

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company to Adopt a)	Case No. 14-1186-EL-RDR
Final Implementation Plan for the)	
Retail Stability Rider.)	

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

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December 1, 2014

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I. INTRODUCTION

In this case, Ohio Power Company (“Ohio Power” or “Utility”), has proposed to collect an estimated \$450 million (plus financing charges) from customers in capacity costs.¹ These charges stem from Ohio Power providing discounted capacity (market-based capacity) to competitive retail electric service (“CRES”) providers. The capacity costs that Ohio Power charged to CRES providers reflect a discount from Ohio Power’s estimated fully embedded cost of capacity.

That discount was authorized by the Public Utilities Commission of Ohio (“PUCO” or “Commission”) in Ohio Power’s capacity case.² In that case, the PUCO permitted Ohio Power to defer the difference between the market-based rate it would

¹ Capacity charges represent the costs to a utility for making its generation units available to provide electric service.

² *In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC (“Capacity Charge Case”), Opinion and Order (July 2, 2012) (“Capacity Charge Order”).

charge the CRES providers and Ohio Power's estimated fully embedded cost.³ OCC appealed the PUCO's decision. That appeal is pending before the Ohio Supreme Court.⁴

Ohio Power now proposes to collect the deferred cost from customers in this case. Specifically, Ohio Power proposes to collect the deferred cost through its Retail Stability Rider ("RSR"). The Utility currently collects through the RSR a charge for capacity-related charges that was approved in its electric security plan proceeding.⁵ That rider will cease on June 1, 2015, unless the PUCO orders otherwise.

The amount of deferred capacity costs that Ohio Power proposes to collect from customers is an estimated \$450 million (plus financing charges). Under the Application in this proceeding, a typical residential customer using 1,000 kWh would pay an additional \$5.32 per month.⁶ AEP Ohio has proposed that customers will start paying these costs June 1, 2015 and will continue to pay them through January 2018.⁷

OCC opposes Ohio Power's proposal for a number of reasons as discussed in detail below. Among other things, the Utility's Application fails to adequately document the deferred capacity costs and associated carrying charges. But more importantly, the

³ The PUCO subsequently ordered that Ohio Power could collect the deferred capacity costs from all customers, though a non-bypassable charge. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO ("ESP II Case"), Opinion and Order (Aug. 8, 2012) ("ESP II Order").

⁴ *In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company*, Supreme Court Case Nos. 2012-2098 and 2013-0228.

⁵ That PUCO decision has been appealed to the Ohio Supreme Court. *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, Supreme Court Case No. 2013-0521.

⁶ Ohio Power will charge customers 0.53154 cents per kWh. See Ohio Power Tariff P.U.C.O 20, Sheet No. 487-1 and 487-1D.

⁷ See Application (July 8, 2014), Exhibit A.

proposed allocation method for collecting the deferred capacity costs and carrying charges is inconsistent with well-established and sound ratemaking theory and practice.

After reviewing comments and reply comments, the PUCO should require a full evidentiary hearing that permits parties to submit testimony.⁸ This will establish record evidence upon which the PUCO can render a fully informed decision. To date, there has been no evidence in the record of any case that specifically addressed either the rates for capacity or the appropriate mechanism to collect the deferrals.

II. COMMENTS

A. **Ohio Power's proposed collection of deferred capacity charges is inconsistent with well-established and sound ratemaking theory and practice.**

The Utility proposes to collect the deferred capacity charges by continuing its current ESP II Retail Stability Rider, beyond the end of the ESP II period. In its response to OCC INT-1-002 Attachment 1, Ohio Power provided the proposed ESP II RSR tariff rates in cents per kWh for each customer class (Residential, GS-1 FL, GS-2/3/4, SBS, EHG, EHS, SS, AL/OL, and SL).⁹ Ohio Power proposes that effective June 1, 2015 all of the revenue collected through the RSR be applied to collection of the deferred capacity charges.

It is well-established in regulatory theory and practice that, absent compelling overriding policy considerations, the collection of utility costs from customers should be based on the principle of cost causation, i.e., collection should be made from the

⁸ See OCC Motion for Procedural Schedule (Sept. 2, 2014). This motion was denied, after the Attorney Examiner found that good cause had not been demonstrated. Entry at ¶10 (Oct. 30, 2014).

