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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of Ohio Power Company's  
Submission Concerning Conjunctive  
Electric Service )

Case No. 97-357-EL-UNC

PUCO

In the Matter of Columbus Southern  
Power Company's Submission  
Concerning Conjunctive Electric Service )

Case No. 97-356-EL-UNC

In the Matter of Conjunctive Electric Service  
Guidelines, Proposed by Participants of the  
of the Commission Roundtable on Competition  
in the Electric Industry. )

Case No. 96-406-EL-COI

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MOTION TO INTERVENE AND PROTEST OF  
INDUSTRIAL ENERGY USERS-OHIO

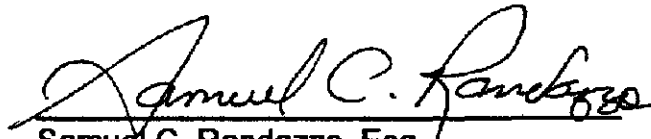
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Now comes Industrial Energy Users-Ohio ("IEU-OH"), pursuant to Section 4903.221, Revised Code, and Rule 4901-01-11, Ohio Administrative Code ("O.A.C."), and hereby moves the Public Utilities Commission of Ohio ("Commission") for an order granting IEU-OH intervention in this proceeding. Numerous members of IEU-OH currently receive service from The Ohio Power Company and Columbus Southern Power Company and may be affected by the company's proposed service. IEU-OH has also been an active participant throughout the Commission's electricity roundtable process that developed the initial proposed guidelines for Conjunctive Electric Service ("CES"). As such, IEU-OH has a real and substantial interest and will be affected directly by the outcome of this proceeding. IEU-OH submits that its intervention in this

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matter will not unduly delay nor prolong this proceeding and that IEU-OH will contribute to the full development and equitable resolution of the issues raised by this matter. The bases for this Motion to Intervene are more fully set forth in the attached Memorandum in Support.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Samuel C. Randazzo". The signature is fluid and cursive, with a horizontal line drawn across the bottom of the signature.

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Kevin M. Murray, Technical Specialist  
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**On Behalf of Industrial Energy Users-Ohio**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of Ohio	)	
Power Company's Submission	)	Case No. 97-357-EL-UNC
Concerning Conjunctive Electric Service	)	
 In the Matter of Columbus Southern	 )	
Power Company's Submission	)	Case No. 97-356-EL-UNC
Concerning Conjunctive Electric Service	)	
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Guidelines, Proposed by Participants of the	)	Case No. 96-406-EL-COI
of the Commission Roundtable on	)	
Competition in the Electric Industry.	)	

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**MEMORANDUM IN SUPPORT  
OF INTERVENTION  
AND PROTEST**

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The time and effort required to overcome the opposition of utilities to the Ohio Energy Strategy has finally taken its toll on the willingness of customers to invest in the roundtable effort. Increasingly, customers are recognizing that the time and effort invested in the roundtable process are producing negative returns. The utilities performance since October, 1994, including their joint protest to the Commission's efforts to collect information required to evaluate the utilities "stranded cost" claims makes it clear that utilities will not voluntarily provide customers with any meaningful opportunity to begin to improve their electricity price and service quality positions without a firm legislative mandate to do so. Collectively, the utilities' proposed CES tariffs only reinforce this conclusion. The Commission's as well as customer's resources would be better served if they were directed towards obtaining a firm legislative mandate to substitute effective competition for monopoly abuse.

American Electric Power's ("AEP") performance during the extended review/discussion period that preceded the issuance of the CES Guidelines demonstrates that beneath its advertising messages and pro-competitive press releases are strong preferences for monopoly outcomes. On October 23, 1995, AEP's

Principle Rate Specialist made a presentation to the roundtable participants which described the Wal-Mart Conjunctive Rate Design Pilot<sup>1</sup> which commenced in May, 1995 - almost two years ago. Of course AEP's pilot project took place in Kentucky - not Ohio. In October, 1995, AEP proposed a two year pilot program accompanied by Commission established guidelines. In April, 1997 AEP filed a notice of appeal in Ohio Supreme Court Case No. 97-0842 to attack the Commission's CES guidelines and a two year pilot program. It is no wonder that most customers are seeking meaningful reform from the Ohio legislature and have given up on their present suppliers as a source of customer friendly prices and services.

