

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Ohio Power Company to Adjust Its) Case No. 13-568-EL-RDR
Pilot Throughput Balancing)
Adjustment Rider.)

**COMMENTS ON OHIO POWER’S APPLICATION
BY
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

The Office of the Ohio Consumers’ Counsel (“OCC”) files Comments in this case involving the charges customers will pay due to the decoupling pilot program the Public Utilities Commission of Ohio (“PUCO”) authorized in Ohio Power Company’s distribution rate proceeding.¹ Ohio Power proposed the charges for the pilot program in an application filed with the PUCO on March 1, 2013.

As background, decoupling provides utilities with more certainty in the collection of their revenue requirement. While ratemaking is not intended to provide utilities with a guarantee to earn a given rate of return,² decoupling can (if properly instituted) provide a benefit for utilities and customers by not discouraging the utility from engaging in energy efficiency programs that can save money for customers. Decoupling generally can provide this benefit by allowing the utility to collect its revenue requirement, no more and no less, regardless of fluctuations in its sales.

¹ *In the Matter of the Pre-Notification of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger Is Approved, as a Merged Company (Collectively AEP Ohio) for an Increase in Electric Distribution Rates*, Case No. 11-351-EL-AIR, et al., Opinion and Order (December 14, 2011) (“11-351 Order”) at 9-10.

² See *Bluefield Water Works & Improvement Co. v. Public Serv. Comm’n*, 262 U.S. 679, 692-693, 43 S. Ct. 675, 67 L. Ed. 1176, 1923 U.S. LEXIS 2676 (1923). See also *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 605, 64 S. Ct. 281, 88 L. Ed. 333, 1944 U.S. LEXIS 1204 (1944).

The Stipulation in Ohio Power's distribution rate case requires Ohio Power to calculate the difference between its authorized usage-based distribution rate revenues and the usage-based distribution rate revenues it actually collects during calendar years 2012, 2013 and 2014.³ The calculation is only for the residential and small business (GS-1) customer classes.⁴ The difference between the authorized revenues and the actual revenues is to be collected from or returned to customers through Ohio Power's Throughput Balancing Adjustment Rider, which was established in the distribution rate case.⁵ The balance in the Rider was initially set at zero dollars, and Ohio Power is to make annual filings showing the over-collection or under-collection amounts for each of the three years.⁶ Rate increases resulting from the Rider are capped at 3% of the total annual distribution revenues of a customer class.⁷

In its application, Ohio Power claims that it under-collected usage-based distribution rate revenues, plus carrying charges, for calendar year 2012 by approximately \$5.9 million in the CSP Rate Zone and \$11.6 million in the OP Rate Zone.⁸ According to Ohio Power's calculations, the under-collection is considerably below the 3% cap in the CSP Rate Zone (by about \$4.6 million), and thus Ohio Power will collect the entire \$5.9 million from customers in the CSP Rate Zone.⁹ But for the OP Rate Zone, Ohio Power claims the under-collection exceeds the cap by approximately

³ Case No. 11-351, Stipulation and Recommendation (November 23, 2011), Attachment Y.

⁴ Id. at 1.

⁵ See id. The Rider will extend past 2015 unless otherwise ordered by the PUCO. 11-351 Order at 10.

⁶ 11-351 Stipulation, Attachment Y at 2.

⁷ Id.

⁸ See Application (March 1, 2013) ("Application"), Schedule 1.

⁹ See id.

\$2.25 million.¹⁰ Thus, Ohio Power proposes to collect the maximum allowed under the cap – \$9.4 million – and defer the remaining \$2.25 million for collection later.¹¹

Through the Rider, Ohio Power proposes to collect 0.07979 cents per kWh from residential customers and 0.05247 cents per kWh from GS-1 customers in the CSP Rate Zone, and to collect 0.13192 cents per kWh from residential customers and 0.02128 cents per kWh from GS-1 customers in the OP Rate Zone.¹² For residential customers in the CSP Rate Zone who use 1,000 kWh per month, the Rider will increase their electric bills by approximately 80 cents per month. The Rider will increase the electric bills of residential customers in the OP Rate Zone who use 1,000 kWh per month by about \$1.32 per month.

OCC's review of the application shows that Ohio Power calculated the Rider as set forth in Attachment Y to the Stipulation the PUCO modified and approved in Case No. 11-351-EL-AIR. As part of the Rider calculation, Ohio Power used a sales forecast covering the period July 2013 through June 2014.¹³ But collection under the Rider is supposed to reflect actual revenues. Thus, the Rider should be trued-up annually to reconcile any difference between the actual and the forecast kWh sales used in this year's calculation of the Rider.

¹⁰ See *id.*

¹¹ See *id.*

¹² See *id.*

¹³ See *id.*, Schedule 3.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via regular mail service this 1st day of May 2013.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/1/2013 3:34:16 PM

in

Case No(s). 13-0568-EL-RDR

Summary: Comments Comments on Ohio Power's Application by the Office of the Ohio Consumers' Counsel electronically filed by Patti Mallarnee on behalf of Etter, Terry L Mr.