

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company and)	
Ohio Power Company for Authority to)	Case No. 11-346-EL-SSO
Establish a Standard Service Offer)	Case No. 11-348-EL-SSO
Pursuant to Section 4928.143, Ohio Rev.)	
Code in the form of an Electric Security)	
Plan)	

In the Matter of the Application of)	
Columbus Southern Power Company and)	Case No. 11-349-EL-AAM
Ohio Power Company for Approval of)	Case No. 11-350-EL-AAM
Certain Accounting Authority)	

DIRECT PREPARED TESTIMONY OF TERESA L. RINGENBACH

ON BEHALF OF THE RETAIL ENERGY SUPPLY ASSOCIATION

July 25, 2011

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1 **I. QUALIFICATION OF THE WITNESS**

2 **Q1. Please state your name and business address.**

3 **A1.**My name is Teresa Ringenbach. My business address is 9605 El Camino Lane,
4 Plain City, Ohio.

6 **Q2. By whom are you employed and in what capacity?**

7 **A2.**I am the Senior Manager of Government and Regulatory Affairs for the Midwest
8 for Direct Energy, LLC (“Direct Energy”). I am also the Ohio Retail Energy
9 Supply Association (“RESA”) representative for electricity.

11 **Q3. How long have you been employed in your current position?**

12 **A3.**I have been employed in my current position with Direct Energy since 2009 and
13 the RESA Ohio electric chair from 2004–2010.

15 **Q4. Please explain the job responsibilities and duties in your current position.**

16 **A4.**I am responsible for monitoring, advocating and defending regulatory and
17 legislative activities which affect Direct Energy’s ability to serve customers in
18 Pennsylvania, Ohio, Illinois, Kentucky and Michigan. My responsibilities cover
19 electric, natural gas, and home services issues for all levels of customers from
20 residential to large industrial. As the RESA Ohio electric representative, my
21 responsibilities include advocating the RESA guiding principles for open, fair and
22 transparent markets in the retail electric markets.

1 **Q5. Please describe your educational background and relevant work experience**
2 **prior to joining Direct Energy.**

3 **A5.** I hold a Bachelor of Business Administration with a concentration in International
4 Business from the University of Toledo. I started in the energy industry in 2001
5 with Integrys Energy Services, Inc., formerly WPS Energy Services, Inc., as a
6 Customer Service and Marketing Specialist promoting and managing the recently
7 opened Ohio residential and small commercial electric offers. In 2002, I accepted
8 the position of Account Manager – Inside Sales where I sold and managed the
9 Government Aggregation Programs for both gas and electric. In 2005, I accepted
10 the position of Regulatory Specialist. In this position I was responsible for
11 regulatory compliance and state registrations throughout the United States and
12 Canada. In 2006, I accepted the position of Regulatory Affairs Analyst – East
13 covering New England, New York, New Jersey, Ohio and Pennsylvania gas and
14 electric issues. In the spring of 2008, I accepted the Regulatory Affairs Analyst
15 position for the Midwest region covering Ohio, Michigan, Illinois, Indiana,
16 Kentucky, and all of Canada. In this position, I directed the regulatory and
17 legislative efforts affecting Integrys Energy’s gas and electric business. In August
18 2009, I joined Direct Energy as the Manager of Government and Regulatory
19 Affairs for the Midwest. In June 2011 I was promoted to Senior Manager of
20 Government and Regulatory Affairs for the Midwest. As stated above, this
21 position advocates, protects and monitors regulatory and legislative activities
22 affecting the gas, electric and home services business interests of Direct Energy.

1 **Q6. Have you ever testified before a regulatory agency?**

2 **A6.** Yes. I have testified before the Connecticut Department of Public Utility Control,
3 the Pennsylvania Public Utility Commission, the Public Utilities Commission of
4 Ohio, the Illinois Commerce Commission and the Public Service Commission of
5 Kentucky.

6

7 **Q7. Please describe your experience with the introduction of electric competition**
8 **in Ohio.**

9 **A7.** During the market development period established under Senate Bill 3, I was the
10 Ohio Customer Service and Marketing Specialist for Integrys Energy Services. In
11 that capacity, I was responsible for the administration and sales of electric
12 government aggregation programs in Ohio. This role required an understanding
13 of the electric government aggregation rules, an understanding of residential and
14 small commercial pricing, coordination with FirstEnergy Supplier Support, PUCO
15 staff, City governments, customer service and consumer education. I
16 implemented the internal policies of Integrys Energy to ensure compliance with
17 all rules and regulations. I also created a newsletter and reviewed call center
18 scripts to ensure customers were educated and aware of the latest information
19 affecting the programs. My role included drafting the Plan of Operation and
20 Governance plans, participation in public meetings, community events and
21 charitable contributions in the communities we served. In addition, I acted as the
22 liaison between our communities, pricing and legal for contract renewals and
23 savings updates. My role grew to include participation and support for any

1 company regulatory proceedings affecting our customers and providing the
2 detailed information to support our regulatory efforts in Ohio. I participated in the
3 drafting and lobbying of Senate Bill 221 on behalf of Integrys. I testified before
4 the legislature on Senate Bill 221. Subsequently, I have participated in
5 rulemaking proceedings to implement Senate Bill 221. I have also testified in the
6 FirstEnergy MRO/ESP proceedings, participated in Duke ESP I and MRO
7 proceeding and in AEP Ohio's first ESP proceedings. Finally, as part of RESA, I
8 have participated in workshops and assisted with filings concerning the
9 Renewable Portfolio Standard established by Senate Bill 221.

11 II. OVERVIEW OF RESA'S CONCERNS

12 **Q8. What is the purpose of your testimony?**

13
14 **A8.** My testimony presents the comments of RESA in response to Columbus Southern
15 Power Company's and Ohio Power Company's (jointly "AEP Ohio") application
16 to implement an Electric Security Plan for the 29 month period between January
17 2012 to June 2014 ("ESP II"), and demonstrates why ESP II, as proposed, would
18 cause serious, long-term, and possibly irreparable damage to the fledging
19 competitive retail market which has developed over the last year in the AEP
20 Ohio's territories.

