

FILE

Bell & Royer Co., L.P.A.
Attorneys at Law
33 South Grant Avenue
Columbus, Ohio 43215-3900

Langdon D. Bell
lbell33@aol.com
Barth E. Royer
barthroyer@aol.com

14
RECEIVED-DOCKETING DIV
2007 JAN -2 PM 12:24
PUCD
Telephone (614) 228-0704
Telecopier (614) 228-0201

January 2, 2007

Janet Stoneking
Attorney Examiner
Legal Department
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43266-0573

Re: Ohio Department of Development
Case No. 06-751-EL-UNC

Dear Attorney Examiner Stoneking:

On December 20, 2006, the Commission issued its opinion and order in the above-referenced matter approving new Universal Service Fund ("USF") rider rates for all the state's electric distribution utilities ("EDUs") except Columbus Southern Power Company ("CSP"). The approved USF rider rates were based on a stipulation (Joint Ex. 1) jointly submitted at the December 1, 2006 hearing in this matter by the Ohio Department of Development ("ODOD") and all other parties to the proceeding, with the exception of the Office of the Ohio Consumers' Counsel ("OCC")¹ and the Commission staff ("Staff"). On December 19, 2006, counsel for the Staff filed a letter in this docket advising the Commission that, although Staff endorsed the stipulation with respect to all the EDUs except CSP, Staff had not yet completed its review of the data supporting the proposed CSP USF rider rate. Thus, the Commission deferred ruling on the proposed CSP rate, indicating that it would issue a supplemental order addressing the CSP rate after Staff had completed its investigation (Opinion and Order, 14).

As a result of its review, Staff identified an error in the October through December 2005 sales volumes that were used as a surrogate for the sales for the corresponding months of the calendar 2006 test period in calculating the CSP USF rider rate. After consultation with Staff, ODOD has corrected this error and has circulated the documentation supporting the correction to all parties to the proceeding.

The correction changes the previously stipulated CSP adjusted test-period USF rider revenue from \$17,639,028 (ODOD Ex. 1, at 6) to \$17,904,934, and the previously stipulated

¹ Although OCC did not join in the stipulation, OCC did not contest its adoption by the Commission.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician _____ Date Processed 1-2-07

Bell & Royer Co., L. P. A.

Page Two

CSP USF rider revenue requirement from \$12,659,864 (*id.*) to \$12,263,465, resulting in an indicated USF rider revenue surplus under the current CSP USF rider rate of \$5,641,469. With the correction, the first block of the CSP USF rider rate becomes \$0.0006859 per Kwh, as opposed to the previously stipulated first block rate of \$0.0007236 per Kwh (Jt. Ex. 1, at 5). There is no change to the second (above 833,000 Kwh) block.

The undersigned has been authorized by Staff and all signatories to the stipulation to represent that the corrected CSP USF rider rate should be substituted for the CSP rate originally proposed in the stipulation, and that this corrected rate should be approved by the Commission, to be effective on a bills-rendered basis as soon as CSP can implement said rate. Further, the Staff and all signatories to the stipulation agree that the corrected exhibits attached hereto should be accepted into the record in this proceeding, and should replace the corresponding exhibits to the amended application (ODOD Ex. 1, Exhibits D, E, G, H, I, and J) and the supplemental testimony of ODOD witness Donald A. Skaggs (ODOD Ex. 4, Exhibits DAS-Rev-20, DAS-Rev-27, DAS Rev-34, DAS-Rev-41, and DAS-Rev-48) previously admitted into evidence.

Consistent with the foregoing discussion, ODOD respectfully requests that the Commission issue a supplemental order in this docket approving the revised CSP USF rider rate set forth above.

Thank you for your attention to this matter.

