***OCC EXHIBIT\_\_\_\_\_\_\_***

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

|  |  |  |
| --- | --- | --- |
| In the Matter of the Application ofOhio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan. | )))))) | Case No. 13-2385-EL-SSO |

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| --- | --- | --- |
| In the Matter of the Application ofOhio Power Company for Approval of Certain Accounting Authority. | ))) | Case No. 13-2386-EL-AAM |

**DIRECT TESTIMONY**

of

**JAMES D. WILLIAMS**

**On Behalf of**

**The Office of the Ohio Consumers' Counsel**

*10 West Broad Street, Suite 1800*

*Columbus, Ohio 43215-3485*

***May 6, 2014***

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**ATTACHMENTS**

JDW-1 List of Previous Testimony Filed at the PUCO by James Williams

JDW-2 The Ohio Poverty Report, Ohio Development Services Agency (February 2014)

JDW-3 Ohio Utility Rate Survey, Public Utilities Commission of Ohio (April 15, 2014)

JDW-4 April 2004 – April 2014 Ohio Utility Rate Survey Summary

JDW-5 Energy Choice Ohio Website CRES Offers (May 5, 2014)

JDW-6 AEP Ohio Response to OCC-INT-4-035

JDW-7 Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales for the Month Ending December 31, 2013

JDW-8 AEP Ohio Response to OCC-INT-10-242

JDW-9 AEP Ohio Response to OCC-INT-10-250

JDW-10 AEP Ohio Response to OCC-INT-4-066

JDW-11 AEP Ohio Response to OCC-INT-13-317

JDW-12 AEP Ohio Response to OCC-INT-4-045

JDW-13 AEP Outages Annual Reports 2012-2013

JDW-14 AEP Ohio Response to OCC-INT-13-310

JDW-15 AEP Ohio Response to OCC-INT-19-350

# I. INTRODUCTION

***Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.***

***A1*.** My name is James D. Williams. My business address is 10 West Broad Street, 18th Floor, Columbus, Ohio, 43215-3485. I am employed by the Office of the Ohio Consumers’ Counsel (“OCC”) as a Senior Consumer Protection Research Analyst.

***Q2. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE***

***A2.*** I am a 1994 graduate of Webster University, in St. Louis, Missouri, with a Master in Business Administration, and a 1978 graduate of Franklin University, in Columbus, Ohio, with a Bachelor of Science, Engineering Technology. My professional experience includes a career in the Air Force and over 18 years of utility regulatory experience with the OCC.

Initially, I served as a compliance specialist with the OCC and my duties included the development of compliance programs for electric, natural gas, and water industries. Later, I was appointed to manage all of the agency compliance specialists who were developing compliance programs in each of the utility industries. My role evolved into the management of the OCC consumer hotline, the direct service provided to consumers to resolve complaints and inquiries that involve Ohio utilities. More recently as a Senior Consumer Protection Research Analyst, I am responsible for investigating and recommending policy positions on issues that affect residential consumers. I have been directly involved in the development of comments in various rulemaking proceedings at the Public Utilities Commission of Ohio (“PUCO”) and the Ohio Development Services Agency (“ODSA”) advocating consumer protections, utility affordability, and the provision of reasonable access to essential utility services for residential consumers.

Specifically related to this proceeding, my experience has involved helping formulate OCC positions in rulemakings such as the Electric Service Safety Standards,[[1]](#footnote-1) set forth in Ohio Admin. Code 4901:1-10, and Metering Options,[[2]](#footnote-2) set forth in Ohio Admin. Code 4901:1-9. Additionally, I have helped formulate OCC positions in the Establishment of Credit Rules and the Disconnection of Gas, Natural Gas, or Electric Service for Residential Customers,[[3]](#footnote-3) set forth in Ohio Admin. Code 4901:1-17 and 4901:1-18. I have also participated in OCC case teams assigned to review the reasonableness of reliability performance standards proposed by AEP Ohio.[[4]](#footnote-4)

***Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR TESTIFIED BEFORE THIS COMMISSION?***

***A3*.** Yes. The cases in which I have submitted testimony and/or have testified before the PUCO can be found in attachment JDW-1.

# II. PURPOSE OF MY TESTIMONY

***Q4*. *WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?***

***A4****.* I am providing testimony on behalf of OCC to recommend that the PUCO consider customer affordability and the impact on at-risk populations prior to approving any aspect of the Utility’s proposed electric security plan (“ESP III”) that will increase the costs of electric service for customers. More specifically, I recommend that the PUCO:

* Reject the AEP Ohio proposed purchase of receivables (“POR”) program that would enable AEP Ohio to disconnect residential customers for the non-payment of unregulated CRES charges and to impose additional deposits;
* Not authorize the proposed Bad Debt Rider and the imposition of stringent late payment charges;
* Not continue the Distribution Investment Rider (“DIR”) or the Enhanced Service Reliability Rider (“ESRR”);
* Reject the AEP Ohio proposal to eliminate the standard time of use (“TOU”) tariff as a standard offer service;
* Not authorize AEP Ohio to recover costs associated with gridSMART Phase II until a sufficient analysis has been completed to ensure the benefits of the program exceed its costs.

# iii. AFFORDABILITY OF RETAIL ELECTRIC SERVICE

***Q5. DO THE STATE’S ELECTRIC SERVICE POLICIES REQUIRE THE PUCO TO CONSIDER CUSTOMER AFFORDABILITY IN APPROVING AN ESP?***

***A5.*** Yes. It is my understanding thatR.C. 4928.02(A) and (L) set forth the State policy concerning reasonably price retail electric service:

*(A) \* \* \* the availability to consumers of adequate, reliable, safe, efficient, nondiscriminatory, and* ***reasonably priced*** *retail electric service;*

and

*(L)* ***Protect[ing] at-risk populations****, including, but not limited to, when considering implementation of any new advanced energy or renewable energy resources; (Emphasis added.)*

From this, I conclude that the PUCO has a duty to ensure that the policies specified under this section of the Revised Code are being implemented through the proposed ESP. My understanding has been confirmed by counsel.

***Q6.* *HAS AEP OHIO DEMONSTRATED THAT ITS PROPOSED ESP WILL COMPLY WITH STATE POLICIES OF PROMOTING AFFORDABLE ELECTRIC SERVICE AND PROTECTING AT-RISK POPULATIONS?***

***A6***. No. Nothing in the AEP Ohio ESP III Application addresses the affordability of rates issue. To the contrary, AEP Ohio appears to be using the ESP III Application as a “catch all” for advancing other initiatives that will ultimately increase the cost of electricity for all residential consumers and without considering the impact on all consumers, including at-risk populations.