21
22 **Q9. Please describe RESA.**

23 **A9.** RESA is a broad and diverse group of retail energy suppliers who share the
24 common vision that competitive retail energy markets deliver a more efficient,

1 customer-oriented outcome than the traditional monopoly utility structure.
2 Several RESA members are certificated as competitive retail electric service
3 (“CRES”) providers and active in the Ohio retail market. Specifically, some of
4 RESA’s members currently provide CRES service to both residential and
5 commercial retail customers in Ohio including customers in the AEP Ohio
6 territories. The testimony that I am presenting represents the position of RESA as
7 an organization, but may not represent the views of any particular RESA member.
8 RESA’s members include ConEdison Solutions; Constellation NewEnergy, Inc.;
9 Direct Energy Services, LLC; Energy Plus Holdings, LLC; Exelon Energy
10 Company; GDF Suez Energy Resources NA, Inc.; Green Mountain Energy
11 Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty
12 Power; MC Squared Energy Services, LLC; NextEra Energy Services; Noble
13 Americas Energy Solutions LLC; PPL EnergyPlus; and Reliant Energy Northeast
14 LLC.

15
16 **Q10. How have you prepared for this testimony?**

17 **A10.** I have reviewed the Application, the direct prepared testimony of AEP Ohio
18 witnesses: Joseph Hamrock, Philip Nelson, Karen Sloneker, Andrea Moore, and
19 David Roush. I also reviewed discovery AEP Ohio produced answering various
20 questions from intervenors on the subjects of the non-bypassable riders, capacity
21 costs and service terms.

1 **Q11. Please describe RESA's concerns as to the ability of CRES providers to**
2 **market generation in the AEP Ohio territories.**

3 **A11.** At the beginning of 2010, less than one percent of Columbus Southern Power's
4 customer load and virtually none of Ohio Power Company's customers were
5 shopping for generation. Increases built in the Columbus Southern Power ESP I
6 price provided an opportunity for shopping so that by the fourth quarter of 2010,
7 14% of the commercial load and 5% of the industrial had switched to a CRES
8 provider.¹ The shopping continues to flourish and the latest Commission Market
9 Monitoring Report shows that 31% of commercial load and 12.5% of the
10 industrial load have switched.² At the same time Columbus Southern Power
11 customers started to exercise their ability to competitively shop for electricity,
12 AEP Chairman and Chief Executive Officer Michael Morris, in response to a
13 question posed during the AEP Q3 Earnings Release Call held on October 19,
14 2010, boldly stated he did not like that customers were switching in the AEP
15 Ohio's territories. A few months later, during the AEP Q4 Earnings Release Call
16 held on January 28, 2011, Mr. Morris stated he expected the rate designs filed in
17 the ESP II to cause a real drop-off in the number of customers shopping for
18 electricity supply in 2012 and beyond. Concurrent with these statements, AEP
19 Ohio instituted several actions that had the ostensible purpose of discouraging
20 customer choice and shopping.

¹ Market Monitoring Report 4th Qrt. 2010 – PUCO Website MWh charts by electric distribution utilities a copy of which is attached as TLR Attachment 1.

² Market Monitoring Report 1st Qrt. 2011 – PUCO Website a copy of which is attached as TLR Attachment 2.

1 **Q12. What actions did AEP Ohio take to discourage customers from shopping for**
2 **competitive electricity offers from CRES providers?**

3 **A12.** One of the first, and most egregious steps that AEP Ohio took to discourage
4 customers from switching to a CRES provider for competitive electricity supply
5 was to make those customers who requested a waiver of the POLR fee sign a
6 statement acknowledging if they ever returned to the utility for electric supply,
7 they would have to pay market rates as opposed to the standard service rate. In
8 other words, AEP Ohio alleged that an election to bypass the POLR fee for the
9 length of the ESP I timeframe only meant the customer had given up the right to
10 receive electricity at the standard service rate forever. That allegation and the
11 associated acknowledgement form scared customers away from waiving the
12 POLR fee. In fact, 98% of the customers who shopped chose not to waive it.³ At
13 over 4.5 mils per kWh⁴, the Columbus Southern ESP I POLR rate represents a
14 significant component of a customer's electricity supply costs. Had AEP Ohio
15 treated waiver of the POLR fee as the Commission intended, instead of punitively
16 by removing returning customers' choice to receive the standard service rate in
17 perpetuity, not only would the incentive for customers to shop have been much
18 stronger, but those who did shop would have saved more money through waiver
19 of the fee. Thus AEP Ohio's questionable treatment of the POLR charge waiver
20 hurt both shopping customers and those that may have benefitted from shopping.

³ Direct Prepared Testimony AEP Ohio Witness Laura J. Thomas Case No. 08-917-EL-SSO (Remand) p. 7.

⁴ Direct Prepared Testimony AEP Ohio Witness Laura J. Thomas Case No. 08-917-EL-SSO (Remand) p. 6.

1 **Q. 13 How do you think the Commission intended AEP Ohio to treat waiver of the**
2 **POLR fee?**

3 **A.13** I believe the POLR fee was intended to be treated as a standard avoidable charge
4 during the term of ESP I. Any customer who waived the POLR fee and then
5 returned to utility supply service during the ESP I term, would pay market rates
6 and could not choose the standard service rate. But that requirement is applicable
7 only for customers who waive the POLR fee and then return to utility supply
8 service during ESP I term, not for those who return in future ESP periods.

9

10 **Q 14. What basis do you have for your interpretation of how waiver of the POLR**
11 **fee should have been properly implemented?**

12 **A. 14** The AEP Ohio's application in ESP I had asked for the POLR fee to be non-
13 bypassable. In its March 18, 2009 Opinion and Order in Case No. 08-917-EL-SSO
14 the Commission rejected that portion of the application and specifically stated that
15 shopping customers could avoid the POLR fee if they pledged not to return during
16 ESP I. If a customer did return during the ESP I period, they would pay a market
17 rate. The Commission did not address the period beyond ESP I nor did they
18 require shopping customers to pay market rates permanently if they waived the
19 POLR fee during ESP I and came back in future ESP periods. Under that
20 circumstance the returning customers could have chosen standard service at the
21 established rate. In other words, customers that came back in future ESP periods
22 should be treated like new customers.

23

1 This application makes perfect sense when you consider that the POLR fee was
2 designed specifically with migration risk during the ESP I period in mind. If AEP
3 Ohio was, in fact, being “protected” from the customer *ever* returning to standard
4 service then the Black Scholes model that underlay the POLR charge calculation
5 could not have been limited to inputs covering only the 2009–2011 period defined
6 for ESP I.

