

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of the Commission's)	
Review of Customer Rate Impacts from)	Case No. 13-1530-EL-UNC
Ohio Power Company's Transition to)	
Market Based Rates.)	

**INITIAL COMMENTS AND RECOMMENDATIONS
SUBMITTED ON BEHALF OF THE STAFF OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

The Commission modified and approved an application for an electric security plan filed by Ohio Power Company (AEP-Ohio) by Opinion and Order issued on August 8, 2012 in *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code*, Case No. 11-346-EL-SSO (ESP). As part of its Order, the Commission directed the attorney examiners to establish a new docket to allow Staff and any interested party to consider means to mitigate any potential adverse rate impacts for customers upon rates being set by auction. The Commission also reserved the right to implement a new base generation rate design on a revenue neutral basis for all customer classes at any time during the term of the modified ESP. Comments are due on August 12, 2013 in this proceeding.

In order to determine whether there is a need to mitigate any potential adverse rate impacts on customers, there must be a rate impact analysis performed that shows what rate design the Company intends to implement, and how that rate design, when using market rates, affects customer bills. Staff does not know what rate design the Company

intends to recommend as they transition to auction-based market rates. Staff is concerned that there may be adverse impacts that result from a transition to market rates and, as a result, the Staff recommends that the Commission direct the Company to provide the following information to the Commission:

- 1) A description of the expected rate design for each class of customer (Including CSP Winter Residential) for auction based market rates, including a detailed discussion on how the expected rate design is different than the current rate design and why the new rate design may cause adverse rate impacts.
- 2) For each class of customer, provide a schedule similar to the E-4 and E4.1 schedules that are filed in a typical Application for an Increase in Rates (AIR) case. The worksheet should include billing determinants (eg.: number of customers and kW/kwh sales) broken down by applicable rate blocks and seasons. The current and proposed rates and revenues and resulting increases/decreases should also be included.
- 3) Assuming various auction based market rates, as provided in #5 below, provide the potential impacts (typical bills) for each customer class that would result from implementing the expected rate design. The typical bills should represent all customer sizes and load factors..
- 4) Provide options that would help mitigate any adverse impacts resulting from implementing the expected rate design, including the resulting typical bills from implementing the potential mitigation. For example, based on the August 8, 2012, Opinion and Order in Case No. 11-346 (pg. 15), AEP witness Roush discussed potential impacts to high winter usage residential customers, and suggests phasing out the lower rates as a potential option. Please provide how the Company would propose to phase out the lower rate block of the residential winter rates.
- 5) For purposes of the rate impact analysis provide typical bills and schedules assuming:
 - a) auction based market rates are equal to current rates

- b) auction based market rates are 10%, 20%, 30% and 40% less than current rates
- c) auction based market rates are 10%, 20%, 30% and 40% higher than current rates

After the Company has provided this information to the Commission, the Commission will be able to better understand the potential impacts to customers of transitioning to market based rates.

Respectfully submitted,

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Ohio Attorney General

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Section Chief

/s/Werner L. Margard III

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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Initial Comments and Recommendations, submitted on Behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 12th day of August, 2013.

/s/Werner L. Margard

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

8/12/2013 11:26:24 AM

in

Case No(s). 13-1530-EL-UNC

Summary: Comments electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO