

STAFF REVIEW AND RECOMMENDATION

In the Matter of the Applications of Columbus Southern Power Company and Ohio Power Company to Update their Energy Efficiency and Peak Demand Reduction Riders

Case Nos. 12-1557-EL-RDR and 13-1201-EL-RDR

Since 2010, AEP Ohio's (initially operating as Columbus Southern Power Company [CSP] and Ohio Power Company [OP]) rates have included an energy efficiency and peak demand reduction (EE/PDR) rider. The purpose of this rider is to recover the costs of the Company's implementation of its programs for complying with statutory requirements, to reduce energy consumption and peak demand on its system. The purpose of Staff's review in these cases was to determine if the rider updates filed by the Company have been in compliance with the Commission's directives that have been provided for this rider.

SUMMARY

2009–2011

In 2009, the Commission approved CSP's and OP's EE/PDR riders as a part of their electric security plans (ESP) in its ESP1 Order (Case Nos.08-0917-EL-SSO and 08-0918-EL-SSO). The riders were proposed without any initial level of collection and the rider rates were set at zero, pending the outcome of the market potential study and collaborative process in the Companies' 2009-2011 portfolio plan proceedings.

CSP's and OP's 2009-2011 program portfolio plans were the Companies' first three-year EE/PDR action plans, and were the result of a series of discussions and negotiations among a diverse group of stakeholders who were collectively called the AEP Ohio Collaborative (Collaborative). The EE/PDR riders were developed under these portfolio plans and initial rider rates were filed during the plan proceedings in Case Nos.09-1089-EL-POR and 09-1090-EL-POR, to be effective the first billing cycle in January 2010. These initial rider rates were designed to recover program costs (deferred interim costs and projected costs) for 2009 through 2011, lost distribution revenue for measures installed in 2009, and shared savings for 2009 achievement.¹

In May 2010, the Commission conditionally approved the Companies' 2009-2011 portfolio plans (2009 portfolio approvals). These approvals included the initial EE/PDR rider rates and the

¹ *In re AEP-Ohio*, Case Nos.09-1089-EL-POR and 09-1090-EL-POR, (Testimony of David M. Roush to provide the calculation of the Companies' proposed rates under the energy efficiency and peak demand reduction cost recovery rider) (November 12, 2009)

ongoing process to update the EE/PDR riders, with annual true-ups effective the first billing cycle of July and a final true-up in the first quarter of 2012.

In accordance with the Commission's 2009 portfolio approvals, CSP and OP filed (April 2011) the initial annual updates to their rider rates in Case Nos.11-2768-EL-RDR and 11-2769-EL-RDR respectively. The Public Utilities Commission of Ohio (PUCO) Staff reviewed the Companies' rider rates and recommended that, consistent with the Commission's 2009 portfolio approvals (parts of which were further clarified by the Commission in January 2011) the Companies be denied the inclusion of net lost distribution revenues incurred after December 31, 2010, in the calculation of their EE/PDR rider updates. Staff also recommended that the rider rates that existed then should remain in effect until a revised rider application was filed by the Companies and approved by the Commission.

Towards the December 2011 conclusion of CSP's and OP's first portfolio plans, the Commission approved the Companies' application to continue their existing EE/PDR rider rates subject to refund, in Case Nos.09-1089-EL-POR and 09-1090-EL-POR. The continuation of the existing rider rates would avoid the rate volatility associated with terminating and restarting the rider between the Companies' successive program portfolio plans.

In December 2011, the Commission also approved the merger between CSP and OP in the consolidated cases (Case Nos.11-0346-EL-SSO, 11-0348-EL-SSO, et al.) that were addressed by an ESP2 stipulation. As a part of the merger proceedings, the Commission approved a decoupling pilot program for the calendar years 2012, 2013 and 2014, which included a total rate recovery mechanism for residential and small commercial customers. The Commission concurrently ordered that the net lost distribution revenues associated with the Residential and General Service-Small (GS1) loads should not be collected by the Companies in their 2012-2014 EE/PDR action plans.

A summary of the filings that were relevant to the Companies' EE/PDR rates from January 2009 through December 2011 is presented in **Table 1**, which is found on page 4.

