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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

**In the Matter of the Commission's Review of its)
Electric Service and Safety Standards, the)
Electric Interconnection Standards, and the)
Electric Reliability, Safety and Customer Service)
Standards Enforcement at Chapters 4901:1-10,)
4901:1-22 and 4901:1-23 of the Ohio)
Administrative Code.)**

Case No. 02-564-EL-ORD

COMMENTS OF WPS ENERGY SERVICES, INC.

Pursuant to the Commission's March 21, 2002, Entry in the above-styled docket, WPS Energy Services, Inc. ("WPS Energy Services") respectfully submits the following comments on the proposed revisions to Chapter 4901:1-10, O.A.C.

INTRODUCTION

Generally, Staff's proposed revisions will promote continued competition in Ohio's retail electric market. Several of the rules, however, require additional revision and consideration. WPS Energy Services serves as the CRES Provider to the City of Cleveland's Electric Aggregation Program, six communities in the Northwest Ohio Aggregation Coalition ("NOAC") Electric Aggregation Program, and the City of Euclid's Electric Aggregation Program. As the supplier to each aggregation program, WPS Energy Services offers insight on the long-term impact of the proposed rules. As requested in the March 21, 2002, Entry, WPS Energy Services provides supporting justification for revisions to the following rules.

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Proposed Rule 4901:1-10-17(C)

In addition to the disclosures required in the rule, the disconnect notice for nonresidential customers should also instruct the customer to contact their CRES Provider immediately if the customer previously paid the amounts past due that are owed to the CRES Provider. WPS Energy Services has noted instances where the customer paid the amount past due but as a result of the delay in processing and/or the delay in forwarding the customer's payment by the local distribution utility, the CRES Provider has no record of the payment. In such a case, although the customer paid on the account the CRES Provider may unknowingly cancel service to the customer. To avoid this and other related problems, paragraph nine (9) should be added to subsection (C):

“A statement that the customer should contact the CRES Provider immediately if the customer has already paid the CRES Provider's charges.”

Proposed Rule 4901:1-10-21(H)(3)

When the CRES Provider relies on information provided by the EDU and subsequently initiates a switch, the CRES Provider should not be required to reimburse the EDU's expenses related to the improper switch. The proposed rule should be amended to require the CRES Provider reimburse the EDU when the switch is made due to the CRES Provider's mistake. The proposed rule should also require the EDU to provide the CRES Provider an itemized statement explaining the EDU's alleged incremental costs. The rule should also provide means through which the CRES Provider may appeal and or question the EDU's alleged incremental costs.

Proposed Rule 4901:1-10-22(B) (23)

The addition of the price-to-compare notice is a good first step. To avoid ambiguity and confusion, the rule should also require disclosure of how the price-to-

compare was determined and/or upon what it is based. At the very least, the rule should require a statement informing the customer the period for which his/her price-to-compare should apply. For example, shopping credits are used to develop the price-to-compare; however, shopping credits may change from summer to winter and from one year to the next. Thus, the customer's price-to-compare will similarly change. The price-to-compare in the customer's June 2002 bill, for example, provides an inadequate comparison when a marketer offers the customer a two-year rate. The June 2002 bill's price-to-compare may be based on summer shopping credits. That bill will most likely not provide useful information for a twenty-four month comparison. Unless told otherwise, the customer may not know the difference. To avoid an apples-to-oranges comparison, the rule should require the provision of information that gives meaning to the price-to-compare.

Proposed Rule 4901:1-10-29(B)

EDU charges that are customer based, such as switching fees and, in the future, minimum stay based fees, should be charged by the EDU to the customer, rather than being charged to the supplier. This will level the playing field between EDU-affiliated CRES Providers and non-affiliated CRES Providers. Currently, affiliated suppliers have a competitive advantage in that they may more easily waive or absorb such charges. Between the affiliated CRES Provider and the EDU, these charges are merely internal accounting transactions where one arm of the holding company pays the other. For non-affiliated CRES Providers these charges represent a real cost. The proposed rule should therefore direct EDU supplier tariffs to assess such charges on the customer rather than on the CRES Provider.