***Q7*. *WHAT ARE SOME EXAMPLES OF PROPOSALS IN THE ESP III APPLICATION THAT WILL HAVE A NEGATIVE IMPACT ON CUSTOMER AFFORDABILITY?***

***A7.*** There are several new or expanded riders in the proposed ESP that will significantly increase the cost of electric services and make electric services less affordable and further impact the at-risk population. Specifically, AEP Ohio proposed, as part of the Purchase of Receivables (“POR”) program, a waiver of PUCO rules that would enable the Utility to disconnect the electric service for at-risk customers for non-payment of unregulated Certified Electric Service (“CRES”) providers’ debt.[[5]](#footnote-5) Ohio Admin. Code 4901:1-10-19(A) specifically prohibits AEP Ohio from disconnecting residential electric service for customers who do not pay for non-tariff services, including CRES charges. In addition, the proposed POR program will result in more customers having to pay an additional security deposit.[[6]](#footnote-6)

AEP Ohio proposed a bad debt rider that shifts the collection risks for bad debt for CRES receivables from the CRES providers to customers.[[7]](#footnote-7) In addition, AEP Ohio has proposed to implement a late payment penalty without performing any studies or analysis to demonstrate a need for such a charge. This charge will increase the cost of electric service for any residential customer who makes a late payment including at-risk customers.[[8]](#footnote-8)

Second, related to the distribution system, AEP Ohio proposes to continue and expand the Distribution Investment Rider (“DIR”) program without considering the affordability impact or making a demonstration of quantifiable reliability benefits.[[9]](#footnote-9) Another OCC witness, David Effron has identified a significant amount of DIR costs that should not be included or collected from customers.[[10]](#footnote-10) AEP Ohio also proposed to continue and expand its Enhanced Service Reliability Rider without regard to taking into consideration the impact of collecting from customers an extra $25 million in “enhanced” vegetation management charges.[[11]](#footnote-11)

Third, the proposed Purchase Power Rider (“PPA”) will significantly increase the cost of electric services to all customers (SSO and shopping) without demonstrating any benefits to customers. Another OCC witness, James Wilson, has estimated that the proposed PPA is likely to increase costs to customers by approximately $140 million over three years, based on very conservative assumptions.[[12]](#footnote-12) He indicated that the actual cost of the proposed PPA can be much higher.[[13]](#footnote-13)

***Q8*. *SHOULD THIS ESP III APPLICATION BE REVIEWED IN CONJUNCTION WITH AEP OHIO’S OTHER PENDING PROCEEDINGS THAT CAN ALSO AFFECT AFFORDABILITY OF ELECTRIC SERVICE AND THE PROTECTION OF AT-RISK CONSUMERS?***

***A8.*** Yes. Affordability reviews must necessarily examine the impact that the outcome from other cases will have on the total electricity bill paid by the customer. For example, AEP Ohio has filed an Application for approval of its gridSMART Phase II program.[[14]](#footnote-14) The Utility evaluation of the gridSMART Phase I program was expected to be submitted to the PUCO around March 31, 2014.[[15]](#footnote-15) Yet, the Utility claims that it expects to receive approval to collect gridSMART Phase II costs prior to receiving an Order for the ESP III.[[16]](#footnote-16) The Utility further proposes that the current gridSMART Rider be used to recover gridSMART Phase II costs and that remaining gridSMART Phase I costs be rolled into the distribution investment rider.[[17]](#footnote-17) Despite these expectations, the Utility did not offer any analysis of the impact of such rate increases on the affordability of service for customers.

Considering that an analysis of AEP Ohio’s evaluation of the gridSMART Phase I program is crucial in determining if there are sufficient benefits for customers in gridSMART to support the additional costs, proposals addressing the mechanism to guarantee cost recovery are premature at best. Affordability must be considered by the PUCO in reviewing the Utility’s ESP. Moreover, the Utility should be required to demonstrate whether customers are furnished tangible quantifiable benefits through previous gridSMART charges.

***Q9.* *CAN YOU BRIEFLY DESCRIBE THE AT-RISK POPULATIONS OF OHIO CUSTOMERS THAT ARE AFFECTED BY THE ESP III?***

***A9.*** Yes. The at-risk populations that are affected by the proposed ESP III are Ohioans living in the AEP Ohio service territory with incomes that are at or below the federal poverty guidelines (“FPL”). A single-person household with a gross annual income of $11,670 would qualify at 100 percent of the FPL.[[18]](#footnote-18) A household of three persons with a gross annual household income of $19,790 would qualify at 100 percent of the FPL.[[19]](#footnote-19)

A review of The 2014 Ohio Poverty Report[[20]](#footnote-20) (attached herein as JDW-2), indicates that there are significant number of individuals and Ohio families who are living in poverty. The number of Ohio families living in poverty is also higher than the national average. Specifically, approximately 16.3 percent of Ohioans were in poverty compared with a 15.9 percent nationwide.[[21]](#footnote-21) Even more alarming, the at-risk population of Ohioans living in poverty has increased from 10.6 percent since 1999.[[22]](#footnote-22) Family poverty has also increased dramatically from 8.3 percent in 1999 to 12.0 percent in 2012.[[23]](#footnote-23)

The at-risk population of AEP Ohio customers who live in counties where the poverty levels exceed the state average should be a concern for the PUCO. Poverty levels in many of the Southeastern counties in Ohio have poverty levels well in excess of the statewide poverty level. For example, Athens County has the highest poverty rate in the state with a 32.2 percent level.[[24]](#footnote-24) Poverty in Vinton, Meigs, Pike, Scioto, Adams, and Jackson counties are close behind with poverty levels between 22.0 and 24.8 percent.[[25]](#footnote-25) However, significant poverty is not limited to the counties in the Southeastern region of the state. In fact, the poverty level in Allen, Franklin, Hardin, Highland, and Ross counties are also well in excess of the statewide poverty level.[[26]](#footnote-26)

The at-risk populations of AEP Ohio customers who live in cities should also be of concern to the PUCO because the level of poverty in urban areas has increased over the last 15 years in Ohio. For example, one of the largest cities served by AEP Ohio (Columbus) has a population of 771,624 residents and a poverty level of 22.0 percent in 2012, compared to 14.8 percent in 1999.[[27]](#footnote-27) Canton has a population of 70,725 and a poverty level of 30.8 percent in 2012 compared to 19.2 percent poverty level reflected in 1999.[[28]](#footnote-28) Lima is a third example of a city served by AEP Ohio that has a population of 35,712 and a poverty level of 35.9 percent compared to 22.7 percent in 1999.[[29]](#footnote-29) These are just a few examples of the high poverty rates in cities and counties served by AEP Ohio. The current extreme financial hardship of the many customers in these cities and counties must be considered by the PUCO prior to allowing AEP Ohio to impose even more increases on these at-risk populations. But there is simply no indication in the ESP III Application that AEP Ohio is moderating the financial impact of the proposed ESP III on these at-risk populations.

***Q10*. *ARE THERE OTHER AT-RISK POPULATION CONCERNS THAT THE PUCO SHOULD CONSIDER PRIOR TO APPROVING THE PROPOSED ESP?***

***A10.*** Yes. While high poverty rates throughout the AEP Ohio service territory raise serious concerns regarding the viability of additional rate increases, the PUCO should also consider the affordability in a broader sense. For instance, the PUCO should also consider the effect of the proposed ESP III on those customers whose incomes are close and slightly above the federal poverty level. This is also an at-risk population. I refer to this at-risk population as the “working poor.” This population of working poor can be especially adversely affected by the high costs of electric services (i.e. the lack of affordability for electric service) because they may not qualify for income-based assistance programs as explained later in this testimony. Table 1 provides a summary of the number of Ohioans with incomes close to the poverty level living in several high poverty level counties served by AEP Ohio.

