

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio
Development Services Agency for an Order
Approving Adjustments to the Universal
Service Fund Riders of Jurisdictional Ohio
Electric Distribution Utilities.

Case No. 13-1296-EL-USF

APPLICATION

The Ohio Development Services Agency ("ODSA"), by its Director, David Goodman, hereby petitions the Commission, pursuant to Section 4928.52(B), Revised Code, for an order approving adjustments to the Universal Service Fund ("USF") riders of all jurisdictional Ohio electric distribution utilities ("EDUs"). In support of its application, ODSA 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 electric percentage of income payment plan ("PIPP") program to the Ohio Department of Development ("ODOD"), now known as ODSA,¹ the USF riders replaced the EDUs' existing PIPP riders. The USF riders were to be calculated so as to generate the same level of revenue as the PIPP riders they replaced,² 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,³ plus the amount necessary to pay the administrative costs associated with the low-income

¹Pursuant to SB 314, the Ohio Department of Development's name was changed to the Ohio Development Services Agency, effective September 28, 2012. To avoid confusion in this proceeding, ODSA will be referred to throughout this application even though it was actually known as ODOD during relevant periods of time.

² See Section 4928.52(A)(1), Revised Code.

³ See Section 4928.52(A)(2), Revised Code.

customer assistance programs and the consumer education program created by Section 4928.56, Revised Code.⁴

2. Pursuant to Section 4928.51(A), Revised Code, all USF rider revenues collected by the EDUs are remitted to ODSA for deposit in the state treasury's USF. ODSA 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 ODSA, 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,⁵ will be insufficient to cover the cost of the low-income customer assistance and consumer education programs and their related administrative costs, ODSA 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 may not decrease a USF rider without the approval of the ODSA 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

⁴ See Section 4928.52(A)(3), Revised Code.

⁵ Section 4928.52(B), Revised Code specifically identifies the Ohio Energy Credit Program as a funding source. However, this program was discontinued as of July 1, 2003.

generate sufficient revenues during the collection period to enable ODSA 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 ODSA file a Section 4928.52(B), Revised Code, application with the Commission each 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 thirteenth annual USF rider adjustment application filed 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 12, 2012 in Case No. 12-1719-EL-USF, this Commission granted ODOD's 2012 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. 11-3223-EL-USF, and became effective on a bills-rendered basis with the January 2013 EDU billing cycles.

6. The Commission's opinion and order of December 12, 2012 in Case No. 12-1719-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 was required to make a preliminary filing by May 31 setting out the methodology it would 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. ODAS filed its NOI in this case on May 31, 2013. The Commission, consistent with the terms of a stipulation jointly submitted by a majority of the parties to the proceeding, approved the methodology proposed by ODOD in the NOI by its opinion and order of October 2, 2013 (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, ODSA has determined that, on an aggregated basis, the total pro forma annual revenue generated by the current USF riders will exceed, by some \$10,686,670, the annual revenue required to fulfill the objectives identified in Section 4928.52(A), Revised Code, during the 2013 collection period. On an EDU-specific basis, ODSA's analysis shows that the pro forma revenue that would be generated by the current USF riders of The Cleveland Electric Illuminating Company ("CEI"), Columbus Southern Power Company ("CSP"),⁶ the Dayton Power and Light Company ("DPL"), Ohio Edison Company ("OE"), and Toledo Edison Company ("TE") would exceed 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 would fall short of their indicated revenue targets. Accordingly, ODSA, having consulted with the PBAB, proposes

⁶ The AEP Ohio operating companies, Columbus Southern Power Company ("CSP") and Ohio Power Company ("OP") merged, effective December 31, 2011, with OP as the surviving entity. However, the former CSP customers continue to be subject to separate rate schedules, including a separate USF rider, as are the customers that were served by OP prior to the merger. For ease of reference, ODSA refers herein to CSP as if it were an EDU, but it is understood that these references actually relate to the CSP Rate Zone and that references to OP actually relate to the OP Rate Zone.

that the CEI, CSP, DPL, OE and TE USF rider rates be reduced so as to generate the required annual revenue indicated in the following table and that the Duke and OP riders rates be increased so as to generate their respective indicated revenue targets.