2012–2014

The 2012-2014 program portfolio plans were the Companies' second three-year EE/PDR action plans, and were also stipulated by the Collaborative. During the proceedings of these portfolio plans in Case Nos.11-5568-EL-POR and 11-5569-EL-POR, the Companies proposed to continue the EE/PDR riders, the rates of which were designed to recover 2012-2014 program costs as well as the shared savings for 2012 through 2014.² The true-up mechanism for the EE/PDR riders would remain unchanged between the successive plans, with annual true-ups proposed to be effective in the first billing cycles of August 2013 and August 2014, and a final true-up to be filed in May 2015.³ The Companies also proposed that updated EE/PDR rider rates would be

² *In re AEP-Ohio*, Case Nos.11-5568-EL-POR and 11-5569-EL-POR, (Testimony of Andrea E. Moore to support the Companies' proposed rates for the energy efficiency and peak demand reduction cost recovery rider) (December 20, 2011)

³ *Id.*

filed in May 2012, pursuant to the final true-up of the EE/PDR riders to reconcile any under/over recovery of the foregoing 2009-2011 portfolio plan expenditures.⁴

In March 2012, the Commission conditionally approved the Companies' 2012-2014 portfolio plans (2012 portfolio approvals). These approvals included the initial EE/PDR rider rates for the new plans, the timing of annual and final true-ups, and the proposed final true-up to the 2009-2011 portfolio plans.

In accordance with the Commission's 2012 portfolio approvals, AEP Ohio filed (May 2012) updates to its EE/PDR rider rates in Case No.12-1557-EL-RDR. These updates included the authorized initial rates from the 2012 portfolio approvals as well as the final true-up to the 2009-2011 portfolio plans.

In August 2012, the Commission approved AEP Ohio's modified ESP, which was filed subsequent to the Commission's rejection of the ESP2 stipulation (Case Nos.11-0346-EL-SSO, 11-0348-EL-SSO, et al.). As a part of the modified ESP, the Commission approved the merger of the EE/PDR rider rates from CSP's and OP's rate territories. At that time, the Commission also approved the recovery of lost revenue associated with Interruptible Power-Discretionary (IRP-D) credits under the EE/PDR rider because the IRP-D credit promotes energy efficiency. The Company deferred the inclusion of the IRP-D credits in its rider until future rider true-up because the rider had an over-recovery balance based on a spending level that was lagging behind revenue recovery.⁵

In accordance with the Commission's 2012 portfolio approvals, AEP Ohio filed (May 2013) an annual update to its EE/PDR rider rates in Case Nos.13-1201-EL-RDR and 89-6007-EL-TRF. Since the rider rates had not been updated since June 2010 as per the approved true-up mechanism, the Company proposed comprehensive updates to the rider rates. These comprehensive updates include the authorized rates from the 2012 portfolio approvals updated for 2012 actual costs, the final true-up to the 2009-2011 portfolio plans, and the IRP-D credit previously deferred by the Company.

A summary of the filings that were relevant to the Company's EE/PDR rates from January 2012 through May 2013 is presented in **Table 2**, which is found on page 6.

⁴ *Id.*

⁵ *In re AEP-Ohio*, Case Nos.11-0346-EL-SSO, 11-5569-EL-POR, 11-0349-EL-AAM, 11-0350-EL-AAM and 89-6007-EL-TRF, (Tariff compliance letter filed by Steven T. Nourse) (August 16, 2012)

