

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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. 17-1380-EL-WVR

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. 17-1381-EL-WVR

FINDING AND ORDER

Entered in the Journal on April 11, 2018

I. SUMMARY

{¶ 1} The Commission approves Ohio Power Company d/b/a AEP Ohio's applications to indefinitely continue, within the Phase 1 gridSMART area, the waiver of Ohio Adm.Code 4901:1-18-06, requiring personal notice to residential customers on the day of disconnection, and to expand the waiver to the company's Phase 2 gridSMART area subject to the modifications set forth in and consistent with this Finding and Order.

II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility, as defined in R.C. 4928.01(A)(6), and a public utility, as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in

accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} In Case No. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for a first ESP, including the Company's proposal to establish a gridSMART rider and initiate Phase 1 of its gridSMART program, which would focus on advanced metering infrastructure (AMI), distribution automation, and home area network initiatives. *In re Columbus Southern Power Co.*, Case No. 08-917-EL-SSO, et al., Opinion and Order (Mar. 18, 2009) at 37-38, Entry on Rehearing (July 23, 2009) at 18-24.

{¶ 5} On August 8, 2012, the Commission approved, with certain modifications, AEP Ohio's application for a second ESP. Among the provisions adopted as part of the ESP, the Commission approved AEP Ohio's request to continue the gridSMART Phase 1 project and the associated rider. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012) at 62-63, Entry on Rehearing (Jan. 30, 2013) at 53.

{¶ 6} The Commission also granted AEP Ohio's request, in its third ESP, to initiate gridSMART Phase 2, including the installation of certain gridSMART technologies with demonstrated success and cost-effectiveness. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al. (*ESP 3 Case*), Opinion and Order (Feb. 25, 2015) at 50-52.

{¶ 7} With regard to residential service, Ohio Adm.Code 4901:1-18-06(A)(2) requires the utility company to provide the customer or an adult consumer with personal notice on the day service is to be disconnected or attach written notice of the disconnection to the premises in a conspicuous location.

{¶ 8} By Entry issued March 18, 2015, in Case No. 13-1938-EL-WVR (*Waiver Case*), the Commission approved, with certain modifications, AEP Ohio's requests for a temporary waiver of Ohio Adm.Code 4901:1-18-06(A)(2) to initiate a two-year, remote disconnect pilot program within the gridSMART Phase 1 project area to end August 1, 2017, unless otherwise

ordered by the Commission. The pilot area includes AEP Ohio's gridSMART Phase 1 area and the surrounding vicinity which serves approximately 132,000 residential customers in the northeastern Franklin County area. In the March 18, 2015 Entry, the Commission directed AEP Ohio to file a request, by June 1, 2017, if the Company wished to continue or expand the remote disconnect pilot. The Entry specifically recognized that, at the conclusion of the temporary pilot period, should AEP Ohio file an application to continue or expand the pilot, AEP Ohio, Staff, and the other parties to the *Waiver Case* would be afforded the opportunity to evaluate the pilot. *In re Ohio Power Co.*, Case No. 13-1938-EL-WVR, Entry (Mar. 18, 2015), Second Entry on Rehearing (Sept. 9, 2015).

{¶ 9} As part of the approved remote disconnect pilot in the *Waiver Case*, AEP Ohio currently provides residential customers in the gridSMART Phase 1 project area notice of the elimination of in-person notice on the day of disconnection by:

- (a) A bill insert and subsequently a postcard mailed directly to the customer.
- (b) A permanent bill message to inform the customer that, if service is disconnected for nonpayment, there will not be in-person notice on the day of disconnection and disconnection will occur at approximately 10:00 a.m.

{¶ 10} During the implementation of the remote disconnect pilot, as approved in the *Waiver Case*, AEP Ohio provides each residential customer whose service is eligible to be disconnected for nonpayment:

- (a) A disconnect notice on the bill or mailed separately.

- (b) If the bill remains past due or no payment arrangements are made, a ten-day disconnect notice¹ by telephone call or, if unable to reach the customer by telephone call, by mail. This notice includes how to avoid disconnection and provides payment assistance information required by Ohio Adm.Code 4901:1-18-05. If the call is not answered by the customer or an adult consumer, the message includes information to call the Company for information on payment assistance.
- (c) If the bill remains past due or no payment arrangements are made, an automated call 48 hours prior to the scheduled disconnection date. If the call is answered by an answering system, a message is left instructing the customer to contact the Company.

