

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. 11-3223-EL-USF
 Service Fund Riders of Jurisdictional Ohio :
 Electric Distribution Utilities. :

RECEIVED-DOCKETING DIV
 2011 NOV 30 PM 1:55

PUCO

AMENDED APPLICATION

By its application in this docket of October 31, 2011, the Ohio Department of Development ("ODOD"), by its Director, Christiane Schmenk, petitioned the Commission for an order approving adjustments to the Universal Service Fund ("USF") riders of all jurisdictional Ohio electric distribution utilities ("EDUs") pursuant to Section 4928.52(B), Revised Code. Pursuant to Rule 4901-1-16, Ohio Administrative Code, ODOD hereby moves to amend its application as set forth below. As more fully described in the supplemental testimony of ODOD witness Donald A. Skaggs submitted herewith, this amended application reflects information which was not available to ODOD at the time the original application was prepared. Accordingly, ODOD respectfully requests that the Commission accept this amended application for filing.

As its amended application, Development states as follows:

1. Under the legislative scheme embodied in SB 3, the 1999 legislation that restructured Ohio's electric utility industry and transferred administration of the percentage of income payment plan ("PIPP") program to ODOD, the USF riders replaced the existing PIPP riders of each jurisdictional electric utility. The USF riders were to be calculated so as to

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
 Technician IC Date Processed 11/30/11

generate the same level of revenue as the PIPP riders they replaced,¹ plus an amount equal to the level of funding for low-income customer energy efficiency programs reflected in the electric rates in effect on the effective date of the statute,² plus the amount necessary to pay the administrative costs associated with the low-income customer assistance programs and the consumer education program created by Section 4928.56, Revised Code.³

2. Pursuant to Section 4928.51(A), Revised Code, all USF rider revenues collected by the EDUs are remitted to ODOD for deposit in the state treasury's USF. ODOD then makes disbursements from the USF to fund the low-income customer assistance programs (including PIPP and the low-income customer energy efficiency programs) and the consumer education program, and to pay their related administrative costs.

3. Section 4928.52(B), Revised Code, provides that, if ODOD, after consultation with the Public Benefits Advisory Board ("PBAB"), determines that the revenues in the USF, together with revenues from federal and other sources of funding,⁴ will be insufficient to cover the cost of the low-income customer assistance and consumer education programs and their related administrative costs, ODOD shall file a petition with the Commission for an increase in the USF rider rates. The statute further provides that, after providing reasonable notice and opportunity for hearing, the Commission may adjust the USF rider by the minimum amount necessary to generate the additional revenues required; provided, however, that the Commission

¹ See Section 4928.52(A)(1), Revised Code.

² See Section 4928.52(A)(2), Revised Code.

³ See Section 4928.52(A)(3), Revised Code.

⁴ Section 4928.52(B), Revised Code specifically identifies the Ohio Energy Credit Program as funding source; However, this program was discontinued as of July 1, 2003.

may not decrease a USF rider without the approval of the ODOD Director, after consultation by the Director with the PBAB.

4. Unlike traditional ratemaking, where the objective is to establish rates that will provide the applicant utility with a reasonable earnings opportunity, the USF riders must actually generate sufficient revenues to enable ODOD to meet its USF-related statutory and contractual obligations on an ongoing basis. In recognition of this fact, the stipulations adopted by the Commission in all prior USF rider rate adjustment proceedings have required that ODOD file a Section 4928.52(B), Revised Code, application with the Commission no later than October 31 of the following year, proposing such adjustments to the USF rider rates as may be necessary to assure, to the extent possible, that each EDU's rider will generate its associated revenue requirement – but not more than its associated revenue requirement – during the annual collection period following Commission approval of such adjustments. This is the eleventh annual USF rider adjustment application filed by ODOD pursuant to this statute since the establishment of the initial USF riders in the electric transition plan proceedings initiated by applications filed by the EDUs pursuant to SB 3.

5. By its opinion and order of December 15, 2010 in Case No. 10-725-EL-USF, this Commission granted ODOD's 2010 application for approval of adjustments to the USF riders of all Ohio EDUs based on its acceptance of a stipulation and recommendation submitted jointly by a majority of the parties to that proceeding. The new USF riders replaced the USF riders approved by the Commission in Case No. 09-463-EL-UNC, and became effective on a bills-rendered basis with the January 2011 EDU billing cycles.