Company	Test-Period USF Rider Revenue	Required Annual USF Rider Revenue	USF Rider Surplus/Deficiency
CSP	\$75,828,274	\$71,115,784	\$4,712,490
OP	\$93,319,724	\$118,309,398	(\$24,989,674)
DUKE	\$14,485,548	\$19,216,586	(\$4,731,038)
DPL	\$55,488,188	\$45,729,952	\$9,758,236
CEI	\$23,855,255	\$22,643,677	\$1,211,578
OE	\$53,723,351	\$34,467,220	\$19,256,131
TE	\$13,008,409	\$7,539,462	\$5,468,947
Totals	\$329,708,748	\$319,022,079	\$10,686,670

8. As described in further detail in the written testimony of ODSA witness Susan M. Moser filed with this application, the revenue requirement that the proposed USF riders are designed to generate consists of the elements identified below.

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 2013 through December 2013 (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 2013 was not available at the time the application was prepared, information from the corresponding

months of 2012 was combined with actual data from January through September of 2013 to determine the test-period cost of PIPP for each EDU as displayed in Exhibit A hereto. As explained in ODSA witness Moser's written testimony, and consistent with the *NOI Order*, ODSA adjusted the test-period cost of PIPP to recognize the impact of Commission-approved EDU rate changes that took effect during the 2013 test period and to annualize the impact of Commission-approved EDU rate changes that will take effect in 2014. The calculations of these adjustments are shown in attached Exhibits A.1.a through A.1.d. The net impact of these adjustments is shown in Exhibit A.1. As explained in Ms. Moser's testimony, 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 2014 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 ODSA 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. ODSA'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 ODOD as Exhibit A to the NOI. Consistent with the *NOI Order*, which again approved this allowance, 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 ODSA 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 ODSA witness Randall Hunt filed with the application, the proposed allowance for administrative costs of \$4,426,794 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 April 2013, 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, 2012 USF PIPP Account Balances. Because the USF rider rate is based on historical sales and historical PIPP enrollment patterns, the cost of PIPP component of an EDU's USF rider rate will, in actual practice, either over-recover or under-recover its associated annual revenue requirement over the collection period. Over-recovery creates a positive USF PIPP 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 USF PIPP account balance as of the effective date of the new riders, there will be a shortfall in the cash available to ODSA, 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 USF PIPP 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 USF PIPP 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, 2014. Accordingly, the USF rider revenue requirement of each EDU has been adjusted by the amount of the EDU's projected December 31, 2013 USF PIPP account balance so as to synchronize the new riders with the EDU's USF PIPP account balance as of their effective date. This conforms to the methodology approved by the Commission in the *NOI Order*. The adjusted projected December 31, 2012 USF PIPP account balance for each EDU is shown in the final column of Exhibit D.

e. Reserve. PIPP-related cash flows can 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 USF PIPP account balances, which means that, in those months, ODSA 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 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.

g. PIPP-Plus Program Audit Costs. In the NOI, ODSA reserved the right to request an allowance for audit costs in this application if it determined that additional audits of PIPP-related accounting and reporting should be conducted in 2014. ODSA believes that an audit related to the effectiveness of the PIPP Plus Program is timely, considering that it has been in effect for three years. The audit will focus on the 2010 changes to the PIPP rules and if the changes are meeting the objective of the PIPP Plus Program. The evaluation will include a review of whether the data the EDUs report to ODSA is consistent with the data reported to the Commission, customer payments, payment incentives, effectiveness of customer education, affordability of payments, and the effect the rule changes have on the Universal Service Fund. The allocation of costs for the \$60,000 one-time allowance is provided in Exhibit H to this Application.