{¶ 11} On June 1, 2017, in Case No. 17-1380-EL-WVR (*Waiver Extension Case*), AEP Ohio filed a motion for a permanent waiver or indefinite extension of the waiver of Ohio Adm.Code 4901:1-18-06(A)(2), consistent with the notice process and requirements approved in the *Waiver Case* for the remote disconnect pilot.² *Waiver Case*, Entry (Mar. 18, 2015), Second Entry on Rehearing (Sept. 9, 2015). If the Commission does not approve a permanent waiver, in the alternative, AEP Ohio requests a six-month extension of the waiver to adjust its workforce resources and procedures.

{¶ 12} On June 1, 2017, AEP Ohio also filed, in Case No. 17-1381-EL-WVR (*Waiver Expansion Case*), a motion to expand the waiver of Ohio Adm.Code 4901:1-18-06(A)(2) to apply to 894,000 customers with AMI, also known as smart meters, to be installed within the gridSMART Phase 2 service area. AEP Ohio states the installation of additional smart meters is scheduled to commence during the summer of 2017 and be completed over the

¹ Where this ten-day notice previously referred to a notice provided only during the winter months, November 1 through April 15, with the implementation of the remote disconnect pilot, the ten-day notice is provided to affected customers throughout the year.

² While AEP Ohio styled the June 1, 2017 filings as motions, the Commission will henceforth refer to the filings as applications.

next four years. As part of the *Waiver Expansion Case*, AEP Ohio requests authority to expand the remote disconnect pilot pursuant to the notice process approved in the *Waiver Case*, with three modifications. Instead of providing affected gridSMART Phase 2 customers with a bill insert and a subsequent postcard notifying customers of the elimination of in-person notice on the day of disconnection:

- (a) AEP Ohio proposes to mail affected customers two conspicuous postcards. AEP Ohio asks to eliminate the bill insert to affected customers, on the basis that customers sometimes overlook additional information in their bills and some customers automatically pay their bills online, and miss a bill insert.
- (b) AEP Ohio proposes that, rather than send the postcards regarding the change in procedures to all customers, including those in good standing or who automatically pay their bills online, the postcards be sent to a subset of customers. AEP Ohio requests that communications be modified such that postcards notifying customers of the change in procedures be sent only to customers who paid a bill more than 30 days late in the last three years, any customer who received a notice of disconnection within the last three years, and any new customer that has had service in their name less than four months. According to AEP Ohio, the permanent bill message and disconnection notice, both of which will notify customers that there will not be in-person notice on the day of disconnection, will inform customers who experience a change in their circumstances of the process change, while avoiding customer confusion.
- (c) To avoid customers receiving notifications regarding the installation of the AMI meters and the remote disconnect process around the same time, AEP Ohio proposes a phased approach such that a customer who

has an AMI meter installed will not be subject to the waiver until three to six months later.

{¶ 13} By Entry issued July 12, 2017, Ohio Consumers' Counsel (OCC) and Ohio Partners for Affordable Energy (OPAE) were granted intervention in the *Waiver Extension Case* and the *Waiver Expansion Case*.

{¶ 14} Further, consistent with the Commission's March 18, 2015 Entry in the *Waiver Case* and the Entry issued July 12, 2017, in these proceedings, to assist the Commission in its consideration of the continuation and expansion of the remote disconnect pilot, the parties to these proceedings were provided the opportunity to evaluate the remote disconnect pilot and to file comments by September 18, 2017, and reply comments by October 2, 2017. Comments and reply comments were timely filed by AEP Ohio, Staff, and jointly by OCC and OPAE.

A. Comments of OCC and OPAE

{¶ 15} OCC and OPAE argue the Commission should discontinue the remote disconnect pilot for four reasons: (a) customers in the pilot area were disconnected for nonpayment at a disproportionately high rate; (b) the automated telephone call 48 hours prior to the disconnection of service is not an adequate replacement for personal notice; (c) the number of vulnerable customers in the pilot area is extremely low; and (d) the Commission should examine the costs associated with AEP Ohio's reconnection charges. Each comment is discussed in more detail below.