7
8 By implementing waiver of the POLR fee the way that it did, AEP effectively
9 used a scare tactic to dissuade customers from shopping, and denied those who did
10 of their full potential savings.

11
12 **Q. 14 Did AEP take other steps in the fourth quarter of 2010 to try to limit**
13 **shopping?**

14 **A. 14** Yes. Although CRES providers in the AEP Ohio territories are technically
15 allowed to self-supply capacity, the restrictions, timing, and complexities
16 associated with doing so effectively limit the CRES providers to actually meeting
17 mandated capacity requirements through purchases from AEP Ohio. As
18 evidenced by testimony from AEP Ohio witness Craig Baker in the ESP I
19 proceeding, the price for capacity supplied to CRES providers under ESP I would
20 be set equal to the PJM Reliability Pricing Model (“RPM”) capacity auction price
21 for “Rest of RTO” for the applicable planning year.⁵ Setting the CRES capacity
22 price equal to the RPM price, which is determined three years in advance of the
23 planning year, provides the transparency that CRES providers need to design retail

⁵ Direct Prepared Testimony of Craig Baker p. 11 lines 11-19.

1 electricity products and enter into customer contracts in which both the customer
2 and the CRES providers are protected from unforeseeable swings in capacity
3 prices. For over a year, while customers generally refrained from shopping in its
4 territories, AEP Ohio said nothing more about the CRES capacity price. Once
5 customers in the AEP Ohio territories started shopping, however, AEP Ohio filed
6 a petition at the Federal Energy Regulatory Commission ("FERC") to change the
7 method of calculating the price that AEP Ohio would charge CRES providers for
8 the capacity needed to serve retail customers in its territories. Even though the
9 RPM auctions resulted in capacity prices of \$174 per MW-day for the period
10 through May 2011 and \$110 per MW-day for the period from June 2011 through
11 May 2012, AEP Ohio sought to increase the CRES capacity charge 2–3 times
12 those amounts to \$347 per MW-day, despite assurances in its ESP I testimony that
13 the RPM prices would be used. AEP Ohio sought this increase in CRES
14 providers, and ultimately customer charges, knowing full well that the RPM
15 auction prices for 2012–2013 were \$16.46 per MW-day and \$27.73 per MW-day
16 for 2013–2014.

17
18 **Q15. Does the capacity cost AEP Ohio charges CRES providers affect shopping?**

19 **A.15** I cannot overstate how damaging it would have been to shopping in the last year
20 of the ESP I if capacity costs charged by AEP Ohio to CRES providers increased
21 by the magnitude requested by AEP Ohio, particularly when the planning horizon
22 was so well established. Keep in mind, CRES offers are set for longer periods of
23 time and often rely on the PJM RPM calendar. In return customers have budgeted

1 their energy costs based on these locked-in contracts, so dramatic changes not
2 only affect a CRES provider but harm customers. For example, for a 300 kW
3 School building with a 40% load factor, the capacity cost at the RPM price was
4 1.1 cents per kWh. If the AEP Ohio capacity charge requested at FERC had gone
5 through the capacity cost would have gone to 3.6 cents per kWh. That amounts to
6 an increased payment of roughly 2.6 cents per kWh. This additional 2.6 cents,
7 ultimately paid to AEP Ohio, is for the same level of service now received. The
8 increased capacity cost would have taken the savings away from shoppers and
9 deterred CRES from offering service in the AEP Ohio territories. Attachment
10 TLR-3 is a chart showing for the same school building what the capacity charges
11 would be for PJM years 2011-2012, 2012-2013 and 2013-2014 under capacity
12 costs set at the PJM RPM price and at AEP Ohio's requested capacity cost.

13

14 Fortunately, FERC rejected AEP Ohio's request to change the capacity charge
15 based on the Ohio Commission's decision in Case No. 10-2929-EL-UNC
16 requiring AEP Ohio to maintain the already established capacity cost, based on the
17 RPM auction result, throughout the ESP I period. Notwithstanding, AEP Ohio has
18 petitioned the Commission and is still actively appealing both the FERC decision
19 to leave this matter with the Ohio Commission and the Ohio Commission's
20 finding that the PJM auction price applies. Thus, even before the January
21 application by AEP Ohio's ESP II, it was actively taking steps to inhibit shopping
22 in ESP I. When the ESP II application was filed, it incorporated both ESP I

1 barriers: the non-bypassable POLR fee and the very same \$347 per megawatt day
2 capacity charge rejected by FERC.

3
4 **Q16. How do these anti shopping actions taken before the Application was filed**
5 **affect the matter at bar?**

6 **A16.** In the ESP II Application the Company is proposing to amend the existing POLR
7 tariff so it is unambiguous that if you waive the POLR fee for any month you can
8 never return to the standard service offer. As a practical matter, that makes the
9 POLR charge non-bypassable.

10
11 Additionally, the high capacity rate which was rejected by both the FERC and the
12 Commission in its capacity proceeding Case No. 10-2929-UNC is incorporated in
13 the ESP II Application. The fact that AEP Ohio is still seeking that twice-rejected
14 capacity rate is a strong indication of AEP Ohio's ongoing effort to decrease
15 shopping. AEP Ohio also uses the \$347 per megawatt day as part of its MRO to
16 ESP comparison, so the issue of the capacity cost is very much an issue in this
17 case.

18
19 **III. RATE DESIGN CONCERNS**

20 **Q17. Did the Application for ESP II have additional barriers to shopping other**
21 **than the ones you have described as originating in ESP I?**

22 **A17.** Yes. Despite AEP's efforts to drive customers away from CRES at the tail end of
23 ESP I, customer shopping continues in the AEP Ohio territories.

1 In a further attempt to thwart the development of the competitive market, the
2 Application in ESP II introduces two new barriers to shopping in addition to those
3 described above. First AEP uses an ill-defined method of generation rate design
4 that will likely have the effect of reducing customer shopping. Second, the ESP II
5 application creates several new non-bypassable riders which are inappropriately
6 designed to collect generation related costs from customers who do not take
7 generation from AEP.

