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 Universal Service |) | Case No. 16-1223-EL-USF |
| Fund Riders of Jurisdictional Ohio Electric |) | |
| Distribution Utilities. |) | |

OHIO DEVELOPMENT SERVICES AGENCY'S RESPONSE TO THE OBJECTIONS AND COMMENTS OF THE KROGER CO.

The Ohio Development Services Agency ("ODSA") initiated the above-captioned proceeding on May 31, 2016 by filing a Notice of Intent ("NOI") pursuant to the stipulation approved by the Public Utilities Commission of Ohio ("Commission") in ODSA's prior universal service fund ("USF") case. The NOI describes the revenue requirements and rate design methodologies ODSA proposes to use in preparing its 2016 USF rider rate adjustment application for the 2016 calendar year. In accordance with the procedural schedule established by the attorney examiner's entry of June 2, 2016 in this docket, The Kroger Co. ("Kroger") filed objections to the NOI on July 1, 2016.

In the NOI, ODSA proposes to retain the traditional two-step declining block rate design that the Commission has approved in prior proceedings.² Neither Kroger, nor any other party, has objected to retaining this rate design in this proceeding. Rather, Kroger's objection presents

¹ See In the Matter of the Application of the Ohio Development Services Agency for an Order Approving Adjustments to the Universal Service Fund Riders of Jurisdictional Ohio Electric Distribution Utilities, Case No. 15-1046-EL-USF, Opinion and Order (December 16, 2015).

² Id.

the narrow issue of whether the second block of the rate design should be made available to mercantile customers, as defined in R.C. 4928.01(A)(19). ³

ODSA notes that Kroger's recommendation appears to be at the broad conceptual level. Kroger has not presented information as to how its proposal would be implemented and the number of mercantile customers affected nor has it presented information on how the proposal would impact Ohio's electric distribution utilities and other ratepayers. ODSA is not in a position to make a recommendation on the proposal at this time.

Respectfully submitted on behalf of Ohio Development Services Agency

and Stinson

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³ Kroger Objections at 6.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Response has been served upon the following parties by electronic mail and/or first class mail, postage prepaid, this 8^{th} day of July 2016.

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Summary: Response to Objections electronically filed by Dane Stinson on behalf of Ohio Development Services Agency