

OCC EXHIBIT NO. _____

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company and)	
Ohio Power Company, Individually and, if)	
Their Proposed Merger is Approved, as a)	Case No. 11-351-EL-AIR
Merged Company (collectively, AEP Ohio))	Case No. 11-352-EL-AIR
for an Increase in Electric Distribution)	
Rates.)	

In the Matter of the Application of)	
Columbus Southern Power Company and)	
Ohio Power Company, Individually and, if)	Case No. 11-353-EL-ATA
Their Proposed Merger is Approved, as a)	Case No. 11-354-EL-ATA
Merged Company (collectively, AEP Ohio))	
for Tariff Approval.)	

In the Matter of the Application of)	
Columbus Southern Power Company and)	
Ohio Power Company, Individually and, if)	Case No. 11-356-EL-AAM
Their Proposed Merger is Approved, as a)	Case No. 11-358-EL-AAM
Merged Company (collectively, AEP Ohio))	
for Approval to Change Accounting)	
Methods.)	

**DIRECT TESTIMONY
of
AMR A. IBRAHIM**

**On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485**

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1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4 ***AI.*** My name is Amr A. Ibrahim. My business address is 10 West Broad Street, Suite
5 1800, Columbus, Ohio, 43215. I am employed by the Office of the Ohio
6 Consumers' Counsel ("OCC") as a Principal Regulatory Analyst.

7

8 ***Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND***
9 ***PROFESSIONAL EXPERIENCE.***

10 ***A2.*** I received a B.A. (Accounting) from Cairo University in 1975, a M.A.
11 (Economics) from the American University in Cairo in 1981, and a PhD
12 (Economics) from the University of Sussex, UK, in 1988. I am a member of the
13 International Association for Energy Economics and a member of the GridWise
14 Architecture Council.¹

15

16 Prior to joining the OCC in October 2008, I worked as an independent Consultant
17 with several entities in the U.S. and overseas. Further, I have worked for four
18 years (2002 – 2006) as a Senior Analyst, Market and Regulatory Practices, for the
19 Independent System Operator of New England. Additionally, I was a Manager,
20 then a Director, Regulatory Affairs in Enron Corporation from 1997 to 2001. I
21 served as a Senior Rate Policy Analyst with BCHydro (British Columbia, Canada)
22 from 1990 to 1997 where I performed cost of service studies and rate design.

¹ See <http://www.gridwiseac.org/>.

1 **Q3. PLEASE DESCRIBE YOUR EXPERIENCE.**

2 **A3.** I have worked for several years in rates and cost of service studies analysis,
3 providing technical and analytical support regarding various rates and cost of
4 service filings. Part of this work involved reviewing the applicability of what was
5 commonly referenced at that time (1990 – 1995) as “innovative rate designs” such
6 as voluntary and non-voluntary curtailable load tariffs, standby and backstopping
7 rates, wheeling rates, green rates, and economic development initiatives. I
8 performed similar work (e.g., conducting fully allocated cost of service studies
9 and rate design) for systems outside North America in working for Enron
10 Corporation and as a consultant.

11
12 Additionally, since joining the OCC as a member of the Analytical Services
13 Department, I have provided an affidavit in the FERC Docket Nos. ER09-134-
14 000, *et al.*, which provided information on the status of competitive electricity
15 service and government aggregation in the state of Ohio.² I am responsible for
16 providing technical support to formulate the OCC position on economic
17 development and unique arrangements filed before the Public Utilities
18 Commission of Ohio (“Commission” or “PUCO”).³ I am also responsible for

² *FirstEnergy Solution Corp., et al.*, Docket Nos. ER-09-134-000, ER09-135-000, ER09-136-000, and ER09-137-000, Affidavit of Amr Ibrahim (November 14, 2008).

³ For example, *The Application for Establishment of a Reasonable Arrangement Between The Ohio Edison Company and V&M Star*, Case No. 09-80-EL-AEC, and *In the Matter of the Application of Ormet Primary Aluminum Corporation for Approval of a Unique Arrangement with Ohio Power Company and Columbus Southern Power Company*, Case No. 09-119-EL-AEC.

1 providing analytical support on issues related to rate design and cost of service
2 studies.⁴

3
4 ***Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE
5 PUBLIC UTILITIES COMMISSION OF OHIO?***

6 ***A4.*** Yes, I have submitted written testimony before the PUCO. Attachment AAI-1
7 lists these testimonies.

8
9 ***Q5. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF
10 YOUR TESTIMONY?***

11 ***A5.*** I have reviewed the Application of Columbus Southern Power Company (“CSP”),
12 and Ohio Power Company (“OP”), collectively, (“AEP Ohio” or “Companies”)
13 for an increase in electric distribution rates, tariff changes, and for approval of
14 changes in accounting methods that was filed with the PUCO on February 28,
15 2011 (“the Application”). I have also reviewed the direct testimony of AEP Ohio
16 Witnesses Hamrock, Moore, High, and Zelina. I have also reviewed the
17 Companies’ responses to OCC discovery as well as some of the discovery
18 responses to the PUCO Staff (“Staff”) and other interveners. I also read the

⁴ For example, *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase Its Rates and Charges in Its Lake Erie Division*, Case No. 09-1044-WW-AIR, and *In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase Its Rates and Charges in Its Lake Erie Division*, Case No. 09-1044-WW-AIR.

1 Reports by the PUCO Staff for both CSP and OP (“Staff Reports”) that were
2 issued on September 15, 2011.⁵

3
4 **II. PURPOSE OF TESTIMONY AND RECOMMENDATIONS**

5
6 ***Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

7 **A6.** My testimony will support OCC objections to the Staff Reports for CSP and OP
8 as they relate to the design of rates that will allow the Companies the opportunity
9 to recover their revenue requirements. Specifically, I will address OCC’s
10 objections to the Staff Reports as described below in my recommendations.

11
12 ***Q7. WHAT ARE YOUR RECOMMENDATIONS?***

13 **A7.** I have the following recommendations:

- 14 a) *Based on OCC’s recommended reductions in the revenue requirements for*
15 *both CSP and OP, I recommend that the Commission maintain the current*
16 *rate design structure, at its present levels with only the necessary changes*
17 *to the energy components. My recommendations would still afford the*
18 *Companies the opportunity to collect approved revenue requirements.*
- 19 b) *Alternatively, if the Commission approves alternate revenue requirements*
20 *for both CSP and OP, I recommend changes to the residential rate design*
21 *proposed by the Staff in the following respects:*

⁵ “A report by the Staff of the Public Utilities Commission of Ohio, Columbus Southern Company, Case No. 11-351-EL-AIR”, and “A report by the Staff of the Public Utilities Commission of Ohio, Ohio Power Company, Case No. 11-351-EL-AIR”. (September 15, 2011).

