

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

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|--|-------------|--------------------------------|
| <b>In the Matter of the Commission’s<br/>Investigation of Ohio’s Retail<br/>Electric Service Market.</b> | :<br>:<br>: | <b>Case No. 12-3151-EL-COI</b> |
| <b>In the Matter of the Market<br/>Development Working Group</b>   | :<br>:      | <b>Case No. 14-2074-EL-EDI</b> |

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**INITIAL COMMENTS OF OHIO POWER COMPANY**

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**I. Introduction**

On February 7, 2018, the Commission issued a Finding and Order finding that “a seamless move mechanism should be adopted as a Statewide standard” in the state of Ohio. Finding and Order at ¶ 37 (Feb. 7, 2018). The Commission also indicated that it will accept further comments from previous participants in the Market Development Working Group (“MDWG”) regarding “cost allocation for implementation of a seamless move mechanism within each EDU footprint” within 30 days after the Finding and Order’s issuance. *Id.* at ¶ 39. Ohio Power Company (“AEP Ohio” or the “Company”) hereby submits its initial comments. In addition to addressing cost recovery of a seamless move program, AEP Ohio will also address the Commission’s comments in regard to customers being dropped due to name changes on their account. Contemporaneously with these comments, AEP Ohio is filing an application for rehearing of the Finding and Order, which AEP Ohio incorporates herein by reference. By filing these comments, AEP Ohio does not waive any argument regarding the appropriateness of the Commission’s seamless move directive contained in the Company’s application for rehearing.

## **II. Comments and Recommendations**

### **A. Cost Allocation**

The fair and reasonable approach to cost recovery of a seamless move program would be to bill the suppliers who benefit directly from the program. If a supplier currently has a contract with a customer, it would greatly benefit the supplier to keep this customer; therefore, the supplier should incur the costs associated with the seamless move. However, in light of the relatively high cost of implementing the program compared to the small number of customers that will utilize the service each year, and recognizing that the Commission has determined that seamless move should be a statewide mandate, the Company proposes a two-tiered recovery mechanism for the system costs. The Company proposes to defer the cost of the system upgrade as a regulatory asset at the weighted average cost of capital (WACC). Any per-transaction fee payments, described below, made by suppliers will be credited to the total regulatory asset balance. The remaining balance, which will be collected through base rates in the Company's next base case, will be based on the balance of the regulatory asset at that time. An example of the regulatory asset calculation described herein, which assumes a recovery period of seven years consistent with the Staff Report in this proceeding, is attached as Exhibit 1 to these comments. AEP Ohio's updated estimate of implementation costs is approximately \$1.8 Million. AEP Ohio's historical experience with customers that will be able to take advantage of the seamless move each year is estimated to be 6,930 a year, less than one-half percent of total customers. The estimated cost per contract, assuming each eligible customer uses seamless move once per year, would be \$47.84 using these assumptions, as indicated in Exhibit 1.

AEP Ohio proposes to bill each supplier for each eligible seamless move, regardless of whether the customer or supplier chooses to continue with the existing contract between them.

AEP Ohio will be required to complete the same process –to the benefit of CRES providers – and incur the same costs any time a customer is eligible for a seamless move, even if the customer’s CRES contract is not transferred to the customer’s new address at the option of either the customer or supplier (assuming the contract between the CRES provider and customer provided either party that option).

AEP Ohio believes this methodology is the best way to recover costs from those who benefit from the program (*i.e.*, suppliers) while also taking into account that, theoretically, nearly all customers would have the option to participate in the mechanism.

**B. Business customer name changes**

The Company also believes it is necessary to address the Commission’s discussion of scenarios in which a business customer’s name changes. *See* Finding and Order at ¶ 15. There, the Commission indicated that it is concerned that a business’s name changing “could result in that business being sent back to default service” which “is hardly business friendly.” *Id.* The Commission ordered that the EDUs and suppliers work together to address this issue. *Id.* AEP Ohio wishes to clarify the situation the Commission identified and to possibly allay some of the Commission’s concerns. When a business calls AEP Ohio to change its name to correct an error, such as a misspelling or spacing issue, AEP Ohio will perform that correction without the customer being returned to AEP Ohio’s standard service offer (SSO).

When, however, a company is either bought by a new parent company, has ownership changes, or has any other significant change that requires it to obtain a new tax identification number, AEP Ohio does consider this a new customer, and returns the new customer to its SSO, even though the core functionality of the business may not have changed. A change of corporate form or ownership frequently results in increased risk to AEP Ohio. This is not a simple “name

change.” For example a limited liability company poses a greater credit risk than a corporation. A new tax ID to AEP Ohio is a new customer because it is a legal identification number that is associated with only that company. Since it is legally a new customer, the customer is dropped from their supplier and given a new account number. If the Commission is ordering that AEP Ohio be able to start a new customer with a supplier from the first day, then that would be considered under an instant connect scenario.

AEP Ohio requests that the Commission clarify that only minor changes to a business would not affect a supplier’s contract, but that a new tax ID, new responsible billing party, or any changes which would affect the EDU’s ability to collect money owed to it by a company is outside of scope for the Commission’s request.

### **III. Conclusion**

For the reasons set forth above, AEP Ohio recommends that the Commission blend the recovery of the costs of implementing the seamless move standard and reiterates that AEP Ohio should be made whole for the costs of the program, regardless of the method approved by the Commission for the recovery of those costs. AEP Ohio also requests that the Commission provide the clarification requested herein regarding the Commission’s directive as to business customers that change their names.

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 *Comments* 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.

/s/ Steven T. Nourse  
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Exhibit 1

|                               |    |              |                 |                 |                 |               |               |               |
|-------------------------------|----|--------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| Estimated per transaction Fee | \$ | 47.84        |                 |                 |                 |               |               |               |
| Estimated Number of Customers |    | 6,930        |                 |                 |                 |               |               |               |
|                               |    | Year 1       | Year 2          | year 3          | Year 4          | Year 5        | Year 6        | Year 7        |
| System Cost                   | \$ | 1,800,000.00 | \$ 1,606,920.82 | \$ 1,395,634.28 | \$ 1,164,423.41 | \$ 911,409.36 | \$ 634,536.09 | \$ 331,553.67 |
| CRES Fees                     | \$ | 331,553.67   | \$ 331,553.67   | \$ 331,553.67   | \$ 331,553.67   | \$ 331,553.67 | \$ 331,553.67 | \$ 331,553.67 |
| Balance                       | \$ | 1,468,446.33 | \$ 1,275,367.16 | \$ 1,064,080.61 | \$ 832,869.75   | \$ 579,855.70 | \$ 302,982.42 | \$ -          |
| WACC                          |    | 9.43%        | 9.43%           | 9.43%           | 9.43%           | 9.43%         | 9.43%         | 9.43%         |
| Balance w Carrying Charges    | \$ | 1,606,920.82 | \$ 1,395,634.28 | \$ 1,164,423.41 | \$ 911,409.36   | \$ 634,536.09 | \$ 331,553.67 | \$ -          |



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

Summary: Comments - Initial Comments of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company