6. The Commission's December 15, 2010 opinion and order in Case No. 10-725-EL-USF provided for the continuation of the notice of intent ("NOI") process first approved by the Commission in Case No. 04-1616-EL-UNC. Under this process, ODOD is required to make a preliminary filing by May 31 setting out the methodology it will employ in developing the USF rider revenue requirements and rate design for its subsequent annual USF rider adjustment application. The purpose of this procedure is to permit the Commission to resolve any issues relating to methodology prior to the preparation and filing of the application itself, so as to limit the number of potential issues in the second phase of the case and thereby permit the Commission to act on the application in time for the new USF rider rates to take effect on January 1 of the following year. ODOD filed its NOI in this case on May 31, 2011. The Commission, consistent with the terms of a stipulation jointly submitted by a majority of the parties to the proceeding,⁵ approved the methodology proposed by ODOD in the NOI by its opinion and order of October 3, 2011 (the "*NOI Order*").

7. Based on its analysis of the annual pro forma revenue generated by applying the current USF rider rates to test-period sales volumes, and utilizing the USF rider revenue requirement methodology approved in the *NOI Order* as described below, ODOD has determined that, on an aggregated basis, the total pro forma annual revenue generated by the current USF riders will fall short, by some \$105,196,541, of the annual revenue required to fulfill the objectives identified in Section 4928.52(A), Revised Code, during the 2012 collection period. On an EDU-specific basis, ODOD's analysis shows that the pro forma revenue that would be generated by the current USF riders of The Cleveland Electric Illuminating Company ("CEI"),

⁵ Although not a signatory party, the Office of the Ohio Consumers' Counsel ("OCC") did not contest the stipulation. Ohio Partners for Affordable Energy joined in the stipulation except for the provision regarding the proposed rate design methodology, but did not contest the issue.

Columbus Southern Power Company (“CSP”), the Dayton Power and Light Company (“DPL”), Dayton Power and Light Company (“DPL”), Ohio Edison Company (“OE”) and Toledo Edison Company (“TE”) will fall short of their indicated revenue targets, while the pro forma revenue that would be generated by the current Duke Energy Ohio (“Duke”) and Ohio Power Company (“OP”) USF riders will exceed their indicated revenue targets. Accordingly, ODOD, having consulted with the PBAB, proposes that the USF riders rates of CEI, CSP, DPL, OE, and TE be increased so as to generate the required annual revenue indicated in the following table, and that the Duke and OP USF rider rates be reduced so as to generate their respective indicated annual revenue targets.

Company	Test-Period USF Rider Revenue	Required Annual USF Rider Revenue	USF Rider Revenue Surplus/Deficiency
CEI	\$36,230,261	\$52,851,181	(\$16,620,920)
CSP	\$37,381,113	\$46,718,873	(\$9,337,759)
DPL	\$38,484,123	\$60,661,008	(\$22,176,884)
DUKE	\$26,833,006	\$22,191,470	\$4,641,536
OE	\$37,832,683	\$83,902,372	(\$46,069,689)
OP	\$44,945,484	\$42,288,237	\$2,657,247
TE	\$17,066,254	\$35,356,326	(\$18,290,072)
TOTALS	\$238,772,925	\$343,969,466	(\$105,196,541)

8. As described in further detail in the written testimony of ODOD witness Donald A. Skaggs filed herein on October 31, 2011, the revenue requirement which the proposed USF riders are designed to generate consists of the elements identified below. These elements have been determined in accordance with the methodology approved by the Commission in the *NOI Order*.

a. Cost of PIPP. The cost of PIPP component of the USF rider revenue requirement is intended to reflect the total cost of electricity consumed by the EDU's PIPP customers for the 12-month period January 2011 through December 2011 (the "test period"), plus pre-PIPP balances, less the monthly installment payments billed to PIPP customers, less payments made by or on behalf of PIPP customers, including agency payments, to the extent that these payments are applied to outstanding PIPP arrearages over the same period. Because actual data for October through December 2011 was not available at the time this amended application was prepared, information from the corresponding months of 2010 was combined with actual data from January through September of 2011 to determine the test-period cost of PIPP for each EDU as displayed in Exhibit A hereto. As explained in ODOT witness Skaggs' initial testimony, and consistent with the *NOI Order*, ODOT adjusted the test-period cost of PIPP to recognize the impact of Commission-approved EDU rate changes that will take effect January 1, 2012, and to annualize the impact of Commission-approved EDU rate changes that took effect during the 2011 test year. The calculation of these adjustments are shown in attached Exhibits A.1.a through A.1.d. In addition, as discussed in detail in Mr. Skaggs' initial testimony, ODOT normalized Duke's reported test-period PIPP customer payments for October 2010⁶ by eliminating the one-time impact of an accounting measure implemented by Duke in an attempt to remedy the prior misallocation of payments between the gas and electric components of PIPP customers' bills. The calculation of this adjustment is shown in attached Exhibit A.1.e. The net impact of the foregoing adjustments is shown in Exhibit A.1. As explained in Mr. Skaggs' testimony,