**Table 1:**

**Ratio of Income to Poverty Level for Select Counties Served by AEP Ohio**[[30]](#footnote-30)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Ohio County** | **Population[[31]](#footnote-31)** | **100% Poverty** | **125% Poverty** | **150% Poverty** | **185% Poverty** | **200% Poverty** |
| Athens | 55,609 | 32.2% | 35.5% | 41.7% | 48.7% | 50.2% |
| Adams | 28,204 | 23.1% | 30.9% | 37.5% | 44.2% | 49.1% |
| Allen | 101,754 | 18.8% | 23.3% | 27.9% | 35.1% | 38.0% |
| Franklin | 1,143,075 | 17.7% | 22.0% | 26.2% | 32.3% | 34.7% |
| Hardin | 29,761 | 18.0% | 24.2% | 28.9% | 36.7% | 39.4% |
| Highland | 42,859 | 17.6% | 24.7% | 31.9% | 41.5% | 44.2% |
| Jackson | 32,793 | 24.8% | 31.3% | 36.0% | 45.8% | 49.2% |
| Meigs | 23,340 | 21.6% | 27.4% | 34.5% | 42.4% | 45.9% |
| Pike | 28,191 | 22.0% | 30.4% | 36.0% | 43.5% | 45.8% |
| Ross | 71,418 | 19.1% | 23.7% | 28.6% | 36.9% | 39.4% |
| Scioto | 75,634 | 23.0% | 30.1% | 35.0% | 44.5% | 46.5% |

As can be seen in Table 1, a significant number of Ohioans living in counties that are served by AEP Ohio have incomes that are close to the poverty level. While the incomes of these Ohioans may be slightly above the federal poverty level, these people are already facing significant drains on their incomes for basic living expenses such as shelter, food, transportation, health and safety. Increases in the cost of electric service have to be absorbed in budgets that are already stretched thin. There is no indication in the ESP III Application that AEP Ohio moderated the financial impact of the proposed ESP on this at-risk population.

***Q11.* *HOW DOES AEP OHIO’S TOTAL MONTHLY BILL FOR ELECTRIC SERVICE FOR TYPICAL RESIDENTIAL CUSTOMERS COMPARE WITH THE TOTAL MONTHLY BILLS FOR ELECTRIC SERVICE IN OTHER OHIO CITIES SERVED BY OTHER UTILITIES?***

***A11.*** Currently, AEP Ohio (as shown in the electric bills of the cities of Canton and Columbus) has the highest cost electricity of any other electric utility in the state based on the April 2014 Ohio Utility Rate Survey compiled by the PUCO. Table 2 provides a comparison of electric bills for several major Ohio cities combined with relevant poverty information. The electric bill is for a residential customer with a monthly usage of 750 kWh.

**Table 2: Electric Bills and Poverty Levels in Ohio Cities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **City[[32]](#footnote-32)** | **Population[[33]](#footnote-33)** | **Poverty Level[[34]](#footnote-34)** | **Electric Bill[[35]](#footnote-35)** | **Rate per KWH[[36]](#footnote-36)** |
| Akron | 195,182 | 26.8% | $98.33 | $0.13 |
| Canton | 70,725 | 30.8% | $114.06 | $0.15 |
| Cincinnati | 285,778 | 29.4% | $91.27 | $0.12 |
| Cleveland | 388,144 | 34.2% | $94.65 | $0.13 |
| Columbus | 771,624 | 22.0% | $123.10 | $0.16 |
| Dayton | 128,003 | 33.8% | $107.36 | $0.14 |
| Toledo | 280,082 | 26.8% | $96.97 | $0.13 |
| Youngstown | 61,943 | 35.6% | $98.33 | $0.13 |
| **Average** |  |  | **$103.01** | **$0.14** |

Table 2 demonstrates that AEP Ohio’s customers in the Columbus area have the highest monthly total electric bills in the State. Bills for Columbus customers are already 19.5 percent higher than the average electric bill in other major Ohio cities. Comparing bills for Columbus and Cincinnati residential customers, the AEP Ohio Columbus customers are paying bills that are 34.8 percent higher. Residential customers in the AEP Ohio service territory in Canton have bills that are 10.7 percent higher than the state average electric bill. Comparing electric bills for AEP Ohio Canton customers with the Ohio Edison served Akron residential customers, the Canton customer bills are 15.9 percent higher.

The disparity in total electric bills for residential customers across the state gets even worse considering the recent PUCO approval of an additional $2.38 per month charge for AEP Ohio’s residential customers for Storm Damage Recovery Rider costs.[[37]](#footnote-37) With these additional charges, AEP Ohio’s Columbus customers are paying bills that are 21.8 percent higher than the average electric bill in Ohio for the same consumption. AEP Ohio’s Canton customers are now paying bills that are 13.0 percent higher than the average electric bill. Yet the poverty level in Columbus is 22.0 percent and the number of people with incomes near the poverty level for Franklin County is 34.7 percent. The poverty level for Canton is 30.8 percent and the number of persons with incomes near the poverty level for Stark County is 33.7 percent. The approval of the ESP III with the significant additional costs being passed on to AEP Ohio’s customers is ill advised, especially during these challenging economic times. In fact, electric prices in Ohio are among the highest in the nation.[[38]](#footnote-38)

***Q12.* *HOW DO THE ELECTRIC BILLS FOR AEP OHIO’S CUSTOMERS COMPARE WITH OTHER ELECTRIC UTILITIES OVER THE LAST DECADE?***

***A12****.* Over the last ten years, AEP Ohio has changed from being one of the lowest-cost utilities a decade ago to the highest cost electric utility today in the state of Ohio. Chart 1 provides a graphical comparison of the yearly April bill for customers in different locations (and served by different utilities) across Ohio over the last ten years.[[39]](#footnote-39)

**Chart 1: Comparison of Electric Bills April 2004 – April 2014**

As seen in Chart 1, AEP Ohio’s monthly bills in the Columbus Southern Power and Ohio Power service territories went from being the lowest cost to the highest cost bills in the last ten years. Columbus Southern Power’s bills have increased 88.7 percent (from $65.22 to $123.10) and Ohio Power’s bills have increased 112.8 percent (from $53.60 to $114.06). For Duke Energy of Ohio customers, the monthly electric bill increased 50.3% (from $60.71 to $91.27). For CEI customers, the monthly electric bill increased 18.2% (from $80.08 to $94.65). For Ohio Edison and Toledo Edison customers, increases of 15.0% and 15.9% respectively occurred over the last decade.

