

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio)
Department of Development for an Order)
Approving Adjustments to the Universal) Case No. 08-658-EL-UNC
Service Fund Riders of Jurisdictional Ohio)
Electric Distribution Utilities.)

ENTRY

The Attorney Examiner finds:

- (1) On June 2, 2008, in accordance with the terms of the November 2007 Stipulation in Case No. 07-661-EL-UNC (07-661),¹ the Ohio Department of Development (ODOD) filed its Notice of Intent (NOI) to submit its annual Universal Service Fund (USF) rider adjustment application on or before October 31, 2008. ODOD's NOI provided the USF rider revenue requirement methodology and the USF rider rate design methodology that would be used in preparing its subsequent USF rider adjustment application.
- (2) On July 8, 2008, the attorney examiner issued an entry to set the NOI phase of this proceeding for an evidentiary hearing on August 12, 2008. Also by this entry, all jurisdictional Ohio electric distribution utilities were joined as indispensable parties to this proceeding: namely, The Cleveland Electric Illuminating Company (CEI), Columbus Southern Power Company (CSP), The Dayton Power and Light Company (DP&L), Duke Energy Ohio, f/k/a The Cincinnati Gas & Electric Company (Duke), Ohio Edison Company (OE), Ohio Power Company (OP), and Toledo Edison Company (TE).
- (3) Motions to intervene in this proceeding were filed by the Ohio Consumers' Counsel (OCC), Industrial Energy User-Ohio (IEU-Ohio), and Ohio Partners for Affordable Energy (OPAE).
- (4) On July 25, 2008, ODOD filed a Stipulation and Recommendation (July 2008 Stipulation), which proposed resolutions for the various issues presented by ODOD's June 2, 2008 NOI. The July 2008 Stipulation provided that ODOD shall file a supplement to its June 2, 2008 NOI that would include the Schneider Downs reports of the results of its application of agreed-upon (audit) procedures to test the reasonableness and reliability of the PIPP-related accounting and reporting of CSP, Duke, and OP. (*Id.*, at 6-7.) In addition, the July 2008 Stipulation provided that a separate procedural schedule

¹ May 31, 2008, falls on Saturday. Therefore, under Rule 4901-1-07(A), Ohio Administrative Code, the notice of intent was due June 2, 2008.

should be established for addressing any issues raised by the NOI supplement and the responses thereto. The signatory parties submitted that they would propose a recommended schedule once the Schneider Downs reports have been issued. (*Id.*, at 6.)

- (5) A brief evidentiary hearing was conducted on August 12, 2008, for the NOI phase of this proceeding, in accordance with the case schedule issued on July 8, 2008. Motions for intervention previously submitted by OCC, IEU-Ohio, and OPAE were granted at the hearing. OPAE's earlier motion to admit David C. Rinebolt to practice *pro hac vice* before the Commission in this proceeding was granted at the hearing. The July 25, 2008 Joint Stipulation and Recommendation was admitted into evidence as Joint Exhibit 1.
- (6) By its Finding and Order signed September 10, 2008, (NOI Order) the Commission approved the proposed USF rider revenue requirement methodology and USF rider rate design methodology, as submitted in ODOD's NOI for its 2008 USF rider application.
- (7) On October 31, 2008, ODOD filed an application (Application) to adjust the USF riders of all jurisdictional Ohio electric distribution utilities: CEI, CSP, DP&L, Duke, OE, OP, and TE (collectively, electric distribution utilities), in accordance with the requirements of Ohio's electric restructuring legislation (Amended Substitute Senate Bill 3) and Section 4928.52, Revised Code. The current USF riders for the electric distribution utilities, took effect on a bills-rendered basis with the January 2008 billing cycle, in accordance with an order issued *In the Matter of the Application of the Ohio Department of Development for an Order Approving Adjustments to the Universal Service Fund Riders of Jurisdictional Ohio Electric Distribution Utilities*, under 07-661. (*Id.*, December 19, 2007 Opinion and Order.) The USF riders for CSP and OP were subsequently revised, effective with the June 2008 billing cycle on a bills-rendered basis, to correct certain errors in the original calculation of the CSP and OP USF rider revenue requirements previously approved by the Commission in its December 19, 2007 Opinion and Order. (*Id.*, May 28, 2008 Finding and Order.)
- (8) Section 4928.52(B), Revised Code, provides that if, during or after the five-year market development period, ODOD, after consultation with the Public Benefits Advisory Board, determines that revenues in the USF, together with revenues from federal or other sources of funding for those programs,² will be insufficient to cover the costs of the low-income customer assistance programs, and consumer education programs and their related administrative

² Section 4928.52(B), Revised Code, also refers to the general revenue funds appropriations for the Ohio Energy Credit Program, which was discontinued as of July 1, 2003.

costs, ODOD shall file a petition with the Commission for an increase in the USF riders. The Commission, after reasonable notice and opportunity for hearing, may adjust the USF riders by the minimum amount necessary to provide additional revenues.

- (9) In its Application, ODOD requests that each of the USF riders be adjusted to more accurately reflect the current operating costs of operating the percentage of income payment plans (PIPP), the Electric Partnership Program (EPP), the consumer education program (CE), and their associated administrative costs. Based on its analysis of the revenue that the current USF riders are projected to produce, and various other factors, ODOD has determined that, on an aggregated basis, the total annual revenues that will be generated by the current USF riders will fall \$8,412,820 short of the annual revenues required to fill the objectives identified in Section 4928.52(A), Revised Code. Based on its analysis, ODOD is requesting an increase for the USF riders of DP&L, OE, and TE. Also based on its analysis, ODOD is requesting that the USF rider of CEI, CSP, Duke, and OP be decreased.
- (10) Accordingly, this matter should be set for a prehearing settlement conference on ODOD's Application to be held on Wednesday, December 3, 2008, at 10:00 a.m., in Hearing Room 11-G, 11th floor, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215.
- (11) In addition, a hearing on ODOD's Application should be held on Monday, December 8, 2008, at 10:00 a.m., in Hearing Room 11-G, 11th floor, at the offices of the Commission, 180 East Broad Street, Columbus, Ohio 43215.

It is, therefore,

ORDERED, That a prehearing settlement conference be held as set forth in Finding (10). It is, further,

ORDERED, That an evidentiary hearing be held as set forth in Finding (11). It is, further,

ORDERED, That a copy of this entry be served on all parties and interested persons of record in this case.

THE PUBLIC UTILITIES COMMISSION OF OHIO

By: Janet K. Stoneking
Attorney Examiner

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Entered in the Journal

NOV 21 2008

Renee J. Jenkins

Renee J. Jenkins
Secretary