

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of the)
Ohio Department of Development to) Case No. 23-779-EL-UNC
Adjust Ohio Power Company's 2023)
Universal Service Fund Rider Rate.)

**REPLY COMMENTS FOR CONSUMER PROTECTION
BY
OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. INTRODUCTION

AEP Ohio consumers are being asked to pay \$5.2 million in additional charges for low-income consumer assistance programs.¹ But before the PUCO puts its stamp of approval on those charges, it should determine the cause of the \$25 million under-collection of universal service funding that occurred over the past year. The PUCO should require its Staff to review AEP's purported revenue shortfall for accuracy and issue a report identifying what caused it, including recommendations to avoid volatility in amounts charged to consumers for this program.

II. REPLY COMMENTS

A. AEP's \$25 million revenue shortfall may have other causes than the market volatility AEP blames,² which the PUCO should review, identify and report.

The PUCO Staff should review AEP's purported \$25,096,200 USF Rider under-collection³ for accuracy and report what caused it. In its initial comments, AEP Ohio

¹ Application at 4.

² Initial Comments of AEP Ohio ("AEP Initial Comments") (August 14, 2023) at 1.

³ Application at 3.

states it under collected in part due to “a number of variables...all of which can (and most did) materially change during the 2023 calendar year.”⁴ Per AEP, these variables include “the volatility of generation prices and corresponding PIPP arrearages...over the past 2 calendar years (2022-2023).”⁵ But, there may be other causes.

OCC concedes that USF Rider rates are subject to variables that could create slight under or over collection. But AEP is the only utility that applied to modify its USF Rider rate. AES Ohio, Cleveland Electric Illuminating, Duke Energy Ohio, Ohio Edison, and Toledo Edison have not made similar applications, despite facing the same variables and market volatility as AEP Ohio. Further, AEP’s revenue shortfall comes at a time when the cost of low-income consumer programs *should* be falling, not rising as a shortfall would indicate. AEP’s PIPP generation costs fell in June of 2023, from \$0.153670 per kWh to \$0.076040 per kWh.⁶ This all suggests that market volatility alone is not responsible for AEP’s miscalculation.

The PUCO should review AEP’s universal service fund rider and identify the cause of the significant undercollection. Further, if the PUCO finds AEP is responsible for the undercollection, the PUCO should not allow AEP to charge consumers for interest that has accrued on the money it failed to collect. AEP shareholders should not benefit, at the expense of consumers, from any utility error in projecting USF Rider revenue.

In addition, to protect consumers from needless additional charges and rates which jump from year to year and to promote rate stability, the PUCO should also review

⁴ AEP Initial Comments at 1.

⁵ *Id.*

⁶ Case No. 22-486-EL-RDR, Revised Tariff Pages, PUCO No. 21 (May 19, 2023), Case No. 23-482-EL-RDR, Revised Tariff Pages, PUCO No. 21, Updated Compliance Tariffs (May 18, 2023).

AEP's USF Rider revenue projections for September 2023 through December 2023. This should include recommendations on how to assure more stable and less volatile charges to consumers, year to year, under the USF rider.

B. The PUCO should require ODOD to hold a USF Rider Working Group Meeting as mandated by the Stipulation in Case No. 03-2049-EL-UNC.

As OCC recommended in initial comments,⁷ PUCO should require ODOD to convene a meeting of the USF Rider Working Group (“Working Group”). AEP did not address the USF Rider Working Group in its initial comments. The settlement in Case No. 03-2049-EL-UNC required ODOD to establish the Working Group to “control the costs that are ultimately recovered through the USF Rider.”⁸ The PUCO tasked the Working Group with “developing, reviewing, and recommending...cost-control measures.”⁹ The settlement in Case No. 22-556-EL-USF required continuation of the Working Group.¹⁰ Yet, no Working Group meeting has occurred since at least 2019. The commitment to meetings established in the settlement, approved by the PUCO, should be honored.

The Working Group should convene to address these issues that impact low-income consumers and all consumers who support low-income programs through the USF Rider. Parties should discuss ways to improve the USF rate methodology, develop more accurate revenue requirement projections, and implement cost control measures.

⁷ Initial Comments of the Ohio Consumers' Counsel (“OCC Initial Comments”) (August 14, 2023) at 3.

⁸ Case No. 03-2049-EL-UNC, Stipulation and Recommendation (November 14, 2003) at 7.

⁹ *Id.*

¹⁰ 22-556-EL-USF, Stipulation and Recommendation (November 23, 2022) at 8.

This could assist in addressing the recent and significant under recovery issues OCC has identified with AEP's rider.

III. CONCLUSION

To protect consumers, the PUCO should adopt OCC's recommendations. The PUCO Staff should review AEP's USF rate to ensure that it is accurate, including projections for September 2023 through December 2023. Staff's review should identify causes of the current \$25 million shortfall and make recommendations on how to assure more stable, less volatile charges to consumers year to year under the USF rider. If the PUCO finds AEP erred in its projections, and those errors caused in whole or part the under collection, AEP should not be permitted to charge consumers interest on money it undercollected.

The PUCO should also adopt OCC's recommendation¹¹ to require ODOD to hold a Working Group meeting to discuss control measures on the USF, as parties agreed to do under the settlement approved by the PUCO.¹²

¹¹ OCC Initial Comments (August 14, 2023) at 3.

¹² 22-556-EL-USF, Stipulation and Recommendation (November 23, 2022) at 8.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Reply Comments for Consumer Protection was served on the persons stated below via electronic transmission this 21st day of August 2023.

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The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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