

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER)
COMPANY, AN INDIANA CORPORATION, FOR)
AUTHORITY TO INCREASE ITS RATES AND)
CHARGES FOR ELECTRIC UTILITY SERVICE)
THROUGH A PHASE IN RATE ADJUSTMENT; AND)
FOR APPROVAL OF RELATED RELIEF INCLUDING:)
(1) REVISED DEPRECIATION RATES, INCLUDING)
COST OF REMOVAL LESS SALVAGE, AND)
UPDATED DEPRECIATION EXPENSE; (2))
ACCOUNTING RELIEF, INCLUDING DEFERRALS)
AND AMORTIZATIONS; (3) INCLUSION OF CAPITAL)
INVESTMENT; (4) RATE ADJUSTMENT)
MECHANISM PROPOSALS, INCLUDING NEW)
GRANT PROJECTS RIDER AND MODIFIED TAX)
RIDER; (5) A VOLUNTARY RESIDENTIAL)
CUSTOMER POWERPAY PROGRAM; (6) WAIVER)
OR DECLINATION OF JURISDICTION WITH)
RESPECT TO CERTAIN RULES TO FACILITATE)
IMPLEMENTATION OF THE POWERPAY)
PROGRAM; (7) COST RECOVERY FOR COOK)
PLANT SUBSEQUENT LICENSE RENEWAL)
EVALUATION PROJECT; AND (8) NEW SCHEDULES)
OF RATES, RULES AND REGULATIONS)

CAUSE NO. 45933

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

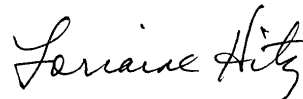
PUBLIC'S EXHIBIT NO. 11

TESTIMONY OF OUCC WITNESS

APRIL M. PARONISH

NOVEMBER 15, 2023

Respectfully submitted,



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TESTIMONY OF OUCC WITNESS APRIL M. PARONISH
CAUSE NO. 45933
INDIANA MICHIGAN POWER COMPANY

1 **Q: Please state your name, employer, business address, and current position.**

2 A: My name is April M. Paronish, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204. I am employed as an
4 Assistant Director in the Indiana Office of Utility Consumer Counselor's
5 ("OUCC") Electric Division. My education and professional experience are
6 detailed in Appendix AMP-1 attached to this testimony.

7 **Q: Have you previously testified before the Indiana Utility Regulatory**
8 **Commission ("Commission")?**

9 A: Yes. I have testified in several cases before the Commission.

I. INTRODUCTION

10 **Q: What is the purpose of your testimony?**

11 A: The purpose of my testimony is to:

- 12 1. Provide background describing Indiana Michigan Power Company's ("I&M")
13 proposed prepaid billing option, PowerPay Program, ("PowerPay Program,"
14 "PowerPay," or "Program") and request for waiver of 170 Ind. Admin. Code
15 4-1-13 and 170 I.A.C. 4-1-16(f) for purposes of implementing the proposed
16 Program;
- 17 2. Discuss Duke Energy Indiana's ("DEI") Pilot Prepaid Advantage Program
18 ("Prepaid Advantage") the Commission approved in Cause No. 45193;
- 19 3. Discuss why I&M's PowerPay proposal should be approved as a pilot
20 comparable to the DEI Prepaid Advantage Program; and
- 21 4. Discuss additional issues with the PowerPay Program in I&M's case-in-chief
22 that need to be addressed.

23 **Q: Are you sponsoring any exhibits or attachments to your testimony?**

24 A: Yes. I sponsor the following attachments:

25 **Attachment AMP-1:** I&M Response to OUCC Data Request ("DR") 7-13; and

1 **Attachment AMP-2:** DEI 2021 Integrated Resource Plan, Figure III.1: Historical
2 Number of Retail Customers By Category (Annual Average), p. 59, Vol. 1.

3 **Q: Please describe the examination and analysis you conducted to prepare your**
4 **testimony and formulate your opinion in this Cause.**

5 A: I reviewed testimony and certain attachments filed in this Cause. I attended pre-
6 and post-filing meetings with I&M, and I also met with OUCC staff to discuss
7 issues. I read testimony and the Commission's Final Order in DEI Cause No.
8 45193, DEI's Compliance Filing, and DEI's Prepaid Advantage Pilot Terms and
9 Conditions. Finally, I read pertinent parts of the Indiana Administrative Code.