1. DISCONNECTION RATE IN THE PILOT AREA

{¶ 16} OCC and OPAE submit, based on AEP Ohio's Annual Report of Service Disconnections for Nonpayment (Annual Report), the number of residential disconnections for nonpayment has increased by 41 percent throughout the service area since the pilot was approved. According to the Annual Reports, OCC and OPAE state 29.7 percent of the total number of AEP Ohio customers disconnected for nonpayment for the 2016 reporting year

reside in the pilot area, although only approximately 11 percent of the Company's total residential customers reside in the pilot area.³ OCC and OPAE note that, although AEP Ohio disconnected fewer residential customers during the 2017 reporting year than during the 2016 reporting year, the number of customers disconnected is still greater than the number of customers disconnected prior to the 2015 reporting year, before the commencement of the remote disconnect pilot.⁴ Intervenors conclude that the 2017 report reveals similar results. OCC and OPAE state that, based on pilot data provided by AEP Ohio between June 2016 and May 2017, 34,567 residential customers in the gridSMART Phase 1 area were disconnected for nonpayment which, by the calculations of OCC and OPAE, equals 29.2 percent of the total disconnections of residential customers in AEP Ohio's service territory. Accordingly, OCC and OPAE conclude residential customers in the pilot area were disconnected at a disproportionately high rate in 2016 and 2017. In their reply comments, OCC and OPAE note that, prior to the institution of the remote disconnect pilot, according to AEP Ohio's Annual Reports, 96,456 residential customers were disconnected for nonpayment during the year. On that basis, OCC and OPAE estimate that approximately 18,327 residential customers were disconnected for nonpayment in the pilot area or about 1,527 each month. In comparison, during the remote disconnect pilot, the intervenors state 70,488 residential customers were disconnected for nonpayment, which is approximately 3,065 per month. Thus, OCC and OPAE reason the number of residential customers disconnected for nonpayment in the pilot area each month more than doubled during the pilot.

{¶ 17} AEP Ohio disputes the intervenors' implication that the pilot caused a 41 percent increase in disconnections between 2015 and 2016. The Company argues that OCC and OPAE have not presented any evidence that the increase is attributable exclusively to the pilot, as there are a number of factors that can cause an increase or decrease in the

³ There are approximately 132,000 residential customers with smart meters in the Phase 1 gridSMART pilot area and approximately 1.2 million residential customers in AEP Ohio's service area.

⁴ The reporting year in the Annual Report of Service Disconnections for Nonpayment is based on the 12 months ended May 31 of each year.

residential disconnection rate, including the number of available Company staff to perform disconnections, weather impacts affecting the bill, temperature impacts, as the Company will not disconnect customers when there are extreme temperature days, and the number of customers eligible to be disconnected. AEP Ohio states that, in the last quarter of 2015, the Company hired additional contractors to perform disconnection work, and temperatures in the winter of 2015-2016 were mild, with few extreme temperature days in comparison to previous winters. For these reasons, AEP Ohio asserts it is no surprise that the disconnection rate increased from 2015 to 2016, but is highly unlikely that such factors affected the disconnection rates during the time period of the commencement of the disconnection waiver pilot. Further, AEP Ohio asserts the contention that residential customers in the pilot area are being disconnected at a disproportionately high rate is incorrect. AEP Ohio avers that, prior to the pilot, the disconnection rate in the pilot area was approximately 20 percent.⁵ However, the Company explains that the increase in disconnections is not disproportionate when other factors are taken into consideration, including weather, the number of AEP Ohio employees available, the availability of low-income assistance, and the number of delinquent accounts, all of which independently affect the disconnection rate.

