



Office of the Ohio Consumers' Counsel

Your Residential Utility Advocate

Janine L. Migden-Ostrander
Consumers' Counsel

RECEIVED-DOCKETING DIV
2008 AUG -4 AM 10:19

PUCO

August 4, 2008

Renee J. Jenkins, Secretary
Public Utilities Commission of Ohio
180 East Broad St., 13th Fl.
Columbus, Ohio 43215-3793

Re: *In the Matter of the Application of the Ohio Department of Development for an Order Approving Adjustments to the Universal Service Fund Riders of Jurisdictional Ohio Electric Distribution Utilities*, PUCO Case No. 08-658-EL-UNC

Dear Ms. Jenkins:

I am writing on behalf of the Office of the Ohio Consumers' Counsel ("OCC") to state the OCC's position with regard to the Stipulation and Recommendation ("Stipulation") that was filed at the Public Utilities Commission of Ohio ("PUCO") on July 25, 2008, in regard to the subject case. The OCC has not signed the Stipulation, but will not oppose it. This case involves a Notice of Intent to File an Application by the Ohio Department of Development ("ODOD") for approval of adjustments to the Universal Service Fund Riders that Ohio's electric distribution utilities ("EDUs") charge to Ohio customers to collect the costs of the Percentage of Income Payment Program that provides financial assistance for electric service to low-income Ohioans. The Stipulation was signed by the Cincinnati Gas & Electric Company, Columbus Southern Power Company, the Ohio Power Company, the Cleveland Electric Illuminating Company, the Ohio Edison Company, the Toledo Edison Company, the Dayton Power & Light Company, the Industrial Energy Users of Ohio, Ohio Partners for Affordable Energy, and the PUCO Staff.

OCC did not sign the Stipulation because the Stipulation supports the rate design proposed in ODOD's Notice of Intent. As OCC has stated in the past, OCC does not agree to the second block in the rate design which results in a shift in costs to increase payments by residential customers. OCC does not concede that such a rate design is lawful under R.C. 4928.52(C)—which prohibits a "shift among the customer classes of electric distribution utilities the costs of funding..." the USF programs. While OCC is not contesting this Stipulation on this issue, OCC does not waive its right to contest this or any rate design proposed by ODOD in future cases regarding the Universal Service Fund Rider.

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 8-4-08

Renee J. Jenkins, Secretary
Public Utilities Commission of Ohio
180 East Broad St., 13th Fl.
Columbus, Ohio 43215-3793
August 4, 2008
Page Two

Additionally, ODOD's Exhibit A to its Notice of Intent ("NOI") outlines the projected costs for the Electric Partnership Program ("EPP") for 2009. The EPP is funded through the USF and is designed to improve the electric efficiency of low-income households who participate in PIPP (Percentage of Income Payment Plan) by performing in-home audits and installing appropriate electric base load and thermal energy efficiency measures. Specifically, page 2 of the exhibit indicates a Budget FY 2009 amount for "Indirect Cost" in the amount of \$616,080, which is what ODOD proposes to collect from customers. This amount far exceeds the costs for this item in fiscal years 2006-2008. There is no explanation or justification provided for the increase. Further, there is no explanation or breakdown of these indirect costs. OCC reserves its rights to pursue this issue in the second phase of the proceeding. ODOD should provide a thorough breakdown and justification for the proposed increase of the indirect costs in its upcoming Application and/or testimony in this case, for review by parties and the PUCO.

On page 3 of Exhibit A, in referring to the objective of the EPP to reduce electrical consumption of the targeted low-income population, ODOD states it has "recently engaged an outside consultant to assist it" in efforts to assure the cost-effectiveness of the program. The consultant is not identified nor is the expense category identified for the payment of the consultant nor is there detail on the purpose of the consultant. OCC reserves its right to pursue the issue regarding the consultant and related expense in the future such as in the second phase of this proceeding. ODOD should supplement its Application and provide, in testimony, the complete information regarding the consultant. This information should include the name of the consultant, the nature of the review being conducted by the consultant, the expense category from the EPP expenditure table on page 2 of the Appendix to the NOI utilized to compensate the consultant, and the amount of the contract entered into with the consultant including the amount that ODOD will seek to collect from customers. In addition, the Application or testimony should be supplemented to provide a process for, among other things, the parties to the case to review any analysis or reports prepared by the consultant. OCC reserves further comment on any concern or support for ODOD's project, pending the supplying of the appropriate information from ODOD and OCC's review.

Respectfully submitted,

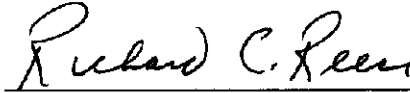


Richard C. Reese
Assistant Consumers' Counsel

Cc: Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing letter by the Office of the Ohio Consumers' Counsel was provided to the persons listed below via first class U.S. Mail, postage prepaid, this 4th day of August, 2008.



Richard C. Reese
Assistant Consumers' Counsel

SERVICE LIST

Thomas McNamee
Attorney General's Office
Public Utilities Section
180 East Broad Street, 9th Floor
Columbus, OH 43215

Barth E. Royer
Bell, Royer & Sanders Co., LPA
33 South Grant Ave.
Columbus, OH 43215

Gretchen J. Hummel
Lisa G. McAlister
McNees Wallace & Nurick LLC
Fifth Third Center
21 East State Street, 17th Fl.
Columbus, OH 43215-4228

David C. Rinebolt
Colleen L. Mooney
231 West Lima Street
P.O. Box 1793
Findlay, OH 45839-1793

Kathy Kolich
Kevin Norris
FirstEnergy Corp.
76 S. Main St.
Akron, OH 44308

Marvin Resnik
AEP Service Corp.
1 Riverside Plaza, 29th Fl.
Columbus, OH 43215

Edward Rizer
Dayton Power & Light Co.
1065 Woodman Dr.
Dayton, OH 45432

Paul Colbert
Duke Energy Ohio
155 E. Broad St.
Columbus, OH 43215