10 **Q: To the extent you do not address a specific item in your testimony, should it be**
11 **construed to mean you agree with I&M's proposal?**

12 A: No. My silence regarding any topics, issues, or items I&M proposes does not
13 indicate my approval of those topics, issues, or items. Rather, the scope of my
14 testimony is limited to the specific items addressed herein.

II. I&M'S POWERPAY PROGRAM PROPOSAL

15 **Q: Please describe I&M's PowerPay Program request.**

16 A: I&M is seeking approval of PowerPay, which is a voluntary prepaid billing program
17 for its residential customers. Customers can enroll in PowerPay for a \$40 upfront
18 payment. Under this program, customers can pay for energy as they choose, rather
19 than the traditional post-pay method.

20 **Q: Please describe I&M's request for waiver of 170 I.A.C. 4-1-13.**

21 A: For purposes of implementing its PowerPay Program, I&M is requesting a waiver
22 of 170 I.A.C. 4-1-13 ("Bills Rule"), which requires certain information be presented

1 on customers' bills.¹ I&M witness Dona Seger-Lawson states that because I&M
2 will be sending periodic electronic notifications to the PowerPay customer,
3 "requirements that the utility send a bill that contains certain billing line items,
4 including late payment charges, due date of the bill, and the 17-day grace period
5 for payments will be unnecessary."²

6 **Q: What does the Bills Rule require?**

7 A: Section (a) of the Bills Rule requires the following information to be provided on
8 the customer bill:

- 9 (1) The dates and meter readings of the meter at the
10 beginning and end of the period for which the bill is rendered
11 and the billing date.
- 12 (2) The number and kind of units of service supplied.
- 13 (3) The billing rate code.
- 14 (4) The service or minimum charge, if applicable.
- 15 (5) The previous balance, if any.
- 16 (6) The amount of the bill.
- 17 (7) The sum of the amount of the bill and the late payment
18 charge.
- 19 (8) The date when the bill becomes delinquent and the date
20 the late payment charge will be added to the bill.
- 21 (9) If an estimated bill, clear and conspicuous coding or
22 other indication identifying the bill as an estimated bill.
- 23 (10) Printed statements or actual figures, or both, on either
24 side of the bill must inform the customer of the seventeen
25 (17) day non penalty period.

26 **Q: Does the OUCC have any issues with I&M's request for waiver of the Bills**
27 **Rule?**

28 A: No. Because customers are paying before or as they use electricity and can access
29 needed information regarding their electricity usage and associated costs via a
30 mobile application or through a website, the OUCC does not take issue with this

¹ Direct Testimony of Dona Seger-Lawson, p. 47, l. 20 – p. 50, l. 21.

² *Id.*, p. 48, ll. 12-16.

1 request for waiver.

2 **Q: Please describe I&M's request for waiver of 170 I.A.C. 4-1-16(f) ("Notice**
3 **Rule").**

4 A: I&M is requesting a waiver of the Notice Rule for purposes of remote disconnection
5 and reconnection as it relates to offering its PowerPay Program. Ms. Seger-Lawson
6 states that waiver of the Notice Rule is "reasonable because PowerPay Program
7 participants will be notified several times before their account is disconnected."³

8 **Q: What does the Rule require?**

9 A: The Notice Rule states:

10 (f) Immediately preceding the actual disconnection of service, the
11 employee of the utility designated to perform such function
12 shall:

13 (1) make a reasonable attempt to identify himself or herself to
14 the customer or any other responsible person then upon the
15 premises;

16 (2) announce the purpose of his or her presence;

17 (3) make a record thereof to be maintained for at least thirty (30)
18 days;

19 (4) have in his or her possession information sufficient to enable
20 him or her to inform the customer or other responsible
21 person the reason for disconnection, including the amount of
22 any delinquent bill of the customer; and

23 (5) request the customer for any available verification that the
24 outstanding bill has been satisfied or is currently in dispute
25 pursuant to review.

26 Upon the presentation of such credible evidence, service shall not
27 be disconnected. The employee shall not be required to accept
28 payment from the customer, user, or other responsible person in
29 order to prevent the service from being disconnected. The utility
30 shall notify its customers under [170 I.A.C. 4-1-18] of its policy with
31 regard to the acceptance or nonacceptance of payment from such
32 employee and shall uniformly follow such policy without
33 discrimination. When the employee has disconnected the service,
34 the employee shall give to a responsible person at the user's
35 premises or, if no one is at home, shall leave at a conspicuous place
36 on the premises, a notice stating that service has been disconnected

³ *Id.*, p. 48, ll. 20-21.

1 and stating the address and telephone number of the utility where
2 the user may arrange to have service reconnected.

