

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)	
Investigation of Ohio's Retail)	Case 12-3151-EL-COI
Electric Service)	

OHIO POWER COMPANY'S INITIAL COMMENTS

Ohio Power Company (AEP Ohio) hereby submits its Initial comments regarding the Staff Report. Failure to address any particular recommendation should not be interpreted as agreement by AEP Ohio. The company reserves the right to file reply comments.

Standardizing the Retail Electric Service Market

AEP Ohio agrees with Staff that when consideration is being made to standardize any process across utilities that careful consideration must take place due to the various complexities across all the different utilities. Without such careful consideration, unintended consequences for customers and utilities can occur and significant costs may be incurred. AEP Ohio suggests that an overall policy working group is needed and would be able to help establish consistency across the state, and to balance the needs of the various stakeholders.

Ohio Retail Electric Service Market Definition and Measurements

AEP Ohio is concerned that the measurement data being requested is not clear as to who is providing the data and to a greater extent may be duplicative of information already being

provided. AEP Ohio asks if additional information requested is already being provided by another means in a timely manner, additional reporting not be imposed.

Looking at each individual requested category of information:

- **Number of Commission certified a CRES provider in the State of Ohio-** This is information that each utility would not have in their control. This information should not be requested from the utilities.
- **Number of Commission certified CRES providers by EDU service territory-** This information is something utilities could report on, although the information should be readily available from Staff.
- **Number of active CRES providers by EDU service territory-** This information is already provided to the Commission quarterly in the Market Monitoring Reports.
- **Number of customers shopping by class, by EDU service territory-** This information is already provided to the Commission quarterly in the Market Monitoring Reports and is provided monthly and entered electronically into the Commission's Geer Application.
- **Percentage of load shopping by class, by EDU service territory-** This information is already provided to the Commission quarterly in the Market Monitoring Reports and is provided monthly and entered electronically into the Commission's Geer Application.
- **All EDUs in Ohio have structural separation-** This information and timeline has already been provided in Staff's comments, and should only need to be reported if a change occurs. AEP Ohio has recently completed this step, so continual reporting on this item is simply not needed.
- **100% of the SSO load is procured via a competitive process for all EDUs in Ohio-** This information has already been reported by Staff in this document, additional reporting on this measurement should not be needed unless a timeframe changes from what is in this document.
- **Customers are engaged and informed about the products and services that they receive-** This should not be a measurement that the utilities should provide. The utility should not have to ask or assess customers on how their experience with a supplier is. If this metric were the part of the utility, each utility would not only have to understand each product offering and the details around them in order to understand if customers understand the value of each one. This metric should be the responsibility of either the supplier in a survey or through the Staff in a fashion they deem appropriate. In addition, this metric is vague. Customers can be informed of an

offering but still not fully understand them. In addition, some customers do not want to be informed about utility products, they just want to pay their bill and receive service.

In addition, Staff recommends that this information be provided by the EDUs by the beginning of the third quarter. AEP Ohio is concerned that it is unknown when the Commission order will be docketed and having an exact date to provide reporting data may give either a long or short lead time. AEP Ohio recommends that this data be provided by the beginning of the third quarter but no earlier than 30 days after the order is filed.

Purchase of Receivables

AEP Ohio maintains that the Commission lacks authority to mandate POR be adopted over the utility's objection. In AEP Ohio's recently-filed ESP III case, Case Numbers 13-2385-EL-SSO et al., The Company filed for a proposed Purchase of Receivables Plan (POR). AEP Ohio has maintained that the proper place to address a Purchase of Receivables Plan is not in a combined utility proceeding, but instead should be voluntarily pursued within either an ESP case or Distribution Rate Case based on terms acceptable to the utility. Further, by allowing a utility to include a POR with another rate design case, a utility can fully explore and determine the best method of design, such as whether to use a discount formula rate or bad debt rider. The Staff points to Duke's POR program as an example of the potential benefits a POR program can have, but fails to acknowledge that Duke's POR is not using a discount formula rate as proposed in Staff's comments. In addition, Duke's POR was constructed as an outcome in an ESP case. AEP Ohio continues to maintain that a POR program is best addressed in conjunction with a rate design case, and not as part of this investigation.

In addition, Staff recommends that all utilities that currently do not have a POR program in place to file a POR plan within one year of a Commission order. As noted above, AEP has a POR pending proposal for and submits that Staff's recommendation should exclude utilities from re-filing a POR if one is already filed. AEP Ohio filed a POR plan using a different methodology than what the Staff recommends in their comments. AEP Ohio contends that Staff should allow utilities to determine the best design for a POR, on a case-by-case basis. By contrast, outside of a rate case or ESP, the only design which would be allowable would be a discounted formula rate; hence, ordering utilities to proceed with a POR in this case would limit a utility's choices.

Staff also commented that, if the Commission did not order utilities to file POR plans, all utilities must provide additional detailed information to suppliers to help with their collection needs. If adopted, this request should be clarified so that it would only apply to utilities who are not currently offering POR or who do not have a POR case already filed in front of the Commission. By eliminating utilities that have filed for POR but have not been approved yet, it would eliminate unnecessary work for utilities for addition work which would be put in place for only a short time period.

