BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143, in the Form of an Electric Security Plan.	)))))	Case No. 16-1852-EL-SSO
In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority.	)))	Case No. 16-1853-EL-AAM

OHIO PARTNERS FOR AFFORDABLE ENERGY'S
REPLY BRIEF

Ohio Partners for Affordable Energy ("OPAE") herein files with the Public Utilities Commission of Ohio ("Commission") this reply brief in these proceedings considering the applications of Ohio Power Company ("Ohio Power") for authority to establish a standard service offer ("SSO") in the form of an Electric Security Plan ("ESP") and for approval of certain accounting authority. OPAE is a signatory party to the Joint Stipulation and Recommendation ("Stipulation") filed in these proceedings on August 25, 2017. Joint Exhibit 1. Herein, OPAE replies to the initial brief filed by the Office of the Ohio Consumers' Counsel ("OCC"), the only party submitting a brief in opposition to the Stipulation.

On Page 46 of its initial brief, OCC argues that the Stipulated ESP fails the statutory test that requires the ESP to be more favorable in the aggregate than a Market Rate Offer ("MRO"). OCC provides its own analysis of the quantitative benefits of the Stipulated ESP. Among other arguments, OCC contends that the Residential Distribution Credit Rider ("RDCR") was set up in Ohio Power's last

distribution rate case as a mechanism to credit back a double recovery of dollars from both the Distribution Investment Rider ("DIR") and base distribution rates. OCC argues that the extension of the RDCR in the Stipulated ESP is not a benefit but instead a requirement to prevent double recovery. OCC Brief at 46. OCC also argues that the Neighbor-to-Neighbor program, which is funded through the RDCR, could be funded with or without an ESP, specifically through shareholder dollars. According to OCC, the Neighbor-to-Neighbor funds are not contingent on an ESP filing and can continue with or without an ESP. Id.

The Staff of the Commission presented its witness Tamara Turkenton, who testified that the Stipulated ESP is more favorable in the aggregate than an MRO. Staff Ex. 3 at 5. Ms. Turkenton considered both quantitative and qualitative benefits/costs that produce a net result from the Stipulated ESP that make the Stipulated ESP more favorable than an MRO. She explained that as of June 1, 2015, Ohio Power's SSO generation rates have become 100% market-based rates. As a result, there should be no difference between market-based generation rates under an MRO or an ESP filing. Likewise, distribution cost recovery riders set at zero apply to both the ESP and an MRO, because while the distribution costs cannot be recovered through an MRO proceeding, distribution costs can be recovered in a distribution base rate proceeding filed in conjunction with an MRO so that distribution cost recovery riders are also not factored into the quantitative price test between the ESP and MRO.

For example, the Commission has found that the revenue requirements associated with the recovery of incremental distribution investments should be

considered to be the same whether recovered through a DIR established in an ESP or through a distribution rate case filed in conjunction with an MRO. Accordingly, the Commission does not consider such distribution investments in its quantitative MRO versus an ESP analysis. Tr. I at 162; Ohio Power Company, Case No. 13-2385-EL-SSO, et al., Opinion and Order (February 25, 2015) at 94.

The Staff did consider one quantitative benefit of the Stipulated ESP over an MRO and that was the provision in the Stipulation that maintains the current RDCR at least until the effective date of new base distribution rates. Staff Ex. 3 at 5. This provides an annual benefit of approximately $14.7 million for Ohio Power customers. An additional quantitative benefit resulting from the Stipulated ESP is the $1 million annual funding of the Neighbor-to-Neighbor program, a program that assists low-income residential customers to pay their bills. Id. at 6; Tr. I at 163. These quantitative benefits are not available under an MRO. Id. In fact, the Commission has already found that the continuation of the RDCR, which would otherwise expire at the end of the term of the current ESP, would not be available under an MRO and that the continuation of the RDCR will provide a quantifiable benefit of the ESP over an MRO. Ohio Power Company, Case No. 13-2385-EL-SSO, Opinion and Order (February 25, 2015) at 94.

Ms. Turkenton also testified that the Stipulation provides many qualitative benefits including provisions for economic development, enhancements to the retail competitive market, renewable energy options, and the promotion of innovative measures related to the Smart City and Power Forward initiatives. These qualitative benefits, in addition to the quantitative benefits, ensure the

Stipulated ESP is more favorable in the aggregate than an MRO application would be. Staff Ex. 3 at 6-7.

The Commission should agree with the testimony of Staff witness Turkenton that the Stipulated ESP is more favorable in the aggregate than an MRO. The Commission should reaffirm its prior finding that distribution costs, such as those recovered through the DIR, can be recovered in a distribution base rate proceeding filed in conjunction with an MRO so that distribution cost recovery riders are not factored into the quantitative price test between the ESP and an MRO. Ohio Power Company, Case No. 13-2385-EL-SSO, et al., Opinion and Order (February 25, 2015) at 94. The Commission should also reaffirm its prior finding that the continuation of the RDCR would not be available under an MRO and that the continuation of the RDCR through the Stipulation will provide a quantifiable benefit of the ESP over an MRO. Id.

While OCC argues that residential rates would have to be credited amounts equal to the RDCR at some point in time, the Stipulation guarantees that the RDCR will continue after the expiration of the term of the current ESP. In addition, an additional quantitative benefit resulting from the Stipulation is the continuation of the $1 million annual funding of the Neighbor-to-Neighbor program. Id. at 6; Tr. I at 163. These benefits are not available under the MRO and would expire under the current ESP if they had not been included in the Stipulated ESP. Id. Therefore, the Commission should find that the quantitative benefits and qualitative benefits ensure that the Stipulated ESP is more favorable in the aggregate than an MRO application would be. Staff Ex. 3 at 6-7.

In conclusion, the Stipulation is a product of lengthy, serious bargaining among the signatory parties and other parties who chose not to sign the Stipulation. Joint Exhibit 1 at 1. The Stipulation, as a package, benefits customers and the public interest, provides direct benefits to residential and low-income customers, and represents a just and reasonable resolution of all issues in the proceedings. Id. The Stipulation also violates no regulatory principle or practice and promotes the policies and requirements of Title 49 of the Ohio Revised Code. Id. at 1-2. OPAE recommends that the Commission adopt the Stipulation in its entirety.

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CERTIFICATE OF SERVICE

A copy of the foregoing Reply Brief of Ohio Partners for Affordable Energy will be served electronically by the Commission's Docketing Division on parties who are electronically subscribed to these cases on this 21st day of December 2017.

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Summary: Reply Brief electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy