

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Applications of Ohio)	Case No. 13-1938-EL-WVR
Power Company for a Limited Waiver of)	Case No. 17-1380-EL-WVR
Ohio Adm. Code 4901:1-18-06(A)(2).)	Case No. 17-1381-EL-WVR

**OHIO POWER COMPANY’S REPLY COMMENTS REGARDING THE EVALUATION
OF THE REMOTE DISCONNECTION PILOT**

I. INTRODUCTION

Ohio Power Company (“AEP Ohio” or the “Company”) hereby submits reply comments regarding the evaluation of its remote disconnection pilot (“Pilot”) through August 1, 2017. As the Company demonstrated in its initial comments filed September 18, 2017, the Pilot has been a success and has led to customer savings, increased customer awareness and understanding of the disconnection process, an overall reduction in the number of monthly disconnections within the Pilot area, and increased safety for AEP Ohio employees. The additional in-person notification requirement recommended by Commission Staff is unnecessary, would be costly to implement, and would undermine the operational benefits associated with the Pilot. The Office of the Ohio Consumers’ Counsel’s (OCC) comments are either predicated on incorrect information or are otherwise inadvisable. As discussed in further detail below, AEP Ohio recommends not only that the Pilot program continue as it stands, but also that it be expanded without modification.

II. RESPONSE TO STAFF’S REVIEW & RECOMMENDATIONS

Staff filed comments and recommendations that generally support extending the Pilot in the gridSMART Phase 1 area and expanding the program to the gridSMART Phase 2 rollout, as the Company has proposed. Looking at monthly metrics that the Company provided for the period from September 2015 through August 2017, Staff noted that 49% of automated calls

made 48 hours prior to disconnection resulted in the customer making a payment and thus avoided disconnection and the associated \$53 disconnection fee. (Staff Review and Recommendations at 2.) Staff also noted that 14% of automated calls were unsuccessful. Based on that data, Staff recommends, for both the current Phase 1 and expanded Phase 2 areas, that the Commission require AEP Ohio to send an employee to the door on the day of disconnection to deliver personal notice if the Company was unsuccessful in reaching the customer through an automated telephone call. (*Id.* at 3-4.)

AEP Ohio has several concerns with this recommendation. As Staff itself noted, the Company received only 3 complaints regarding not receiving personal notice on the day of disconnection over the 2 year life of the Pilot, and each of those complaints were early in the process. The Commission has previously considered, and correctly determined, that the additional communications the Company agreed to for the Pilot – and that the Company is currently providing – are sufficient and appropriate to meet the notice requirements of R.C. 4933.122. Case No. 13-1938-EL-WVR (“*Waiver Case*”), Entry at 8 (Mar. 18, 2015); Second Entry on Rehearing at 4 (Sept. 9, 2015). Under the current, Commission-approved protocol, customers receive multiple notices through the mail regarding pending disconnections. Generally, customers receive three notices through the mail prior to disconnection. This is in addition to the telephone call that they receive 48 hours before disconnection. The Company also provided customers with a postcard that communicated the change in the process, as well as a permanent bill message for customers in the Pilot area.

AEP Ohio is also concerned that changing the process now to send an employee out to the premises on the day of disconnection will cause customer confusion, especially in the Phase 1 area, as it would be inconsistent with the process that has been communicated on customers’

monthly bills for the past 24 months. Customers may assume that the person at the door is someone posing as an AEP Ohio employee and is committing fraud. Many cases of fraud have been reported by customers regarding third parties claiming to be AEP Ohio representatives who are threatening disconnection if payment is not made immediately. In addition, if the Company is not able to make contact via telephone call one month and is able to do so the next, a customer would receive in-person notice on the day of disconnection for the first month but not in the second month, creating inconsistencies and likely resulting in further confusion for the customer.

