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 Fund Riders of Jurisdictional Ohio Electric Distribution Utilities.	)))))	Case No. 18-976-EL-USF

JOINT STIPULATION AND RECOMMENDATION

Pursuant to Rule 4901-1-30, Ohio Administrative Code, the undersigned parties to this proceeding (the "Signatory Parties") hereby stipulate, agree, and recommend that the amended application filed herein on November 29, 2018, by the Ohio Development Services Agency ("ODSA") for an order approving adjustments to the Universal Service Fund ("USF") riders of the jurisdictional Ohio electric distribution utilities ("EDUs"), be granted by the Public Utilities Commission of Ohio ("Commission") in accordance with the terms and conditions specified herein.

Although the Signatory Parties recognize that this Stipulation and Recommendation (the "Stipulation") is not binding upon the Commission, the Signatory Parties respectfully submit that this Stipulation is supported by the record, represents a just and reasonable resolution of the issues involved, violates no regulatory principle or precedent, and is in the public interest.[1] The Signatory Parties represent that this Stipulation is the product of serious negotiations among knowledgeable parties representing a broad range of interests and that the Stipulation is a compromise involving a balancing of those interests and does not necessarily reflect the position

[1] The Signatory parties are authorized to represent that, although the Commission Staff ("Staff"), Ohio Partners for Affordable Energy, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Ohio Edison Company, The Office of the Ohio Consumers' Counsel, and The Kroger Company ("Kroger") are not signatories, they do not oppose the Stipulation.

that any one of the Signatory Parties would have adopted if this matter had been fully litigated. In joining in this Stipulation, the Signatory Parties recognize that it is not in the interest of the public or the parties hereto to delay necessary adjustments to the EDU USF riders by extended litigation when an acceptable outcome can be achieved through settlement negotiations. Thus, the Signatory Parties further agree that this Stipulation shall not be relied upon as precedent for or against any party to this proceeding or the Commission itself in any subsequent proceeding, except as may be necessary to enforce the terms of the Stipulation.

If the Commission rejects or modifies all or any part of this Stipulation or imposes additional conditions or requirements upon the Signatory Parties, a Signatory Party shall have the right, within 30 days of the Commission's order, to file an application for rehearing or to withdraw from the Stipulation by filing a notice with the Commission. If a Signatory Party seeks rehearing, said Signatory Party may withdraw from the Stipulation within 30 days of the Commission's ultimate disposition of its rehearing application. Upon notice of withdrawal by a Signatory Party pursuant to the foregoing provisions, the Stipulation shall immediately be deemed null and void and this matter shall proceed as if the Stipulation had not been submitted; provided, however, that a notice of withdrawal from the Stipulation by an EDU Signatory Party shall void the Stipulation only as to the proposed USF rider rate of that EDU. Any party to this proceeding may become a Signatory Party to the Stipulation subsequent to its filing by submitting a letter to the Commission stating the party's intention to do so.

The Signatory Parties hereby stipulate and agree as follows:

1. This matter is properly before the Commission pursuant to Section 4928.52(B), Revised Code. The Commission has jurisdiction to approve this Stipulation as submitted and to issue an order authorizing adjustments to the current EDU USF riders in the minimum

amount necessary to provide the revenues sufficient to cover the administrative costs of the low-income customer assistance programs and the consumer education program and provide adequate funding for those programs.

2. The application and supporting exhibits filed in this docket by ODSA on October 31, 2018; the amended application and supporting exhibits filed in this docket by ODSA on November 29, 2018; the testimony of ODSA witness Randall Hunt filed herein on October 31, 2018; the testimony of ODSA witness Megan Meadows filed herein on October 31, 2018; the supplemental testimony of ODSA witness Megan Meadows filed herein on November 29, 2018; and the testimony of ODSA witness Meadows supporting this Joint Stipulation and Recommendation filed contemporaneously herewith, shall be admitted into evidence and made a part of the record in this case.

3. If called to testify, an appropriate representative of each EDU would verify that the Kwh sales data and other information supplied by that EDU to ODSA upon which ODSA relied in developing the USF rider revenue requirement and USF rider rate for each EDU as set out in the amended application is true and accurate to the best of that EDU's knowledge and belief.

