

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application 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

**REPLY COMMENTS EVALUATING THE PILOT PROGRAM FOR REMOTE
DISCONNECTION OF CUSTOMERS' ELECTRIC SERVICE
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
AND
OHIO PARTNERS FOR AFFORDABLE ENERGY**

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I. INTRODUCTION

Under Ohio law, customers have the right to in-person notice at their homes on the day their electric service is to be disconnected for nonpayment. Utilities must notify the customer in person, or notify an adult consumer in person if the customer is not home, or place a written notice in a conspicuous place at the residence if no one is home.¹ In-person notice is important because it gives customers one last opportunity to make a payment or make payment arrangements before service is disconnected.

In 2015, the Public Utilities Commission of Ohio (“PUCO”) granted Ohio Power Company (“AEP Ohio”) a temporary waiver of the in-person notice requirement as a two-year pilot program.² AEP Ohio sought the waiver so it could use the remote disconnection function of the advanced meters in lieu of the in-person visit required by

¹ Ohio Adm. Code 4901:1-18-06(A)(2) (“Rule 6(A)(2)”).

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

Rule 6(A)(2).³ With the remote disconnection function of advanced meters, AEP Ohio incurs less in expenses than it would otherwise incur when AEP Ohio employees have to visit individual homes, giving personal notice.

Under the waiver, instead of in-person notice on the day service is to be disconnected, customers receive additional written notices and an automated telephone call (“robocall”) 48 hours before service is to be disconnected. The waiver was limited to the residential customers in AEP Ohio’s gridSMART Phase 1 area who have advanced electric meters on their homes. The PUCO granted the waiver as a pilot program so that the alternative notice process could be evaluated.⁴

Now, AEP Ohio wants to continue the waiver in the Phase 1 area⁵ and expand it to the gridSMART Phase 2 area.⁶ In response to a PUCO Entry, the Office of the Ohio Consumers’ Counsel (“OCC”) and Ohio Partners for Affordable Energy (“OPAE”) filed Comments evaluating the pilot. We recommended that, to protect consumers, the PUCO reject AEP Ohio’s requests. The PUCO Staff and AEP Ohio filed in support of continuing and expanding the waiver, but apparently not as a pilot program. In these Reply Comments, we respond to the comments supporting the waiver and further explain why AEP Ohio’s requests should be denied.

³ See *id.*, Application (September 13, 2013) at 2-3.

⁴ March 2015 Entry, ¶33.

⁵ *In the Matter of the Application of Ohio Power Company for a Limited Waiver of Rule 4901:1-18-06(A)(2), Ohio Administrative Code*, Case No. 17-1380-EL-WVR, Motion for Extension of a Limited Waiver (June 1, 2017).

⁶ *In the Matter of the Application of Ohio Power Company for a Limited Waiver of Rule 4901:1-18-06(A)(2), Ohio Administrative Code*, Case No. 17-1381-EL-WVR, Motion for Expansion of an Existing Waiver (June 1, 2017).

II. EVALUATION AND RECOMMENDATIONS

A. **AEP Ohio's waiver requests should be denied because under the disconnection waiver pilot, consumers were disconnected for nonpayment at a disproportionately high rate compared to other customers receiving in-person notice.**

In our Comments, we noted that residential customers in the Phase 1 area were disconnected for nonpayment at a disproportionately high rate compared to AEP Ohio residential customers outside the Phase 1 area.⁷ Residential customers in the Phase 1 area comprise only about 11 percent of AEP Ohio's 1.2 million residential customers. Yet they accounted for 29.7 percent of all AEP Ohio disconnections for nonpayment in the 2016 reporting year and 29.2 percent for the 2017 reporting year.⁸ This suggests that the waiver's process for disconnecting residential customers is not as effective for allowing customers to avoid disconnection as the process in Rule 6(A)(2).

The PUCO Staff noted that before the waiver was approved, disconnection of residential customers for nonpayment in the Phase 1 area accounted for about 19 percent of AEP Ohio's total residential disconnections.⁹ But the PUCO Staff doesn't appear to be particularly concerned that disconnection of residential customers' electric service jumped by ten percent in the Phase 1 area during the pilot. The PUCO Staff stated that it "is not surprised to observe that disconnections for nonpayment in the Phase 1 area are proportionately higher than disconnections for nonpayment system-wide."¹⁰

The PUCO should be more concerned than the PUCO Staff apparently is. The pilot shows that remotely disconnecting residential customers' electric service for

⁷ OCC/OPAE Comments at 3-5.

