

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's	:	
Investigation of Ohio's Retail	:	Case No. 12-3151-EL-COI
Electric Service Market.	:	

In the Matter of the Market	:	Case No. 14-2074-EL-EDI
Development Working Group.	:	

**APPLICATION FOR REHEARING OF
OHIO POWER COMPANY AND DUKE ENERGY OHIO, INC.**

Pursuant to Section 4903.10 of the Ohio Revised Code and Rule 4901-1-35 of the Ohio Administrative Code, Ohio Power Company ("AEP Ohio") and Duke Energy Ohio, Inc. ("Duke") (collectively, "Joint Applicants") respectfully file this Application for Rehearing of the Public Utilities Commission of Ohio's ("Commission") February 7, 2018 Finding and Order (the "Finding and Order") in these proceedings. The Finding and Order is unreasonable and unlawful in the following respects:

The Commission erred in adopting a seamless move mechanism based upon unknown, theoretical benefits in light of the record before the Commission demonstrating significant costs and process changes required to implement the mechanism.

The grounds for this application for rehearing are set forth more fully in the accompanying memorandum in support.

Respectfully submitted,

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MEMORANDUM IN SUPPORT

I. Introduction

By Finding and Order issued March 26, 2014, the Commission directed Staff and the Market Development Working Group (“MDWG”) to develop an operational plan for “either a seamless move, contract portability, instant connect, or warm transfer” process that will apply when a shopping customer moves to a new address within the same electric distribution utility’s (“EDU”) service territory. *See* Finding and Order at ¶24 (Mar. 26, 2014). On July 16, 2015, Staff filed a Staff Report regarding each of the four options. Staff did “not support a Seamless Move program due to the limited number of eligible customers” who might participate in the program, high program costs, and no observed demand for such a program from customers who called the Commission’s call center. (Staff Report at 7-9 (July 16, 2015).) EDUs, representatives of customer and aggregator interests, and competitive retail electric service (“CRES”) providers submitted initial and reply comments regarding the Staff Report. Only CRES providers supported the seamless move mechanism; EDUs, OCC, NOPEC, and Staff all demonstrated that the costs of the mechanism significantly outweigh any limited benefits that the mechanism might provide to customers.

Despite heavy stakeholder opposition to the seamless move mechanism, and record evidence demonstrating its significant costs and limited benefits to customers, the Commission ordered that “a seamless move mechanism should be adopted as a Statewide standard” based upon a theoretical reduction in the burden a shopping customer who moves to a new address faces. *See* Finding and Order at ¶ 37. The Commission’s decision to adopt seamless move as a

statewide standard was unreasonable and unlawful; on rehearing, the Commission should reverse its decision adopting that mechanism.

II. The Commission erred in adopting a seamless move mechanism based upon unknown, theoretical benefits in light of the record before the Commission demonstrating significant costs and process changes required to implement the mechanism.

As the Staff Report found, the seamless move process is the most difficult of the four programs analyzed by the MDWG to implement. (Staff Report at 7.) Joint Applicants agree, and explained in comments that seamless move would require the largest degree of system and project changes for EDUs. (See AEP Ohio Initial Comments at 2.) Indeed, the record before the Commission demonstrates that implementation requires multiple system changes, new EDI, employee training, incremental labor, and other associated costs to the EDU, and that there would be implementation costs for each CRES provider related to these system changes. (Staff Report at 7.) In addition, a seamless move may be difficult due to the meter reading dates at customer's new locations. Until most customers have installed AMI meters, such a program would be difficult to implement.¹

In addition, the cost to implement seamless move is significant and of major concern for both EDUs and Staff. Staff found that the cost of the program could be up to \$10 per contract, but even that estimate may be low. (*Id.* at 14.) Joint Applicants are concerned about their ability to recover costs incurred implementing seamless move over the 7-year period contemplated in the Staff Report if the cost of the mechanism is charged on a per-contract basis. If participation levels are lower than expected – and they very well may be, as discussed below – the cost per contract may need to increase. As AEP Ohio demonstrated in its comments filed

¹ This specific concern is not applicable to Duke, which has fully deployed AMI throughout its certified territory.

contemporaneously with this application for rehearing, AEP Ohio believes that the cost of the program over seven years, assuming every eligible customer in its service territory utilizes the mechanism once a year over that term, would be in excess of \$47 per contract. (*See* AEP Ohio Comments at 2, Att. 1 (Mar. 9, 2018).)

