**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 |

**FURTHER COMMENTS**

**BY**

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

**I.** Introduction

This case involves a program to reduce the price of electricity for low-income residential customers and to ensure the “best value” for consumers who pay the costs of funding low-income assistance programs. On February 23, 2016, the Staff of the Public Utilities Commission of Ohio (“PUCO Staff”) docketed its third proposed option for procuring electricity for low-income customers.[[1]](#footnote-2)

The PUCO Staff’s new proposal was preceded by its two earlier proposals, which it docketed on February 1, 2016. One proposal was to initiate a separate procurement auction for customers on the Percentage of Income Payment Plan (“PIPP”). This separate auction would be modeled on the current Standard Service Offer (“SSO”) auction that utilities use to offer electricity to consumers.[[2]](#footnote-3) The second option involves establishing an administratively-set discount rate where PIPP customers would be charged an electric rate that is discounted from the SSO price.[[3]](#footnote-4) The PUCO Staff recommended that the PUCO adopt the first proposal.[[4]](#footnote-5) In response to a PUCO Entry,[[5]](#footnote-6) the Office of the Ohio Consumers’ Counsel (“OCC”) and other stakeholders filed comments on the Initial Recommendation.[[6]](#footnote-7)

The third option, set forth in the Second Recommendation, would incorporate a request for proposal (“RFP”) within the auction process. Under the RFP option, concurrent with the planning for an SSO auction, an electric utility would issue an RFP to obtain bids for supplying electricity to PIPP customers for a one-year term at a rate that is lower than the SSO price.[[7]](#footnote-8) The PUCO has sought comments on the RFP option.[[8]](#footnote-9) The PUCO also has provided an opportunity to file reply comments concerning the Initial Recommendation. OCC submits these Further Comments on behalf of the 4.5 million residential utility consumers served by the Ohio electric utilities.

**II.** RECOMMENDATIONS

The three options provided by the PUCO Staff for procuring PIPP load and the initial comments filed in this proceeding highlight the complexity involved in aggregating PIPP customers into an auction process. Each of the three options provided by the PUCO Staff may have unintended consequences. For example, options should avoid increasing the utilities’ standard offer that is available to electric consumers and

serves as a comparison price for consumers evaluating offers from marketers. But the RFP option contained in the Second Recommendation may be the most administratively efficient, while maintaining a competitive bidding process for the PIPP load.

Under the RFP option, bidders in the SSO auctions would have the opportunity to bid for the supply of PIPP load at a rate that is lower than the weighted average SSO price.[[9]](#footnote-10) The PUCO Staff observes that a similar RFP process is used in Maryland for the supply of SSO load.[[10]](#footnote-11) The PUCO Staff further opines that the RFP option is being provided to avoid delay in implementing statutory requirements for the aggregation of PIPP load.[[11]](#footnote-12) The law ensures that the PIPP load would not be priced above the SSO. But in practice there is no guarantee that an RFP will create sufficient market interest to generate rate savings below the SSO.

The PUCO Staff, however, has not assessed how any of the three options for procuring electricity for PIPP customers addresses statutory requirements of ensuring the best value for customers paying the Universal Service Fund (“USF”). Consistent with the objectives for a review outlined in OCC’s Comments,[[12]](#footnote-13) the PUCO Staff should provide an evaluation and recommendations to help improve the process for future procurement of electricity for PIPP customers. This evaluation and recommendation should follow whatever approach the PUCO chooses for the upcoming auction. There should be an opportunity for further comment at that time. Due to the short timeframe of creating and implementing this process, the results should be fully evaluated prior to determining the future of this system.

# III. CONCLUSION

In enacting R.C. 4928.54 and R.C. 4928.544, the General Assembly sought to bring the benefits of a competitive electric market to low-income residential customers. In conjunction with R.C. 4928.52, this must be done so that customers paying into the USF receive the best value. Of the three options proposed by the PUCO Staff, the RFP option seems to be the best. Whichever option the PUCO chooses, the PIPP procurement should be monitored closely and reevaluated each year to ensure that the program is benefitting customers as prescribed by law.

Respectfully submitted,

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*/s/ Terry L. Etter*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of these Further Comments was served on the persons stated below via electronic transmission, this 29th day of February 2016.

*/s/ Terry L. Etter*

Terry L. Etter

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1. Staff’s Second Recommendation (February 23, 2016) (“Second Recommendation”). [↑](#footnote-ref-2)
2. Staff Recommendation (February 1, 2016) (“Initial Recommendation”) at 3-6. [↑](#footnote-ref-3)
3. *Id.* at 6. [↑](#footnote-ref-4)
4. *Id.* at 3. [↑](#footnote-ref-5)
5. Entry (February 1, 2016). [↑](#footnote-ref-6)
6. Comments were also filed by Industrial Energy Users-Ohio, The Retail Energy Supply Association, Exelon Generation, LLC, Ohio Power Company, Duke Energy Ohio, Inc., FirstEnergy, Interstate Gas Supply, Inc., Dayton Power and Light Company, Ohio Partners for Affordable Energy, and FirstEnergy Solutions Corp. [↑](#footnote-ref-7)
7. Second Recommendation at 3-4. [↑](#footnote-ref-8)
8. Entry (February 23, 2016). [↑](#footnote-ref-9)
9. Second Recommendation at 4. [↑](#footnote-ref-10)
10. *Id*. at 2. [↑](#footnote-ref-11)
11. *Id*. [↑](#footnote-ref-12)
12. OCC Comments at 3-5. [↑](#footnote-ref-13)