- 1 i. The Commission should adopt the Staff 's calculated
2 customer charges that were based on the Staff's standard
3 methodology, and implement an energy component that
4 would still afford the Companies the opportunity to collect
5 the approved revenues. (OCC Objection No. 27).
- 6 ii. The Commission should order the gradual elimination of
7 the negatively declining trailing block for the winter use in
8 CSP Rate Schedule R-R over a five-year period.
9 Additionally, the Commission should order the adjustment
10 of the energy charges only within the same rate class R-R
11 to achieve a single block rate design in a more gradual
12 manner. (OCC Objection No. 26).
- 13 c) The Commission should order CSP and OP to maintain the independent
14 rate design structures between both CSP and OP despite their possible
15 merger. The Commission should maintain the independence between the
16 business decision to merge and the currently applicable rate designs, until
17 the next distribution rate case. Furthermore, a merged rate design in
18 which customers of two separate utilities pay the same charges implies
19 that some customers will be better off and others worse off. And yet, there
20 has been no cost justification provided by the Companies for treating the
21 customers of CSP and OP the same. (OCC Objection No. 28).

1 **III. AEP OHIO'S APPLICATION FOR AN INCREASE IN ELECTRIC**
2 **DISTRIBUTION RATES AND TARIFF CHANGES.**

3
4 ***Q8. PLEASE DESCRIBE AEP OHIO'S FEBRUARY 28, 2011 APPLICATION TO***
5 ***INCREASE THE ELECTRIC DISTRIBUTION RATES AND TARIFF***
6 ***CHANGES.***

7 **A8.** AEP Ohio is seeking to collect rates to compensate it for its current investments
8 and costs that are alleged to be necessary to provide service to its customers and
9 earn an appropriate return on equity.⁶ The Companies are seeking an increase in
10 the revenue requirements for CSP in the amount of \$34.21 million, and for OP a
11 \$59.60 million increase is sought.⁷ The Companies estimate that the rate changes,
12 if granted by the Commission, would increase their gross revenues by \$93.8
13 million. The requested increase in revenue requirements is 9.5% for CSP and
14 17.3% for OP.⁸ The Companies request that the Commission approve their rates
15 effective with the first billing cycle of January 2012.⁹

16
17 The Companies have included redlined tariff sheets for CSP and OP reflecting
18 suggested changes to the different distribution rates for all classes of service
19 designed to collect the requested revenue requirements.¹⁰ Furthermore, because

⁶ AEP Ohio Application at 3.

⁷ AEP Ohio Application, Schedule A-1 in Volume 1 & 2 for CSP and OP, respectively.

⁸ For CSP, the revenue requirements would increase from \$359.93 million to \$392.14 million—and for OP the revenue requirements would increase from \$343.52 million to \$403.52 million.

⁹ *Id.*

¹⁰ AEP Ohio Application, Schedules E-1, E-2a, and E-2b.

1 the Companies are anticipating PUCO approval of the pending merger of CSP and
2 OP¹¹ by the time the proposed rates are implemented (i.e., January 2012), they
3 have also proposed a single set of distribution rates designed to apply to the
4 customers of both CSP and OP.¹²

5
6 ***Q9. WHAT ARE THE CHANGES IN THE STRUCTURE OF RATES***
7 ***PROPOSED FOR CSP'S RESIDENTIAL CUSTOMERS?***

8 ***A9.*** CSP has proposed several changes to the rate structure of its residential
9 customers. As explained by Companies' witness Zelina, CSP is proposing a
10 single per kWh energy charge applicable to all residential energy usage.¹³ For
11 example, CSP eliminated the winter declining trailing block that was available to
12 the 469,000 CSP residential customers taking service at Rate Schedule R-R.¹⁴
13 CSP proposes a single block rate of \$0.0214/kWh for both summer and winter
14 seasons to replace the current structure in the winter of \$0.0298899/kWh for the
15 first 800 kWh and \$0.0057028 for consumption above this threshold and
16 \$0.0298899 in the summer.¹⁵ CSP also proposes to increase the fixed customer
17 charge by 86% over current levels for residential customers taking service under

¹¹ In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals. Case No. 10-2376-EL-UNC. (October 18, 2010).

¹² AEP Ohio Application, Testimony of Companies' witness Zelina at 5. The approach followed in the Application (Zelina at 5) to arrive at the combined rates was through combining CSP and OP's proposed class revenue and billing determinants.

¹³ Id at 6.

¹⁴ AEP Ohio Application, Schedule E-4, Page 1 of 2 for CSP.

¹⁵ AEP Ohio Application, Schedule E-2.1 Part 4A, Page 60 of 208.

1 Schedules R-R and R-R-1. Under the Companies' proposal the monthly customer
2 charge increases from \$4.52 per to \$8.40 for residential customers of CSP.

3
4 ***Q10. WHAT ARE THE CHANGES IN THE STRUCTURE OF RATES***
5 ***PROPOSED FOR OP'S RESIDENTIAL CUSTOMERS?***

6 ***A10.*** Similarly, the Companies have proposed several changes to the structure of rates
7 for OP residential customers. As explained by Companies' witness Zelina, OP is
8 proposing a single per kWh energy charge applicable to all residential energy
9 usage.¹⁶ Under the Companies' proposal, the residential customers taking service
10 at Rate Schedule RS will pay a single block rate for all energy use of \$0.214/kWh
11 rather than the current \$0.02356 for the first 800 kWh and \$0.017122 for all
12 excess kWh. Their monthly customer charge will also increase from \$3.82 to
13 \$8.40, which is a 120% increase to that charge.¹⁷

14
15 ***Q11. DO YOU AGREE WITH THE COMPANIES' PROPOSED CHANGES TO***
16 ***THE RESIDENTIAL CUSTOMERS' TARIFFS?***

17 ***A11.*** No.

18

¹⁶ Id at 6.

¹⁷ Unless specifically highlighted, the testimony focuses on CSP residential customer class taking service on rate schedules R-R and R-R-1 (468.9 thousand and 184.8 thousand, respectively, i.e., 99.98% of all residential CSP customers). For OP, the testimony focuses on the residential customers taking service on rate schedule RS (600.1 thousand, or 99.93% of its total residential customers). See Schedules E-4 (Pages 1 of 2) for both CSP and OP.

1 **Q12. PLEASE EXPLAIN THE REASONS WHY YOU DISAGREE WITH THE**
2 **COMPANIES' PROPOSED CHANGES TO THE RESIDENTIAL**
3 **CUSTOMERS' RATES?**

4 **A12.** I disagree with the Companies for a number of reasons. First, I disagree with the
5 level of the customer charges for residential customers proposed by the
6 Companies (and supported by the Staff) as that customer charge is inconsistent
7 with the charge that is calculated under the Staff's standard minimally
8 compensatory approach. Second, I disagree with the proposed structure for CSP
9 Rate Schedule R-R. The elimination of the declining trailing block energy charge
10 structure for consumption above 800 kWh should be introduced over a reasonable
11 period (for example, five years) to avoid possible rate shock for some customers.
12 Finally, I disagree with the Companies' proposed changes because there should be
13 a decrease in the revenue requirements for CSP and OP as recommended by OCC
14 witness Soliman.¹⁸ Thus, no modifications to the Companies rate design would
15 be necessary.

