

Public Utilities Committee
Ohio House of Representatives

Informational Presentation
Requested by Committee Chair



By:

BRUCE WESTON
Ohio Consumers' Counsel

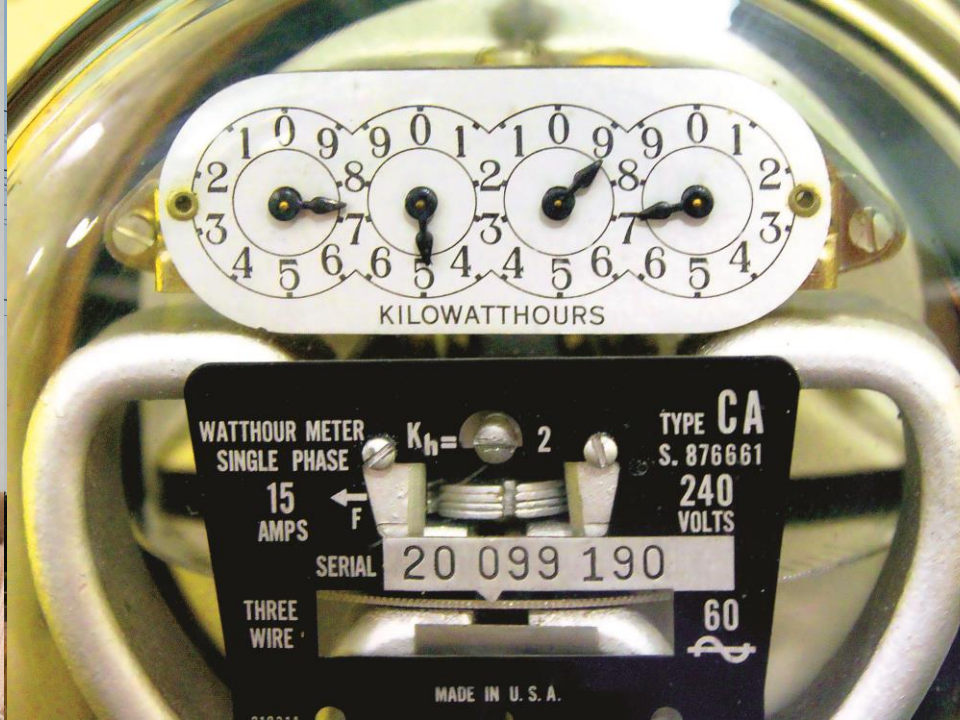
Role of the Ohio Consumers' Counsel

Office of the Ohio Consumers' Counsel

The Residential Utility Consumer Advocate

- ▶ Amended
Substitute Senate
Bill 94 of the 111th
General Assembly
- ▶ Signed into law by
Governor Rhodes
- ▶ Effective Sept. 1976





Office of the Ohio Consumers' Counsel





Michael Watkins
Governing Board Chair



Ohio Attorney General Mike DeWine
administers oath of office to Ohio Consumers'
Counsel Bruce Weston



Electric Deregulation

The 1999 Law

Electric Security Plans, Market Rate Offers, Energy Mandates

The 2008 Law

Market Rate Offers

- ▶ "a standard offer price for retail generation service..."
- ▶ with the market rate offer "determined through a competitive bidding process..."



Electric Security Plans

- ▶ An electric security plan may include, “without limitation, any of the following:”
 - ▶ Charges related to bypassability, default service, limitations on customer shopping, carrying costs, accounting deferrals
 - ▶ Phase-in costs
 - ▶ Single issue ratemaking
 - ▶ Revenue decoupling mechanism or any other incentive ratemaking
 - ▶ Distribution infrastructure and modernization incentives for the electric distribution utility.
 - ▶ Economic development, job retention, and energy efficiency programs

Revised Code 4928.143(B)(2)



