

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission’s Review)
of Standard Filing Requirements for Rate) Case No. 19-2103-AU-ORD
Increases in Ohio Adm. Code Chapter)
4901-7.)

**REPLY COMMENTS ON IMPROVING THE PUCO’S STANDARD FILING
REQUIREMENTS FOR UTILITY FILINGS THAT AFFECT CONSUMERS’ UTILITY
SERVICES**

**BY
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

I. INTRODUCTION

On January 15, 2021, the Office of the Ohio Consumers Counsel (“OCC”) and other stakeholders¹ filed comments in response to the Public Utilities Commission (“PUCO”) Staff’s proposed amendments to Ohio Adm.Code Chapter 4901-7, the Standard Filing Requirements issued by the Commission. The stated purpose of the standard filing requirements contained in Ohio Adm. Code 4901-7 and Appendix A, is to provide PUCO Staff with the opportunity to thoroughly review the information provided by utilities in their applications, and to challenge it when necessary.²

RESA’s recommendation to amend the cost of service study and to amend the plant and revenue expense schedules are unnecessary and should be rejected. AEP and Duke’s recommendations to include the PUCO and OCC assessments in the gross revenue conversion

¹ Columbia Gas of Ohio, Inc. (“Columbia”); Duke Energy Ohio, Inc. (“Duke”); the Retail Energy Supply Association (“RESA”); The East Ohio Gas Company d/b/a Dominion Energy Ohio (“Dominion” or “DEO”) jointly with Vectren Energy Delivery of Ohio (“Vectren”); Ohio Power Company (“AEP Ohio”).

² Ohio Adm. Code 4901-7(A)(1) (“The standard filing requirements are designed to assist the commission in performing a thorough and expeditious review of applications for rate increases. Schedules contained in the filing requirements may be designed to provide support for the applicant utility’s position or to provide supplemental information to facilitate the commission staff’s review of the rate application”).

factor should also be rejected because it is inappropriate—the gross revenue conversion factor applies to taxes—not assessments.

The OCC appreciates this opportunity to provide further recommendations to protect residential utility consumers in Ohio and recommends the PUCO reject RESA's, AEP Ohio's, and Duke's recommendations to further amend the standard filing requirements.

II. REPLY

A. The PUCO should disregard RESA's unnecessary recommendations to modify the standard filing requirements general instructions, Chapter II (D) (Supplemental information),³ to include adjustments to the costs of service study and plant and revenue and expense schedules.⁴

PUCO Staff proposed to amend the general instructions, Chapter II (D), by adding a new section (3).⁵ This new section adds additional information in utilities' standard filing requirement filings that provide both distribution service (a non-competitive service), and standard offer service (a generation service that is provided to customers that have not selected a competitive retail electric service provider or whose generation service provider has defaulted or is otherwise unable to provide service).⁶

The schedules that utilities must complete provide the justification for tariff language changes, rate changes, and the cost of service study—which determines the assignment of responsibility for the rate increases to particular classes of customers.⁷ RESA argues that although the proposed change to the standard filing requirements, Chapter II (D), would identify revenues, expenses, and plant in service adjustments, those must be carried into base rates (i.e.

³ See pages 25-26 of PUCO Staff's amended Appendix A.

⁴ See *id.* at 120-121.

⁵ See *id.* at 25-26.

⁶ R.C. 4928.14 and 4928.141.

⁷ RESA Comments at 4 (January 15, 2021).

included in the accompanying schedules included in the standard filing requirements).⁸ RESA argues that there is currently no provision to adjust the schedules related to plant accounts, revenues and expenses, or the cost of service study to remove them from the calculation of base distribution rates in the Instructions for supplemental information.⁹

RESA recommends that the PUCO require modifications to the various schedules used to calculate the revenue requirement that would be affected by removing revenue, expenses, and plant in service used to support the standard service offer.¹⁰ RESA also recommends that the cost of service study include only that revenue and those expenses that are properly assignable to base distribution service. Finally, RESA recommends that the PUCO should remove the cost of service study, plant in service accounts, and revenues and expenses from the calculation of base distribution rates.¹¹

RESA's recommendations are unnecessary. The standard filing requirements schedules already accommodate RESA's recommended calculations. The plant schedules already show additions, retirements, and transfers since the date certain in the last rate case. Likewise, the operating income schedules already show adjustments to revenue and expenses for the test year. Because RESA's recommended calculations are already accommodated in the schedules, the PUCO should disregard RESA's recommendation because it is unnecessary.

