BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review of Chapters 4901:1-17 and 4901:1-18 of the Ohio Administrative Code.	)))	Case No. 19-0052-AU-ORD

JOINT COMMENTS OF THE EAST OHIO GAS COMPANY D/B/A DOMINION ENERGY OHIO AND VECTREN ENERGY DELIVERY OF OHIO, INC.

I. INTRODUCTION

In accordance with the Commission's June 19, 2019 Entry in this case, The East Ohio Gas Company d/b/a Dominion Energy Ohio (DEO) and Vectren Energy Delivery of Ohio, Inc., a CenterPoint Energy Company (VEDO) (collectively, the Companies) file their initial comments to Staff's proposed revisions of Ohio Adm. Code Chapter 4901:1-17 and -18.

II. COMMENTS TO CHAPTER 4901:1-17

A. Rule 4901:1-17-04

1. Section (B) – Clarification of deposit rules.

In this revision, Staff proposes to clarify when the utility company may request an additional deposit from a residential customer. The Companies do not oppose Staff's revision, but suggest an additional clarifying reference (in bold font) to a specific time period, which will also create consistency with section (C) of the same rule.

> (B) After considering the totality of the customer's circumstances, a utility company may require a deposit if the customer has not made full payment or payment arrangements for ~~any given~~ two consecutive bills**, during the preceding twelve months,** containing a ~~previous~~ past due balance for regulated services provided by that utility company.

III. COMMENTS TO CHAPTER 4901:1-18

A. Rule 4901:1-18-01

The Companies' only comment to this section is that an extra period appears at the end of section (Q).

B. Rule 4901:1-18-06

1. Section (A)(1) – Remote reconnection.

This revision states that "Where a meter with remote reconnection capabilities is installed, no disconnections for nonpayment shall be made after three-thirty p.m. on the day preceding a day on which all services necessary for the customer to arrange and the utility company to perform reconnection are not regularly performed." Entry, Attachment C at 8. The Companies do not currently operate meters with remote reconnection capabilities, so this rule would not appear applicable to them at this time.

Nevertheless, the Companies would make one recommendation. The Companies believe that this rule, as well as the corresponding revision to Rule 4901:1-18-07(B)(1), should not merely apply where a meter with remote reconnection capabilities has been installed, but should also require that the utility is actually using remote reconnection as a service practice in the ordinary course of business. Otherwise, the mere installation of technology could affect the utility's or the customer's rights and responsibilities, even when that technology is yet not being utilized. For example, this could occur during periods when new meters are being rolled out across a system, or if such technology becomes a standard feature of meters, regardless of whether the utility actually plans to use it.

The Companies would recommend the following addition to address this concern:

> Where a meter with remote reconnection capabilities is installed <u>and such capabilities are being utilized by the utility company</u>, no disconnections for nonpayment shall be made after three-thirty p.m. on the day preceding a day on

> which all services necessary for the customer to arrange and the utility company to perform reconnection are not regularly performed.

2. Section (B)(1) – Mailing of notices.

This revision pertains to the service of the additional ten-day disconnection notice provided during winter months. The revision recommends replacing the phrase "*send this notice* by regular, U.S. mail" with the phrase "*make personal contact* by regular U.S. mail":

> [The utility must make] contact with the customer or other adult consumer at the premises ten days prior to disconnection of service by personal contact, telephone, or hand-delivered written notice. Utility companies may ~~send this notice~~ make personal contact by regular, U.S. mail; however, such notice must allow three calendar days for mailing.

Entry, Att. C at 11. It is not clear to the Companies what is intended by this change, but they are concerned that the revision could create confusion in a rule that previously seemed clear.

The rule permits utilities to avail themselves of one of three methods to serve the ten-day notice: "by personal contact, telephone, or hand-delivered written notice." The next sentence currently states that if "this notice" (that is, the "hand-delivered written notice") is mailed instead, three additional days will be added to the timeline. The phrase "this notice" makes perfect sense in this context: of the three methods of making "contact" with the customer, only "the written notice" is susceptible of mailing. So the language of the existing rule makes clear that written notices can be hand-delivered or mailed.

