

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Duke Energy Ohio, Inc. for a) Case No. 16-1096-EL-WVR
Waiver.)

**APPLICATION FOR WAIVER BY
DUKE ENERGY OHIO, INC.**

I. Introduction

Pursuant to Rule 4901:1-18-02, Ohio Administrative Code (O.A.C.), Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) respectfully requests a limited waiver of O.A.C. 4901:1-18-06(A)(2). This rule requires an electric utility such as Duke Energy Ohio to attempt personal notice of a pending disconnection of residential utility service for nonpayment on the day of the disconnection. Specifically, O.A.C. 4901:1-18-06(A)(2) provides that:

On the day of disconnection of service, the utility company shall provide the customer with personal notice. If the customer is not at home, the utility company shall provide personal notice to an adult consumer. If neither the customer nor an adult consumer is at home, the utility company shall attach written notice to the premise in a conspicuous location prior to disconnecting service.

Unlike the notices required under O.A.C. 4901:1-18-06(A)(5) and (B), there is no specific language that must be included in the day-of-disconnection notification. However, reading this requirement in conjunction with O.A.C. 4901:1-18-06(A)(4), it is reasonable to conclude that the day-of-disconnection notice is intended to provide a customer or adult consumer, should they acknowledge and interact with utility company personnel, an opportunity to make payment or other arrangements to avoid disconnection. Given the existence of advanced metering technology in the

Duke Energy Ohio service territory – technology that enables remote disconnections of electric service – the Company seeks here a limited waiver of the Commission’s notice requirement that would enable notification to be completed via alternate methods. Specifically, Duke Energy Ohio respectfully requests a waiver of the requirement that utility personnel physically appear at residential customers’ premises on the day of disconnection and, in lieu thereof, authority to initiate alternate efforts intended to inform customers of the disconnection. As discussed herein, this limited waiver will yield benefits to Duke Energy Ohio’s residential customers and thus it is supported by the public interest.

II. Notice of Disconnection for Nonpayment

Through its regulations, the Public Utilities Commission of Ohio (Commission) has established a process for notifying residential customers of pending disconnections of their utility service for nonpayment. Regardless of the time of year, this process includes a mandatory notice of disconnection that informs of the earliest date on which disconnection may occur.¹ Additionally, throughout the year, a utility company such as Duke Energy Ohio is obligated, under Commission regulation, to physically visit the premises on the day of disconnection and make, or attempt to make, contact. That is, on the day of disconnection and prior to completing such disconnection, a utility company is required to appear at the premises and attempt personal notification to either the customer or an adult consumer.² If these attempts are not successful, the utility company is permitted, under the rule, to affix a written notice at the premises in a conspicuous location. Finally, during the winter heating season, an additional notice is required for residential customers whose accounts are subject to disconnection for nonpayment.³

¹ O.A.C. 4901:1-18-06(A)(5)(b).

² O.A.C. 4901:1-18-06(A)(2).

³ O.A.C. 4901:1-18-06(B).

Duke Energy Ohio adheres to the aforementioned regulations and, on the day of disconnection, dispatches utility personnel to the residential premises regardless of the electric meter serving that dwelling.

III. Grid Modernization

Duke Energy Ohio has undertaken to modernize its grid with, among other investments, advanced metering infrastructure (AMI) that enables two-way communication with meters serving the majority of the Company's residential customers. As a result of this two-way communication and for those residential customers having such technology, the Company has the ability to disconnect and reconnect their service remotely, without sending a technician to physically perform the work. Importantly, for any residential customer with certified AMI and for whom service was disconnected, remote restoration may occur approximately one hour after the customer makes the appropriate payment and complies with the reconnection requirements.

