

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. 17-1377-EL-USF
Universal Service Fund Riders of	:	
Jurisdictional Ohio Electric Distribution	:	
Utilities.	:	

REPLY TESTIMONY OF

MEGAN MEADOWS

ON BEHALF OF
THE OHIO DEVELOPMENT SERVICES AGENCY

August 11, 2017

**REPLY TESTIMONY OF MEGAN MEADOWS
On Behalf of The Ohio Development Services Agency**

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

2 A. My name is Megan Meadows. My business address is Ohio Development Services
3 Agency ("ODSA"), 77 South High Street, 25th Floor, Columbus, Ohio 43216-1001.

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

5 A. I am employed by ODSA as Assistant Deputy Chief of the Office of Community
6 Assistance ("OCA"), an office within ODSA's Division of Community Services.

7 **Q. Have you previously submitted written testimony on behalf of ODSA in this case?**

8 A. Yes. My direct testimony in support of the Notice of Intent ("NOI") was filed on July 24,
9 2017.

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

11 A. The purpose of this reply testimony is to address the direct testimony of Kevin C.
12 Higgins, filed July 24, 2017, on behalf of The Kroger Co. ("Kroger"). Kroger contests
13 how the NOI's rate design is applied. No other party filed direct testimony opposing the
14 NOI in this proceeding.

15 **Q. What rate design does the NOI propose?**

16 A. The NOI proposes to retain the traditional two-step declining block rate design adopted in
17 every USF proceeding since 2001. The first block of the rate applies to accounts that
18 have a monthly consumption up to and including 833,000 kWh. The second rate block
19 applies to accounts that have a monthly consumption above 833,000 kWh.

20

1 **Q. You state that Kroger contests the “application” of the two-step declining block rate**
2 **design; please explain.**

3 A. Kroger’s primary position does not seek to change the two block rate design. Rather, it
4 seeks to expand the availability of the second block to mercantile customers, as defined
5 in R.C. 4928.01(A)(19), by aggregating mercantile customers’ monthly usage from
6 multiple accounts for purposes of the USF rider.

7 **Q. Does ODSA support Kroger’s proposal?**

8 A. ODSA cannot support Kroger’s proposal. As I stated in my direct testimony, although
9 Kroger raised this same issue in the 2016 USF rider rate proceeding, it has yet to present
10 information to support the proposal. Lacking is the number of mercantile customers that
11 would be eligible under its proposal and their monthly usage; and information on how the
12 proposal would affect Ohio’s electric distribution utilities, other ratepayers, and ODSA’s
13 administration of the PIPP program.

14 **Q. Why is the total monthly usage of eligible mercantile customers a concern?**

15 A. It is my understanding that the USF rider rate established in this proceeding cannot shift
16 the cost of funding low-income customer assistance programs among customer classes.
17 Under Kroger’s proposal, an additional group of customers would be eligible for second
18 tier rates. Without knowing this group of customers’ total usage, the scope of the effect
19 of Kroger’s proposal on other customers’ costs cannot be known.

20 **Q. Could the concerns of cost shifting be resolved by limiting the number of mercantile**
21 **customers eligible under Kroger’s proposal?**

22 A. No. ODSA is opposed to limiting the number of eligible customers if the proposal were

1 adopted.

2 **Q. What are ODSA’s concerns with the proposal’s effect on the electric distribution**
3 **utilities (“EDUs”)?**

4 A. ODSA has no information that the EDUs’ billing systems are equipped to accommodate
5 Kroger’s proposal, whether the proposal could be accommodated manually, what the
6 costs of accommodation would be, who would be responsible for those costs, and how
7 those costs would be collected.

8 **Q. Would Kroger’s proposal affect ODSA’s administration of the USF program?**

9 A. Yes. The proposal would require the EDU’s to collect first tier revenues from the eligible
10 mercantile customers in one month, and then credit in the next month the difference
11 between the amount collected and the amount the customers are required to pay under
12 Kroger’s proposal. Under ODSA’s current rules, the EDUs are to remit USF revenues
13 collected to ODSA by the 15th day of the following month. The rules provide no
14 mechanism for ODSA to credit the EDUs with the “overpayment.” In addition, the
15 crediting provisions have the potential to distort the Reserve Balances and Account
16 Balances required under the NOI process.

17 **Q. Does Kroger make an alternative proposal?**

18 A. Yes. Kroger alternatively proposed that, if the Commission were concerned with
19 potential costs shifts among customer classes, the USF rider rates in each tier could be
20 proportionately adjusted.

21 **Q. Does ODSA support this recommendation?**

22 A. No. Insufficient information has been presented to support this alternative.

1 **Q. What is your recommendation?**

2 A. ODSA recommends that the Commission reject Kroger's proposal on the basis that it
3 lacks sufficient detail. Kroger's proposal is more properly considered in the Working
4 Group established in Case No. 03-2049, and reaffirmed in the stipulation approved in
5 Case No. 16-1223-EL-USF.

6 **Q. Does this conclude your direct testimony?**

7 A. Yes. However, I reserve the right to supplement my testimony.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Reply Testimony of Megan Meadows* has been served upon the following parties by first class mail, postage prepaid, and/or electronic mail this 11th day of August 2017.



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Summary: Reply Testimony of Megan Meadows electronically filed by Dane Stinson on behalf of Ohio Development Services Agency