

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

Application Not for An Increase in Rates)	
Pursuant to Section 4909.18, Revised Code,)	
Of Ohio Power Company and Columbus)	Case No. 11-531-EL-ATA
Southern Power Company to Establish)	
New Market Based Rate for Returning CRES)	
Customers That Elected to Avoid the POLR)	
Charge)	

REPLY COMMENTS OF INDUSTRIAL ENERGY USERS-OHIO

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July 29, 2011

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I. INTRODUCTION

On June 29, 2011, the Public Utilities Commission of Ohio ("Commission") issued an Entry seeking comments regarding Columbus Southern Power Company's ("CSP") and Ohio Power Company's ("OPCo") (collectively, the "Companies") application submitted on February 4, 2011 (hereinafter "Application"), proposing to establish market-based rates for customers that have elected to waive payment of the provider of last resort ("POLR") charge. On July 22, 2011, the Commission Staff, FirstEnergy Solutions, and Industrial Energy Users-Ohio ("IEU-Ohio") filed Initial Comments. Pursuant to the June 29, 2011 Entry in this proceeding IEU-Ohio submits its Reply Comments.

II. BACKGROUND

On March 18, 2009, the Commission approved with modifications the Companies' electric security plan ("ESP").¹ In the Opinion and Order, the Commission

¹ *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, Case Nos. 08-917-EL-SSO, *et al.*, Opinion and Order (March 18, 2009) (hereinafter "2009 ESP").

determined that customers taking service from a competitive retail electric supplier ("CRES") may elect to waive the POLR charge under certain conditions:

As the POLR, the Commission believes that the Companies do have some risks associated with customers switching to CRES providers and returning to the electric utility's SSO rate at the conclusion of CRES contracts or during times of rising prices. However, we agree with the intervenors and Staff that the POLR charge as proposed by the Companies is too high, but we do not agree that there is no risk or a very minimal risk as suggested by some. As noted by several intervenors and Staff, the risk of returning customers may be mitigated, not eliminated, by requiring customers that switch to an alternative supplier (either through a governmental aggregation or individual CRES providers) to agree to return to market price, and pay market price, if they return to the electric utility after taking service from a CRES provider, for the remaining period of the ESP term or until the customer switches to another alternative supplier. In exchange for this commitment, those customers shall avoid paying the POLR charge.²

On February 4, 2011, the Companies' filed their Application to establish new market-based rates for returning CRES customers that elected to waive the POLR charge.

III. REPLY COMMENTS

In its Initial Comments, IEU-Ohio noted several aspects of the Companies' Application that are not reasonable and therefore recommended that the Commission, pursuant to Section 4909.18, Revised Code, set the Companies' Application for hearing. In its Initial Comments, FirstEnergy Solutions also pointed out several shortcomings in the Companies' Application and requested that the Commission reject the Application.

In their Initial Comments, Staff recommends numerous modifications to the Companies' Application.³ While some of the Staff's recommendations have merit,

² 2009 ESP, Case Nos. 08-917-EL-SSO, *et al.*, Opinion and Order at 40 (March 18, 2009).

³ The Staff's Initial Comments recommend changes to at least twelve aspects of the Companies' Application.

others appear to be beyond the scope of this proceeding. For example, the Staff suggests that there should be market-based monthly fixed priced options for both large and small customers for twelve months in advance, with a corresponding minimum stay requirement.⁴ Staff's recommendation does not recognize that the applicability of POLR charges, as well as customer's ability to waive POLR charges, only exists during the term of the Companies' current ESP, which expires on December 31, 2011.⁵ Thus, some aspects of the Staff's recommendations do not appear to be practical given the limited remaining term of the Companies' current ESP.

In any event, the Commission's response to the Companies' Application is constrained by the requirements of Section 4909.18, Revised Code. The numerous changes to the Companies' Application recommended by Staff suggests that Staff shares IEU-Ohio's view that the Application appears to be unjust and unreasonable. Accordingly, the Commission is required to set the matter for hearing.

IV. CONCLUSION

For the reasons stated herein, IEU-Ohio recommends the Commission set the Companies' Application for hearing.

⁴ Staff Initial Comments at 6-9.

⁵ In fact, the propriety of the Companies' current POLR charges are being considered in the remand phase of the 2009 ESP. IEU-Ohio recognizes that the Companies have proposed a POLR charge in their proposed 2011 ESP in Case Nos. 11-346-EL-SSO, *et al.* But, at this time the question of whether a POLR charge and the attendant terms and conditions will be approved by the Commission and accepted by the Companies is an unresolved issue.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Samuel C. Randazzo", is written over a horizontal line.

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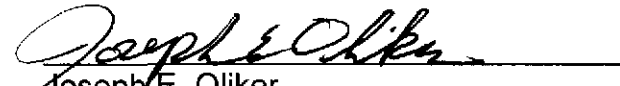
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Reply Comments of Industrial Energy Users-Ohio* was served upon the following parties of record this 29th day of July 2011, via electronic transmission, hand-delivery or first class U.S. mail, postage prepaid.


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