16
17 **Q13. WHAT METHODOLOGY WOULD YOU PROPOSE USING TO DESIGN**
18 **RATES FOR CSP'S AND OP'S RESIDENTIAL CUSTOMERS PROVIDED**
19 **THE COMMISSION ADOPTS OCC'S REVENUE REQUIREMENTS?**

20 **A13.** As mentioned earlier, OCC witness Soliman presents testimony supporting a
21 decrease in the revenue requirements for both companies. If Mr. Soliman's
22 recommendations are adopted, there will be a decrease in revenue requirements

¹⁸ Direct Testimony of OCC witness Soliman at 29-30.

1 for CSP by 12.42% and for OP by 1.37%.¹⁹ The reduction in revenue
2 requirements should be addressed by adjusting the energy charge of customers'
3 rates. This will permit the Companies the opportunity to collect the approved
4 revenues.

5
6 ***Q14. HOW ARE THE PROPOSED REVENUE REQUIREMENT REDUCTIONS***
7 ***ALLOCATED TO THE RESIDENTIAL CUSTOMERS?***

8 ***A14.*** I propose to apply OCC's recommended reduction in revenue requirements to all
9 customer classes in proportion to the current revenue distribution proposed by the
10 Companies. As discussed below, I propose to maintain the residential customer
11 charges at their current levels (e.g., \$4.52 for Rate Schedule R-R, R-R-1 in CSP,
12 and \$3.82 for Rate Schedule RS in OP). Accordingly the revenues collected from
13 the fixed customer charges will remain the same. As the proportional decline in
14 the class revenue requirement is applied only to the energy charges, they are
15 adjusted downwards, and the current seasonal and block structures are kept intact.
16 The division of the revenues generated by each block by their respective energy
17 billing determinants will result in the energy charge for each block per kWh.

18
19 ***Q15. ARE THERE ANY CHANGES THAT YOU SUGGEST TO THE CURRENT***
20 ***CSP R-R AND RR-1 RATE STRUCTURE FOR RESIDENTIAL***
21 ***CUSTOMERS OF CSP PROVIDED THE COMMISSION ADOPTS OCC'S***
22 ***REVENUE REQUIREMENT RECOMMENDATIONS?***

¹⁹ Id.

1 **A15.** No. I propose to maintain the existing tariff structure, and make the necessary
2 revenue requirement reductions through proportional reductions to the energy
3 charges.

4
5 **Q16. WHAT IS THE RESULTING CSP RESIDENTIAL RATE DESIGN UNDER**
6 **YOUR PROPOSAL?**

7 **A16.** I recommend that the customer charges remain at their current levels and
8 reductions be made to the energy components. For example the 469,000 CSP
9 residential customers taking service at Rate Schedule R-R should continue paying
10 a monthly customer charge of \$4.52. I also recommend maintaining the other rate
11 characteristics (e.g., seasonality and block structure) the same.

12
13 Based on OCC's recommended revenue requirements I have determined that the
14 energy charges for customers on Rate Schedule R-R will be \$0.0256 per kWh in
15 the winter for the first 800 kWh, and \$0.0049 per kWh for all excess kWh
16 consumption (instead of 0.0298/kWh and 0.0057/kWh, respectively). For all
17 energy use in the summer, the energy charge will be \$0.0256/kWh (instead of
18 \$0.0299/kWh). Attachment AAI-2 demonstrates the revenue streams generated
19 from R-R customers per block and season.

20
21 Following the same approach (i.e., maintain the customer charges at their current
22 levels, and reflect the change in revenue requirement in the energy component of
23 the tariffs), Attachment AAI-2 also demonstrates the revenue streams generated

1 from R-R-1 customers per block and season. These customers would still be
2 paying monthly customer charges of \$4.52, and an energy charge of
3 \$0.02258/kWh in the summer (rather than \$0.02742/kWh), and \$0.02258/kWh for
4 the first 800 kWh in the winter with \$0.004696 for all excess kWh use (rather
5 than \$0.02742 and \$0.005702 per kWh, respectively).

6
7 ***Q17. UNDER OCC'S RECOMMENDED REVENUE REQUIREMENT AND***
8 ***YOUR RECOMMENDATIONS ON RATE DESIGN, WHAT WOULD AN***
9 ***AVERAGE CSP RESIDENTIAL CUSTOMER EXPECT TO PAY?***

10 ***A17.*** An average residential customer taking service at schedule R-R of 1,089
11 kWh a month in the winter would be paying \$26.41 for the distribution charge
12 rather than the current \$30.08.²⁰ In the summer, the average customer consuming
13 1,415 kWh would be paying \$40.74 rather than the current \$46.82.²¹ A

²⁰ The usage of the average customer is calculated by the division of sales in kWh (by rate schedule and season, if applicable) by the number of bills in the period—see Attachment AAI-2. It is to be noted that in both CSP Rate Schedules R-R, and R-R-1, the winter season is the billing months of October through May, and the summer period is the billing months of June through September (see CSP 2nd Revised Sheet No. 10-1 for Rate Schedule R-R, and Sheet No. 11-1 for Rate Schedule R-R-1). Accordingly, the average customer on CSP's Rate Schedule RR uses 1,089 kWh per month in the winter, and 1,415 kWh per month in the summer. Further, the average customer on CSP's Rate Schedule R-R-1 uses 504 kWh in the winter and 318 kWh in the summer. For residential customers on OP's Rate Schedule RS, the average customer uses 1,055 kWh per month.

²¹ The details of the calculations are as follows:

<u>Average Customer</u>	Current		OCC Proposed	
	Winter	Summer	Winter	Summer
Monthly Consumption -- kWh	1,089	1,415	1,089	1,415
Customer Charge	\$4.52	\$4.52	\$4.52	\$4.52
First 800 kWh per month	\$23.91	\$23.91	\$20.48	\$20.48
All Excess kWh per month	\$1.65	\$18.39	\$1.41	\$15.74
Total	\$30.08	\$46.82	\$26.41	\$40.74

Source: Attachment AAI-2

1 residential customer taking service on Rate Schedule R-R-1 of 504 kWh in the
2 winter and 318 kWh in the summer would be paying \$15.90 in the winter and
3 \$11.71 in the summer (instead of \$18.33 and \$13.25, respectively).²²
4

5 ***Q18. ARE THERE ANY CHANGES THAT YOU SUGGEST TO THE CURRENT***
6 ***OP RS RATE STRUCTURE FOR RESIDENTIAL CUSTOMERS OF OP***
7 ***PROVIDED THE COMMISSION ADOPTS OCC'S REVENUE***
8 ***REQUIREMENT RECOMMENDATIONS?***

9 ***A18.*** No. I propose to maintain the existing tariff structure, and make the necessary
10 revenue requirement reductions through proportional reductions to the energy
11 charges.
12

13 ***Q19. WHAT IS THE RESULTING RATE DESIGN THAT YOU ARE***
14 ***RECOMMENDING FOR THE CURRENT TARIFF STRUCTURE FOR OP'S***
15 ***RESIDENTIAL CUSTOMERS AT THE REVENUE REQUIREMENT***
16 ***LEVELS PROPOSED BY OCC?***

17 ***A19.*** The structure of OP's Rate Schedule RS is also recommended to be changed to
18 accommodate the OCC proposed revenue requirement reduction. Similar to the

²² The details of the calculations are as follows:

Average Customer (kWh)	Current		OCC Proposed	
	Winter	Summer	Winter	Summer
	504	318	504	318
Customer Charge	\$4.52	\$4.52	\$4.52	\$4.52
First 700 kWh	\$13.81	\$8.73	\$11.38	\$7.19
Total	\$18.33	\$13.25	\$15.90	\$11.71

Source: Attachment AAI-2.

