

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of The Commission’s Investigation of Ohio’s Retail Electric Service Market.	) ) ) )	Case No. 12-3151-EL-COI
In the matter of the Market Development Working Group.	) )	Case No. 14-2074-EL-EDI

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**COMMENTS OF THE DAYTON POWER AND LIGHT COMPANY  
REGARDING COST ALLOCATION FOR IMPLEMENTATION OF A SEAMLESS  
MOVE MECHANISM**

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**I. INTRODUCTION AND BACKGROUND**

The Dayton Power and Light Company (“DP&L” or “the Company”) appreciates the opportunity to provide comments in response to the Public Utilities Commission of Ohio (“Commission” or “PUCO”) Order dated February 7, 2018 in the matter of the Market Development Working Group (“MDWG”).

In December 2012, the Commission opened a Commission Ordered Investigation, Case No. 12-3151-EL-COI, into the health, strength, and vitality of Ohio’s competitive retail market. In a May 29, 2013 Entry, the Commission ordered Staff to lead a stakeholder collaboration effort to identify changes to the retail market that could be quickly and efficiently made.<sup>1</sup> As a result of these efforts and based on the Staff’s market development work plan filed on January 16, 2014, the Commission subsequently ordered the formation of a market development working group (“MDWG”), consisting of Competitive Retail Electric Service (“CRES”) Providers, the

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<sup>1</sup> In the Matter of the Commissions’ Investigation of Ohio’s Retail Electric Service Market, Case No. 12-3151-EL-COI, Entry at 3 (May 29,2013).

electric distribution utilities (“EDUs”), and other interested stakeholders, to streamline and aid in the development of Ohio’s CRES market. One of the main tasks of the MDWG was to:

Develop an operational plan for the purpose of implementing either a statewide seamless move, contract portability, instant connect, or warm transfer process. Once Staff has developed an operational plan, it should then file a Staff Report, with the operational plan...[and] should file this Staff Report not later than one year from the date of this Order.<sup>2</sup>

On July 16, 2015 Staff filed its MDWG Staff Report in this Case.<sup>3</sup> Comments and reply comments from interested parties regarding the MDWG Staff Report were filed on January 6, 2016 and January 20, 2016, respectively. More than two years later, on February 7, 2018, the Commission Ordered the implementation of a seamless move mechanism and provided previous participants in the MDWG the opportunity to file comments regarding the cost allocation for implementation of a seamless move mechanism in each EDU footprint.<sup>4</sup> Set forth below are DP&L’s comments and recommended cost allocation principles for implementation of a seamless move mechanism.

## **II. RECOMMENDED COST ALLOCATION**

As an initial matter, while DP&L will make efforts to minimize the costs, the EDUs must be made whole for any costs that are incurred while implementing this additional mechanism to benefit CRES providers. It should also be noted that the seamless move mechanism was universally recognized as the most expensive and most difficult to implement of the four options considered. Given the sizable expense and the fact that support for a seamless move mechanism was limited to organizations representing CRES providers, DP&L provides the following cost recovery and cost allocation recommendations.

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<sup>2</sup> Case No. 12-3151-EL-COI, Order at 25 (March 26, 2014).

<sup>3</sup> A Report by the Staff of the Public Utilities Commission of Ohio In the Matter of the Market Development Working Group (July 16, 2015) (“Staff Report”).

<sup>4</sup> Case Nos. 12-3151-EL-COI and 14-2074-EL-EDI, Order at 14 (February 7, 2018).

**A. Because of the trivial percentage of customers able to take advantage of this costly mechanism, CRES Providers should be required to pay implementation of a seamless move process.**

The PUCO Staff, during its evaluation of a statewide seamless move, contract portability, instant connect, or warm transfer process, requested informal cost estimates regarding the above-mentioned processes. The EDUs developed high level estimates and it was clear that a seamless move process would require costly system upgrades, along with waivers of certain PUCO rules, with benefits flowing to only a small percentage of customers.<sup>5</sup> In its Staff Report, PUCO Staff states that:

The number of residential customers who move varies from 16,000 to 217,000 per EDU territory per year. The number of eligible customers (those who are currently with a CRES provider) who move within an EDU's service territory was not clearly expressed within the MDWG but estimates were near 40%. Using US census data and December 31, 2014 PUCO switch rates the potential annual number of residential Ohio shopping customers eligible for a Seamless Move is 96,244 or 2.2% of all customers.<sup>6</sup>

Based on this analysis, using both utility provided data and publicly available information, approximately 97.8% of all Ohio electric consumers in any given year would not be eligible to take advantage of this service. This should not be surprising: customers that are currently taking service on the EDU's standard service offer, customers taking advantage of the Percentage of Income Payment Plan (PIPP) Plus program, and potentially those customers enrolled in a governmental aggregation cannot benefit in any way from a seamless move option. DP&L updated its analysis in March 2018 based on full-year 2017 data and determined that less than 1% of all customers in the DP&L service territory were eligible to take advantage of a seamless move in 2017. The analysis was based on a review of the number of currently switched customers that had placed a move order and an account open order on the same date and may

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<sup>5</sup> Staff Report at 7-9.