8

9 **Q.18 With respect to the first barrier you identified, can you describe your**
10 **understanding of how AEP Ohio plans to set individual class and service**
11 **prices for its standard service offer?**

12 **A18.** In ESP I, AEP Ohio used the same method for allocating generation costs it had
13 applied in its electric transition case, Case No. 99-1729-EL-ETP, et al. The
14 generation cost allocation system used in AEP Ohio's last rate case consisted of
15 numerous ratios such as number of kWh per class or percentage of peak demand
16 to assign generation costs to the several residential, commercial and industrial
17 standard service rate tariffs. In the testimony and discovery produced in this case,
18 AEP Ohio has clearly indicated that it is radically changing its long time
19 generation allocation model, and applying a more "market like" assignment of
20 costs. No formula or numeric algorithm is offered; only the observation that the
21 rates, as opposed to the costs, follow what Laura Thomas has observed in the
22 market.

23

1 **Q19. How does the Application change the rates?**

2 **A19.** While AEP Ohio did not reveal how it achieved more “market like rates,” we do
3 know that in the aggregate generation rates will be increasing, and that the
4 increase is not shared equally. Some classes and tariff service rates are getting
5 substantial increases while others will experience decreases from what they are
6 paying under ESP I.

7

8 **Q20. Have you done any comparison of which customers are getting increases and**
9 **which are getting decreases?**

10 **A20.** Yes. In general, those classes and service tariffs in which there is currently very
11 limited or no customer shopping are getting rate increases and those classes and
12 service tariffs in which customers are currently shopping are getting rate
13 decreases. For example, the Columbus Southern Power GS-2 and GS-3 rates are
14 going down by roughly 20% over the 29 month ESP II term while residential
15 customers’ rates are going up 7%.⁶ On its face, and without further explanation,
16 this reallocation is suspect. Rate reductions are going to the GS-2 and GS-3
17 customers that belong to the Commercial class who, as of the close of the 1st
18 quarter of this year, had a 31% switch rate and constituted most of the customer
19 shopping in AEP Ohio. A discounted rate, especially one that is also loaded with
20 the non-bypassable charges described later in this testimony, creates a less
21 competitive environment and makes CRES supply less attractive to the customer.
22 Conversely, rate increases are going to the residential customers that have, thus
23 far, not shown strong interest in choosing a CRES. Seemingly, again without the

⁶ Testimony of David Roush, Exhibit 4.

1 benefit of any explicit explanation, AEP Ohio is simply lowering rates for the
2 customers who have demonstrated a willingness to shop for better electricity
3 prices and raising rates for those that have shown a tendency to remain with AEP
4 Ohio regardless of price. I have prepared a chart that compares the shopping by
5 class published by the Commission on its market monitoring report with the
6 percentage rate change for the ESP I rates prepared by AEP Ohio witness Roush
7 in his Exhibit 4.⁷
8

9 **Q21. Have you formed any opinions based on the chart?**

10 **A21.** Yes, it appears that the result of AEP Ohio applying its “more market like” rate
11 design is that all classes or rate services where there is shopping get a discount and
12 those classes or rate services where there is little shopping get a rate increase. If
13 the only criteria for reallocating cost responsibility for generation is to minimize
14 shopping and the portion of the market supplied by CRES providers, such a policy
15 would be in violation of the State Energy Policy. The State Energy Policy seeks
16 to develop both generation supply options and to have a diverse group of
17 suppliers.⁸
18

19 **Q22. Under Senate Bill 221 does the Commission have to be concerned with the**
20 **cost of providing the bundled generation service?**

21 **A22.** Yes, I believe so. I participated in the debate at the General Assembly on Senate
22 Bill 221, including giving testimony, and my impression of the “hybrid system”

⁷ See TLR Attachment 4.

⁸ Section 4928.02, Revised Code

1 was that the utility upon passage of Senate Bill 221 was to use its already
2 established rates as the base for any new bundled generation rates and then make
3 adjustments to certain categories of costs. Senate Bill 221 relieved the utility of
4 participating in a full cost of service rate proceeding, so that the utility could get a
5 single issue increase without showing all its costs and revenues as called for in a
6 full cost of service rate case.

7
8 I do not believe that Senate Bill 221 allows an electric utility to raise its rates
9 without regard to cost to one class of customers for the express purpose of
10 reducing costs to another class of customers simply because those customers can
11 buy generation for less in the open market.

12
13 From the Application and the testimony, it appears AEP Ohio is not starting with
14 its approved rates in ESP I and making adjustments based on specific costs as was
15 intended. It is not clear how AEP came up with the allocation of its cost of
16 generation to the individual classes and service rates. Senate Bill 221, in my
17 opinion, does not permit ESP rates to be reverse engineered starting with the
18 prices per class or service rate that would clear the market, and then setting the
19 rates per class or service rate which would maximize the sales or sales revenue for
20 the standard service. So far, all that is known is that AEP Ohio did look at market
21 rates and did not begin with the current rates to which it made adjustments based
22 on cost.

IV. NON BYPASSABLE RIDERS

Q23. Are there additional issues that you have with AEP Ohio's attempt to achieve more "market like" rates for generation?

A23. Yes, AEP Ohio has added Rider MTR (market transition rider). The purpose of Rider MTR is to reduce the impact to customers from AEP Ohio moving from its cost of service rate designs to a market type rate. There is no need for this because customers have access to market rates via the Choice program. Further, the method of determining the so called market rates is undefined. AEP Ohio in its Application and supporting testimony merely states the rates are based on AEP Witness Thomas' observations. Even if Ms. Thomas' market observations are correct, the effect of Rider MTR is to distort the price signals being sent to the retail customer for the generation they purchase. The decreased cost will mislead retail customers as to which is the most efficient supplier or supplies of generation available to them.

The worst flaw though in the Rider MTR is the fact that it is non bypassable. There is no reason why a customer that is shopping and buying their full generation requirement in the open market should be paying a generation transition fee to customers who are buying generation from AEP Ohio at rates that AEP Ohio fear are too high. It is also anticompetitive, because the customers who are paying the subsidies are the customers who belong to the classes with more competitive prices who are shopping. For example, a Columbus Southern customer in the GS-2 category in 2012 will be paying 1.753 cents per kWh as part

1 of the MTR rider. Today's GS-2 customer is paying about 6.5 cents per kWh for
2 generation. So we are talking about a 27% increase to the shopping customer for
3 something that will not benefit them.