{¶ 18} As Staff notes in its analysis of the remote disconnect pilot, in light of the efficiencies that result with the installation of smart meters to disconnect and reconnect service remotely, it is not surprising that the number of residential disconnections in the pilot area increased in comparison to the remainder of AEP Ohio's service area. However, the Commission notes that the standard for determining when a residential account will be considered delinquent and, therefore, eligible for disconnection has not changed since 1980. See Ohio Adm.Code 4901:1-18-04. More importantly, all the same consumer protections available prior to the implementation of the pilot remain in place and available to all customers to avoid the disconnection of service or facilitate the reconnection of service,

⁵ Staff determined that, prior to the approval of the pilot, disconnections for nonpayment in the pilot area accounted for approximately 19 percent of the disconnections system-wide (Staff Review and Recommendation at 3).

including the Commission's Winter Reconnection Orders, payment plans such as the budget payment plan and other payment arrangements, medical certificates, and payment assistance such as the Percentage of Income Payment Plan-Plus, depending on customer eligibility, and other sources of payment assistance. We also note that vulnerable customers known to AEP Ohio are excluded from the remote disconnection pilot. Vulnerable customers will continue to be exempt from the waiver of in-person notice. Furthermore, we note that AEP Ohio has an internal policy not to disconnect a residential customer's service during extreme weather temperatures. Primarily because the remote disconnect pilot does not directly affect the number of accounts eligible for disconnection and for the other reasons stated, the Commission finds that the increase in residential disconnections is an insufficient reason to deny the Company's application to continue and expand the remote disconnect process. However, the Commission will continue to monitor residential disconnections in the pilot areas.

2. AUTOMATED CALL 48 HOURS PRIOR TO DISCONNECTION

{¶ 19} Pursuant to the Commission's approval of the remote disconnect pilot waiver, AEP Ohio's last attempt to contact the residential customer is an automated call 48 hours prior to the disconnection of service. OCC and OPAE reason the automated call is an inadequate substitute for in-person notice on the day of disconnection. According to the data provided by AEP Ohio, OCC and OPAE conclude that approximately 24 percent of automated telephone calls made 48 hours prior to disconnection were answered by a person and approximately 13.5 percent were not answered by either a person or answering machine. On that basis, OCC and OPAE conclude that 76 percent of residential customers whose service was to be disconnected did not receive direct notice and another 13.4 percent of the residential customers received no notice in the two days prior to disconnection.⁶ OCC

⁶ OCC and OPAE do not directly acknowledge that approximately 62.4 percent of automated calls were answered by an answering machine. However, 62.4 percent of calls answered by machine plus 13.5 percent of calls not answered equals 75.9 percent, rounded to 76 percent, of all calls.

and OPAE emphasize that 6,600 of the unanswered calls occurred during the winter heating months, November through March.

{¶ 20} AEP Ohio emphasizes that the automated call 48 hours prior to disconnection is an additional communication implemented as part of the pilot. In AEP Ohio's opinion, the call has been successful in reaching customers prior to disconnection, as only 14 percent of the calls were unsuccessful in reaching the customer. Further, AEP Ohio adds it is not known, prior to the implementation of the remote disconnect waiver pilot, how often the customer answered the door for in-person notification. The Company points out, as Staff concluded, that 49 percent of automated calls resulted in the customer making a payment to avoid disconnection (Staff Review and Recommendation at 2). Noting that, as reflected in the Company's *Waiver Case* application, only 5.8 percent of customers requested an extension of time to pay their bill on the day of disconnection with in-person notice, AEP Ohio states the automated call has proven an adequate substitute for in-person notice prior to disconnection.

{¶ 21} The Commission notes that, with the institution of the pilot in the gridSMART Phase 1 area, as approved by the Commission, the ten-day notice to residential customers eligible for disconnection became a requirement throughout the year, not just during the winter months, November 1 through April 15. However, AEP Ohio was permitted to initially attempt to contact the customer by telephone and, if telephone contact was not successful, the ten-day notice was mailed to the customer. Thus, the telephone call 48 hours prior to the scheduled disconnection of service is intended to be the third notice the customer receives to warn of the delinquent account status. The Commission notes that the remote disconnect pilot incorporates more attempts to reach the customer than our current rules require during the non-winter heating season. *See* Ohio Adm.Code 4901:1-18-06(A). These additional attempts to contact the customer have led to an increase in payments made to avoid disconnection. Staff's evaluation of the pilot found that 49 percent of customers responded to the automated call by making a payment. Whereas, before the additional attempts were incorporated, of the residential customers that received a call prior to

disconnection, only 21 percent made a payment to avoid disconnection, according to an AEP Ohio study conducted in 2012. On that basis, the Commission finds the call 48 hours prior to the scheduled disconnection of service to be an effective means of attempting to notify the customer.