Sincerely,



Barth E. Royer
Attorney for
The Ohio Department of Development

Attachments

cc: All Parties of Record

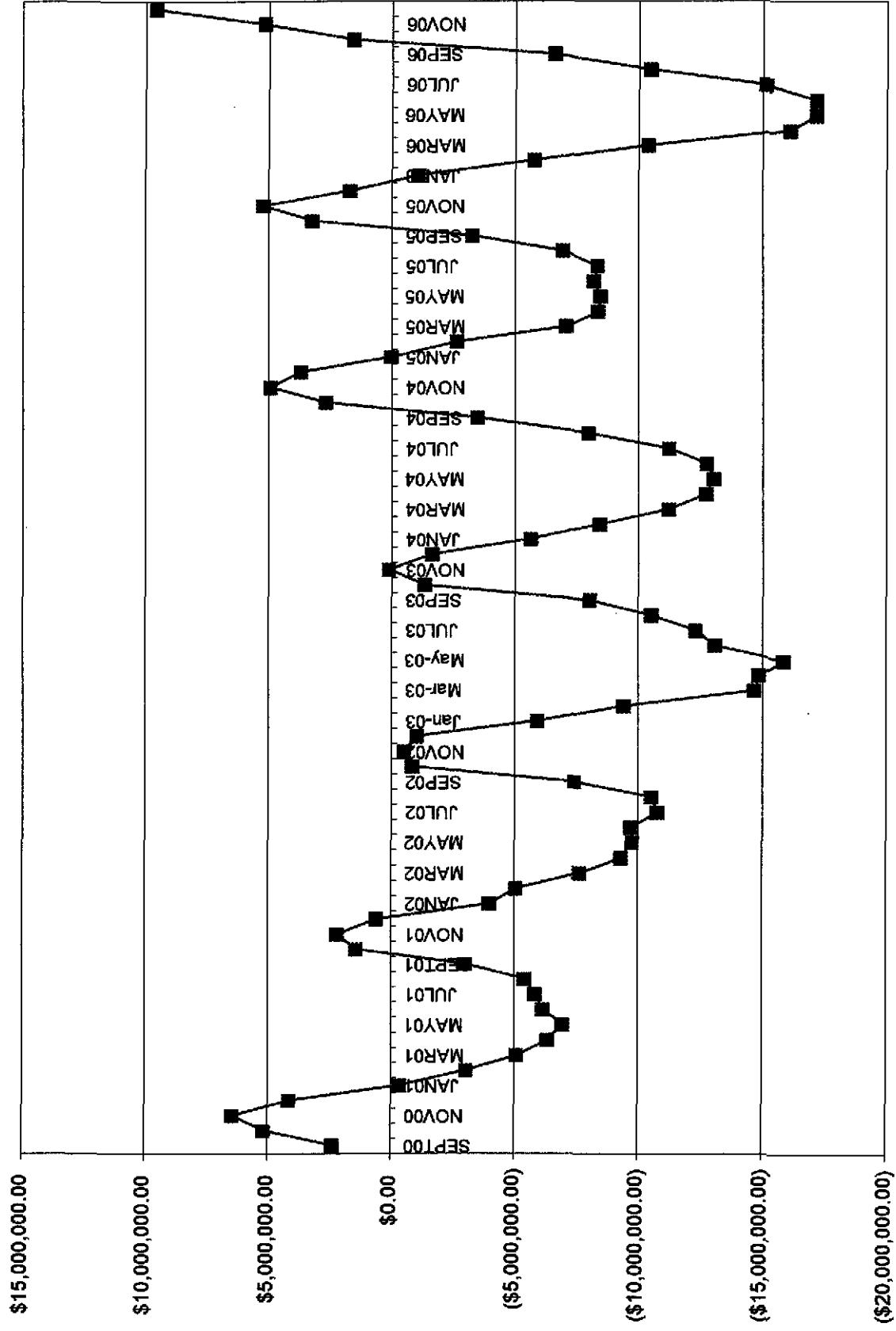
**Projected
USF Account Balances
December 31, 2006**

**Exhibit D
CSP Revised**

Company	Balance
	12/31/06
CSP	\$3,106,482
OP	\$3,314,789
Duke	\$364,081
DPL	\$1,005,451
CEI	(\$225,166)
OE	\$1,731,380
TE	\$262,634
Total:	\$9,559,651

Projection of Consolidated USF Account Balance

Exhibit E
CSP Revised



Projected Interest Requirements

Company	Interest Payments
CSP	\$16,071
OP	\$631
Duke	\$0
DPL	\$6,355
CEI	\$34,411
OE	\$64,657
TE	\$12,702
Total:	\$134,828

Allowance for Undercollection

Company	Estimated Undercollection
CSP	\$160,637
OP	\$114,831
Duke	\$423,008
DPL	\$670,297
CEI	\$261,773
OE	\$414,971
TE	\$251,318
Total:	\$2,296,834