⁶ As previously explained, because actual data is not yet available for October 2011, October 2010 is used as a surrogate for this month of the test year.

and consistent with the *NOI Order*, the totals shown in Exhibit A.1 were then adjusted to reflect the projected increase in PIPP enrollments during the 2010 collection period. The projections are shown in attached Exhibit A.2. The cumulative effect of the foregoing adjustments is shown in the Total Adjusted Test-Period Cost of PIPP column (Column F) in Exhibit A.2.

b. Electric Partnership Program and Consumer Education Program Costs.

This element of the USF rider revenue requirement reflects the cost of the low-income customer energy efficiency programs and the consumer education program, referred to collectively by ODOT as the “Electric Partnership Program” (“EPP”), and their associated administrative costs, which are recovered through the USF riders pursuant to Section 4928.52(A)(2) and (3), Revised Code. ODOT’s proposed \$14,946,196 allowance for these items is identical to the allowance accepted by the Commission in all previous USF riders rate adjustment proceedings, and is supported by the analysis submitted by ODOT as Exhibit A to the NOI. Consistent with the *NOI Order*, this component of the USF rider revenue requirement is allocated to the EDUs based on the ratio of their respective costs of PIPP to the total cost of PIPP. The results of the allocation are shown in attached Exhibit B.

c. Administrative Costs. This USF rider revenue requirement element represents an allowance for the costs ODOT incurs in connection with its administration of the PIPP program and is included as a revenue requirement component pursuant to Section 4928.52(A)(3), Revised Code. As explained in the testimony of ODOT witness Nick Sunday filed with the application, the proposed allowance for administrative costs

of \$4,340,247 has been determined in accordance with the standard approved by the Commission in the *NOI Order*. The requested allowance for administrative costs has been allocated to the EDUs based on the number of PIPP customer accounts as of May 2011, the test-period month exhibiting the highest PIPP customer account totals. The results of the allocation are shown in attached Exhibit C.

d. December 31, 2011 PIPP Account Balances. Because the USF rider is based on historical sales and historical PIPP enrollment patterns, the cost of PIPP component of an EDU's USF rider will, in actual practice, either over-recover or under-recover its associated annual revenue requirement over the collection period. Over-recovery creates a positive PIPP USF account balance for the company in question, thereby reducing the amount needed on a forward-going basis to satisfy the USF rider revenue requirement. Conversely, where under-recovery has created a negative PIPP USF account balance as of the effective date of the new riders, there will be a shortfall in the cash available to ODOD, which will impair its ability to make the PIPP reimbursement payments due the EDUs on a timely basis. Thus, the amount of any existing positive PIPP USF account balance must be deducted in determining the target revenue level the adjusted USF rider is to generate, while the deficit represented by a negative PIPP USF account balance must be added to the associated revenue requirement. In this case, ODOD is requesting that its proposed USF riders be implemented on a bills-rendered basis effective January 1, 2012. Accordingly, the USF rider revenue requirement of each company has been adjusted by the amount of the company's projected December 31, 2011 PIPP account balance so as to synchronize the

new riders with the EDU's PIPP USF account balance as of their effective date. This conforms to the methodology approved by the Commission in the *NOI Order*. The adjustment for each EDU is shown in attached Exhibit D.

e. Reserve. PIPP-related cash flows fluctuate significantly throughout the year, due, in large measure, to the weather-sensitive nature of electricity sales and PIPP enrollment patterns. As shown on the test-period graph attached hereto as Exhibit E, these fluctuations will, from time-to-time, result in negative PIPP USF account balances, which means that, in those months, ODOD will have insufficient cash to satisfy its reimbursement obligations to the EDUs on a timely basis. To address this problem, ODOD has included an allowance to create a cash reserve as an element of the USF rider revenue requirement, with the amount of the allowance determined based on the EDU's highest monthly deficit during the test period. The Commission approved this methodology in its *NOI Order* in this case. The proposed reserve component for each EDU is set forth in attached Exhibit F.