3. DESIGNATED VULNERABLE CUSTOMERS

{¶ 22} In its *Waiver Case* application, AEP Ohio committed to in-person notice on the day of disconnection for customers determined to be vulnerable.⁷ In their comments, OCC and OPAE note that, according to data provided by AEP Ohio, there were 157,019 residential accounts eligible for disconnection during the pilot, while only one customer designated as vulnerable whose service was subject to disconnection received in-person notice. Further, OCC and OPAE argue that, based on data from the U.S. Census Bureau, approximately 11.3 percent of the population in Franklin County is over the age of 65 and a disability planning group study estimates that approximately 14.3 percent of the people in Franklin County over the age of five are disabled. From those statistics, OCC and OPAE extrapolate that it is illogical to assume that similar demographics in Franklin County are not reflected in the gridSMART Phase 1 pilot area. Intervenor add that, in accordance with R.C. 4928.02(L), it is the policy of the state of Ohio to protect at-risk populations. Intervenor suggest that the Company is not attempting to identify vulnerable customers and provide such customers with in-person notice on the day of disconnection. Further, OPAE and OCC recommend that the Commission discontinue the pilot and examine AEP Ohio's process for identifying vulnerable customers.

{¶ 23} AEP Ohio retorts that the data presented by OCC and OPAE is not reflective of the pilot area and, more importantly, merely being over the age of 65 and/or disabled is not equivalent to a vulnerable customer in this context. AEP Ohio defines a vulnerable

⁷ 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. *Waiver Case*, Entry (Mar. 18, 2015) at 1, Second Entry on Rehearing (Sept. 9, 2015) at 5-6.

customer as one who generally lacks the mental capacity to understand that their electric bill is due and what the consequences are if the bill is not paid. Further, the Company reasons that many customers who may lack the capacity to understand the utility bill process have support systems in place to assist the customer. Finally, AEP Ohio reasons that the intervenors' assumption that all customers over a certain age or with disabilities would be subject to disconnection for nonpayment is an illogical assertion that the Commission should disregard.

{¶ 24} AEP Ohio states that it will continue to compile and add vulnerable customers to the lists when Company personnel find or are notified of such customers. AEP Ohio believes the system the Company currently has in place, to identify vulnerable customers and avoid remote disconnection, is sufficient to ensure that customers are protected.

{¶ 25} Consistent with the Commission's approval of the remote disconnect pilot, vulnerable customers are excluded from the waiver and are defined as 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 a verified medical certificate. Vulnerable customers known to AEP Ohio are excluded from the remote disconnect pilot and will continue to receive in-person notice on the day of disconnection as will persons that have an active medical certificate or documented life support equipment verified by a physician. *Waiver Case*, Entry (Mar. 18, 2015) at 1, 8, Second Entry on Rehearing (Sept. 9, 2015) at 5-6. The Commission directs that AEP Ohio inform customers of the vulnerable customer designation and third-party notice, by bill insert or bill message, at least twice a year. Further, the Commission directs AEP Ohio to work with social service agencies, law enforcement and medical personnel, and community organizations to identify individuals that may meet the definition of a vulnerable customer to be included on the vulnerable customer list. AEP Ohio should notify such organizations of the vulnerable customer list, at least annually, and review and update the list accordingly. Further, AEP Ohio shall amend its twice yearly notice to customers to include information

regarding third-party notice and vulnerable customers and update the training of customer service personnel to address third-party notice and the vulnerable customer list.

4. RECONNECTION CHARGES

{¶ 26} Consistent with the Company's tariff, AEP Ohio charged customers in the pilot area who had been disconnected a \$53 reconnection charge, but did not charge for after-hours or Sunday/holiday reconnections during the pilot. OCC and OPAE note that more than 63,000 residential customers in the pilot area paid the reconnection charge; however, AEP Ohio cannot identify detailed or total costs reflected in the reconnection charge. OCC and OPAE request that the Commission determine the costs and corresponding customer charges associated with reconnecting electric service via AMI, as well as investigate and determine whether residential customers in the pilot area were overcharged for reconnections and, if so, refund affected customers any overcharges.

