

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

SECOND ENTRY ON REHEARING

Entered in the Journal on June 28, 2018

I. SUMMARY

{¶ 1} The Commission denies the Ohio Consumers' Counsel's application for rehearing of the Commission's April 11, 2018 Finding and Order, which approved Ohio Power Company d/b/a AEP Ohio's applications to indefinitely continue, within the gridSMART Phase 1 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 gridSMART Phase 2 area, as specifically set forth in the Finding and Order.

II. DISCUSSION

A. *Procedural History*

{¶ 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} On March 18, 2009, 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 to 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, in Case No. 11-346-EL-SSO, et al., the Commission approved, with certain modifications, AEP Ohio's application for a second ESP. 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., 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. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., 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 and surrounding vicinity, to end August 1, 2017, unless otherwise ordered by the Commission. The pilot area 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 case would be afforded the opportunity to evaluate the pilot. In the March 18, 2015 Entry, the Commission also granted the motions of Ohio Consumers' Counsel (OCC) and Ohio Partners for Affordable Energy (OPAEE) to intervene. *In re Ohio Power Co.*, Case No. 13-1938-EL-WVR, Entry (Mar. 18, 2015), Second Entry on Rehearing (Sept. 9, 2015).

{¶ 9} 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. *Waiver Case*, Entry (Mar. 18, 2015), Second Entry on Rehearing (Sept. 9, 2015).

{¶ 10} 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 over the next four years. As part of the *Waiver*

Expansion Case, AEP Ohio requested authority to expand the remote disconnect pilot pursuant to the notice process approved in the *Waiver Case*, with certain modifications.

{¶ 11} By Entry issued July 12, 2017, OCC and OPAE were granted intervention in the *Waiver Extension Case* and the *Waiver Expansion Case*.

{¶ 12} By Finding and Order issued April 11, 2018, the Commission approved, subject to certain revisions, AEP Ohio's applications to indefinitely continue, within the gridSMART Phase 1 area, the waiver of Ohio Adm.Code 4901:1-18-06, and to expand the waiver to the Company's gridSMART Phase 2 area, subject to the modifications set forth in and consistent with the Finding and Order.

{¶ 13} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.

{¶ 14} On May 11, 2018, OCC filed an application for rehearing of the April 11, 2018 Finding and Order, asserting the Order is unjust, unreasonable, and unlawful in three respects. On May 21, 2018, AEP Ohio filed a memorandum contra the application for rehearing.

{¶ 15} By Entry on Rehearing dated June 6, 2018, the Commission granted rehearing for further consideration of the matters specified in OCC's application for rehearing.

{¶ 16} The Commission has reviewed and considered all of the arguments raised in OCC's application for rehearing. Any argument raised on rehearing that is not specifically discussed herein has been thoroughly and adequately considered by the Commission and should be denied.

B. *Consideration of the Application for Rehearing*

1. DISCONNECTION RATE OF CUSTOMERS WITH AMI

{¶ 17} In its first request for rehearing, OCC argues that the Commission's decision to approve the waiver of personal notice on the day of disconnection for customers with advanced meters was unjust, unreasonable, and unlawful because such customers in the gridSMART Phase 1 area are disconnected at a disproportionately high rate. OCC argues that, while the Phase 1 area includes 11 percent of AEP Ohio's residential customers, the area accounted for 29.7 percent of AEP Ohio's disconnections for nonpayment. Therefore, OCC reasons that AEP Ohio residential customers who do not receive in-person notice on the day of disconnection are nearly three times as likely to be disconnected for nonpayment as residential customers who receive in-person notice. OCC states that residential customers who do not receive in-person notice will not be adequately protected as a result of the Commission's Order. OCC also contends that the consumer safeguards cited by the Commission in the Finding and Order were available to customers within the gridSMART Phase 1 pilot area and, nonetheless, customers were still three times as likely to be disconnected for nonpayment. Therefore, OCC concludes that the safeguards presently in place are apparently inadequate to counter balance the waiver of in-person notice on the day of disconnection. OCC argues that the decision to allow the waiver to continue and expand was against the weight of the record, as the factors presented by AEP Ohio as justification—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—are present throughout AEP Ohio's service territory. Therefore, OCC concludes that the weight of the evidence does not support the Commission's decision to waive in-person notice for residential customers on the day of service disconnection.