f. Allowance for EDU Audit Costs. As described in the NOI, during 2012, ODOD will engage a qualified auditor to perform an application of agreed-upon procedures to test each EDU's PIPP-related accounting and reporting to assure that the ODOD-EDU interface is functioning in accordance with ODOD's expectations and to the identify any systemic problems that could indicate that the cost of PIPP recovered from ratepayers through the USF riders of the respective EDUs had been overstated. Thus, consistent with the *NOI Order*, an allowance of \$40,000 has been included in the USF revenue requirement of each EDU to cover the cost of these audits.

g. Allowance for Undercollection. This component of the USF rider revenue requirement is an adjustment to recognize that, due to the difference between amounts billed through the USF rider and the amounts actually collected from EDU customers, the rider will not generate the target revenues. In accordance with the methodology approved by the Commission in the *NOI Order*, the allowance for undercollection for each company is based on the collection experience of that company. The allowance for undercollection for each EDU is shown in attached Exhibit G.

9. A summary schedule showing the USF rider component costs by company is attached as Exhibit H. ODOD proposes to recover the annual USF rider revenue requirement for each company through a USF rider which incorporates the same two-step declining block rate design approved by the Commission in all prior USF rider rate adjustment cases and the *NOI Order* in this proceeding. The first block of the rate applies to all monthly consumption up to and including 833,000 Kwh. The second rate block applies to all consumption above 833,000 Kwh per month. For each EDU, the rate per Kwh for the second block is set at the lower of the PIPP charge in effect in October 1999 or the per Kwh rate that would apply if the EDU's annual USF rider revenue requirement were to be recovered through a single block per Kwh rate. The rate for the first block rate is set at the level necessary to produce the remainder of the EDU's annual USF rider revenue requirement. Thus, if the EDU's October 1999 PIPP charge exceeds the per Kwh rate that would apply if the EDU's annual USF rider revenue requirement were to be recovered through a single block per Kwh rate, a calculation shown in Exhibit J, the rate for both consumption blocks would be the same. In this case, the October 1999 PIPP charge cap has been triggered for each of the EDUs, so all the new USF rider rates proposed herein have the

declining block feature. The following table compares the resulting proposed USF riders for each EDU with the EDU's current USF rider.

Company	Current USF Rider		Proposed USF Rider	
	First 833,000 Kwh	Above 833,000 Kwh	First 833,000 Kwh	Above 833,000 Kwh
CEI	\$0.0022667	\$0.0005680	\$0.0033760	\$ 0.0005680
CSP	\$0.0022828	\$ 0.0001830	\$0.0028680	\$ 0.0001830
DPL	\$0.0031756	\$ 0.0005700	\$0.0050775	\$ 0.0005700
DUKE	\$0.0015022	\$ 0.0004690	\$0.0012231	\$ 0.0004690
OE	\$0.0016964	\$ 0.0010461	\$0.0041799	\$ 0.0010461
OP	\$0.0025750	\$ 0.0001681	\$0.0024169	\$ 0.0001681
TE	\$0.0026327	\$ 0.0005610	\$0.0060155	\$ 0.0005610

10. Consistent with Section 4928.52(B), Revised Code, the proposed USF rider rates set forth above for CEI, CSP, DPL, OE, and TE reflect the minimum increases necessary to produce the additional revenues required to satisfy the respective USF rider revenue responsibility of those companies. The proposed USF rider rates for Duke and OP, which are lower than their current rider rates, also represent the minimum rate necessary to satisfy the respective Duke and OE USF rider revenue responsibilities. If its amended application is granted, ODOD will consent to the USF rider decreases for Duke and OE as required by Section 4928.52(B), Revised Code.


11. In calculating the USF rider revenue requirement, ODOD has relied on certain information reported by the EDUs. Although ODOD believes this information to be reliable, ODOD has not performed an audit to verify the accuracy of this information. If any party questions or wishes to challenge the accuracy of this information, ODOD requests that the

Commission require such party to direct its inquiries to the EDU in question, either informally, or through formal discovery.

12. ODOD requests that, as a part of its order in this proceeding, the Commission require that ODOD file its 2012 USF rider rate adjustment application no later than October 31, 2012 and provide that the NOI procedure again be used in connection with the 2012 application.

WHEREFORE, ODOD respectfully requests that the Commission, after providing such notice as it deems reasonable, affording interested parties the opportunity to be heard, and conducting a hearing, if a hearing is deemed to be required, issue an order (1) finding that USF rider rate adjustments proposed in the application represent the minimum adjustments necessary to provide the revenues necessary to satisfy the respective USF rider revenue requirements; (2) granting the application; and (3) directing the EDU's to incorporate the new USF rider rates approved herein in their filed tariffs, to be effective January 1, 2012 on a bills-rendered basis.