***Q13.* *ARE THERE OTHER INDICATIONS THAT AFFORDABILITY OF RETAIL ELECTRIC SERVICE FOR RESIDENTIAL CUSTOMERS IN AEP OHIO’S SERVICE TERRITORY IS AN ISSUE THAT SHOULD BE ADDRESSED IN DETERMINING RATES IN THIS CASE?***

***A13.***Yes. As can be seen on Table 3 below, a significant number of AEP Ohio’s residential customers are already struggling to afford electric service under existing Modified ESP II rates. The proposed rates under AEP Ohio’s ESP III Application will cause customers’ rates to increase even more. Table 3 provides a summary based on 2013 data of the number of AEP Ohio customers who were disconnected for non-payment, customers on the low-income Percentage Income Payment Plan (“PIPP”) Plus, and the average number of customers on a monthly basis who were on another payment plan compared with 2011. I define these customers as part of the at-risk population that the statute, R.C. 4928.02(L), refers to.

To qualify for PIPP Plus, customers must have a household income not exceeding 150 percent of the Federal Poverty Guidelines.[[40]](#footnote-40) Rather than paying the actual bill, PIPP Plus customers are billed six percent of their monthly household income for electricity (ten percent if all-electric), and the difference from the actual bill accrues as an arrearage.[[41]](#footnote-41) Customers who have household incomes that exceed the PIPP guidelines can apply for another payment plan such as the one-ninth, one-sixth, and one-third payment plans set forth in Ohio Admin. Code 4901:1-18-05(B).

**Table 3: Disconnections, PIPP Plus, Payment Plans[[42]](#footnote-42) (2011 - 2013)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Metrics** | **2011** | **2013** | **Percentage Change** | **Percentage of Total Customers[[43]](#footnote-43)** |
| Disconnections for Non-payment | 68,526[[44]](#footnote-44) | 98,917[[45]](#footnote-45) | 36.1% | 7.6% |
| Average Number on PIPP Plus | 112,395 | 136,085 | 21.1% | 10.6% |
| Average Number of Customers on Payment Plans | 51,270 | 47,245 | (7.8%) | 3.7% |

Table 3 demonstrates that approximately 98,918 (7.6%) of AEP Ohio customers were disconnected for non-payment in 2013. This is a 36.1 percent increase from the number of disconnections in 2011. This is a strong indicator that AEP Ohio customers are experiencing increasing difficulty paying their electric bills. In addition, approximately 136,085 (10.6%) of low-income AEP Ohio customers were on the specialized PIPP Plus payment programs to avoid loss of service.[[46]](#footnote-46) This is another strong indicator of the magnitude of AEP Ohio customers who need special assistance to maintain electric service. Another 47,245 (3.7%) of AEP Ohio customers were on other payment plans during an average month in an attempt to avoid disconnection of service.[[47]](#footnote-47)

Thus, in total approximately 283,000 of AEP Ohio’s approximate 1,300,000 residential customers are struggling to pay their current electric bills. This represents approximately 21.8 percent of the total residential customers. These numbers show that affordability is a serious issue that the PUCO must address as it determines whether to accept or modify the proposed ESP III. The proposed ESP III will raise rates even higher and may make electric service unaffordable for many AEP Ohio customers. Such a result would be inconsistent with the policies of the state, discussed above.

# IV. RECOMMENDATIONS TO ENSURE THE AVAILABILITY OF ADEQUATE AND REASONABLY PRICED ELECTRIC SERVICE

***Q14.* *DO YOU RECOMMEND MODIFICATIONS OF AEP OHIO’S ESP III APPLICATION THAT WILL HELP ENSURE FOR OHIOANS THE AVAILABILITY OF ADEQUATE AND REASONABLY PRICED ELECTRIC SERVICE?***

***A14****.* Yes. I make recommendations in addition to the recommendations made by OCC Witness Kahal that the PUCO should not approve the proposed POR and Bad Debt Rider that AEP Ohio wants customers to pay. In addition to the reasons cited in their testimony for disapproving these initiatives, the PUCO should also not authorize a waiver of PUCO rules that prohibit AEP Ohio from disconnecting electric service customers for non-payment of unregulated CRES charges. Furthermore, the PUCO should prohibit AEP Ohio from collecting additional deposits from CRES customers and from imposing stringent late payment charges. The PUCO should discontinue the current Distribution Investment Rider (“DIR”) and the Enhanced Service Reliability Riders (“ESRR”) that are charged to customers. Furthermore, the PUCO should not approve the Utility’s proposal to eliminate its standard Time of Use (“TOU”) tariffs that some customers are using to purchase electricity. Finally, the PUCO should consider affordability to customers prior to deciding whether to approve any part of the AEP Ohio gridSMART Phase II, for the reasons discussed below.

***Q15. DO YOU HAVE GENERAL CONCERNS WITH THE PROPOSED PURCHASE OF RECIEVABLES PROGRAM?***

***A15.*** Yes. As noted in the OCC Comments in the 12-3151-EL-COI docket, OCC is opposed to the POR program proposed by AEP Ohio for a number of reasons. First, the POR would impose significant costs[[48]](#footnote-48) on customers without any quantifiable benefits. Second, AEP Ohio failed to include any specific support for the POR program. Instead the Utility relied on general anecdotal evidence to support the proposal. AEP Ohio failed to provide any cost-benefit analysis to demonstrate if the increased costs are supported with quantifiable benefits for customers.

Third, there is no need to jump start competition in the AEP Ohio service territory based on the large number of CRES providers that are currently competing to sign up customers. Fourth, the proposed POR provides regulatory certainty in guaranteeing cost recovery for CRES providers in the collection of their unregulated bad debt and uncollectible expenses. This regulatory certainty in the collection of unregulated bad debt is an anti-competitive subsidy that is contrary to my understanding of the state policy in R. C. 4928.02(H). Charges to distribution customers should not be used to subsidize deregulated generation functions.

## A. Waiver of Disconnection Rules

***Q16. CAN YOU BRIEFLY DISCUSS CUSTOMER AFFORDABILITY CONCERNS WITH THE AEP OHIO PROPOSAL TO ESTABLISH A PURCHASE OF RECEIVABLES PROGRAM?***

***A16.*** Yes. In addition to the discount rate issue discussed in the Testimony of OCC Witness Kahal, the Utility intends to seek a waiver to PUCO rules that would enable disconnection of customers’ electric service by AEP Ohio for non-payment of unregulated CRES charges.[[49]](#footnote-49) Currently, AEP Ohio renders consolidated bills including both regulated and unregulated charges. Ohio Admin. Code 4901:1-10-19 prohibits the Utility from disconnecting service for non-payment of non-tariff services, including CRES charges. To the extent that customers do not pay the unregulated charges, their CRES contract can be cancelled and they can be returned to the Utility standard offer service.[[50]](#footnote-50)

Even though electric choice has been available in Ohio since January 1, 2001 and 27.2 percent of the residential electric load is shopping[[51]](#footnote-51) with a CRES provider, AEP Ohio now claims that it needs the additional leverage that is associated with disconnecting customers for non-payment of unregulated charges to make sure customers pay their bills.[[52]](#footnote-52) However, the non-payment of CRES charges does not appear to be an issue when, according the PUCO Energy Choice Ohio website (attached herein as JDW-5), there are currently fifty-one different competitive offers being made by twenty CRES providers that are available for customers who are considering shopping. Given that AEP Ohio performed no analysis of the number of additional CRES providers who might enter the Ohio market with a POR program, there is no basis for the PUCO to approve the proposed POR.[[53]](#footnote-53) Yet, the change proposed by the Utility can increase the number of service disconnections and also the amount of delinquency (reconnection charges and prior balances) that customers must pay in order to have services reconnected.