⁸ *Id.* at 5.

⁹ PUCO Staff Comments at 3.

¹⁰ *Id.*

nonpayment dramatically increases the number of residential customers who lose electric service. Losing electric service can jeopardize the health and safety of consumers and increase their expenses through reconnection charges. This is harmful to consumers.

Before the pilot, residential customers disconnected for nonpayment accounted for 19 percent of AEP Ohio's system-wide residential disconnections.¹¹ According to AEP Ohio's 2015 disconnection report, during the year before the pilot began 96,456 residential customers were disconnected for nonpayment.¹² Thus, approximately 18,327 residential customers were disconnected for nonpayment in the Phase 1 area, or about 1,527 per month. In the 23 months covered by the data from the pilot, 70,488 residential customers were disconnected for nonpayment,¹³ approximately 3,065 per month. Thus, the number of residential customers disconnected for nonpayment in the Phase 1 area each month *more than doubled* during the pilot.

If the waiver is expanded to AEP Ohio's entire service territory, as is proposed in Case No. 17-1381, thousands more Ohioans may lose their electric service. AEP Ohio is planning to install advanced meters in the rest of its service territory – an additional 894,000 advanced meters – as part of gridSMART Phase 2.¹⁴ The advanced meters are expected to be installed over the next four years.¹⁵ AEP Ohio disconnected 118,447 residential customers during the 2017 reporting year.¹⁶ Based on the results from the

¹¹ See *id.*

¹² See Case No. 15-882-GE-UNC, Ohio Power's disconnection report (June 30, 2015).

¹³ See AEP Ohio Comments at 4.

¹⁴ See *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of Its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR, Order (February 1, 2017), ¶67.

¹⁵ *Id.*

¹⁶ See Case No. 17-1069-GE-UNC, Ohio Power's disconnection report (June 21, 2017).

pilot, more than 236,000 residential customers would be disconnected for nonpayment during the fourth year of gridSMART Phase 2. The PUCO should be very concerned about the likelihood that thousands more residential customers may lose their electric service because of remote disconnections.

AEP Ohio's arguments regarding the effect of the waiver on disconnections also are without merit. AEP Ohio claims that the number of disconnections in the pilot area trended downward, from about 3,430 in the first six months of the pilot to about 2,188 in the last six months.¹⁷ AEP Ohio claims that this shows that under the waiver, customers are "better able to manage their finances and make necessary decisions...."¹⁸ AEP Ohio makes too broad an assumption.

If the 48-hour robocalls had the effect AEP Ohio claims, the decline in residential disconnections in the Phase 1 area should have greatly reduced its share of residential customers disconnected for nonpayment in AEP Ohio's service territory. Instead, the Phase 1 area's share of residential disconnections remained about the same.

As we noted in our Comments, the number of residential customers disconnected throughout AEP Ohio's service territory in the 2017 reporting year declined by about 17,000 from the 2016 reporting year.¹⁹ But the Phase 1 area still accounted for roughly the same percentage of overall AEP Ohio disconnections: 29.7 percent in 2016 and 29.2 percent in 2017.²⁰ Thus, the rate of residential customers who were disconnected for

¹⁷ AEP Ohio Comments at 7.

¹⁸ *Id.*

¹⁹ OCC/OPAE Comments at 4, showing that AEP Ohio disconnected 135,872 residential customers during the twelve months ending May 31, 2016 and 118,447 during the 12 months ending May 31, 2017. Nevertheless, because residential disconnections in AEP Ohio's service territory are still 20 percent above the number from 2015, the PUCO should examine AEP Ohio's overall disconnection practices.

²⁰ *Id.*

nonpayment outside the Phase 1 area (who were not subject to the waiver) declined at about the same rate as those within the Phase 1 area. The waiver had little, if anything, to do with the decline in the number of residential customers who were disconnected for nonpayment.

Attached to these Reply Comments is a graph (Graph 2) depicting the monthly residential disconnections for the entire AEP Ohio service territory from September 2015 (the first month data was collected for the pilot) through May 2017 (the last month available in AEP Ohio's latest disconnection report). Comparing the same period in the pilot area²¹ shows that the two trend lines are nearly identical. Thus, it appears that factors other than the waiver's notification process likely contributed to fewer residential customers being disconnected for nonpayment in the Phase 1 area.

This means that replacing the consumer protections of Rule 6(A)(2) with the customer notification process used in the pilot area did not have the positive effect AEP Ohio alleges. To the contrary, because the number of residential customers disconnected in the Phase 1 area more than doubled during the pilot, the notification process had a severe detrimental effect on customers.