Table 1 Relevant filing from January 2009 through December 2011

| DATE | CASE NUMBERS | DESCRIPTION OF FILING |
|-----------|--|--|
| 18-Mar-09 | <u>08-0917-EL-SSO</u> <u>08-0918-EL-SSO</u> | Commission's opinion and order that includes the modification and approval of CSP's and OP's ESP1. |
| 23-Mar-09 | <u>08-0917-EL-SSO</u> <u>08-0918-EL-SSO</u> | Revised tariff pages that include EE/PDR rider rates filed by CSP and OP consistent with Commission's opinion and order. |
| 30-Mar-09 | <u>08-0917-EL-SSO</u> <u>08-0918-EL-SSO</u> | Commission's entry ordering that the revised tariffs filed by CSP and OP, are approved and effective for bills rendered beginning the first billing cycle of April. |
| 12-Nov-09 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | CSP's and OP's applications for the approval of their 2009-2012 program portfolio plans as well as expedited consideration of their initial EE/PDR rider rates. |
| 13-May-10 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | Commission's opinion and order that CSP's and OP's applications for approval of their respective 2009-2011 program portfolio plans, pursuant to the stipulation filed in conjunction with the application be adopted, as modified by this opinion and order. |
| 21-May-10 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> <u>89-6003-EL-TRF</u> | Revised tariff pages including EE/PDR rider rates filed by CSP and OP consistent with Commission's May 13, 2010 opinion and order. |
| 26-May-10 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | Commission's finding and order stating that CSP's and OP's application to adjust their EE/PDR riders be approved. |
| 27-Jan-11 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | CSP's and OP's applications for the approval of their proposed ESP which includes modification and continuation of the EE/PDR rider to reflect one rate for a merged company. |
| 27-Jan-11 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | Commission's entry clarifying its order dated May 13, 2010; that the recovery of lost distribution revenue incurred after December 31, 2010 by CSP and OP is denied. |
| 29-Apr-11 | <u>11-2769-EL-RDR</u> | OP's application to update its EE/PDR rider. |
| 29-Apr-11 | <u>11-2768-EL-RDR</u> | CSP's application to update its EE/PDR rider. |
| 24-Jun-11 | <u>11-2768-EL-RDR</u> <u>11-2769-EL-RDR</u> | PUCO staff report recommending that, consistent with the Commission's ruling, CSP and the OP should be directed to refile their EE/PDR riders without the inclusion of net lost distribution revenues incurred after December 31, 2010. |
| 7-Sep-11 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Recommendation for the approval and adoption of the stipulation entered into by signatory parties that includes a reasonable solution to issues raised in the cases to the left concerning, inter alia, CSP's and OP's application to merge, and to establish an ESP2 within their certified territories. |

Table 1 is continued on the following page

| DATE | CASE NUMBERS | DESCRIPTION OF FILING |
|-----------|--|--|
| 18-Nov-11 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | CSP's and OP's motion and requests for expedited treatment of the continued recovery of their EE/PDR Rider at current rate and subject to refund until new rates are implemented and established under their 2012-2014 program portfolio plans. |
| 23-Nov-11 | <u>11-0351-EL-AIR</u> <u>11-0352-EL-AIR</u> <u>11-0353-EL-ATA</u> <u>11-0354-EL-ATA</u> <u>11-0356-EL-AAM</u> <u>11-0358-EL-AAM</u> | Recommendation for the approval and adoption of the stipulation entered into by signatory parties that is a serious compromise of issues raised in AEP Ohio distribution base rate cases. As a part of this stipulation the signatory parties agree to the creation of a decoupling pilot program for calendar years 2012, 2013, and 2014. The signatory parties also agree that AEP Ohio shall not collect the net lost distribution revenues associated with residential and GS-1 load from customers in its 2012-2014 EE/PDR plans. |
| 29-Nov-11 | <u>11-5568-EL-POR</u> <u>11-5569-EL-POR</u> | CSP's and OP's applications for the expedited consideration and approval of their 2012-2014 program portfolio plans. |
| 14-Dec-11 | <u>09-1089-EL-POR</u> <u>09-1090-EL-POR</u> | Commission's entry ordering that CSP's and OP's motion to continue the current EE/PDR programs and rider rates, subject to refund, until the Commission specifically orders otherwise, is granted. |
| 14-Dec-11 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's opinion and order that the September 7, 2011 stipulation, which includes a solution to CSP's and OP's application for approval of their ESP2, be adopted and approved as modified by this opinion and order. Commission's order includes the approval of the merger of CSP with and into OP, with OP as the surviving entity. |
| 14-Dec-11 | <u>11-0351-EL-AIR</u> <u>11-0352-EL-AIR</u> <u>11-0353-EL-ATA</u> <u>11-0354-EL-ATA</u> <u>11-0356-EL-AAM</u> <u>11-0358-EL-AAM</u> | Commission's opinion and order adopting the stipulation entered into by signatory parties that include a serious compromise of issues raised in AEP Ohio distribution base rate cases, as modified by this opinion and order. Commission's order includes the approval of a decoupling pilot program and specifies that AEP Ohio shall not collect the net lost distribution revenues associated with residential and GS-1 load from customers in its 2012-2014 EE/PDR plans. |

