

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 REPLY COMMENTS

Filed January 20, 2016

AEP Ohio Reply Comments

Ohio Power Company (AEP Ohio) appreciates the opportunity and hereby submits its reply comments regarding the comments filed in response to the Staff Report. Failure to address any particular recommendation or comments by other parties should not be interpreted as agreement by AEP Ohio.

A. IGS

Comments provided by IGS go into a lengthy discussion regarding the alleged hindrance around utilities providing a standard service offer. Even though the Commission recently ruled on the standard service offer as the default service (*12-3151-EL-COI, Opinion and Order March 26, 2014 at 17-20*), IGS continues to raise the debate. These comments are not the appropriate forum to re-open the merits of a default service debate. This present focus is on looking at the programs that Staff was tasked to investigate for Ohio utilities, and determining any cooperative remedies to any issues for the benefit of customers.

Another concern raised by IGS is that customers are not aware of the available CRES suppliers or what they can offer customers. AEP Ohio believes that its proposed pilot program using a third party will help educate customers, addressing IGS's concerns. The AEP Ohio proposed pilot would also assist customers who are moving and may not have thought about contacting their CRES supplier to switch service. A third party would educate existing shopping customers on their choices as well as discuss current competitive offers or even introductory offers they may be eligible to receive.

AEP Ohio disagrees with IGS that it is a concern that Staff dismissed many of the programs based on the concern for the cost to implement each program. Staff reviewed each program and weighed the cost of implementing each program against the number of customers

who would be eligible to participate in each program. For instance, for seamless move, many customers do not start and stop service on the same date due to selling a house, or they take a few days to move between the two places and need service at both locations at the same time. This reduces the number of customers eligible for this program dramatically. During the working group, one utility was able to share the number of customers that would be eligible to use the seamless move program and when Staff weighed that against the cost, it determined the program was unfeasible from a total implementation perspective. While IGS points out the benefit to the few customers eligible, they fail to point out the cost to all customers for the program outweighs the benefits in this case. Reviewing the impact on customer bills compared to the expected benefit is an appropriate review by the Staff of the Commission and is supported in this situation.

B. Retail Energy Supply Association (RESA)

RESA's comments emphasize that the Commission was intending to investigate the health, strength, and vitality of Ohio's CRES market through the Market Development Working Group (MDWG). RESA continues in stating that the Commission specifically had a preference for shopping customers to maintain their shopping status even when they have a location change. The AEP Ohio recommended pilot program using a third party to discuss options with customers will not only assist relocating customers, but also new customers, and facilitate a shopping environment. Customers who are moving and may be taking advantage of getting released from a bad contract could talk, without pressure, to a third party vendor and discuss rates and offers, including introductory rates that would only be available to new customers. Additionally, customers who only switched due to a government aggregation would not have contracts to transfer, thus a system which helps a customer understand the options to shop for the first time

would be beneficial and provide a positive impression on the option to shop. Customers who are already shopping and are very happy with their current supplier could possibly enroll with just the one phone call when talking to the third party vendor. AEP Ohio's pilot helps address concerns around education for new customers and a continued effort to keep shopping customers from falling back to the utilities standard service offer.

While RESA argues that a warm transfer requires effort on part of the customer through multiple conversations, added time, and additional effort, AEP Ohio argues that taking the time to talk to a customer about options, allowing a customer time to ensure they are choosing the best supplier to fit their needs at their new location with minimal effort will actually increase customer satisfaction. RESA is asking that a utility just ask 'do you want to keep your current supplier,' and then turn around and tell a customer that they cannot answer any questions if there are better rates available, if they would be eligible for a government aggregation in their new location, or if any special introductory offers exist. That simplicity offered by RESA is not the best solution for customers. There is value in the educational pilot program suggested by AEP Ohio. The goal is for customers to make informed decisions in what can be the complex world of electric service. The ability to provide a third party with no vested interest in the choice made by the customer increases the opportunity for customers to ask the questions they may have and to provide an educator not limited by call times or focused on closing the deal. Therefore, AEP Ohio offers the third party transfer program as a balanced approach to address RESA's concerns.

RESA also discusses how Instant Connect is being implemented in a neighboring state and therefore should be implemented in Ohio. While Pennsylvania will have Instant Connect implemented by September 2016, there are no facts and figures yet to show how widely used the program is in that state, or to see if it is a success or not. Just stating that some other state is

doing it, so Ohio should too, is not adequate justification to implement a very complicated and costly program. AEP Ohio would recommend first letting Pennsylvania's program be implemented for a period of time. The working group can follow the success and failures of the program and weigh the potential benefit of implementation in Ohio, after seeing it in practice. As RESA states, one utility which participates in the MDWG would be able to share their experience firsthand with their hurdles and implementation of the program in Pennsylvania. However, the Commission should be careful and not accept the RESA position that everything done in Pennsylvania is transferrable to Ohio. Ohio has different rules, different systems, and a different Commission which would not allow Ohio to simply implement the same exact program. While utilities could learn from mistakes made in Pennsylvania, creating the same program in Ohio would not be less challenging.