⁹ The Company has identified tariff pages 487-1 and 487-1D as the tariff leaves that were proposed to be used to collect the RSR by customer class and which are on file with the Commission. Ohio Power response to OCC INT-1-003.

customer(s) causing the cost and in proportion to each customer's quantitative contribution to the costs.¹⁰ But under Ohio Power's proposal, the cost causer—CRES providers—do not pay the costs. Rather, all retail customers pay for the discount given to the CRES providers. The CRES providers, not retail customers, should be responsible for paying the deferred capacity charges.

If the PUCO determines that retail customers must subsidize the CRES providers, the deferred capacity costs to the retail customer classes should be based on the demand of each class's shopping customers. This is appropriate because the consumption of each retail customer class's shopping customers determines CRES providers' demand, that in turn caused the additional capacity subsidy to be incurred.

1. CRES providers should be responsible for paying for the deferred capacity costs because they are the cost causers.

In the Capacity Charge Case, the Commission determined \$188.88 per MW-day is the appropriate charge to enable the Utility to collect its capacity costs from CRES providers.¹¹ This cost of capacity was calculated based on the Utility's estimated cost of service.¹² The Commission also determined that the Utility should charge CRES providers capacity rates based on PJM's Reliability Pricing Model ("RPM") in order to promote retail competition.¹³ The difference between the Utility's estimated embedded capacity cost and the RPM capacity rate was to be accrued in a deferred account.¹⁴ The

¹⁰ See, e.g., *KN Energy, Inc. v. FERC*, 968 F.2d 1295 (D.C. Cir. 1992).

¹¹ Capacity Charge Order at 33-36.

¹² Id. at 22.

¹³ Id. at 23.

¹⁴ Id. at 23.

Utility proposes now to collect those deferred capacity costs via the ESP II RSR tariff rates that are applied to all retail customers.

But the CRES providers are the cost causers of the capacity deferral charges. The deferrals relate to the daily capacity purchases by the CRES providers in the Utility's service area. These capacity purchases are made to serve CRES providers' retail customers, i.e., the Utility's retail customers who purchase retail energy from a marketer rather than the Utility. The CRES providers are the cause of the Utility incurring these additional costs and are the recipients of the benefit. Consequently, the deferred capacity charges should be recovered from the CRES providers.

These capacity charges were deferred to allow a robust retail energy competitive market in Ohio Power's service territory.¹⁵ Ohio Power's actual shopping statistics for the second quarter of 2014 show that a robust competitive market has developed with shopping by residential, commercial, and industrial customers at, respectively, thirty-two percent, eighty-four percent, and eighty percent.¹⁶ The deferral of the charges was in the first instance a benefit accorded to the CRES providers with the expectation that it would assist in developing a competitive generation market.

There is no factual dispute that CRES providers are receiving a discount from the Utility's estimated embedded cost of capacity. The beneficiaries of this discount are the CRES providers, who are receiving a substantial subsidy from all retail customers because the CRES providers' capacity charges are decreased significantly. Shopping customers may receive an indirect benefit from this subsidy if the CRES providers pass

¹⁵ Id. at 33.

¹⁶ PUCO Energy and Environment Summary of Switch Rates June 30, 2014.

some portion of the discount on to their customers. But there is no requirement that CRES providers pass the discount, or any portion of it, through to customers. And the Commission lacks jurisdiction to order CRES providers to pass through the discount to their customers. Rather, CRES providers can choose whether to pass along the discount to shopping customers or to keep it to enhance their bottom lines.

Non-shopping customers are entirely removed from any benefit from discounted capacity charges given to CRES providers. And yet more than \$450 million of deferred capacity costs are sought to be collected from all residential customers, creating an undue burden for such customers.