3 **Q: Does the OUCC have issues with I&M's request for waiver of the Notice Rule?**

4 A: No. Having the ability to remotely disconnect a customer when the balance reaches
5 the cut-off value is an essential part of the program's functionality. However, once
6 a customer requests to participate in PowerPay, the OUCC expects I&M to ensure
7 it has the customer's correct e-mail address, mobile phone number, and landline
8 phone number, if applicable, to provide the customer their balance and
9 disconnection notice.

10 **Q: Why is it important that I&M verify its customers' contact information is**
11 **correct?**

12 A: PowerPay is set up to disconnect customers whose balances fall below negative
13 \$50, and I address additional issues with this component below. Because
14 participating customers could be immediately disconnected, the OUCC wants to
15 ensure I&M is verifying information and updating it when it is incorrect so that the
16 PowerPay customer receives timely information regarding their account. I&M
17 should also remind customers to update their information whenever it changes.

18 **Q: You indicate I&M will allow customers to have a negative \$50 balance prior**
19 **to disconnecting them. Does the OUCC agree with this approach?**

20 A: No. I&M should disconnect customers the next business day after the customer's
21 account registers \$0.00. This aligns with DEI's Prepaid Advantage program pilot
22 discussed below.

23 **Q: Is I&M seeking a waiver of 170 I.A.C. 4-1-15 ("Credit Rule"), which discusses**
24 **creditworthiness of customers, deposits, and refunds?**

25 A: No. I&M is not seeking a waiver of the Credit Rule.

1 **Q: What aspect of the Credit Rule relates to not allowing customers to have a**
2 **negative \$50 balance?**

3 **A:** Section 15(b) of the Credit Rule states, in part:

4 (b) Each new applicant for residential utility service shall be
5 deemed creditworthy and shall not be required to make a
6 cash deposit as a condition of receiving service if the
7 applicant satisfies the following criteria:

8 (1) If the applicant has been a customer of any utility in
9 the past two (2) years, the applicant:

10 (A) owes no outstanding bills for service rendered within
11 the past four (4) years by any such utility;

12 (B) during the last twelve (12) consecutive months that
13 the service was provided, did not have more than two
14 (2) bills that were delinquent to any utility or, if
15 service was rendered for a period for less than twelve
16 (12) months, did not have more than one (1)
17 delinquent bill in such period; and

18 (C) within the past two (2) years did not have a service
19 disconnected by a utility for nonpayment of a bill for
20 services rendered by that utility.

21 I&M's PowerPay Program proposal does not require customers to make a deposit
22 for service. Because the program allows participating customers to forego a deposit
23 and to have arrearages less than \$500,⁴ other I&M ratepayers risk subsidizing
24 program participants through increased bad debt expense if participating customers
25 are not disconnected until after their account reaches negative \$50. Simply said,
26 I&M should not extend additional credit to customers who no longer have "skin in
27 the game."

28 **Q: I&M witness Katherine K. Davis indicates the second time a PowerPay**
29 **customer is disconnected, they will be removed from PowerPay and returned**
30 **to post-pay billing. Does the OUCC have concerns with this aspect of I&M's**
31 **proposal?**

⁴ Direct Testimony of Katherine Davis, p. 8, ll. 24-26.

1 A: Yes. In addition to this specific program parameter not being spelled out in the
2 Terms and Conditions of Service, as I discuss below, likely part of this Program's
3 appeal to some customers who are frequently disconnected would be the ability to
4 be disconnected multiple times without late fees, a reconnection charge, and
5 another potentially large deposit. Therefore, the OUCC is concerned with
6 customers being moved to another post-pay option on only their second disconnect.
7 I&M should allow unlimited disconnections as part of this offering – otherwise,
8 some customers may find themselves worse off by participating in the Program.

9 **Q: Why should I&M allow unlimited disconnections as part of its Program**
10 **offering?**

11 A: When a customer is returned to a post-pay option, the customer will need to provide
12 another deposit, as the deposit a customer had in another post-pay plan prior to
13 moving to PowerPay will have been applied to arrearages or to electric service.
14 These customers may be without electricity service if they cannot afford to pay
15 another deposit. Additionally, with only two disconnections being permitted prior
16 to being removed from PowerPay, the OUCC is concerned this Program will not
17 have many participants and, therefore, will not be cost-effective.