4. As set forth in ODSA's amended application, and as further described in and supported by the supplemental testimony of ODSA witness Meadows, the annual USF rider revenue requirement for each EDU shall be as follows:

AEP Ohio (“AEP”)	$84,526,343
The Dayton Power & Light Company ("DP&L")	$14,186,628
Duke Energy Ohio ("Duke")	$13,085,514
The Cleveland Electric Illuminating Company ("CEI")	$27,890,761
Ohio Edison Company ("OE")	$46,991,355
The Toledo Edison Company ("TE")	$14,151,816

5. The methodology for determining the respective USF rider revenue requirements is consistent with the methodology accepted by the Commission in its September 19, 2018, opinion and order in the notice of intent ("NOI") phase of this proceeding.[2]

6. The annual USF rider revenue requirements set forth in Paragraph 4 shall be collected by the respective EDUs through a USF rider which incorporates a declining block rate design consisting of two consumption blocks. The first block of the rate shall apply to all monthly consumption up to and including 833,000 Kwh. The second rate block shall apply to all consumption above 833,000 Kwh per month. For each EDU, the rate per Kwh for the second block shall be set at the lower of the Percentage of Income Payment Plan ("PIPP") charge in effect in October 1999 or the per Kwh rate that would apply if the EDU's annual USF rider revenue requirement were to be recovered through a single block per Kwh rate. The rate for the first block rate shall be set at the level necessary to produce the remainder of the EDU's annual USF rider revenue requirement. The USF riders for each EDU determined in accordance with this methodology shall be as shown in the following table.

	First 833,000 kWh		Above 833,000 kWh
AEP[3]	$0.0024978		$0.0001756
DPL	$0.0010858		$0.0005700
Duke	$0.0006774		$0.0004690
CEI	$0.0017446		$0.0005680
OE	$0.0021150		$0.0010461
TE	$0.0019295		$0.0005610

The specific calculations supporting these stipulated USF rider rates are set forth in

[2] Kroger does not support this provision, but agrees not to oppose it as part of the Stipulation as a package. Kroger's non-opposition shall not be relied upon in any other forum or proceeding.

[3] The 2019 AEP USF Rider rate for the first 833,000 kWh of usage for the merged OP and CSP rate zones is less than the 2018 rates for OP ($0.0034648) and CSP ($0025116). The 2019 AEP USF Rider rate for usage greater than 833,000 kWh is the average of CSP's and OP's 1999 rates of $0.0001830 and $0.0001681, respectively.

Exhibits MM-33 through MM-38 to the supplemental testimony of ODSA witness Meadows.

7. The rate design methodology utilized in calculating the recommended USF rider rates set forth in Paragraph 6 is identical to the methodology accepted by the Commission in its September 19, 2018 opinion and order in the NOI phase of this proceeding and in all prior USF rider rate adjustment proceedings. Any change in the existing relative customer class revenue responsibility resulting from the use of this rate design methodology is well within the range of estimation error inherent in any customer class cost-of-service analysis and does not violate the Section 4928.52(C), Revised Code, prohibition against shifting the costs of funding low-income customer assistance programs among customer classes. By stipulating to the use of the EDU's October 1999 PIPP charge as a cap on the second block of the rider for purposes of this case, no Signatory Party waives its right to contest the continued use of the October 1999 PIPP charge as a cap on the second block of the rider in any future Section 4928.52(B), Revised Code, USF rider rate adjustment proceeding.

8. The stipulated USF rider rate for AEP in Paragraph 6 is lower than its current USF rider rates. The rates for all EDUs represent the minimum rates necessary to satisfy their respective rider revenue requirements set forth in Paragraph 4. ODSA hereby consents to the USF rider rate decrease for AEP as required by Section 4928.52(B), Revised Code.

9. The current USF rider of each EDU shall be withdrawn and cancelled and shall be replaced by USF riders containing the rates provided in Paragraph 6, such riders to be filed within seven days of the Commission order adopting the Stipulation. The new

USF riders shall be effective upon filing with the Commission and shall apply on a bills-rendered basis beginning with the first billing cycle of the month following their effective date. The EDUs shall notify customers of the adjustments to their respective USF riders by means of the customer notice attached hereto as Appendix A.

