electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company