Proposed Rule 4901:1-10-29(C)

The language added to this rule provides a needed improvement; yet, the amendment is somewhat unclear and may be interpreted in more than one way. Therefore the language should be modified to clearly provide the following: "The customer's liability to the CRES Provider ceases when: a) the customer pays in full the amount owed the CRES Provider; and b) the EDU remits the entire amount owed on the debt to the CRES Provider." Until both conditions are satisfied, from the perspective of the CRES Provider, the customer's liability to the CRES Provider remains unsatisfied.

Proposed Rule 4901:1-10-29(E)

In addition to the list of items the EDU is required to provide "at a minimum", the EDU also should be required to provide the customer's actual meter identification number in the pre-enrollment data. Currently, the EDU passes on a "dummy" meter identification number in the pre-enrollment data. This creates a mismatch in meter designations and is problematic for multi-meter accounts. It also creates a customer service problem and prevents the CRES Provider from meeting its obligation to provide historic usage data. Without the actual meter identification number, supplying the customer's historic usage becomes a problem. Requiring the actual meter identification number will eliminate data gaps, facilitate better customer service and improve CRES Provider record keeping.

Proposed Rule 4901:1-10-29(H)(2)

The proposed rule should also require the EDU to notify the customer, after he/she is returned to the EDU, that the customer must pay amounts owed the CRES Provider. In the event that the EDI performed payment remittance services for the CRES Provider, the EDU should notify the customer when it will cease to provide such services

and when the customer should pay the CRES Provider directly. If, for example, the EDU will continue to provide remittance services for 30 days following the issuance of the final bill, the EDU should inform the customer to send payment directly to the CRES Provider if payment is made after the thirtieth day. In cases where the EDU has purchased the CRES Provider's accounts receivables, the customer should be instructed to send final payment to the EDU.

Proposed Rule 4901:1-10-29(I)

Paragraphs (i), (ii) and (iii) of the proposed rule provide much needed guidance on the prompt handling of PIPP customers. But the rule should go a step further. Currently, WPS Energy Services has outstanding balances in the tens of thousands of dollars related to prior service to PIPP customers. In most instances, PIPP customers were allowed to receive service from WPS Energy Services a month or more after signing-up for PIPP. The proposed rule should further provide in a new paragraph (iv) the following:

“Upon the customer's enrollment in PIPP, the EDU shall pay the CRES Provider the customer's current and past due charges and recover such charges through its normal PIPP payment and process.”

CRES Providers that have unpaid balances by new PIPP customers have no way to recover their losses. The EDU, on the other hand, will be made whole through the normal PIPP recovery process.

Rule 4901:1-10-31(D)(3)

Quarterly environmental disclosure of the CRES Provider's generation mix is a laudable goal. However, this noble goal imposes additional costs on marketers. It pushes up rates and reduces customer savings. Moreover, most customers routinely disregard the

information. The cost of producing and mailing such notices will vary depending on the number of customers served, but in the end this expense affects the marketer's bottom line. To the extent that non-affiliated CRES Providers use a generation mix other than that of the EDU, it also gives the affiliated CRES Provider a competitive advantage since the affiliated CRES Provider is able to cut its cost and send its notices with those of the EDU.

This rule should be amended to require CRES Providers to provide their actual generation mix to customers no less than once year in full form with pie charts as called for by the proposed rule. Similarly, WPS agrees that in any quarter in which there has been a substantial change in the resource mix , the CRES Provider must present full graphic presentation. If, however, a CRES Provider is not changing its supply mix from the previous quarter, rather than the full graphic presentation the CRES Provider should be permitted to just note on the monthly bill that there has been no substantial change in the resource mix. For those customers who are concerned and have misplaced their charts, the information could be made available on a web site. Such a rule change would eliminate the costly pie chart insert or special mailing, while still informing the customer as to the resource mix.