The Companies are concerned that this revision could introduce confusion. The rule still permits mailing, but mailing of what? Instead of the third service option ("this notice," *i.e.*, the written notice), the permission to mail now refers to the *first* option ("personal contact"). The Companies had always understood "personal contact" to mean an in-person interaction with the customer at the premises. The rule revision now suggests that a "personal contact" is something that could be mailed, which calls into question what that term means. And the new rule also calls

into question whether the "written notice" may permissibly be mailed, since a different, specific service option is referred to.

In short, it is not clear to the Companies what is intended by the revision, and as explained above, the revision raises new questions about the meaning of the rule. The Companies recommend maintaining the current verbiage.

3. Section (B)(3) – Expiration of the ten-day notice.

This recommended revision also pertains to the ten-day notice requirement applicable to winter disconnections. The revision states, "The notice issued pursuant to paragraph (B)(1) of this rule (ten-day notice) shall expire 60 days after the disconnection date stated on the notice. Once the ten-day notice expires, the utility company must issue a new ten-day notice." Entry, Attachment C at 11. The Companies recommend that the Commission not adopt this proposed revision. This revision poses particular concerns to DEO, as it would require DEO to undo years of work developing a process that itself reflected direction from the Commission.

a. In prior proceedings, DEO was ordered to develop a new collection process that eliminated resetting the notice process for terminations.

In 2008, the Commission ordered an audit of the collection practices of Ohio's natural gas companies. *See* Case No. 08-1229-GA-COI. The audit covered multiple companies, but for DEO, one of the specific concerns identified was that "DEO's collection efforts are hampered by its 'resetting' of the termination clock each time a customer is billed." 08-1229 Review of the NorthStar Consulting Group at I-10 (May 3, 2010). The basic problem was that each time a new bill was issued containing an unpaid balance, DEO would restart the notice process. This led to 15-day "dead zones" in the summer, and 26-day periods in the winter, where no disconnection activity could occur. So in winter, for example, DEO might have only a one- to three-day

window to terminate service, and depending on when weather hit or weekends fell, it might not have any window at all. *See id*. at III-19.

Thus, the audit recommended that DEO "[m]odify processes to allow collections activities to continue after a new bill is issued." *Id*. at III-21. The audit noted that DEO was already implementing this recommendation, which it deemed to be of "minimal incremental cost." *Id*. at I-12. The Commission then ordered utilities to implement all minimal- and moderate-cost recommendations. *See* 08-1229 Entry at 21 (Dec. 14, 2011). DEO followed this guidance and worked with Staff to implement a new termination process.

The resulting process is known as the "Living Disconnection Notice (Non-Payment)," or "Living DNP." Under this process, DEO gives its customers the benefit of an additional ten-day notice year-round—not only in the winter months. This gives customers extra time to pay year-round and simplifies DEO's planning and programming, by avoiding seasonal changes in business practices.

The term "Living" refers to the fact that after the ten-day notice is issued the disconnect warning continues to "live" (or appear) on the bill, with specific reference to the amount needed to be paid to avoid immediate disconnection. If new balances go unpaid, these do not restart the notice cycle, but are referred to separately as new balances that could trigger termination in the future. Thus, under the Living DNP system, if a customer has already received a ten-day notice and then incurs additional unpaid balances, he or she will receive the following message:

> *Your gas service could be shut off anytime for not paying $XXX.XX disconnection amount as noticed on your last bill.*
>
> *You owe an additional past due amount of $XXX.XX and your gas service can be shut off if this additional amount is not paid on or before [a new 14-day notice date].*

The new system benefits both the Company and customers. For DEO, it eliminates a major obstacle to executing termination orders. Rather than restarting the clock every time a new bill issues, this process gives DEO much greater leeway to coordinate wide-ranging credit activities, without the challenge of thousands of disconnection windows opening and closing every month. For non-paying customers, it clearly explains the outstanding amounts due, and it continues to remind such customers that disconnection is imminent until the specified amount is paid. And for good-paying customers, by better enabling DEO to take credit action on non-paying accounts, this process reduces the cost of service by mitigating bad debt and increasing operational efficiency. To illustrate, the Living DNP was implemented in March 2012. In that first, partial year of implementation, there was a 23 percent decrease in year-end arrearages from 2011, and a 37 percent decrease in arrearages over 90 days old. In 2013, the first *full* year of implementation, another substantial drop occurred—in comparison with 2012, year-end arrearages decreased another 21 percent and arrearages over 90 days old, another 24 percent.