On March 31, 1997, the Ohio Power Company ("OPCo") and the Columbus Southern Power Company ("CSP") filed their "submission" concerning the Public Utilities Commission of Ohio ("Commission") December 24, 1996, Finding and Order in Case No. 96-406-EL-COI as well as the Commission's February 27, 1997 Entry on Rehearing. OPCo filed its "submission" in Case No. 97-357-EL-UNC. CSP filed its "submission" in Case No. 97-356-EL-UNC. Both filings of these AEP operating companies are virtually identical.

Paragraph 12 of the Commission's December 24, 1996, Finding and Order in Case No. 96-406-EL-COI directing utilities to file tariffs stated "The tariffs will be reviewed as part of this case and are to be filed **under the above-captioned docket**" [emphasis added]. In this regard, the "submissions" of OPCo and CSP do not procedurally comply with the Commission's Order. Moreover, OPCo's and CSP's claimed confusion over language in the Commission's Finding and Order and the Entry on Rehearing could have been resolved by reference to the CES guidelines which state:

#### (7) Implementation of Conjunctive Electric Service

Upon approval by the Commission of the guidelines contained herein, each utility shall file with the Commission, within sixty (60) days, a tariff for conjunctive electric service conforming to such guidelines. The conjunctive electric service tariff shall specify, with as much detail as possible, the terms and conditions

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<sup>1</sup> A copy of AEP's presentation is attached.

under which conjunctive electric service will be provided by the utility. Notice of the new tariff shall also be published in accordance with Rule 4901:1-1-03, O.A.C.

While AEP's "submissions" do not comply with the procedural requirements established by the Commission, allowing AEP to fail procedurally would only serve to further delay the implementation of CES for those customers that desire the service. Accordingly, IEU-OH offers its comments on one substantive aspect of the "conceptual language" included with the "submissions." IEU-OH reserves the right to amend and alter its protest and comments based upon a filing by the AEP companies that complies with the CES guidelines.

The conceptual language submitted by the AEP companies indicates that rates will be developed based upon the prior twelve months revenues. As the Commission well knows, the issue of "revenue neutrality" was debated at length in this proceeding. The CES guidelines ultimately approved by the Commission provide for rates to be subject to negotiation between CES groups and the utility. CSP's and OPCo's "conceptual language" appears to be designed to affect the outcome of any negotiation by linking the rate to the prior twelve months revenue. This looks a lot like the revenue neutral parameter rejected by the Commission.

For the reasons stated above, IEU-OH respectfully requests that:

1. The Commission permit IEU-OH to intervene in this proceeding and be treated as a party hereto, with full rights of participation as provided by the Commission's Rules of Practice and Procedure;
2. The Commission take action through the Attorney General's office to enforce compliance of OPCo and CSP with the directives contained in the Finding and Order and Entry on Rehearing issued in Case No. 96-406-EL-COI;
3. The Commission proactively support the efforts of the Coalition for Choice in Electricity to pass legislation that will provide Ohio's

electricity customers with the benefits (lower prices, better services, new products) of effective competition between electricity producers; and

4. IEU-OH be afforded all other relief deemed appropriate by the Commission.

Respectfully submitted,

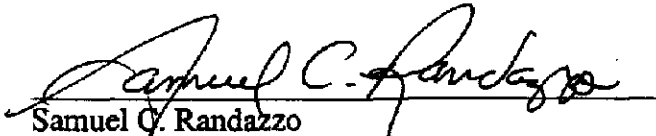


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**On Behalf of Industrial Energy Users-Ohio**

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Industrial Energy Users-Ohio's Motion to Intervene and Protest was served upon the following parties this 30th day of April, 1997, via electronic transmission, hand-delivery or ordinary U.S. mail, postage prepaid.

  
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**WAL-MART CONJUNCTIVE RATE DESIGN  
PILOT PROJECT**

**PRESENTATION TO  
OHIO ENERGY ROUNDTABLE  
PRICING AND SERVICES COMMITTEE**

**OCTOBER 23, 1995**

**LOUIS R. JAHN  
PRINCIPAL RATE SPECIALIST  
AMERICAN ELECTRIC POWER  
SERVICE CORPORATION**



## **PRESENTATION OUTLINE**

- I. Conjunctive Billing vs. Conjunctive Rate Design**
- II. Wal-Mart Conjunctive Rate Design Pilot Project**
- III. Conjunctive Rate Design Discussion Topics**

