

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the Ohio)	
Department of Development for an Order)	
Approving Adjustments to the Universal Service)	Case No. 22-556-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 May 27, 2022, 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 2022 USF rider rate adjustment application for the 2023 calendar year. In accordance with the procedural schedule established in this docket by the attorney examiner’s entry of June 6, 2022, 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. 21-659-EL-USF, Opinion and Order (December 15, 2021).

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 assert that the third factor used in determining the reserve —“other cash flow considerations”—does not provide the FirstEnergy EDUs a reasonable opportunity to evaluate the reserve.³ They request that the Commission direct Development to provide preliminary data supporting the application by October 1, 2022, or as soon as possible thereafter, to afford the FirstEnergy EDUs 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, 2022, 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 all of the Ohio EDUs'⁴ 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 approve all future

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.

⁴ The Ohio EDUs include the FirstEnergy EDUs, Ohio Power Company, Duke Energy Ohio and AES Ohio.

auction results. *In the Matter of the Implementation of Sections 4928.54 and 4928.544*, Case No. 16-247-EL-UNC, Finding and Order (March 2, 2016) (“*PIPP Auction Case*”). The Commission recently approved the Ohio EDUs’ 2022 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 Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company*, Case No. 16-936-EL-UNC (April 6, 2022); *In the Matter of the Procurement of Percentage of Income Payment Plan Program Generation for Customers of Duke Energy Ohio*, Case No. 16-940-EL-UNC (May 4, 2022); *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 4, 2022); and *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 18, 2022). 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 recommends that a cap be set for the PIPP auctions at the SSO clearing price. 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 Department of Development



Dane Stinson
BRICKER & ECKLER LLP
100 S. Third Street
Columbus, OH 43215-4291
Telephone: (614) 227-4854
Facsimile: (614) 227-2390
E-Mail: dstinson@bricker.com

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 14th day of July 2022.



Steven T. Nourse
AEP Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
stnourse@aep.com

Matthew Pritchard
Bryce A. McKenney
McNees, Wallace & Nurick
21 East State Street, 17th Floor
Columbus, Ohio 43215
mpritchard@mwncmh.com
bmckenney@mwncmh.com

Randall V. Griffin
Judi L. Sobecki
Christopher C. Hollon
The Dayton Power & Light Company
MacGregor Park
1065 Woodman Avenue
Dayton, Ohio 45432
Randall.Griffin@dplinc.com
Judi.Sobecki@dplinc.com
Christopher.hollon@aes.com

Rocco O. D'Ascenzo
Jeanne Kingery
Larissa Vaysman
Elyse H. Akhbari
Duke Energy Ohio, Inc.
139 East Fourth Street/1303 Main
Cincinnati, OH 45202
Rocco.d'Ascenzo@duke-energy.com
Jeanne.kingery@duke-energy.com
Larisa.vaysman@duke-energy.com
Elyse.akhbari@duke-energy.com

John H. Jones
Section Chief, Public Utilities Section
Steven Beeler
Sarah Feldkamp
Assistant Attorneys General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215
John.jones@OhioAGO.gov
Steven.Beeler@OhioAGO.gov
Sarah.Feldkamp@OhioAGO.gov

Amy Botschner O'Brien
Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-3485
Amy.botschner.obrien@occ.ohio.gov

Kristen Fling
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308
kfling@firstenergycorp.com

Michael L. Kurtz
Kurt J. Boehm
Jody Kyler Cohn
Boehm, Kurtz & Lowery
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
mkurtz@BKLawfirm.com
kboehm@BKLawfirm.com
jkylercohn@BKLawfirm.com

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

7/14/2022 4:15:26 PM

in

Case No(s). 22-0556-EL-USF

Summary: Response of Ohio Department of Development to Objections to The
Notice of Intent electronically filed by Teresa Orahood on behalf of Dane Stinson