

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Amendment of	)	
Chapters 4901:1-10 and 4901:1-21, Ohio	)	Case No. 14-1411-EL-ORD
Administrative Code, Regarding Electric	)	
Companies and Competitive Retail	)	
Electric Providers.	)	

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**COMMENTS  
BY  
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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**I. INTRODUCTION**

The Office of the Ohio Consumers' Counsel ("OCC") submits these comments on behalf of Ohio's approximately 4.2 million residential electricity consumers. In this proceeding we look forward to providing recommendations to the Public Utilities Commission of Ohio ("PUCO") for implementing Senate Bill 310 for new information on customers' electric utility bills.

The PUCO will adopt rules governing the disclosure to customers of the "costs" of renewable energy, energy efficiency, and peak demand reduction requirements of R.C. 4928.64 and 4928.66. Generally, the PUCO requires utilities to make their bills accurate and understandable for consumers.<sup>1</sup> Thus, implementing the new law should be done in a way that provides newly required information to consumers while remaining true to the time-honored goals of accuracy and understandability for consumers' utility bills.

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<sup>1</sup> Ohio Adm. Code 4901:1-10-22.

In May 2014, the General Assembly passed Substitute Senate Bill 310 to amend provisions in R.C. 4928 that govern the alternative energy, energy efficiency, and peak demand reduction portfolio standard rules and regulations contained in R.C. 4928.64 and R.C. 4928.66. In addition to those changes, Substitute Senate Bill 310 also added R.C.4928.65, which requires utilities to provide certain information to customers:

- (1) That every electric distribution utility list, on all customer bills sent by the utility, including utility consolidated bills that include both electric distribution utility and electric services company charges, the individual customer cost of the utility's compliance with all of the following for the applicable billing period:
  - (a) The renewable energy resource requirements under section 4928.64 of the Revised Code, subject to division (B) of this section;
  - (b) The energy efficiency savings requirements under section 4928.66 of the Revised Code;
  - (c) The peak demand reduction requirements under section 4928.66 of the Revised Code.<sup>2</sup>

To carry out this requirement, R.C. 4928.65(A) also requires the PUCO to “adopt rules governing the disclosure of the costs to customers of the renewable energy resource, energy efficiency savings, and peak demand reduction requirements of sections 4928.64 and 4928.66 of the Revised Code.”<sup>3</sup>

The Attorney Examiner by Entry established a procedural schedule seeking initial comments in this proceeding by November 5, 2014.<sup>4</sup> OCC files these comments in accordance with the Attorney Examiner’s Entry.

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<sup>2</sup> See R.C. 4928.65(A)(1).

<sup>3</sup> R.C. 4928.65(A).

<sup>4</sup> Case No. 14-1411-EL-ORD, Entry at 2 (October 15, 2014).

## II. COMMENTS

### A. **In Addition To Utilities Providing The Cost Information Required By Law, The PUCO Should Require Ohio Electric Utilities To Inform Customers On Their Bills That Energy Efficiency And Peak Demand Reduction Programs Can Yield Savings.**

Accurate and understandable utility bills are important for Ohio consumers.

Under Substitute Senate Bill 310, the “costs” of renewable energy resource, energy efficiency,<sup>5</sup> and peak demand reduction<sup>6</sup> resource programs are to be disclosed on each customer’s monthly bill as a distinct line item.<sup>7</sup> In this proceeding, the PUCO will adopt rules governing the disclosure of this information to customers.<sup>8</sup> Because “costs” are not defined under Senate Bill 310, the PUCO is tasked in this proceeding with developing: (1) the definition of costs, and (2) how this information will be communicated to customers.

Energy efficiency/peak demand reduction portfolio programs can result in lower costs and prices for electric energy for Ohioans. To this end, energy efficiency programs are generally designed to help consumers use less energy, while peak demand reduction programs encourage customers to limit their electricity consumption during times of high electric demand, and high generation costs. Customers typically benefit from these

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<sup>5</sup> “Energy efficiency” means reducing the consumption of energy while maintaining or improving the end-use customer’s existing level of functionality, or while maintaining or improving the utility system functionality. Ohio Adm. Code 4901:1-39-01(L).

<sup>6</sup> “Demand response” means a change in customer behavior or a change in customer-owned or operated assets that affects the demand for electricity as a result of price signals or other incentives. Ohio Adm. Code 4901:1-93-01(G).

<sup>7</sup> R.C. 4928.65 (C).

<sup>8</sup> Case No. 14-1411-EL-ORD, Entry at 1 (August 15, 2014).

programs because they experience savings on their electric bills from using less energy or using energy at less expensive times, as well as paying a lower price for electricity.

