

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Application Not for an Increase in Rates)
Pursuant to Section 4909.18, Revised)
Code, of Columbus Southern Power) Case No. 10-424-EL-ATA
Company to Establish New Voluntary)
Experimental Rate Schedule)
Classifications for Residential and Small)
General Service Time of Day Rates and)
Residential Experimental Direct Load)
Control Rider.)

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

On April 1, 2010, the Columbus Southern Power Company (“CSP” or “Company”) filed an application with the Public Utilities Commission of Ohio (“Commission” or “PUCO”) seeking to implement experimental time-of-day and direct load control rates for residential customers. The proposed experimental rates would apply to customers participating in CSP’s gridSMART pilot program.¹

Under the proposal, eligible residential customers will be able to participate in two experimental schedules.² They are: the Experimental Residential Time-of-Day Service (“Schedule RS-TOD2”) and the Experimental Direct Load Control Rider (“Rider DLC”). Residential customers on RS-TOD2 would pay 3.36203 cents per KWh for the

¹ See Application, Exhibit A, Original Sheet Nos. 15-1 and 16-1.

² The Application also includes details regarding an Experimental Small General Service Time-of-Day rate that is available to customers with maximum demands less than 10 kW through one single-phase, multi-register meter capable of measuring electrical energy consumption during variable pricing periods. See Application, Exhibit B, Original Sheet No. 20-5.

generation and distribution portion of the rate during “low-cost” hours and 25.62251 cents per KWh for the generation and distribution portion during “high-cost” hours.³ The participating residential customers will also pay customer charges and other riders that do not change by period.⁴ Residential customers under Rider DLC will receive billing credits by authorizing CSP to control their central electric cooling units.⁵

The Office of the Ohio Consumers’ Counsel (“OCC”), on behalf of all of CSP’s approximately 670,000 residential utility consumers,⁶ files comments on the Application. After reviewing the Application and the comments of the PUCO Staff filed on July 30, 2010, OCC concludes that there are several issues that the Commission should address regarding the Application. It is noteworthy that the aims of all suggestions discussed below are: a) to encourage more and sustained participation in the two experimental rates; and b) to avoid any unreasonable reliance on results and findings from experiments that are insignificant or have very limited applicability to the residential customer class as a whole.

The Commission should ensure, prior to any approval of the experimental rate schedules, that: a) customer education, training and support programs are already in place; b) different bill designs dedicated to providing customers with information and education will be used; c) an exit option is available for participating customers; d) more pricing options are available to meet different customers’ needs as soon as practicably

³ Id., Exhibit A, Original Sheet No. 15-1. High-cost hours are defined as the non-weekend hours between 1 p.m. and 7 p.m. during the period June 1 to September 30. Low-cost hours are all other hours during the year.

⁴ Id.

⁵ Id. at 3.

⁶ OCC filed a Motion to Intervene in this proceeding on May 24, 2010.

possible; and e) some terms and conditions of service are reviewed to ensure the effectiveness of the price signal sent to the residential customers through the proposed experimental schedules.

Customer Education, Training and Support Programs

OCC agrees with the PUCO Staff that CSP should adequately advertise the gridSMART pilot and sufficiently educate eligible customers in the Phase 1 gridSMART project about the tariff and rider offerings, so that customers may better understand the characteristics of the proposed tariff schedules, their benefits and the risks involved.⁷ The PUCO should ensure that CSP has in place the necessary effective marketing materials that explain the value proposition to all potential participants with detailed educational programs on how to use and benefit from the schedules prior to their approval.

Dedicated call centers should also be available to provide customers already on the experimental schedules with support regarding their questions and queries. Ensuring that the suggested training, educational and support call centers are already in place should increase the likelihood that CSP will obtain the large sample size necessary to evaluate the success of these pricing options in the two experimental rates. The absence of the training, educational and support call centers prior to the start of the experimental schedules would negatively impact the numbers of participating customers.

⁷ PUCO Staff Comments at 3.