Respectfully submitted,


Christiane Schmenk
Director
Ohio Department of Development
77 South High Street
P.O. Box.1001
Columbus, Ohio 43216-1001


Barth E. Royer
Bell & Royer Co., LPA
33 South Grant Avenue
Columbus, Ohio 43215-3927
(614) 228-0704 – Phone
(614) 228-0201 – Fax
BarthRoyer@aol.com – Email

Special Counsel for
The Ohio Department of Development

Test-Period Cost of PIPP

	PIPP Customer Cost		PIPP Installments Billed C	Payments to PIPP Arrears D	Cost of PIPP (A+B)-C-D
	Electrical Service A	Pre-PIPP B			
CSP	\$73,190,478	\$11,021,190	\$36,671,969	\$8,058,823	\$39,480,875
OP	\$82,753,972	\$10,655,004	\$43,818,146	\$10,053,885	\$39,536,945
DUKE	\$43,745,504	\$6,880,771	\$19,960,888	\$5,295,443	\$25,369,944
DPL	\$59,731,954	\$5,345,344	\$23,751,953	\$4,828,163	\$36,497,182
CEI	\$60,946,276	\$6,792,659	\$30,920,861	\$2,710,001	\$34,108,072
OE	\$96,182,530	\$7,839,006	\$50,499,832	\$4,834,826	\$48,686,879
TE	\$33,107,872	\$3,428,551	\$15,609,959	\$1,468,291	\$19,458,173
Total:	\$449,658,586	\$51,962,525	\$221,233,609	\$37,249,432	\$243,138,070

Adjusted Test-Period Cost of PIPP

	Test Period Cost of PIPP	2012 EDU Rate Increases	2011 EDU Rate Increases	2010 Adjustments	Adjusted Test-Period Cost of PIPP
CSP	\$39,480,876	\$0	\$0		\$39,480,876
OP	\$39,536,945	\$0	\$0		\$39,536,945
Duke ⁵	\$25,369,944	\$0	\$0	\$1,719,292	\$27,089,236
DPL ¹	\$36,497,182	\$1,726,232	\$0		\$38,223,414
CEI ²	\$34,108,072	\$1,057,343	(\$249,829)		\$34,915,586
OE ³	\$48,686,879	\$7,563,869	\$1,429,015		\$57,679,762
TE ⁴	\$19,458,173	\$2,980,267	\$550,376		\$22,988,816
	\$243,138,070	\$13,327,711	\$1,729,561	\$1,719,292	\$259,914,634

1- See Exhibit A.1.a.

5- See Exhibit A.1.e.

2- See Exhibit A.1.b.

3- See Exhibit A.1.c.

4- See Exhibit A.1.d.

Dayton Power and Light
2012 Rate Change Adjustment

Cost of Electricity

OCT10	\$3,157,737
NOV10	\$3,339,763
DEC10	\$4,873,943
JAN11	\$6,672,165
FEB11	\$6,237,545
MAR11	\$5,597,252
APR11	\$4,826,539
MAY11	\$4,170,638
JUN11	\$4,738,329
JUL11	\$5,280,733
AUG11	\$6,163,357
SEP11	\$4,971,947
	\$60,029,949

Rate Increase:	2.88%
1/1/2012	\$1,726,232

CEI

2011 Rate Change Adjustment

Cost of Electricity

OCT10	\$3,827,358.79
NOV10	\$3,531,802.58
DEC10	\$5,132,290.52
	\$12,491,451.89

2011 Rate Adjustment: -2.00%
-\$249,829

CEI

2012 Rate Change Adjustment

Cost of Electricity

OCT10	\$3,827,358.79
NOV10	\$3,531,802.58
DEC10	\$5,132,290.52
JAN11	\$6,659,459.76
FEB11	\$5,972,436.64
MAR11	\$5,279,413.14
APR11	\$4,923,066.88
MAY11	\$4,592,429.17
JUN11	\$4,765,157.12
JUL11	\$5,395,307.93
AUG11	\$6,512,919.24
SEP11	\$5,605,004.70
	\$62,196,646.47

Rate Adjustment: 1.70%
10/1/2011
\$1,057,343

Ohio Edison

2011 Rate Change Adjustment

Cost of Electricity

OCT10	\$5,671,929.22
NOV10	\$5,221,706.98
DEC10	\$7,664,995.17
	\$18,558,631.37

2011 Rate Adjustment: 7.70%
\$1,429,015

Ohio Edison

2012 Rate Change Adjustment

Cost of Electricity

OCT10	\$5,671,929.22
NOV10	\$5,221,706.98
DEC10	\$7,664,995.17
JAN11	\$10,228,327.85
FEB11	\$9,836,936.80
MAR11	\$7,988,417.54
APR11	\$7,975,137.15
MAY11	\$6,969,694.95
JUN11	\$7,777,189.48
JUL11	\$8,941,386.48
AUG11	\$10,645,161.14
SEP11	\$9,311,178.02
	\$98,232,060.78