18 **Q: Does the OUCC agree that I&M should be permitted to apply a customer's**
19 **previous deposit only to arrearages or toward electric service under the**
20 **PowerPay Program?**

21 A: No. While the OUCC agrees a previous deposit should be used to cover arrearages
22 remaining from a previous account, the customer should have the choice to either
23 apply the deposit (or remaining balance of the deposit) toward electric service under
24 the PowerPay Program or receive a refund. This is in line with what the Credit Rule
25 requires for refunding deposits.

1 **Q: What does the Credit Rule require for refunding deposits?**

2 A: According to 170 I.A.C. 4-1-15(g), requirements for refunds shall be as follows:

3 (1) Any deposit or accrued interest shall be promptly refunded
4 to the customer without the customer's request when the
5 customer:

6 (A) submits satisfactory payment for a period of either:

- 7 i. nine (9) successive months; or
8 ii. ten (10) out of any twelve (12) consecutive
9 months without late payment in two (2)
10 consecutive months; or

11 (B) demonstrates his or her creditworthiness by any other
12 means.

13 **Q: How much will PowerPay cost I&M's ratepayers?**

14 A: According to I&M's Adjustment RB/O&M-2, the program will cost \$650,000,
15 which consists of \$520,000 in capital expense for the upgrades and an additional
16 \$130,000 for O&M and expenses to implement PowerPay.⁵

17 **Q: How many customers does I&M expect to enroll in PowerPay?**

18 A: I&M does not provide an estimate of participants in its case-in-chief; however, in
19 response to OUCC DR 7-13 (see Attachment AMP-1):

20 I&M anticipates 10,000 customers enrolling in Power Pay.
21 This estimate is based on a similar Pre Pay program at
22 I&M's sister operating company Public Service of
23 Oklahoma (PSO). PSO has a residential customer count
24 similar to I&M (PSO has approximately 480,000 residential
25 customers while I&M has approximately 400,000 residential
26 customers in Indiana) and has operated their Pre Pay
27 program for several years. PSO's Pre Pay program has had
28 steady participation levels of approximately 12,000
29 customers, or 2.5% of their total residential customer base.⁶

⁵ Direct Testimony of Joe Brenner, p. 6, ll. 1-10.

⁶ I&M response to OUCC DR 7-13.

1 Ms. Davis's testimony provides a slightly different 2.2% enrollment percentage
2 for PSO and indicates its PowerPay Program has existed since 2016.⁷

3 **Q: Does I&M indicate PSO has experienced benefits from its prepaid billing**
4 **program?**

5 A: Yes. I&M states PSO's PowerPay Program has enabled participants "to reduce their
6 beginning arrearages of \$5.1 million by approximately \$3.5 million since the
7 program began."⁸

8 **Q: Other than this statement, did I&M provide documentary evidence to support**
9 **this claim?**

10 A: No. It did not.

11 **Q: Is I&M projecting reduced arrearages or reducing its bad debt expense in this**
12 **Cause?**

13 A: No. I&M does not estimate an expected reduction in arrearages, nor does it indicate
14 it is reducing its bad debt expense to account for a reduction in arrearages. In fact,
15 I&M is not pointing to a reduction in bad debt as a benefit of offering the PowerPay
16 program.

III. THE COMMISSION'S PREVIOUS PREPAID ORDER

17 **Q: Did the Commission previously approve a prepaid billing plan?**

18 A: Yes. In Cause No. 45193, the Commission approved DEI's request for a residential
19 prepaid billing pilot, Prepaid Advantage.

20 **Q: Please describe the Prepaid Advantage pilot.**

21 A: The Prepaid Advantage pilot is an 18-month voluntary program for a limited
22 number of participants (up to 4,000 customers), that allows customers to prepay
23 their electric bills.

⁷ Davis Direct, p. 8, ll. 11-15.

⁸ *Id.*, ll. 16-20.

1 **Q: What is the purpose of DEI's Prepaid Advantage pilot?**

2 A: The purpose of the PrePaid Advantage pilot is to show the program is cost-effective
3 prior to commercializing the program and rolling it out to all of DEI's residential
4 customers.