{¶ 27} AEP Ohio declares that OCC's and OPAE's claim that AEP Ohio is overcharging its customers for reconnection is incorrect. When establishing the \$53 reconnection fee, AEP Ohio considered the cost savings associated with in-person notice on the day of disconnection and reduced the fee from \$57 to \$53. The Company asserts the reduced reconnection fee has been effective since January 2012, although AEP Ohio was unable to recognize the cost reductions until the commencement of the remote disconnect pilot. All customers, not just those in the remote disconnect pilot area, pay the same reconnection charge. Further, AEP Ohio states, in discovery, OCC/OPAE sought information about the costs the Company incurs to remotely reconnect a customer's service, not the costs included in the \$53 reconnection charge. AEP Ohio notes the Commission-approved stipulation in the gridSMART Phase 2 proceeding includes a provision that the Company would include a credit of \$400,000 per quarter, commencing with the fourth quarter of 2017, to reflect operational savings and an audit for prudence and review of the operation cost savings credit. *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR (*GridSMART Phase 2 Case*), Opinion and Order (Feb. 1, 2017) at 6-7, 13. For these reasons, AEP Ohio concludes the intervenors' comments are incorrect and an attempt to relitigate the

gridSMART Phase 2 stipulation and the stipulation in the Company's last rate case and, therefore, should be rejected by the Commission.

{¶ 28} AEP Ohio's current reconnection charge was adopted in the Company's most recent base rate distribution case, which coincided with the Commission's consideration of AEP Ohio's request to continue gridSMART in the Company's ESP application in the *ESP 2 Case*. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-351-EL-AIR, et al., Opinion and Order (Dec. 14, 2011); *ESP 2 Case*, Opinion and Order (Aug. 8, 2012), Entry on Rehearing (Jan. 30, 2013). Further, as noted by AEP Ohio, operational savings are returned to customers by way of a quarterly credit applied to the gridSMART Phase 2 rider, as approved by the Commission pursuant to the stipulation entered into by AEP Ohio and other parties to the *GridSMART Phase 2 Case*, which OCC did not contest. *GridSMART Phase 2 Case*, Opinion and Order (Feb. 1, 2017) at 6-7, 13; *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 09-872-EL-FAC, et al., Order on Global Settlement Stipulation (Feb. 23, 2017) at 21-22. However, the Commission directs Staff to examine AEP Ohio's reconnection charges in the Company's next rate case.

B. Staff's Recommendations

{¶ 29} Upon Staff's review and analysis, Staff determined that approximately 49 percent of automated calls made 48 hours prior to disconnection resulted in the customer making a payment to avoid the disconnection of service; however, approximately 14 percent of the automated calls were unsuccessful (i.e., busy, fax, no answer, or network message). Further, Staff notes that there were three informal complaints received by either AEP Ohio or the Commission regarding disconnection without in-person notice on the day of disconnection. None of the complaints were in regard to the reconnection charge. Staff notes that less than one percent of automated remote reconnections failed and required either manual remote reconnection or the dispatching of a field technician to restore service.

{¶ 30} As part of its analysis, Staff also reviewed AEP Ohio's Annual Reports and noted in its comments and recommendation that approximately ten percent of AEP Ohio's

customers are located within the gridSMART Phase 1 area. Prior to the remote disconnect pilot, the Phase 1 area accounted for approximately 19 percent of the disconnections in AEP Ohio's service area and, since the institution of the pilot, the Phase 1 area accounts for approximately 30 percent of disconnections.

{¶ 31} Staff recommends that the Company's request to permanently extend the waiver in the gridSMART Phase 1 area and to expand the waiver to the remainder of AEP Ohio's service territory as smart meters are installed, referred to as the gridSMART Phase 2 area, be approved subject to certain revisions. First, Staff recommends that, if the automated call made 48 hours prior to disconnection is not answered by either a live person or a recording system, AEP Ohio send an employee to the premises to provide personal notice on the day of disconnection. Second, Staff recommends AEP Ohio continue to collect the monthly metrics information, consistent with the approval in the *Waiver Case*, and provide the data to Staff on an annual basis, on or around July 1 each year, and when requested by Staff. Further, in regard to the gridSMART Phase 2 expansion of the waiver, Staff recommends AEP Ohio provide two postcards to all customers, advising them of the change in the disconnection procedures, collaborating with Staff on the text of the postcards, as well as any other proposed means of communication, including the permanent bill message.