I. Conjunctive Billing vs. Conjunctive Rate Design

<i>CUSTOMERS (1)</i>	<i>COINCIDENT DEMAND (KW) (2)</i>	<i>BILLING DEMAND (KW) (3)</i>	<i>DIVERSITY RATIO (3)÷(2) (4)</i>	<i>COINCIDENT DEMAND COSTS (\$) (2) X \$10/KW (5)</i>	<i>DEMAND CHARGE (\$/KW) (5)÷(3) (6)</i>
<i>1 - 500</i>	<i>50,000</i>	<i>100,000</i>	<i>2.00</i>	<i>500,000</i>	<i>5.00</i>
<i>501 - 505</i>	<i>2,500</i>	<i>3,500</i>	<i>1.40</i>	<i>25,000</i>	<i>7.14</i>
<i>Total Class</i>	<i>52,500</i>	<i>103,500</i>	<i>1.97</i>	<i>525,000</i>	<i>5.07</i>

- Currently effective utility rates designed on total class basis.
- If subsets of customers request to be billed on conjunctive basis, total class rate not applicable.
  - ▶ Not cost justified
  - ▶ Would result in revenue loss to utility

$$3,500 \text{ KW} - 2,500 \text{ KW} \times \$5.07/\text{KW} = \$5,070$$

- ▶ Discriminatory to non-participating customers

## II. Wal-Mart Conjunctive Rate Design Pilot Program

### A. Background

1. Wal-Mart industry leader in energy management; operates largest energy management department in United States.
2. Approached AEP in 1994 to explore potential for energy savings through innovative rates.
3. Counter to conventional wisdom, Wal-Mart willing to experiment with TOD rate options.

### B. Variable Energy Pricing Experiment

1. Experiment commenced May 1995.
2. Four stores in Kentucky - 300 to 500 KVA range.
3. Secondary distribution voltage.
4. Rate design
  - a) Four standard pricing periods limited as follows:

<u>Pricing Period</u>	<u>Limitation</u>
P1	53%
P2	30%
P3	12%
P4	5%

Hourly pricing levels provided to Wal-Mart on December 15 of preceding year.

Wal-Mart Stores Inc.  
Commercial VSP  
Proposed Pricing Hours  
Local Time

1995

Month -----	Time ----	P1 ----	P2 ----	P3 ----	P4 ----
January	EST	10 PM - 6 AM	6 AM - 7 AM	Noon - 7 PM 8 PM - 10 PM	7 AM - Noon 7 PM - 8 PM
February	EST	10 PM - 6 AM	6 AM - 7 AM 2 PM - 5 PM	7 AM - 8 AM 11 AM - 2 PM 5 PM - 10 PM	8 AM - 11 AM
March	EST	10 PM - 6 AM	6 AM - 8 AM 11 AM - 10 PM	8 AM - 11 AM	
April 1	EST	10 PM - 6 AM	6 AM - 10 PM		
April 2-30	DST	11 PM - 7 AM	7 AM - 11 PM		
May	DST	11 PM - 7 AM	7 AM - 11 PM		
June	DST	11 PM - 7 AM	7 AM - Noon 5 PM - 11 PM	Noon - 5 PM	
July	DST	11 PM - 7 AM	7 AM - 10 AM 9 PM - 11 PM	10 AM - 1 PM 6 PM - 9 PM	1 PM - 6 PM
August	DST	11 PM - 7 AM	7 AM - 10 AM 10 PM - 11 PM	10 AM - 1 PM 7 PM - 10 PM	1 PM - 7 PM
September	DST	11 PM - 7 AM	7 AM - 11 PM		
October 1-28	DST	11 PM - 7 AM	7 AM - 11 PM		
October 29-31	EST	10 PM - 6 AM	6 AM - 10 PM		
November	EST	10 PM - 6 AM	6 AM - 10 PM		
December	EST	10 PM - 6 AM	6 AM - 7 AM 2 PM - 5 PM	7 AM - 2 PM 5 PM - 10 PM	

b) Separate critical pricing period (P5) may be implemented when a capacity deficiency exists or is projected to exist on AEP System.

- Implemented on 10-minute notice
- Limited to 2% of annual hours
- Utilizes real-time communications system

c) Price levels vary as follows:

P1 = 1.582¢/KWH

P2 = 2.785¢/KWH

P3 = 7.630¢/KWH

P4 = 13.140¢/KWH

P5 = 18.952¢/KWH

Recovers energy cost plus generation and transmission demand costs.

d) Local facilities charge (primary and secondary) of \$4.20/KVA applicable to monthly peak demand for each store.

e) Rates designed to be revenue neutral to revenue received by AEP from billing four stores under existing LGS Secondary Tariff.