To the extent that the delinquent amounts are not ultimately paid, the debt will be included in the Bad Debt Rider paid by all customers as proposed by AEP Ohio and discussed later in this testimony. It is inappropriate that AEP is requesting authority to disconnect customers of its rate-of-return regulated electric distribution utility service for their nonpayment of a separate company’s non-tariffed charges. A waiver of Ohio Admin. Code 4901:1-10-19 circumvents important consumer protections designed to prevent customers from being disconnected for non-payment of charges that are not rate-regulated by the PUCO.

## B. Additional Deposits for CRES Service

AEP Ohio intends to require deposits from customers who have previously switched to a CRES provider, if its proposal for purchase of CRES receivables is approved.[[54]](#footnote-54) Currently, AEP Ohio collects deposits, when required, on only its distribution portion of the bill when the customer is also served by a CRES provider.[[55]](#footnote-55) For residential customers served on the standard service offer, AEP Ohio collects deposits on its entire service. Last year, AEP Ohio collected deposits from a total of 383,516 residential customers and an average deposit amount was $65.50.[[56]](#footnote-56) Since many of these customers have also likely switched to CRES providers,[[57]](#footnote-57) the portion of the deposit that AEP Ohio is currently holding applies only to the distribution charges. An additional deposit will now be required for the CRES charges if the PUCO were to approve the proposed POR.

This proposal is troublesome because many of these customers may have already secured their service with a deposit through the CRES provider, or the CRES provider determined that a deposit was unnecessary. CRES providers are required to establish reasonable and nondiscriminatory creditworthiness standards that may require a deposit or other reasonable demonstration of creditworthiness as a condition for serving customers.[[58]](#footnote-58) CRES providers may consider creditworthiness and bad debt risk in their determination of the rates that customers are being charged for service. It is fundamentally unfair to require customers to pay multiple deposits for the same service. The AEP Ohio additional deposit for CRES charges is just another charge that contributes to the overall unaffordability of service. Finally, the imposition of additional deposits or security for service is not supported by Ohio law to the extent that the request for security is not made within 30 days after the customer initiates service.[[59]](#footnote-59)

**C. Bad Debt Rider**

***Q17.* *CAN YOU BRIEFLY DISCUSS AFFORDABILITY CONCERNS WITH THE AEP OHIO PROPOSAL TO ESTABLISH A BAD DEBT RIDER TO CHARGE CUSTOMERS?***

***A17.*** Yes. AEP Ohio proposed the establishment of a Bad Debt Rider concurrent with the POR program without considering the financial impact that a Bad Debt Rider can have on consumers.[[60]](#footnote-60) Because the Bad Debt Rider is being implemented with an initial discount rate of zero for the POR program,[[61]](#footnote-61) the collection risk for unregulated debt is being shifted from the CRES providers to customers in violation of Ohio law. It is my understanding and as advised by counsel, that R.C. 4928.02(H) prohibits subsidies between competitive and noncompetitive services including recovery of generation-related charges through distribution rates. Since the PUCO has no regulatory authority concerning the prices that CRES providers charge for service, the Bad Debt Rider could be used to recover unregulated charges that exceed the AEP Ohio charges for the alternative regulated standard offer service. The AEP Ohio response to OCC-INT-10-242 (attached herein as JDW-8) confirmed that regardless of the rate the CRES provider charges for generation service, the Bad Debt Rider can ultimately be used to recover uncollectable costs.

AEP Ohio currently collects approximately $12,221,000 in regulated bad debt expenses that are included in the distribution rates.[[62]](#footnote-62) The Utility proposes to establish an annual true-up where the level of the rider would be based upon under or over-recoveries from the previous year of the baseline bad debt expense. However, the AEP Ohio response to OCC-INT-10-250 (attached herein as JDW-9), claims that the amount of CRES bad debt on consolidated bills that was not collected by AEP Ohio, and was therefore returned to CRES providers for standard collection practices, was approximately $3,500,000 in 2013.

Had the proposed Bad Debt Rider been in effect in 2013 and AEP Ohio’s level of current bad debt expense without CRES receivables remained at the $12,221,000 level, the $3,500,000 of CRES bad debt would be an added expense to the bad debt rider -- meaning increases in electric bills for customers. AEP should not be permitted to render a charge to its distribution customers for CRES providers’ uncollectable charges and bad debt costs. CRES providers should be responsible for their own bad debt expenses.

## D. Late Payment Charge

An additional affordability concern with the Bad Debt Rider is the AEP Ohio proposal to establish a Late Payment Charge. The Utility is proposing a Late Payment Charge of 1.5 percent for all residential service tariffs, including CRES receivables that are not paid within five days of the due date.[[63]](#footnote-63) The Utility provided no justification for the need for a Late Payment Charge other than the fact that other utilities have late payment charges.[[64]](#footnote-64) The Utility included no studies or analysis that can be used to determine if the number of payments that are not timely paid on a monthly basis has any negative financial impact on the Utility.[[65]](#footnote-65) AEP Ohio did not consider the impact of high electric bills and the effect on consumers’ ability to pay the bill.[[66]](#footnote-66) The imposition of an additional 1.5% on the unpaid balance just adds to the overall unaffordability of the bill. In addition, AEP Ohio’s proposed late payment charge is significant in terms of the number of customers who could be negatively affected, and would go beyond the late payment charges that other Ohio electric utilities have. For example, Duke Energy does not charge for late payments on the unpaid account balances for CRES charges.[[67]](#footnote-67) FirstEnergy only imposes late payment charges on customers if the bill is not paid five days after the due date as noted in its tariff.[[68]](#footnote-68) The major natural gas utilities in Ohio only bill late payment charges if there are unpaid balances owed when they generate the next bill.[[69]](#footnote-69) By comparison, the AEP Ohio proposed Late Payment Charge is assessed much sooner in the collection cycle.

## E. DIR and ESRR Riders

***Q18.*** ***CAN YOU BRIEFLY DISCUSS AFFORDABILITY AND OTHER CONCERNS WITH THE AEP OHIO PROPOSAL TO CONTINUE AND EXPAND THE DIR AND ESRR RIDERS THAT IT CHARGES TO CUSTOMERS?***

***A18.*** AEP Ohio proposed the continuance and expansion of the expensive DIR Rider without considering the affordability impact or committing to any quantifiable reliability benefits.[[70]](#footnote-70) The PUCO approved the DIR in the Modified ESP II for the purpose of expedited recovery of distribution investments that were expected to maintain or improve reliability.[[71]](#footnote-71) The level of the DIR was capped at $86 million in 2012, $104 million in 2013, $124 million in 2014, and $51.7 million for 5 months in 2015.[[72]](#footnote-72) AEP Ohio has now requested to expand the expedited recovery of DIR charges to $241.9 million in 2015, $214.8 million in 2016, $235 million in 2017, and 239.2 million in 2018.[[73]](#footnote-73) But the original purpose of DIR was to modernize distribution infrastructure where there were quantifiable reliability improvements for customers.[[74]](#footnote-74) OCC Witness Effron recommends that if the PUCO approves the continuation of the DIR, it should not be expanded to include additions to general plant.[[75]](#footnote-75) I recommend that the PUCO not approve continuation of the DIR. The current DIR is 17.15692% of customer’s distribution charges.[[76]](#footnote-76) The DIR currently costs $4.62 per month for a residential consumer using 750kWh.[[77]](#footnote-77)

