

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Power Company to Initiate Phase 2 of Its)
gridSMART Project and to Establish the) Case No. 13-1939-EL-RDR
gridSMART Phase 2 Rider.)
)

REPLY COMMENTS OF INTERSTATE GAS SUPPLY, INC

Interstate Gas Supply, Inc. (“IGS” or “IGS Energy”) respectfully submits these reply comments to certain comments filed by other parties in response to Ohio Power Company’s (“AEP-Ohio”) application to initiate Phase 2 of its gridSMART Project and to establish the gridSMART Phase 2 Rider (“gridSMART Application”). IGS has not addressed all comments filed in the proceeding, and any silence should not be construed either as support or opposition.

A. AEP Should not Provide Time of Use Rates *in Addition to the SSO Provided to Customers*

In their initial comments, The Office of the Ohio Consumer’s Counsel (“OCC”) and Commission Staff suggested that AEP Ohio should offer a time-of-use rate as part of the gridSMART Application.¹ The Commission should reject these requests and allow time-of-use products to be solely within the purview of the competitive market.

First, Ohio law does not allow the electric distribution utility (“EDU”) to provide multiple standard service offer (“SSO”) prices. R.C. 4928.141 requires EDUs to “provide consumers *a standard service offer* of all competitive retail electric services necessary

¹ Staff Initial Comments at 5; OCC Initial Comments at 20.

to maintain essential electric service to consumers.” (Emphasis added.) Further, R.C. 4928.142 and 4928.143 refer on multiple occasions to “the standard service offer price.”² Thus, Chapter 4928 only refers to the SSO in singular form. Nowhere does Chapter 4928 refer to SSO prices or otherwise suggest that an EDU may offer more than one price to a particular customer class. AEP-Ohio’s current SSO price has already been approved in PUCO Case No. 11-0346-EL-SSO. Requiring, or allowing, AEP-Ohio to offer a time-of-use product to customers *in addition to* its approved SSO product would be a violation of Ohio law. “The PUCO, as a creature of statute, has no authority to act beyond its statutory powers,” *Discount Cellular, Inc. v. Pub. Util. Comm.*, 112 Ohio St.3d 360, 2007-Ohio-53, ¶ 51, and the Commission simply lacks statutory authority to permit multiple SSOs.

Even if such a step were within the Commission’s power, an EDU time-of-use rate would be a step backward for Ohio’s competitive electric markets. Currently, all EDUs in Ohio have divested or been ordered to divest their generation assets. It is not clear how AEP-Ohio—a distribution utility soon to be without generation assets—could offer a time-of-use rate to customers without significant subsidies among the time-of-use product, distribution rates, or the SSO product. Therefore, an EDU time-of-use product alongside an SSO product would run afoul of the State’s policy to avoid “anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service or to a product or service other than retail electric service, and vice versa.”³

² See R.C. 4928.142(C)(3); 4928.142(D); 4928.142(D)(4); 4928.142(E); 4928.143(B)(2)(e); 4928.143(B)(2)(i).

³ R.C. 4928.02(H).

Because an EDU's time-of-use rate would likely reflect subsidies and not simply the underlying cost of service, time-of-use rates provided by the EDU have great potential to distort the competitive market. Competitive suppliers will be less likely to offer a time-of-use product if they must compete with a time-of-use product that is back-stopped by the EDU and promoted to its captive customers.

Co-opting the EDU is not the way to promote time-of-use product offerings. What Ohio should promote is twofold: (1) fully competitive electric markets, and (2) widespread AMI deployment. Texas provides an instructive example: it has nearly 100-percent electric shopping and nearly 100-percent AMI deployment across all the major investor owned EDUs.⁴ According to the "Texas Power to Choose" website, AEP customers in Texas may choose from among *six* different time-of-use product offerings. In fact, at least five time-of-use products are available in the markets of *every* major EDU in Texas.⁵ The key drivers of increased time-of-use product offerings has been competition and the widespread deployment of AMI. As customers continue to become familiar with the technology and products, the market for them will only continue to increase.

IGS Energy appreciates—and shares—the desire to see more time-of-use offerings to customers. But the answer is not a time-of-use product offered by the EDU. Such an offering would distort the competitive market and (in the long run) limit the availability of time-of-use products. On the other hand, time-of-use products offered by the

⁴ Statistics on AMI deployment in Texas may be found at the Public Utilities Commission of Texas ("PUCT") webpage at: <http://www.puc.texas.gov/industry/projects/electric/34610/34610.aspx>

⁵ Texas electric offerings may be seen at the Texas Power to Choose Website at: <http://www.powertochoose.org/en-us/Plan/Results#>

competitive market stand on their own without the need for subsidies and will succeed or fail based on the preferences of customers.

In recent years, Ohio's investment in competitive markets has begun to pay off. The Commission's role here should be limited to supporting investment in the technological infrastructure and to providing a fair field of play. It should not short-circuit Ohio's growing market by forcing competitive offers into the market at the hands of regulated utilities.

B. An AEP gridSMART Collaborative Should be Established to Get Additional Input From Interested Parties

A number of parties filed comments suggesting that AEP has not provided sufficient information in its application regarding its gridSMART Phase II deployment.⁶ Direct Energy's and RESA also commented that competitive retail electric service ("CRES") providers should have timely access to the data made available from AMI so they can make the best products available to customers.⁷ IGS agrees with these comments. Specifically, as IGS noted in its Initial Comments, AEP should deploy AMI technology that is capable of providing customer usage data in 15-minute intervals or less to CRES providers.⁸

In its initial comments, IGS proposed that an AEP gridSMART collaborative be established to ensure effective communication and sufficient coordination with interested parties as AEP deploys Phase II of its gridSMART plan.⁹ IGS submits that an AEP gridSMART collaborative would allow CRES providers to work with AEP to ensure

⁶ Retail Energy Supply Association ("RESA") Initial Comments at 4; Direct Energy Initial Comments at 2.

⁷ Direct Energy Initial Comments at 3; RESA Initial Comments at 4.

⁸ IGS Initial Comments at 3

⁹Id.

that the information and technology is available to the CRES community so that suppliers may offer the best possible products to customers.

C. Conclusion

Widespread AMI deployment and continued fostering of the competitive markets will help move time-of-use offerings forward in Ohio. This will ultimately allow customers to better manage their energy needs and costs, while supporting other, larger benefits to the economy and to society. As such, IGS respectfully requests that the Commission take into consideration its Initial Comments and Reply Comments filed in this proceeding.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *Interstate Gas Supply, Inc.'s Reply Comments* was served this 18th day of November, 2013 via electronic mail upon the following:

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Summary: Reply Comments electronically filed by Mr. Gregory L. Williams on behalf of Interstate Gas Supply, Inc.