The principle of cost causation is sound public policy that requires cost causers to pay the cost they caused. The PUCO has in fact recognized that a goal of regulation is that the cost causer is the cost payer.¹⁷ Indeed in a recent FirstEnergy case, the Commission confirmed its stalwart adherence to principles of cost causation when it determined that revenue shortfalls associated with a residential rate should be recovered solely from the residential class, not other classes.¹⁸

When the cost causation principle is followed the responsibility for costs falls on those causing the costs. But here, retail customers (both shopping and non-shopping) will

¹⁷ See, e.g., *In the Matter of the Application of Cincinnati Bell Telephone Company for Authority to Revise Its General Exchange Tariff* PUCO No. 7, Finding and Order at ¶6 (Jan. 24, 1989). See also *In re Duke Energy Ohio*, Case No. 07-589-GA-AIR, Opinion and Order at 17-19 (May 28, 2008); *In re Dominion East Ohio*, Case No. 07-829-GA-AIR, Opinion and Order at 22-24 (Oct. 15, 2008); *In re Vectren Energy Delivery of Ohio*, Case No. 07-1080-GA-AIR, Opinion and Order at 11-14 (Jan. 7, 2009) (cases holding that SFV rate design would assure more equitable allocation of distribution system costs to cost-causers); *In the Matter of the Commission Investigation into the Resale and Sharing of Local Exchange Telephone Service*, Case No. 85-119-TP-COI, Opinion and Order at 25-27 (noting the Commission policy of favoring measured service rates to local resellers as a means of assessing the cost of service to the cost causers rather than spreading it among all ratepayers.).

¹⁸ *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company for Approval of a New Rider and Revision of an Existing Rider*, Case No. 10-176-EL-ATA, Opinion and Order at 62-63 (May 25, 2011).

be subsidizing private business enterprise, the CRES providers' business. Non-shoppers will be charged for a service they are not receiving. This is unlawful, unjust, and unreasonable.

2. If all residential customers are required to pay for the deferred capacity costs there will be an unreasonable and unlawful subsidy of competitive generation service by distribution customers.

The PUCO's approach has created a subsidy for CRES providers, whereby customers will pay Ohio Power to make it whole so that it can charge CRES providers less than the PUCO-estimated cost of Ohio Power's capacity. This below-cost pricing is an anti-competitive practice that forces shoppers and non-shoppers to subsidize CRES providers' discounts and the Utility's bottom line. And this below-cost pricing is not made available to Ohio Power's SSO customers. It is unjust, unreasonable, and unlawful.

R.C. 4928.02(H) states:

It is the policy of this state to do the following throughout this state:

- (H) *Ensure effective competition in the provision of retail electric service by avoiding 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, including by prohibiting the recovery of any generation-related costs through distribution or transmission rates***. (Emphasis added.)*

Commissioner Roberto, in her concurring and dissenting opinion in the Capacity Charge Case, referred to this payment as a "significant, no-strings-attached, unearned

benefit” to entice more sellers into the market.¹⁹ She further stated that the deferral mechanism is “an unnecessary, ineffective, and costly intervention into the market” that she could not support.²⁰ OCC agrees, as there is no basis to extend this benefit to CRES providers at the expense of retail customers, and especially no basis to make non-shopping customers pay for this anticompetitive subsidy. This is ineffective competition, as noted by Commissioner Roberto.

In the Capacity Charge Case, OCC recommended that Ohio Power’s charge for capacity be set at the market price, established annually by PJM Interconnection, L.L.C. though the application of the RPM.²¹ If this had been done, there would have been no discount for capacity, no subsidy to CRES providers, no deferrals, and no financial windfall for the Utility. Competition would have been furthered. But the PUCO’s decision seemed to be an attempt to find a point in-between what Ohio Power wanted and what CRES providers wanted. Customers are caught in the middle, where the middle is defined as paying Ohio Power over \$450 million in deferred capacity costs.

R.C. 4928.02(H) prohibits anticompetitive subsidies from noncompetitive retail electric service to competitive retail service. Under this statute, it is unlawful to collect the capacity costs (deferred or not) from retail customers. The PUCO should order collection of deferred capacity costs from CRES providers, not from customers.

¹⁹ Capacity Charge Order, Concurring and Dissenting Opinion of Commissioner Cheryl L. Roberto at 4.

²⁰ Id.

²¹ Capacity Charge Order at 19.