5 **Q: Does DEI's Prepaid Advantage pilot require a deposit?**

6 A: No, it does not.

7 **Q: At what balance will DEI disconnect a customer on the Prepaid Advantage
8 Program?**

9 A: DEI will disconnect a customer when \$0.00 is registered on the account.

10 **Q: Is there a limited number of times a customer can be disconnected prior to
11 being returned to post-pay billing?**

12 A: No.

13 **Q: Did the Commission require metrics as part of approving DEI's pilot?**

14 A: Yes. The Commission ordered DEI to include the following metrics and required
15 DEI to meet with the OUCC and Citizens Action Coalition to discuss additional
16 needed metrics:

17 DEI's Proposed Metrics

- 18 • Number and length of disconnects;
- 19 • Number of payments per month and the average payment amount;
- 20 • Customer energy usage patterns;
- 21 • Preferred modes of payment;
- 22 • Number of enrollments;
- 23 • Number of un-enrollments and reason for un-enrollment;
- 24 • Deferred balances; and

- 1 • Notification volumes and preferred channels.⁹

2 Commission-Identified Metrics in the 45193 Final Order

- 3 • Applicable efficiency metrics and discussion of how the Pilot improved
4 efficiency in the back office operations;
- 5 • Customer satisfaction metrics and a discussion of how the Pilot improved
6 customer satisfaction scores and benefited Petitioner;
- 7 • The actual decreased energy usage of Pilot participants;
- 8 • Projections regarding decreased usage and rate impact if the number of Pilot
9 participants expanded significantly; and
- 10 • A discussion of how the Pilot impacted Petitioner's competition with
11 unauthorized third-party billing agents.¹⁰

12 Additional Agreed Upon Metrics

13 The additional agreed upon metrics include information and discussion of:

- 14 • Details regarding disconnections of customers participating in the program;
- 15 • Payment details for customers participating in the program;
- 16 • Enrollment information; and
- 17 • Details of customer payment notifications for those customers participating
18 in the program.¹¹

19 **Q: When did DEI's pilot begin?**

⁹ Cause No. 45193, Rebuttal Testimony of Joseph R. Thomas, p. 25, ll. 12-19.

¹⁰ Cause No. 45193, Final Order, p. 18, item 8.

¹¹ Cause No. 45193, DEI Compliance Filing, Nov. 12, 2019, p. 4.

1 A: According to a Notice of Implementation DEI filed on July 8, 2022, DEI intended
2 to launch its pilot beginning on August 1, 2022.¹²

3 **Q: Has the OUCC received any preliminary data regarding the pilot's success?**

4 A: No. However, the Commission requires DEI to file a Final Report regarding the
5 metrics described above within 90 days of the pilot's completion.¹³ Given an
6 August 1, 2022, start date, the report should be available sometime in April 2024.
7 Therefore, it is premature to apply lessons learned to I&M's request in this Cause.
8 Due to the general lack of data for Indiana utility prepaid programs, the OUCC is
9 recommending I&M's proposal be conducted as a pilot, as discussed below.

IV. I&M POWERPAY PROGRAM SHOULD BE CONDUCTED AS A PILOT

10 **Q: You mention above the Commission approved a pilot in DEI Cause No. 45193.**
11 **Should I&M also pilot its proposed PowerPay prior to offering to the Program**
12 **to all residential customers?**

13 A: Yes. The only prepaid program being offered by a jurisdictional utility in Indiana
14 is DEI's Prepaid Advantage Program Pilot and, as I mentioned above, the pilot is
15 not yet complete. The OUCC and Commission have not had an opportunity to
16 analyze the data collected or to determine lessons learned and will not for several
17 more months. In this docket, Petitioner proposes to offer its PowerPay Program
18 without a pilot and to an unlimited number of customers. Similar to what the
19 Commission approved for DEI in Cause No. 45193, the pilot should be permitted

¹² Cause No. 45913, DEI Notice of Implementation, July 8, 2022.

¹³ Cause No. 45913, Final Order, Sept. 11, 2019, p. 18.

1 for a limited time and scope. PowerPay should be piloted for 18 months and be
2 limited to no more than 2,300 customers.

3 **Q: How did you determine your proposed pilot's customer limit?**

4 A: I calculated the percentage of DEI's residential customers eligible to participate in
5 the Prepaid Advantage Program Pilot by taking the 4,000 residential customer limit
6 mentioned in Cause No. 45193 and dividing it by the approximate 725,000 DEI
7 residential customer count included for 2019 in its 2021 Integrated Resource Plan
8 (see Attachment AMP-2). This resulted in a 0.0055% estimated residential
9 customer cap ($4,000/750,000 = 0.0055$). I then multiplied the 419,765 residential
10 customer count found in I&M Attachment DW-1 by this percentage allocation to
11 derive the recommended 2,300 customer limit¹⁴ ($419,765 * 0.0055$ is
12 approximately 2,300).

