

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio)
Department of Development for an Order)
Approving Adjustments to the Universal) Case No. 06-751-EL-UNC
Service Fund Riders of Jurisdictional Ohio)
Electric Distribution Utilities.)

FINDING AND ORDER

The Commission finds:

- (1) By its Opinion and Order issued December 20, 2006, the Commission, in carrying out Section 4928.52(B), Revised Code, granted the amended application of the Ohio Department of Development (ODOD) for an order approving adjustment to the Universal Service Fund (USF) riders of all the jurisdictional Ohio electric distribution utilities, except Columbus Southern Power (CSP). Under this Order, the new USF riders became effective on a bills-rendered basis with the EDUs' January 2007 billing cycles, for The Cleveland Electric Illuminating Company, The Dayton Power and Light Company, The Cincinnati Gas and Electric Company, d/b/a Duke Energy Ohio, Ohio Edison Company, Ohio Power Company and The Toledo Edison Company. Also, as part of the December 20, 2006 Order, the Commission indicated that it would issue a supplemental order with regard to CSP after Staff completed its review of ODOD's filings with respect to CSP's proposed USF rider.
- (2) On January 2, 2007, ODOD filed a letter in this docket to request approval of proposed adjustments to CSP's proposed USF rider. ODOD's letter states that, as a result of Staff's review, Staff identified an error in the CSP sales volumes for October through December 2005 that were used in calculating the proposed USF rider rate for CSP.¹ ODOD submits that, after consultation with Staff, it has corrected this error and has circulated the documentation supporting the correction to all parties in this proceeding. ODOD asserts, first, that this 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. Second, ODOD asserts that this correction changes the previously

¹ The CSP sales volumes for October through December 2005 were used in the USF rider rate calculation because the actual sales volumes for October through December 2006 were not yet available.

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stipulated CSP USF rider revenue requirement from \$12,659,864 (*id.*) to \$12,263,465. Third, ODOD asserts that, based on the corrected CSP USF rider revenue requirement, continued use of the current CSP USF rider would likely result in a revenue surplus of \$5,641,469. Fourth, with this correction, ODOD asserts that the first block of the proposed CSP USF rider is now \$0.0006859 per kWh, rather than the \$0.0007236 per kWh originally proposed. Last, ODOD asserts that there is no change to the second block (above 833,000 kWh) block of CSP's proposed USF rider. (The proposed changes are summarized in the Attachment to this Finding and Order.)

Next, ODOD submits that it has been authorized by Staff and all signatory parties to the December 1, 2006 Stipulation (Joint Ex. 1) to represent that the corrected CSP USF rider rate should be substituted for the CSP rate originally proposed in Joint Ex. 1 and requests that this corrected rate be approved by the Commission, to be effective on a bills-rendered basis as soon as CSP can implement the new proposed rate.² ODOD also submits that Staff and all the signatory parties agree that the corrected exhibits provided with ODOD's January 2, 2007 letter should be accepted as replacements for portions the following documents that were previously admitted into the record: ODOD's amended application (ODOD Ex. 1, and Exs. D; E; G through J); and the supplemental testimony of ODOD witness Donald A. Skaggs (ODOD Ex. 4, at Exs. DAS-Rev-20, DAS-Rev-27, DAS-Rev-34, DAS-Rev-41, and DAS-Rev-48).

ODOD further submits that the proposed USF rider reflects the minimum decrease in the USF rider for CSP, necessary to satisfy revenue responsibilities during 2007.

- (3) After reviewing the January 2, 2007 filing by ODOD, the December 1, 2006 Stipulation and the evidence, the Commission finds that the present stipulation, as corrected for CSP, and the proposed customer notice are reasonable, and that the two-step declining block USF riders set forth in the December 1, 2006 Stipulation, as corrected for CSP, reflect the minimum level necessary to produce the required revenues for ODOD to cover the administrative costs of the low-income customer assistance programs and the consumer education programs and provide adequate funding for those programs. We find that the

² The Office of Consumers' Counsel, the only other party to the proceedings, did not join in the Stipulation, but did not contest its adoption by the Commission.

process involved serious bargaining by knowledgeable, capable parties. Counsel for the applicant, the Commission's staff, and all intervenors other than OCC have entered into this stipulation, and have approved the subsequent corrections for CSP.³ Further, we find that the present stipulation, as corrected for CSP, is in the public interest by providing for adequate funding of the low-income customer assistance programs and the consumer education programs performed by ODOD. Lastly, the present stipulation, as corrected for CSP, does not violate any important regulatory principle or practice. Accordingly, the Commission will approve the present stipulation, as corrected on January 2, 2007, as to CSP.

ORDER:

It is, therefore,

ORDERED, That ODOD's January 2, 2007 letter and attachments are adopted as part of the evidence of record in this proceeding. It is, further,

ORDERED, That the December 1, 2006 Stipulation, and the proposed customer notice submitted by the parties, as corrected by the January 2, 2007 filing, are approved, as to CSP. It is, further,

ORDERED, That CSP is authorized to file in final form four complete copies of its tariff consistent with this Finding and Order, within seven days after the date of this order. CSP shall file one copy in its TRF docket (or may make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy in this case docket. The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

ORDERED, That the effective date of the new tariff shall be a date not earlier than both the date of this Finding and Order and the date upon which the copies of the final tariff is filed with this Commission. The new USF rider shall be effective upon filing with the Commission and apply on a bills-rendered basis in the first billing cycle following its effective date. It is, further,

ORDERED, That CSP shall notify all customers affected by the new tariff by the customers' first billing including the new USF rider rate. It is, further,

³ ODOD submits that OCC does not object to the corrections for CSP, as the changes result in a lower USF rider rate than initially proposed in ODOD's amended application.

ORDERED, That a copy of this Finding and Order be served on ODOD, all Ohio jurisdictional electric distribution utilities, and all intervening parties of record in this case.

THE PUBLIC UTILITIES COMMISSION OF OHIO



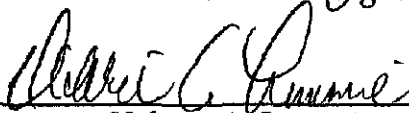
Alan R. Schriber, Chairman



Ronda Hartman Fergus



Judith A. Jones



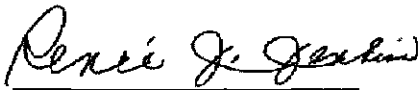
Valerie A. Lemmie

Donald L. Mason

JKS:ct

Entered in the Journal

JAN 10 2007



Renee J. Jenkins
Secretary

ATTACHMENTJanuary 10, 2007 Finding and Order

CSP Current USF Rider		CSP	CSP	CSP	CSP Proposed USF Rider	
First 833,333 kWh	Above 833,333 kWh	Adjusted Test - Period USF Rider Revenue	Required Annual USF Rider Revenue	USF Rider Revenue Surplus (at current rate)	First 833,333 kWh	Above 833,333 kWh
\$0.0010459	\$0.0001830	\$17,904,934	\$12,263,465	\$5,641,469	\$0.0006859	\$0.0001830

(Joint Ex. 1, at 4-5; ODOD January 2, 2007 letter, and ODOD Exs. I, DAS-Rev-48.)