{¶ 18} AEP Ohio submits that OCC's claim that customers subject to remote disconnection are disconnected at a disproportionately high rate in comparison to

customers outside of the pilot area is without basis. The Company notes that OCC previously made these assertions and the claims were addressed by AEP Ohio and Staff. AEP Ohio posits that OCC has offered nothing more than a rehash of unsubstantiated assertions that have been already been evaluated and rejected by the Commission and, therefore, AEP Ohio requests that rehearing be denied.

{¶ 19} The Commission notes that there is not a statutory requirement to provide in-person notice on the day of disconnection for nonpayment. Accordingly, the Commission is vested with the authority to waive the provisions of Ohio Adm.Code 4901:1-18-06(A)(2), pursuant to Ohio Adm.Code 4901:1-18-02(B)(3). As a part of the Finding and Order, the Commission thoroughly evaluated all the arguments regarding the number of residential customers with smart meters whose service was disconnected remotely over the course of the pilot. Key to the Commission's decision to grant the waiver request, regardless of the number of disconnections for nonpayment, is the fact that the standard for determining when a residential account is delinquent and eligible for disconnection remains the same and has not changed in more than 30 years and all the consumer protections for a customer to avoid disconnection continue to be available. Finding and Order at ¶ 18. Further, as a provision of this waiver, the number of notices to the customer has been increased. Finding and Order at ¶¶ 36-37. We also note that electric bills that are not paid by the customer are ultimately recovered as bad debt expense from all of the Company's ratepayers; therefore, the Commission must be mindful to balance the interests of the individual customer subject to disconnection and all other customers. The Commission finds that OCC fails to offer any new arguments for the Commission's consideration and, therefore, we deny OCC's request for rehearing on this issue.

2. CALL CONNECTION RATE

{¶ 20} In its second request for rehearing, OCC submits that the April 11, 2018 Finding and Order unjustly and unreasonably concluded that two automated telephone calls prior to the scheduled disconnection of service are an effective means of attempting

to notify the customer, where 76 percent of the residential customers during the pilot did not receive the call directly within 48 hours of the disconnection of service. OCC maintains that two automated telephone call attempts, which are not likely to be answered by a person, are insufficient to notify customers of the impending disconnection of their electric service. Further, OCC avers automated calls are not likely to reach customers having difficulty paying their electric bills, as such customers are also likely experiencing difficulty paying their telephone bills and, for that reason, the automated calls may not get through to the customers. According to OCC, the two automated calls are an inadequate substitute for in-person notice to customers. OCC notes that the Commission reasoned that the remote disconnect pilot incorporates more attempts to reach the customer than currently required during the non-winter heating season. However, OCC notes that the extra notices occur earlier in the disconnection process and, therefore, do not convey the same sense of urgency as in-person notice on the day of disconnection. Thus, OCC submits that the Order unjustly and unreasonably denies customers in-person notice on the day of disconnection.

{¶ 21} AEP Ohio states that this argument, like OCC's first argument on rehearing, is a repeat of prior flawed claims and that OCC fails to present any new arguments for the Commission's consideration. AEP Ohio states that the Company has previously responded to OCC's claims regarding the calls that were unsuccessful in reaching the customer. The Company reiterates that only 14 percent of calls were unsuccessful in reaching the customer or another person, or in leaving a message on an answering device.¹ AEP Ohio notes, like OCC's first argument on rehearing, this argument was also fully considered and rejected by the Commission. Further, AEP Ohio argues that OCC's contention that 76 percent of the disconnected customers did not receive "direct notice" within 48 hours of disconnection is misleading and unfairly assumes that customers who did not answer a telephone call either: (1) did not already know why AEP Ohio was