13 **Q: Does the OUCC have recommendations regarding a proposed pilot for the**
14 **I&M's PowerPay Program?**

15 A: Yes. In addition to the provisions discussed above, the OUCC recommends starting
16 with the DEI pilot metrics identified above. If the Commission approves the pilot,
17 the OUCC also recommends I&M be required to meet with the OUCC to finalize a
18 metrics list within 60 days of a Commission order approving the PowerPay pilot.
19 Additionally, I&M should file a final report within 90 days of the pilot's conclusion,
20 including the metrics and a discussion of results.

¹⁴ Direct Testimony of I&M witness Daniel White, Att. DW-1.

1 **Q: DEI's pilot included a provision that it should be proven cost-effective prior**
2 **to rolling out more broadly to all residential customers. Does I&M indicate it**
3 **wants to ensure PowerPay is cost-effective prior to offering the program?**

4 A: No. This is not indicated in Petitioner's case-in-chief. However, this is an important
5 aspect to the OUCC, as I&M is asking all ratepayers to pay for another billing
6 option that may or may not be successful.

7 **Q: How can I&M assess whether PowerPay is cost-effective?**

8 A: If customers on PowerPay become current on their bills and reduce their arrearages,
9 those savings will benefit all I&M customers. Therefore, one way of measuring the
10 Program's cost-effectiveness would be comparing the cost of the Program, which
11 I&M indicates is \$650,000, against any reduction in bad debt expense.

12 **Q: Did DEI receive cost recovery in Cause No. 45193?**

13 A: No, and the OUCC recommends the Commission permit I&M to defer cost
14 recovery for the PowerPay Program until it can demonstrate cost effectiveness once
15 it completes its pilot. Therefore, the OUCC recommends denying I&M's
16 Adjustment RB/O&M-2. This results in a \$520,000 net decrease to test year rate
17 base and a \$130,000 decrease to annual O&M. OUCC witness Brian Latham
18 reflects these adjustments in his schedules.

19 **Q: Do you have any other suggestions?**

20 A: Yes. As mentioned in the Commission's 45193 Order, I&M should ensure that it:
21 1) clearly notifies potential pilot participants up front that they are responsible to
22 monitor their account balances to prevent disconnection in all circumstances,
23 including periods when they temporarily lose access to cell phone service or the

1 internet; and 2) notifies potential pilot participants of the opportunity to identify a
2 person to receive third-party notification in case of pending disconnection.¹⁵

V. OTHER CONCERNS WITH I&M'S PROPOSAL

3 **Q: You recommend I&M's PowerPay Program be modified and approved**
4 **as a pilot. If the Commission approves I&M's proposal, are there other**
5 **issues that need to be addressed?**

6 A: Yes. I will discuss those issues below.

7 **Q: I&M proposes to disconnect customers for balances below negative**
8 **\$50. Is this consistent with the draft tariff provided?**

9 A: No. Ms. Davis indicates in her direct testimony that I&M will not begin the
10 disconnection process until a customer's bill reaches negative \$50, while
11 the Terms and Conditions of Service contained in I&M witness Kurt C.
12 Cooper's Attachment KCC-3 states:

13 When the Company receives a dishonored negotiable
14 instrument (i.e. [sic] returned check) any account credits
15 associated with that instrument will be removed from the
16 customer's account. If the removal of the credits results in
17 the customer's balance reaching zero, the customer will be
18 notified and will have until the beginning of the next
19 business day to reestablish a positive balance or the
20 customer's meter will automatically be disconnected during
21 normal business hours.¹⁶

22 There is also confusing language in the Terms and Conditions of Service
23 related to a customer's account balance:

24 The customer is responsible for monitoring usage under this
25 program and ensuring that the account balance is sufficient
26 to continue electric service. The customer *must* maintain an
27 account balance *greater than zero*, not including any arrears
28 amount carried over from another account, to continue
29 electric service under this program.¹⁷ (Emphasis added.)

¹⁵ Cause No. 45193, Final Order, p. 18, item 4.

¹⁶ Direct Testimony of Kurt Cooper, Att. KCC-3, p. 18.

¹⁷ *Id.*, p. 17.

1 **Q: What about the Terms and Conditions of Service cited above do you**
2 **find confusing?**

3 A: First, I&M indicates it will not disconnect customers unless their account
4 balances fall below negative \$50. If a customer's returned check does not
5 cause the account to fall below negative \$50, it follows a customer should
6 not be disconnected until the negative balance occurs. Second, indicating
7 customers "must maintain an account balance greater than zero," is
8 contradicting and confusing. The OUCC understands I&M would like
9 customers' balances to remain above zero, while I&M also indicates it will
10 not disconnect a customer until the balance is below negative \$50.
11 Therefore, the OUCC suggests I&M review its Terms and Conditions of
12 Service language and clarify them. To be clear, the OUCC maintains the
13 program should not allow a negative \$50 balance prior to disconnecting a
14 customer; however, I&M's proposed tariff language and testimony should
15 align should the Commission disagree with the OUCC's earlier
16 recommendation and approve I&M's proposal.