1 recommendation for CSP, the monthly customer charge of \$3.82 should remain
2 the same. The energy charges will be adjusted to account for the proportional
3 reduction in revenue requirement. Accordingly, the energy charge should be
4 \$0.02319 for the first 800 kWh, and 0.01685/kWh for all excess use (instead of
5 \$0.02356 and \$0.0171224, respectively).

6
7 ***Q20. UNDER OCC'S RECOMMENDED REVENUE REQUIREMENT AND***
8 ***YOUR RECOMMENDATIONS ON RATE DESIGN, WHAT WOULD AN***
9 ***AVERAGE OP RESIDENTIAL CUSTOMER EXPECT TO PAY?***

10 **A20.** An average customer taking service on the RS rate of 1055 kWh a month would
11 pay distribution charges of \$26.66 rather than the current \$27.03 (a reduction of
12 1.64%).²³ Attachment AAI-2 demonstrates the revenue streams generated from
13 OP's 601,000 residential customers taking service under the RS schedule.

14
15 **IV. RESIDENTIAL TARIFFS UNDER THE PUCO PROPOSED REVENUE**
16 **REQUIREMENT.**

17

²³ The details of the calculations are as follows:

Average customer	1,055	
	Current	OCC Proposed
Customer Charge	3.82	3.82
First 800 kWh	18.85	18.55
All Excess kWh	4.36	4.29
Total	27.03	26.66

Source: Attachment AAI-2

1 ***Q21. WHAT ARE THE CHANGES IN THE STRUCTURE OF RATES PROPOSED***
2 ***FOR CSP'S RESIDENTIAL CUSTOMERS THAT THE STAFF HAS***
3 ***PROPOSED?***

4 ***A21.*** The Staff, while recommending different revenue requirements for both CSP and
5 OP, has agreed with the Companies' proposed rate design for residential
6 customers.²⁴ The Staff agreed with the Companies' proposal to increase the
7 customer charge to \$8.40 per month in CSP's residential schedules R-R and R-R1
8 schedules²⁵ and OP's RS schedule. As previously discussed, the current customer
9 charge for CSP's residential customers is \$4.52 and the current customer charge
10 for the residential customers of OP is \$3.82.²⁶ In percentage terms, if the Staff's
11 recommended customer charge is adopted, the fixed customer charge for a CSP
12 residential customer taking service at either R-R or R-R-1 schedules will increase
13 by 85.8%. For OP, the proposed customer charge will increase by 119.9%.

14
15 Further, the Staff has agreed with the Companies' proposal to adopt a single rate
16 block for all energy consumption whenever applicable, and with no seasonal
17 variation.²⁷ The Staff recommended this change on the basis that it may

²⁴ For CSP, the Staff is recommending a midpoint revenue requirement of \$357.5 million vis-à-vis a current \$363.4 million (The CSP Report, Schedule A-1, Page 1 of 1), i.e. a reduction of -1.6%. For OP, the Staff is recommending a midpoint revenue requirement of \$364.7 vis-à-vis a current \$337.2 (The OP Report, Schedule A-1, Page 1 of 1), i.e., an increase of 8.2%.

²⁵ CSP Staff Report, at 35.

²⁶ OP Staff Report at 34.

²⁷ CSP Staff Report at 37, and OP at 36-37.

1 encourage customers to more efficiently use electricity as the declining trailing
2 block may send the opposite price signal.²⁸

3
4 Finally, the Staff recommended that the proposed customer charges for CSP and
5 OP should not be adjusted downward in the event the Commission approves a
6 lower revenue requirement. The Staff recommended that the necessary
7 adjustments should be applied to the energy and demand charges of the tariffs.²⁹
8 However, Staff did not explain the rationale for its position.

9
10 ***Q22. PLEASE EXPLAIN WHY YOU RECOMMEND THAT THE COMMISSION***
11 ***NOT ADOPT THE STAFF'S PROPOSED RATE DESIGN?***

12 ***A22.*** The Staff, in agreement with the Companies' proposal, recommended a customer
13 charge of \$8.40 per customer per month for those taking service at CSP's
14 residential tariffs R-R, R-R-1, and OP's residential tariff RS. This is despite the
15 fact that the Staff performed its own calculations for customer charges using their
16 standard minimum compensatory approach, and calculated a lower customer
17 charge.³⁰

18
19 Under the Staff's standard methodology (reproduced in Attachment AAI-3), the
20 customer charge for CSP customers taking service on R-R schedule would be
21 \$5.90 per month and \$6.23 for OP residential customers taking service at the RS

²⁸ CSP Staff Report at 34.

²⁹ CSP Staff Report at 33-34, and the OP Staff Report at 32.

1 schedule.³¹ Nonetheless, the Staff recommended the Companies' proposed
2 customer charges of \$8.40 for CSP's and OP's residential customers. It is
3 presumed that the Staff recommended the higher customer charge to move the
4 companies' current rate design closer to a straight Fixed Variable ("SFV") rate
5 design.

6
7 Furthermore, the Staff's recommendation that included both the higher customer
8 charges and the elimination of the declining trailing block (as well as the
9 Companies'), did not consider the important regulatory principle of gradualism.

10 A more gradual introduction of these proposed rate design changes over a
11 reasonable period, for example three to five years, would help customers to
12 mitigate any sudden change in their monthly energy cost.

13
14 ***Q23. WHY DO YOU DISAGREE WITH THE STAFF'S PROPOSED CUSTOMER***
15 ***CHARGE FOR THE RESIDENTIAL CUSTOMERS?***

16 ***A23.*** The Staff has deviated from its own calculation of the fixed customer charge for
17 CSP residential customers of \$5.90 and \$6.23 for OP customers for the
18 considerably higher \$8.40. This is not appropriate for a number of reasons. First,
19 the PUCO has not determined whether SFV rate design is reasonable. Second, by
20 implementing a significant increase to customer charges in an abrupt manner, the
21 Staff is ignoring the need to phase in any move towards SFV. An increase of

³⁰ CSP Staff Report at 35, OP Staff Report at 34.

³¹ This calculated customer charge suggests 30% increase for CSP residential customers on R-R and R-R1 schedules, and 63% for OP customers on RS schedules.