4
5 As I understand the Application, the classes whose rates are being reduced will
6 see a "price to compare" on their AEP Ohio invoice that assumes the whole
7 discount has been applied. So when shopping for a CRES offer, the retail
8 customers will assume they are paying the cents per kWh on the price to compare
9 to AEP as their apples to apples comparison. Actually, Rider MTR will take
10 much of the discount away in 2012 and some of the savings in 2013.

11
12 **Q24. Besides Rider MTR are there other competitive barriers new to the ESP II**
13 **Application?**

14 **A24.** Yes, the Rate Security Rider

15
16 **Q25. How is the Rate Security Rider a competitive barrier?**

17 **A25.** First, even referring to it as a Rider is misleading. Quite simply, the Rate Security
18 Rider is a premium that AEP Ohio will pay certain non-residential customers if they
19 agree not to shop. AEP Ohio claims that its shareholders are paying the premium,
20 but since none of the rates offered in ESP II are cost-based there is no way of
21 knowing whether that is true. Notwithstanding, paying a subsidy to keep customers
22 with attractive load curves from shopping regardless of how it is funded is
23 completely improper and inconsistent with State Energy Policy which grants retail

1 customers the right to shop and to have supply and supplier options. Further, I have
2 been informed by counsel that, by statute, the Standard Service Offer may only
3 include the necessary competitive services required to provide complete electric
4 service. There is a prohibition on utilities offering competitive services. From a
5 market standpoint, having the utility promise specific discounts on generation rates
6 that have not even been determined yet is clearly a competitive service designed to
7 compete against CRES. The Rate Security Rider's single purpose is to reduce
8 customer shopping. Further, if the discount decreases the generation rate to a price
9 below what it costs AEP Ohio to provide the service, the Rate Security Rider is a
10 form of prohibited predatory pricing. In a nutshell, the "Rider" is nothing more than
11 a method to price AEP Ohio's generation service below cost with the intent of
12 forcing CRES out of AEP Ohio's territory. Finally, in addition to the reasons
13 demonstrated above, the Commission should reject the Rate Security Rider because
14 AEP Ohio provides no cost information to support the proposed 15% discount. The
15 implied explanation is that it is a number large enough to kill retail competition.

16
17 **Q26. How should the Commission correct the two rate design issues you have just**
18 **raised?**

19 **A26.** If AEP's goal is to attain "market like" rates then Senate Bill 221 and the PUCO's
20 implementation of Senate Bill 221 has provided two options. 1) file an MRO or
21 2) competitively bid their standard service offer within an ESP. Regardless of
22 those two options, the MTR must be eliminated there is no sound argument for
23 forcing customers to pay the utility for a service they are not receiving.

1 In addition, the Commission should instruct AEP Ohio to use a matrix for
2 determining the proper cost for each class and each rate group using the
3 generation cost allocation established in its last rate case and used in ESP I. That
4 will additionally eliminate the need for Rider MTR. If the Commission does not
5 change the rate allocations as I have proposed, it should at a minimum eliminate
6 Rider MTR and let the actual rates be charged.

7 Moreover, since the Rate Security Rider serves no legitimate purpose, is arguably
8 designed with anticompetitive motives, and is to be implemented in an illegal
9 manner, it should be eliminated.

10
11 **Q27. Earlier you mentioned that there were several non-bypassable riders that**
12 **should be bypassable. Please explain why such riders should be bypassable.**

13 **A27.** The dividing line for what should be bypassable is simple and direct. Any rider,
14 whose purpose is to collect funds to pay for a generation cost component, is a
15 rider that should be paid only by retail customers who receive their generation
16 from AEP Ohio. To make customers who competitively procure their generation
17 service pay for some or all of the costs of generation used by others is inequitable.
18 In reviewing the Application, I found four such generation cost riders which are
19 listed as non-bypassable.

20 The first is the Generation NERC Compliance Cost Recovery Rider. This is a
21 new charge and, as the name implies, this rider covers the cost of satisfying the
22 North American Electric Reliability Corporation's (NERC) reliability standards
23 for generation. NERC, which was created in its current form by the Federal

1 Power Act of 2005, implements requirements for the owners of both transmission
2 and generation which are designed to improve the quality of service and reduce
3 unplanned outages. As AEP Ohio Witness Thomas explains, a rider to cover
4 NERC transmission costs already exists. Notably, the existing rider is bypassable.
5 The proposed NERC Compliance Cost Recovery Rider seeks to recover the cost
6 of reliability-related improvements to AEP Ohio's generation fleet. These costs
7 should be appropriately recovered through off system sales as well as from retail
8 standard service customers that are actually benefitting from the generation. The
9 generation that CRES providers supply also comes from generation facilities that
10 have to meet NERC compliance standards. Thus, shopping customers will be
11 paying for the compliance of the generation fleet they use through the competitive
12 price paid to the CRES providers, and should not be asked to pay for the standard
13 service customers' NERC compliance costs. RESA does not oppose AEP Ohio
14 collecting for generation related NERC compliance costs, so long as the recovery
15 rider is appropriately bypassable.

16
17 I have one other reason why it is important to make the Generation NERC
18 Compliance Cost Recovery Rider bypassable. If the rider is not bypassable then it
19 is not in the price to compare. That makes the AEP Ohio generation appear less
20 expensive than it is.

21
22 The Facility Closure Cost Recovery Rider is another generation cost that, if
23 allowed, should be bypassable. Under Senate Bill 3, all utilities transitioned from

1 cost of service priced generation to market rates. In the competitive energy
2 market the sales price for power must cover future decommissioning costs for the
3 generation facilities. Independent marketers and power generators cannot charge
4 the cost to decommission a facility that is no longer used to any new set of
5 customers. The same should apply to AEP Ohio.

6 The Carbon Capture and Sequestration Rider requests all AEP Ohio customers to
7 underwrite part of the costs of the technology for a new generation facility in West
8 Virginia. The causal connection AEP Ohio raises for Ohioans paying part of the
9 service costs for its sister affiliate for generation station is that the Ohio
10 contribution will be for carbon sequestration technology that may one day help
11 Ohio jurisdictional facilities. I will leave to the Commission to decide if the
12 Hybrid Plan under Senate Bill 221 has traveled that far from traditional rate
13 conventions such as “used and useful” for this rider to be considered at all. There
14 certainly is no proof that the engineering costs for the West Virginia plant have
15 any direct application in Ohio. If the Commission decides that Ohio rate payers
16 should be charged for developing the carbon sequestration for the West Virginia
17 plant, then the cost of that should be limited to those who purchase generation
18 supply from AEP Ohio. The carbon sequestration technology is of no assistance
19 to the distribution facilities of AEP Ohio and thus should not be charged to
20 customers whose only use of the AEP Ohio facilities is distribution wire service.