The Need for Different Bill Designs Dedicated to Continuous Customer Information and Education

CSP's Application did not include (but should include) a sample of bills that are specifically designed to inform and educate customers of their monthly costs and savings, which would in turn encourage them to continue their participation in the experimental rates. Customers need to see on their bills how much they have consumed during different cost periods in addition to how the shift of their usage lowers their bills. They also need to see their dollar savings per month vis-à-vis their historical consumption on the standard service offer schedules.

Not all potential participating customers have access to the Internet, or are technically capable to compile the necessary data from CSP websites (if available). An absolute minimum would be a paper insert to the current bill that is dedicated to communicating to the participating customers information regarding their usage during peak and off peak periods, the change in the pattern of consumption in comparison to the previous months and to the same month in the previous year, and, above all, the dollar monthly savings resulting from their participation in schedules. Further, should customers experience higher bills because they did not understand fully the price signals and the impact of the rates on their usage, the bill comparison will help educate customers about how to use the program to save money.

Availability of an Exit Option for Participating Customers

The Company proposes that customers should be required to stay in the pilot program for one year in the case of RS-TOD2 and one cooling season (May through

September) in Rider DLC.⁸ The PUCO Staff agrees with this requirement in order to discourage “gaming” by customers who may attempt to take advantage of the “low-cost” rates.⁹

OCC concurs that there is a need to retain as many customers as possible throughout the term of the pilot in order to obtain the best possible results for analyzing the level of the pilot’s success. On the other hand, a one-year commitment, or for a full cooling season, without the possibility of exiting, even at a fee, may discourage customers from participating in the experimental rates in the first place – again, leading to very low participation. Accordingly, OCC recommends – exactly like the current competitive programs in the gas industry – that customers should be also offered a means to exit from the schedules if they so wish, such as by requiring them to pay a fee that is structured to discourage possible gaming.

More Pricing Options to Meet Different Customers’ Needs

The Staff suggested that CSP file a peak time rebate and/or a critical peak pricing program by September 1, 2010.¹⁰ All residential customers should be offered a variety of innovative pricing options that result in better control of their energy expenditure. CSP should be required to file, as soon as it is practicably possible, additional experimental tariff schedules that are designed specifically to low-use customers, and to customers with low income.

⁸ Application, Exhibit A, Original Sheet No. 15-2 and Exhibit C, Original Sheet No. 16-2.

⁹ PUCO Staff Comments at 2.

¹⁰ Id. at 4.

Low-usage customers and low-income customers are likely to exhibit lower price response sensitivity than the average customers to whom the experimental tariffs are generally designed. Their consumption characteristics are likely to respond more effectively to different price differentials between peak and off-peak periods, or to different rebate structures when compared to the average customers. These customer groups should not be left out of the opportunity and options to have more control over their energy expenditure; therefore, specific rate designs for them are needed. It is important to highlight that these experimental tariff schedules should be filed along with their dedicated training and education programs, appropriate changes in the customer bills so that to highlight to the participants dollar savings and consumption patterns, and with the availability of an exit option.

Need to Review the Terms and Conditions of Service to Ensure the Effectiveness of the Price Signal Sent to the Residential Customers through the Proposed Experimental Schedules

Certain terms and conditions currently available and important to customers, such as budget billing, may, to an extent, undermine customers' ability to see how time of use affects cost of electricity and rates. The advantage of budget billing (whether reviewed semi-annually, or on a one month moving average) in providing customers with predictable monthly expenditure patterns also hides the price signal that experimental schedules are designed to send.

The Commission should permit the Company to perform a quarterly review of the monthly budget bill rather than semi-annually. The Commission should also permit the Company to calculate a moving average, once for the low-cost seasons and another for the high-cost season to allow a more dynamic price signal to filter through to the

customer as intended by the experimental tariffs. Again, the bill insert discussed above should educate and explain clearly to the budget billing customers their monthly savings, highlighting what their bill would have been had the customer been on the non-budget billing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served on the persons stated below via electronic transmission or hand delivery this 9th day of August 2010.

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