AEP Ohio also lists seven benefits from having an established time for disconnection of service.²² Most, if not all, of the "benefits" are available with the in-person notice provision of Rule 6(A)(2). The same is true about the assistance programs identified on page 6 of AEP Ohio's comments.

²¹ Provided in Graph 1 from AEP Ohio's comments at 7 (also in the attachment).

²² AEP Ohio Comments at 5.

A robocall 48 hours before disconnection is a poor substitute for the in-person notice on the day utility service is to be disconnected required by Rule 6(A)(2). The PUCO should reject continuing the reduced protections for residential customers in the Phase 1 area and expanding the waiver to residential customers in the Phase 2 area.

B. The PUCO Staff's recommendations for continuing the waiver in the Phase 1 area and expanding the waiver to the Phase 2 area do not adequately protect consumers.

The PUCO Staff's recommendations for continuing the waiver in the Phase 1 area and expanding it to Phase 2 would not alleviate the harm to consumers discussed above. The PUCO Staff recommends two conditions for extending the pilot in the Phase 1 area and expanding it to Phase 2. First, if the automated call made 48 hours prior to disconnection is not answered by either a live person or a recording system, AEP Ohio will send an employee to the customer's home to provide personal notice on the day of disconnection.²³ Second, AEP Ohio will continue collecting data and will provide it to the PUCO Staff annually or if otherwise requested by the Staff.²⁴ In addition, for expanding the waiver to the Phase 2 area, the PUCO Staff recommends that customers receive two postcards advising them of the change in disconnection procedures.²⁵ This was also proposed by AEP Ohio.²⁶ None of these recommendations would adequately protect residential customers from disconnection for nonpayment.

While sending an employee to the premises if robocalls went unanswered would help make sure those customers received notice, robocalls still are not an adequate

²³ PUCO Staff Comments at 3.

²⁴ *Id.* at 4.

²⁵ *Id.*

²⁶ Case No. 17-1380-EL-WVR, Motion for Waiver (June 1, 2017) at 3.

substitute for in-person notice for all customers. Because consumers receive so many robocalls during the course of a day,²⁷ most consumers ignore them or delete them from answering systems without hearing the message.

The additional postcards to customers with advanced meters explaining that they will no longer receive in-person notice may be of little value. Most customers likely have never received a disconnection notice.²⁸ They are likely not aware of the process in Rule 6(A)(2), so informing them of a change in the process may not be important to them. Plus, many do not face imminent disconnection, so they will take little notice of a change in the disconnection process.

As for the continued collection of data by AEP Ohio, the PUCO Staff does not explain what will be done with the data. There apparently is no plan for using the data. The PUCO Staff does not suggest that the PUCO conduct a formal review of the waiver each year or at any other time. It is unclear how collecting the data will help consumers who are being disconnected for nonpayment at a disproportionately high rate.

The PUCO Staff's recommendations do not adequately address the dramatic increase in disconnection of residential customers' electric service during the Phase 1 pilot. The data from the pilot do not justify continuation of the waiver in AEP Ohio's service territory. To protect consumers, the PUCO should deny the requests to extend the waiver in the gridSMART Phase 1 area and to expand it to the gridSMART Phase 2 area.

²⁷ One report shows that 2.3 billion robocalls were made in the U.S. during one month alone. <https://www.consumeraffairs.com/news/report-calculates-that-23-billion-robocalls-were-made-in-the-us-in-january-alone-021916.html>.

²⁸ According to AEP Ohio's 2017 annual report, it sent out a total of 2,077,858 final disconnection notices to residential customers during that reporting year, an average of 173,154 per month. The monthly average is only 14 percent of AEP Ohio's 1.2 million residential customers. Thus, 86 percent of residential customers (approximately six out of seven) do not receive a final disconnection notice in a given month.

C. The PUCO should find out why only one “vulnerable” customer was identified and received in-person notice before electric service was disconnected, even though there were more than 70,000 instances where Phase 1 area customers were disconnected for nonpayment without in-person notice during the two-year pilot.

