

## PUBLIC SERVICE COMMISSION

## OF WEST VIRGINIA

## CHARLESTON

Entered: **April 20, 2001**

CASE NO. 00-1230-E-GI

## ALLEGHENY POWER

General investigation into  
payment and collection practices.**RECOMMENDED DECISION**

By Commission Order entered August 11, 2000, the Commission initiated a general investigation into the credit and collection practices of Allegheny Power (Utility) [See FootNote <sup>1</sup>](#). The Commission ordered Commission Staff and the Utility to file a Joint Status Report on their attempts to improve the Utility's payment and collection practices within ninety (90) days. The Commission Order also referred the matter to the Division of Administrative Law Judges for a recommended decision on or before March 12, 2001. By Commission Order entered November 28, 2000, the decision due date was extended to June 12, 2001.

On November 9, 2000, the Joint Report was filed. The Report dealt with numerous issues related to the Utility's collection practices. On several of the issues raised in the Report, the Utility and Staff were not in agreement.

By Procedural Order issued November 27, 2000, the matter was set for public comment hearings in Clarksburg and Martinsburg and an evidentiary hearing in Charleston. The Procedural Order required the Utility to publish notice of the general investigation and of the hearings in 19 cities around the State.

The hearings were held as scheduled. At the evidentiary hearing, Gary A. Jack, Esquire, appeared on behalf of the Utility. Caryn Watson Short, Esquire, appeared on behalf of Staff. [See FootNote <sup>2</sup>](#)

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**DISCUSSION**

At the hearing, Staff and the Utility presented a Joint Stipulation and Agreement for Settlement (Joint Stipulation) which was marked and admitted as Joint Ex. 1. The Joint Stipulation dealt with 37 different issues all related to the Utility's credit and collection practices. Additionally, at the hearing, the Staff and the Utility agreed that the Utility would mail a letter to residents in the event it detected unauthorized usage at a location in addition to leaving a door hanger. The agreed letter was submitted as Post-Hearing Ex. No. 1.

The Joint Stipulation, along with Post-Hearing Ex. No. 1, should be adopted as the resolution of this proceeding with two additional minor modifications. Instead of addressing each of the 37 different issues, this Recommended Decision will only address the two recommended minor modifications. The

Joint Stipulation and Post-Hearing Ex. 1 are attached as Appendices A and B. [See FootNote <sup>3</sup>](#)

The first minor modification relates to Issue 17 as listed in the Joint Stipulation. The parties agreed that customers who make payments at authorized payment agencies prior to 6:00 p.m. on the day preceding the announced day of termination would be protected from termination without any other action on their part. Customers who make payments after 6:00 p.m. are required to call the Utility's Call Center to prevent possible termination of service. The 6:00 p.m. deadline was picked because that was the time that the payment agencies uploaded the information to First Data, the third-party agency the Utility uses to provide the network. Neither the Utility nor Staff did an analysis as to whether 5:00 p.m. or 7:00 p.m. might be more appropriate than 6:00 p.m. (Tr. 23). Extending the time to 7:00 would not be a burden upon the Utility. (Tr. 24). First Data transmits the information that it collects to the Utility at 5:00 a.m. the next morning. (Tr. 24). Extending the time for customers to make payments until 7:00 p.m. would simply cut one hour off of the time First Data has to get the information to the Utility. (Tr. 24). The Utility indicated that, if the time was changed to 7:00 p.m., it would not object. (Tr. 54).

The Joint Stipulation should be modified to protect customers who pay up until 7:00 p.m., the day before termination from needing to take any other action to prevent termination. This allows customers an hour or two after the close of standard business hours to make arrangements for payment. The modification is not a significant burden upon the Utility or its third-party agency providing the networking. The Utility's procedures manual, as well as the various notifications, should be modified to extend the time from 6:00 p.m., to 7:00 p.m.

The second minor modification deals with notifying customers of the payment option of using Western Union. The Utility has several payment options available for customers who need to make payments quickly to prevent terminations. Staff had persuaded the Utility to list the payment options that cost the customer the least first as it goes through the options. One payment option is check-by-phone where the Utility takes checking account information over the phone and charges the

customer's checking account. There is no fee applied for that service. The second option is for the Utility to instruct the customers where the various authorized payment agencies are, which may be close to their homes. The third option is payment by credit card. The Utility uses a third-party provider to make the collections by credit card which charges the customers a **\$5.95** fee for credit card payments. The fourth is for customers to go to Western Union facilities to make payments. When payments are taken at the Western Union facilities, there is an **\$11.95** fee paid to Western Union.