In fact, in order for an energy efficiency/peak demand reduction portfolio to be approved by the PUCO, the PUCO must find that the portfolio, as a whole, is cost-effective.<sup>9</sup> “Cost-effective” is defined by the PUCO as “the measure, program, or portfolio being evaluated satisfies the total resource cost test.”<sup>10</sup> The Total Resource Cost Test is an analysis to determine whether the *costs* of an energy efficiency program are less than the *savings* that result from that program.<sup>11</sup>

Moreover, research has shown that the Demand Response Induced Price Effect (“DRIPE”) from both demand response and energy-efficiency can reduce the wholesale cost of electrical energy, electrical capacity, and natural gas. For example, PJM’s Independent Market Monitor conducted a sensitivity analysis showing that removal of demand response and energy efficiency from the wholesale capacity auctions could increase the price of capacity, and thus the total costs in PJM by \$9.3 billion for just one year.<sup>12</sup> The price-reducing effect of demand resources on wholesale electricity prices has been recognized by utility witnesses.<sup>13</sup>

There is the potential for customer confusion if the utilities do not explain to customers that the cost of the above programs can save money on electric bills. The

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<sup>9</sup> Ohio Adm. Code 4901:1-39-01(F).

<sup>10</sup> Ohio Adm. Code 4901:1-39-01(F).

<sup>11</sup> Ohio Adm. Code 4901:1-39-01(Y) (Emphasis added).

<sup>12</sup> Monitoring Analytics, “The 2017/2018 RPM Base Residual Auction: Sensitivity Analyses”, [http://www.monitoringanalytics.com/reports/Reports/2014/IMM\\_20172018\\_RPM\\_BRA\\_Sensitivity\\_Analyses\\_20140710.pdf](http://www.monitoringanalytics.com/reports/Reports/2014/IMM_20172018_RPM_BRA_Sensitivity_Analyses_20140710.pdf)

<sup>13</sup> PUCO Case No. 14-1297-EL-SSO, “Direct Testimony of FirstEnergy Witness Judah L. Rose,” Table 10.

PUCO has previously considered the potential for customer confusion in determining the information appropriate for utility bills. The PUCO ordered that a bill message be removed from customers' bills because that message could cause confusion.<sup>14</sup>

Specifically, Cincinnati Gas and Electric ("CG&E") claimed that its Gas Cost Recovery rate would be reduced to the point that there would be no savings for customers from purchasing gas from another gas marketer or company.<sup>15</sup> Thus, CG&E argued that it no longer made sense to include a bill message to customers informing them of the dollar savings the customers received by purchasing gas from another gas company, and that keeping the bill message "[would] confuse customers."<sup>16</sup> The PUCO granted CG&E's application and found that the bill message may not be a true indicator of the customer's savings over the life of the contract.<sup>17</sup>

Although the CG&E case dealt with removing a bill message and not adding one, the central issue is the same – understandability and accuracy of customer utility bills. Consumers' bills should be understandable and accurate. And in order for customers' bills to be understandable and accurate, the PUCO should require that customers are informed as to the costs of these programs, as required by law, and also that energy efficiency programs yield savings.

For this reason, OCC recommends the following underlined language be added to the proposed rules:

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<sup>14</sup> *In the Matter of the Application of The Cincinnati Gas and Electric Company for Approval of New Gas Bill Format*, Case No. 02-479-GA-UNC, 2002 Ohio PUC LEXIS 200, Entry (Feb. 28, 2002).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

**4901:1-10-35 Disclosures of Renewable Energy Resource, Energy Efficiency, and Peak Demand Reduction Compliance Costs**

- (B) Each electric distribution utility (EDU) shall list on all customer bills sent by the EDU, including utility consolidated bills that include both EDU and competitive retail electric service provider charges, the individual customer cost of compliance with all of the following for the applicable billing period:

(5) A bill message stating: “Energy efficiency and peak demand reduction programs can also save money on your electric bill.”

Such a change is consistent with PUCO precedent. And it would improve the accuracy and understandability of customers’ electricity bills.

**B. Customers Should Be Informed On Their Electric Bills That The New Line Items For Energy Efficiency/Peak Demand Reduction And Renewable Energy Are Not New Charges.**

The information about the costs of the above programs is a new requirement for electric bills. But the underlying charges to customers for energy efficiency/peak demand reduction and renewable energy riders are not new. The legislature introduced the alternative energy, energy efficiency, and peak demand reduction requirements through a sweeping change to utility regulation set forth in Senate Bill 221 (“SB 221”). As part of SB 221, which became effective on July 31, 2008, electric distribution utilities were required to institute energy efficiency and peak demand reduction programs in 2009.<sup>18</sup> Similarly, the electric distribution utilities were to begin providing an increasing portion of electric supply from qualified renewable energy resources beginning in 2009.<sup>19</sup>

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<sup>18</sup> See, R.C. 4928.64(A) and (B).

