

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
OKLAHOMA GAS AND ELECTRIC COMPANY FOR )  
APPROVAL OF A GENERAL CHANGE IN RATES, ) DOCKET NO. 16-052-U  
CHARGES AND TARIFFS )

DIRECT TESTIMONY  
  
OF  
  
HOLLY TUBBS  
MANAGER  
CONSUMER SERVICES

ON BEHALF OF THE GENERAL STAFF  
OF THE ARKANSAS PUBLIC SERVICE COMMISSION

JANUARY 31, 2017

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Holly Tubbs. My business address is Arkansas Public Service  
4 Commission (Commission), 1000 Center Street, Little Rock, Arkansas.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am the Manager of Consumer Services with the General Staff (Staff) of the  
7 Commission. In that capacity, I am responsible for directing and overseeing the  
8 investigation and resolution of consumer complaints, ensuring compliance with the  
9 Commission's General Service Rules and utility tariffs, analyzing utility company  
10 filings, developing positions on issues, and presenting those positions when  
11 necessary in written and oral testimony before the Commission.

12 **Q. Please describe your education and background.**

13 A. I hold a Bachelor of Arts Degree from Hendrix College in Conway, Arkansas with a  
14 major in Accounting and Economics. I joined the audit staff of the Commission in  
15 July, 1979. I have attended the two-week seminar on utility regulation sponsored by  
16 the National Association of Regulatory Utility Commissioners and completed an  
17 extension course through Public Utilities Reports concerning public utility economics  
18 and regulation. I assumed my current position with Staff in December, 1988.  
19 During my employment with the Commission, I have conducted field audits and  
20 prepared data used in numerous rate cases. I have testified before the Commission  
21 on a variety of issues including revenue requirement, rules, tariffs, and formal  
22 complaints.

**PURPOSE OF TESTIMONY**

**Q. What is the purpose of your testimony in this docket?**

A. I address the Application for Approval of a General Change in Rates, Charges, and Tariffs (Application) filed by Oklahoma Gas and Electric Company (OG&E or Company) on August 25, 2016. Specifically, I address the Residential Consumer Prepay Bill Provision (PayGo) tariff proposed by OG&E witness Gwin Cash in the General Information Rate Schedule No. GI, Section 220.

**RESIDENTIAL CONSUMER PREPAY BILL PROVISION (PayGo)**

**Q. What is the PayGo tariff proposed by OG&E?**

A. PayGo is a voluntary program that will allow qualifying residential consumers to pre-pay for electric service.

**Q. Why is OG&E proposing to offer PayGo?**

A. OG&E is proposing to offer PayGo for several reasons. PayGo will allow consumers to pay for service in advance, actively manage electric usage, and avoid deposits and reconnection charges should their service be disconnected. Consumers enrolling in PayGo will not be required to pay a security deposit. By enrolling in PayGo, consumers who have a delinquent balance can pay fifty percent (50%) of the delinquent balance and continue to receive service and pay the remaining balance over time. With each power purchase, twenty percent (20%) of the amount paid will be applied to the delinquent balance until the balance is paid in full. In addition, consumers who have been disconnected for non-payment will be able to enroll in PayGo, obtain electric service, and pay off their delinquent balance rather

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1 than having to pay the delinquent balance, a deposit, and reconnection fee before  
2 service is reinstated.

3 Since consumers with delinquent accounts can enroll in the program and pay  
4 a portion of the delinquent amount each month, OG&E will be able to retain these  
5 consumers and collect the delinquent amount. Consumers are also able to avoid  
6 initial deposits, reconnection fees, and increased deposits resulting from poor  
7 payment history.

8 **Q. Which OG&E consumers can enroll in PayGo?**

9 A. PayGo will be available to most residential consumers. Consumers residing at  
10 duplexes or apartment houses that are served under one meter are excluded from  
11 the PayGo program. PayGo will not be offered to net metering consumers because  
12 of the specialized metering and billing required for these consumers.

13 PayGo will be offered on a strictly voluntary basis upon election by an  
14 eligible consumer desiring to participate in the program at no additional monthly  
15 charge.

16 **Q. Existing consumers who enroll in PayGo may currently have a deposit on file  
17 with OG&E. What will happen to that deposit once enrolled in PayGo?**

18 A. Existing consumers whose account is in good standing and who have a deposit on  
19 file with OG&E can choose to have the deposit refunded to them or credited to the  
20 consumer's PayGo Account. If there is an outstanding balance on the consumer's  
21 account, any deposit being held by OG&E will be applied to the outstanding balance  
22 and any remainder refunded to the consumer or credited to the consumer's PayGo  
23 account.

