

March 10, 2016

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**HAND DELIVERED**

James W. Gardner  
Acting Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

**MAR 10 2016**

**PUBLIC SERVICE  
COMMISSION**

RE: Case No. 2015-00260

Dear Chairman Gardner:

Enclosed please find the original and ten copies of Kentucky Power Company's responses to Staff's February 25, 2016 data requests to the Company.

The responses are being served on Mr. Pennington by copy of this letter.

Very truly yours,



Mark R. Overstreet

MRO

cc: Johnny D. Pennington

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

**MAR 10 2016**

**PUBLIC SERVICE  
COMMISSION**

**In the Matter of:**

<b>JOHNNY D PENNINGTON</b>	)	
<b>COMPLAINANT</b>	)	
	)	
<b>V.</b>	)	<b>Case No. 2015-00260</b>
	)	
<b>KENTUCKY POWER COMPANY</b>	)	
<b>DEFENDANT</b>	)	

**Kentucky Power Company Responses  
to Commission Staff's First Set of Data Requests**

**March 10, 2016**



**Kentucky Power Company**

**REQUEST**

Refer to the Affidavit of John A Rogness III in Support of Kentucky Power Company's Motion to Dismiss Complaint or in the Alternative Motion for Summary Judgment ("Rogness Affidavit"), pages 3- 4, paragraphs 9, 10, and 12. Provide any recording or transcript of Complainant Johnny D. Pennington's conversation with the customer service representative.

**RESPONSE**

All calls to the six AEP operating company customer service centers are recorded and archived. The Company believes Mr. Pennington's conversation with the customer service representative was recorded.

A June 2015 upgrade by the vendor for the system used to record and archive calls to the customer service center destroyed the directory of archived calls. As a result, the recording of Mr. Pennington's call cannot be located among the millions of other recorded calls. The directory function was restored, but all recordings of calls prior to 4:00 p.m. EDT July 24, 2015, including Mr. Pennington's, are unrecoverable because of the damage to the directory.

**WITNESS:** John A Rogness

**Kentucky Power Company**

**REQUEST**

Refer to the Rogness Affidavit, page 3, paragraph 11 .

- a. Describe the company practice with which the customer service representative's inquiry was consistent.
- b. If the company practice is written, provide a copy.

**RESPONSE**

- a. Energy consumption on an account that is not active in a customer's name is tracked by our Customer Information System (CIS). When a new customer contacts the Company to apply for service at a location with unauthorized usage, our CIS will provide a message to the Customer Operations Associate (COA) instructing them to ask who is responsible for the unauthorized usage. If the new customer is responsible, the COA will determine the date the customer moved in compared with the date the unauthorized consumption was discovered. By the customer's acceptance of responsibility for the usage, the new account is backdated to begin when the unauthorized usage occurred.

In the event the new customer denies responsibility for the usage, the Company will place an investigation order to determine the responsible party before service begins for the new customer.

- b. Please see KPCO\_R\_PSC\_1\_2\_Attachment1 for the response.

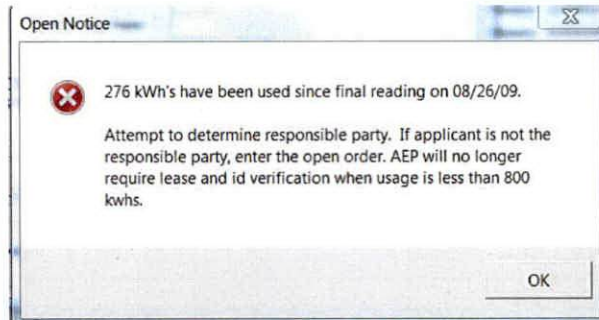
WITNESS: John A Rogness

### Entry of an Open Order with Excessive Use

On certain accounts, when the Open tab is clicked, a pop up box similar to the one shown here will display. The purpose of this box is to notify you that, since the account finalized, there has been usage at the address. Because the account is in a final status, we have been unable to bill anyone for this usage.

1. Attempt to determine who is responsible for this usage.

- a. *If the new customer or property owner takes responsibility for the usage, enter the Open order for the customer and backdate it to the date the usage began. Follow the Entry of an Open Order steps previously discussed.*



- b. *If the new customer or property owner indicates he or she is not responsible for the usage, follow the Entry of an Open Order steps previously discussed. If the new customer or property owner indicates he or she is not responsible for the usage check the Verify Lease Information box and follow the Entry of an Open Order with Lease & ID Verification steps.*
2. If there is an Excessive Use Investigation Order on the account that has not been worked in the field, cancel the order. Advise the customer there is a possibility that service may be disconnected.