9. A summary schedule showing the USF rider component costs by EDU is attached as Exhibit I. ODSA proposes to recover the annual USF rider revenue requirement for each EDU through a USF rider that 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. As discussed in the testimony of ODSA witness Moser, 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	Declining Block Riders			
	Current USF Rider		Proposed USF Rider	
	First 833,000 Kwh	Above 833,000 Kwh	First 833,000 Kwh	Above 833,000 Kwh
CSP	\$0.0046813	\$0.0001830	\$0.0043882	\$0.0001830
OP	\$0.0056727	\$0.0001681	\$0.0072152	\$0.0001681
Duke	\$0.0007860	\$0.0004690	\$0.0010791	\$0.0004690
DPL	\$0.0048579	\$0.0005700	\$0.0039788	\$0.0005700
CEI	\$0.0016007	\$0.0005680	\$0.0015068	\$0.0005680
OE	\$0.0026872	\$0.0010461	\$0.0015843	\$0.0010461
TE	\$0.0022377	\$0.0005610	\$0.0009692	\$0.0005610

10. Consistent with Section 4928.52(B), Revised Code, the proposed USF rider rates set forth above for Duke and OP 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 CEI, CSP, DPL, OE, and TE, which are lower than their current rider rates, also represent the minimum rates necessary to satisfy their respective USF rider revenue responsibilities. If its application is granted, ODSA will consent to the USF rider decreases for CEI, CSP, DPL, OE, and TE as required by Section 4928.52(B), Revised Code.

11. In calculating the USF rider revenue requirement, ODSA has relied on certain information reported by the EDUs. Although ODSA believes this information to be reliable, ODSA 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, ODSA requests that the Commission require such party to direct its inquiries to the EDU in question, either informally or through formal discovery.

12. The adjustments to the USF riders proposed in this application are based on the most recent information available to ODSA at the time the application was prepared and includes actual data for the calendar 2013 test period through the month of September 2013. In previous ODSA USF rider rate adjustment applications, ODSA has reserved the right to amend its application by updating its test-period calculations to incorporate additional actual data as it became available. However, in those cases, the initial application was based on actual data through August of the test period. In this case, the inclusion of actual data for September 2013 means that the USF rider rate revenue requirement analysis is based on the same nine months actual, three months projected test period that has heretofore been presented in amended applications submitted after the initial application was filed. Thus, although

ODSA again reserves the right to amend its application, ODSA does not anticipate filing an amended application in this case.

13. ODSA requests that, as a part of its order in this proceeding, the Commission require that ODSA file its 2013 USF rider rate adjustment application no later than November 7, 2014 and provide that the NOI procedure again be used in connection with the 2013 application.

WHEREFORE, ODSA 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, 2014 on a bills-rendered basis.


Diane Lease
Chief Legal Counsel
Ohio Development Services Agency
77 South High Street
Columbus, Ohio 43215

*per e-mail
transmission*

Respectively submitted,


Dane Stinson (0019101)
Thomas J. Siwo (0088069)
BRICKER & ECKLER LLP
100 South Third Street
Columbus, Ohio 43215-4291
Telephone: (614) 227-4854
Facsimile: (614) 227-2390
Email: dstinson@bricker.com
tsiwo@bricker.com

Special Counsel for
The Ohio Development Services Agency

Test-Period Cost of PIPP

	PIPP Customer Cost		PIPP Installments		Payments to		Cost of
	Electrical Service	Pre-PIPP	Billed	PIPP Arrears	PIPP	(A+B)-C-D	
	A	B	C	D			
American Electric Power - Columbus Southern Power	\$99,105,122	\$8,701,252	\$43,571,725	\$8,231,032		\$56,003,618	
American Electric Power - Ohio Power	\$124,448,470	\$8,824,169	\$52,739,901	\$9,936,657		\$70,596,081	
Cleveland Electric Illuminating Company	\$58,117,987	\$5,955,288	\$31,762,549	\$2,003,702		\$30,307,024	
Dayton Power and Light Company	\$65,688,008	\$4,318,947	\$27,473,692	\$3,656,566		\$38,876,697	
Duke Energy	\$43,704,627	\$3,292,713	\$20,580,300	\$6,480,441		\$19,936,599	
Ohio Edison	\$96,916,760	\$7,243,430	\$49,895,531	\$3,813,955		\$50,450,705	
Toledo Edison/First Energy	\$32,243,380	\$2,802,518	\$16,470,405	\$1,251,481		\$17,324,012	
	\$520,224,356	\$41,138,317	\$242,494,103	\$35,373,834		\$283,494,736	