1 **Q. Will consumers be able to purchase their power at any time and in any dollar**  
2 **increment?**

3 A. Yes. Consumers will be able to purchase power twenty-four hours per day just as  
4 they can under standard service. Payments can be made over the phone, online,  
5 and via third party kiosks. Consumers will be required to establish an initial account  
6 balance of \$25.00 to enroll in PayGo, but there is no minimum payment amount  
7 once the account is activated in PayGo.

8 **Q. Will participating consumers be notified prior to disconnection when the**  
9 **amount in their prepaid account has been exhausted?**

10 A. Yes. OG&E will monitor the usage of participating consumers and notification will  
11 be sent to the consumer prior to their balance reaching zero. Consumers can  
12 choose to receive the notifications by their preferred method, such as electronic  
13 mail, text message, or phone call. OG&E has established a credit balance of \$20.00  
14 as the minimum threshold that will trigger notification to participating consumers that  
15 a purchase of electricity is needed. However, participating consumers will be able to  
16 modify the balance at which notifications are made.

17 **Q. Are there any reasons why consumers enrolled in PayGo will not be**  
18 **disconnected immediately when the balance on their account reaches \$ 0.00?**

19 A. Yes. Consumers enrolled in PayGo will not be disconnected immediately when the  
20 balance of their account reaches \$0.00 if the disconnection would occur during  
21 weather moratoriums, after 5:00 p.m. on weekdays, on weekends, or on Company-  
22 observed holidays, but the disconnection will be rescheduled for the next business  
23 day if no payment is made.

1 **Q. Will consumers enrolled in PayGo be eligible for the protections outlined in**  
2 **the Commission's *General Service Rules (GSR)* for elderly consumers and**  
3 **individuals with disabilities, serious medical conditions, and cold weather?**

4 A. It depends. Under the Company's proposal, the standard provisions of the GSR  
5 regarding cold weather will be applicable to consumers enrolled in PayGo. The  
6 protections for elderly consumers and individuals with disabilities will be somewhat  
7 different. These consumers will continue to be contacted prior to disconnection, but  
8 the contact method used will be determined by the consumer rather than that  
9 established by the GSR. The Company has excluded the protections for serious  
10 medical conditions from its PayGo proposal.

11 **Q. Do you agree with the Company's exclusion of consumers enrolled in PayGo**  
12 **from the protections outlined in the Commission's GSR regarding serious**  
13 **medical conditions?**

14 A. No, I do not. According to Rule 6.17. of the GSR, serious medical conditions must  
15 be certified to the Company by a licensed physician and, once a medical certificate  
16 is completed by the physician, the consumer is given thirty (30) days to pay the bill  
17 or make arrangements to care for the ill individual at another location. The medical  
18 certificate is renewable one time for an additional thirty (30) days. Households are  
19 limited to one medical certificate every twelve months.

20 Consumers enrolled in PayGo should be afforded the same protections as  
21 those taking standard service. Any time a consumer has a medical certificate, the  
22 Company is at risk of the consumer never paying the bills accumulated during the  
23 sixty-day period. No evidence has been provided by the Company that this risk is

1 any greater for consumers enrolled in PayGo than it is for consumers taking  
2 standard service. Therefore, I recommend that the Company be required to make  
3 the protections offered for serious medical conditions available to consumers  
4 enrolled in PayGo.

5 **Q. Do you have any other concerns regarding OG&E's proposed PayGo tariff?**

6 A. Yes. As proposed, the PayGo program would be available to residential accounts  
7 identified as landlord/tenant situations where the landlord is responsible for the bill.  
8 In accordance with the Commission's GSR 6.19.B, a utility cannot suspend service  
9 to accounts identified as landlord/tenant situations until thirty (30) days after the due  
10 date of the landlord's bill. A considerable number of accounts identified as  
11 landlord/tenant are multi-unit buildings with significant monthly bills. Because of this  
12 thirty-day time period between non-payment of the bill and the date these accounts  
13 can be disconnected, a utility's economic risk, and the risk to its other ratepayers  
14 due to bad debt, is enhanced especially when there is no deposit being held on the  
15 accounts. Therefore, I recommend that accounts identified as landlord/tenant  
16 situations where the landlord is responsible for the bill be excluded from participation  
17 in PayGo.

18 **SUMMARY OF RECOMMENDATIONS**

19 **Q. What are your recommendations regarding the PayGo program proposed**  
20 **by OG&E?**

21 A. I recommend that OG&E revise its proposed PayGo tariff to include the protections  
22 for serious medical conditions provided in the Commission's GSR. I also  
23 recommend that OG&E revise the PayGo tariff to exclude accounts identified as

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1 landlord/tenant situations where the landlord is responsible for the bill. I recommend  
2 that the Commission find that the proposed PayGo tariff, as modified herein, is in the  
3 public interest.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes, it does.



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by electronic mail via the Electronic Filing System this 31<sup>st</sup> day of January, 2017.

By: /s/ Justin A. Hinton  
Justin A. Hinton