

**A report by the staff of the
Public Utilities Commission of Ohio**

AEP Ohio Supplier Consolidated Billing Pilot
Case Number 21-1150-EL-UNC

November 5, 2021

Purpose

The Staff of the Public Utilities Commission of Ohio (“Staff”) is filing a report on the results of Ohio Power Company’s (“AEP Ohio” or the “Company”) supplier consolidated billing pilot program (“SCB Pilot”) and providing Staff’s recommendations on the SCB Pilot.

Background

On March 31, 2016, the Commission issued an Opinion and Order in Case No. 14-1693-EL-RDR that included as part of the stipulation between parties a commitment to engage in a pilot program for supplier consolidated billing. Important terms of the stipulation included: a sharing of pilot costs between AEP Ohio and the participating suppliers (three at this time); a maximum customer amount of 20,000 per supplier; and a purchase of receivables (AEP Ohio distribution charges) without recourse.

On February 23, 2017, the Commission issued an Opinion and Order in over a dozen cases (global settlement) including Case No. 10-2929-EL-UNC. As part of the settlement, Constellation NewEnergy, Inc. (“Constellation”) was added as a participant in the SCB Pilot.

On April 25, 2018, the Commission issued an Opinion and Order in Case No. 16-1852-EL-SSO that included additional terms and conditions regarding the SCB Program as part of the modified stipulation between the parties. These new terms and conditions included: an expenditure cap of \$2 million funded equally by participants and ratepayers; an expansion from three participants to five; and an initial collection fee rate of 0.66% for the AEP Ohio receivables.

Supplier Consolidated Billing Pilot

In early 2017, Staff, AEP Ohio, and participating suppliers began holding discussions and meetings regarding the design and implementation of a supplier consolidating

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billing pilot. The Ohio electronic data interchange (“EDI”) working group also began reviewing the necessary technical requirements for the pilot. Throughout the next two plus years, Staff, AEP Ohio, and the participating suppliers worked on the parameters of the SCB Pilot. As a result, the group finalized an agreement for the terms and conditions of the SCB Pilot as well as the technical EDI requirements. Two of the five participating suppliers successfully completed EDI testing to ensure transactions for SCB would occur correctly.

On September 18, 2019, Direct Energy Services, LLC (“Direct”) filed for approval of a supplier consolidated bill format in Case No. 19-1786-EL-UNC. The application was amended, and the bill format was approved under Ohio Adm.Code 4901:1-21-18(F).

On November 6, 2019, AEP Ohio could successfully transact supplier consolidated billing. Therefore, November 6, 2019 is considered the start date of the SCB Pilot.

On April 3, 2020, Constellation filed for approval of a supplier consolidated bill format in Case No. 20-0701-EL-UNC. After an amended application and Staff comments, the Commission on June 17, 2020 issued a Finding and Order approving the bill format application.

Although five suppliers were approved as participants in the AEP Ohio supplier consolidated billing pilot, only two suppliers engaged with AEP Ohio to begin the pilot, Constellation and Direct. Those same two suppliers are also the only ones that completed a bill format case in order to proceed with appropriately billing customers. However, only one of the suppliers actively participated in the pilot program and enrolled customers.

Review

Throughout the pilot program, Staff monitored contacts received by AEP Ohio, the participating supplier, and the PUCO call center. During the design phase of the project,

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AEP Ohio agreed to maintain information on complaints, number of customers participating in SCB Pilot, and customers returned to AEP Ohio billing.

With an initial expectation that five suppliers with up to 20,000 customers each would be participating in the pilot, the results today are less than enthusiastic. Only one supplier has participated in the program and did not enroll its first customers until July of 2020. As the chart below shows, the number of participants is nowhere near the expectations. The number of cumulative participants was not requested until November 2020¹.

Month	Year	Cumulative # SCB participants
July	2020	
August	2020	
September	2020	
October	2020	
November	2020	206
December	2020	231
January	2021	249
February	2021	276
March	2021	330
April	2021	360
May	2021	402
June	2021	450
July	2021	509
August	2021	568
September	2021	626

AEP also reported that as of September 2021 there were 822 requests by participating suppliers to switch² or changed³ to SCB Pilot; 722 scheduled switch/change; 134 drops/rejection to the switch/change. While AEP Ohio did not report any customer complaints related directly to the SCB Pilot, the PUCO did find a few contacts related to SCB. The PUCO received an inquiry from a customer specific to their enrollment. Staff

¹ The number of participants was not reported until the November 2020 report.

² Switch means the customer enrolled with the CRES provider and SCB at the same time.

³ Changed means the customer was already with the CRES provider and enrolled in SCB

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investigated the issue and found that customers were enrolled in the SCB Pilot by the participating supplier upon contract renewal. The customers may not have been properly informed of the changes to the terms and conditions of their contracts. As a result of this complaint, the participating supplier agreed to conduct an investigation into how customers were switched to SCB and also started reaching out to the customers in question to obtain their affirmative consent for SCB in October 2021. Staff is waiting on the results of the outreach.

The cost to build the pilot program was \$2 million, which was shared between AEP Ohio and the five approved suppliers. AEP Ohio's portion of the costs of implementation will be borne by ratepayers. Any expansion of the SCB Pilot could create additional costs.

The small data size of participating customers and only one participating supplier limits the quality of Staff's review. However, Staff has some concerns with the SCB Pilot, namely the enrollment practices used, the lack of enhanced products and service offerings, and the costs of the SCB Pilot.

Recommendation

Based on the poor participation of the eligible providers and concerns with the methods of customer enrollment, Staff does not believe that the SCB Pilot should be expanded at this time in neither customer count nor providers. If the Commission were to continue the SCB Pilot program, Staff recommends that it be for a defined period of time and that another review be conducted at the conclusion of the program to review the results and make a recommendation as to whether or not to continue the program.

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Summary: Staff Report Filed A report by the staff of the Public Utility Commission of Ohio - AEP Ohio Supplier Consolidated Billing Pilot electronically filed by Mrs. Barbara J Bossart on behalf of PUCO Staff