**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In The Matter of the Application of the Ohio Power Company to Update the Energy Efficiency and Peak Demand Reduction Rider. | )  )  )  ) | Case No. 17-1266-EL-RDR |

**COMMENTS**

**BY**

**THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

In Ohio Power Company's[[1]](#footnote-2) recent energy efficiency portfolio case,[[2]](#footnote-3) the Public Utilities Commission of Ohio[[3]](#footnote-4) approved a settlement[[4]](#footnote-5) that limits the amount that customers pay for utility-administered energy efficiency and peak demand reduction programs.[[5]](#footnote-6) The Office of the Ohio Consumers' Counsel[[6]](#footnote-7) agreed not to oppose this settlement because of the benefits it provides to residential customers.[[7]](#footnote-8)

Among those benefits is an annual limit on the amount of profit (often called "shared savings" in Ohio) that AEP Ohio can charge its customers for its energy efficiency programs. The settlement provides that AEP Ohio cannot charge customers more than $20 million "after tax" per year in shared savings.[[8]](#footnote-9) "After tax" means that customers pay the

utility's taxes on the profits. Therefore, with taxes, the total amount that customers pay is about $31.2 million per year.[[9]](#footnote-10)

The Application in the present case is further evidence of the benefits to consumers that an annual cap on shared savings can provide. Without the past caps, AEP Ohio's customers would have paid millions more each year to AEP Ohio in utility profits—with no customer benefit. The following chart shows the annual program costs from 2012 to 2016 as well as the amount of profit that customers would have paid to AEP Ohio if not for the caps:[[10]](#footnote-11)

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|  | **Program Costs** | **Uncapped Utility Profits** | **Uncapped Profits as % of Program Costs** |
| 2012 | $64,115,574 | $34,241,981 | 53.4% |
| 2013 | $78,276,008 | $34,917,576 | 44.6% |
| 2014 | $76,576,377 | $43,768,036 | 57.2% |
| 2015 | $65,147,546 | $47,031,850 | 72.2% |
| 2016 | $70,428,772 | $60,659,901 | 86.1% |

As this chart shows, the additional shared savings customer surcharge would be much higher if not for the annual $31.2 million[[11]](#footnote-12) shared savings cap that applied for years 2012 to 2016. In 2016, for example, the profit cap saved customers nearly $30 million.[[12]](#footnote-13) If the trend shown in the chart continues, then the Portfolio Settlement will continue to save customers more money from 2017 to 2020 by reducing the amount of profits that they are charged for energy efficiency.

Energy efficiency programs are much more reasonable for consumers if there is a cap on the amount of shared savings that customers must pay. OCC appreciates the effort in the Portfolio Settlement to limit the amount of money that consumers must pay.

Respectfully submitted,

BRUCE WESTON (0016973)

OHIO CONSUMERS' COUNSEL

*/s/ Christopher M. Healey*

Christopher M. Healey (0086027)

Counsel of Record

Terry L. Etter (0067445)

Assistant Consumers' Counsel

**Office of the Ohio Consumers' Counsel**

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

Telephone [Healey]: 614-466-9571

Telephone [Etter]: 614-466-7964

[christopher.healey@occ.ohio.gov](mailto:christopher.healey@occ.ohio.gov)

[terry.etter@occ.ohio.gov](mailto:terry.etter@occ.ohio.gov)

(Both will accept service via email)

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 14th day of June 2017.

*/s/ Christopher M. Healey*

Christopher M. Healey

Assistant Consumers' Counsel

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**SERVICE LIST**

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| William Wright  Ohio Attorney General’s Office  Public Utilities Commission of Ohio  30 E. Broad St., 16th Floor  Columbus, Ohio 43215  [william.wright@ohioattorneygeneral.gov](mailto:william.wright@ohioattorneygeneral.gov) | Steven T. Nourse  AEP Service Corporation  1 Riverside Plaza, 29th Floor  Columbus, Ohio 43215-2373  [stnourse@aep.com](mailto:stnourse@aep.com)  *Counsel for Ohio Power Company* |

1. "AEP Ohio" [↑](#footnote-ref-2)
2. *In re Application of Ohio Power Co. for Approval of its Energy Efficiency/Peak Demand Reduction Portfolio Plan*, Case No. 16-574-EL-POR. [↑](#footnote-ref-3)
3. "PUCO" [↑](#footnote-ref-4)
4. The "Portfolio Settlement" [↑](#footnote-ref-5)
5. Opinion & Order (Jan. 18, 2017), Case No. 16-574-EL-POR. [↑](#footnote-ref-6)
6. "OCC" [↑](#footnote-ref-7)
7. See Correspondence (Dec. 12, 2016), Case No. 16-574-EL-POR, available at <http://dis.puc.state.oh.us/DocumentRecord.aspx?DocID=17523c7d-cf21-48a3-9d18-88da87bab062>. [↑](#footnote-ref-8)
8. Stipulation & Recommendation § IV.D (Dec. 9, 2016), Case No. 16-574-EL-POR. [↑](#footnote-ref-9)
9. See Application, *In re Application of the Ohio Power Co. to Update the Energy Efficiency & Peak Demand Reduction Rider* at Schedule 1 (May 15. 2017) (the "Application") (showing projected shared savings of $124,903,980 over four years, or $31.2 million per year). [↑](#footnote-ref-10)
10. Application at Schedule 2. [↑](#footnote-ref-11)
11. By filing these comments, OCC does not concede for future cases that customers should pay up to $31.2 million per year in shared savings. [↑](#footnote-ref-12)
12. $60,659,901 - $31.2 million cap = $29.4 million in savings. [↑](#footnote-ref-13)