Exhibit I
CSP Revised

USF Component Costs
by EDU

	CEI	Duke	CSP	DPL
Cost of PIPP	\$11,307,547	\$12,234,228	\$10,945,873	\$8,159,201
EPP/CE	\$2,051,214	\$2,219,316	\$1,985,605	\$1,480,097
Administration	\$474,938	\$256,482	\$402,054	\$243,116
Audit	\$40,000	\$0	\$0	\$40,000
Account Balance 12/31	\$225,166	(\$364,081)	(\$3,106,482)	(\$1,005,451)
Reserve	\$3,107,880	\$2,320,666	\$1,859,707	\$3,111,382
Interest	\$34,411	\$0	\$16,071	\$6,355
Adjustment for Undercollection	\$261,773	\$423,008	\$160,637	\$670,297
	\$17,502,928	\$17,089,619	\$12,263,465	\$12,704,997

	OE	OP	TE
Cost of PIPP	\$22,855,910	\$10,199,933	\$6,689,904
EPP/CE	\$4,146,112	\$1,850,290	\$1,213,563
Administration	\$730,338	\$416,047	\$215,026
Audit	\$40,000	\$0	\$40,000
Account Balance 12/31	(\$1,731,380)	(\$3,314,789)	(\$262,634)
Reserve	\$4,448,072	\$2,216,108	\$1,237,973
Interest	\$64,657	\$631	\$12,702
Adjustment for Undercollection	\$414,971	\$114,831	\$251,318
	\$30,968,679	\$11,483,050	\$9,397,851

Calculation of USF Costs/Kwh

Company	KWH Sales ¹	Required Revenue	Indicated Costs/KWH
CSP	19,780,929,519	\$12,263,465	\$0.0006200
OP	25,522,590,126	\$11,483,050	\$0.0004499
Duke	21,215,824,053	\$17,089,619	\$0.0008055
DPL	14,922,251,002	\$12,704,997	\$0.0008514
CEI	19,423,355,507	\$17,502,928	\$0.0009011
OE	25,576,804,052	\$30,968,679	\$0.0012108
TE	10,525,061,137	\$9,397,851	\$0.0008929
Total:	136,966,815,396	\$111,410,590	

1- KWH Sales were sales reported for the last twelve months (Oct05-Sep06).

Universal Service Fund
Projection of December 31, 2006 Balance
Jan 2006 - Dec 2006

Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
\$1,116,221.98	\$1,017,874.34	\$1,007,101.23	\$880,963.71	\$846,435.92	\$1,285,365.28	\$1,578,830.02	\$1,746,915.81	\$1,670,868.34	\$1,408,804.98	\$1,286,470.81	\$1,600,310.22	\$80,480,543.09
\$1,008,470.69	\$1,004,180.92	\$1,013,593.63	\$955,971.99	\$1,116,820.69	\$1,178,881.38	\$1,445,859.49	\$1,958,615.44	\$2,039,394.86	\$1,796,288.02	\$1,138,994.91	\$905,263.07	\$85,255,447.82
\$367,422.21	\$430,088.01	\$404,807.70	\$378,822.26	\$431,544.07	\$382,298.22	\$376,853.17	\$425,583.06	\$517,853.52	\$494,898.39	\$381,894.11	\$315,866.07	\$25,716,598.13
\$1,003,324.87	\$521,651.30	\$439,108.69	\$307,872.05	\$271,814.70	\$170,067.80	\$784,103.37	\$245,121.92	\$163,686.10	\$92,287.73	\$104,222.78	\$98,412.83	\$16,440,184.66
\$2,379,217.77	\$1,955,920.23	\$1,857,310.02	\$1,842,468.30	\$1,819,979.36	\$1,731,067.18	\$2,598,916.03	\$2,629,330.41	\$2,710,966.28	\$2,383,684.14	\$1,625,081.81	\$1,319,530.97	\$127,411,230.81
\$3,495,439.75	\$2,973,794.57	\$2,884,411.25	\$2,533,420.01	\$2,668,415.28	\$2,988,432.44	\$4,165,748.05	\$4,376,248.02	\$4,281,824.82	\$3,792,339.12	\$2,923,552.72	\$2,919,841.19	\$207,381,773.70
\$23,060.84	\$21,028.01	\$20,806.44	\$18,406.86	\$17,487.14	\$28,142.10	\$32,818.20	\$38,090.80	\$32,455.57	\$29,922.51	\$27,579.05	\$33,880.01	\$1,907,140.30
\$190,073.40	\$173,326.49	\$171,492.02	\$161,714.08	\$144,133.48	\$215,468.94	\$268,847.80	\$287,489.88	\$287,507.19	\$260,337.39	\$239,948.42	\$295,726.23	\$15,513,754.47
\$3,282,305.50	\$2,779,439.07	\$2,872,112.79	\$2,363,298.06	\$2,504,784.66	\$2,754,820.40	\$3,864,280.25	\$4,042,685.54	\$3,981,881.86	\$3,502,129.22	\$2,858,025.25	\$2,580,124.85	\$190,570,868.83
\$3,396,370.02	\$3,739,266.46	\$3,103,881.33	\$3,342,991.88	\$2,668,888.66	\$3,153,811.25	\$3,663,074.52	\$4,088,558.09	\$3,557,194.44	\$2,057,486.08	\$2,014,145.35	\$283,258.39	\$187,464,387.18
(\$114,054.52)	(\$959,827.39)	(\$431,768.59)	(\$979,692.92)	(\$184,084.00)	(\$388,780.85)	\$201,206.73	(\$42,372.55)	\$424,467.42	\$1,444,643.14	\$841,879.90	\$2,296,886.56	\$3,106,481.75
\$1,074,468.30	\$114,638.91	(\$317,129.88)	(\$1,298,822.61)	(\$1,460,916.60)	(\$1,959,707.45)	(\$1,968,501.72)	(\$1,701,374.28)	(\$1,276,906.85)	\$187,738.28	\$808,816.18	\$3,106,481.75	

