

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN RE: NORTHEASTERN REMC'S 30-)
DAY FILING SEEKING APPROVAL OF) IURC 30-DAY
A NEW OPTIONAL RESIDENTIAL) FILING NO. 2910
PREPAID ELECTRIC SERVICE RATE)

OUCC'S OBJECTION TO NORTHEASTERN REMC'S 30-DAY FILING

The Indiana Office of Utility Consumer Counselor ("OUCC"), pursuant to 170 IAC 1-6-7, objects to Northeastern REMC's (Northeastern) 30-day filing seeking Commission approval for its proposed Schedule PRS-1, an optional rate where the customer prepays for electric service. The OUCC's objection to the filing is made pursuant to 170 IAC 1-6-7, as this request violates the Commission's rules, is "incomplete" and "complex", and is a matter the Commission should not allow to be processed under the Rule. Furthermore, since the subject of Northeastern's 30-day filing is "controversial", as defined by 170 IAC 1-6-1(b), it should not be considered by the Commission under the streamlined and expedited 30-day filing process. The OUCC therefore respectfully requests the Commission disallow the 30-day filing. In support of its Objection, the OUCC states as follows:

Background

On September 28, 2011, Northeastern submitted IURC 30-Day Filing No. 2910 requesting approval for a new optional Prepaid Residential Service Tariff. In the cover letter accompanying its filing, Northeastern describes the rate as "an optional rate where the customer prepays for electric service rather than post pays as under traditional electric rates."

Northeastern's Prepaid Tariff Violates Commission Rules and Should be Prohibited

170 IAC 1-6-4 prohibits a 30-day filing that violates the Commission's rules and regulations, or would have the effect of being more lenient to the utility than the Commission's rules and regulations. 170 IAC 4-1-16 establishes the procedure for disconnection of service. Disconnection may not occur without prior notice, except it is due to one of four (4) exceptions: dangerous or hazardous conditions exist, the utility is acting pursuant to a Court or Commission Order, the customer is responsible for fraudulent or unauthorized use of electricity, or the customer has tampered with the equipment. 170 IAC 4-1-16(e) states, "Except as otherwise provided in this article, electric service to any residential customer shall not be disconnected . . . except after fourteen (14) days prior written notice to the residential customer." Furthermore, Northeastern's own Rules and Regulations state, "At least fourteen (14) days prior to the scheduled disconnection date, Northeastern will send a disconnection notice to a delinquent consumer advising that service will be discontinued unless the delinquent balance is paid." In this filing, however, Northeastern has proposed to "disconnect service by remote control when the member's account balance reaches zero." There is no mention of written notice, so one is left to assume such notice will not be provided. Failure to provide written notice would not only bypass the Commission's rules, but Northeastern's own Rules and Regulations, so its proposal should not be presented to the Commission for approval.

Northeastern's 30-Day Filing Should Be Denied as Incomplete.

An objection to a 30-day filing may be submitted pursuant to 170 IAC 1-6-7(b)(2)(C) for any filing that is incomplete. Northeastern has failed to provide evidence for several key aspects of its proposed pilot.

First, Northeastern has implemented a new Daily Access Charge that correlates to a \$45.00/month fixed charge should the customer use the service daily (\$1.50 per day x 30 days). This \$45.00 cost is in addition to any energy charges that might be incurred. Northeastern's standard residential tariff, Schedule 10-1 Residential Service, includes a \$15.00 monthly customer charge. Neither the tariff, nor the accompanying letter to the Commission, includes adequate justification for increasing this rate.

Second, Northeastern has claimed Schedule PRS-1 is "revenue neutral when compared to Schedule 10-1 plus the cost of a disconnect collar." However, while Northeastern promotes this rate design as revenue neutral, it fails to account for the likelihood that in order to be revenue neutral, there will necessarily be winners and losers among its ratepayers. The spreadsheet provided by Northeastern does not adequately list the assumptions, nor provides the necessary data for the Commission and the OUCC to perform a complete analysis of the rate design.

Northeastern's 30-Day Filing Should Be Denied Due to its Complex Nature.