Rate Adjustment: 7.70%
10/1/2011
\$7,563,869

Toledo Edison

2011 Rate Change Adjustment

Cost of Electricity

OCT10	\$1,894,202.73
NOV10	\$1,790,029.33
DEC10	\$2,715,486.52
	\$6,399,718.58

2011 Rate Adjustment: 8.60%
\$550,376

Toledo Edison

2012 Rate Change Adjustment

Cost of Electricity

OCT10	\$1,894,202.73
NOV10	\$1,790,029.33
DEC10	\$2,715,486.52
JAN11	\$3,448,125.54
FEB11	\$3,374,103.06
MAR11	\$2,788,251.15
APR11	\$2,559,757.51
MAY11	\$2,405,202.02
JUN11	\$2,602,944.66
JUL11	\$3,153,585.92
AUG11	\$3,917,342.03
SEP11	\$3,217,641.85
	\$33,866,672.32

Rate Adjustment: 8.80%
10/1/2011
\$2,980,267

Exhibit A.1.e.

Duke Energy Ohio
Normalization Adjustment for 2010 Accounting Shift

Month	Total 2010 PIPP Gas/Electric Payments A	2010 Electric Payments B	2009 Electric Payments C	Normalized 2010 Electric Payments (B-C)
Oct 10	\$3,787,695	\$3,430,128	\$1,710,836	\$1,719,292

Cost of PIPP Adjustment for Projected Enrollment Increase

	A	B	C	D	E	F
	Average Test Period Enrollment	Adjusted Test Period Cost of PIPP	Average Test Period Cost of PIPP	Projected Annual Enrollment	Projected Additional Cost of PIPP	Total Adjusted Cost of PIPP
			(B/A)		(D-A)*C	(B+E)
CSP	52,579	\$39,480,876	\$751	55,094	\$1,888,443	\$41,369,318
OP	56,120	\$39,536,945	\$705	57,608	\$1,048,266	\$40,585,211
Duke	26,967	\$27,089,236	\$1,005	27,612	\$648,108	\$27,737,343
DPL	35,747	\$38,223,414	\$1,069	39,687	\$4,212,850	\$42,436,263
CEI	56,743	\$34,915,586	\$615	60,380	\$2,237,975	\$37,153,562
OhEd	83,110	\$57,679,762	\$694	88,518	\$3,753,279	\$61,433,041
ToIEd	27,057	\$22,988,816	\$850	29,660	\$2,211,623	\$25,200,440
	338,323	\$259,914,634		358,559	\$16,000,544	\$275,915,178

Projected Average Annual PIPP Enrollment

	CSP	OP	Duke	DPL	CEI	OhEd	ToIEd
2007	30,512	32,228	19,658	18,773	40,123	57,177	15,727
2008	34,282	35,224	19,641	22,761	42,483	62,332	18,949
2009	37,846	38,348	21,712	26,561	46,393	68,353	21,290
2010	42,189	42,912	23,047	31,125	52,009	74,927	23,884
2011	52,579	56,120	26,967	35,747	56,743	83,110	27,057
2012	55,094	57,608	27,612	39,687	60,380	88,518	29,660

1- The projected average annual enrollment was derived from the application of the Excel Trend function to the last five years' average annual enrollment for each EDU.

**Allocation of
Electric Partnership Program and Consumer
Education Costs**

	Cost of PIPP	Percent Cost of PIPP¹	Total EPP/CE	Allocated EPP/CE
CSP	\$41,369,318	0.1499	\$14,946,196	\$2,240,957
OP	\$40,585,211	0.1471	\$14,946,196	\$2,198,482
Duke	\$27,737,343	0.1005	\$14,946,196	\$1,502,519
DPL	\$42,436,263	0.1538	\$14,946,196	\$2,298,753
CEI	\$37,153,562	0.1347	\$14,946,196	\$2,012,591
OE	\$61,433,041	0.2227	\$14,946,196	\$3,327,799
TE	\$25,200,440	0.0913	\$14,946,196	\$1,365,096
	\$275,915,178			\$14,946,196