Corporate Separation

The Staff Report recommends (page 13) that any utility not fully divesting its generation-supplier function from its transmission and distribution function must file with the PUCO their policies/procedures for ensuring that the companies comply with Code of Conduct (CoC) rules 4901:1-37 OAC. The CoC must be filed within 6-mnths of order in this case (12-3151). Staff also recommends that each utility policy and procedures pertaining to compliance with the Code of Conduct (defined as section 4901:1-37, O.A.C.), rules between affiliates be audited at a

minimum , every four years by the Staff of the Commission or by a third party auditor chosen by the Commission and under the direction of Staff.

AEP Ohio opposes the additional audit recommendations for several reasons. AEP Ohio submits that the existing rules are adequate and Staff's current recommendation is unjustified. AEP Ohio already has an approved corporate separation plan under RC 4928.17 that includes detailed policies. OAC Chapter 4901:1-37 already provides a process for amendments to be filed and approved by the Commission. RC 4928.17 and OAC Chapter 4901:1-37 already provide adequate tools for monitoring and enforcement of corporate separation requirements. With respect to the audit recommendation, the Commission recently adjudicated in Case No. 12-1126-EL-UNC that AEP Ohio would be subject to a one-time audit after its generation divestiture was completed. In short, AEP Ohio submits that the Staff's recommendations duplicate or overlap with existing regulatory requirements, are unnecessary and would be more costly from an Ohio ratepayer standpoint. As such, the Company submits that such requirements would be overly-bureaucratic and questions whether the recommendations would comply with the Governor's Common Sense Initiative. In any case, to the extent the Commission is changing the rules on OAC Chapter 4901:1-37, it must follow the statutory process for doing so. To date, no specific rule amendments have been publicly noticed for comment or further scrutiny.

Electronic Data Interchange

The Staff recommends that an EDI Policy working group be put into place so that issues or policies would be determined for EDI issues allowing the Ohio EDI Working Group (OEWG) to focus solely on EDI design and implementation. AEP Ohio maintains that limiting the Policy Group to address only EDI issues would be a mistake. Forming a policy working group that can

addresses a broader set of issues that are also outside EDI matters would be much more beneficial to the Ohio Choice Market. For instance, an overall policy working group could address issues of utility web portals and their design. A policy group, if not limited to just EDI matters, would be allowed to explore the issues raised by various parties and recommend changes. AEP Ohio does fully support the idea of a policy working group, but again believes it should not be limited to only EDI matters, but should be expanded to include Ohio Choice matters in general.

Seamless Moves / Contract Portability

Staff's Comments regarding seamless moves did not include any type of cost data to implement or the percentage of customers who would benefit from a seamless move transaction. AEP Ohio finds that very few customers start and stop service on the same day to allow for a seamless transfer of service. Many customers leave their electric service on at the old address while they either sell a property or move between properties. In addition, there are customers who move outside the service territory or move into an already occupied address with a family member or roommate which would not benefit from a seamless move application. AEP Ohio believes this would be a good task for a Policy Working group to not only define what a seamless move is, but to compare the cost benefit for customers (due to the various utility requirements,) cost of programming changes, and to leverage that against methods of implementation. AEP Ohio also asks for clarification of whether a seamless move involves a customer consenting to a seamless move or having the transfer happen absent customer consent.

Customer Enrollment

Staff's comments regarding the protection of customer's account numbers help recognize the potential concerns with the release of such information. AEP Ohio is concerned though that Staff's proposal would potentially be more harmful to customers than possibly what was intended. Staff is recommending that customers be allowed to register on the utility's website without an account number and then be permitted to access all of their customer information. This could be potentially harmful since the utilities do hold information that is unique to only the customer besides their account number. If a customer were to register using only their name and address, this would allow any public person to register that account and view not only a customer's account number, but potentially change their payment methods, change their phone numbers, etc. AEP Ohio recommends that for only the first time sign-in when a customer registers on the website, that an account number be needed, then subsequent log-in's would only require their log-in and password without account numbers. Protection of customer information is very important to AEP Ohio, and by ordering the company to loosen requirements around the protection of customer information it would be harmful to the utilities. Again AEP Ohio is requesting that customers only on the first log-in be required to verify who they are, which may include an account number. Customers who are not at home to get this information can always call the 24 hour customer service line and get this information from a customer service representative.

Conclusion

AEP Ohio appreciates the opportunity to provide these comments to the Commission regarding the Retail Market Investigation. Again, the failure to comment on specific ideas or concepts should not be interpreted as agreement. AEP Ohio is simply providing comment on a subset of the comments offered. The Company would urge the Commission to consider these comments and any subsequent comments filed by the Company.

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CERTIFICATION OF SERVICE

I hereby certify that a copy of the Ohio Power Company's Initial Comments was served on the persons stated below by electronic mail, this 6th day of February 2014.

//s/ Steven T. Nourse

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Summary: Comments -Initial Comments electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company