**Kentucky Power Company**

**REQUEST**

If Kentucky Power has a written practice or policy concerning the reconnection of electrical service following unauthorized usage, provide a copy of the practice or policy.

**RESPONSE**

Kentucky Power does not have any specific practice or policy concerning the reconnection of service following unauthorized usage by a customer. Once the customer has met all Company requirements to begin service, the customer's Open order will be processed as any other customer's Open order.

Please see KPCO\_R\_PSC\_1\_3\_Attachment1 for the Company's practice on energy theft.

**WITNESS:** John A Rogness

Energy diversion is a condition in which electrical energy was or may have been used, but for which the company was not compensated. Investigations of energy diversion are conducted to discover, document, and prevent recurrences.

The AEP System Theft of Energy Policy shall apply in all cases except when the diversion is determined by Revenue Protection personnel to be inadvertent.

### **Anonymous Reporting of Energy Theft**

When a customer wants to report energy theft anonymously, do not ask for the customer's premise and personal information. Use the online form to report the information provided by the anonymous caller. Try to obtain as much information as possible without making the caller uncomfortable. Enter the information under the "General Information" section of the online form.

### **AEP System Theft of Energy Policy**

The theft of energy by customers - through tampering with company equipment, by using illegal or unauthorized attachments to company facilities, or by obtaining service through fraudulent means - shall be handled as a very serious matter and given the same thorough investigation as any other theft of company property. AEP has created a Revenue Protection Department that is dedicated to investigating theft-of-service and fraud cases.

Losses will be recovered and criminal proceedings instituted when warranted.

Thefts by employees who are customers shall be treated the same as any other theft of energy, except that disciplinary measures will also be taken. Normal discipline for employee theft of energy shall be discharge for the first offense.

Employees who do not report suspected cases of energy theft to their supervisors, or who aid any customer in carrying out or attempting to carry out energy theft, will also be subject to disciplinary action, including discharge. In addition, criminal proceedings may be initiated in cases of a deliberate attempt to defraud, as opposed to carelessness.

### **Examples of Energy Diversion**

An investigation should be initiated whenever any of the following conditions are detected:

- Inverted Meter
- Jumpers in Meter
- Broken Factory Seal
- Open Potential Clip
- Holes in Meter Glass
- Holes in Meter Case
- Broken Meter Ring
- Wiring in Entrance Cable or Underground Cable to Bypass Meter
- Dial Hands Out of Alignment/Indications of Diversion



- Wires Sticking in Meter/Meter Base
- Worn or Blackened Prongs on Meter
- Meter Adjustment Screws Burred
- Meter Disc Does Not Turn Under Load
- Meter Gears Do Not Mesh
- Wrong Meter at Location (Not Switched Meters)
- Jumper - No Meter
- Stolen/Missing Meter
- Test Switch Open
- Meter Improperly Wired (Load Wire on Line Side)
- Unauthorized Reconnection - DNP Damaged Equipment
- Photozell Wired to Potential Link
- Use of Magnets to Slow Disk
- Object Inside Meter Glass
- Disconnect Switch Closed
- Attachments in Weatherhead
- Broken Glass/Indications of Diversion

This is not an all-inclusive list. Other conditions, depending on the circumstances, may also require investigation.

Revenue Protection coordinates field investigations with MRO and T&D personnel to investigate fraud and energy diversion - the theft of power. The data gathered is evaluated by Revenue Protection Coordinators and the customer is billed if theft is proven. By the nature of these investigations, it is imperative that the employees involved in the field investigations remain anonymous. **Under no circumstances should the names of these individuals, or their phone numbers be provided to our customers or to their representative, such as their lawyers.**

Energy Diversion charges are NOT to be extended on a payment agreement.

**Kentucky Power Company**

**REQUEST**

If Kentucky Power has a written practice or policy concerning the connection or re-connection of electrical service for landlords or rental property, provide a copy of the practice or policy.

**RESPONSE**

Please see KPCO\_R\_PSC\_1\_4\_Attachment1 describing Kentucky Power's Owner Agent Program.

**WITNESS:** John A Rogness

## What is an Owner Agent Agreement?

As a part of the Owner Agent Program, we will automatically put service in the owner's name during the time when the property is vacant or notify them of the disconnection when an account is closed (Depending on the type of contract the owner/agent has) . This is a program that we want to encourage owners to use. The benefits of the program are:

- **It saves time** - If the Automatic Open option is chosen, the owner does not have to contact the customer service center each time a tenant moves out. If the owner chooses one of the other options (see Types of Owner Agent Accounts below), the owner/agent will be notified of the disconnection even if the tenant stops service without informing the owner/agent.
- **It can prevent disconnection** - In many of our service areas, accounts are to be disconnected when closed. If the owner is encouraged to enroll in the Owner Agent Program, it can prevent possible loss of revenue for the company and inconvenience for the owner/agent. Also, in situations where high bills have been incurred by tenants and the owner needs service placed into their name, it will prevent having to question whether it is an actual owner/agent or a customer attempting to switch names to avoid payment.