⁸ *Id.* at 3.

⁹ *Id.* at 4.

¹⁰ *Id.*

¹¹ *Id.* at 10-11.

B. The PUCO should disregard AEP and Duke’s recommendation that PUCO and OCC assessments should be included in the gross revenue conversion factor.

AEP and Duke both oppose PUCO Staff’s proposal to amend Section A Instructions¹² and Revenue Conversion Factor (Schedule A-2¹³).¹⁴ PUCO Staff proposed adding several new sentences to the instructions for the computation of the gross revenue conversion factor:

...

Provide a detailed calculation of the gross revenue conversion factor used in Schedule A-

1. Calculation should be based on actual applicable tax rates...Public Utilities

Commission and Ohio Consumers’ Counsel assessments shall not be included.

Both utilities take issue with the last sentence which clarifies that PUCO and OCC assessments shall not be included in the gross revenue conversion factor.¹⁵

Both AEP and Duke argue that the PUCO and OCC assessments are a legitimate cost of providing service and should be included in the gross revenue conversion factor.¹⁶ The utilities also argue that excluding PUCO and OCC assessment fees from the gross revenue conversion factor would be inappropriate because doing so would ignore the direct relationship between the revenues collected by a utility and the assessment fees the utility incurs.¹⁷

PUCO and OCC assessment fees are based on gross receipts for the year and is a factor of total gross receipts being reported to the PUCO in annual reports.¹⁸ However, the assessment

¹² See page 31 of PUCO Staff’s amended Appendix A.

¹³ See *id.* at 33.

¹⁴ AEP Comments at 5-6 (January 15, 2021); Duke Comments at 4-5 (January 15, 2021).

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ See R.C. 4905.10.

fees do not belong in the gross revenue conversion factor. The utilities are not correct that if the assessment fees are excluded from the gross revenue conversion factor, the utilities would not be properly reflecting increases in the assessment fees tied to the additional revenues reflected in base rates.¹⁹ Assessment fees are not increased because a utility got an increase in rates.

The standard filing requirements are informational filings by a utility filing a base distribution rate case. The PUCO and OCC assessments are included as expense items in a distribution rate case test year. As a result, the latest actual assessments are used in determining the utility's revenue requirement.²⁰ The gross revenue conversion factor grosses up the revenue requirement so the increase in taxes and uncollectibles are calculated and included in the revenue requirement so the utility has the opportunity to earn the revenue it is authorized.²¹ And while the latest actual assessments are used in the adjusted operating income it is not also included in the calculation of the gross revenue conversion factor. That would result in a double counting of the OCC and PUCO assessments.

This factor *only* considers the increase in *taxes and uncollectibles on the additional revenue being authorized*.²² The PUCO should reject AEP and Duke's argument that the PUCO and OCC assessments should be included in the gross revenue conversion factor. It is inappropriate and would result in consumers paying unjust and unreasonable rates for utility services, in violation of Ohio law and policy.²³

¹⁹ *Id.*

²⁰ *See* R.C. 4905.10.

²¹ *Id.*

²² *Id.*

²³ R.C. 4928.02.

III. CONCLUSION

OCC appreciates this opportunity to provide reply comments on the PUCO's standard filing requirements and its Staff's recommended changes. To protect consumers, the PUCO should reject RESA's, AEP Ohio's, and Duke's recommendations. They are unnecessary and would harm consumers with unjust and unreasonable rates.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Reply Comments were served on the persons stated below via electronic transmission this 29th day of January 2021.

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This foregoing document was electronically filed with the Public Utilities

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Case No(s). 19-2103-AU-ORD

Summary: Comments Reply Comments on Improving the PUCO's Standard Filing Requirements for Utility Filings that Affect Consumers' Utility Services by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Wilson, Ambrosia E.