10. Unlike traditional ratemaking, where the objective is to establish rates which will provide the applicant utility with a reasonable earnings opportunity, the USF riders must actually generate sufficient revenues to enable ODSA to meet its specific USF-related statutory and contractual obligations on an ongoing basis. To this end, ODSA shall file, not later than October 31, 2019, an application with the Commission for such adjustments to the USF riders as may be necessary to assure, to the extent possible, that each EDU's USF rider will generate its associated revenue requirement, but not more than its associated revenue requirement, during the annual collection period following Commission approval of such adjustments. ODSA shall serve copies of such application upon all other parties to this proceeding. In the event ODSA fails to file such application on or before October 31, 2019, ODSA shall notify the Signatory Parties in writing of its intentions with respect to an application for adjustments to the USF riders, including its anticipated filing date. Such notice shall not affect the right of any Signatory Party to pursue such legal recourse against ODSA as may be available for failure to comply with the Stipulation, if any.

11. The Signatory Parties recognize that the EDU USF rider rates proposed in ODSA's annual USF rider adjustment applications are predicated on the assumption that the new USF riders authorized by the Commission will be effective on a bills-rendered basis

during the January billing cycle of the following year. Although the October 31, 2019 filing deadline established in Paragraph 10 of this Stipulation for the filing of next year's application will provide adequate time for the Commission to act upon the application prior to January 1, 2020 if the application is not contested, the Signatory Parties recognize that this two-month interval may not be sufficient in the event that a party to the proceeding objects to the application and wishes to litigate the issue(s) raised in its objection(s).[4] To address this concern, the Signatory Parties propose and agree that ODSA should again follow the NOI process first adopted in Case Nos. 04-1616-EL-UNC. Specifically, this process shall be as follows: On or before May 31, 2019, ODSA shall file with the Commission a notice of its intent to submit its annual USF rider adjustment application, and shall serve the NOI on all parties to this proceeding. The NOI shall set forth the methodology ODSA intends to employ in calculating the USF rider revenue requirement and in designing the USF rider rates in preparing its 2019 USF rider rate adjustment application, and may also include such other matters as ODSA deems appropriate. Upon the filing of the NOI, the Commission will open the 2019 USF rider adjustment application docket and will establish a schedule for the filing of objections or comments, responses to the objections or comments, and, if a hearing is requested, a schedule for discovery, the filing of testimony, and the commencement of the hearing. The Commission will use its best efforts to issue its decision with respect to any objections raised not later than September 30, 2019. ODSA will conform its 2019 USF rider adjustment application to

[4] In so stating the Signatory Parties are referring to an objection relating to something other than the mathematical accuracy of ODSA's calculations, as an objection to the accuracy of an ODSA calculation can almost certainly be resolved informally in a time frame that will permit the Commission to issue a final order on the application in advance of the January billing cycles.

any directives set forth in the Commission's decision. If the order is not issued sufficiently in advance of the October 31, 2019 filing deadline to permit ODSA to incorporate such directives, ODSA will file an amended application conforming to the Commission's directives as soon as practicable after the order is issued.

12. The Signatory Parties support initiatives intended to control the costs that ultimately must be recovered through the USF riders. In furtherance of this objective, the Signatory Parties agree to the continuation of the USF Rider Working Group (the "Working Group") formed pursuant to the stipulation approved by the Commission in Case No. 03-2049-EL-UNC, which is charged with developing, reviewing, and recommending such cost-control measures. Although recommendations made by the Working Group shall not be binding upon any Signatory Party, the Signatory Parties shall give due consideration to such recommendations and shall not unreasonably oppose the implementation of such recommendations.

WHEREFORE, the Signatory Parties respectfully request that the Commission issue an order adopting this Stipulation and directing each EDU to file new USF riders in accordance therewith, said riders to be effective with the January 2019 billing cycle on a bills-rendered basis.

Respectfully submitted,

Ohio Development Services Agency

By: __/s/ Dane Stinson_____

Duke Energy Ohio

By: ___/s/ Elizabeth H. Watts_____

Industrial Energy Users – Ohio

By: ___/s/ Matthew Pritchard_____

The Dayton Power and Light Company

By: ___/s/ Michael Schuler_____

Ohio Power Company

By:___/s/ Christen M. Blend_____

APPENDIX A

Pursuant to state law, the Universal Service Fund rider rate has been adjusted effective with this bill.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Joint Stipulation and Recommendation* has been served upon the following parties by electronic mail this 5th day of December 2018.

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Summary: Stipulation electronically filed by Dane Stinson on behalf of Ohio Development Services Agency