4928.10 (F) Revised Code only requires the CRES Provider to "inform" the customer upon sign up and then quarterly as to the resource mix. The method of informing customers and the content of the messages are left to the Commission to determine. The Commission's decision to require an expensive message featuring detailed graphics which for most customers will have to be mailed is within the delegated authority of the statute. Similarly, a Commission decision to balance an expensive

graphic message once a year, with the relatively inexpensive bill statement in subsequent quarters in which there were no changes would also comply with the statutory mandate.

Bottom line, by permitting CRES Providers to notify customers during the year by bill message that the resource mix has not changed, rather than requiring delivery of the graphics every ninety days, costs will be lowered to the consumer, yet those customers who care about resource mix will be informed before they sign up and receive full graphics at least once a year and every time there is a substantive change.

Proposed Rule 4901:1-10-33(B)(20)

See comments on price-to-compare in the customer's bill in *Proposed Rule 4901:1-10-22(B)(23)* discussed above.

Proposed Rule 4901:1-10-33(C) (5)

The proposed rule should also disclose, where applicable, that only the EDU's charges are included in the budgeted amount and that the CRES Provider's charges are added separately to the total bill. Customers are often confused when they continue on budget billing and are served by a CRES Provider. Customers often pay only the budgeted amount and have shared that they thought the budgeted amount was the total amount due. In those instances, they do not pay the CRES Provider's charges. This situation can be easily remedied by requiring the EDU to inform customers that if a CRES Provider supplies them electrical generation, the budgeted amount may not include the CRES Provider's charges.

Proposed Rule 4901:1-10-33(G)

The proposed partial payment priority is a substantial improvement over the existing practice. Currently, WPS Energy Services' arrearages are substantial and could be eliminated, or at least substantially reduced, by the proposed rule. Customers often

contact WPS Energy Services explaining that they made payments only to find that the amounts they paid are not forwarded to WPS Energy Services because the EDU's charges are satisfied first. In several instances, the customer paid WPS Energy Services' charges directly. When WPS Energy Services asked the EDU to credit the customer's account, the EDU insisted that WPS Energy Services write the EDU a check for the amount owed. The EDU's charges would be satisfied first and the residual would be forwarded to WPS Energy Services.

Another example of the types of problems that would be eliminated by the proposed payment priority relates to customers that have outstanding balances with the EDU when the CRES Provider commences service to the customer.¹ In one instance last year, WPS Energy Services served a large customer for eight months while the EDU withheld payment to WPS Energy Services because the customer and the EDU disputed the past due amounts *owed to the EDU*. The alleged amounts past due dated back a number of months prior to WPS Energy Services' service to the customer. WPS Energy Services was placed in the position of asking the customer to pay the EDU's charges, since the EDU refused to forward the customer's payments to WPS Energy Services until the amounts owed the EDU were paid-in-full. By the time the EDU and customer resolved their concerns, the customer owed WPS Energy Services over a million dollars. Although the rules never intended to make the CRES Provider the EDU's bill collector, the rules as applied make it so. The proposed payment priority is a critical component to the long-term vitality of a competitive retail electric market in Ohio. Without the new

¹ Prior to sign-up, the CRES Provider is not provided information regarding whether the customer's account is current with the EDU. Thus, the CRES Provider signs-up all customers regardless of their payment status with the EDU.

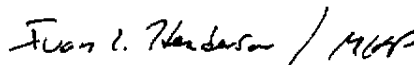
rule, the CRES Provider's last-in-line status becomes another reason to sell power in friendlier markets.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

I certify that the foregoing Comments of WPS Energy Services, Inc., will be served in accordance with paragraph 6 of the Commission's March 21, 2002 Entry in this matter.



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