CSP
Interest Calculation

Month	Debt	Deficit	Interest	Notes
January	Begin through Dec	(3,180,297.16)		
	January	173,025.52		
	Begin through Jan	(3,007,271.63)	\$0.00	Begin through Jan x .000222 X 30
February	Begin through Jan	(3,007,271.63)		
	February	965,106.46		
	Begin through Feb	(2,042,165.17)	\$0.00	Begin through Feb x .000222 x 30
March	Begin through Feb	(2,042,165.17)		
	March	453,400.88		
	Begin through March	(1,588,764.29)	\$0.00	Begin through March x .000222 x 30
April	Begin through March	(1,588,764.29)		
	April	999,220.34		
	Begin through April	(589,543.95)	\$0.00	Begin through April x .000222 x 30
May	Begin through April	(589,543.95)		
	May	164,282.94		
	Begin through May	(425,261.01)	\$0.00	Begin through May x .000222 x 30
June	Begin through May	(425,261.01)		
	June	628,371.62		
	Begin through June	203,110.61	\$1,352.72	Begin through June x .000222 x 30
July	Begin through June	204,463.33		
	July	203,293.41		
	Begin through July	407,756.74	\$2,715.66	Begin through July x .000222 x 30
August	Begin through July	410,472.40		
	August	499,037.12		
	Begin through Aug	909,509.52	\$6,057.33	Begin through Aug x .000222 x 30
September	Begin through Aug	915,566.86		
	September	(22,923.11)		
	Begin through Sept	892,643.74	\$5,945.01	Begin through Sept x .000222 x 30
October	Begin through Sept	898,588.75		
	October	(1,103,319.92)		
	Begin through October	(204,731.17)	0.00	Begin through Oct x .000222 x 30
November	Begin through October	(204,731.17)		
	November	(327,640.79)		
	Begin through Nov	(532,371.97)	0.00	Begin + Dec x .000222 x 30
December	Begin through Nov	(532,371.97)		
	December	(1,385,080.18)		
	Begin through Dec	(1,917,452.15)	\$0.00	
Total Interest:			\$16,070.72	

DAS-Rev-34
CSP Revised

CSP

Calculation of Allowance for Undercollection

	KWh	KWh sales X USF rider= Expected Revenue	Rider Collection	Expected Revenue/ Rider Collection	Average Collection
Jan-06	1,721,563,271	\$1,124,209.70	\$1,116,221.98	99.29%	98.69%
Feb-06	1,668,767,843	\$1,032,230.96	\$1,017,874.34	98.61%	
Mar-06	1,617,640,013	\$1,012,019.98	\$1,007,101.23	99.51%	
Apr-06	1,430,284,672	\$893,506.45	\$890,953.71	99.71%	
May-06	1,396,268,539	\$852,613.69	\$846,435.92	99.28%	
Jun-06	1,619,683,494	\$1,402,339.23	\$1,265,365.26	90.23%	
Jul-06	1,780,174,012	\$1,583,791.39	\$1,578,830.02	99.69%	
Aug-06	1,952,152,512	\$1,753,590.04	\$1,746,915.61	99.62%	
Sep-05	1,773,211,694	\$1,572,007.90	\$1,570,958.34	99.93%	
Oct-05	1,585,113,429	\$1,002,425.04	\$996,994.97	99.46%	
Nov-05	1,461,690,313	\$922,921.46	\$918,554.94	99.53%	
Dec-05	1,774,379,727	\$1,130,940.74	\$1,124,404.58	99.42%	
	19,780,929,519	\$14,282,596.59	\$14,080,610.90		

