

Rule Summary and Fiscal Analysis (Part A)**Department of Development**

Agency Name

Office of Community Services

Division

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122:5-3-02

Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

Criteria for customer eligibility.**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **No**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **4928.53**

5. Statute(s) the rule, as filed, amplifies or implements: **4928.51 through 4928.57**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

Sets forth the criteria used to establish customer eligibility to participate in the electric PIPP program.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

Establishes income eligibility based on household income of up to 150% of federal poverty guidelines for a household of comparable size.

Table 2 in the Rule Summary and Fiscal Analysis Attachment illustrates income at 150% of federal poverty guidelines for households of various sizes:

Requires as a condition of eligibility that customers actively participate in a payment plan and contribute to the cost of their electric service. Active participation will be fulfilled by customers making a monthly PIPP installment of not less than \$10.00 (subject to a limited exception described provided in section 122:5-3-04 of the proposed new rules).

Requires customers to participate in other payment assistance programs and in energy efficiency and weatherization programs for which they are eligible and to be willing to receive bill payment reminders.

Eligibility may be compromised by customer default and certain wrongful conduct for which disconnection rules are prescribed by the Public Utilities Commission of Ohio. The eligibility criteria in the proposed new rules specifically address continued participation in PIPP following any of those circumstances. Certain conduct may prevent customers from continuing in PIPP for 24 months or longer.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously

filed version of this rule; if none, please state so:

Not Applicable.

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase/decrease** either **revenues /expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will increase expenditures.

125,000

Estimated agency cost should be offset by program revenue, which should benefit electric ratepayers. Review Fiscal Analysis for further detail.

Income standards for customer eligibility are not changed by the proposed rule. Nevertheless, there has been tremendous growth in program enrollment since ODOD began administering the electric PIPP program. Increases in enrollment increase overall program costs.

Table 3 in the Rule Summary and Fiscal Analysis Attachment shows the increases in PIPP enrollment by company.

According to the 2000 decennial U.S. Census, Ohio has 831,832 households at or below 150% of the federal poverty guidelines. Based on the average annual PIPP enrollment of 234,067 households during 2008, program saturation is approximately 30% currently. The number of income eligible households located in the service territories of the participating electric companies cannot be determined from available data. Expected increases in electric costs coupled with current economic conditions and associated loss of income will likely increase the number of income-eligible households and the number of customers enrolling in the program.

The proposed rule provides a mechanism to enforce continued active participation by PIPP customers. Under the proposed rule, customers who fail to pay the PIPP installment established as a percentage of household income for two consecutive months will be dropped from the program until the PIPP default is paid. This enforcement mechanism should serve to increase customer bill payments and reduce the balance of cost for electric service that is collected from all ratepayers through the universal service fund.

Based on preliminary research, Development estimates administrative costs initially of approximately \$125,000 per year to provide payment reminders. Development intends to leverage existing infrastructure to the greatest extent possible. Development believes, based on industry research, that proactive payment reminders can be effective to motivate customers to pay. Development estimates that if even 1% of PIPP households make one additional monthly payment a year as a result of the bill payment reminders, the cost incurred to provide the reminders will be recovered.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

n/a

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

Program participants should not experience additional cost to comply.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

Table 3

Companies	First Month Jan/2001	Highest Month Apr/2008	Percentage Increase
CSP	19,224	37,431	94.71%
OP	20,540	38,489	87.39%
Duke	12,579	21,257	68.99%
DPL	13,530	24,058	77.81%
CEI	23,559	46,417	97.02%
OhEd	38,863	67,652	74.08%
ToIEd	9,104	20,563	125.87%
	137,399	255,867	86.22%

Table 2

Size of Family Unit	Poverty Income Guidelines at 150% of Poverty Level
1	15,600
2	21,000
3	26,400
4	31,800
5	37,200
6	42,600
7	48,000
8	53,400
	For Family Units With More Than Than Eight (8) Members Add \$5400 For Each Member