<sup>19</sup> R.C. 4928.64(B).

In accordance with the requirements of R.C. 4928.66, the four Ohio electric distribution utilities began charging customers for costs associated with energy efficiency and peak demand reduction as early as summer 2009. For instance, the Dayton Power and Light Company began collecting the Electric Distribution Service Energy Efficiency Rider to “recover the costs associated with meeting the energy efficiency and peak demand reduction targets set forth in Section 4928.66 of the Ohio Revised Code” beginning in July 2009.<sup>20</sup> AEP Ohio began charging customers for its Energy Efficiency and Peak Demand Reduction Cost Recovery Rider starting June 1, 2010.<sup>21</sup> The Toledo Edison Company, Ohio Edison Company, and The Cleveland Electric Illuminating Company (collectively “FirstEnergy”) began charging customers for the Demand Side Management and Energy Efficiency Rider beginning July 1, 2011.<sup>22</sup> Finally, Duke began charging customers for its “Save-A-Watt” program starting January 2009,<sup>23</sup> which was later supplanted by its Energy Efficiency and Peak-Demand Reduction Rider that was charged to customers starting September 2012.<sup>24</sup>

To begin listing the costs associated with alternative energy, energy efficiency, and peak demand reduction on customers’ bills in 2015 without any further explanation could confuse customers into believing that these are new charges. That confusion should be avoided. There is a strong interest in ensuring that customers are afforded

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<sup>20</sup> Case No. 08-1094-EL-SSO, Tariff Pages PUCO No. 17, Sheet No. D38 (June 29, 2009).

<sup>21</sup> Case No. 09-1089-EL-POR, Tariff Pages PUCO No. 7, Sheet No. 81-1D (May 21, 2010).

<sup>22</sup> Case No. 08-935-EL-SSO, Tariff Pages PUCO Nos. 8, 11, and 13, Sheet No. 115 (June 1, 2011).

<sup>23</sup> Case No. 08-920-EL-SSO, Tariff Pages PUCO No. 19, Sheet No. 106 (Dec. 11, 2008).

<sup>24</sup> Case No. 11-4393-EL-RDR, Tariff Pages PUCO No. 19, Sheet No. 119 (Sept. 4, 2012). In addition, Ohio electric utilities have charged customers for alternative energy riders, in accordance with the requirements under R.C. 4928.64, since as early as summer 2009.

adequate, accurate, and understandable bills.<sup>25</sup> Customers should simply be informed that the charges to be newly listed are not new charges. That advisory should be presented to consumers for three consecutive electric bills. Therefore, OCC recommends the following:

**4901:1-10-35 Disclosures of Renewable Energy Resource, Energy Efficiency, and Peak Demand Reduction Compliance Costs**

- (B) Each electric distribution utility (EDU) shall list on all customer bills sent by the EDU, including utility consolidated bills that include both EDU and competitive retail electric service provider charges, the individual customer cost of compliance with all of the following for the applicable billing period:

- (6) A line item to be included on three consecutive electric bills beginning with the change in the bill format for complying with the law, stating “New information on your bill shows specific charges for the costs of energy efficiency, peak demand reduction, and renewable energy. These types of charges are not new and previously were consolidated with other charges on your bill.”

Again, such a change is consistent with PUCO precedent and would further the accuracy and understandability of customers’ electricity bills.

### **III. CONCLUSION**

Under Substitute Senate Bill 310, the “costs” of renewable energy, energy efficiency, and peak demand resource programs are to be listed on each customer’s monthly bill as a distinct line item. In avoiding customer confusion, the PUCO traditionally expects changes to consumers’ electric utility bills to be clear, accurate, and understandable. For these reasons, OCC recommends that consumers be informed that energy efficiency and peak demand reduction programs can yield savings. And

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<sup>25</sup> See, R.C. 4928.10; Ohio Adm. Code 4901:1-10-12, 4901:1-10-22, 4901:1-10-33.

consumers should be informed that the charges associated with the riders for energy efficiency/peak demand reduction and renewable energy are not new charges.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of these Comments were served on the persons stated below via electronic transmission, this 5<sup>th</sup> day of November 2014.

/s/ Kyle L. Kern

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