17 **Q: What is your recommendation regarding the dishonored check**
18 **language?**

19 A: If the Commission does not adopt the OUCC recommendation to disconnect
20 at a \$0.00 balance, the OUCC recommends the language contained in the
21 Terms and Conditions of Service be modified to read "if a customer's
22 balance is not below negative \$50 at the time the check is dishonored, the
23 customer will be permitted to remain connected until such time the balance
24 falls below negative \$50."

1 **Q: Have you found other concerning language?**

2 A: Yes. Ms. Davis states “[c]ustomers who have been disconnected twice
3 while participating in the PowerPay Program will be unenrolled and will
4 receive notification on other post-pay options.”¹⁸

5 **Q: Did you find language in I&M’s Terms and Conditions of Service**
6 **related to Ms. Davis’s statement?**

7 A: No. I found no language in the Terms and Conditions of Service to address
8 Ms. Davis’s statement. As I indicated above, the OUCC prefers an
9 unlimited number of disconnections for customers participating in the
10 program; therefore, to avoid confusion, any language limiting enrollment in
11 the program based on the number of previous disconnections should not be
12 included.

¹⁸ Davis Direct, p. 15, ll. 8-10.

VI. RECOMMENDATIONS

1 **Q: What does the OUCC recommend?**

2 A: The OUCC recommends the Commission:

3 1. Deny I&M's proposed PowerPay Program as filed and, instead, authorize I&M

4 to offer its PowerPay Program as an 18-month pilot with no more than 2,300

5 participants, and as additionally modified above.

6 2. Require I&M to meet with the OUCC to finalize Program metrics within 60

7 days of a final order and to meet quarterly with the OUCC throughout the pilot;

8 3. Issue a final report to the OUCC and Commission within 90 days of the pilot's

9 conclusion; and

10 4. Address additional concerns with the proposed PowerPay Program as

11 mentioned above.

12 **Q: Does this conclude your testimony?**

13 A: Yes, it does.

**APPENDIX AMP-1 TO TESTIMONY OF
OUCC WITNESS APRIL M. PARONISH**

1 **Q: Please summarize your educational background and work experience.**

2 A: I graduated *summa cum laude* from Franklin University in Columbus, Ohio in 1992,
3 with a Bachelor of Science degree, double majoring in both Business Management
4 and Marketing. I also received a Master of Science degree in Marketing and
5 Communications from Franklin University in 2002. I have been employed at the
6 OUCC since April 2007, initially as a Utility Analyst II and subsequently was
7 promoted to Senior Utility Analyst and then to my current Assistant Director position.
8 I have attended several in-house, industry-sponsored, and regulatory educational
9 programs since joining the OUCC.

10 I represent the OUCC on AES Indiana, I&M, DEI, CenterPoint, and NIPSCO
11 Electric DSM Oversight Boards. I previously represented the OUCC on NIPSCO,
12 Vectren, Citizens Gas and Westfield Gas Oversight Boards. I also previously
13 facilitated the Gas Utility Joint Oversight Board. My work on these Oversight Boards
14 includes, but is not limited to, reviewing program progress and budgets (including
15 voting to make changes to programs and/or budgets); developing RFPs; reviewing
16 vendor bids; drafting program-specific questions regarding costs, estimated savings,
17 program implementation, and other related matters. I previously served on the
18 statewide Demand Side Management Coordination Committee (“DSMCC”) and its
19 Third-Party Administrator (“TPA”) Subcommittee and Evaluation, Measurement and
20 Verification (“EM&V”) Subcommittee. I also lead the OUCC team responsible for
21 attending utilities’ Integrated Resource Plan (“IRP”) stakeholder meetings, reviewing

1 IRPs, and submitting comments. Finally, I lead several OUCC case teams in matters
2 such as DSM, rate cases, Transmission Distribution Storage System Improvement
3 Charge ("TDSIC"), and coal combustion residuals to name a few.

4 Prior to joining the OUCC I held various positions at American Electric Power
5 Service Corporation, 3X Corporation, Alliance RTO, and the Midwest ISO.