21
22 Finally, the Application asks that the Generation Resource Rider (GRR) be made
23 non-bypassable. The GRR is a place holder for an unspecified number of

1 renewable energy generation projects that AEP Ohio indicates are necessary to
2 meet renewable energy portfolio requirements. Under Senate Bill 221 a CRES
3 provider is similarly responsible for maintaining a renewable energy portfolio
4 using the same renewable energy credits system as an electric utility like AEP
5 Ohio. Customers of CRES provider pay for renewable energy credits in their
6 generation payments to the CRES provider and should not have to pay for part of
7 the renewable energy credits used to meet the obligations of serving standard
8 service customers. Further, as this is a place holder rider for potential solar or
9 wind projects it seems premature to consider this Rider now. The Commission
10 should not be asked to make decisions on customer charges until detailed
11 information on the projects whose costs are going to be run through the Rider are
12 presented. Doing so precludes the Commission from determining if a proposed
13 renewable project is more expensive than other Ohio-sited renewable facilities.
14 At a minimum, the Commission should not be asked to make a decision on a rider
15 outside of an application which does not fully describe how the associated project
16 has or will comply with the standards in Senate Bill 221. Further, it is hard to
17 imagine what conditions could be met that would lead the Commission to consider
18 making this rider non-bypassable, thereby forcing customers to pay for a
19 renewable energy portfolio maintained by both the utility and their CRES
20 providers at the same time.

21
22 **Q28. What other barriers to shopping does the Application contain?**

1 **A28.** In addition to all of the new competitive barriers raised in the Application, AEP
2 Ohio has four existing tariff policies that impair a retail customer's right to shop.
3 The Commission should order that these existing tariff impediments to shopping
4 be removed.

5
6 **Q29. What are the four impediments?**

7 **A29.** The first impediment is the 90-day Notice Requirement that certain customers
8 must give before they can shop. Generation prices are volatile and if a customer
9 gets an attractive offer they should be able to choose it at the time it is offered
10 rather than be forced to wait three or four months to save money on electricity
11 priced below the standard service offer. Given that customers in FirstEnergy, for
12 example, can switch with the next available meter read date, AEP Ohio customers
13 should be given the same right.

14
15 The second impediment is the 12-month minimum stay requirement for industrial
16 and large commercial customers. The minimum stay should be eliminated or, at a
17 minimum, scaled back. Since AEP Ohio is proposing seasonal rates, the
18 minimum stay could also be seasonal rather than a commitment for a full year.

19 The third impediment is the requirement that residential and small commercial
20 customers that return to standard offer service in the summer must remain until
21 April 15th of the following year. The requirement should be eliminated or scaled
22 back. Once again, with seasonal rates, there is no reason for such long minimum
23 stay periods.

1

2 The fourth impediment is the lack of supplier neutrality in the GridSmart
3 program. To encourage residential competition, GridSmart efforts around smart
4 meters and dynamic pricing should also allow participating customers to receive
5 CRES supply.

6

7 **Q30. Are there other steps the Commission should take in order to achieve the**
8 **goal of creating a robust retail market?**

9 **A30.** Yes, AEP Ohio should provide CRES providers with the customer information
10 which currently resides only within Ohio Power and Columbus Southern Power.
11 CRES providers need customer information in order to design and offer products
12 that create a robust competitive marketplace that offers optimized value to the
13 customer as well as promote conservation and energy efficiency. At a minimum
14 the following data should be made available to CRES providers at no cost:
15 1) EDI transaction information “867” containing monthly usage and interval
16 usage data; 2) Customer Peak Load Contribution; 3) meter read cycle
17 information; 4) Quarterly updated “sync-list”.

18

19 **Q31. Has the Commission ever authorized an electric distribution utility to**
20 **provide CRES providers with such information before?**

21 **A31.** Yes. The Commission, in its Opinion and Order in the FirstEnergy ESP II
22 proceeding Case No. 10-388-EL-SSO, approved this very same list of customer
23 information to be provided by the utility to CRES providers in its service

1 territories.

2
3 **Q32. Are there other items that should be changed to allow for more robust**
4 **competition behind AEP Ohio?**

5 **A32.** Yes. In the ten years since electric competition began in Ohio there has been little
6 to no shopping behind AEP Ohio versus other utility territories. While AEP's
7 SSO pricing plays into this, the structure of the utility tariff in terms of how
8 customer switching occurs also has an impact on the ability of a CRES provider
9 to serve its customers. AEP Ohio should be required to reduce or eliminate the
10 \$10 switching fee charged to a customer that enrolls with a CRES provider. This
11 fee appears excessive when compared to the \$5-\$7 fees used by other Ohio
12 utilities. AEP Ohio should also be required to implement a purchase of
13 receivables program similar to Duke and the Ohio gas utilities. While AEP Ohio
14 does allow for a form of POR as a negotiated agreement in the billing addendum,
15 a full POR program included in an approved tariff and open to all CRES
16 providers, as implemented in other Ohio utility territories, is preferred. The
17 current negotiated agreement process leaves open the possibility that AEP will
18 block POR implementation by creating an unworkable agreement refusing to
19 negotiate with unaffiliated CRES provider, or potentially negotiating a more
20 favorable agreement with their affiliated CRES provider than other CRES
21 providers. A POR program implemented by tariff and designed to be similar to
22 other utility programs already in existence would level the playing field in terms
23 of collections leverage and uncollectible cost recovery between AEP Ohio and

1 CRES providers.

2
3 **V. OVERVIEW AND SUMMATION**

4 **Q33. Are there other aspects of the Application you would like to comment on?**

5 **A33.** When one reviews the Application in total, with a focus on AEP Ohio Chief
6 Operating Officer Joseph Hamrock's testimony in particular, the message from
7 AEP Ohio is clear. AEP Ohio's message is that without approval of expensive, no
8 cost limit, anticompetitive riders in ESP II there will be no new generation
9 development or innovation in the state and Ohio will become an electricity
10 importer. The PUCO should not confuse AEP Ohio's application for "free money"
11 from all the customers within its service territories with a need for new, in-state
12 generation. If generation is needed and is the most cost-effective solution to meet
13 reliability requirements in the state of Ohio, then it will be built. Notably, the
14 testimony of AEP Ohio Witness Nelson indicates that the merger of the two AEP
15 Ohio utilities will create a situation where the merged companies will be long
16 capacity. As a result, they might even consider selling generation plants. So one
17 must ask oneself, "Which is it? Is the merged company long generation or is there
18 a desperate need for more?"