3. If residential customers are required to pay the deferred capacity costs, it will cause them to pay twice for the capacity—a result that is unlawful, unjust, unreasonable, contrary to public policy, and has no statutory basis.

R.C. 4928.02(A) requires ensuring that “reasonably priced retail electric service” is available to consumers. R.C. 4928.02(L) requires that the PUCO “protect at-risk populations.” If the deferred capacity costs (i.e., subsidy amounts) are in fact directly collected from all retail customers, instead of from the CRES providers, hundreds of millions of dollars will be added to customers’ bills.²² Adding these hundreds of millions of dollars of costs to customers’ bills will impair the Commission’s ability to ensure the policies of R.C. 4928.02(A) and (L) are met.

Additionally, a double payment by residential customers for capacity will likely ensue, which is unjust unreasonable, and contrary to public policy. Moreover, there is no statutory basis that would permit double payments for capacity service provided to customers. Commissioner Roberto first noted the double payment issue in her Concurring and Dissenting Opinion in the Capacity Charge Case. There she concluded that shopping customers may pay twice for the capacity unless the CRES providers directly pass through RPM market-based prices:

If the retail providers do not pass along the entirety of the discount, then consumers will certainly and inevitably pay twice for the discount today granted to the retail suppliers. To be clear, unless every retail provider disgorges 100 percent of the discount to consumers in the form of lower prices, shopping consumers will pay more for Fixed Resource Requirements service than the retail provider did. This represents the first payment by the consumer for

²² See ESP II Case, OCC Application for Rehearing, Rehearing Ex 1A (September 7, 2012) (estimating that deferrals created will amount to over \$500 million, without considering carrying charges).

the service. Then the deferral, with carrying costs, will come due and the consumer will pay for it all over again – plus interest.²³

But it gets worse, especially for the non-shopping SSO customers. Under Ohio Power’s proposal SSO customers (non-shopping customers) **WILL** certainly and inevitably pay twice for the discount granted to CRES providers. SSO customers are currently paying and will continue to pay what Ohio Power claims is its embedded cost of capacity (\$355.72/MW-day) through base generation rates, which remain frozen during the term of the ESP.²⁴ That is the first payment for the capacity service the Utility provides specifically to them. Then the deferral, with carrying costs, will come due (over the next three years) and non-shoppers will pay a second time for the capacity provided to non-shoppers during the ESP—plus interest.

Double payments for the same service are not reasonable or lawful. It makes for bad public policy and is something the Commission has consistently prohibited over the years.²⁵ Moreover, there is no provision in the Ohio Revised Code that permits an electric

²³ Capacity Charge Order, Concurring and Dissenting Opinion of Commissioner Cheryl L. Roberto at 4. (Emphasis added).

²⁴ See Capacity Charge Case, Tr. III at 716, where Ohio Power Witness William Allen stated: “What I did is I compared the SSO revenues that the company is collecting today and I compared that to the revenues the company would recover if we were charging that -- all that load \$355 a megawatt day. *Those rates are equivalent.*” (Emphasis added.) See also id., Tr. II at 247, where Ohio Power Witness Kelly Pearce states: “As far as just comparing the strict level of the charges, again, is what they look like within a rough approximation, they appear to be equal.”

²⁵ *In the Matter of the Amendment of Chapter 4901:1-14, Ohio Admin. Code, Concerning the Exclusion of Unreasonable Amounts of Unaccounted for Gas from the Gas Cost Recovery Rates*, Case No. 86-2011-GA-ORD, Entry on Rehearing at ¶4 (Apr. 27, 1988) (the Commission “would never consider a ‘double recovery’ *** to be prudent and reasonable”); *In the Matter of the Complaint of AT&T Communications of Ohio, Inc. v. Ameritech Ohio*, Case No. 96-336-TP-CSS, Opinion and Order at 55 (Sept. 18, 1997) (denying a line termination charge from access customers since the utility was already recovering the same charge from local customers); *In the Matter of Adoption of Rates for SSO*, Case No. 08-777-EL-ORD, Entry on Rehearing at ¶28 (Feb. 11, 2009) (no intention to permit double recovery of costs (transmission rider) under S.B. 221).

distribution utility to charge customers twice for the same service. This is simply unjust and unreasonable.