***Q19****.* ***BEYOND THE IMPACT OF THE DIR INCREASE ON CUSTOMERS’ BILLS, DO YOU HAVE CONCERNS IN GENERAL WITH THE DIR?***

***A19.*** Yes. Despite the expedited recovery of distribution investments through the DIR, and a requirement to quantify reliability improvements, the Utility has not assured improved reliability for customers.[[78]](#footnote-78) The Utility is unable or unwilling to commit to any additional reliability improvements that customers should expect to receive as a result of paying for the DIR.[[79]](#footnote-79) The PUCO required AEP Ohio to quantify the reliability improvements for customers that are expected through the DIR in plans that are filed with the PUCO.[[80]](#footnote-80)

Yet, while the DIR work plans filed in cases 12-3029-EL-UNC and 13-2394-EL-UNC reflect the DIR investments that the Utility intends to make the following year (and charge to customers), there is no quantification or analysis demonstrating improved reliability included in the plans. In response to OCC discovery, AEP Ohio provided information reflecting modest reductions in outages associated with a few components of the DIR work plan.[[81]](#footnote-81) However, as seen in Chart 2, there has not been a reduction in the overall number of outages, number of customers interrupted, and customer minutes interrupted (“CMI”).

**Chart 2: AEP Ohio Outages 2012 - 2013**[[82]](#footnote-82)

Even with the DIR in 2013, the reliability of the distribution system as measured by number of outages, customer interruptions, and CMI did not significantly change between 2012 and 2013. In fact, there was an approximate 15 percent increase in the number of outages, a 5.03 percent increase in the number of customers interrupted and a 2.4 percent increase in CMI.

Since AEP Ohio has not and will not quantify the customers benefits of reliability improvements associated with the DIR, the PUCO is unable to assess the priority of continuing the DIR given the more apparent and immediate need of reducing AEP Ohio’s bills. AEP Ohio even acknowledges that there needs to be a balance for customers between low costs and acceptable levels of reliability.[[83]](#footnote-83)

There is no indication in the AEP Ohio ESP III Application that the Utility is unable to continue meeting its reliability service standards if the DIR is not continued and expanded to include General Plant Accounts. In addition, according to the Utility response to OCC-INT-13-310 (attached herein as JDW-14), AEP Ohio is not claiming that reliability will decline if the DIR is not continued.

One final issue is that AEP Ohio proposed the continuance and expansion of the Enhanced Service Reliability Rider without regard to the impact that an incremental $25 million in “enhanced” vegetation management will have on customers.[[84]](#footnote-84) The PUCO has authorized and approved sufficient funding for the Utility to transition to a four-year cycle based vegetation management program.[[85]](#footnote-85) Continued recovery of both Operations and Maintenance (“O&M”) and capital costs related to tree-trimming should be included in the distribution base rates where all AEP Ohio expenses and capital costs can be reviewed.

## F. Elimination of the Standard Time of Use Tariffs

***Q20. DO YOU HAVE CUSTOMER AFFORDABILITY CONCERNS WITH THE AEP OHIO PROPOSAL TO ELLIMINATE THE STANDARD TOU TARIFF?***

***A20*.** Yes. AEP Ohio proposed to eliminate the standard Time of Use (“TOU”) tariffs. TOU rates are a tool that can enable customers to better manage their electric usage to reduce their electric bill.[[86]](#footnote-86) But AEP recommends taking away a means for customers to control their electric bills.

AEP Ohio claims that TOU service is more appropriately obtained in the market from CRES providers. However, based upon a review of the PUCO Ohio Energy Choice Website (JDW-5), there are no readily available TOU offers for these customers to enroll in. Upwards of 915 customers who have been on TOU rates for substantial periods of time could be impacted if the PUCO approves the elimination of these tariff offers.[[87]](#footnote-87) Furthermore, AEP Ohio acknowledges being unaware of any CRES offers for residential TOU service.[[88]](#footnote-88)

OCC has recommended that the Electric Distribution Utilities retain demand, load, or time-differentiated pricing as a tariff-based option to the standard service offer.[[89]](#footnote-89) Time-differentiated pricing by the utilities, with a level of PUCO oversight that accompanies a tariffed program, is necessary as the market emerges for these more specialized types of offers. Customers could be harmed by elimination of the utility’s TOU tariff, as the utility’s TOU tariff provides the benefit of PUCO review of a service offering that has the potential for customer confusion. The majority of the electric utilities in the state continue to have tariff-based TOU offers.

AEP Ohio previously sought PUCO approval to end the opportunity for residential customers to voluntarily participate in the experimental dynamic and time-differentiated pricing options that are available through the gridSMART Phase I initiative.[[90]](#footnote-90) Elimination of the experimental pricing options can have an immediate impact on the 9,000 customers who are participating in the programs.[[91]](#footnote-91) I am concerned about the elimination of these pricing options when AEP Ohio’s bills are so high and customers have few options to reduce their bills. TOU rates are supposed to be an alleged benefit of the gridSMART/meter costs that customers are paying for.[[92]](#footnote-92) OCC filed comments opposing this waiver on the basis that customers should be obtaining the benefits from the time-differentiated pricing capabilities available from the advanced meters installed as part of the gridSMART Phase I program.[[93]](#footnote-93)

Additionally, eliminating the experimental pricing option may thwart the development of these types of competitive pricing options in the future. The Commission should evaluate the experimental pricing programs that were made available to customers in the gridSMART Phase I program to determine the benefits and level of savings (if any) that customers can obtain through time-differentiated offers.

Part of this evaluation involving data exchange protocols should occur in the ensuing dialogue between the PUCO Staff, EDU’s, CRES providers, and consumer representatives in the Market Development Working Group that was recently established by the PUCO.[[94]](#footnote-94)

## G. GridSMART Phase II

***Q21. DO YOU HAVE ANY OTHER CUSTOMER AFFORDABILITY CONCERNS?***

***A21*.** Yes. AEP Ohio filed an Application for approval of the gridSMART Phase II program.[[95]](#footnote-95) The Utility claims that it expects to receive approval to charge customers for gridSMART Phase II costs prior to receiving an Order for the ESP III.[[96]](#footnote-96) The Utility further proposes that the current gridSMART Rider be used to charge customers for gridSMART Phase II costs and that remaining gridSMART Phase I costs be rolled into the DIR for customers to pay.[[97]](#footnote-97)

I am concerned that charging residential customers several more dollars on a monthly basis to pay for gridSMART Phase II program exacerbates the affordability issues that are addressed in this testimony.[[98]](#footnote-98) The evaluation of the gridSMART Phase I program was completed and submitted to the PUCO in March 2014. Until there has been a complete review of the Phase I program, the PUCO should not authorize AEP Ohio to begin gridSMART Phase II. Additionally, there should be an opportunity for full vetting of the issues by stakeholders, including by representatives of the customers that would pay the costs.