Adjusted Test-Period Cost of PIPP

	Test Period Cost of PIPP	2012 EDU Rate Increases	2013 EDU Rate Increases	Adjusted Test-Period Cost of PIPP
American Electric Power - Columbus Southern Power	\$56,003,618	\$422,557	\$4,111,454	\$60,537,629
American Electric Power - Ohio Power	\$70,596,081	\$550,426	\$5,131,852	\$76,278,359
Cleveland Electric Illuminating Company	\$30,307,024	\$2,101,848	\$0	\$32,408,872
Dayton Power and Light Company	\$38,876,697	\$51,137	\$0	\$38,927,834
Duke Energy	\$19,936,599	\$413,691	\$149,676	\$20,499,966
Ohio Edison	\$50,450,705	\$8,304,086	\$0	\$58,754,791
Toledo Edison/First Energy	\$17,324,012	\$4,007,738	\$0	\$21,331,750
	\$283,494,736	\$15,851,483	\$9,392,982	\$308,739,201

Duke Energy

Billing Cycle End Date	Cost of Electricity	Rate of Adjustment	Adjustment
Oct-12	\$ 2,526,351	0.0102	\$ 25,768.78
Nov-12	\$ 2,759,952	0.0102	\$ 28,151.51
Dec-12	\$ 3,202,354	0.0102	\$ 32,664.01
Jan-13	\$ 3,841,130	0.0102	\$ 39,179.52
Feb-13	\$ 3,697,047	0.0102	\$ 37,709.88
Mar-13	\$ 3,594,375	0.0102	\$ 36,662.63
Apr-13	\$ 3,233,421	0.0102	\$ 32,980.90
May-13	\$ 2,584,608	0.0102	\$ 26,363.01
Jun-13	\$ 3,307,400	0.0102	\$ 33,735.48
Jul-13	\$ 4,053,578	0.0102	\$ 41,346.50
Aug-13	\$ 3,833,557	0.0102	\$ 39,102.29
Sep-13	\$ 3,924,149	0.0102	\$ 40,026.32
	\$ 40,557,925		\$ 413,690.83

Billing Cycle End Date	Cost of Electricity	Rate of Adjustment	Adjustment
Oct-13	\$ 2,526,351	0.0437	\$ 110,401.53
Nov-13	\$ 2,759,952	0.0437	\$ 120,609.91
Dec-13	\$ 3,202,354	0.0437	\$ 139,942.87
Jan-14	\$ 3,841,130	-0.0069	\$ (26,503.80)
Feb-14	\$ 3,697,047	-0.0069	\$ (25,509.63)
Mar-14	\$ 3,594,375	-0.0069	\$ (24,801.19)
Apr-14	\$ 3,233,421	-0.0069	\$ (22,310.61)
May-14	\$ 2,584,608	-0.0069	\$ (17,833.80)
Jun-14	\$ 3,307,400	-0.0069	\$ (22,821.06)
Jul-14	\$ 4,053,578	-0.0069	\$ (27,969.69)
Aug-14	\$ 3,833,557	-0.0069	\$ (26,451.55)
Sep-14	\$ 3,924,149	-0.0069	\$ (27,076.63)
	\$ 40,557,925		\$ 149,676.36

Exhibit A.1.b**AEP Ohio Estimated Rate Increases for USF Rider****Columbus Southern Power**

	Current	2013 Increase 2%	2014 Increase 4%	Total
Oct-12	6,066,789	121,336	247,525	6,435,650
Nov-12	6,807,081	136,142	277,729	7,220,951
Dec-12	8,253,992	165,080	336,763	8,755,834
Jan-13	9,838,296		393,532	10,231,827
Feb-13	9,393,696		375,748	9,769,444
Mar-13	9,178,207		367,128	9,545,335
Apr-13	8,568,872		342,755	8,911,626
May-13	6,926,131		277,045	7,203,176
Jun-13	8,508,166		340,327	8,848,493
Jul-13	9,918,233		396,729	10,314,963
Aug-13	9,426,129		377,045	9,803,174
Sep-13	9,478,212		379,128	9,857,341
		422,557	4,111,454	