The only instance in which it may make sense for a customer to pay **\$11.95** to Western Union [See FootNote <sup>4</sup>](#) in order to make a utility payment would be the case where the customer has moved out of the Utility service area into another state. The check-by-phone option is free to the customers. There are payment agencies located all over the Utility's service territory. The credit card option does involve a **\$5.95** fee, but at least can be made by telephone. The Western Union option requires a fee of **\$11.95** and requires a trip to a Western Union office. It is difficult to understand why any customer would choose this option, but roughly 60 customers chose the option in the four months prior to the hearing. At least one customer, who wrote a letter to the Commission in this investigation, felt like she was coerced to use Western Union in order to obtain faster service from the Utility. The only explanation the Utility could offer for why using such an option would make sense to a customer was when the customer moved outside of the service territory of the Utility and was attempting to quickly clear up old debts.

The Joint Stipulation should be modified so that the Western Union option is only provided to customers who have moved outside of the service territory. The Utility's procedures manual and other documents should be modified to instruct service representatives to only offer the option to customers

who have moved out of the Utility's service territory. The Utility, when asked at the hearing, indicated that such modification would not be a problem. (Tr. 54).

With the two minor modifications required by this order, the Joint Stipulation should be approved as the appropriate and reasonable settlement in this proceeding.

The Utility requests a waiver of Rule 4.8.1.a.F regarding the Commission's requirement that reconnections be made within eight (8) hours. The Staff agreed that such a waiver was appropriate. The Utility indicated that the eight-hour rule began when the business office at the Utility closed at 4:00 p.m. Now the Utility allows customer calls 24 hours a day. If a customer would make a payment at 9:00 p.m., the literal interpretation of the Rule would require a reconnection by 5:00 a.m. The Utility indicated that such a situation raises difficult circumstances, including serious safety concerns for its employees. Accordingly, the parties agreed that any payment calls made after 4:00 p.m. would be treated as if they were received at 8:00 a.m. on the following day. Such a waiver of Rule 4.8.1.a.F is reasonable and should be granted.

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The Joint Stipulation requires the Utility to file tariff filings to make certain modifications within thirty days of the date of the order which relate to paragraphs 35, 37 and 38. The Utility should be ordered to make those filings. Additionally, the Joint Stipulation requires the Utility to give its procedures manual modifications relating to paragraphs 4, 9, 12, 21, 22, 23 and 25 to the Staff within thirty days. The Utility should be ordered to make this filing.

#### FINDINGS OF FACT

1. The Commission initiated a general investigation of the Utility's credit and collection practices. (See Commission Order entered August 11, 2000).

2. At the hearing, Staff and the Utility presented a Joint Stipulation. (Joint Ex. 1).

3. Additionally, at the hearing, the Staff and the Utility agreed that the Utility would mail a letter to residents in the event it detected unauthorized usage at a location in addition to leaving a door hanger. (Tr. 56; Post-Hearing Ex. No. 1).

4. The parties agreed (Issue 17) that customers who make payments at authorized payment agencies prior to 6:00 p.m. on the day preceding the announced day of termination would be protected from termination without any other action on their part. Customers who make payments after 6:00 p.m. are required to call the Utility's Call Center to prevent possible termination of service. (Joint Ex. 1).

5. The 6:00 p.m. deadline was picked because that was the time that the payment agencies uploaded the information to First Data, the third-party agency the Utility uses to provide the network. (Tr. 23). Neither the Utility nor Staff did an analysis as to whether 5:00 p.m. or 7:00 p.m. might be more appropriate than 6:00 p.m. (Tr. 23).

6. Extending the time to 7:00 would not be a burden upon the Utility. (Tr. 24). First Data transmits the information that it collects to the Utility at 5:00 a.m. the next morning. (Tr. 24). Extending the time for customers to make payments until 7:00 p.m. would simply cut one hour off of the time First Data has to get the information to the Utility. (Tr. 24). The Utility indicated that, if the time was changed to 7:00 p.m., it would not object. (Tr. 54).

7. Extending the time until 7:00 p.m. allows customers an hour or two after the close of standard business hours to make arrangements for payment. (Tr. 24).

8. The Utility has several payment options available for customers who need to make payments quickly to prevent terminations. Staff had persuaded the Utility to list the payment options that cost the customer the least first as it goes through the options. (Joint Ex. 1).

9. One payment option is check-by-phone where the Utility takes checking account information over the phone and charges the customer's checking account. There is no fee applied for that service. The second

option is for the Utility to instruct the customers where the various authorized payment agencies are, which may be close to their homes. The third option is payment by credit card. The Utility uses a third-party provider to make the collections by credit card and it charges the customers a **\$5.95** fee for credit card payments. The fourth is for customers to go to Western Union facilities to make payments. When payments are taken at the Western Union facilities, there is an **\$11.95** fee paid to Western Union. (Tr. 35, 36, 37, 38, 39).

10. The only instance in which it may make sense for a customer to pay **\$11.95** to Western Union in order to make a utility payment would be the case where the customer has moved out of the Utility service area into another state. (Tr. 39). The Western Union option requires a fee of **\$11.95** and requires a trip to a Western Union office. (See Joint Ex. 1; Tr. 26, 39).

