

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the	:	
Ohio Development Services Agency for	:	
an Order Approving Adjustments to the	:	Case No. 15-1046-EL-USF
Universal Service Fund Riders of	:	
Jurisdictional Ohio Electric Distribution	:	
Utilities.	:	

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REPLY TESTIMONY

OF

**SUSAN M. MOSER**

ON BEHALF OF

THE OHIO DEVELOPMENT SERVICES AGENCY

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August 10, 2015

**REPLY TESTIMONY OF SUSAN MOSER**  
**On Behalf of The Ohio Development Services Agency**

1   **Q.     Please state your name and business address.**

2   A.     My name is Susan M. Moser. My business address is Ohio Development Services  
3           Agency ("ODSA"), 77 South High Street, 26th Floor, Columbus, Ohio 43216-1001.

4   **Q.     By whom are you employed and in what capacity?**

5   A.     I am employed by ODSA in its Office of Community Assistance ("OCA") as Section  
6           Supervisor of the EPP/PIPP Plus section.

7   **Q.     Are you the same Susan M. Moser who previously filed testimony in this**  
8           **proceeding?.**

9   A.     Yes. On August 3, 2015, I filed direct testimony in support of the Joint Stipulation and  
10           Recommendation ("Stipulation") that was contemporaneously filed the same date.

11   **Q.     What is the purpose of your reply testimony?**

12   A.     The purpose of my reply testimony is to respond to the direct testimony that The Ohio  
13           Power Company ("AEP Ohio") and Ohio Partners for Affordable Energy ("OPAE") filed  
14           in this proceeding August 3, 2015.

15   **Q.     Do Ohio Power and OPAE oppose the entire Stipulation?**

16   A.     No, not at all. Each opposes a discreet portion of the Stipulation. Ohio Power opposes  
17           ODSA's continued use of separate revenue requirements and, thus, separate USF rider  
18           rates, for its Ohio Power and Columbus Southern Power rate zones. OPAE opposes  
19           ODSA's continued use of the two-step, declining block rate design.

1 **Q. Let's address Ohio Power's testimony first. It's its direct testimony, AEP Ohio**  
2 **witness Gill provides the additional amounts that CSP rate zone customers would**  
3 **pay, and the decreased amounts OP rate zone customers would pay, in USF rider**  
4 **rates if the revenue requirements in the rate zones were merged. Does ODSA**  
5 **contest those figures?**

6 A. No. But, as stated in my direct testimony, it is my understanding that the Public Utilities  
7 Commission of Ohio ("PUCO") created the OP and CSP rate zones so that customers in  
8 one rate zone would not support distinct expenses that customers in the other rate zone  
9 incur. According to AEP Ohio witness Gill's testimony, the PUCO still maintains  
10 separate rate zones and separate USF rider rates in the OP rate zone, specifically the  
11 Phase-In Recovery Rider ("PIRR") and the Pilot Throughput Balancing Adjustment  
12 Rider ("PTBAR"). Thus, if OP and CSP revenue requirements are merged, customers in  
13 the CSP rate zone will contribute to the expenses incurred by the OP rate zone customers,  
14 in apparent conflict with the PUCO's order in Case No. 11-346-EL-SSO. For this reason,  
15 in deference to the PUCO's order, ODSA did not propose in its Notice of Intent that the  
16 revenue riders for the two rate zones be merged in this proceeding.

17 **Q. AEP Ohio witness Gill also testifies as to certain "efficiencies" that would be gained**  
18 **by merging the rate zones' revenue requirement. Do you agree?**

19 A. Not necessarily. ODSA recognizes that at some point the rate zones will be merged  
20 (likely when the remaining OP riders are eliminated), and that some administrative  
21 efficiencies in processes eventually may be gained by combining reports pertaining to the  
22 two rate zones. However, in the near term, the customers in the OP and CSP rate zones

1 will remain subject to different rates, which presents significant questions as to net, short-  
2 term, efficiencies if the USF rider rate were combined now. ODSA believes it may be  
3 more efficient to wait to merge the USF rider rates until the PIRR and PTBAR riders are  
4 terminated.