¹ In this context, an unsuccessful automated call is defined as a busy signal, fax number, no answer, or a network message.

calling, and/or (2) did not receive the voice message that AEP Ohio left during that call if a recording system answered. On that basis, AEP Ohio submits that OCC's assumption that an unanswered telephone call equates to no notice to the customer is unfounded. AEP Ohio concludes that OCC has offered nothing to justify the Commission's reconsideration of its decision to allow a 48-hour automated telephone call as an effective means to attempt to notify the customer.

{¶ 22} First, the Commission emphasizes that, where a smart meter is installed and the account is eligible for disconnection as a result of nonpayment, the customer notice includes more than two automated telephone calls. To be clear, the complete notice process is as follows where the in-person notice waiver is applicable:

- A. The monthly electric bill includes notice that the account is past due, i.e. delinquent (Ohio Adm.Code 4901:1-18-04).
- B. If the account continues to be delinquent, AEP Ohio will include the disconnection notice on the subsequent monthly electric bill or send the disconnection notice by separate mailing (Ohio Adm.Code 4901:1-18-05(A)(5)). This notice is commonly referred to as the 14-day notice.
- C. If the account continues to be delinquent, AEP Ohio will make three attempts to contact the customer by telephone. This notice is commonly referred to as the ten-day notice. If AEP Ohio is unable to reach the customer on the first two attempts by telephone:
 - i. The Company will schedule its third ten-day notice call around 6:00 p.m. to attempt to reach the customer.
 - ii. If, after three attempts, AEP Ohio is still unable to reach the customer by telephone for the ten-day disconnect notice, the Company will send the ten-day disconnect notice by mail.

- D. If the account continues to be delinquent and AEP Ohio has not been able to reach the customer by telephone for the ten-day notice, to avoid possibly also not reaching the customer for the telephone call approximately 48 hours prior to disconnection, the Company will mail an additional notice to the customer five days prior to disconnection. This notice will be referred to as the five-day notice. It is expected that the customer would typically receive the five-day notice about two days prior to the scheduled disconnection.
- E. AEP Ohio will still attempt to contact the customer by telephone approximately 48 hours prior to disconnection regardless of the five-day notice being sent to the customer.
- F. If AEP Ohio's first two 48-hour notice telephone calls to the customer are unsuccessful, AEP Ohio will attempt a call around 6:00 p.m. to reach the customer.
- G. If AEP Ohio 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.

Finding and Order at ¶ 36.

{¶ 23} The Commission determined that an automated telephone call was an effective means to make one last attempt to inform customers of the status of their electric account to allow the customer to avoid disconnection. Based on Staff's review and analysis of the pilot, of the accounts that remained delinquent after the notice of delinquency on the bill, the 14-day notice, and the ten-day notice, approximately 49 percent of automated calls made 48 hours prior to the scheduled disconnection resulted in the customer making a payment or payment arrangements to avoid disconnection. Therefore, the Commission concluded the automated calls, as a part of a more comprehensive notice process, are sufficient to make the customer aware of the account status and allow the customer to avoid disconnection. In addition, the Commission took into consideration that Staff's

analysis of the pilot revealed that only approximately 14 percent of automated calls executed approximately 48 hours prior to disconnection were unsuccessful. It is important to note that, in the event that the ten-day notice is unsuccessful by telephone, a five-day notice will be mailed to the customer. Finding and Order at ¶ 36. For these reasons, the Commission determined the notice process, including the automated telephone calls, is sufficient to advise customers of the impending disconnection of their electric service. Therefore, the Commission denies OCC's request for rehearing. Finding and Order at ¶ 21, 36-37.