The benefits of remote disconnections and reconnections are undisputed. Indeed, the Commission's auditor acknowledged such benefits at a time when only a fraction of Duke Energy Ohio's residential electric customers were served by AMI.⁴ The auditor further recognized that modest revision to existing Commission regulation would be needed to enable these benefits.⁵ However, because the Company previously agreed not to pursue such changes through 2015, the realization of the auditor's identified benefits was necessarily delayed.⁶ Notwithstanding this commitment and although the Company continues to incur operational costs associated with the day-of-disconnection notice requirement, the Company has provided

⁴ *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust and Set Its Gas and Electric Recovery Rates for 2010 Smart Grid Costs Under Riders AU and Rider DR-IM and Mid-Deployment Review of AMI/SmartGrid Program*, Case No. 10-2326-GE-RDR, Duke Energy Ohio Audit and Assessment, at pp. 71, 79 (June 30, 2011).

⁵ *Id.*, at pg. 79.

⁶ *In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM and Rider AU for 2010 Smart Grid Costs and Mid-Deployment Review*, Case No. 10-2326-GE-RDR, Stipulation and Recommendation, at pg. 19 (April 24, 2012).

the value of this unrealized operational benefit to customers as it continues to implement its AMI by reducing the revenue requirement in each rider proceeding by an amount that is equivalent to the total of the distribution share of operational savings derived from the MetaVu Report.

To appropriately align interests of customers and Duke Energy Ohio in order to fully realize the undeniable benefits associated with the Company's AMI as confirmed by MetaVu and to enable additional benefits, the Company now seeks a limited waiver from the Commission's rule that requires an attempt to make personal contact at the premises on the day of disconnection.

Specifically, Duke Energy Ohio requests Commission approval to discontinue its practice of physically appearing at residential customers' homes on the day of disconnection for the purpose of providing or attempting to provide notice as described under O.A.C. 4901:1-18-06(A)(2). The residential customers affected by this waiver would be those served by certified AMI technology, except as otherwise provided herein. The approval of the waiver will not increase the number of eligible disconnections; rather, it will only slightly change one aspect of the notification process. As noted by the Commission when it granted a similar waiver to the AEP Ohio:

The Commission is not persuaded that the mere installation of smart meters and approval of the waiver...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.⁷

Importantly, the waiver will permit all customers to realize the full benefit of the Company's AMI investment, allow for the appropriate alignment of costs, and both enable efficiencies and eliminate certain concerns in the disconnection procedures. As to the latter,

⁷ *In the Matter of the Application of Ohio Power Company for a Limited Waiver of Ohio Adm. Code 4901:1-18-06(A)(2)*, Case No. 13-1938-EL-WVR, Entry, at pg. 7 (March 18, 2015).

Duke Energy Ohio would be remiss if it did not acknowledge the public and employee safety issues that can arise in respect of the disconnection of utility service. Although not typical, the circumstances of a disconnection can give rise to underlying tension. And such tension or hostility is directed toward Company personnel, who physically arrive at a home for the limited purpose of providing one notice, after all other required notices of account delinquency have been made but uncured. Enabling a waiver from the strict requirement of personal appearance will necessarily eliminate any threats posed by such appearance, whether such threats emanate from persons, animals, or other hazardous conditions.

To eliminate concerns related to customers who may be disconnected, Duke Energy Ohio proposes the following safeguards in respect of its waiver request and the day-of-disconnection notice:

- Duke Energy Ohio will provide all residential customers a one-time bill insert that informs residential customers of the change in process and that no premises visit will occur for those residential customers served by certified AMI. This bill insert will be issued one month prior to the implementation of the new notification process requested herein.
- The Company will similarly include, on a permanent basis, a message in its notice required under O.A.C. 4901:1-18-06(A)(5) that a premises visit will no longer be made in those instances where a residential customer served by certified AMI is scheduled for disconnection.
- On the day of disconnection, the Company will attempt a day-of-disconnection text message to the customer that will include a link that will allow the customer to make a payment online, if so desired. This text message will be generated

beginning two hours before the earliest time at which the disconnection of service could be completed on that day.