## H. Pilot Throughput Balancing Adjustment Rider

***Q22. DO YOU HAVE ANY CONCERNS WITH THE PILOT THROUGHPUT BALANCING ADJUSTMENT RIDER?***

***A22.***Yes. AEP Witness Moore proposed continuation of the pilot throughput balancing adjustment through the term of the ESP III.[[99]](#footnote-99)

***Q23. DO YOU AGREE WITH THIS PROPOSAL?***

***A23***. No. This rider was created as part of a Stipulation in AEP’s last distribution rate case.[[100]](#footnote-100) It was established on a pilot basis for further evaluation in connection with AEP’s Energy Efficiency/Peak Demand Reduction plan. Since it was designed to be assessed as part of AEP’s EE/PDR plan, any extension of the pilot should be addressed in connection with extension of AEP’s EE/PDR plan.

# v. CONCLUSION

***Q24. DOES THIS CONCLUDE YOUR TESTIMONY?***

***A24.*** Yes. However, I reserve the right to incorporate new information that may subsequently become available through outstanding discovery or otherwise.

**CERTIFICATE OF SERVICE**

It is hereby certified that a true copy of the foregoing *Testimony of James D. Williams on Behalf of the Office of the Ohio Consumers’ Counsel* has been served via electronic transmission this 6th day of May 2014.

 */s/ Maureen R. Grady*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Maureen R. Grady