In this regard, although the Commission has directed RESA and each EDU to “work together to file an operational plan for implementation of a seamless move mechanism” and indicated that it will accepted further comments regarding cost allocation for implementation of seamless move in each EDU’s certified territory, *see* Finding and Order at ¶ 38, the total cost of the system cannot be fully determined until the operational plan has been approved, making the Commission’s decision to implement seamless move on a statewide basis even more concerning, as there is not sufficient information to really get a price per contract of the seamless move. Nor is there sufficient information from all suppliers in the state regarding whether they are required to pay a per-contract fee for the mechanism. In addition, most customers are offered special introductory rates to shop with a supplier when they establish service at a new location; with seamless move in place, customers would not be eligible for those special rates when they moved to a new service address within an EDU’s territory.

Moreover, in addition to being complex and expensive to implement, seamless move potentially benefits only a very small subset of retail customers. Staff estimated that only 2.2% of residential customers would even be eligible to utilize the mechanism. (*Id.*) In addition, customers that are part of an aggregation program would automatically be ineligible for seamless move, which further reduces the number of customers that could benefit from the program. Approximately one-third of AEP Ohio’s shopping customers are part of an aggregation and would not eligible for a seamless move unless they moved within the same aggregation

community. If provided the opportunity to provide evidence on rehearing or through further study of seamless move, as proposed below, AEP Ohio believes that its data reflects that only 0.50% of total customers would be able to utilize a seamless move mechanism.²

Despite the record before it demonstrating the high cost and complexity associated with seamless move and the very limited number of customers who would be eligible to utilize the mechanism, the Commission nonetheless adopted seamless move as a statewide standard. Finding and Order at ¶ 37. The Commission did not address stakeholders' concerns regarding the cost and complexity of implementing seamless move in comparison to the small number of customers that would benefit. Nor did it cite to any record evidence supporting the adoption of seamless move; to the contrary, it expressly found that the mechanism has benefits "[i]n theory" only. (Emphasis added.) *Id.* The Commission's Finding and Order thus violates R.C. 4903.09, which "requires the Commission to set forth the reasons supporting the decisions arrived at and prohibits summary rulings and conclusions that do not develop the supporting rationale or record." *In re Fuel Adjustment Clauses for Columbus S. Power Co. & Ohio Power Co.*, 140 Ohio St.3d 352, 2014-Ohio-3764, 18 N.E.3d 352, ¶ 45. The Commission's order failed to "show, in sufficient detail, the facts in the record upon which the order is based * * *." *MCI Telecommunications Corp. v. Pub. Util. Comm.*, 32 Ohio St.3d 306, 312, 513 N.E.2d 337 (1987). Accordingly the Commission should reverse its decision adopting seamless move as a statewide mandate. At a minimum, the Commission should order that seamless move be further studied in

² Based on the limited participation discussed above, call duration is not currently expected to be significant, but Joint Applicants remain concerned that Ohio EDUs having responsibility for obtaining customer consent to utilize seamless move will increase call handling times. (See AEP Ohio Initial Comments at 3.) The Finding and Order did not address that concern. Although call durations are not considered significant today, the Commission should make clear on rehearing that it is willing to adjust the call duration metrics in the future and/or provide waivers of applicable regulations in the future.

the MDWG, or elsewhere, before the Commission orders EDUs to undertake the significant costs and process changes discussed above on a system-wide basis.

Joint Applicants also believe that the Commission's order to develop an implementation plan for seamless move within six months is arbitrary and unreasonable. In addition to the complexities described above, which will take time to evaluate, AEP Ohio is also currently working with several of the same parties to finalize its supplier consolidated billing process. Requiring the parties to develop a seamless move process at the same time may delay the supplier consolidated billing process. Therefore, should the Commission decline to reverse its adoption of seamless move, the Commission should direct the parties to provide a status update regarding the status of implementation plan efforts within nine months after a final order in this proceeding. If an implementation plan is not finalized by that point, then the Commission could then set a date 60 or 90 days later by which a final plan is due.

III. Conclusion

The Commission's adoption of a statewide seamless move mechanism was unreasonable and unlawful. The Commission should reverse its decision on rehearing. If the Commission nonetheless wishes to pursue seamless move despite record evidence demonstrating its limited availability to customers and high costs, the Commission should allow for more evaluation of the seamless move process, either through the MDWG or elsewhere, to ensure that Ohio customers will actually realize real benefits from the mechanism, instead of ordering implementation based on the merely theoretical benefits presently in the record. At a minimum, if the Commission continues with the seamless move process as a statewide mandate, then the implementation plan should be completed in nine to twelve months, not the six months ordered by the Commission.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing *Application for Rehearing* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 9th day of March, 2018, via electronic transmission.

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Case No(s). 12-3151-EL-COI, 14-2074-EL-EDI

Summary: Application for Rehearing of Ohio Power Company and Duke Energy Ohio, Inc.
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