19
20 As for the allegation that Ohio may become an "importer" of electricity, one need
21 only remember that all Ohio utilities are in or will soon be in the PJM Retail
22 Transmission Organization ("RTO"). The PJM RTO structure ensures that Ohio
23 customers will receive the most cost-effective, reliable wholesale generation

1 service available regardless of whether that generation is located in Ohio or
2 elsewhere in the RTO footprint.

3
4 AEP Ohio clearly intends for the non-bypassable riders included in ESP II to
5 transfer generation risk from its shareholders to Ohio customers. They claim
6 transferring this risk will create a better opportunity for new generation in the
7 future – ignoring the question of whether a need for new generation exists and the
8 fact that there are utilities in Ohio and surrounding states that maintain reliable,
9 cost-effective electric service within functioning competitive wholesale and retail
10 markets and without the benefit of a litany of non-bypassable riders.

11
12 AEP Ohio's supporting testimony vacillates in its view of energy markets. AEP
13 Ohio conveniently finds them "good" when market forces support AEP Ohio
14 goals such as setting a POLR fee and then finds them bad when it means retail
15 customers can leverage the market to save money and take advantage of CRES
16 offers. AEP Ohio includes offers of discounted generation and renewable
17 products, which are competitive CRES-type offerings, while at the same time
18 shifting costs to customers who receive no benefit through anticompetitive, non-
19 bypassable riders. While RESA agrees that more regulatory certainty is needed in
20 Ohio, in large measure the existing uncertainty has been created by AEP Ohio
21 itself as it seeks at every turn to erect barriers to the use of markets by customers
22 to select the most efficient electric service. The path to certainty is an MRO or an
23 ESP which features an open auction. AEP Ohio's own introduction points to a

1 possible MRO if the ESP is not approved or approved in time, but the Application
2 goes on to add riders that will allow for an interim ESP.⁹ However, other utilities
3 which considered an MRO path actually filed for one. Clearly AEP Ohio is only
4 throwing in the MRO acronym as a threat to get what it wants relying on the
5 Commission's preference for an ESP over MRO. What AEP Ohio fails to
6 recognize is that while a formal MRO has not been approved, the preferred path
7 has been for hybrid ESP with MRO aspects. This is something ignored by AEP
8 Ohio who wants market rates but never considers an auction or RFP. Basically
9 they want AEP's version of market rates – not the lowest bid market price.

10
11 **Q35. Please summarize your thoughts on the Application.**

12 **A35** The AEP Ohio ESP II application runs afoul of the General Assembly's expressed
13 goal of permitting customers to shop and for there to be supply options and
14 suppliers available. The application is anticompetitive and anti-consumer. The
15 Commission should reject the Application, and require AEP Ohio to refile an ESP
16 or MRO that is just, reasonable and designed to advance the State's Energy
17 Policy.

18
19 **Q31. Does this conclude your testimony?**

20 **A31.** Yes.

⁹ Columbus Southern Power Company's and Ohio Power Company's Application, p. 3.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document was served this 25th day of July, 2011 by electronic mail, upon the persons listed below.


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**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2010
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Dec	2010	137790	76393	248022	474617
CRES Providers	CEI	31-Dec	2010	355624	453132	217666	1042468
Total Sales	CEI	31-Dec	2010	493414	529525	465688	1517085
EDU Share	CEI	31-Dec	2010	27.93%	14.43%	53.26%	31.28%
Electric Choice Sales Switch Rates	CEI	31-Dec	2010	72.07%	85.57%	46.74%	68.72%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Dec	2010	466902	149952	48433	677497
CRES Providers	DUKE	31-Dec	2010	160952	469367	337559	1012790
Total Sales	DUKE	31-Dec	2010	627854	619319	385992	1690287
EDU Share	DUKE	31-Dec	2010	74.36%	24.21%	12.55%	40.08%
Electric Choice Sales Switch Rates	DUKE	31-Dec	2010	25.64%	75.79%	87.45%	59.92%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Dec	2010	616431	573843	360948	1555700
CRES Providers	CSP	31-Dec	2010	1	97595	19366	116962
Total Sales	CSP	31-Dec	2010	616432	671438	380314	1672662
EDU Share	CSP	31-Dec	2010	100.000%	85.465%	94.908%	93.007%
Electric Choice Sales Switch Rates	CSP	31-Dec	2010	0.000%	14.535%	5.092%	6.993%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Dec	2010	331451	158847	51428	588724
CRES Providers	DPL	31-Dec	2010	65	136504	235502	448572
Total Sales	DPL	31-Dec	2010	331516	295351	286930	1037296
EDU Share	DPL	31-Dec	2010	99.98%	53.78%	17.92%	56.76%
Electric Choice Sales Switch Rates	DPL	31-Dec	2010	0.02%	46.22%	82.08%	43.24%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data - will update upon receipt of additional CRES data

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending December 31, 2010
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Dec	2010	347736	119728	173749	653628
CRES Providers	OEC	31-Dec	2010	477048	495207	357812	1342375
Total Sales	OEC	31-Dec	2010	824784	614935	531561	1996003
EDU Share	OEC	31-Dec	2010	42.16%	19.47%	32.69%	32.75%
Electric Choice Sales Switch Rates	OEC	31-Dec	2010	57.84%	80.53%	67.31%	67.25%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Dec	2010	628585	485696	1116821	2238888
CRES Providers	OP	31-Dec	2010	0	954	0	954
Total Sales	OP	31-Dec	2010	628585	486650	1116821	2239842
EDU Share	OP	31-Dec	2010	100.00%	99.80%	100.00%	99.96%
Electric Choice Sales Switch Rates	OP	31-Dec	2010	0.00%	0.20%	0.00%	0.04%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Dec	2010	102530	43700	115020	265504
CRES Providers	TE	31-Dec	2010	119121	203072	244991	569300
Total Sales	TE	31-Dec	2010	221651	246772	360011	834804
EDU Share	TE	31-Dec	2010	46.26%	17.71%	31.95%	31.80%
Electric Choice Sales Switch Rates	TE	31-Dec	2010	53.74%	82.29%	68.05%	68.20%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

