

**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. 18-976-EL-USF
Fund Riders of Jurisdictional Ohio Electric)	
Distribution Utilities.)	

**OHIO DEVELOPMENT SERVICES AGENCY’S
RESPONSE TO THE OBJECTIONS AND COMMENTS OF
DUKE ENERGY OHIO, OHIO PARTNERS FOR AFFORDABLE ENERGY, AND
THE KROGER CO.**

The Ohio Development Services Agency (“ODSA”) initiated the above-captioned proceeding on May 31, 2018 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.¹ The NOI describes the revenue requirements and rate design methodologies ODSA proposes to use in preparing its 2018 USF rider rate adjustment application for the 2018 calendar year. In accordance with the procedural schedule established by the attorney examiner’s entry of June 4, 2018 in this docket, two intervenors filed objections to the NOI on June 29, 2018: Ohio Partners for Affordable Energy (“OPAE”), and The Kroger Co. (“Kroger”). None of the intervenors’ objections warrant a revision to the methodologies proposed in the NOI.

1. OPAE’s Objection

In the NOI, ODSA proposes to retain the traditional two-step declining block rate design adopted in every USF proceeding since 2001. In each proceeding, the Commission has found

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. 17-1377-EL-USF, Opinion and Order (December 13, 2017) (“2017 USF Order”).

that the rate design does not violate R.C. 4928.52(C), which requires that the USF rider rate not shift among customer classes the cost of funding low-income customer assistance programs.

OPAE objects to the two-tier rate design, claiming that it shifts costs from customers with usage in the second tier to customers with usage only in the first tier. OPAE litigated this issue in the 2015 and 2017 USF proceedings and the Commission expressly found that OPAE's analysis failed to demonstrate any significant cost shift between customer classes as required by the statute.² Because OPAE's objection also fails to support a shift in costs among customer classes, ODSA cannot accept it.

2. Kroger's Objection

Whereas OPAE seeks to eliminate the two-step declining block rate structure, Kroger seeks to retain it. Kroger objects that the second tier is not available to mercantile customers, as defined in R.C. 4928.01(A)(19).

ODSA notes that 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, other ratepayers, and ODSA's administration of the PIPP program. Considering the lack of information available in Kroger's proposal, ODSA is not in a position to accept it.

² 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, NOI Opinion and Order (October 28, 2015), at 23; *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. 17-1377-EL-USF, NOI Opinion and Order (October 11, 2017) at 26.

Respectfully submitted on behalf of
Ohio Development Services Agency

A handwritten signature in cursive script that reads "Dane Stinson".

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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 10th day of July 2018.



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Summary: Text Ohio Development Services Agency's Response to Objections and Comments electronically filed by Teresa Orahoud on behalf of Dane Stinson