Moreover, in order to implement the personal notice Staff suggests, AEP Ohio would not only have to re-write the existing IT system, but would also need to hire and train staff to deliver in-person notice. As a result, the Company and ratepayers would incur expense associated with re-writing the current program, and the unplanned additional work will also delay other projects that are currently in development to improve customer experience. The necessary hiring and training of staff to implement the personal notification requirement would also be costly and time consuming. The costs on all customers associated with implementing Staff's recommendation are disproportionately high given that only 3 out of 130,000 customers over 2 years raised concerns over not receiving a day of disconnect notice.

Further, although Staff noted that 14% of calls during the Pilot were unsuccessful, the Company is unsure how many of those calls were made to unique individuals. Many of the attempts month after month could have been made to the same customers. It is unreasonable that AEP Ohio be expected to visit the same customers monthly to provide additional individual notice when other customers who have provided proper contact information do not receive the same notice. Customers who have current telephone numbers and clean out their voicemail messages could end up paying for the Company to repeatedly provide in-person notification to

the same set of customers over and over again, which would undermine any ephemeral customer protection benefits that in-person notice might provide.

Relatedly, the Company depends on having current customer contact information, which is important so that the Company is able to contact customers regarding planned outages, restoration updates, and other important matters. The Company believes that an unintended consequence of Staff's recommendation may be that customers will not provide their correct contact information to the Company in order to delay or avoid remote disconnection if Staff's recommendations are approved.

The suggested modifications also have a financial impact to the entire customer base. The Company agreed to provide operational benefits through the gridSMART Phase 2 rider until the audit could be completed to quantify the exact benefits. Staff's proposed change to the notification requirements will require the Company to employ additional resources in the areas in which AMI meters are deployed, as discussed above. This change also would prevent the full extent of operational benefits associated with AMI to be passed back to all customers.

For these reasons, AEP Ohio believes the Commission should reject Staff's personal notice recommendation. Nonetheless, the Company is willing to offer an alternative recommendation that it believes will address Staff's concerns. The Commission could revisit Staff's current recommendation, if warranted, after additional data is received from the extended waiver. Alternatively, AEP Ohio could include communications to customers asking for updated contact information on the two postcards that will be provided in the Phase II waiver area. The postcards already provide an explanation of the change in the disconnection process, and if it is the customer's desire to receive telephone notification, the customer would be responsible for assuring that their contact information on record with the Company is correct and up to date.

This would help ensure the Company has correct contact information for customers to receive the 48-hour telephone call. In order to address Staff's concerns regarding a customer missing the 48-hour telephone call, the Company proposes the following process as an alternative to a personal visit:

1. The Company calls the customer for the 10-day disconnect notice, consistent with the current process.
2. If the Company is unable to reach the customer on the first two attempts of the 10-day disconnect notice call:
 - a. The Company will schedule its third call around 6 pm to attempt to reach the customer.
 - b. If the Company is unable to reach the customer by telephone for the 10-day disconnect notice after three attempts, the Company will send the 10-day disconnect notice by mail.
 - c. In order to avoid possibly also not reaching the customer for the 48-hour telephone call prior to disconnection, the Company will send an additional notice to the customer five days prior to disconnection. This additional notice would typically be received by the customer about 2 days prior to disconnection. AEP Ohio commits to work with Staff to develop this new customer communication.
 - d. The Company will still attempt to contact the customer by telephone approximately 48 hours prior to disconnection regardless of an additional letter being sent to the customer.
 - e. If the first two 48-hour notice telephone calls to the customer are unsuccessful, the Company will attempt a call around 6 pm to reach the customer.
3. If the Company is able to reach the customer during the 10-day disconnection telephone call the current process, as implemented in the current waiver pilot area, would remain.

The Company believes the additional communication outlined above will be an effective communication protocol and addresses Staff's concerns regarding customers who do not receive the 48-hour telephone call.

AEP Ohio is in agreement with Staff's additional recommendation to collect monthly data metrics and report them to Staff on an annual basis on or around July 1 of each year for the

duration of the extended and expanded Pilot. AEP Ohio is also in agreement with Staff's recommendation to send two postcards to all customers regarding the change in disconnection process in the Phase 2 area. AEP Ohio will work with Staff regarding those customer communications.

