

**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 Section	)	Case No. 16-1852-EL-SSO
4928.143, Revised Code, in the Form of an	)	
Electric Security Plan	)	
In the Matter of the Application of Ohio	)	
Power Company for Approval of Certain	)	Case No. 16-1853-EL-AAM
Accounting Authority	)	

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**JOINT REPLY BRIEF OF THE  
RETAIL ENERGY SUPPLY ASSOCIATION AND INTERSTATE GAS SUPPLY, INC.**

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## **I. INTRODUCTION**

The competitive retail market provisions of the Stipulation are important for the development and growth of the competitive retail electric market in the AEP Ohio territory over the duration of the ESP extension. The Retail Energy Supply Association (RESA) and Interstate Gas Supply, Inc. (IGS) negotiated the competitive retail market provisions with other parties, including AEP Ohio and Staff, as part of the Stipulation. All of those provisions support approval of the Stipulation under the Commission's three-prong test because they were seriously negotiated, are in the public interest, and do not violate any regulatory principle or practice.

The Office of the Ohio Consumers' Counsel (OCC) disagrees. OCC argues that the Enroll From My Wallet program does not benefit customers or the public interest; that the Competitive Incentive Rider (CIR) harms standard service offer customers, thereby violating an important regulatory principle; and that the Supplier Consolidated Billing (SCB) pilot program violates the regulatory principle of cost causation. These arguments are without support in the record, and should be rejected. The Commission should approve the Stipulation as proposed.

## **II. ARGUMENT**

### **A. The Competitive Incentive Rider adequately allocates costs between SSO and shopping customers.**

OCC argues that because the CIR amount is a negotiated rate and the costs have not been "fully examined and properly allocated," the Commission should reject the proposal. (OCC Br. at 29-30.) OCC actually asserts that the CIR cannot ever be just and reasonable because it adds "unsubstantiated charges" and "artificially inflates" the SSO, and somehow creates an unfair competitive advantage for CRES providers. (*Id.*) OCC allows, however, that the Commission may want to consider the CIR; the only way to properly do so, in OCC's opinion, is through a rate case.

OCC ignores several counter-arguments in its brief. While these counter-arguments are explained more fully in RESA witness Matt White's testimony and in RESA and IGS's Initial Brief, in a nutshell, the costs associated with providing SSO service and the proper allocation of costs between SSO customers and shopping customers have been fully examined. Mr. White explains in detail in his direct testimony the method he used to determine that the proper allocation of costs would have resulted in a much higher amount in the CIR; however, because the Stipulation was negotiated as a package, the CIR as agreed upon was found by the Signatory Parties to be a fair allocation until a full accounting can be performed in the next rate case. The negotiation here does not negate the need to properly unbundle rates or ensure that shopping customers are not paying twice for the same services; it simply provides a bridge until the next rate case.

OCC claims to be representing "customers" when it argues that the CIR is not a just and reasonable allocation of costs. But OCC ignores the fact that shopping customers are actively being harmed by the current allocation of costs, which does not take into account a number of charges assessed against both AEP Ohio, which are then recovered through distribution rates and paid by shopping customers, and CRES providers, which are then built into generation charges and again paid by shopping customers. The General Assembly has made it clear that these costs should be unbundled. The agreed-upon level of the CIR in this Stipulation is the first step toward achieving that goal in AEP Ohio's territory.

**B. The Enroll From My Wallet Program benefits customers and the public interest.**

OCC argues that the Enroll From My Wallet program proposed in the Stipulation does not benefit customers or the public interest. (OCC Br. At 9.) OCC's support for this assertion, however, is lacking. OCC claims that "[c]ustomers need to have more information before making the decision to enroll with a marketer," but makes no attempt to explain this statement or

describe the type of information it believes should be required. (*Id.*) OCC also reaches back to the well of a generic price-to-compare, and attempts to argue that because there are any CRES provider offers above this price, customers are at risk. OCC does not engage with the idea that price is not the sole reason a customer may choose to enroll, or whether a customer may have considered enrolling before actually signing up with a supplier and taken the time to do the research already. OCC simply makes the presumptive statement that “making it easier for customers to enroll will likely harm consumers.” (*Id.* at 10.)

As previously stated by RESA and IGS, the Enroll From My Wallet program simply provides another avenue for customers who want to shop for their electric generation to do so. It does not relieve CRES providers or the utility of any of their duties under the Revised Code or the PUCO rules – CRES providers are still required to obtain and maintain Letters of Authorization for each enrollment, and all other consumer protections remain in place. Customers should be trusted to make their own financial decisions, without the OCC deciding for them what factors are most important. The Enroll From My Wallet program creates more opportunity for customers, and therefore should be approved.

**C. The costs associated with the Supplier Consolidated Billing pilot are properly allocated.**

OCC’s only argument in its Initial Brief against the SCB pilot is that the costs associated with the program should be the sole responsibility of the CRES providers. (OCC Br. at 30-31.) OCC admits that “some customers may desire supplier consolidated billing,” and that the program only “primarily benefits marketers,” but still does not believe any of the costs should be shared. (*Id.*) OCC also argues, without support, that customers who do not shop receive no benefit from the program. (*Id.* at 31.)

While customers who do not shop will not receive bills from suppliers, all customers have the opportunity to shop and therefore have an opportunity to benefit from the program. All customers benefit from enhancements to the competitive retail market whether individual customers shop and receive specific benefits or not. Additionally, as pointed out by AEP Ohio in its Initial Brief, the sharing of costs in this proposal benefits customers by diverging from the established approach of recovering costs from all customers. (AEP Ohio Br. at 5.) The SCB pilot moves Ohio closer to a fully competitive retail market, which benefits customers and honors state policy. It should be approved.

### **III. CONCLUSION**

The competitive retail market provisions agreed to in the Stipulation will help develop innovative competitive solutions to issues facing consumers in AEP Ohio's service territory. These provisions, and the Stipulation as a whole, benefit both customers and the public interest. The Stipulation is the product of serious bargaining among knowledgeable parties and it does not violate any important regulatory principle or practice. RESA and IGS respectfully request that the Commission adopt the Stipulation as proposed.

Dated: December 21, 2017

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Reply Brief was served by electronic mail

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Summary: Reply Brief electronically filed by Ms. Rebekah J. Glover on behalf of Retail Energy Supply Association and Interstate Gas Supply, Inc.