AEP Ohio committed to provide in-person notices prior to disconnecting electric service for “vulnerable” customers within the Phase 1 area.²⁹ AEP Ohio defined vulnerable customers as “those with either an advanced age over 60 years old and has shown difficulty in the past with comprehension of AEP Ohio’s practices or procedures, someone with mental impairments who therefore is unable to comprehend the bill/disconnection notice, a customer marked with either life support and/or medical certificates as verified by physicians, or a customer identified as ‘vulnerable’ through interactions with the company, social workers, physicians, law enforcement or other officials who deem the customer as such.”³⁰

During the two-year pilot, AEP Ohio identified only one “vulnerable” customer in the Phase 1 area who received an in-person notice on the day service was disconnected.³¹ But 70,488 residential customers in the Phase 1 area were disconnected for nonpayment during the two-year pilot,³² making it improbable that there was only one vulnerable customer. The PUCO Staff’s comments did not address the matter of identifying vulnerable customers, and AEP Ohio made only superfluous mention of the issue.³³ The

²⁹ Case No. 13-1938-EL-WVR, Application (September 13, 2013) at 2.

³⁰ *Id.* at 2-3.

³¹ OCC/OPAE Comments at 7.

³² *See* AEP Ohio Comments at 4.

³³ *Id.* at 5.

PUCO should be concerned that vulnerable customers are not properly identified under the process that replaced the consumer protections in Rule 6(A)(2) under the waiver.

It is statistically improbable that out of the 70,488 residential customers in the Phase 1 area who were disconnected for nonpayment during the two-year pilot, only one customer was identified as a “vulnerable” customer. More than 11.3 percent of the population in Franklin County is over the age of 65.³⁴ Based on just age alone, it is unreasonable that only one customer during the two-year period would be identified as “vulnerable” and receive in-person notice before the electricity was shut off.

The policy of the state of Ohio requires protection of at-risk populations.³⁵ Yet, AEP Ohio’s process for identifying “vulnerable” customers inadequately protected at-risk consumers in the pilot area. Thus, the process violates state policy. Based on the data from the pilot, the PUCO should not extend the waiver in the Phase 1 area or expand the waiver to Phase 2.

D. AEP Ohio’s claims of savings for consumers are without merit.

As part of the pilot, AEP Ohio charged customers in the pilot area who had been disconnected a \$53 reconnection charge, which is reduced from AEP Ohio’s tariffed \$98 charge.³⁶ AEP Ohio claims that the reduced charge saved customers at least \$230,455 during the two-year pilot.³⁷ But customers may still be overcharged for reconnecting their electric service if the \$53 charge is overstated.

³⁴ OCC/OPAE Comments at 8.

³⁵ R.C. 4928.02(L).

³⁶ See AEP Ohio Comments at 6.

³⁷ *Id.*

As noted in our initial Comments, AEP Ohio claims that the \$53 charge reflects cost savings associated with not providing in-person notice under Rule 6(A)(2).³⁸ However, AEP Ohio apparently cannot identify the total costs or the individual costs that comprise the savings.³⁹ Hence, AEP Ohio is likely overcharging customers for reconnecting their service. Being overcharged less than consumers might otherwise be is not a consumer benefit.

In addition, the waiver helps AEP Ohio realize some cost savings that are not being passed along to customers. AEP Ohio noted that it receives “significant benefits” from employees not traveling to disconnect service.⁴⁰ AEP Ohio claims it benefits from employees avoiding injury through various accidents and from not being bitten by dogs.⁴¹ AEP Ohio likely realizes other savings, such as reduced ownership and maintenance costs of vehicles. But these cost savings have not been passed along to consumers.

Before the PUCO can determine if customers truly benefit from the waiver, it should examine the costs and corresponding consumer charges associated with remotely disconnecting and reconnecting. Cost savings should be passed along to consumers.

III. CONCLUSION

Removing the protections of Rule 6(A)(2) has harmed consumers in the Phase 1 area. More customers have been disconnected than ever. The conditions proposed by the PUCO Staff would not alleviate this harm. The PUCO should protect consumers by discontinuing the pilot.

³⁸ OCC/OPAE Comments at 9.

³⁹ *Id.*

⁴⁰ AEP Ohio Comments at 9.

⁴¹ *Id.*

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments was served on the persons stated below via electronic transmission this 2nd day of October 2017.

