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with respect to issues raised by the objections or comments in question. The entry also joined the state's jurisdictional electric distribution utilities as indispensable parties.

Motions to intervene were filed by Ohio Partners for Affordable Energy ("OPAE") and the OMA Energy Group, on June 28, 2011 and June 30, 2011, respectively, and by Industrial Energy Users – Ohio ("IEU-Ohio") and the Office of the Ohio Consumers' Counsel ("OCC") on July 22, 2011. Pursuant to the procedural schedule established the Attorney Examiner's entry, OPAE filed an objection relating to the USF ride rate design methodology proposed in the NOI, but did not request a hearing. No other parties filed objections or comments. IEU-Ohio and ODOD filed response to the OPAE objection on August 9, 2011. OPAE subsequently advised the other parties that it did not intend to pursue its objection in this proceeding. Thus, there is no need for a prehearing conference in this matter.

Rule 4901-1-30, Ohio Administrative Code, provides that any two or more parties to a proceeding before the Commission may enter into a written stipulation resolving the issues presented in such proceeding. The purpose of this Joint Stipulation and Recommendation ("Stipulation") is to set forth the agreement of the signatories hereto ("Signatory Parties") as to the appropriate resolution of the issues presented by the NOI and to recommend that the Commission approve and adopt this Stipulation as its decision with respect to those issues.

This Stipulation represents a just and reasonable resolution of all issues presented, violates no regulatory principle, and is the product of serious bargaining among knowledgeable and capable parties undertaken in a cooperative process in which all parties were provided the opportunity to participate. Although stipulations are not binding on the Commission, stipulations are entitled to careful consideration by the Commission, particularly where, as here, the stipulation is sponsored by Signatory Parties representing a wide range of interests, and is not

opposed by any party.<sup>1</sup> For purposes of resolving all issues presented by the NOI, the Signatory Parties stipulate, agree, and recommend that the Commission issue an order approving the USF rider revenue requirement and rate design methodology forth below.

**1. USF RIDER REVENUE REQUIREMENT METHODOLOGY**

The USF rider revenue requirement to be recovered by the USF rider rates of the state's EDUs to be effective during the 2012 collection period should include the following elements, each of which shall be determined in the manner set forth below. The methodology for determining these elements is consistent with the methodology utilized by ODOD and authorized by the Commission in prior USF rider rate adjustment proceedings. ODOD will document its proposed allowance for each of these elements as a part of its application and/or in the written supporting testimony filed in conjunction with the application.

**a. Cost of PIPP**

The cost of PIPP component of the USF rider revenue requirement shall be determined as proposed by ODOD at pages 3-6 of the NOI.

**b. Electric Partnership Program Costs**

The EPP cost component of the USF rider revenue requirement shall be determined as proposed by ODOD at pages 6-7 of the NOI and as supported by Exhibit A thereto. Consistent with its obligation to adjust the allowance for EPP costs of \$14,946,196 proposed in the NOI if updated projections suggest that this allowance is no longer appropriate, ODOD will perform any necessary

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<sup>1</sup> The Signatory Parties are authorized to represent that, although the Commission Staff ("Staff") is not a signatory, Staff does not oppose the Stipulation, and that OCC neither supports nor opposes the Stipulation.

adjustments, and will document the basis for same in its application and/or supporting testimony to be filed in this case.

c. **Administrative Costs**

The allowance for administrative costs associated with low-income customer assistance programs to be included in the USF rider revenue requirement shall be determined as proposed by ODOD at pages 7-8 of the NOI.

d. **December 31, 2011 PIPP Account Balances**

The December 31, 2011 PIPP account balances shall be reflected in the determination of the USF rider revenue requirement as proposed by ODOD at page 8 of the NOI. Consistent with the discussion of this element in the NOI, the USF riders shall be implemented on a bills-rendered basis effective with the EDUs' January 2012 billing cycles so as to synchronize the new USF riders with the December 31, 2011 PIPP balances as of their effective date.