## What an Owner Agent Agreement IS NOT

The Owner Agent Program cannot be used to interfere with the rights of a customer. For example, an Owner Agent landlord cannot disconnect service for a tenant who remains living at the premises and maintains a current account. Our relationship with our customers is governed by the tariffs in the various states in which we do business, and disconnection of service of electric accounts is also governed by those tariffs. The Owner Agent Program cannot override the terms of those tariffs and cannot be used as a tool to aid landlords in the legal process of eviction.

## Open/Close Orders for a Premise associated with an OA agreement

When there is an OA visual indicator on an account, processing a Close order out of the tenant's name will prompt the system to automatically generate an Open order in the owner's name when the agreement is an auto open agreement. DO NOT manually process an Open order to place back in the owner's name.

**Exception:** If the account was DNP'd in the tenant's name, an Open/Connect order will need to be entered to reconnect the service and place back in the owner's name. When manually placing the open order, merge with the OA parent account through Find Customer.

When a tenant requests his pending Open order to be cancelled because he is not moving in, delete the Open order for the tenant and the forced Close order for the owner. Virtual Agent will display a message asking if you want to cancel the force close order. If you select yes the system will automatically open the close order for you to delete.

The key here is to make sure the account remains open in the owner's name if the

prospective tenant is cancelling his open request. If the close order has already posted, cancel the Open order and manually process an Open order in the OA's name, merging it with the OA parent account through Find Customer.

### **What if the Owner Agent requests to have child account closed out of their name?**

Owner Agent agreements in west companies will not re-open the owner agent if we close the account out of the OAs name. No further action is required.

Owner Agent agreements in the east companies will re-open the OA if we close the account. If the OA is requesting that we close the account out of their name, explain to the OA that we will need to remove the premise from their agreement before we close the account out of their name. If they agree to have the premise removed from their OA agreement, the OA will have to call us back to add the premise back to the agreement.

### **Owner Agent Deposits**

It was formerly a practice to accept surety bonds as security for Owner Agent accounts in PSO & SWEPCO. This practice was typically used for apartment complexes and all of the apartments for a particular owner agent were considered to be covered by the surety bond. CIS does not support this practice.

OA accounts are no longer covered by blanket deposits, instead, if a premise is open in an OA's name and the OA is found to be a credit risk, a deferred deposit warning will appear on their bill and a deferred deposit may be charged.

Effective February 15, 2004, AEP no longer accepts non cash deposits (Surety Bonds or Irrevocable Letters of Credit) as security for Leave On Agreements or Owner Agent accounts. All current Surety Bonds and Irrevocable Letters of Credit were released on or before April 15, 2004.

Deferred Deposit billings or Warning notices should not be cancelled on these accounts.

Credit Policy and Payment Administration - (CPPA)) is in the process of informing all of the Owner Agents for which bonds have been received that we will no longer accept bonds as security for Owner Agent accounts and that the individual accounts will be charged deferred deposits if the payment history dictates.

### **Type of Owner Agent Agreements**

Types for Kentucky: 01, 02, 04, 05

Agreement Type will default to Automatic Open but it is editable.

01 - Automatic Open - opens the account in the owner agents name when a tenant moves out. When this occurs, a letter is sent to the O/A

If an Owner/Agent calls to let us know that a tenant is no longer residing at the premise and would like to have the service put back into the Owner/Agent name. The CSA should request from the O/A the date that the tenant moved out, which should be the date they become responsible for the service ( backdate if necessary), Enter a Close order on the account, which will automatically generate an account for the O/A. All updates to OA information should be completed on the O/A agreement after accessing the O/A account. Verify OA Mail to Address and contact phone numbers.

**If the meter is disconnected for non pay, and the account is closed, the Owner Agent Agreement will not automatically open the account in the OA name.**

02 - Disconnect, Send notice - The meter is to be disconnected when a tenant moves out and a letter is sent to the O/A

03 - Disconnect, Don't Send Notice - The meter is to be disconnected when a tenant moves out and a letter is not sent to the O/A - discontinued 10/16/09

04 - Information Only - In this case, the owner does not have a preference as to whether or not the meter is disconnected in between tenants. He or she just wants us to have his or her name on record as the owner.

05 - Deleted/Inactive - This code appears when the Agreement is no longer active.