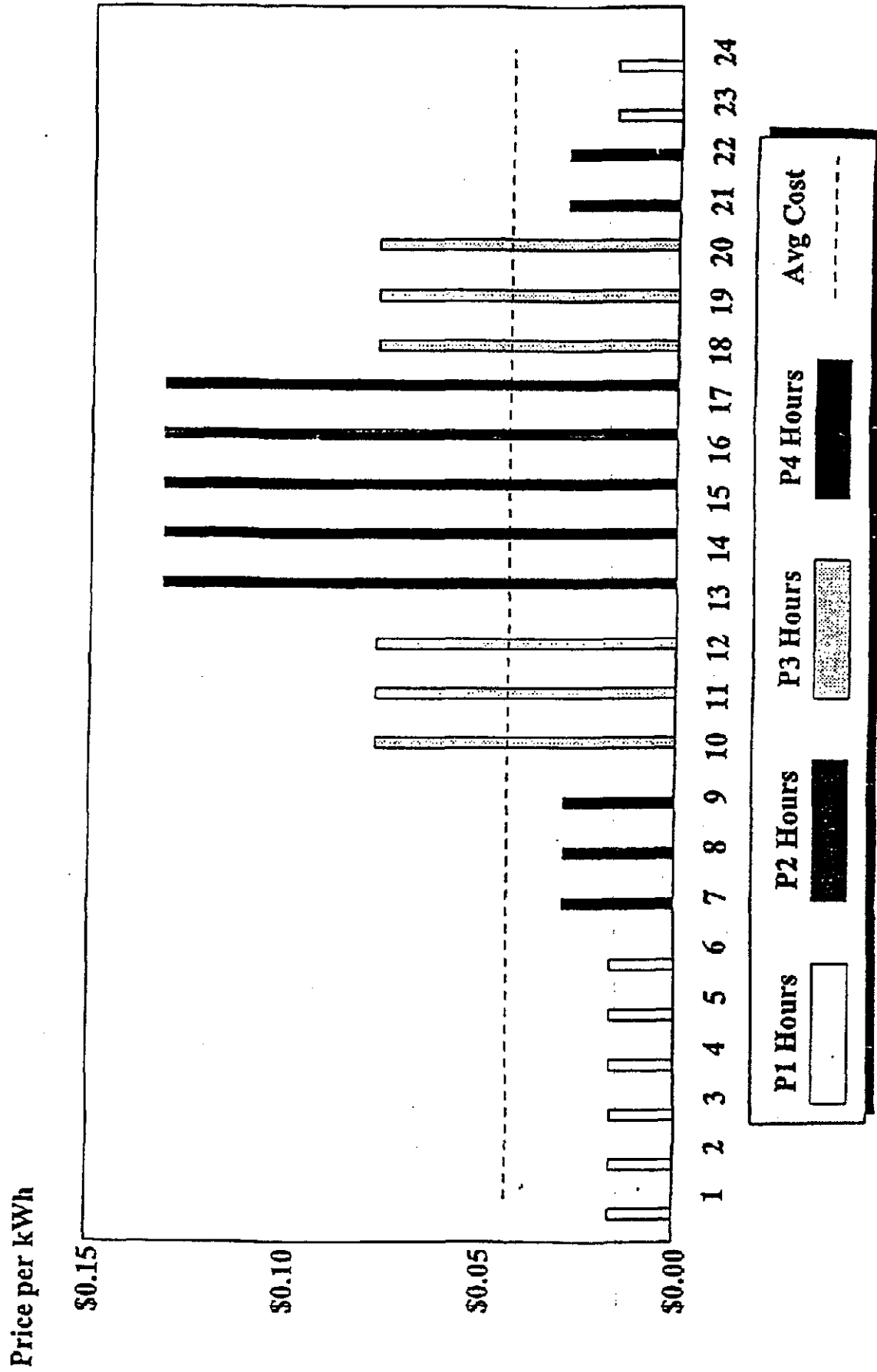
## POTENTIAL ENERGY SAVINGS

SHIFT FROM P3 & P4 TO P1	P1 KWH \$.01582	P3 KWH \$.07630	P4 KWH \$.13140	REVENUE DIFFERENCE	% SAVINGS
10%	150,933	(104,455)	(46,478)	(11,689)	3.5
20%	301,866	(208,910)	(92,956)	(23,379)	6.9
30%	452,799	(313,365)	(139,434)	(35,068)	10.4
40%	603,732	(417,820)	(185,912)	(46,757)	13.8
50%	754,666	(522,275)	(232,391)	(58,447)	17.3

Assumes total demand and energy remain constant.