- 4. If the PUCO determines to collect the deferred capacity costs from customers, and not from marketers (contrary to OCC's recommendations), the PUCO should allocate deferred capacity charges to each customer class based on the level of shopping undertaken by each class.**

As explained, the PUCO should collect the deferred capacity costs from marketers, the cost causers. However, if the PUCO determines otherwise, consistent with the principle of cost causation, the deferred capacity charges should be allocated to the customer classes based on the demand of each class's shopping customers during the deferral period (September 2012 through May 2015).

This would be appropriate because it allocates the charges to just the demand that was responsible for that portion of the deferral. Because the shopping rate has been different among the customer classes, allocating the deferred charges based on total class demand would over allocate costs to the residential class with much lower shopping percentages and under allocate costs to the commercial and industrial classes with higher shopping percentages.

In addition, the deferred capacity charges were incurred as a result of CRES suppliers paying a lower price for capacity. There would be no deferred capacity charges without the discounted capacity charges for CRES providers, and those who shopped with CRES suppliers (who benefited from the discount) should pay the deferred capacity charges. Those who stayed on the SSO did not benefit from the discounted capacity charges to CRES providers, and thus did not cause the \$400 million deferral, and should not be burdened with paying for something they did not cause.

B. Ohio Power failed to adequately support its proposal to charge customers over \$400 million in capacity deferrals.

1. The Utility did not provide support for its Exhibit A.

The Utility's application is deficient and should be denied. Ohio Power did not provide or submit any pre-filed testimony to support its application. Instead, it submitted a one-page document entitled "Exhibit A, Capacity Deferral and Carrying Charge Balance."

Ohio Power's Exhibit A shows a beginning balance of \$11,663,510 for the Capacity Deferral and Carrying Charge Balance as of August 2012. It also shows cumulative monthly balances along with a final May 2015 cumulative balance of \$444,933,602. Then, beginning in June 2015, Exhibit A shows a declining balance. This appears to reflect the proposed monthly collection of the Capacity Charge Deferral through January 2018. As of that date, under the Utility's proposal, the Capacity Charge Deferral would be fully collected.

But Ohio Power did not provide any work papers or documents to support Exhibit A. It has not substantiated its monthly capacity deferral balances from August 2012 through May 2015. Further, the Utility's application did not include work papers that showed how it intended to collect the Capacity Deferral Balance beginning in June 2015. In all, the Utility is requesting to continue its RSR with scant information being submitted on the record. The information in the docket is not sufficient to show that the Utility has accurately calculated the level of capacity charges to be collected from customers.

The Utility should provide a full and detailed documentation that shows the accounting of and the proposed recovery of its Capacity Deferral Balance from August

2012 through May 2015, as well as, its proposed collection of the balance from ratepayers from June 2015 through January 2018. Otherwise, the PUCO is without sufficient information to determine whether rates proposed by the Utility are reasonable.

2. The Utility did not provide shopping statistics and other data necessary to establish that the offset to deferrals was appropriately calculated.

In the ESP II Order,²⁶ the PUCO stated it was appropriate for Ohio Power to begin collecting deferred capacity costs within the RSR. The PUCO directed the Utility to allocate \$1.00/MWh of its RSR revenues to the deferred capacity charge balance. The PUCO ruled that at the conclusion of the ESP II, it would determine the capacity deferral amount to be collected from customers. It identified permissible adjustments based upon the Utility's actual shopping statistics and the revenues that had been collected from the \$1.00/MWh charge from the RSR.²⁷ The PUCO also stated that to ensure the ESP II Order did not create a disincentive to shopping, the Utility should file its actual shopping statistics at the end of the ESP term. Specifically, to provide complete transparency and accuracy, the PUCO directed the Utility to maintain its actual shopping percentages on a month-by-month basis throughout the term of ESP, as well as in the months of June and July of 2012.²⁸

Yet Ohio Power has not complied with the PUCO's directives. The Utility has not provided the level of RSR revenues net of unbilled revenues, nor has it provided the calculation of how it computed the RSR revenues by month.