III. RESPONSE TO OCC'S COMMENTS

A. Customers in the Pilot area are not being disconnected for non-payment at a disproportionately high rate.

OCC continues to claim that the Pilot program caused a 41 percent increase in disconnections between 2015 and 2016. This is not the case. Although OCC has the data for the number of disconnections performed in AEP Ohio's service territory and in the Pilot area during this timeframe, OCC presents no evidence that the increase in disconnections is tied to the program. What actually can cause increases and decreases in disconnection rates are factors such as staffing to perform disconnections, weather impacts (lowers or raises bill amounts due), temperature impacts (the Company will not disconnect customers in years with extreme temperature days), and the number of customers eligible to be disconnected (impacted by the economy, low income program availability, etc.). In fourth quarter 2015, AEP Ohio hired approximately 10 additional contractors to help perform disconnection work. Additionally, the 2015-2016 winter was mild and had fewer extreme temperature days than in previous winters. It is therefore no surprise that the disconnection rate increased from 2015 to 2016, although it is highly unlikely that these factors affected disconnection rates during the same time period as the beginning of the remote disconnect waiver Pilot. OCC's contention that the increase in the disconnection rate for 2016 was only attributable to the Pilot without any supporting information is unpersuasive.

OCC's repeated contention that residential customers in the Pilot waiver area are being disconnected at a disproportionately high rate is also incorrect. OCC previously advanced this argument in its August 11, 2017 Application for Rehearing in this case. As AEP Ohio explained in its Memorandum Contra that application for rehearing, and as Staff's Review and Recommendations confirms, OCC's comparison of the percentage of total disconnections that occurred in the Pilot area (29.7%) with the percentage of total residential customers residing in the Pilot area (10%) disregards that the disconnection rate in the Pilot area was significantly higher than 10% – indeed, was roughly 20% – in the year before the Pilot began. (*See* Staff Review and Recommendations at 3.) As Staff correctly concluded, disconnections in the Phase 1 area are proportionately higher than disconnections for nonpayment system-wide, as expected in light of the efficiencies made possible by smart meters being deployed in the Phase 1 area. (*Id.*) The increase also is not disproportionate when other variables are accounted for such as weather, the number of employees, the availability of low income support funds, and the number of customer delinquencies – all of which independently affect the disconnection rate.

B. The 48-hour automated call prior to disconnection provides sufficient notice to customers prior to disconnection.

As discussed above, AEP Ohio added additional communications to customers as part of this Pilot program, and one of those communications was an automated telephone call. This call has been very successful in reaching customers 48 hours prior to disconnection. As noted above, only 14% of calls were unsuccessful in reaching the customer. It is unknown what the customer contact success rate is for in-person notification (although one can logically anticipate that more people would answer their telephone than answer their door); OCC nonetheless implies – without any data or other support – that customers are receiving less notice. The data collected during Phase 1 of the Pilot belies OCC's position. As Staff notes, 49 percent of automated calls

resulted in the customer making a payment to avoid disconnection. (Staff Review and Recommendations at 2.) In AEP Ohio's original application, the Company cited that only 5.8 percent of customers requested an extension of time to pay their bill on the day of disconnect when AEP Ohio was knocking on the door. Therefore, the 48-hour telephone call is an adequate substitute for in-person notification prior to disconnection. It is important to remember as well that customers are given several notices of disconnection through the mail prior to being disconnected, which the Company discussed in Section II above.

C. AEP Ohio did not remotely disconnect any vulnerable customers it had identified during this Pilot

OCC claims that, because data from the U.S. Census Bureau estimates that 11.3 percent of the population in Franklin County is over the age of 65 and 14.3 percent of the population is disabled, AEP Ohio should have shown more hold for vulnerable customer disconnects. Again, the data that OCC has presented is not reflective of the Pilot area and does not facilitate an apples-to-apples comparison. Being over age 65 does not automatically make a customer a vulnerable customer. Age alone does not determine a vulnerable customer. Vulnerable customers are those who generally lack the capacity to understand that their bill is due and what those consequences are if left unpaid. Along those same lines, not all disabled customers lack the mental capacity to understand the billing process. Many of those that do have issues also have support to help with bills in the same household and therefore may not show up on the Company's vulnerable customer list. Moreover, not all customers, whether over the age of 65 or disabled, have utility debt. It would be incorrect (and inappropriate) to assume that all customers over a certain age or who are disabled would be disconnected for nonpayment. Therefore, the Commission should disregard OCC's illogical assertion that the number of vulnerable customers is too low.