The Living DNP was an important change, but not the only change that DEO made to its credit and collection processes. Termination notices on bills are just one component of DEO's credit communications strategy. In conjunction with the Living DNP, DEO developed an escalating array of messages utilizing different media: alternating credit correspondence and automated outbound calls, intertwined with a series of billing notices, starting with a reminder notice, followed by the first DNP notice, and ultimately the Living DNP notice.

The point is to ensure that no customers who have any intention of paying their bills could lose sight of the fact their bills are overdue and their service in danger of disconnection. All these changes required a great deal of effort to construct and implement, but they have helped reduce arrearages and the burden of bad debt on paying customers.

b. The revised rule would require DEO to substantially rework its collection processes.

This is why the proposed rule revision, recommending the expiration and resetting of ten-day notices, is so concerning to DEO. This revision reintroduces the very obstacle that DEO had reworked its entire system to avoid: the regular resetting of disconnection notice periods. The revised rule gives utilities two months to terminate service following issuance of the ten-day notice. If termination does not occur within two months, "the utility company must issue a new ten-day notice." DEO recognizes that the rule revision is more limited than DEO's prior practice of restarting the notice period after each new past due bill was issued: a two-month window is provided instead of a one-month window, and the limit only applies in winter. Nevertheless, this does not change the fact that the rule would require wholesale reconstruction of DEO's credit and collection strategy, and DEO does not believe that this is the right direction for the rules to travel.

The practice of "resetting" termination clocks was criticized by the NorthStar audit, and the Commission adopted those recommendations. Resetting notice periods causes numerous kinds of harm: reduced opportunities for disconnection, reductions in termination activity, and consequent increases in costs borne by the utility and good-paying customers, whether bad-debt expense, increases in field resources, or both. For DEO, it would require an expensive and time-consuming unwinding or modification of processes that were instituted at the Commission's direction less than 10 years ago. DEO would have to reprogram its billing system and rework its field-management systems to account for the continual resending of notices and consequent resetting of disconnection periods.

Both Companies recognize that, from an outside perspective, it may seem that 60 days is ample time to execute a disconnection notice. The reality is far more complex. Utilities must

manage large numbers of customers. These customers are typically spread over a large geographic area and present a constant flux of payment activity, regulatory limits on termination, and credit avoidance. In DEO's case, the challenge is amplified by hundreds of thousands of meters that are located inside, which limit DEO's ability to turn off service if it cannot gain access and if good paying customers are located downstream of the curb valve. These accounts simply require more time to achieve disconnection. Making matters more difficult still, DEO's inside meters tend to be associated with customers who fail to meet payment obligations. For example, at this time *over 84 percent* of accounts subject to termination in DEO's service area are served via inside meters. The point is that executing termination orders across a large utility system is a highly complex and costly undertaking—and that is *without* disconnection windows that open and close over and over again. VEDO shares the same general concern and similar challenges, when it comes to the disconnection of inside meters in its service area.

c. The concerns addressed by the revision could be met by other means.

No statement is given regarding the goal of the rule revision, but the Companies have considered possible rationales.

One rationale could be to avoid or limit surprise. If a customer received a ten-day notice, and then months went by with no disconnection *and no further warning*, one could at least imagine concerns about whether the customer remained aware of the proximate risk. But this concern for surprise would be entirely mitigated by continuing to provide notice of impending disconnection. This is exactly what occurs under the Companies' current processes, where the bill continues to highlight the imminence of disconnection and the amount needed to avoid it. If surprise is the Commission's concern, an alternate solution would be to require utilities to continue providing notice of the amount due and the imminence of disconnection on subsequent bills—without resetting the disconnection clock.