Table 2 Relevant filing from January 2012 through May 2013

| DATE | CASE NUMBERS | DESCRIPTION OF FILING |
|-----------|--|--|
| 13-Jan-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's application for rehearing of the Commission's December 14, 2011, opinion and order in the consolidated cases that include the ESP2 cases, and memorandum in support. |
| 23-Jan-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's clarification entry providing a number of clarifications regarding its December 14, 2011, opinion and order in the consolidated cases that include the ESP2 cases, and concurring in part and dissenting in part opinion of Commissioner Cheryl L. Roberto. |
| 10-Feb-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's application for rehearing of the Commission's January 23, 2012 clarification entry in the consolidated cases that include the ESP2 cases, and memorandum in support. |
| 23-Feb-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's entry on rehearing , finding that the stipulation must be rejected and the application, as modified by the stipulation, must be disapproved because the Commission has determined, on two independent grounds, that the stipulation submitted by the signatory parties does not benefit ratepayers and the public interest. As provided for by ORC Section 4928.143 (C)(2)(b) Commission directs AEP-Ohio to file, no later than February 28, 2012, new proposed tariffs to continue the provisions, terms, and conditions of its previous electric security plan ESP1 as approved in Case Nos.08-917-EL-SSO and 08-918-EL-SSO et al. |

Table 2 is continued on the following page

| DATE | CASE NUMBERS | DESCRIPTION OF FILING |
|-----------|--|--|
| 28-Feb-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's compliance filing that implements the ESP I rates and tariffs, including two rate zones to reflect the premerger service territories of CSP and OP. |
| 7-Mar-12 | <u>10-0343-EL-ATA</u> <u>10-0344-EL-ATA</u> <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>10-2376-EL-UNC</u> <u>10-2929-EL-UNC</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's entry ordering that, with the exception of the tariff for the PIRR, TCRR, and FAC, the tariffs filed on February 28, 2012, by AEP-Ohio be approved, effective for bills rendered on or after March 9, 2012; that OP file unblended TCRR and FAC rates to be effective March 9, 2012, subject to Commission review; that OP file tariff including a TCRR rate for IRP-D customers, consistent with ESP1's terms and conditions. |
| 14-Mar-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's application for rehearing of the Commission's March 7, 2012 entry and memorandum in support. |
| 21-Mar-12 | <u>11-5568-EL-POR</u> <u>11-5569-EL-POR</u> | Commission's opinion and order that AEP Ohio's application for approval of its 2012-2014 program portfolio plans, pursuant to the stipulation filed in conjunction with the application be adopted, as modified by this opinion and order. |
| 30-Mar-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's application to modify the ESP and in connection with the modified ESP unify the EE/PDR rider rates for each rate zone into a single set of merged rates. The proposed rider will otherwise remain the same rider that was approved and addressed by the Commission in Case Nos.08-917-EL-SSO, 08-918-EL-SSO, 09-1089-EL-POR, 09-1090-EL-POR, 11-5568-EL-POR and 11-5569-EL-POR. The rider rate will continue to be updated periodically. |
| 2-Apr-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's entry ordering the procedural schedule for the modified ESP proceeding be adopted as set forth in this entry. |
| 11-Apr-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-4920-EL-RDR</u> <u>11-4921-EL-RDR</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's entry denying AEP Ohio's application for rehearing of the Commission's March 7, 2012 entry and memorandum in support. |