11. Approximately, 60 customers chose the Western Union option in the four months prior to the hearing. (Tr. 39).

12. At least one customer, who wrote a letter to the Commission in this investigation, felt like she was coerced to use Western Union in order to obtain faster service from the Utility. (Tr. 26; Letter filed Dec. 29, 2000).

13. The Utility, when asked at the hearing, indicated that modifying the Joint Stipulation so that only customers who have moved out of the service territory were informed of the Western Union option would not be a problem. (Tr. 54).

14. The Utility requests a waiver of Rule 4.8.1.a.F regarding the Commission's requirement that reconnections be made within eight (8) hours. The Staff agreed that such a waiver was appropriate. (Joint Ex. 1).

15. The eight-hour rule began when the business office at the Utility closed at 4:00 p.m. Now the Utility allows customer calls 24 hours a day. If a customer would make a payment at 9:00 p.m., the literal interpretation of the Rule would require a reconnection by 5:00 a.m. The Utility indicated that such a situation raises difficult circumstances, including serious safety concerns for its employees. (Tr. 28).

16. The waiver would allow for any post-termination payment calls made after 4:00 p.m. to be treated as if they were received at 8:00 a.m. on the following day. (Joint Ex. 1).

#### CONCLUSIONS OF LAW

1. The Joint Stipulation should be adopted as the resolution of this proceeding with three minor

modifications.

2. The Joint Stipulation should be modified to adopt Post-Hearing Ex. 1 to be sent to locations where Allegheny Power detects unauthorized usage.

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3. The Joint Stipulation should be modified to protect customers who pay up until 7:00 p.m., the day before termination from needing to take any other action to prevent termination. The Utility's procedures manual, as well as the various notifications, should be modified to extend the time from 6:00 p.m., to 7:00 p.m.

4. The Joint Stipulation should be modified so that the Western Union option is only given to customers who have moved outside of the service territory. The Utility's procedures manual and other documents should be modified to instruct service representatives to only offer the option to customers who have moved out of the Utility's service territory.

5. The waiver of Rule 4.8.1.a.F requested by the Utility is reasonable and should be granted.

6. The Joint Stipulation requires the Utility to file tariff filings to make certain modifications which relate to paragraphs 35, 37 and 38 of the Joint Stipulation within thirty days of the date of the order. The Utility should be ordered to make those filings.

7. The Joint Stipulation requires the Utility to give its procedures manual modifications to the Staff relating to paragraphs 4, 9, 12, 21, 22, 23 and 25 within thirty days. The Utility should be ordered to make that filing.

### ORDER

IT IS, THEREFORE, ORDERED that the Joint Stipulation and Agreement for Settlement be, and hereby is, modified to protect customers who pay up until 7:00 p.m. the day before termination from needing to take any other action to prevent termination. Allegheny Power is hereby required to modify its procedures manual, as well as the various notifications, to extend the time from 6:00 p.m., to 7:00 p.m.

IT IS FURTHER ORDERED that the Joint Stipulation and Agreement for Settlement be, and hereby is, modified so that the Western Union payment option is only given to customers who have moved outside of the service territory. Allegheny Power is hereby required to modify its procedures manual and other documents to instruct service representatives to only offer the option to customers who have moved out of the Utility's service territory.

IT IS FURTHER ORDERED that the Joint Stipulation and Agreement be, and hereby is, modified to adopt Post-Hearing Ex. 1 to be sent to locations where Allegheny Power detects unauthorized usage.

IT IS FURTHER ORDERED that the Joint Stipulation and Agreement for Settlement, as modified above, is hereby adopted as the resolution of this proceeding.

IT IS FURTHER ORDERED that Allegheny Power be and hereby is granted a waiver of Rule 4.8.1.a.F to the extent that it may treat all post- termination payment calls received after 4:00 p.m. as if they were received on 8:00 a.m. the following day.

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IT IS FURTHER ORDERED that Allegheny Power's various utilities file the necessary tariff filings

to make the agreed modifications to their tariffs which relate to paragraphs 35, 37 and 38 of the Joint Stipulation within thirty days of the date this becomes a final Commission order.

IT IS FURTHER ORDERED that Allegheny Power supply to Staff the modifications to its procedures manual relating to paragraphs 4, 9, 12, 21, 22, 23 and 25 of the Joint Stipulation within thirty days of the date that this Order becomes final.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Keith A. George

Administrative Law Judge

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Footnote: 1

<sup>1</sup>The parties interpreted the Commission order to apply to all of the utilities owned and operated by Allegheny Power which include Monongahela Power Company, The Potomac Edison Company, West Virginia Power Gas, West Virginia Power and Mountaineer Gas Company. The utilities are referred to collectively as the Utility.

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Footnote: 2

<sup>2</sup>All references to the transcript are to the evidentiary hearing.

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Footnote: 3

<sup>3</sup>Appendix A is 27 pages which includes 9 exhibits.

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Footnote: 4

<sup>4</sup>Western Union is an affiliate of First Data, the corporation that the Utility uses to provide its network payment services.