Another possible intention could be to encourage better linkage of notices with termination activity, to in turn encourage customers to take notices more seriously. "Notice credibility" may be a legitimate goal, but the Companies do not believe that the revision supports it. The revision would not prevent but *cause* delays in disconnection, by further limiting opportunities to do so and extending timelines. From the customer perspective, it would seem to generate confusion (and possible incentive or opportunities for abuse) to receive multiple "last" warnings followed by multiple ten-day reprieves. To the extent credibility is the concern, the revision would seem to make notices even *less* credible.

Ultimately, closely tying termination activity to a notice is an operational challenge. The Companies have no objection to the desire to efficiently engage in credit activities. But the rule would only increase the challenge, and in DEO's case require unwinding a system that took years to build.

C. Rule 4901:1-18-07

1. Section (B)(1) – Remote reconnection.

This revision extends the time in which a customer may present payment to guarantee same-day reconnection: "Where a meter with remote reconnection capabilities is installed, the customer must provide proof of payment, as required in paragraph (A)(1) of this rule to the utility company no later than three-thirty p.m." Entry, Attachment C at 16.

As recommended above regarding the parallel revision to Rule 4901:1-18-06(A)(1), the Companies recommend that this revision apply not only where a meter with remote reconnection capabilities has been installed, but where these capabilities are being utilized by the company in the ordinary course of business, as shown:

> Where a meter with remote reconnection capabilities is installed and such capabilities are being utilized by the utility company, the customer must provide proof of payment, as required in paragraph (A)(1) of this rule to the utility company no later than three-thirty p.m.

D. Rule 4901:1-18-12

1. Section (D)(3) – PIPP reinstatement.

The proposed revision states:

> PIPP plus customers who have been dropped from the PIPP plus program due to nonpayment or not meeting the terms of the program . . . and who were otherwise eligible for PIPP plus, may re-enroll in the program after all missed PIPP plus payments~~, and monthly charges for any months the customer was not enrolled in the program but maintained service (less any payments made by the customer)~~ have been cured. This includes PIPP plus payments for any months in which the customer maintained service or was disconnected. The dropped PIPP plus customer is not eligible for any incentives or credits in accordance with rule 4901:1-18-14 of the Administrative Code for payments made pursuant to this provision. The amount due shall not exceed the amount of the customer's arrearage.

The Companies do not object to this revision. They expect that in the long run it will generally be easier to calculate the amount necessary for PIPP reinstatement and may help simplify administration of the program.

Because DEO automates the calculation of the reinstatement amount, implementing this change will require significant reprogramming of its customer billing systems. This is presently not an issue for VEDO, which currently calculates this amount manually, but would be an issue if VEDO automated the process. The revision does raise questions for both Companies, however. To implement this rule, the Companies will need clarification of how to treat customers with unpaid balances already accrued and tracked under the existing rule.

If this rule is adopted, the core question will be: what amount should the utility quote customers who wish to be reinstated but who have unpaid balances that were accrued under the prior rule? For such customers, the Companies have been billing and tracking (as the rule

requires) actual monthly charges for the months the customer was not enrolled. For the months these customers were off PIPP, will they owe the unpaid actual balances, the missed PIPP amounts, or something else?

The Companies recognize that there are different ways to address this issue. Whatever approach *is* taken, there is one approach that the Companies respectfully ask the Commission *not* to take—namely, restating previously accrued balances. Recalculating and restating the historical balances already accrued and associated with such customers would be extremely difficult and expensive. As noted above, DEO will likely need a waiver to implement this rule, even if the simplest approach is taken, due to the need to reprogram its systems. But if DEO must restate prior balances, even more time would be needed, which would almost certainly result in significant delays in the implementation of the rule. And for both Companies, restating historical balances—potentially over many years, and with potential changes from year to year in the PIPP amount—would require substantial effort and create a greater risk of error.

Again, regardless of the answer to this question, DEO expects a waiver will be necessary to provide time for the reprogramming of its billing system. And for both of the Companies to begin that implementation process, they will need to understand how to handle balances that have accrued prior to the changeover.

IV. CONCLUSION

The Companies appreciate the opportunity to comment on the proposed rules. For the foregoing reasons, the Companies respectfully request that the Commission act in accordance with these comments.

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Respectfully submitted,

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