

**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. 21-659-EL-USF
Fund Riders of Jurisdictional Ohio Electric)	
Distribution Utilities.)	

**OHIO DEPARTMENT OF DEVELOPMENT’S
RESPONSE TO OBJECTIONS TO THE NOTICE OF INTENT**

I. INTRODUCTION

The Ohio Department of Development (“Development”) initiated this proceeding on June 1, 2021, by filing a Notice of Intent (“NOI”) pursuant to the stipulation approved by the Public Utilities Commission of Ohio (“Commission”) in Development’s prior universal service fund (“USF”) case.¹ The NOI describes the revenue requirements and rate design methodologies Development proposes to use in preparing its 2021 USF rider rate adjustment application for the 2022 calendar year. In accordance with the procedural schedule established in this docket by the attorney examiner’s entry of June 16, 2021, the FirstEnergy electric distribution utilities (“FirstEnergy EDUs”)² and The Office of the Ohio Consumers’ Counsel (“OCC”) filed objections to the NOI on July 6, 2021. As explained below, these objections do not warrant a revision to the methodologies proposed in the NOI.

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. 20-1103-EL-USF, Opinion and Order (December 16, 2020).

² The FirstEnergy EDUs are The Cleveland Electric Illuminating Company, The Toledo Edison Company, and Ohio Edison Company.

II. RESPONSE TO OBJECTIONS

A. The FirstEnergy EDUs' Objections

The FirstEnergy EDUs object to the methodology used to calculate the reserve component of the revenue requirement. They ask the Commission to reject the third factor in determining the reserve –“other cash flow considerations” – because it is not based solely on quantitative factors.³ The FirstEnergy EDUs also request that the Commission direct Development to provide preliminary data supporting the application by October 1, 2021, or as soon as possible thereafter, to afford the Companies an opportunity to collaborate with Development on the reserve calculation, as well as an opportunity to raise objections to it.

The FirstEnergy EDUs' overarching concern is that the methodologies used do not permit them to contest Development's calculation of the reserve. The FirstEnergy EDUs are incorrect. Development will submit an application by October 31, 2021, as the second phase of this proceeding. The application will provide the calculations for the reserve. Testimony will be filed to support how the calculations were made. The FirstEnergy EDUs will be permitted to contest those calculations at the time the application is filed, if there is a need. The FirstEnergy EDUs' objections should be denied.

B. OCC's Objection

OCC alleges that Ohio Power Company's and AES Ohio's electric charges to PIPP customers violate R.C. 4928.542. Pursuant to R.C. 4928.544, Development's director requested the Commission to design, manage and supervise the competitive procurement process for PIPP load to, among other things, comply with R.C. 4928.542. Pursuant to Development's request, the Commission approved the current PIPP competitive procurement process and is required to

³ The other quantitative factors used in calculating the reserve component include the test year's highest monthly account balance deficit and the beginning account balances. NOI at 8.

approve all future auction results. *In the Matter of the Implementation of Sections 4928.54 and 4928.544*, Case No. 16-247-EL-UNC (March 2, 2016) (“*PIPP Auction Case*”). The Commission recently approved Ohio Power Company’s and AES Ohio’s 2021 PIPP auction results and specifically found that they met the requirements of R.C. 4928.542. *In the Matter of the Procurement of Percentage of Income Payment Plan Program Generation for Customers of Ohio Power Company*, Case No. 16-1031-EL-UNC (May 5, 2021); *In the Matter of the Procurement of Percentage of Income Payment Plan Program Generation for Customers of Dayton Power and Light Company [AES Ohio]*, Case No. 17-1163-EL-UNC (May 5, 2021). PUCO Staff continues to monitor the PIPP auction process and its compliance with R.C. 4928.542. See *PIPP Auction Case*, Staff Report (September 2, 2016).

OCC effectively requests Development to redesign or modify the PUCO-approved PIPP procurement process in this universal service fund proceeding. Because the Commission is charged with designing, managing and supervising the PIPP competitive procurement process pursuant to R.C. 4928.544 – and is exercising its authority in other dockets – a change to the procurement process is not the proper subject of Development’s universal service fund application. OCC’s objection should be denied.

III. CONCLUSION

For the foregoing reasons, Development opposes the objections of the FirstEnergy EDUs and OCC.

Respectfully submitted on behalf of
Ohio Development Services Agency



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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 or first class mail, postage prepaid, this 16th day of July 2021.



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