C. FirstEnergy Companies (FE)

FE recommends that a balanced approach to a Warm Transfer Model could be achieved by allowing each utility the flexibility to implement Staff's proposal in a way that fits each utility's unique system. AEP Ohio agrees that a one-size fits all approach is not needed in a Warm Transfer model, provided that a certain level of market electronic transaction standards are maintained. Implementation based on each EDU's individual network and telecom needs will be crucial in implementing a best cost system for each utility. For example, AEP Ohio recommended a pilot program apart from the other utilities as part of a Joint Stipulation and Recommendation in Case No. 14-1693-EL-RDR. AEP Ohio offered to implement the program in its territory, but does not think it should be expanded to other utility territories until those respective utilities are willing and prepared to undertake such an endeavor.

AEP Ohio agrees with FE's concerns on dealing with customers in situations where a government aggregation has occurred. Typically government aggregation rates are not posted on the Commission's Apples to Apples site, nor would a third party necessarily have the rates to provide a customer when starting service or moving into an aggregation area. Customers initiating new service may not know a government aggregation is even available until after they are enrolled by the supplier in the program.

FE also discusses the importance of cost recovery. AEP Ohio agrees with FE that cost recovery is a vital component as programs are implemented in this area. If suppliers are unwilling to cover the costs of the programs which benefit their customers, AEP Ohio reserves the right to ask for cost recovery of any program implemented under a separate proceeding. Programs approved by the Commission are presumed to be for the benefit of customers and with such approvals should come the commensurate cost recovery to implement those benefits.

D. Duke

AEP Ohio agrees with Duke's concerns regarding Ohio utilities becoming advocates for customer shopping. Adding additional verbiage to discuss choice in length with customers does add to call center call times and has the ability to exceed existing rules around call center wait times. AEP Ohio agrees that a one size fits all approach would be difficult to implement for all utilities and that the Commission should consider each proposal on its own merits.

Duke also proposes using a third party vendor to transfer customers to, similar to AEP Ohio's pilot. AEP Ohio agrees that using a third party vendor can add great value in providing a customer service.

Duke raises a concern similar to FE on the challenges of dealing with government aggregations. AEP Ohio shares similar concerns as discussed above in the section on FE and with the comments raised by Duke.

E. DP&L

DP&L also urges the Commission to consider flexibility among the Ohio EDU's when implementing a Warm Transfer approach. This has been a common theme among all the utilities in the state and AEP Ohio agrees. Having flexibility to account for different system types but allowing all companies to achieve the same goal would be the best way to implement warm transfer in the state.

As DP&L also mentions, implementation of any program will take time, possibly additional resources, and cost. AEP Ohio agrees with DP&L that the implementation of any new program that affects an entire company must be given time to develop and implement it fully in order to benefit customers. AEP Ohio asks that the Commission allow for cost recovery of any program implemented in a separate rate proceeding.

F. Office of the Ohio Consumers' Counsel (OCC)

OCC filed comments based on the cost of implementation and a concern that customers will not be receiving the proper level of education about their options under the warm transfer system. AEP Ohio is also sensitive to the costs of implementation and agrees that programs should not be implemented lightly and should take into account the particular service territory and operations of the different utilities. However, AEP Ohio would suggest that the pilot program included in its initial comments should address OCC's concerns on customer education. The concept is to provide the customer a third party resource. This pilot, developed with the Commission Staff on the items included for customer education, will provide a safe environment

for customers to move quickly with the enrollment process if they are ready. But more importantly, the pilot provides a resource for customers to move slowly and ask questions to further understand the choice market and the standard service offer. This can be done without the pressure of call time rule requirements hanging over the utility and without the potential pressure of a CRES seeking to close the deal. At this point, the pilot provides the best opportunity for research into addressing OCC's concerns.

Conclusion

The AEP Ohio position is unique. The program will provide the industry and Commission valuable information on customer education and enrollment. This type of pilot is the result of a partnership with CRES providers and highlights the benefits of the Commission's investigation that facilitated an ongoing discussion that led to a willing utility to introduce a pilot and see if this type of change is beneficial for customers.

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CERTIFICATION OF SERVICE

I hereby certify that a copy of the Ohio Power Company's Reply Comments was served on the persons stated below by electronic mail, this 20th day of January 2016.

//s/ Matthew J. Satterwhite

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Summary: Reply Comments electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company