1- Company Cost of PIPP divided by Total Cost of PIPP Plus of \$275,915,178

**Allocation of
Administrative Costs¹**

Company	Customers May/2011	ADM Costs per Customer ²	Administrative Costs
CSP	57,438	\$12.05	\$692,272
OP	62,147	\$12.05	\$749,027
DUKE	29,848	\$12.05	\$359,743
DPL	38,846	\$12.05	\$468,192
CEI	58,719	\$12.05	\$707,711
OE	85,181	\$12.05	\$1,026,645
TE	27,920	\$12.05	\$336,506
	360,099		\$4,340,097

1- Data source: USF Monthly Remittance Reports

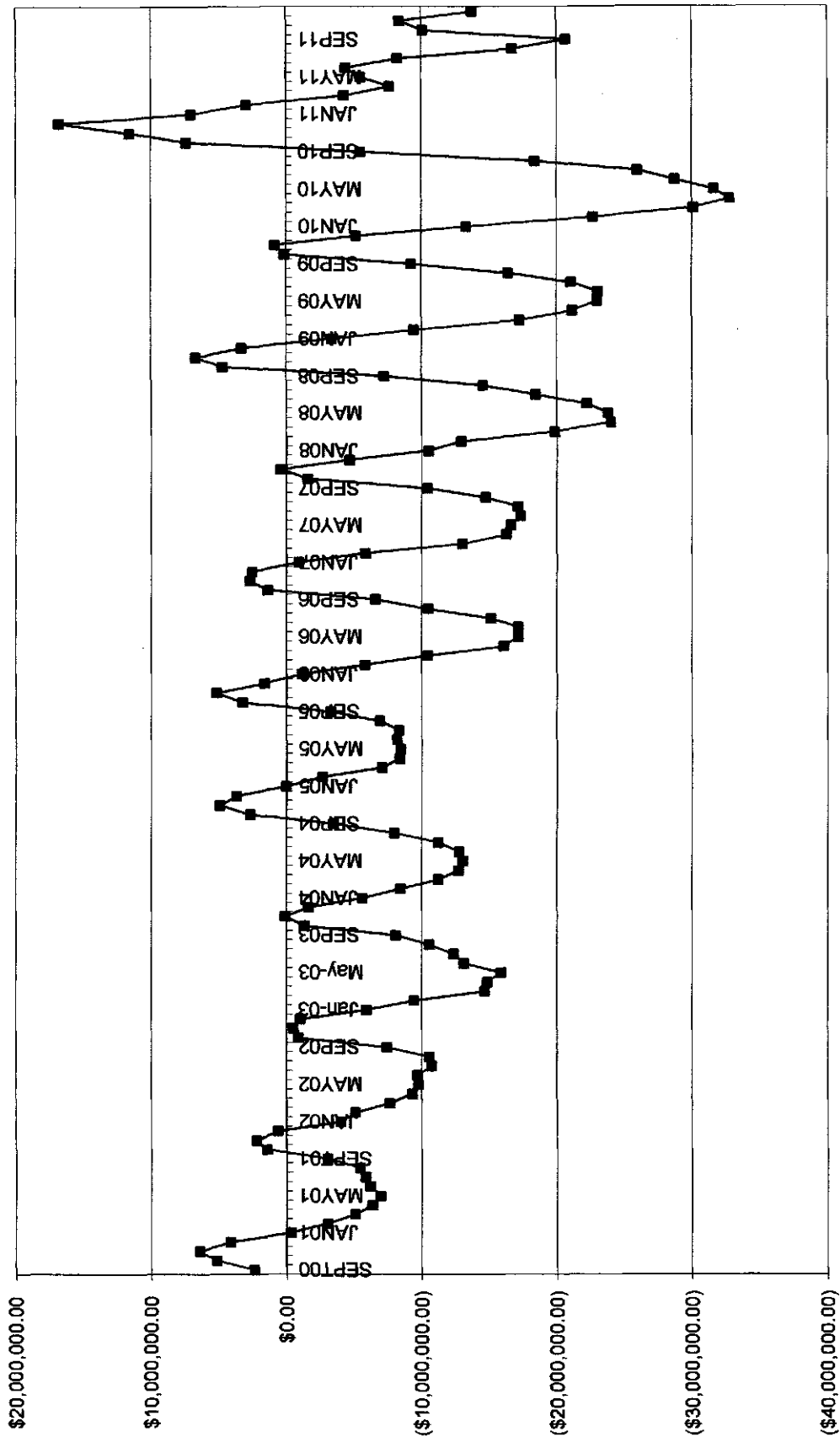
2- Cost per Customer equals total Adm Costs/total Customers.