***Preliminary Data - will update upon receipt of additional CRES data**

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2011
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Cleveland Electric Illuminating Company	CEI	31-Mar	2011	125889	96723	68026	303037
CRES Providers	CEI	31-Mar	2011	380385	495358	437288	1313036
Total Sales	CEI	31-Mar	2011	506274	592081	505314	1616073
EDU Share	CEI	31-Mar	2011	24.87%	16.34%	13.46%	18.75%
Electric Choice Sales Switch Rates	CEI	31-Mar	2011	75.13%	83.66%	86.54%	81.25%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Duke Energy Ohio	DUKE	31-Mar	2011	392013	123928	19728	547489
CRES Providers	DUKE	31-Mar	2011	181966	400523	397502	1089624
Total Sales	DUKE	31-Mar	2011	573979	524451	417230	1637113
EDU Share	DUKE	31-Mar	2011	68.30%	23.63%	4.73%	33.44%
Electric Choice Sales Switch Rates	DUKE	31-Mar	2011	31.70%	76.37%	95.27%	66.56%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Columbus Southern Power Company	CSP	31-Mar	2011	620886	469466	399559	1495649
CRES Providers	CSP	31-Mar	2011	53	213300	57377	271353
Total Sales	CSP	31-Mar	2011	620939	682766	456936	1767002
EDU Share	CSP	31-Mar	2011	99.991%	68.759%	87.443%	84.643%
Electric Choice Sales Switch Rates	CSP	31-Mar	2011	0.009%	31.241%	12.557%	15.357%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
The Dayton Power and Light Company	DPL	31-Mar	2011	468551	133111	50320	686608
CRES Providers	DPL	31-Mar	2011	60	152287	229656	382003
Total Sales	DPL	31-Mar	2011	468611	285398	279976	1068611
EDU Share	DPL	31-Mar	2011	99.99%	46.64%	17.97%	64.25%
Electric Choice Sales Switch Rates	DPL	31-Mar	2011	0.01%	53.36%	82.03%	35.75%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data

**Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales
For the Month Ending March 31, 2011
(MWh)**

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Edison Company	OEC	31-Mar	2011	324785	103952	181014	622668
CRES Providers	OEC	31-Mar	2011	482420	441992	483347	1407800
Total Sales	OEC	31-Mar	2011	807205	545944	664361	2030468
EDU Share	OEC	31-Mar	2011	40.24%	19.04%	27.25%	30.67%
Electric Choice Sales Switch Rates	OEC	31-Mar	2011	59.76%	80.96%	72.75%	69.33%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Ohio Power Company	OP	31-Mar	2011	640138	453277	1091346	2191208
CRES Providers	OP	31-Mar	2011	30	4489	6280	10799
Total Sales	OP	31-Mar	2011	640168	457766	1097626	2202007
EDU Share	OP	31-Mar	2011	100.00%	99.02%	99.43%	99.51%
Electric Choice Sales Switch Rates	OP	31-Mar	2011	0.00%	0.98%	0.57%	0.49%

Provider Name	EDU Service Area	Quarter Ending	Year	Residential Sales	Commercial Sales	Industrial Sales	Total Sales
Toledo Edison Company	TE	31-Mar	2011	81873	29874	128037	244308
CRES Providers	TE	31-Mar	2011	137662	142232	320457	600394
Total Sales	TE	31-Mar	2011	219535	172106	448494	844702
EDU Share	TE	31-Mar	2011	37.29%	17.36%	28.55%	28.92%
Electric Choice Sales Switch Rates	TE	31-Mar	2011	62.71%	82.64%	71.45%	71.08%

Source: PUCO, Division of Market Monitoring & Assessment.

Note1: Total sales includes residential, commercial, industrial and other sales.

Note2: The switch rate calculation is intended to present the broadest possible picture of the state of retail electric competition in Ohio.

Appropriate calculations made for other purposes may be based on different data, and may yield different results.

*Preliminary Data

TLR Attachment 3

Typical School Building - per month	kw	kwh	Load Factor	MW
	300	87600	0.4	0.3

Capacity Rates - PJM Auction	PJM \$/MW day	\$/MW year	Total Capacity Cost per year	Total Capacity per kwh
June 2011 - May 2012	110	\$ 40,150.00	\$ 12,045.00	\$ 0.01146
June 2012 - May 2013	16.46	\$ 6,007.90	\$ 1,802.37	\$ 0.00171
June 2013 - May 2014	27.73	\$ 10,121.45	\$ 3,036.44	\$ 0.00289
TOTAL			\$ 16,883.81	\$ 0.00535

Capacity Rates - AEP Proposed	AEP Proposed\$/MW day	\$/MW year	Total Capacity Cost per year	Total Capacity per kwh
June 2011 - May 2012	347	\$ 126,655.00	\$ 37,996.50	\$ 0.03615
June 2012 - May 2013	347	\$ 126,655.00	\$ 37,996.50	\$ 0.03615
June 2013 - May 2014	347	\$ 126,655.00	\$ 37,996.50	\$ 0.03615
TOTAL			\$ 113,989.50	\$ 0.03615

TLR Attachment 4

Comparison of Certain Shopping Rates with Proposed Rate Decreases

Class of Customers- Columbus Southern Power	Switching Rates Last Quarter of 2010 ¹	Switching Rates First Quarter of 2011 ²	ESP Generation Rate Increase (Total) ³
General Service (GS1)	14.535%	31.241%	(18.1%)
General Service (GS2)	14.535%	31.241%	(17.8%)
General Service (GS3)	14.535%	31.241%	(1.2%)
Residential Service	0.000%	0.009%	10.2%

¹ The percentages reflect the Switching Rates for Commercial Customers as listed in the Market Monitoring Report 4th Qrt. 2010 – PUCO Website MWh charts by electric distribution utilities.

² The percentages reflect the Switching Rates for Commercial Customers as listed in the Market Monitoring Report 1st Qrt. 2011 – PUCO Website MWh charts by electric distribution utilities.

³ Corresponding rates for retail customers in General Service (GS) 1-3 as provided in Testimony of David M. Roush, Exhibit DMR-1.