BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Staff Proposal for An Economic Development Tariff Template.	)))	Case No. 11-4304-EL-UNC

ENTRY

The Commission finds:

(1) Section 4905.31, Revised Code, authorizes public utilities in this state to file schedules or enter into reasonable arrangements that include financial devices that may be practicable or advantageous to the interested parties. These financial devices often take the form of reasonable arrangements that include negotiated rates tailored to a specific utility/customer relationship.

(2) Although these reasonable arrangements are useful in promoting economic development and in retaining or procuring jobs in this state, the reasonable arrangements may involve significant transactions costs, including costs related to the negotiation of rates and other terms and conditions as well as costs related to seeking Commission approval of the proposed reasonable arrangement. These transaction costs would be substantially mitigated if utilities were to adopt a rate schedule to be used as an additional tool to promote economic development in certain situations.

(3) Accordingly, Staff has prepared a proposed economic development tariff template. This economic development tariff template would be adopted by all electric utilities as a schedule pursuant to Section 4905.31, Revised Code, in order to facilitate economic development and job retention and job procurement and to mitigate transactions costs related to reasonable arrangements, to both customers and electric utilities.

(4) The Commission seeks public comment on the proposed economic development tariff template from interested stakeholders in this state. Therefore, all interested stakeholders are invited to submit written comments on the

proposed economic development tariff template in this proceeding by August 5, 2011. Reply comments should be filed by August 15, 2011. All comments must be sent to: The Public Utilities Commission of Ohio, Docketing Division, 11th Floor, 180 East Broad Street, Columbus, Ohio 43215.

(5) In addition to comments on the proposed economic development tariff template, the Commission requests comments on the issue of recovery of delta revenue.

In light of the unbundling of generation and distribution rates pursuant to Am. Sub. Senate Bill 3, electric utilities do not accrue the same benefits with the expansion of the customer base as was the case under traditional rate-of-return regulation. Therefore, the Commission solicits comments on the proper amount of delta revenue which electric utilities should be permitted to recover under the proposed economic development tariff template.

Further, the Commission notes that all electric utilities in this state do not own generation assets. The General Assembly has recognized this difference among utilities in the provisions for standard service offers. See Section 4928.142(D), Revised Code. Electric utilities which do not own generation assets or which obtain generation through a market rate offer or a competitive bid process may not receive additional revenue through increased generation sales with which to offset the loss of delta revenue. Therefore, the Commission requests comments on whether there should be a differential in the amount of delta revenue recovered by electric utilities, based upon whether they own generation assets or provide generation service through a competitive bid process. Would the absence of such differential create a disincentive to electric utilities to procure generation through a completive bid process and stifle the further development of competitive markets in this state?

Finally, different electric utilities in this state recover delta revenue from the various customer classes using different rate mechanisms. Should the Commission explore eliminating these differences for the collection of delta revenue so that delta revenue is recovered using a consistent rate design for all electric utilities in this state?

It is, therefore,

ORDERED, That comments and reply comments regarding the proposed economic development tariff template be filed in accordance with Finding (4) and (5) of this Entry. It is, further,

ORDERED, That a copy of this entry be served on the electric utilities in this state, the Industrial Energy Users-Ohio, the Ohio Manufacturers' Association, the Ohio Energy Group, the Ohio Consumers' Counsel, and the Ohio Hospital Association.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Todd A. Snitchler

Todd A. Snitchler, Chairman

Paul A. Centolella

Paul A. Centolella

Steven D. Lesser

Andre T. Porter

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Entered in the Journal

JUL 15 2011

Betty McCauley

Betty McCauley
Secretary

ECONOMIC DEVELOPMENT TARIFF

A. Economic Development Incentive

This provision is available to any economic development mercantile customer that: (1) creates or increases minimum annual payroll by $5 million or more and adds at least 75 permanent, new employees based in Ohio, and /or (2) makes a capital investment in Ohio of at least $50 million along with a job retention commitment of base employees through the duration of the tariff. The customer must also receive funding or incentives from other local or state government or economic development agencies. The customer will be billed according to the appropriate electric utility tariff schedule and shall receive one or both of the following incentives:

1. **Payroll and Jobs:**

Payroll Created or Increased	$5-$10 million	>$10-$17.5 million	>$17.5 million
Minimum new employees	75	100	125
Discount year 1-3	10%	12%	15%
Discount year 4-5	5%	7%	10%

2. **Capital Investment:**

Investment	Discount	Term
$50 - $99 million	2%	5 years
$100 - $149 million	3%	5 years
$150 - $199 million	4%	5 years
Over $200 million	5%	5 years

The discounts will apply to the total monthly bill calculated pursuant to the electric utility tariff rates, subject to all riders including the economic development rider (EDR) for new and existing mercantile customers.

B. Energy Intensive High Load Factor Provision

This provision is available to any new economic development mercantile customer: (1) that adds or creates at least 75 new permanent Ohio employees (2) that has a minimum monthly demand of at least 5MW, (3) that has an annual average load factor of at least 60 percent, and (4) where the customer's electric cost is at least 4 percent of its total operating and maintenance costs. Any customer eligible for service under the Energy Intensive High Load Factor Provision shall be billed the lower of the total bill that results from applying the incentives in Section A of this tariff or Section B. The customer shall receive these discounts for a five-year period and may continue for successive one-year periods unless otherwise suspended by the Public Utilities Commission of Ohio. Nonetheless, the term shall not exceed a total of 10 years.

Customers served pursuant to this provision shall be billed the following total rate for all kWhs:

Electric Cost/ Tot Op Cost	4%-9%	10%-19%	20-30%	30-40%	>40%
LF 60-70%	$.055/kWh	$0.053/kWh	$0.051/kWh	$0.049/kWh	$0.047/kWh
LF 70-80%	$.054/kWh	$0.052/kWh	$0.050/kWh	$0.048/kWh	$0.046/kWh
LF Over 80%	$.053/kWh	$0.051/kWh	$0.049/kWh	$0.047/kWh	$0.045/kWh

Terms and Conditions

According to Sec. 4928.01 of the Ohio Revised Code, an economic development mercantile customer means a commercial or industrial customer if the electricity consumed is for nonresidential use and the customer consumes more that seven hundred thousand kilowatt hours per year or is part of a national account involving multiple facilities in one or more states.

Capital Investment means an investment in production equipment including electrical equipment, buildings, etc., necessary for increases in productivity, efficiency, and quality.

New Employees means permanent and full-time employees or full-time equivalent employees that exceed Base Employees.

Base Employees means the average number of permanent and full-time employees of the customer for the three-month period immediately prior to the customer's application date for the economic development tariff.

Delta Revenue means the deviation resulting from the difference in rate levels between the otherwise applicable electric utility rate schedule and what the customer pays under this tariff.

All economic development customers must agree to commit to the electric distribution utility all implemented energy efficiency and peak demand response capabilities in a manner consistent with applicable statutes and rules at no cost to the utility for the duration of the economic development agreement.

The electric utility shall submit an annual report to the Commission that provides the customer name, funding customer received from other sources, % discount received, delta revenue accumulated over the last 12-month period and accumulated to date, as well as the number of new employees and associated payroll as determined by the tariff created during that period. If the payroll level for new jobs created is more or less than the original reported, then an appropriate adjustment will be made for the following year incentive discount.

Delta Revenue resulting from this rider shall be allocated 20 percent to the electric utility and 80 percent to the electric utility's customers.

The availability of this tariff is subject to termination or suspension by the Public Utilities Commission of Ohio at any time.