<sup>6</sup> Staff Report at 7.

actually be overstated because it did not exclude government aggregation customers who met that criteria but may not be eligible for a seamless move for other reasons.

Applying the ratemaking principle of cost causation, the costs should be assigned and paid by those who cause the costs to be incurred. In this instance, it is clearly the CRES providers who are causing the costs to be incurred. They are the sole promoters of the seamless move mechanism and have opposed all other, less costly, approaches.<sup>7</sup> Even the 1% of customers who might benefit slightly from implementation are not clamoring for change, a finding supported by Staff's Report<sup>8</sup> and by the fact that, in the two years between the time comments were filed in this proceeding and the Commission's order, there appears to have been zero customer interest shown in a seamless move.<sup>9</sup> And the benefits to these customers are slight – a seamless move mechanism from a customer perspective means that if they are currently served by a CRES provider and move to another location, they avoid being placed back on the Standard Service Offer for one month. So, this mechanism, costing perhaps millions of dollars across Ohio, simply does not meet a cost-benefits test from a customer perspective.

The only true beneficiaries of the proposal are the CRES providers who avoid the potential loss of a customer who goes on to Standard Service Offer and may subsequently decide to remain on that tariff or choose a different CRES provider. The CRES Providers, who are attempting to minimize loss of customer contracts (revenue) and thereby truly causing these costs, should be required to compensate the EDUs for the costly implementation and ongoing maintenance of such a service. Absent a full cost-benefit analysis with evidence that customers

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<sup>7</sup> Initial Comments of IGS, RESA on the Staff Report (January 6, 2016).

<sup>8</sup> Staff Report at 9.

<sup>9</sup> Letters or other communications from customers to the PUCO on a topic in an open and ongoing proceeding would likely have been filed in this proceeding. To DP&L's knowledge, no such letters or communications have been filed.

benefit from this mechanism, costs should be borne by the CRES Providers who have developed this mechanism for their own benefit.

**B. Costs should be allocated to CRES Providers based on the number of seamless moves that benefit each CRES Provider.**

Assuming the Commission agrees with DP&L that costs should be assigned to CRES Providers, rather than customers, DP&L makes the following suggestion regarding cost recovery from CRES Providers. Currently, DP&L invoices each CRES Provider monthly for certain services rendered on behalf of its customers. DP&L recommends that a per seamless move fee be developed and included on each CRES Providers monthly invoice from DP&L, based on the number of seamless moves that are completed. The initial development of the rate would be based on the actual costs of implementation divided by some amortization period and the estimated numbers of seamless moves for each year. Those costs would be tracked and accumulated along with the actual number of seamless moves that occurred. An annual true-up could then be made to reset the rate so that implementation costs are fully recovered by the end of the amortization period.

For instance, if the initial rate were set at \$65 per seamless move based on actual implementation costs and estimates of total number of seamless moves in a year, and a CRES Provider has 10 customers who seamlessly move in a month and the per seamless move fee is \$65, the total amount that DP&L would charge that CRES Provider for seamless moves in the month would be \$650. By the end of the year, if the total number of seamless moves were less than had been estimated and thus, fewer costs were recovered than estimated, the rate would go up in the following year; conversely, if the total number of seamless moves were higher than estimated, the rate would drop in the following year.

This allocation method ensures that only the CRES Providers benefitting from the seamless move process pay for the implementation of the service. DP&L would continue charging the per seamless move fee until the implementation costs were recovered in full.

### **III. CONCLUSION**

As always, DP&L appreciates the opportunity to provide comments in connection with this Case, and urges the Commission to adopt DP&L's proposal that CRES Providers pay for all costs in order to accommodate the seamless move mechanism, and those costs be allocated to CRES Providers based on number of seamless moves.

Respectfully submitted,

*/s/ Randall V. Griffin*

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**CERTIFICATE OF SERVICE**

I certify that these comments were filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 9th day of March 2018. The PUCO's e-filing system will electronically serve notice of the filing of this document on all parties of record.

*/s/ Randall V. Griffin*

Chief Regulatory Counsel for the Dayton Power  
and Light Company

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Summary: Comments of the Dayton Power and Light Company electronically filed by Mr. Tyler A. Teuscher on behalf of The Dayton Power and Light Company