 Assistant Consumers’ Counsel

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1. *In the Matter of the Commission’s Review of Chapters 4901:1-10 of the Ohio Administrative Code,* Case No. 12-2050-EL-ORD. [↑](#footnote-ref-1)
2. *In the Matter of the Commission’s Review of Chapter 4901:1-9 Ohio Administrative Code Regarding Metering Options,* Case No. 12-2049-EL-ORD. [↑](#footnote-ref-2)
3. *In the Matter of the Commission’s Review of Its Rules for the Establishment of Credit for Residential Utility Services and the Disconnection of Gas, Natural Gas or Electric Services to Residential Customers Contained in Chapters 4901:1-17 and 4901:1-18 of the Ohio Administrative Code,* Case No. 13-274-AU-ORD. [↑](#footnote-ref-3)
4. *In the Matter of the Establishment of 4901:1-10-10(B) Minimum Reliability Performance Standards for Columbus Southern Power Company and Ohio Power Company,* Case Nos. 09-756-EL-ESS and 12-1945-EL-ESS. [↑](#footnote-ref-4)
5. AEP Ohio ESP III Application, Direct Testimony of Stacy Gabbard at 17. [↑](#footnote-ref-5)
6. Id. at 16. [↑](#footnote-ref-6)
7. Id. at 8. [↑](#footnote-ref-7)
8. AEP Ohio ESP III Application, Direct Testimony of Gary Spitznogle at 10. [↑](#footnote-ref-8)
9. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 16. [↑](#footnote-ref-9)
10. Direct Testimony of Mr. David Effron at 15. [↑](#footnote-ref-10)
11. Id. at 19-20 [↑](#footnote-ref-11)
12. Direct Testimony of Mr. James Wilson at 6. [↑](#footnote-ref-12)
13. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dian at 19-20. [↑](#footnote-ref-13)
14. *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of Its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR, Application (September 13, 2013). [↑](#footnote-ref-14)
15. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 10-11. [↑](#footnote-ref-15)
16. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 11. [↑](#footnote-ref-16)
17. Id. [↑](#footnote-ref-17)
18. http://aspe.hhs.gov/poverty/14poverty.cfm [↑](#footnote-ref-18)
19. Id. [↑](#footnote-ref-19)
20. http://www.development.ohio.gov/files/research/P7005.pdf [↑](#footnote-ref-20)
21. Id at Table A1. [↑](#footnote-ref-21)
22. Id at 6. [↑](#footnote-ref-22)
23. Id at 8. [↑](#footnote-ref-23)
24. Id at 14. [↑](#footnote-ref-24)
25. Id. [↑](#footnote-ref-25)
26. Id. [↑](#footnote-ref-26)
27. Id at Table A6. [↑](#footnote-ref-27)
28. Id. [↑](#footnote-ref-28)
29. Id. [↑](#footnote-ref-29)
30. Id at Table A7. [↑](#footnote-ref-30)
31. Persons for Whom Poverty Status was Determined. [↑](#footnote-ref-31)
32. Ohio Utility Rate Survey (April 15, 2014) (Attached herein as JDW-3). Please note that Akron is served by the Ohio Edison Company, Canton by AEP Ohio, Cincinnati by Duke Energy Ohio, Cleveland by Cleveland Electric Illuminating Company, Columbus by AEP Ohio, Dayton by Dayton Power and Light, Toledo by Toledo Edison, and Youngstown by Ohio Edison. [↑](#footnote-ref-32)
33. Ohio Poverty Report at A6. [↑](#footnote-ref-33)
34. Id. [↑](#footnote-ref-34)
35. Ohio Utility Rate Survey (April 15, 2014) (Attached herein as JDW-3). [↑](#footnote-ref-35)
36. Id. [↑](#footnote-ref-36)
37. *In the Matter of the Application of Ohio Power Company to Establish Initial Storm Damage Recovery Rider Rates,* Case No. 12-3255-EL-RDR, Revised Tariff Pages PUCO Tariff No. 20 (April 16, 2014). [↑](#footnote-ref-37)
38. http://www.eia.gov/electricity/monthly/current\_year/february2014.pdf [↑](#footnote-ref-38)
39. Summary of April 2004 through April 2014 Residential Bills as Reflected in the PUCO Ohio Utility Rate Survey Reports (Attached herein as JDW-4). [↑](#footnote-ref-39)
40. Ohio Admin. Code 122:5-3-02(B)(1). [↑](#footnote-ref-40)
41. Ohio Admin. Code 122:5-3-04. [↑](#footnote-ref-41)
42. *In the Matter of the Commission’s Review of Chapters 4901-1-17 and 4901:1-18, and Rules 4901:1-5-07, 4901:1-10-22, 4901:1-13-11, 4901:1-15-17, 4901:1-21-14, and 4901:1-29-12 of the Ohio Administrative Code*, Case No. 08-723-AU-ORD, PIPP Plus Metrics Data reported to the PUCO Staff. [↑](#footnote-ref-42)
43. According to the PIPP Plus Metrics data, the average number of residential customer is 1,287,000. [↑](#footnote-ref-43)
44. *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, Ohio Revised Code*, Case No. 11-2682-GE-UNC, Columbus Southern Power Company’s and Ohio Power Company’s Notice of Filing Service Disconnection for Nonpayment Report at 3 (June 30, 2011). [↑](#footnote-ref-44)
45. *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, ORC*, Case No. 13-1245-GE-UNC, Ohio Power Company’s Service Disconnection for Nonpayment Report at 2 (June 25, 2013). [↑](#footnote-ref-45)
46. Ohio Development Services Agency, Percentage of Income Payment Plan Plus Presentation made to the Public Benefits Advisory Board (April 17, 2014). [↑](#footnote-ref-46)
47. PIPP Plus Metrics Data provided by the PUCO. [↑](#footnote-ref-47)
48. See *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger is Approved, as a Merged Company (collectively, AEP Ohio) for an Increase in Electric Distribution Rates*, Case No. 12-351-EL-COI, Application for Rehearing of Ohio Power Company at 3 (December 14, 2011). [↑](#footnote-ref-48)
49. AEP Ohio ESP III Application, Direct Testimony of Stacy Gabbard at 17. [↑](#footnote-ref-49)
50. Ohio Admin. Code 4901:1-10-19(E)(2). [↑](#footnote-ref-50)
51. http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/SWITCH % 20RATES%20SALES/2013/4Q2013.pdf (attached herein as JDW-5). [↑](#footnote-ref-51)
52. AEP Ohio ESP III Application, Direct Testimony of Stacy Gabbard at 13. [↑](#footnote-ref-52)
53. AEP Ohio Response to OCC-INT-4-035 (attached herein as JDW-6). [↑](#footnote-ref-53)
54. AEP Ohio ESP III Application, Direct Testimony of Stacy Gabbard at 16. [↑](#footnote-ref-54)
55. Id. [↑](#footnote-ref-55)
56. *In the Matter of the Annual Report of Service Disconnections for Nonpayment Required by Section 4933.123, ORC*, Case No. 13-1245-GE-UNC, Ohio Power Company’s Service Disconnection for Nonpayment Report at 3 (June 5, 2013). [↑](#footnote-ref-56)
57. According to the PUCO Summary of Switch Rates to CRES Providers in Terms of Sales for the Month Ending December 31, 2013 (Attached Herein as JDW-7), approximately 27.2% of the residential load is served by CRES providers. [↑](#footnote-ref-57)
58. Ohio Admin. Code 4901:1-21-07(A). [↑](#footnote-ref-58)
59. R.C. 4933.17(B). [↑](#footnote-ref-59)
60. AEP Ohio ESP III Application, Direct Testimony Mr. Gabbard at 7. [↑](#footnote-ref-60)
61. Id. [↑](#footnote-ref-61)
62. Id. at 9. [↑](#footnote-ref-62)
63. AEP Ohio ESP III Application, Direct Testimony of Gary Spitznogle at 10. [↑](#footnote-ref-63)
64. AEP Ohio ESP III Application, Direct Testimony of Gary Spitznogle at 11. [↑](#footnote-ref-64)
65. OCC-INT-4-066 (Attached herein as JDW-10). [↑](#footnote-ref-65)
66. OCC-INT-13-317 (Attached herein as JDW-11). [↑](#footnote-ref-66)
67. Duke Energy Ohio Tariff, P.U.C.O. Electric No. 19, Sheet No. 30.14, Page 2 of 2. [↑](#footnote-ref-67)
68. Ohio Edison Company Tariff, Original Sheet 4, page 5 of 24. [↑](#footnote-ref-68)
69. Columbia Gas of Ohio Tariff, Second Revised Sheet No. 13. The East Ohio Gas Company Tariff, Fourth Revised Sheet No. K4. [↑](#footnote-ref-69)
70. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 16. [↑](#footnote-ref-70)
71. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 12-346-EL-SSO, Opinion and Order at 47 (“Modified ESP II Order”) (August 8, 2012). [↑](#footnote-ref-71)
72. Id. at 42. [↑](#footnote-ref-72)
73. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 16. [↑](#footnote-ref-73)
74. Modified ESP II Order 11-346 at 47. [↑](#footnote-ref-74)
75. Direct Testimony of OCC Witness David Effron at 18. [↑](#footnote-ref-75)
76. Ohio Power Company Tariff, 7th Revised Sheet No. 489-1. [↑](#footnote-ref-76)
77. https://www.aepohio.com/account/bills/rates/AEPOhioRatesTariffsOH.aspx [↑](#footnote-ref-77)
78. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 8. [↑](#footnote-ref-78)
79. Case 11-346-EL-SSO, Modified ESP II Order at 47. [↑](#footnote-ref-79)
80. Id. [↑](#footnote-ref-80)
81. AEP Ohio response to OCC INT-4-045 (attached herein as JDW-12). [↑](#footnote-ref-81)
82. Annual Reports filed by AEP Ohio pursuant to Ohio Admin. Code 4901:1-10-10(C)(3)(a) for 2012 and 2013 (attached herein as JDW-13). [↑](#footnote-ref-82)
83. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 6. [↑](#footnote-ref-83)
84. Id. at 19-20. [↑](#footnote-ref-84)
85. Modified ESP II Order at 64-65. [↑](#footnote-ref-85)
86. AEP Ohio ESP III Application, Direct Testimony of Gary Spitznogle at 12-13. [↑](#footnote-ref-86)
87. Id. at 13. [↑](#footnote-ref-87)
88. AEP Ohio Response to OCC-INT-19-350 (attached herein as JDW-15). [↑](#footnote-ref-88)
89. *In the Matter of the Commission’s Review of Chapter 4901:1-9, Ohio Administrative Code, Regarding Metering Options*, Case No. 12-2049-EL-ORD, OCC Reply Comments at 2-4 (January 2014). [↑](#footnote-ref-89)
90. *In the Matter of the Application Not for an Increase in Rates Pursuant to Section 4909:18, Revised Code, of Ohio Power Company to Establish an Expiration for its gridSMART Experimental Tariffs*, Case No. 13-1937-EL-ATA, Application at 1 (September 13, 2013). [↑](#footnote-ref-90)
91. Id. at 4. [↑](#footnote-ref-91)
92. *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case No. 08-917-EL-SSO, Opinion and Order at 35-37 (March 18, 2009). [↑](#footnote-ref-92)
93. *In the Matter of the Application Not for an Increase in Rates Pursuant to Section 4908.18, Revised Code, of Ohio Power Company to Establish an Expiration for its gridSMART Experimental Tariffs*, Case No. 13-1937-EL-ATA, Motion to Intervene and Objections to the Application by the OCC (November 14, 2013). [↑](#footnote-ref-93)
94. *In the Matter of the Commission's Investigation of Ohio's Retail Electric Service Market,* Case No. 12-3151-EL-COI, Finding and Order at 38 (March 28, 2014). [↑](#footnote-ref-94)
95. *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of Its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR, Application (September 13, 2013). [↑](#footnote-ref-95)
96. AEP Ohio ESP III Application, Direct Testimony of Selwyn Dias at 11. [↑](#footnote-ref-96)
97. Id. [↑](#footnote-ref-97)
98. According to the AEP Ohio ESP III Application, Attachment B, Year 5, the projected residential bill impact is approximately $3.00 per month. [↑](#footnote-ref-98)
99. AEP Ohio ESP III Application, Direct Testimony of Andrea Moore at 3. [↑](#footnote-ref-99)
100. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger is Approved, as a Merged Company (collectively, AEP Ohio) for an Increase in Electric Distribution Rates*, Case No. 11-351-EL-AIR, Opinion and Order at 7 (December 14, 2011). [↑](#footnote-ref-100)