MEMORANDUM

TO: Julie Woolley, Assistant Chief Legal Counsel, Development Services Agency

FROM: Mark Hamlin, Director of Regulatory Policy

DATE: March 4, 2014

RE: **CSI Review – PIPP Plus (OAC 122:5-3-01, 122:5-3-02, 122:5-3-03, 122:5-3-04, 122:5-3-05, 122:5-3-06, 122:5-3-07, 122:5-3-08, 122:5-3-09, 122:5-3-10)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of ten rules being proposed with amendments by the Ohio Development Services Agency (DSA). In 2013, DSA and the Public Utilities Commission of Ohio (PUCO) collaborated on the review of rules related to the Percentage of Income Payment Plan Plus (PIPP Plus) program. PIPP Plus is a program available to households with incomes at or below 150 percent of the federal poverty guidelines, and is intended to allow these households to maintain gas and electric service by making monthly payments more affordable on a year-round basis. Under Ohio statute, the PIPP Plus program is administered separately for electric (DSA) and natural gas (PUCO) utilities. This rule package contains the DSA rules for electric PIPP Plus,[1] and all ten rules have been reviewed under the five-year review requirements of ORC 119.032.

In reviewing these rules, stakeholders requested better alignment between the gas and electric PIPP Plus rules. According to the Business Impact Analyses submitted for the respective rule packages, the two agencies identified the differences in the two regulatory schemes and worked together to

[1] The PUCO has submitted its natural gas rules (OAC Chapters 4901:1-17 and 4901:1-18) for CSI review as well, and they are being reviewed as a separate rule package.

determine which program had better outcomes for the areas of difference. The proposed changes in these rules are largely intended to codify the results of these efforts, and the coordination was largely supported in the fifteen comments submitted during the review process.

The PIPP Plus programs are implemented by the utility companies providing services to residential customers. As a result, many aspects of the specific rule provisions have adverse impacts on these businesses, and many of the changes being proposed will require training and reprogramming costs. Implementation costs for the programs are recovered through riders on customers' utility bills. Several of the comments submitted by business stakeholders identified specific costs from the proposed changes and encouraged the agencies to carefully weigh the costs of the proposals and to consider additional implementation time. Several consumer groups also offered comments and focused on the positive impact of PIPP Plus on consumers and the benefits of providing additional flexibility.

The BIAs submitted by DSA and the PUCO demonstrate significant outreach to stakeholders and coordination among the two agencies to improve their respective areas of oversight of the program. The request from utility companies for sufficient time to implement the proposed changes is reasonable and should be the subject of discussion among the agencies and stakeholders. But ultimately, the agencies appear to have achieved an appropriate balance in serving the needs of low-income utility customers and meeting the spirit of the statutory requirements. As such, the adverse impacts of the rules – including the proposed amendments – are justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Development Services Agency should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.