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PUCO

December 20, 2011

Ms. Betty McCauley, Secretary  
Public Utilities Commission of Ohio  
Docketing Division, 11<sup>th</sup> Floor  
180 E. Broad Street  
Columbus, OH 43215-3793

**RE: PUCO Case Nos. 11-351-EL-AIR, 11-352-EL-AIR, 11-353-EL-ATA, 11-354-EL-ATA, 11-356-EL-AAM and 11-358-EL-AAM (American Electric Power Distribution Rate Cases, et al).**

Dear Ms. McCauley,

On December 14, 2011, The Public Utilities Commission of Ohio ("PUCO" or "Commission") presented its Opinion and Order in the above-listed cases. The Natural Resource Defense Council ("NRDC") is in agreement with end result of the Commission's Order, in particular the Commission's approval of the throughput balancing adjustment rider, and in no way wishes to reopen the decision. However, NRDC wishes to clarify the testimony of NRDC witness Dylan Sullivan at the evidentiary hearing held on November 30, 2011.

The Order at 10 states: "... At the evidentiary hearing, NRDC witness Sullivan acknowledged that, although he believed that variable costs are appropriately collected through volumetric rates, fixed distribution costs should be collected through fixed customer charges (Tr. at 20-21)."<sup>1</sup> Witness Sullivan did not state that "fixed distribution costs should be collected through fixed customer charges." Rather, Mr. Sullivan stated that "customer charges" are designed to "customer-related costs." Mr. Sullivan purposely did not employ the more broad term, "fixed costs."

Second, witness Sullivan was describing how the cost investigation happens currently: That staff investigates utility costs and categorizes them as customer-related, energy-related, and demand-related. At no point did Sullivan make a statement about how an investigation *should* happen or how costs *should* be collected.

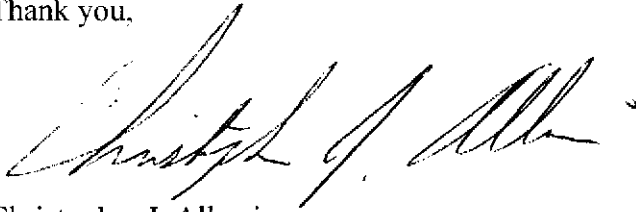
The statement attributed to witness Sullivan in the Order could be construed as expressing NRDC's support for Straight Fixed-Variable rate design (where all costs labeled fixed in the short term are loaded into monthly charges). NRDC does not support Straight Fixed-Variable

<sup>1</sup> Opinion and Order at 10.

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rate design for the reasons stated in the Sullivan's Direct Testimony and the article that was attached. NRDC is appreciative of the PUCO's work in these cases and respectfully submits this clarification.

Thank you,

A handwritten signature in black ink, appearing to read "Christopher J. Allwein". The signature is fluid and cursive, with a large initial "C" and a distinct "A".

Christopher J. Allwein

Attorney for the Natural Resources Defense Council

Cc: Case Parties