Target Revenue:	\$12,102,828.11
Total Cost:(Target Revenue / 98.69%)	\$12,263,465.00
Allowance:(Total Cost - Total Revenue)	\$160,636.89

DAS-Rev-41
CSP Revised

CSP
KWH Sales

	Past 12 months KWh	Pro forma ¹ KWH
Jan-06	1,721,563,271	1,739,190,271
Feb-06	1,668,767,843	1,714,781,843
Mar-06	1,617,640,013	1,711,912,013
Apr-06	1,430,284,672	1,563,546,672
May-06	1,396,268,539	1,576,220,539
Jun-06	1,619,683,494	1,805,083,494
Jul-06	1,780,174,012	1,971,754,012
Aug-06	1,952,152,512	2,143,732,512
Sep-05	1,773,211,694	1,958,611,694
Oct-05	1,585,113,429	1,776,693,429
Nov-05	1,461,690,313	1,647,090,313
Dec-05	1,774,379,727	1,965,959,727
	19,780,929,519	21,574,576,519

1- Proforma KWH was adjusted due to expected increase in Industrial sales.

Two-Tiered Rider CSP

**DAS-Rev-48
CSP Revised**

Proposal

First Block 833,000 kWh (10,000,000 per Year) (18)	\$ 0.0006859
Over 833,000 kWh [Lower of 10/99 Rate (1) or Uniform per Kwh rate (4)]	\$ 0.0001830

Calculation

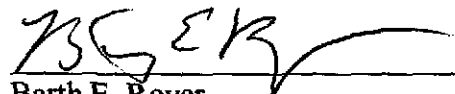
1	10/99 USF Rider	\$ 0.0001830
2	USF Rider Revenue Requirement	\$ 12,263,465.00
3	Total kWh Used in Calculation	21,574,576,519
4	Uniform per Kwh rate	\$ 0.0005684
5	Accounts with Annual kWh Greater than 10,000,000 kWh	124
6	Total Kwh of Accounts Over 10,000,000 kWh Annually	6,279,158,334
7	First Block Annual kWh (833,334 Monthly)	10,000,000
8	Total kWh in First Block (5) x (6)	1,240,000,000
9	Revenue First Block Rate x (8)	\$ 850,490.18
10	Total Second Block kWh (6) - (8)	5,039,158,334
11	Lower of 10/99 Rate (1) or Uniform per Kwh rate	\$ 0.0001830
12	Second Block Revenue (11) x (10)	\$ 922,165.98
13	Total First and Second Block Revenue (9) + (12)	\$ 1,772,656.16
14	Revenue @ ODOD Proposed Rate (6) x (4)	\$ 3,569,212.05
15	Revenue shortfall (13) - (14)	\$ (1,796,555.89)

Adjustment to Calculation

16	Adjusted Cost (2) - (9) - (12)	\$ 10,490,808.85
17	Adjusted kWh (3) - (6)	15,295,418,185
18	Adjusted First Block Rate (16)/(17)	\$0.0006859
19	Change (18) - (4)	\$ 0.0001175
20	% Change	20.7%
21	<u>Annual</u> Cost to Consumer Using 965 kWh per Month (19) x 965 x 12	\$ 1.36

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served upon the following parties by first class mail, postage prepaid, this 2nd day of January 2007.


Barth E. Royer

Marvin I. Resnik
Steven T. Nourse
AEP Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215

Randall Griffin
The Dayton Power & Light Company
MacGregor Park
1065 Woodman Avenue
Dayton, Ohio 45432

Paul Colbert
Duke Energy Ohio, Inc.
155 East Broad Street
Columbus, Ohio 43215

Kathy Kolich
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308

Janine Migden-Ostrander
Ann Hotz
Ohio Consumers' Counsel
10 West Broad Street
Suite 1800
Columbus, Ohio 43215-3485

Samuel C. Randazzo
Gretchen J. Hummel
McNees, Wallace & Nurick
Fifth Third Center
Suite 910
21 East State Street
Columbus, Ohio 43215

David C. Rinebolt, Esq.
Ohio Partners for Affordable Energy
PO Box 1793
Findlay, Ohio 45839-1793