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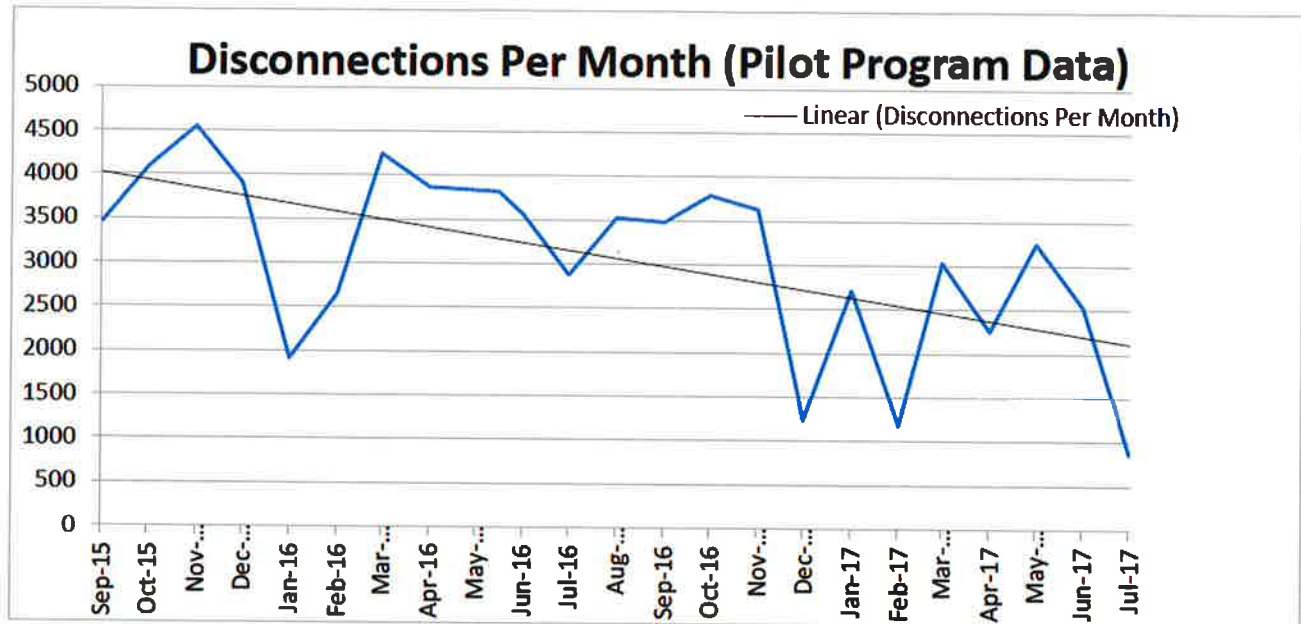
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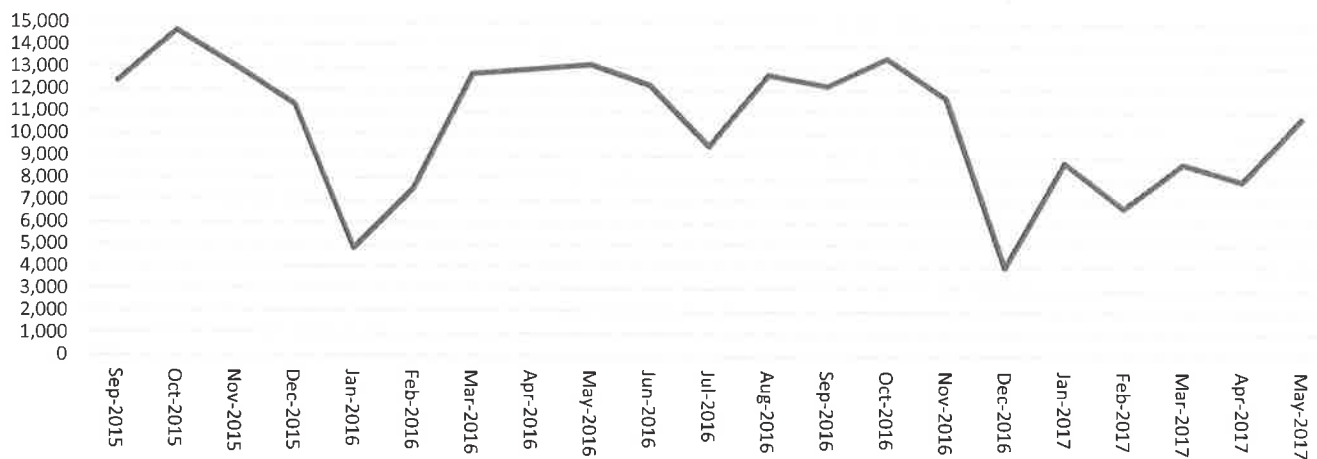
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Graph 1



GRAPH 2

AEP Ohio Statewide Disconnections (from 2016 and 2017 annual reports)
Sep 2015 - May 2017



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