1 customer charges of 85.8% (for CSP residential customers on R-R and R-R-1
2 schedules) and by 119.9% (for OP residential customers on RS) is not a phased-in
3 approach. There is no opportunity for customers to adjust.

4
5 ***Q24. DO YOU AGREE WITH THE STAFF'S PROPOSAL TO ABRUPTLY***
6 ***ELIMINATE THE DECLINING TRAILING BLOCK RATE FOR CSP'S***
7 ***RESIDENTIAL CUSTOMERS TAKING SERVICE UNDER THE R-R***
8 ***TARIFF?***

9 ***A24.*** No. The Staff's recommendations (including both the higher customer charges
10 and the elimination of the declining trailing block), did not consider the important
11 regulatory principle of gradualism. A more gradual introduction of these
12 proposed rate design changes over a reasonable period, for example five years,
13 would have helped customers to mitigate any sudden change in their monthly
14 energy cost. This pertains to Schedule R-R in CSP in which the price differentials
15 between the two blocks in the winter is the greatest.³² It is these customers who
16 will see the greatest impact on their bills. While a single block tariff design for
17 the energy component of the distribution tariff could be perceived as easier to
18 understand and implement, a more gradual movement away from the currently
19 applicable two-block design is preferable to mitigate any possible sizable increase
20 in the distribution rates.

³² Currently, the energy charge for the first 800 kWh in the winter is \$0.0298899/kWh, and the charge of all excess kWh is \$0.0057028/kWh. This is a ratio of 5.24:1. The price differential between the block in OP's RS is much smaller. The energy charge for the first 800 kWh is \$0.0235642/kWh, and all excess are charged \$0.0171224/kWh. This is a ratio of 1.1376:1.

1 **Q25. HAS THE COMMISSION DETERMINED THAT IT IS APPROPRIATE TO**
2 **IMPLEMENT AN SFV FATE DESGIN FOR ELECTRIC DISTRIBUTION**
3 **UTILITIES?**

4 **A25.** No. The PUCO has not determined for electric utilities whether SFV is
5 reasonable. The Staff acknowledges that the implementation plan for an electric
6 SFV proposal is yet to be determined, and will be resolved in a different
7 *proceeding. To quote from the Staff Report:*

8 "Most assuredly, Straight Fixed Variable rate design, as
9 well as implementation plan (if the design is found to be
10 desirable) will be addressed in future proceedings."³³

11
12 Furthermore, as the Staff points out, the Commission has issued an entry in Case
13 No. 10-3126-EL-UNC³⁴ asking for public comments regarding possible
14 modifications to Ohio's electric distribution utilities' rate design. And yet
15 despite the unresolved nature of SFV for electric utilities in Ohio, Staff uses SFV
16 as a rationale for deviating from its minimally compensatory customer charge
17 calculation. Because the SFV issue for electric distribution utilities is presently
18 unsettled, it should not be used as basis for imposing a significant increase in
19 customer charges in these cases. Additionally, the Staff's abrupt movement
20 towards the SFV rate design is contrary to the filed position of both CSP and OP

³³ CSP Staff Report at 37 and OP Staff Report at 36.

³⁴ In the Matter of Aligning Electric Distribution Utility Rate Structure With Ohio's Public Policies to Promote Competition, Energy Efficiency, and Distributed Generation, Case No. 10-3126-EL-UNC (December 29, 2010). The Commission has not issued an Opinion and Order in this case (as of October 24, 2011).

1 regarding the need to phase in SFV type distribution rate design in Case No. 10-
2 3126-EL-UNC. In AEP Ohio's response to the Commission question, "Should it
3 [decoupling rate design] be phased in?" the Companies stated: "A phase-in
4 period would be appropriate if moving toward a SFV type of distribution rate
5 design to allow customers time to adjust."³⁵

6
7 ***Q26. DID YOU CALCULATE THE IMPACT OF THE STAFF/COMPANIES'***
8 ***PROPOSED DISTRIBUTION CHARGES FOR A TYPICAL RESIDENTIAL***
9 ***CUSTOMER IN CSP'S AND OP'S SERVICE TERRITORIES?***

10 ***A26.*** Yes. At the proposed tariff by both the Companies and Staff calculated at the
11 Company proposed revenue requirement, a CSP residential customer taking
12 service at Schedule R-R will see a considerable increase in her/his seasonal
13 distribution charges.³⁶ As demonstrated in Attachment AAI-4, a typical customer
14 consuming 1,089 kWh in the winter would pay an additional 5.4%. However, this
15 variation in the winter would considerably increase to an additional 51.6% for
16 customers who use 2,179 kWh³⁷ and to 84.3% for customers who use 3,268
17 kWh³⁸ in the winter. Although these increases will be tempered by the inclusion
18 of a reduced monthly energy cost during the summer period, the seasonal
19 variations are sizable and should be introduced gradually. Attachment AAI-4 also

³⁵ In the Matter of Aligning Electric Distribution Utility Rate Structure With Ohio's Public Policies to Promote Competition, Energy Efficiency, and Distributed Generation, Case No. 10-3126-EL-UNC (December 29, 2010). Comments of Columbus Southern Power Company and Ohio Power Company to the Public Utilities Commission of Ohio's December 29, 2010 Entry at 13 (February 11, 2011).

³⁶ CSP Staff Report at 38.

³⁷ This consumption level is twice the average monthly use during the winter period.

1 demonstrates the impact on typical customers taking service on Schedule R-R-1
2 in CSP, and RS in OP. An average residential customer taking service on
3 Schedule R-R-1 would be paying an addition 4.6% in the winter period and
4 14.8% in the summer period. An average residential customer taking service on
5 Schedule RS of 1,055 kWh a month would pay an additional 14.57%.

6
7 **V. RESIDENTIAL TARIFFS UNDER MINIMALLY COMPENSATORY**
8 **CUSTOMER CHARGES AND THE STAFF'S RECOMMENDED**
9 **REVENUE REQUIREMENTS.**

10
11 ***Q27. WHAT WOULD BE THE PROPOSED CHARGES IN THE DISTRIBUTION***
12 ***TARIFFS FOR RESIDENTIAL CUSTOMERS WITH THE STAFF'S***
13 ***RECOMMENDED REVENUE REQUIREMENT AND A MORE***
14 ***REASONABLE CUSTOMER CHARGE?***

15 **A27.** I recommend that the customer charges be set at the Staff calculated levels of
16 \$5.90 for CSP and \$6.23 for OP.³⁹ This approach will allow the Commission to
17 increase the customer charge for residential customers gradually. Further, I
18 propose if the Commission decides to eliminate the winter declining rate block for
19 energy charges for CSP customers taking service on Rate Schedule R-R , the rate
20 adjustment be achieved over a five year time period in order to allow customers
21 sufficient time to adjust their energy usage to the new rates. Energy charges

³⁸ This consumption level is three times the average monthly use during the winter period.

³⁹ OCC witness Gonzalez addresses the distribution lost revenue and revenue decoupling issue in his Direct Testimony.

