

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power for Approval)	Case No. 09-1089-EL-POR
of Its Program Portfolio Plan and Request)	
for Expedited Consideration.)	

In the Matter of the Application of)	
Ohio Power Company for Approval of Its)	Case No. 09-1090-EL-POR
Program Portfolio Plan and Request for)	
Expedited Consideration.)	

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

The Office of the Ohio Consumers' Counsel ("OCC"), an intervenor in this proceeding on behalf of residential utility consumers, submits comments regarding the objections filed by the Industrial Energy Users ("IEU") in this proceeding on December 11, 2009. IEU asserts that the program portfolio plans ("Plans") proffered by Columbus Southern Power and Ohio Power Company (collectively, "AEP Ohio") (1) will lead to unreasonable retail rate increases,¹ and thus will assign more risk to AEP Ohio's customers,² (2) must be reviewed to guard against excessive compliance costs and to avoid a repeat of the problems associated with FirstEnergy's portfolio plan,³ (3) ignore lower cost options for compliance,⁴ (4) include excessive administrative costs,⁵ and (5)

¹ IEU Objections at 2-5.

² Id. at 6-7.

³ Id. at 5-6.

⁴ Id. at 8-9.

⁵ Id. at 10-12.

unreasonably allow AEP Ohio to benefit from shared savings, incentives and lost distribution revenues.⁶

On January 26, 2010, the Ohio Energy Group (“OEG”) submitted comments in response to IEU’s objections. OEG noted that although the Plans allow AEP Ohio to increase retail rates, the energy efficiency programs contained in the Plans would actually lower the monthly bills of consumers who participate in the programs.⁷ Thus, “[t]he adverse consequences warned of by IEU will not occur.”⁸ In addition, OEG pointed out that, unlike with FirstEnergy, the Plans offered by AEP Ohio have been thoroughly reviewed in the Collaborative process.⁹ Indeed, “the residential and commercial lighting programs have been operating since last year, with no negative publicity.”¹⁰ OEG also explained that there is a basis in statute and PUCO precedent for including in the Plans a shared savings incentives and a provision for AEP Ohio to collect lost distribution revenues that result from the program.¹¹ A shared savings incentive is where the calculated net benefits for measurable energy efficiency and peak demand reduction (“EE/PDR”) programs are shared between customers and AEP Ohio, and serves to induce the company to develop and implement effective new programs to help customers use less electricity.

OCC concurs with OEG’s comments. The Plans are designed to encourage residential and non-residential consumers to participate in cost-effective energy

⁶ Id. at 12-14.

⁷ OEG Comments at 2.

⁸ Id.

⁹ Id.

¹⁰ Id.

¹¹ Id. at 3-4.

efficiency programs, and to install renewable energy resource facilities on their premises. Such programs will help to lower consumers' electric bills, and thus put consumers at less risk than IEU supposes.

OCC also comments on the issue of administrative costs that IEU raised.¹² In asserting that the Plans contain excessive administrative costs, IEU referenced concerns about the administrative costs that were raised in testimony OCC submitted in AEP Ohio's electric security plan proceeding.¹³ The transparency of the process set forth in the Stipulation filed as part of the Plans, however, eases OCC's concerns.

OCC has worked with AEP Ohio and other Collaborative members to review the administrative costs proposed in AEP Ohio's electric security plan. In Volume 1 of AEP's DSM Action Plan, it is shown that AEP Ohio's administrative costs fall within the range of other best practice programs when compared properly.¹⁴ The Action Plan also states the reasonableness of these administrative costs given that the programs are in the early years of implementation. Administrative costs are expected to be high initially, but to drop over time as more incentives are paid to customers to participate in the programs.

In addition to the Action Plan showing that AEP Ohio's administrative costs fall within the range of other programs, the Stipulation provides that "[t]he Companies agree to offer transparent reporting of program costs, including EE/PDR impacts and progress toward goals, incentives and administrative costs, to the Collaborative on a quarterly

¹² Administrative costs are any program costs that are non-incentives. This does not include lost revenue or shared savings amounts.

¹³ IEU Objections at 11.

¹⁴ AEP DSM Action Plan at 130-131.

basis.”¹⁵ This provision will allow the opportunity for the Collaborative to closely monitor the administrative costs of each program for effectiveness.

The Collaborative, including OCC, has continued to monitor these costs since the filing. The actual administrative costs of current programs are proving to be less than was anticipated in the portfolio filing. OCC will continue to monitor these costs going forward and raise any concerns regarding excessive administrative costs in the Collaborative.

IEU’s objections regarding administrative costs are without merit. The transparent reporting agreed to in the Stipulation will provide OCC and others the opportunity to monitor the administrative costs that residential consumers will be asked to pay. The Commission should approve the Stipulation without modification.

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS’ COUNSEL

/s/ Terry L. Etter

Terry L. Etter, Counsel of Record
Christopher J. Allwein
Assistant Consumers’ Counsel

Office of the Ohio Consumers’ Counsel

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

Telephone: (614) 466-8574

etter@occ.state.oh.us

allwein@occ.state.oh.us

¹⁵ Stipulation at 4.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing the Comments by the Office of the Ohio Consumers' Counsel has been sent via U.S. mail, postage prepaid, to the persons listed below this 11th day of February 2010.

/s/ Terry L. Etter

Terry L. Etter
Assistant Consumers' Counsel

SERVICE LIST

Steven T. Nourse
Marvin I. Resnik
Matthew J. Satterwhite
AEP Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, OH 43215

Attorneys for AEP

Clinton A. Vince
Douglas G. Bonner
Emma F. Hand
Keith C. Nusbaum
Sonnenschein Nath & Rosenthal LLP
1301 K Street NW
Suite 600, East Tower
Washington, DC 20005

Attorneys for Ormet

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45839-1793

Attorneys for OPAC

Duane Luckey
Attorney General's Office
Public Utilities Commission of Ohio
180 E. Broad St., 6th Fl.
Columbus, OH 43215

Samuel C. Randazzo
Lisa G. McAlister
Joseph M. Clark
MCNEES WALLACE & NURICK LLC
21 East State Street, 17th Floor
Columbus, OH 43215-4228

Attorneys for IEU

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Attorneys for OEG

Richard L. Sites
General Counsel & Senior Director of
Health Policy
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620

Attorney for Ohio Hospital Assoc.

Henry W. Eckhart
50 West Broad Street, # 2117
Columbus, OH 43215

Attorney for the Sierra Club and Natural
Resources Defense Council

Thomas J. O'Brien
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291

Attorney for Ohio Manufacturer's Assoc.

Jacqueline Lake Roberts
101 Federal Street, Suite 1100
Boston, MA 02110

Attorney for EnerNOC, Inc.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/11/2010 3:59:18 PM

in

Case No(s). 09-1089-EL-POR, 09-1090-EL-POR

Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Etter, Terry L.