Table 2 is continued on the following page

| DATE | CASE NUMBERS | DESCRIPTION OF FILING |
|-----------|---|---|
| 11-Apr-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's entry granting in part and denying in part AEP-Ohio's motion for amendment to the procedural schedule; that the parties comply with the directives set forth in this entry. |
| 15-May-12 | <u>12-1557-EL-RDR</u> | AEP Ohio's application to update its EE/PDR riders. The Company proposes that its EE/PDR riders become effective with the first billing cycle of August 2012, as modified by the 2012 portfolio approvals. |
| 14-Jun-12 | <u>10-3126-EL-UNC</u> | Joint proposal of AEP Ohio and the signatory parties, to the Commission's December 14, 2011 order issued in AEP Ohio's distribution base rate case. The proposal is regarding the type of data, as well as the metrics to assist the Commission in its review of AEP Ohio's pilot revenue decoupling program. |
| 9-Jul-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Reply brief submitted by the Counsel for the PUCO Staff on their behalf. Staff supports the Company's proposed modified ESP which includes modification and continuation of an EE/PDR rider, unified for each rate zone into a single set of merged rates. However, a number of recommendations should also be adopted if the Commission approves, as proposed or otherwise modified, the Company's ESP. |
| 9-Jul-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | AEP Ohio's reply post-hearing brief requesting that the Commission approves the modified ESP without modification, for the reasons stated within. |
| 8-Aug-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> | Commission's opinion and order that the proposed modified ESP should be approved, with the modifications set forth in this order. The order also directs AEP Ohio to file, by August 16, 2012, revised tariffs consistent with this order, to be effective with bills rendered as of the first billing cycle in September 2012. Commissions' approval includes the merger of EE/PDR rider rates for CSP and OP's rate zones and the continuation of the EE/PDR rider as adopted in the ESP 1 order and subsequently confirmed in each of the operating Companies' succeeding EE/PDR cases. Commission's opinion and order also finds it appropriate for AEP Ohio to recover any costs associated with the Interruptible Power- Discretionary (IRP-D) under the EE/PDR rider. Dissenting opinion of Commissioner Cheryl L. Roberto and concurring opinion of Commissioner Lynn Slaby. |
| 16-Aug-12 | <u>11-0346-EL-SSO</u> <u>11-0348-EL-SSO</u> <u>11-0349-EL-AAM</u> <u>11-0350-EL-AAM</u> <u>89-6007-EL-TRF</u> | AEP Ohio's compliance tariff filing including a letter stating that the EE/PDR rider is not being revised at this time in the proposed tariff even though Commission's opinion and order authorizes AEP Ohio to recover IRP-D credit. |
| 15-May-13 | <u>13-1201-EL-RDR</u> <u>89-6007-EL-TRF</u> | AEP Ohio's application to update its EE/PDR rider. The Company proposes that its EE/PDR rider become effective with the first billing cycle of August 2013 as modified by the 2012 portfolio approvals. |

STAFF FINDINGS AND RECOMMENDATIONS

The Staff has reviewed AEP Ohio's filing updates to its EE/PDR riders, for rider effective dates from March 2009 through May 2013. Based on Staff's review, it appears that the Company has followed all applicable Commission directives in its calculation of the EE/PDR rider rates. This includes compliance with Staff's recommendations regarding the net lost distribution revenues incurred after December 31, 2010. Lost distribution revenue for both operating companies have been excluded from the final 2009-2011 rider true-up amount, which comprises a part of the latest comprehensive updates proposed for the rider rates. The latest updates to the rider rates also include costs associated with the IRP-D, which the Commission found as reasonable in being recovered under the EE/PDR rider.

Staff finds that the procedure followed by AEP Ohio in calculating the comprehensive updates to its EE/PDR rider rates is consistent with the 2009 portfolio approvals and 2012 portfolio approvals, as well as the Commission's approvals in other cases relevant to the EE/PDR riders. However, the actual costs and the justification of their inclusion in the rider for cost recovery are beyond the scope of the Staff's review. Because of this, and because of the significance of the EE/PDR riders as a part of the Company's rates, Staff recommends that procedures be established to conduct financial audits of the Company's EE/PDR riders. At least initially the audits should be conducted by an independent third party under PUCO Staff direction. Staff also recommends that the first such audit cover the EE/PDR rider rates and updates for the time period of January 2011 through December 2013, which would include the period of time when the design of the rider rates underwent significant modification due to the merger of the operating companies.

Filed by: Mahila Christopher

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Summary: Staff Review and Recommendation electronically filed by Ms. Mahila Christopher
on behalf of PUCO Staff