AEP Ohio will continue to add customers to the vulnerable customer lists, when it finds them or is notified about them, to ensure that customers are protected. AEP Ohio's goal in this process is to utilize system efficiencies and to reduce costs to customers, it is not in any way to harm customers. Therefore, AEP Ohio's current system in place to mark a vulnerable customer and avoid remote disconnection is sufficient.

D. The Company's reconnection fees are fair and are approved by the PUCO.

OCC's claim that AEP Ohio is overcharging customers through the current disconnection rate of \$53 is also incorrect. When AEP Ohio established the \$53 fee, the Company took into consideration the cost savings associated with not sending a person for day of disconnection notice, discounting the charge from \$57 to \$53. These cost savings, which all customers benefit from, have been built into the current fees since January 2012. Since all customers pay for the technology to implement this program, all customers received the benefit of a lowered reconnection fee and all customers also pay the disconnect/reconnect fee as to not give Pilot customers and additional advantage. OCC's contention that AEP Ohio must be overcharging customers because AEP Ohio could not specifically provide that dollar amount of cost savings during the Pilot ignores these facts. Furthermore, in discovery, OCC sought information about the costs the Company incurs to remotely reconnect a customer, not about what costs are included in the \$53 dollar charge. The \$53 charge is what the Company saves by implementing the remote features on both disconnect and reconnect processes. OCC's argument actually highlights that customers have received savings from January 2012 through the beginning of the Phase I remote disconnect pilot without the Company recognizing cost reductions. In the gridSMART Phase II Stipulation, the parties agreed that the Company would provide a credit of \$400,000 per quarter, beginning in fourth quarter 2017, in order to reflect operational savings.

See Case No. 13-1939-EL-RDR, Opinion and Order at ¶ 34 (Feb. 1, 2017). For the Phase I Pilot, customers have been receiving the benefit for years absent AEP Ohio seeing the reduction in costs until the remote pilot was implemented. For Phase II, the rider passes back \$400,000 per quarter and there will be an audit performed on the operational savings, from which the Company has agreed to pass back those operational savings. *Id.* at ¶ 34-35. OCC's comments are incorrect and an attempt to re-litigate both the base distribution stipulation as well as the gridSMART Phase II Stipulation. The Commission should reject them on this basis as well.

IV. CONCLUSION

For all of the foregoing reasons, and those set forth in the Company's Initial Comments filed September 18, 2017, AEP Ohio respectfully submits that the Commission should determine that the remote disconnection Pilot was a success over its initial two-year term. AEP Ohio agrees to Staff's recommendations except for day of disconnection notice. This extra step in the waiver process harms customers in several ways as AEP Ohio has outlined above

Respectfully submitted,

/s/ Christen M. Blend

Steven T. Nourse (0046705)

Christen M. Blend (0086881)

American Electric Power Service Corp.

1 Riverside Plaza, 29th Floor

Columbus, OH 43215

Tel.: (614) 716-1608

(614) 716-1915

Fax: (614) 716-2014

Email: stnourse@aep.com

cblend@aep.com

(willing to accept service by e-mail)

Counsel for Ohio Power Company

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing Reply Comments were sent by, or on behalf of, the undersigned counsel to the following parties of record this 2nd day of October, 2017, via electronic transmission.

/s/Christen M. Blend

Christen M. Blend

EMAIL SERVICE

william.wright@ohioattorneygeneral.com
cmooney@ohiopartners.com
terry.etter@occ.ohio.gov

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Summary: Reply - Ohio Power Company's Reply Comments Regarding the Evaluation of the Remote Disconnection Pilot electronically filed by Ms. Christen M. Blend on behalf of Ohio Power Company