1 should be adjusted in a manner that ensures the Companies the opportunity to
2 collect the class revenue requirement approved by the Commission. During this
3 five-year period, other users within the same class (i.e., Rate Schedule R-R)
4 would see a slight increase in their energy charge that would decline over the five-
5 year period. The result by year 5 is all users within the class would be paying one
6 charge for all energy use. During the same period, customers consuming above
7 800 kWh in the winter will observe an annual increase in the energy charge of this
8 trailing block by a sizable, but still gradual, 36.1% per annum.

9
10 At the Staff recommended reduced revenue requirement for CSP of \$357.5
11 million (i.e., a reduction of 1.6%) and the Staff estimated monthly customer
12 charges of \$5.90 for the residential customers for Rate Schedule R-R, the
13 proposed tariff structure is demonstrated in Figure 1. By year 5, all customers
14 will be paying a single energy charge of \$0.235 without any seasonal variation;
15 however, it is achieved in a gradual manner that allows winter heating customers
16 to adjust their use over time. The same Figure 1 demonstrates the recommended
17 charges for Rate Schedule R-R-1 at the proposed customer charge of \$5.90 per
18 month and adjustments are then applied to the energy components of the tariff.

1 **Figure 1: Proposed Rate Schedules R-R and R-R-1 for CSP at the Minimum**
 2 **Compensatory Customer Charge and the Staff Proposed Revenue Requirement.**

3

	Year 1	Year 2	Year 3	Year 4	Year 5
CSP - R-R					
Customer Charge	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
Winter					
1st 800 kwh	\$0.0281	\$0.0273	\$0.0263	\$0.0249	\$0.0230
All Excess kWh	\$0.0067	\$0.0091	\$0.0124	\$0.0169	\$0.0230
Summer	\$0.0281	\$0.0273	\$0.0263	\$0.0249	\$0.0230
CSP - R-R-1	Year 1	Year 2	Year 3	Year 4	Year 5
Customer Charge	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
Energy Charge	\$0.0264	\$0.0264	\$0.0264	\$0.0264	\$0.0264

4

5

6 For OP, the Staff has proposed an increase in revenue requirement of 8.2%. At

7 the estimated customer charge for residential customers taking service at Rate

8 Schedule RS of \$6.23, the energy charge will be \$0.0259 for all use with no

9 seasonal variation.⁴⁰

10

11 ***Q28. WHAT WOULD BE THE IMPACT ON RESIDENTIAL CUSTOMERS WITH***

12 ***THE STAFF'S RECOMMENDED REVENUE REQUIREMENT AND A***

13 ***MORE REASONABLE CUSTOMER CHARGE IN BOTH CSP AND OP?***

14 ***A28.*** Attachment AAI-5 demonstrates the bill for distribution service for a typical

15 customer taking service on CSP Rate Schedule R-R. The proposed design for a

⁴⁰ At the Staff's estimated customer charge of \$6.23 and the Staff's proposed revenue requirement increase of 8.20%, for OP, the revenue streams expected from energy charges from the customers served on Rate Schedule RS are \$196.6 million. The division by the customer class' energy sale of 7,601, 816 MWh (from Attachment AAI-2) results energy charge of \$0.0259/kWh.

1 typical customer with 1,089 kWh in the winter and 1,415 kWh in the summer is a
2 stable annual bill of around \$400 during which the winter bill will remain
3 relatively stable at \$31 per month during the proposed five-year period. For a
4 typical winter user of 2,179 kWh, an unadjusted distribution charges (i.e., without
5 the gradual increase in energy charges over the five-year period) will result in a
6 monthly bill during the winter season of \$56.08; this is an approximately 55%
7 increase over the current winter season level of \$36.29. The proposed gradual
8 change will allow this customer to better “handle” the increase as her/his winter
9 season monthly bill will increase to \$37.54 in year 1, \$40.28 in year 2, \$44.02 in
10 year 3, \$49.12 in year 4 and \$56.08 in year 5. A typical residential customer
11 using of 3,268 kWh in the winter would experience a similar gradual increase
12 over the proposed five-year period.

13
14 The same Attachment AAI-5 demonstrates the impact of the proposed charges on
15 both CSP residential customers taking service on Rate Schedule R-R-1 and OP
16 residential customers taking service on Rate Schedule RS. A typical CSP
17 residential customer taking service at Rate Schedule R-R-1 consuming 504 kWh
18 in the winter and 318 kWh in the summer would pay monthly charges of \$19.20
19 and \$14.30, respectively. This is an increase of 4.7% and 7.9%.⁴¹ As for a
20 typical OP residential customer taking service at Rate Schedule RS with monthly

⁴¹ On annual basis, this typical customer will pay \$210.83 which is an increase of 5.5% in comparison to the current annual level of \$199.71.

1 consumption of 1,055 kWh, the monthly bill would increase from \$26.95 to
2 \$33.55.

3
4 ***Q29. DO YOU HAVE A RECOMMENDATION FOR THE APPLICABLE RATE***
5 ***DESIGN FOR THE RESIDENTIAL CUSTOMERS IN CASE THE***
6 ***PROPOSED MERGER BETWEEN CSP AND OP IS APPROVED?***

7 ***A29.*** Yes. The proposed merger between CSP and OP is a business decision for AEP
8 Ohio to make and the Commission to assess. CSP and OP customers should not
9 be adversely affected by this decision, and should be protected from income
10 transfers that are bound to happen between the customers of the two utilities.⁴²
11 The customers of the two utilities should also continue to take service in their
12 respective territories at the different applicable tariffs in these cases because the
13 cost of serving customers in each utility is different. Furthermore, the
14 Commission should take into consideration that it may order the gradual increase
15 of the energy charges for the residential customers taking service on CSP
16 Schedule R-R over the five-year period. Such a process precludes a merged tariff
17 design. Therefore, the separate tariff structures, with separate customer charges,
18 between both CSP and OP as discussed above should remain.

19

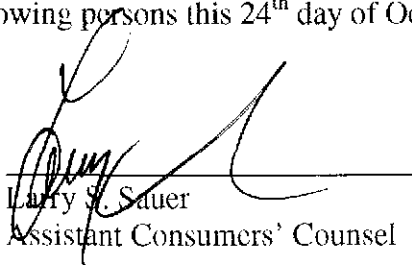
⁴² Income transfers would occur when tariffs are equalized with transfer between a customer paying a lower charge to customer paying higher charge. Equalization under unified tariffs means higher paying customers will pay less, and lower paying tariffs customers will pay more. The equalization process will cause intra-utility income transfers that customers should not be subjected to because of a utility's business decision.

1 **Q30. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A30.** Yes. However, I reserve the right to incorporate new information that may
3 subsequently become available. I also reserve the right to supplement my
4 testimony or file rebuttal testimony in response to positions taken by the PUCO
5 Staff and any other party to this proceeding.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Direct Testimony of Amr Ibrahim has been served via First Class Mail, postage prepaid, to the following persons this 24th day of October, 2011.