5 **Q. Can you explain why the merger of the USF rider rate may be inefficient now?**

6 A. Yes. Even if the USF rider rate is combined, OP and CSP rate zone customers still will  
7 be charged separate tariffed rates. ODSA still will need to keep track of the separate  
8 rates charged PIPP Plus customers in order to provide information to auditors who  
9 periodically audit the PIPP Plus program, and, potentially, for purposes of accounting for  
10 customer arrearages. The audits are meant to ensure that applicable PIPP Plus rules are  
11 properly applied. In addition, AEP Ohio's proposal will require ODSA to expend the  
12 time and resources to make information technology changes to accommodate the merged  
13 rate information and to maintain this audit capability. Further technological changes  
14 could be required when the OP rate zone's final two riders finally are eliminated. The  
15 time and resources to make these changes are unknown at this point, and ODSA certainly  
16 doesn't wish to make changes twice, if it can be avoided.

17 **Q. Are there other issues that argue against merging the rate zones at this time?**

18 A. Yes, issues of timing. For ODSA to perform its analyses for the upcoming application  
19 process in this proceeding, consideration must be given to merging the CSP and OP rate  
20 zone data from prior years. This need would also give rise to information technology  
21 changes, and costs. Plus, ODSA must have time to ensure against the risk that data errors  
22 could occur in the merging process or that formulas could change. The application is due

1 to be filed in this proceeding by October 31, 2015, and ODSA does not know if it would  
2 have sufficient time to make the necessary changes.

3 **Q. AEP Ohio witness Gill also states that merging the USF rider rate for the OP and**  
4 **CSP rate zones may reduce ODSA's administrative costs for the PIPP Plus**  
5 **program. Do you agree?**

6 A. First, I note that Mr. Gill uses the word "may." He has provided no cost support or  
7 analyses for his statement. Considering my testimony above, I cannot agree that AEP  
8 Ohio's proposal would reduce ODSA's administrative costs. It may raise them.

9 **Q. Do you believe AEP Ohio witness Gill's recommendation to be reasonable?**

10 A. No, not at this time. ODSA has significant concerns whether AEP Ohio's merger  
11 proposal will lead to efficiencies before all rate differences between the rate zones are  
12 eliminated. In addition, ODSA has concerns whether its information technology system  
13 can accommodate the changes, specifically in time to file the October 31, 2015  
14 application. Finally, ODSA believes it is unreasonable for AEP Ohio to ask the PUCO to  
15 order ODSA to make these changes.

16 **Q. Have you reviewed the pre-filed direct testimony sponsored by OPAE in this**  
17 **proceeding?**

18 A. Yes. OPAE witness Rinebolt objects to the continuation of the two-step declining block  
19 rate design that the PUCO has approved since 2001. He recommends that the PUCO  
20 adopt a uniform kWh rate for all electric distribution utilities or, alternatively, a different  
21 rate for the rider's second block.

1 **Q. Does ODSA support Mr. Rinebolt's recommendation to adopt a uniform kWh rate**  
2 **design?**

3 A. Not at this time. Basing the USF rider rate in this proceeding on a uniform kWh rate  
4 design would potentially lead to very large and abrupt increases in USF charges for some  
5 customers. On the advice of counsel, I'm informed that R.C. 4928.52(C), on which  
6 OPAE relies, does not mandate a specific rate design. The PUCO has approved the rate  
7 design proposed in the Notice of Intent and adopted in the Stipulation in this proceeding  
8 on numerous occasions, including in the last Notice of Intent proceeding in Case No. 14-  
9 1002-EL-USF.

10 **Q. Does ODSA support Mr. Rinebolt's alternative recommendation to approve a**  
11 **different rate for the rider's second block.**

12 A. Not at this time. No testimony or analyses has been presented as to what the rate for the  
13 second block should be.

14 **Q. Does this conclude your testimony.**

15 A. Yes. However, I reserve the right to file supplemental or rebuttal testimony.

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Testimony of Susan M. Moser* has been served upon the following parties by first class mail, postage prepaid, and/or electronic mail this 10<sup>th</sup> day of August 2015.



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Summary: Reply Testimony of Susan M. Moser electronically filed by Dane Stinson on behalf of Ohio Development Services Agency