Ohio Power

	Current	2013 Increase 2%	2014 Increase 4%	Total
Oct-12	7,152,453	143,049	291,820	7,587,322
Nov-12	8,845,629	176,913	360,902	9,383,443
Dec-12	11,523,209	230,464	470,147	12,223,820
Jan-13	14,347,417		573,897	14,921,314
Feb-13	13,953,921		558,157	14,512,078
Mar-13	13,282,187		531,287	13,813,475
Apr-13	12,125,173		485,007	12,610,180
May-13	8,549,773		341,991	8,891,764
Jun-13	9,013,107		360,524	9,373,631
Jul-13	10,237,285		409,491	10,646,777
Aug-13	9,270,681		370,827	9,641,508
Sep-13	9,445,046		377,802	9,822,848
		550,426	5,131,852	

Exhibit A.1.c.

CEI

Billing Cycle End Date	Cost of Electricity
Oct-12	\$6,054,216.36
Nov-12	\$5,823,260.63
Dec-12	\$5,470,979.81
Jan-13	\$5,343,340.72
Feb-13	\$4,677,231.79
Mar-13	\$4,951,285.76
Apr-13	\$6,057,565.80
May-13	\$5,703,045.10
Jun-13	\$5,358,734.84
Jul-13	\$4,537,401.18
Aug-13	\$4,559,366.03
Sep-13	\$5,050,476.98
Total:	\$63,692,356.35

Rate Adjustment: 3.30%
Total Adjustment: \$2,101,847.76

Ohio Edison

Billing Cycle End Date	Cost of Electricity
Oct-12	\$7,326,530.01
Nov-12	\$7,513,232.85
Dec-12	\$8,464,043.76
Jan-13	\$10,148,777.82
Feb-13	\$9,454,466.92
Mar-13	\$9,052,987.46
Apr-13	\$8,741,627.48
May-13	\$7,779,616.23
Jun-13	\$8,228,224.67
Jul-13	\$10,060,155.24
Aug-13	\$9,717,316.61
Sep-13	\$9,040,359.05
Total:	\$106,462,635.37

Rate Adjustment: 7.80%
Total Adjustment: \$8,304,085.56

Toledo Edison/First Energy

Billing Cycle End Date	Cost of Electricity
Oct-12	\$2,363,796.14
Nov-12	\$2,501,770.32
Dec-12	\$2,767,742.18
Jan-13	\$3,327,615.44
Feb-13	\$3,251,328.71
Mar-13	\$3,041,705.53
Apr-13	\$2,935,775.43
May-13	\$2,605,673.17
Jun-13	\$2,676,140.24
Jul-13	\$3,228,163.67
Aug-13	\$3,067,207.06
Sep-13	\$2,943,466.92
Total:	\$36,433,982.57

Rate Adjustment: 11.00%
Total Adjustment: \$4,007,738.08

Dayton Power and Light

2013 Rate Change Adjustment

Cost of Electricity

Date Cost of Electricity	
Oct-12	\$ 4,144,254
Nov-12	\$ 5,222,193
Dec-12	\$ 5,208,611
Jan-13	\$ 6,810,821
Feb-13	\$ 6,774,306
Mar-13	\$ 6,053,583
Apr-13	\$ 5,615,084
May-13	\$ 4,530,365
Jun-13	\$ 4,587,165
Jul-13	\$ 5,804,211
Aug-13	\$ 5,625,104
Sep-13	\$ 5,305,755
Total:	\$ 65,681,451
Rate Adjustment:	0.08%
Total Adjustment:	\$51,137