e. **Reserve**

The reserve component of the USF revenue requirement shall be determined as proposed by ODOD at page 9 of the NOI.

f. **Allowance for Undercollection**

The allowance for undercollection to be included in the USF rider revenue requirement shall be determined as proposed by ODOD at page 10 of the NOI.

g. **EDU Audit Costs**

Consistent with the discussion at pages 10-12 of the NOI, an allowance for EDU audit costs shall be included in the USF rider revenue requirement in this case.

i. **Universal Service Fund Interest Offset**

For those reasons set forth at pages 12-14 of the NOI, the projected end-of-test-period USF interest balances, if any, shall not be deducted in calculating the proposed USF rider revenue requirement.

2. **USF RIDER RATE DESIGN METHODOLOGY**

As proposed at pages 14-15 of the NOI, ODOD shall employ the rate design methodology previously approved by the Commission in all prior ODOD applications to recover the annual USF rider revenue requirements determined in this proceeding. This rate design is a two-step declining block rate design, the first block of which applies to all monthly consumption up to and including 833,000 kWh. The second block rate, which applies to all consumption over 833,000 kWh per month, will be set at the lower of the PIPP rider rate in effect in October 1999 or the per kWh rate that would apply if the EDU's annual USF rider rate was to be recovered through a single block volumetric rate. The first block rate will be set at the level necessary to produce the remainder of the EDU's annual rider revenue requirement. The Signatory Parties agree that this rate design methodology provides for a reasonable contribution by all customer classes to the USF revenue requirement.<sup>2</sup>

3. **COMMISSION APPROVAL**

Except for enforcement purposes, this Stipulation shall not be cited as a precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves the Stipulation. This Stipulation represents a compromise involving a

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<sup>2</sup> Although a signatory to the Stipulation, OPAE does not join in this paragraph of the Stipulation. However, OPAE will not contest the adoption of this paragraph in the context of the NOI phase of this proceeding.

balancing of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken if these issues had been fully litigated. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification. Should the Commission reject or materially modify all or any part of this Stipulation, a Signatory Party shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Signatory Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Signatory Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Commission or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Signatory Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Signatory Parties will be afforded the opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

WHEREFORE, the Signatory Parties waive any right to a hearing they may have, and respectfully request that the Commission issue an order forthwith adopting this Stipulation as its resolution of all issues relating to the NOI as filed.

Respectfully submitted,

Ohio Department of Development

By: B. E. Ray

Industrial Energy Users – Ohio

By: Stetson Hammond

BY: BER PER 8/31/11  
EMAIL AUTHORIZATION

Ohio Edison Company, The Cleveland  
Electric Illuminating Company, and  
The Toledo Edison Company

By: Carrie M. Dunn

BY: BER PER 8/29/11  
EMAIL AUTHORIZATION

Columbus Southern Power Company and  
Ohio Power Company

By: Matthew Satterwhite

BY BER PER 9/2/11  
TELEPHONE AUTHORIZATION

Duke Energy Ohio, Inc.

By: Elizabeth Watts

BY: BER PER 9/1/11  
EMAIL AUTHORIZATION

The Dayton Power and Light Company

By: Judi Sobacki

BY: BER PER 8/29/11  
EMAIL AUTHORIZATION

Ohio Partners for Affordable Energy

By: Golden Mooney

BY: BER PER 8/29/11 EMAIL AUTHORIZATION  
[Ohio Partners for Affordable Energy does  
not join in Paragraph 2 of this Joint  
Stipulation and Recommendation.]

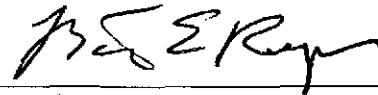
OMA Energy Group

By: Matthew Warrach

BY: BER PER 9/1/11  
EMAIL AUTHORIZATION

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served upon the following parties by first class mail, postage prepaid, and/or by electronic mail this 1st day of September 2011.



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