- The Company will also attempt to contact the customer via telephone to relay an automated message informing of the scheduled disconnection and that payment can be made to avoid disconnection. This telephone message will be generated beginning two hours before the earliest time at which the disconnection of service could be completed on that day.
- The Company will send a notice, as required under O.A.C. 4901:1-18-06(B), throughout the year to all residential customers. Duke Energy Ohio will include, on a permanent basis, a message in this notice that a premises visit will no longer be made in those instances where a residential customer served by certified AMI is scheduled for disconnection.
- Call center respondents will remind residential electric customers who contact the Company regarding pending disconnection for nonpayment that no Company representative will come to their premises on day of disconnection.
- No remote disconnections will occur before 10:00 a.m. (ET) in order to enable customers to respond to the text and/or telephone message and minimize disruption to customary morning activities.
- The Company will continue, on the day of disconnection, to visit the premises of residential customers who are classified as Critical Care customers pursuant to the Commission's regulations.
- If Duke Energy Ohio learns that a residential customer who meets the definition of a Critical Care customer but who has not requested participation in the

Company's program has been remotely disconnected, it will restore that customer's service as soon as practicable after obtaining such actual knowledge and will provide the customer with information necessary for that customer to request the Critical Care classification on their residential account.

Duke Energy Ohio believes that the additional notifications to those residential customers eligible for disconnection satisfy the intent of the Commission's relevant regulations. Indeed, throughout the year, residential electric customers will be receiving notice ten days prior to the identified disconnection date – a notice that is not currently required outside of the winter heating season. Further, on the day of disconnection, Duke Energy Ohio will attempt to contact customers via both text and telephone, using messages that either contain links to enable efficient payment or information necessary to avoid disconnection.

The Company submits that its waiver request is beneficial to customers – more notices will be provided; additional information to expedite payment or enter into arrangements to avoid disconnection will be supplied. In eliminating the obligation of utility personnel to complete a premises visit, the Company's waiver request enables efficiency and proper cost alignment while removing potential threats to public and employee safety. The request, therefore, has ongoing, sustained benefits. However, to demonstrate the suitability of the Company's proposed alternate notification process, Duke Energy Ohio proposes here that its waiver request be undertaken as a pilot, with the initial term commencing upon Commission approval of this application but no later than August 1, 2016, and concluding on July 31, 2019. The identified initial duration of the pilot would enable inclusion of two winter heating seasons, as defined by Commission regulation.

During the initial term of the pilot, Duke Energy Ohio will collect data on the following topics:

- Number of automated text messages initiated by Duke Energy Ohio.
- Number of automated telephone calls initiated by Duke Energy Ohio.
 - Number of such calls answered by a person.
 - Number of such calls retrieved by an answering machine.
- Of the residential customers to whom an automated text and/or telephone message was sent, the number who avoided the disconnection by making the required payment.
- Of the residential customers to whom an automated text and/or telephone message was sent, the number whose electric service was disconnected.
- The number of residential customers for whom electric service was reconnected.
- The number of formal Commission complaints concerning disconnection without a premises visit.
- The number of escalated complaints to Duke Energy Ohio concerning disconnection without a premises visit.

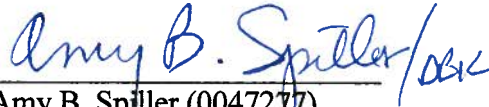
Within thirty days of the conclusion of the initial term of the pilot on July 31, 2019, Duke Energy Ohio will make the data available to Staff so that Staff may evaluate the success of the pilot and, as appropriate, recommend possible enhancements thereto. To minimize customer confusion, inefficiencies, and unnecessary cost, Duke Energy Ohio will continue to adhere to the parameters of the pilot during the review period and, unless otherwise ordered by the Commission, after such review period has concluded.

For the reasons stated above, Duke Energy Ohio respectfully requests a waiver of O.A.C.

4901:1-18-06(A)(2).

Respectfully submitted,

DUKE ENERGY OHIO, INC.

Handwritten signature of Amy B. Spiller in blue ink, with a horizontal line underneath the signature.

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Summary: Application Application for Waiver by Duke Energy Ohio, Inc. electronically filed by Dianne Kuhnell on behalf of Duke Energy Ohio, Inc. and Spiller, Amy B. and Watts, Elizabeth H.