BEFORE

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| --- | --- | --- |
| In the Matter of the Implementation of  Sections 4928.54 and 4928.544 of the  Revised Code | )  )  ) | Case No. 16-247-EL-UNC |

**COMMENTS OF INTERSTATE GAS SUPPLY, INC.**

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The General Assembly recently passed legislation modifying the manner in which retail electric service is procured for percentage of income payment plan (“PIPP”) customers. On February 1, 2016, the Public Utilities Commission of Ohio (“Commission”) Staff issued a recommendation to implement the modified procurement process required by Ohio law. The Staff recommendation proposed for consideration two potential methods:

1. A separate procurement process for PIPP load;
2. Include the PIPP load within existing standard service offer (“SSO”) auction parameters where bidders serve the PIPP load at an administratively established discount to the otherwise applicable SSO price.

As discussed below, Interstate Gas Supply, Inc. (“IGS”) supports Option 2, which would be easier to administer, less costly, send more transparent price signals to bidders, and establish a robust competitive process by which a PIPP price lower than the SSO price is assured.

Under R.C. 4928.54, “[t]he director of development services shall aggregate percentage of income payment plan program customers for the purpose of establishing a competitive procurement process for the supply of competitive retail electric service for those customers.” “The process shall be an auction.” And, it shall “[r]educe the cost of the percentage of income payment plan program relative to the otherwise applicable standard service offer established under sections 4928.141, 4928.142, and 4928.143 of the Revised Code.” R.C. 4928.542. In other words, it must be lower than the SSO rate.

The most logical way to hold a competitive procurement for the PIPP load is to include it in the SSO auction, with winning bidders agreeing to provide a discount off of the SSO price. If the auction for the PIPP load is held separate from the SSO auction there would be no way to guarantee that the PIPP load price would come in lower than the SSO auction price. For instance, if two auctions were held, bidders could simply bid a higher price in the PIPP auction after the SSO is served and there would be no way to ensure the PIPP price is lower. Because the law requires that the PIPP price be lower than the SSO price, the only way to ensure this is to require that the SSO bidders reflect the PIPP discount into a single auction bid price (i.e. option 2).

For these reasons IGS suggests a single auction where the bidders in the auction are informed of the PIPP discount percentage before they are asked to bid on default service load. After bidders are aware of the PIPP discount auction bidders can factor that discount into the all-in SSO bid price.

Moreover, R.C. 4928.544 already suggests that the blended auction process is favored by the General Assembly in order to minimize costs, “[t]o the extent reasonably possible, and to minimize costs, the process may be designed based on any existing competitive procurement process for the establishment of the default generation supply price for electric distribution utilities.” Accordingly, IGS recommends that the Commission utilize Option 2 and include the PIPP load within a single auction.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing *Comments of Interstate Gas Supply, Inc.* was served this 8th day of February 2016 via electronic mail upon the following:

*/s/ Joseph Oliker\_\_\_\_\_\_\_*

Joseph Oliker

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