Exhibit A.2

Cost of PIPP Adjustment for Projected Enrollment Increase

	Average Test Period Enrollment	Adjusted Test Period Cost of PIPP	Average Test Period Cost of PIPP (B/A)	Projected Annual Enrollment	Projected Additional Cost of PIPP (D-A)*C	Total Adjusted Cost of PIPP (B+E)
	A	B	C	D	E	F
American Electric Power - Columbus Southern Power	63,742	\$60,537,629	\$950	71,762	\$7,616,637	\$68,154,266
American Electric Power - Ohio Power	70,363	\$76,278,359	\$1,084	80,538	\$11,030,837	\$87,309,196
Cleveland Electric Illuminating Company	57,918	\$32,408,872	\$560	62,129	\$2,356,103	\$34,764,976
Dayton Power and Light Company	37,881	\$38,927,834	\$1,028	42,870	\$5,126,973	\$44,054,807
Duke Energy	30,871	\$20,499,966	\$664	34,237	\$2,235,068	\$22,735,033
Ohio Edison	81,287	\$58,754,791	\$723	87,366	\$4,394,159	\$63,148,950
Toledo Edison/First Energy	27,323	\$21,331,750	\$781	30,086	\$2,156,753	\$23,488,503
	369,385	\$308,739,201		408,988	\$34,916,531	\$343,655,731

Projected Average Annual PIPP Enrollment

	American Electric Power Columbus Southern Power	American Electric Power Ohio Power	Duke Energy	Dayton Power and Light Company	Cleveland Electric Illuminating Company	Ohio Edison	Toledo Edison First Energy
2009	37,845	38,347	21,711	26,560	46,392	68,352	21,289
2010	42,188	42,912	23,046	31,125	52,008	74,927	23,883
2011	52,578	56,120	26,966	35,738	56,743	83,110	27,057
2012	59,220	65,308	30,272	38,310	56,408	81,098	27,440
2013	63,742	70,363	30,871	37,881	57,918	81,287	27,323
2014	71,762	80,538	34,237	42,870	62,129	87,366	30,086

Allocation of Electric Partnership Program & Consumer Education Costs

	Cost of PIPP	Percent Cost of PIPP	Allocated EPP/CE
American Electric Power - Columbus Southern Power	\$68,154,266	0.1983	\$2,964,150
American Electric Power - Ohio Power	\$87,309,196	0.2541	\$3,797,231
Cleveland Electric Illuminating Company	\$34,764,976	0.1012	\$1,511,990
Dayton Power and Light Company	\$44,054,807	0.1282	\$1,916,022
Duke Energy	\$22,735,033	0.0662	\$988,787
Ohio Edison	\$63,148,950	0.1838	\$2,746,460
Toledo Edison/First Energy	\$23,488,503	0.0683	\$1,021,557
	\$343,655,731		\$14,946,196