3. NO ANSWER OF 48-HOUR AUTOMATED CALL

{¶ 24} In its report, Staff recommended 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 in-person notice on the day of disconnection. AEP Ohio expressed several concerns with Staff's recommendation and proposed an alternative to reinstating in-person notice. AEP Ohio proposed a revised customer notice process, which the Commission accepted, rather than reinstating in-person notice for a particular subset of customers whose electric service is eligible for disconnection. Finding and Order at ¶¶ 31, 34-37.

{¶ 25} OCC argues that in-person notice on the day service is scheduled to be disconnected provides the customer a last-minute opportunity to avoid disconnection by making a payment or payment arrangements. In addition, OCC reasons that the in-person notice affords AEP Ohio personnel the opportunity to provide the customer information on how to obtain a medical certificate. OCC asserts the process adopted in the Order means the customer may be disconnected without notice, as it is likely that the telephone could be disconnected as well. Accordingly, OCC submits that automated calls 48 hours prior to disconnection should not replace in-person notice on the day of disconnection. On that basis, OCC encourages the Commission to reconsider Staff's recommendation to

require in-person notice to those customers whose 48-hour call prior to disconnection is not answered by a live person or an answering device.

{¶ 26} The Company avers that OCC's request for rehearing on this issue reprises OCC's claim that automated telephone calls are an insufficient means of notice. AEP Ohio argues that OCC's application for rehearing fails to offer support for its claims other than misstatements of the data developed during the initial pilot. AEP Ohio adds that there is no basis for OCC to speculate that, because a customer did not answer the telephone, the customer did not receive notice in the 48 hours prior to disconnection. AEP Ohio advocates that the Commission balanced the notice process, which, according to AEP Ohio, includes eight different customer contacts, with the advancement of AMI technology and the cost savings associated with remote disconnections, as well as the cost and confusion of providing in-person notice under certain limited circumstances proposed by Staff.

{¶ 27} The Commission emphasizes that each contact with the customer or notice delivered affords customers the opportunity to prevent the disconnection of their electric service by making a payment or payment arrangements. OCC overlooks that the customer would have already received information regarding medical certificates with the 14-day notice and may obtain such information at anytime by contacting AEP Ohio by telephone or checking AEP Ohio's website. Indeed, the notice process outlined above incorporates multiple notices to the customer by mail and by telephone and sufficiently addresses circumstances where the attempts to contact the customer by telephone are unsuccessful. Continuing to provide in-person notice where AEP Ohio is unable to contact the customer by telephone approximately 48 hours prior to the scheduled disconnection, despite the other notices provided, would serve to confuse customers and increase service costs unnecessarily, as the Company has asserted. Finding and Order at ¶ 35. As the Commission previously determined in the Order and repeated in regard to OCC's second request for rehearing, the Commission finds the notice process, including the automated telephone calls, sufficiently advises customers of the impending disconnection of their

electric service and allows AEP Ohio to utilize the AMI technology installed, along with providing the attendant cost savings for the Company and ratepayers. Finding and Order at ¶ 21, 36-37. The request for rehearing is denied.

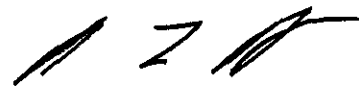
III. ORDER

{¶ 28} It is, therefore,

{¶ 29} ORDERED, That OCC's application for rehearing be denied. It is, further,

{¶ 30} ORDERED, That a copy of this Second Entry on Rehearing be served upon all interested persons of record in these matters.

THE PUBLIC UTILITIES COMMISSION OF OHIO

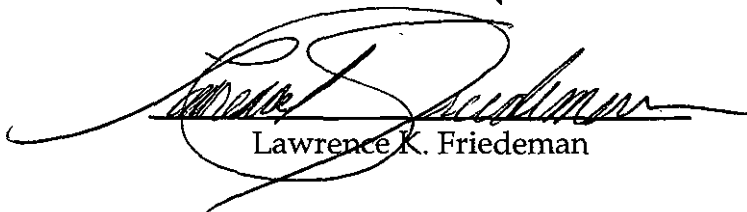


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