²⁶ ESP II Order at 36.

²⁷ Id.

²⁸ Id.

OCC sought to discover the supporting data underlying the Utility's offset calculation, but to no avail. For example, in INT-1-005, OCC requested quarterly updates (if any) provided to the PUCO Staff on the current deferral balance. Ohio Power responded that it will begin quarterly updates on the current deferral balance in October 2014.²⁹ It has not provided such updates.

In INT-1-010, OCC requested the actual shopping statistics and the amount that has been collected towards the deferral through the RSR from August 2012 through May 2014, and to supplement the information as it becomes available. Ohio Power stated that the Ohio Administrative Code does not require automatic supplementation for this response.³⁰

While the ESP II Order required Ohio Power to show and maintain its actual shopping percentages on a month-to-month basis throughout the ESP II term, it has not provided such information. Supplemental Interrogatories in INT-1-012 and INT-1-013, produced objections to the responses as being neither relevant nor reasonably calculate to lead to the discovery of admissible evidence.³¹

Ohio Power failed to follow the PUCO's directives, which required the Utility to submit shopping statistics and other data to support its proposed charges to customers. Consequently, the amount of deferred capacity costs and associated carrying charges are unreliable and should not be used as the basis for continuing the RSR at \$4 after the end of the ESP II.

²⁹ See Attachment 1 to these Comments.

³⁰ See Attachment 2 to these Comments.

³¹ See Attachment 3 to these Comments.

C. Any collection of deferred capacity charges should be made subject to refund.

As discussed above, customers are not the cost-causers for the deferred capacity charges, and therefore should not pay them. If, however, the PUCO does not follow OCC's recommendation, it should make collection of the deferrals from customers subject to refund.

The PUCO's decision regarding the capacity charges is on appeal to the Ohio Supreme Court. Should the Supreme Court overturn the PUCO's prior decision, Ohio Power would be unjustly enriched by collection of the deferrals in the time between the PUCO's decision in this case and the Court's decision overturning the PUCO's prior ruling. Making customers whole would be problematic unless the PUCO makes collection of the deferrals subject to refund. Making any collection of the deferrals from customers subject to refund will provide needed relief for AEP Ohio's many customers who are now paying the highest electric rates in Ohio.³²

III. CONCLUSION

Ohio Power's application is both deficient with regard to documentation and inconsistent with well-established and sound ratemaking theory and practice. As explained, the deferred capacity costs need to be collected from the cost causer—CRES providers. Otherwise, the PUCO will be approving an improper subsidy, and will require customers to pay twice for capacity.

³² Ohio Utility Rates Survey (October 15, 2013) (which showed that the monthly bill of a typical residential customer in Ohio Power's CSP rate zone is 13.45% higher than the state average, and the monthly bill for a typical residential customer in its OPC rate zone is 4.23% higher than the state average).

If the PUCO determines that all customers should pay the deferred capacity costs, it should nonetheless reject the Utility's request to collect such costs by extending the retail stability rider. The Utility has failed to adequately support its proposal to use the rate stability rider mechanism to collect the deferred capacity charges. In order to properly assess the issues presented, the PUCO should require testimony and a full evidentiary hearing. But if the PUCO does not follow OCC's recommendation, it should allocate the deferred capacity costs to customer classes based upon the level of shopping that is occurring in each customer class. Also, the costs should be paid only by shopping customers, who benefitted from the discounted capacity charges. In addition, to protect consumers, the PUCO should make any collection of the deferred capacity costs from customers subject to refund.

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 electronic transmission to the persons listed below, this 1st day of December 2014.

/s/ Maureen R. Grady

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**OHIO POWER COMPANY'S RESPONSES
TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 14-1186-EL-RDR
FIRST SET**

INTERROGATORY

INT-1-005 Referencing the Company's Application page 3, paragraph C, when will AEP-
Ohio begin to provide quarterly updates to Staff on the current deferral balance?

RESPONSE

The Company will begin quarterly updates on the current deferral balance in October 2014.