# July

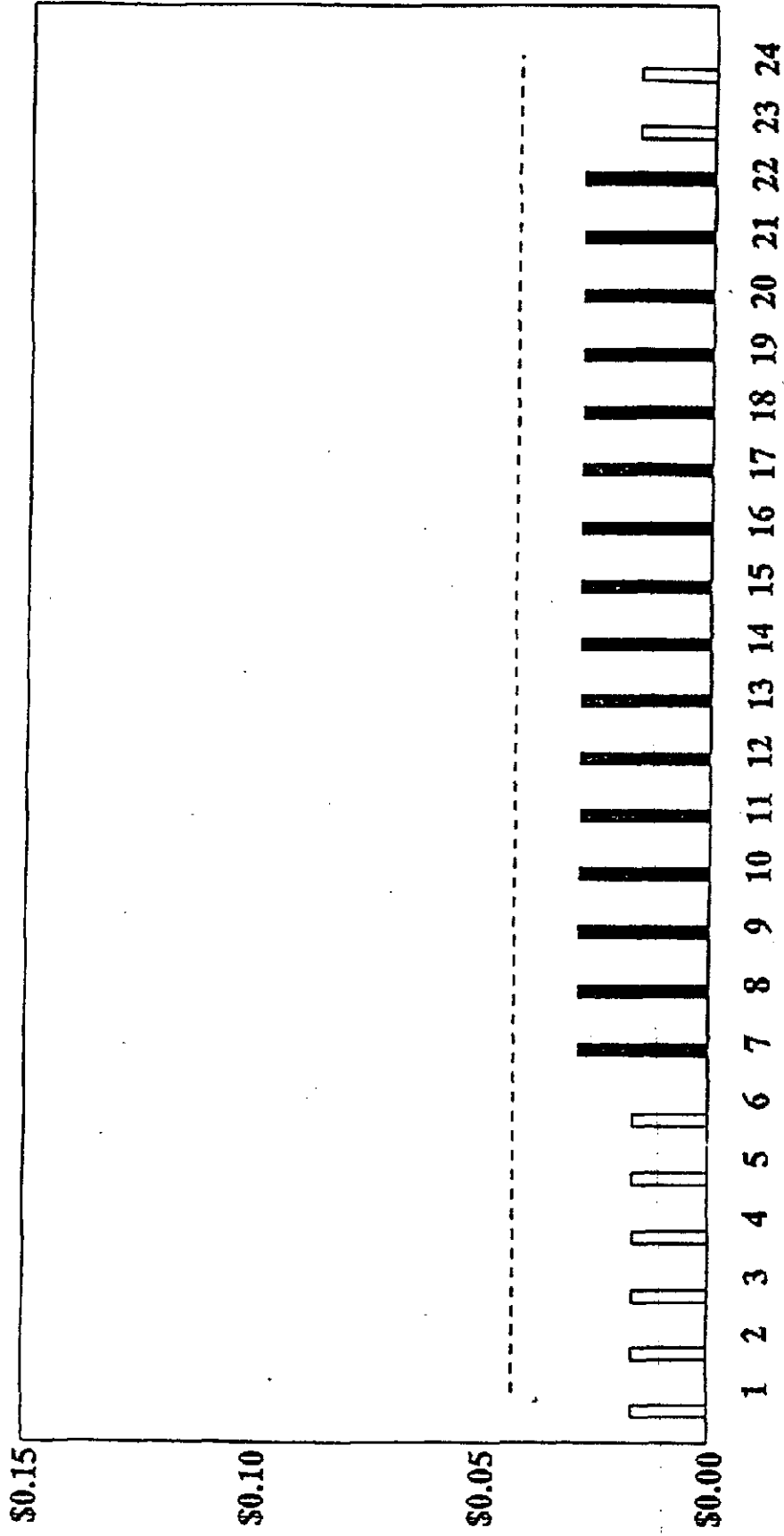
## Weekday



# September

## Weekday

Price per kWh



P1 Hours	P2 Hours	P3 Hours	P4 Hours	Avg Cost



#### IV. Conjunctive Rate Design Discussion Topics

- A. Recognition that conjunctive rate design groups should not be billed under existing tariffs.
- B. Maintenance of revenue neutrality for utility.
  - within rate case context
  - outside of rate case
- C. Basis for formation of conjunctive rate design groups.
  - corporate affiliated?
  - energy cooperatives?
  - no constraints?
- D. Need to treat conjunctive rate design group separately for cost allocation and rate design purposes.
- E. Should committee develop conjunctive rate design guidelines?
  - Two-year pilot project?
- F. Implementation plan for conjunctive rate design initiative.
- G. Intra- vs. inter-utility conjunctive rate design groups.