Allocation of Administrative Costs

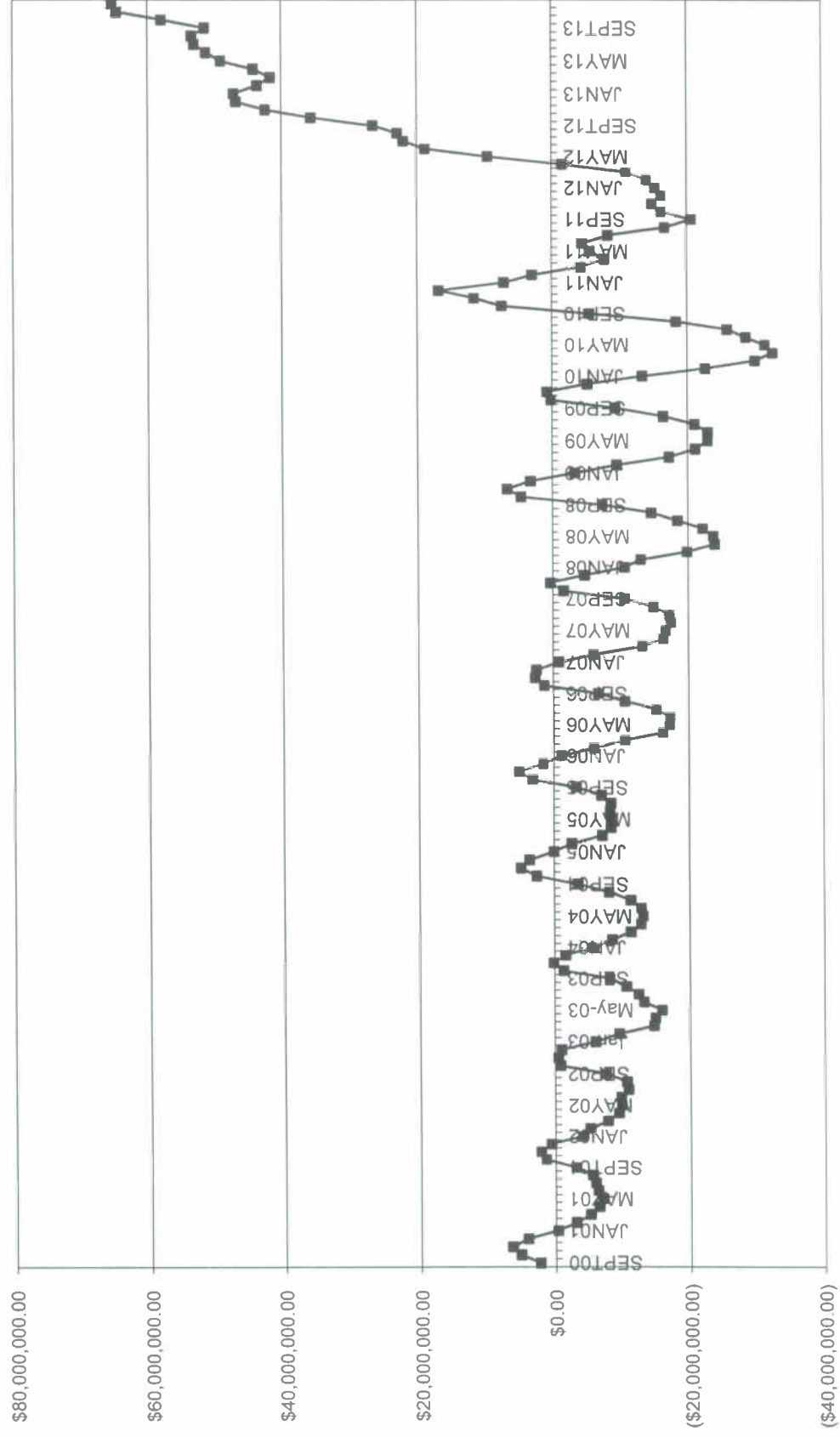
	Customers March/2013	Adm Costs per Customer	Administrative Costs
American Electric Power - Columbus Southern Power	64,822	\$11.79	\$764,482
American Electric Power - Ohio Power	71,794	\$11.79	\$846,707
Cleveland Electric Illuminating Company	58,852	\$11.79	\$694,074
Dayton Power and Light Company	37,967	\$11.79	\$447,766
Duke Energy	31,261	\$11.79	\$368,678
Ohio Edison	82,837	\$11.79	\$976,943
Toledo Edison/First Energy	27,824	\$11.79	\$328,144
	375,357		\$4,426,794

Exhibit D**Projected USF account Balances
December 31, 2013**

Company	Balance	
	12/31/13	
CSP	\$	4,609,312
OP	\$	(7,910,557)
Duke	\$	5,072,047
DPL	\$	2,515,615
CEI	\$	14,559,870
OE	\$	32,760,830
TE	\$	17,378,238

Total: \$ 68,985,355

Projection of Consolidated USF Account Balance



Calculation of Annual Reserve Component

Company	Largest Monthly Cash Deficit	
	Month	Deficit
CSP	Jan13	(\$3,119,141)
OP	March13	(\$17,247,369)
DUKE	N/A	\$0
DPL	N/A	\$0
CEI	N/A	\$0
OE	N/A	\$0
TE	N/A	\$0
Totals:		(\$20,366,510)

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

Allowance for Undercollection

Company	Estimated Undercollection
CSP	\$711,158
OP	\$1,183,094
Duke	\$192,166
DPL	\$1,834,806
CEI	\$226,437
OE	\$344,672
TE	\$75,395
Total:	\$4,567,728