**OHIO POWER COMPANY'S RESPONSES
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PUCO CASE NO. 14-1186-EL-RDR
FIRST SET**

INTERROGATORY

INT-1-010 Pursuant to the ESP II Final Order, page 36, paragraph 2, identify the actual shopping statistics and the amount that has been collected towards the deferral through the RSR from August 2012 through May 2014. Please supplement this information as more information becomes available throughout the application progresses.

RESPONSE

The amount collected and applied against the deferral was provided in OCC INT-1-002 Attachment 1. To the extent required by the Ohio Administrative Code, the Company will supplement responses to discovery questions. Rule 4901-1-16(D)(5), OAC, does not require automatic supplementation for this response. A request for supplementation of a response under Rule 4901-1-16(D)(5) cannot be made as part of the original request and prior to a response even being submitted; that approach would defeat the purpose of Rule 4901-1-16(D).

**OHIO POWER COMPANY'S RESPONSES
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FIRST SET**

INTERROGATORY

INT-1-011 Regarding the testimony of Company Witness, Mr. Allen dated March 30, 2012, under Case No. 11-346-EL-SSO, page 13, line 13, he stated that the Retail Stability Rider will replace a portion of the lost revenues associated with providing capacity to CRES providers at a price well below the Company's (AEP-Ohio) costs associated with this capacity. What lost revenues have been realized to date, and what will the projected lost revenues be through May 2015?

RESPONSE

See the objection to OCC-INT-001. Without waiving the foregoing objection(s) or any general objection the Company may have, the Company states as follows. The Company has not performed that calculation.

**OHIO POWER COMPANY'S RESPONSES
TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
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FIRST SET**

INTERROGATORY

INT-1-012 Regarding the Testimony of Company Witness Mr. Allen dated March 30, 2013, under Case No. 11-346-EL-SSO, page 14, the Company had a shopping load of 4,935 GWh in 2011, EICCR revenues of \$967 Million and CRES capacity revenues of \$54 million. Please identify the same information for calendar year 2012, 2013 and to date 2014.

RESPONSE

See the objection to OCC-INT-001.

**OHIO POWER COMPANY'S RESPONSES
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DISCOVERY REQUEST
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FIRST SET**

INTERROGATORY

INT-1-001 With respect to the PUCO Order 11-346-EL-SSO, dated August 8, 2012, (ESP II Final Order) specifically page 35, the PUCO determined that the Retail Stability Rider amount should recover \$189 million in PY12/13, \$251 million in PY13/14 and \$68 million in PY14/15 for a total of \$508 million. Given that, please identify the following for the periods PY12/13, PY13/14 and PY14/15:

- a. the actual Retail Non-Fuel Generation Revenues.
- b. the actual CRES Capacity Revenues.
- c. the actual Credit for Shopping Load.
- d. the actual Revenues used by the AEP Ohio to support the PUCO finding that \$826 million was the appropriate revenue target.
- e. the actual Retail Stability Rider (RSR) recovered and collected by customers for each period above.
- f. all components of the above RSR.

RESPONSE

The Company objects to parts a, c, d, and f of this request as seeking information that is neither relevant nor reasonably calculate to lead to the discovery of admissible evidence. The ESP II decision did not adopt an adjustable RSR or establish revenue targets that would be reconciled. The assumptions and parameters included in the table on page 35 of the Opinion and Order were used to develop the fixed RSR charges approved by the Commission that are not to be reconciled, adjusted or revisited. This proceeding is merely to implement the capacity deferral recovery aspect of the ESP II decision, which quantitatively involves verification of the shopping capacity provided by AEP Ohio and an accounting for the \$1/MWH that was to be applied to reduce the capacity deferrals. There is no valid purpose in attempting to prove or disprove the accuracy or feasibility of any assumptions of parameters used by the Commission to develop the RSR based on intervening financial data not known at the time of the decision. In addition to being neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, those queries inappropriately attempt to reopen and relitigate issues finally adjudicated by the Commission.

b. See OCC INT-1-001 Attachment 1.

e. See OCC INT-1-001 Attachment 2 for the RSR revenues.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

12/1/2014 4:24:12 PM

in

Case No(s). 14-1186-EL-RDR

Summary: Comments Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Grady, Maureen R. Ms.