3- Cost per company equals number of customers times cost per customer.

**Projected
USF Account Balances
December 31, 2011**

Company	Balance 12/31/11
CSP	\$361,632
OP	\$2,897,298
Duke	\$7,670,050
DPL	(\$4,868,924)
CEI	(\$5,822,748)
OE	(\$9,990,033)
TE	(\$4,019,390)
Total:	(\$13,772,115)

Projection of Consolidated USF Account Balance



Calculation of Annual Reserve Component

Company	Largest Monthly Cash Deficit	
	Month	Deficit
CSP	SEP11	(\$2,270,769)
OP	APR11	(\$1,189,933)
DUKE	N/A	\$0
DPL	SEP11	(\$8,034,220)
CEI	MAR11	(\$6,586,057)
OE	SEP11	(\$7,245,830)
TE	SEP11	(\$4,041,330)
Totals:		(\$29,368,139)

1- The Reserve was set at the largest deficit during the test year.

Allowance for Undercollection

Company	Estimated Undercollection
CSP	\$467,189
OP	\$422,882
Duke	\$221,915
DPL	\$2,514,657
CEI	\$528,512
OE	\$839,024
TE	\$353,563
Total:	\$5,347,741

USF Cost Components

	CSP	OP	Duke	DPL
Cost of PIPP	\$41,369,318	\$40,585,211	\$27,737,343	\$42,436,263
EPP/CE	\$2,240,957	\$2,198,482	\$1,502,519	\$2,298,753
Administration	\$692,272	\$749,027	\$359,743	\$468,192
Account Balance 12/31	(\$361,632)	(\$2,897,298)	(\$7,670,050)	\$4,868,924
Reserve	\$2,270,769	\$1,189,933	\$0	\$8,034,220
Audit	\$40,000	\$40,000	\$40,000	\$40,000
Adjustment for Undercollection	\$467,189	\$422,882	\$221,915	\$2,514,657
	\$46,718,873	\$42,288,237	\$22,191,470	\$60,661,008

	CEI	OE	TE
Cost of PIPP	\$37,153,562	\$61,433,041	\$25,200,440
EPP/CE	\$2,012,591	\$3,327,799	\$1,365,096
Administration	\$707,711	\$1,026,645	\$336,506
Account Balance 12/31	\$5,822,748	\$9,990,033	\$4,019,390
Reserve	\$6,586,057	\$7,245,830	\$4,041,330
Audit	\$40,000	\$40,000	\$40,000
Adjustment for Undercollection	\$528,512	\$839,024	\$353,563
	\$52,851,181	\$83,902,372	\$35,356,326

Calculation of USF Costs/Kwh

Company	KWH Sales ¹	Required Revenue	Indicated Costs/KWH
CSP	21,199,768,140	\$46,718,873	\$0.0022037
OP	26,794,637,787	\$42,288,237	\$0.0015782
Duke	20,568,322,346	\$22,191,470	\$0.0010789
DPL	14,214,196,387	\$60,661,008	\$0.0042676
CEI	18,977,743,791	\$52,851,181	\$0.0027849
OE	24,633,555,436	\$83,902,372	\$0.0034060
TE	10,455,096,363	\$35,356,326	\$0.0033817
Total:	136,843,320,250	\$343,969,466	

1- KWH Sales were sales reported for the last twelve months (Oct10-Sep11).

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served upon the following parties by first class mail, postage prepaid, and electronic mail this 30th day of November 2011.


Barth E. Royer

Steven T. Nourse
Matthew J. Satterwhite
AEP Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215

Randall V. Griffin
Judi L. Sobecki
The Dayton Power & Light Company
MacGregor Park
1065 Woodman Avenue
Dayton, Ohio 45432

Elizabeth H. Watts
Duke Energy Ohio, Inc.
155 East Broad Street
Columbus, Ohio 43215

Carrie Dunn
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308

Janine Migden-Ostrander
Joseph P. Serio
Ohio Consumers' Counsel
10 West Broad Street
Suite 1800
Columbus, Ohio 43215-3485

Gretchen J. Hummel
Frank P. Darr
McNees, Wallace & Nurick
Fifth Third Center
Suite 910
21 East State Street
Columbus, Ohio 43215

Colleen L. Mooney
Ohio Partners for Affordable Energy
PO Box 1793
231 West Lima Street
Findlay, Ohio 45839-1793

Matthew Warnock
Bricker & Eckler
100 South Third Street
Columbus, Ohio 43215-4291