Exhibit H

	Projected USF Account Balances 31-Dec-13	Percent Cost of PIPP ¹	Total Audit Costs	Allocated Audit Costs
CSP	\$68,154,266	19.83%	\$60,000	\$11,899
OP	\$87,309,196	25.41%	\$60,000	\$15,244
Duke	\$22,735,033	6.62%	\$60,000	\$3,969
DPL	\$44,054,807	12.82%	\$60,000	\$7,692
CEI	\$34,764,976	10.12%	\$60,000	\$6,070
OE	\$63,148,950	18.38%	\$60,000	\$11,025
TE	\$23,488,503	6.83%	\$60,000	\$4,101
	\$343,655,731			\$60,000

Exhibit I

USF Component Costs

	CEI	Duke	CSP	DPL
Cost of PIPP Plus	\$34,764,976	\$22,735,033	\$68,154,266	\$44,054,807
EPP/CE	\$1,511,990	\$988,787	\$2,964,150	\$1,916,022
Administration	\$694,074	\$368,678	\$764,482	\$447,766
Audit	\$6,070	\$3,969	\$11,899	\$7,692
Account Balance 12/31	(\$14,559,870)	(\$5,072,047)	(\$4,609,312)	(\$2,515,615)
Reserve	\$0	\$0	\$3,119,141	\$0
Adjustment for Undercollection	\$226,437	\$192,166	\$711,158	\$1,819,280
	\$22,643,677	\$19,216,586	\$71,115,784	\$45,729,952

	OE	OP	TE
Cost of PIPP Plus	\$63,148,950	\$87,309,196	\$23,488,503
EPP/CE	\$2,746,460	\$3,797,231	\$1,021,557
Administration	\$976,943	\$846,707	\$328,144
Audit	\$11,025	\$15,244	\$4,101
Account Balance 12/31	(\$32,760,830)	\$7,910,557	(\$17,378,238)
Reserve	\$0	\$17,247,369	\$0
Adjustment for Undercollection	\$344,672	\$1,183,094	\$75,395
	\$34,467,220	\$118,309,398	\$7,539,462

Exhibit J


Calculation of USF Costs/Kwh

Company	KWH Sales ¹	Required Revenue	Indicated Costs/KWH
CSP	20,495,688,556	\$71,115,784	\$0.0034698
OP	24,533,447,351	\$118,309,398	\$0.0048224
Duke	19,977,337,687	\$19,216,586	\$0.0009619
DPL	13,729,963,010	\$45,729,952	\$0.0033307
CEI	18,540,307,651	\$22,643,677	\$0.0012213
OE	23,965,901,688	\$34,467,220	\$0.0014382
TE	10,301,776,158	\$7,539,462	\$0.0007319
Total:	131,544,422,101	\$319,022,079	

1- KWH Sales were sales reported for the last twelve months (Oct12-Sep13).

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Application* has been served upon the following parties by first class mail, postage prepaid, and electronic mail this 8th day of November 2013.


Dane Stinson

Steven T. Nourse
Matthew J. Satterwhite
AEP Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
stnouse@aep.com
mjsatterwhite@aep.com

William L. Wright
Section Chief, Public Utilities Section
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215
William.Wright@puc.state.oh.us

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

Joseph P. Serio
Ohio Consumers' Counsel
10 West Broad Street
Suite 1800
Columbus, Ohio 43215-3485
serio@occ.state.oh.us

Elizabeth H. Watts
Duke Energy Ohio, Inc. 155 East
Broad Street
Columbus, Ohio 43215
Elizabeth.Watts@duke-energy.com

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

Carrie M. Dunn
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308
cdunn@firstenergycorp.com

Sam Randazzo
Frank P. Darr
Joseph Olikier
Matthew Pritchard
McNees, Wallace & Nurick
Fifth Third Center Suite 910
21 East State Street
Columbus, Ohio 43215
sam@mwncmh.com
fdarr@mwncmh.com
joliker@mwncmh.com
mpritchard@mwncmh.com

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Summary: Application electronically filed by Dane Stinson on behalf of Ohio Development Services Agency