{¶ 32} OCC and OPAE declare that Staff's recommendations do not adequately protect residential customers from disconnection for nonpayment without in-person notice. Intervenor reason that consumers receive numerous robocalls and most consumers ignore or delete them without hearing the message. OCC and OPAE note most residential customers, 86 percent based on AEP Ohio's 2017 Annual Report, do not receive a final disconnection notice in a given month. Therefore, intervenors reason most residential customers are not likely aware of the in-person notice process and notifying such customers of a change in the process is likely of little importance to the customer. As Staff did not explain the reason for continuing to collect the data related to the remote disconnection pilot, OCC and OPAE surmise there is no plan to utilize or evaluate the data, including a formal review of the waiver each year or at any other time. Further, intervenors reiterate that Staff's

recommendations do not adequately address the dramatic increase in residential disconnections.

{¶ 33} AEP Ohio accepts Staff's recommendation to continue to collect monthly data metrics and report the information to Staff on an annual basis on or around July 1 each year for the duration of the pilot and to send two postcards to all customers regarding the change in the disconnection notice process and to commit to working with Staff regarding customer communications. The Commission finds Staff's recommendations and AEP Ohio's acceptance to be reasonable resolutions to these two issues and, therefore, the Commission directs that the pilot be amended accordingly.

{¶ 34} However, AEP Ohio expresses several concerns with Staff's recommendation to provide in-person notice on the day of disconnection if the 48-hour call is not answered by a person or answering system. The Company notes the Commission previously determined the communications agreed to for the remote disconnect pilot are sufficient and appropriate to meet the notice requirements of R.C. 4933.122. AEP Ohio emphasizes that the process includes two notices by mail and a telephone call, prior to disconnection. Further, the Company notes there is a permanent bill message for customers in the gridSMART Phase 1 pilot area. *Waiver Case*, Entry (Mar. 18, 2015) at 8.

{¶ 35} AEP Ohio submits that providing in-person notice now will confuse customers and support customer thoughts of fraud by persons claiming to be utility representatives demanding payment or threatening service disconnection. To implement the in-person notice as Staff recommends would require the Company to revise existing information technology systems, hire and train staff to provide in-person notice, cause the Company and ratepayers to incur expense associated with revising programs, and delay other projects in development. AEP Ohio reasons that the costs associated with implementing Staff's recommendation are disproportionally high, given that only three complaints raising a concern regarding the day of disconnect notice were received during

the two-year pilot.⁸ AEP Ohio also points out, as Staff recognized, only 14 percent of the calls were unsuccessful, but the data does not reveal if any of the unsuccessful calls were to the same customer.

{¶ 36} AEP Ohio proposes, as an alternative to Staff's recommendation, that AEP Ohio request customers update their contact information on the postcard to be provided in the Phase 2 area informing customers of the change in the disconnection process. If it is the customer's desire to receive telephone notification, the customer would be responsible for assuring AEP Ohio has the correct contact information, thus ensuring the Company can notify the customer 48 hours prior to disconnection for nonpayment. Rather than in-person notice when the 48-hour call is unsuccessful, AEP Ohio proposes:

1. The Company calls the customer for the ten-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 ten-day disconnect notice call:
 - a. The Company will schedule its third call around 6:00 pm to attempt to reach the customer.
 - b. If the Company is unable to reach the customer by telephone for the ten-day disconnect notice after three attempts, the Company will send the ten-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

⁸ AEP Ohio states that, while three complaints were received and categorized in the remote disconnection pilot, it was later determined that one of the complainants did not reside in the gridSMART Phase 1 pilot area and did not have a smart meter installed.

notice to the customer five days prior to disconnection. This additional notice would typically be received by the customer about two 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 6:00 pm to reach the customer.
3. If the Company is able to reach the customer during the ten-day disconnection telephone call, then the 48-hour call, as implemented in the current waiver pilot area, would remain.