The Commission's 30-day filing rule, 170 IAC 1-6-1(c)(4), recognizes that "[a]dditional time may be required for . . . complex filings." The OUCC has been involved in discussions with utilities regarding the establishment of prepaid electric service programs and recognizes the difficulty in developing such a program. Based upon its prior experience, issues may arise regarding remote disconnections, such as how best to ensure those agencies that provide home energy assistance to ratepayers could continue to do so under this new rate, will likely arise. Furthermore, as stated earlier, there are concerns regarding the legal obligations of a utility prior to disconnecting service, the size of the daily access charge, and the development of those charges.

This 30-day filing has significant public policy implications for the implementation of prepaid electric service. These public policy implications demonstrate that this proposal is too complex for an expedited 30-day filing process and support the need for a more thorough review than otherwise available under a 30-day filing.

The Commission Should Use Its Discretion to Prohibit Northeastern's 30-Day Filing.

170 IAC 1-6-3 allows "rates and charges for new services" to be processed under the 30-day filing process. 170 IAC 1-6-4, however, prohibits a 30-day filing that the Commission in its discretion determines should not be processed under this rule. The OUCC has raised several issues regarding Northeastern's proposal and the Commission should not allow this filing to be processed.

Northeastern's Request is Best Resolved Via a Fully Docketed Proceeding.

A docketed proceeding would allow time for other interested parties to issue data requests, perform their own evaluation of Northeastern's proposal, and offer testimony. The limited nature of a 30-day filing process does not allow sufficient time to conduct this review and Northeastern has not yet established that its request demands such expedited relief.

The Commission Determines What Is Processed Under the 30-Day Filing Rule.

170 IAC 1-6-4 prohibits the filing of "any rates, charges, rules, conditions of service, or changes thereto that the Commission in its discretion determines should not be processed under the 30-day filing rule." Given the complex and evolving nature of prepaid electric service, as well as the significant public policy concerns surrounding the implementation of prepaid tariffs and remote disconnection, the Commission should use its discretion and not approve the relief requested in this 30-day filing.

The OUCC's Objection Makes the 30-Day Filing Controversial.

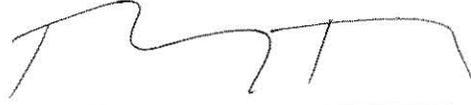
Pursuant to 170 IAC 1-6-1(b), “. . . only noncontroversial filings may be approved under this rule [170 IAC 1-6-1, *et seq.*].” A “noncontroversial filing” is defined by 170 IAC 1-6-2(7) as “any filing regarding which no person or entity has filed an objection as provided under section 7 of this rule [170 IAC 1-6-7].” Upon the submission of this objection to the Secretary of the Commission, Harrison’s 30-day filing is no longer a “noncontroversial filing” and may not be approved under the Commission’s 30-day filing process, 170 IAC 1-6-1, *et seq.*

Conclusion and Prayer for Relief

Northeastern has proposed a novel approach to provide ratepayers with an additional option for controlling energy costs. While the concept has been implemented in other jurisdictions, care must be taken to ensure that Indiana’s ratepayers are not unfairly disadvantaged. Northeastern’s proposal violates current Commission rules, is incomplete, and is too complex to be considered under the 30-day filing process. Such a request is best considered through a fully-docketed proceeding which will ensure all stakeholders have an opportunity to comment on an appropriate rate design.

WHEREFORE, the OUCC respectfully requests the Commission find the OUCC’s objection complies with 170 IAC 1-6-7(b)(2)(C)(i) and (ii), determine Northeastern’s 30-day filing is “controversial” and prohibited by 170 IAC 1-6-1(b), and order this matter not be presented to the full Commission for consideration or approval under the 30-day administrative filing rule.

Respectfully submitted,

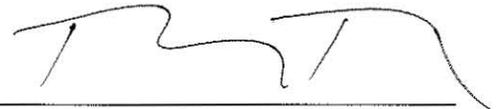


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CERTIFICATE OF SERVICE

The undersigned hereby certifies that copies of the foregoing **Objection** has been served upon the following party in the captioned proceeding by electronic service, with paper copies available upon request, on October 28, 2011.

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