INDIANA MICHIGAN POWER COMPANY
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST SET NO. OUCC Set 7
IURC CAUSE NO. 45933-IN Base Case 2024 TY

DATA REQUEST NO OUCC 7-13

REQUEST

Reference Direct Testimony of Kurt Cooper, p. 6, ll. 3-8. Provide an estimate of the expected customer participation in the PowerPay prepaid billing option.

RESPONSE

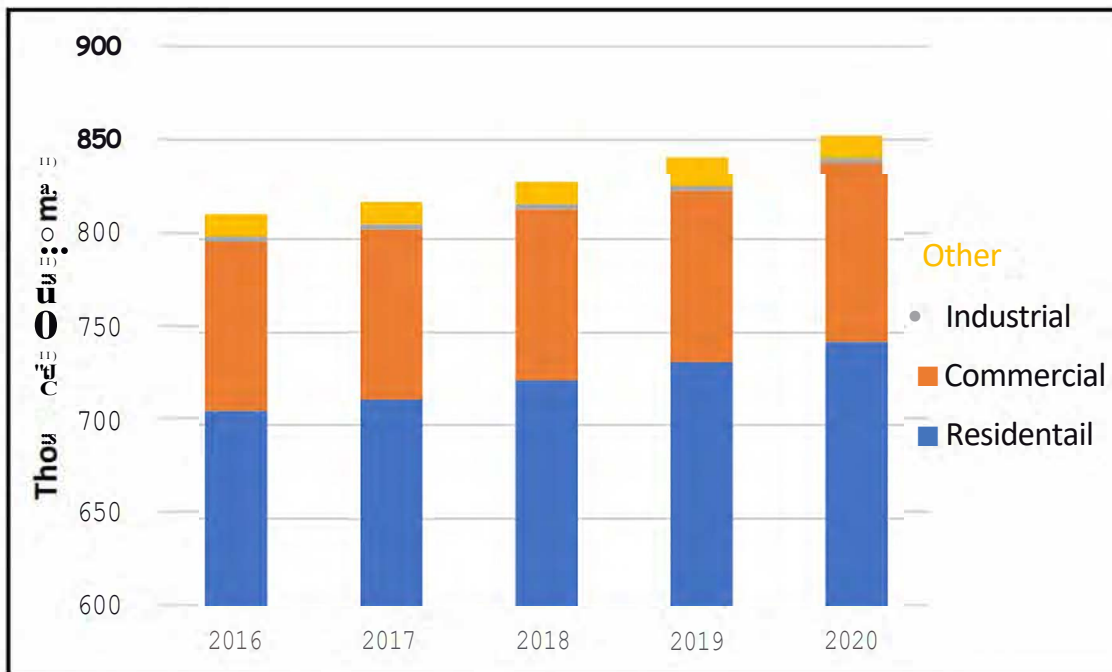
I&M anticipates 10,000 customers enrolling in Power Pay. This estimate is based on a similar Pre Pay program at I&M's sister operating company Public Service of Oklahoma (PSO). PSO has a residential customer count similar to I&M (PSO has approximately 480,000 residential customers while I&M has approximately 400,000 residential customers in Indiana) and has operated their Pre Pay program for several years. PSO's Pre Pay program has had steady participation levels of approximately 12,000 customers, or 2.5% of their total residential customer base.



energy sales, including wholesale, are displayed in the figures below. For additional detail on historical load, see Appendix 8.

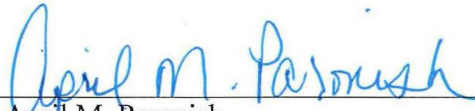
It should be noted that from a modeling standpoint, utility sponsored energy efficiency (UEE) is modeled as a resource. To do that and not double count UEE, it needs to be removed from the load forecast. That process includes removing historical UEE and then reforecasting load so that it only includes naturally occurring energy efficiency. Using this before UEE load forecast, UEE and other resources are then applied to serve customer load.

FIGURE 111.1
HISTORICAL NUMBER OF RETAIL CUSTOMERS BY CATEGORY (ANNUAL AVERAGE)



AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



April M. Paronish
Electric Division Assistant Director
Indiana Office of Utility Consumer Counselor

Cause No. 45933
Indiana Michigan Power Co.

November 15, 2023
Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 11 Testimony of OUCC Witness April M. Paronish* has been served upon the following counsel of record in the captioned proceeding by electronic service on November 15, 2023.

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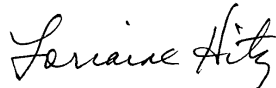
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