{¶ 37} The Commission finds, rather than dispatch an employee to provide in-person notice when the automated call 48 hours prior to disconnection is not answered by either a live person or a recording system, as Staff recommends, that AEP Ohio should implement the Company's proposed process. The Commission finds the proposed process affords the customer an opportunity to elect to receive notification by telephone, maintains an additional notice to a customer eligible for disconnection, and affords AEP Ohio the ability to take advantage of the remote disconnect and reconnect features of the installed meters. AEP Ohio is directed to continue to work with Staff to clarify and expand the metrics, if necessary, at Staff's request and discretion. Further, AEP Ohio is directed to provide Staff, at least 30 days in advance, notice of the roll out of the disconnection process to new areas of gridSMART Phase 2. AEP Ohio shall notify the Commission, in these dockets, before making any changes to the process or communications approved as a part of this waiver, including, but not limited to, the method of communication, the content of communications,

or the remote disconnect program. The Commission's approval of this waiver is contingent upon the Company's continued compliance with the requirements of the pilot. Notwithstanding the Company's compliance, the Commission may suspend or terminate the Company's waiver, at the Commission's sole discretion, for good cause.

III. ORDER

{¶ 38} It is, therefore,

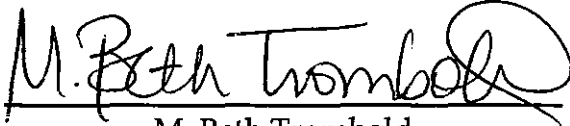
{¶ 39} ORDERED, That AEP Ohio's applications to continue and expand the waiver of Ohio Adm.Code 4901:1-18-06(A)(2), to the extent that it requires personal notice on the day of the disconnection of service for nonpayment, be granted subject to the modifications in this Finding and Order. It is, further,

{¶ 40} ORDERED, That a copy of this Finding and Order be served upon all interested persons of record in these matters.

THE PUBLIC UTILITIES COMMISSION OF OHIO



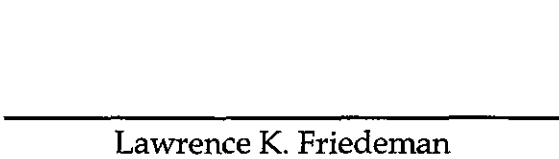
Asim Z. Haque, Chairman



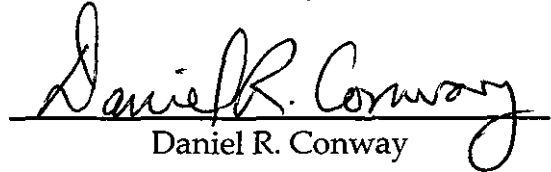
M. Beth Trombold



Thomas W. Johnson



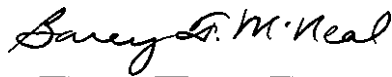
Lawrence K. Friedeman



Daniel R. Conway

GNS/mef

Entered in the Journal



APR 11 2018

Barcy F. McNeal
Secretary

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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. 17-1380-EL-WVR

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY FOR A LIMITED
WAIVER OF OHIO ADM.CODE 4901:1-18-
06(A)(2).

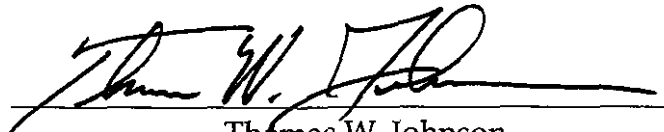
CASE No. 17-1381-EL-WVR

CONCURRING OPINION OF
COMMISSIONER THOMAS W. JOHNSON

The Commission's decision reaches the appropriate outcome in today's ruling, and does so in a manner that is well reasoned. I concur with its outcome. However, I would like to highlight what I believe to be an important aspect of today's decision.

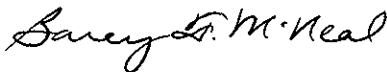
The extension and expansion of this waiver will create operational savings for AEP Ohio due to the ability to remotely disconnect and reconnect service. While these savings will be recognized as part of the quarterly credit to the gridSMART Phase 2 rider, the Company

will continue to collect an unchanged reconnection fee. This charge is a burden, particularly for low income customers who are fighting to make ends meet. The order above directs Staff to examine these charges as a part of AEP Ohio's next rate case. I support this priority.


Thomas W. Johnson

/vrn

Entered in the Journal
APR 11 2018



Barcy F. McNeal
Secretary