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Attachment AAI-1
List of Testimonies

1. In the Matter of the Application of the Dayton Power and Light Company for Approval of Its Amended Corporate Separation Plan. The Ohio Public Utility Commission – Case: 08-1097-EL-UNC. (January 26, 2009)
2. In the Matter of the Application of Ormet Primary Aluminum Corporation for Approval of a Unique Arrangement with Ohio Power Company and Columbus Southern Power Company. The Ohio Public Utility Commission – Case No. 09-119-EL-AEC. (April 27, 2009)
3. In the Matter of the Application for Establishment of a Reasonable Arrangement between Eramet Marietta Inc. and Columbus Southern Power Company. The Ohio Public Utility Commission – Case: 09-516-EL-AEC. (July 31, 2009).
4. In the Matter of the Application for Establishment of a Reasonable Arrangement between Eramet Marietta Inc. and Columbus Southern Power Company. The Ohio Public Utility Commission – Case: 09-516-EL-AEC. (August 12, 2009)
5. In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase Its Rates and Charges in Its Masury Division. The Ohio Public Utility Commission – Case No. 09-516-EL-AEC (February 22, 2010)
6. In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan. The Ohio Public Utility Commission – Case No. 10-388-EL-SSO (April 15, 2010).
7. In the Matter of the Application of Aqua Ohio, Inc. for Authority to Increase Its Rates and Charges in Its Lake Erie Division. The Ohio Public Utility Commission – Case No. 09-1044-WW-AIR (June 21, 2010).
8. In the Matter of the Application of Duke Energy Ohio, Inc. to Adjust Rider DR-IM. The Ohio Public Utility Commission - Case No. 10-867-GE-RDR (December 20, 2010).

**Attachment AAI-2
Recommended Tariff Structures for CSP Residential Customers at the Proposed OCC
Revenue Requirements**

Residential Service R-R

Line No.	Rate Code (A)	Class/ Descript. (B)	Customer Bills (C)	Sales KW / KWII (D)	Current		OCC Proposed	
					Current Rate (J)	Current Revenue (K)	Proposed Rate (L)	Proposed Revenue (M)
1	R-R	Residential Service						
2								
3		<u>Distribution Charges:</u>						
4	Customer Charge		5,627,434		\$4.52	\$25,436,002	\$4.52	\$25,436,002
5								
6	Energy Charge - Winter							
7	First 800 kWh per month			2,500,491,683	\$0.0299	\$74,739,446	\$0.0256	\$64,000,756
8	All Excess kWh per month			1,586,334,371	\$0.0057	\$9,046,548	\$0.0049	\$7,746,724
9	Total Energy Charge - Winter					\$83,785,994		\$71,747,480
10								
11	Energy Charge - Summer:							
12	First 800 kWh per month			1,535,578,135	\$0.0299	\$45,898,277	\$0.0256	\$39,303,534.74
13	All Excess kWh per month			1,118,894,019	\$0.0299	\$33,443,630	\$0.0256	\$28,638,393
14	Total Energy Charge - Summer					\$79,341,907		\$67,941,928
15								
	Total					\$188,563,903		\$165,125,410

Source: Schedule E-4.1, Page 2 of 46. Columns L & M are estimated.

Residential Service R-R-1

Line No.	Rate Code (A)	Class/ Descript. (B)	Customer Bills (C)	Sales KW / KWII (D)	Current		OCC Proposed	
					Current Rate (J)	Current Revenue (K)	Proposed Rate (L)	Proposed Revenue (M)
1	R-R-1	Residential Small Use Load Management Service						
2								
3		<u>Distribution Charges:</u>						
4	Customer Charge		2,218,108		\$4.52	\$10,025,848	\$4.52	\$10,025,848
5								
6	Energy Charge - Summer:							
7	First 700 kWh per month			235,269,047	\$0.0274267	\$6,452,654	\$0.02258	\$5,313,262
8								
9	Energy Charge - Winter:							
10	First 700 kWh per month			584,306,088	\$0.0274267	\$16,025,568	\$0.02258	\$13,195,833
11	For the next 100 kWh per month			20,481,755	\$0.0274267	\$561,747	\$0.02258	\$462,555
12	All Excess kWh per month			140,025,233	\$0.0057028	\$798,536	\$0.004696	\$657,533
13	Total Energy Charge - Summer					\$17,385,871		\$14,315,921
14	Total					\$33,864,372		\$29,655,031

Source: Schedule E-4.1, Page 4 of 46. Columns L & M are estimated.

**Recommended Tariff Structures for OP Residential Customers at the Proposed OCC
Revenue Requirements**

Residential Service RS

Line No.	Rate Code (A)	Class/ Descript. (B)	Customer Bills (C)	Sales KW / KWH (D)	Current		OCC Proposed	
					Current Rate (J)	Current Revenue (K)	Proposed Rate (L)	Proposed Revenue (M)
1	RS	Residential Service						
3								
4		<u>Distribution Charges</u>						
5		Customer Charge:						
6		Bills	7,207,281		\$3.82	\$27,531,813	\$3.82	\$27,531,813
7		Energy Charge:						
8		First 800 kWh		4,620,925,075	\$0.0235642	\$108,888,403	\$0.02319	\$107,139,822
9		All Excess kWh		2,980,891,915	\$0.0171224	\$51,040,024	\$0.01685	\$50,220,399
10		Total Energy Charge				\$159,928,426		\$157,360,221
		Total				\$187,460,240		\$184,892,035

Source: Schedule E-4.1, Page 2 of 60. Columns L & M are estimated.

Attachment AAI-3

Staff Calculation of Residential Customer Charge for CSP and OP

Account No.	Plant Accounts	Account Balance	
		CSP	OP
369	Services	\$116,987,563	\$106,525,465
370	Meters	\$51,795,353	\$39,848,665
		\$168,782,916	\$146,374,130
	Accumulated Depreciation	-\$70,232,979	-\$47,919,201
	Total Net Plant	\$98,549,937	\$98,454,929
	Carrying Charges		
	Depreciation	2.96%	3.73%
	Property Tax	4.28%	3.69%
	PreTax WCOC	11.57%	11.84%
	Total Carrying Charge	18.81%	19.26%
	Customer Carrying Charge	\$18,537,243	\$18,962,419
586	Meters	\$553,328	\$770,188
587	Customer Installation	\$96,207	\$81,949
597	Maintenance Meters	\$312,538	\$254,130
901	Supervision (Customer Acct.)	\$1,054,726	\$1,080,747
902	Meter Reading	\$4,029,531	\$4,119,497
903	Customer Records, Collection	\$20,233,646	\$17,453,402
907	Supervision (Customer Serv.)	\$900,939	\$898,822
908	Customer Assistance	\$274,969	\$1,077,221
909	Information & Instruction	\$265,720	\$247,651
		\$27,721,604	\$25,983,607
		\$46,258,847	\$44,946,026
	Number of Customer Bills	\$7,846,488	\$7,212,183
	Cost per customer	\$5.90	\$6.23

Source: CSP Staff Report at 45, and OP Staff Report at 34.

Attachment AAI-4
THE IMPACT ON RESIDENTIAL CUSTOMERS WITH THE COMPANIES/STAFF
RECOMMENDED CHARGES

Customer Distribution Charge Bill for a Typical Residential Customer in CSP on Schedule R-R

	Current		Staff/Company Proposed	
	Winter	Summer	Winter	Summer
Monthly Consumption -- kWh	1,089	1,415	1,089	1,415
Customer Charge	\$4.52	\$4.52	\$8.40	\$8.40
First 800 kWh per month	\$23.91	\$23.91	\$17.12	\$17.12
All Excess kWh per month	\$1.65	\$18.39	\$6.19	\$13.16
Total	\$30.08	\$46.82	\$31.71	\$38.68
Percentage Change				
Winter	5.4%			
Summer	-17.4%			
Total	-8.5%			
		Current		Proposed
	Winter	Summer	Winter	Summer
Monthly Consumption -- kWh	2,179	2,830	2,179	2,830
Customer Charge	\$4.52	\$4.52	\$8.40	\$8.40
First 800 kWh per month	\$23.91	\$23.91	\$17.12	\$17.12
All Excess kWh per month	\$7.86	\$60.68	\$29.50	\$43.45
Total	\$36.29	\$89.11	\$55.02	\$68.97
Percentage Change				
Winter	51.6%			
Summer	-22.6%			
Total	-1.1%			
		Current		Proposed
	Winter	Summer	Winter	Summer
Monthly Consumption -- kWh	3,268	4,245	3,268	4,245
Customer Charge	\$4.52	\$4.52	\$8.40	\$8.40
First 800 kWh per month	\$23.91	\$23.91	\$17.12	\$17.12
All Excess kWh per month	\$14.07	\$102.98	\$52.82	\$73.73
Total	\$42.51	\$131.41	\$78.34	\$99.25
Percentage Change				
Winter	84.3%			
Summer	-24.5%			
Total	2.1%			

Source: Calculated, CSP Report at 38.

Customer Distribution Charge Bill for a Typical Residential Customer in CSP on Schedule R-R-1

Average Customer (kWh)	Current		Staff/Company Proposed	
	Winter	Summer	Winter	Summer
	504	318	504	318
Customer Charge	\$4.52	\$4.52	\$8.40	\$8.40
First 700 kWh	\$13.81	\$8.73	\$10.78	\$6.81
Total	\$18.33	\$13.25	\$19.18	\$15.21

Source: Calculated, CSP Report at 38.

Customer Distribution Charge Bill for a Typical Residential Customer in OP on Schedule RS

	Current	Company/Staff Proposed	
Typical Customer	1,055	1,055	kWh
Customer Charge	3.82	8.40	
First 800 kWh	18.85	17.12	
All Excess kWh	4.36	5.45	
Total	27.03	30.97	14.57%

Source: Calculated, OP Report at 37.

Attachment AAI-5

THE IMPACT ON RESIDENTIAL CUSTOMERS WITH THE STAFF'S RECOMMENDED REVENUE REQUIREMENT AND A MORE REASONABLE CUSTOMER CHARGE IN BOTH CSP AND OP

Customer Distribution Charges for a Typical Residential Customer in CSP on Schedule R-R

	Calculated													
	Current		Unadjusted		Year 1		Year 2		Year 3		Year 4		Year 5	
	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer
kWh	1,089	1,415	1,089	1,415	1,089	1,415	1,089	1,415	1,089	1,415	1,089	1,415	1,089	1,415
Customer Charge	\$4.52	\$4.52	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
1st 800	\$23.91	\$23.91	\$18.43	\$18.43	\$22.46	\$22.46	\$21.86	\$21.05	\$21.05	\$21.05	\$19.94	\$19.94	\$18.43	\$18.43
Trailing Block	\$1.65	\$18.39	\$6.66	\$14.17	\$1.93	\$17.27	\$2.63	\$16.81	\$3.58	\$16.18	\$4.89	\$15.33	\$6.66	\$14.17
Total	\$30.08	\$46.82	\$30.99	\$38.49	\$30.28	\$45.62	\$30.39	\$43.76	\$30.53	\$43.13	\$30.73	\$41.17	\$30.99	\$38.49
Annual	\$461.40		\$416.90		\$455.44		\$444.86		\$441.96		\$431.36		\$416.90	
	Calculated													
	Current		Year 0		Year 1		Year 2		Year 3		Year 4		Year 5	
	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer
kWh	2,179	2,830	2,179	2,830	2,179	2,830	2,179	2,830	2,179	2,830	2,179	2,830	2,179	2,830
Customer Charge	\$4.52	\$4.52	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
1st 800	\$23.91	\$23.91	\$18.43	\$18.43	\$22.46	\$22.46	\$21.86	\$21.05	\$21.05	\$21.05	\$19.94	\$19.94	\$18.43	\$18.43
Trailing Block	\$7.86	\$60.68	\$31.75	\$46.76	\$9.18	\$56.99	\$12.52	\$55.48	\$17.08	\$53.41	\$23.29	\$50.60	\$31.75	\$46.76
Total	\$36.29	\$89.11	\$56.08	\$71.09	\$37.54	\$85.35	\$40.28	\$82.42	\$44.02	\$80.36	\$49.12	\$76.44	\$56.08	\$71.09
Annual	\$752.45		\$763.00		\$737.31		\$736.23		\$746.29		\$753.36		\$763.00	
	Calculated													
	Current		Year 0		Year 1		Year 2		Year 3		Year 4		Year 5	
	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer
kWh	3,268	4,245	3,268	4,245	3,268	4,245	3,268	4,245	3,268	4,245	3,268	4,245	3,268	4,245
Customer Charge	\$4.52	\$4.52	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90
1st 800	\$23.91	\$23.91	\$18.43	\$18.43	\$22.46	\$22.46	\$21.86	\$21.05	\$21.05	\$21.05	\$19.94	\$19.94	\$18.43	\$18.43
Trailing Block	\$14.07	\$102.98	\$56.84	\$79.35	\$16.44	\$96.71	\$22.41	\$94.14	\$30.57	\$90.64	\$41.68	\$85.87	\$56.84	\$79.35
Total	\$42.51	\$131.41	\$81.17	\$103.68	\$44.79	\$125.07	\$50.17	\$121.09	\$57.51	\$117.59	\$67.52	\$111.70	\$81.17	\$103.68
Annual	\$1,043.51		\$1,109.10		\$1,019.17		\$1,027.60		\$1,050.62		\$1,075.36		\$1,109.10	

Customer Distribution Charges for a Typical Residential Customer in CSP on Schedule R-R-1

	Current		Calculated	
	Winter	Summer	Winter	Summer
kWh	504	318	504	318
Customer Charge	\$4.52	\$4.52	\$5.90	\$5.90
1st 800	\$13.81	\$8.73	\$13.30	\$8.40
Total	\$18.33	\$13.25	\$19.20	\$14.30
Annual	\$189.49		\$200.99	