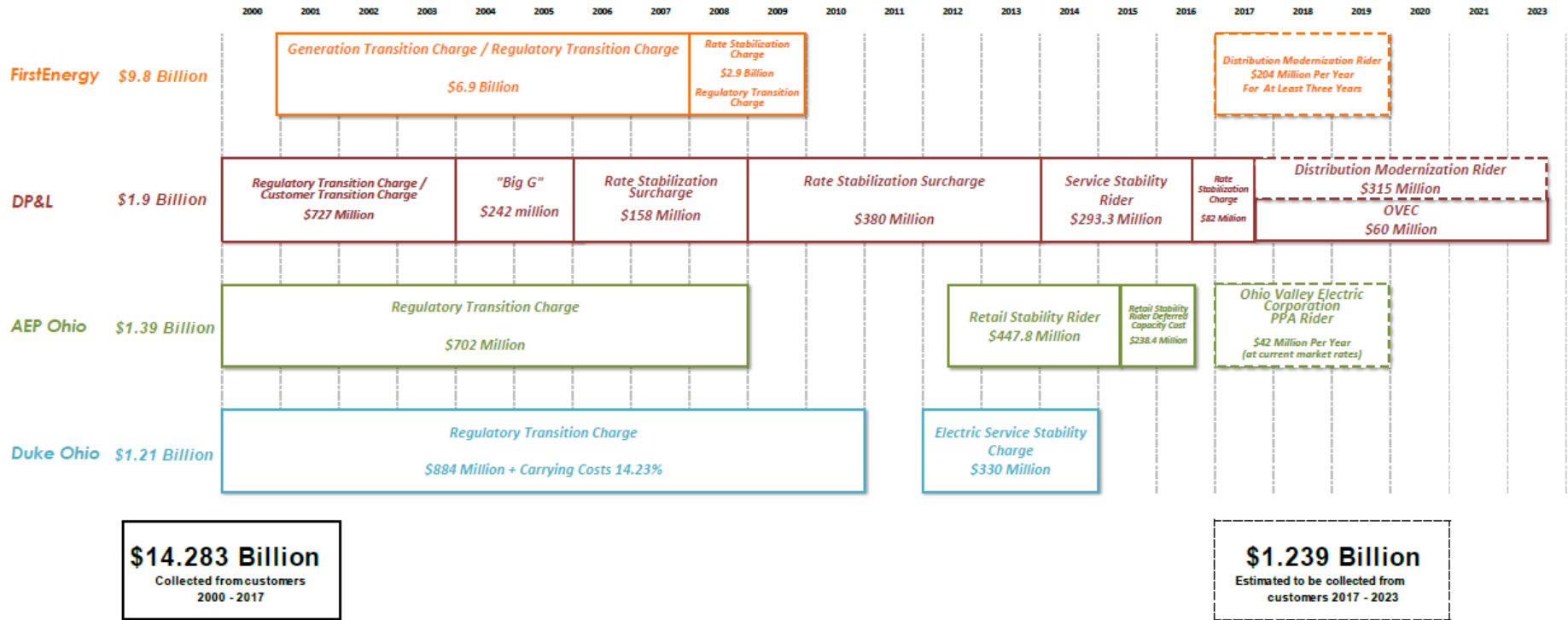
Electric Security Plan Test

- ▶ “*** the commission by order shall approve or modify and approve an application *** if it finds that the electric security plan so approved, including its pricing and all other terms and conditions, including any deferrals and any future recovery of deferrals, is **more favorable in the aggregate** as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code.”

Revised Code 4928.143(C)(1)



SUBSIDY SCORECARD - ELECTRIC UTILITY CHARGES TO OHIOANS



111317

Limits on Transition Charges Funded by Customers

- ▶ “The utility's receipt of transition revenues shall terminate at the end of the market development period. With the termination of that approved revenue source, **the utility shall be fully on its own in the competitive market.**”



Ohio Supreme Court Stability Charge Ruling

- ▶ "OCC claims that because the statutory time period to recover transition revenue has ended, the commission lacked authority to approve the RSR [retail stability rider], since it allowed the company to recover costs that are otherwise unrecoverable in the competitive generation market. We find this argument well taken. " (§14)

In re Application of Columbus S. Power Co., 2016-Ohio-1608

In re Application of Dayton Power & Light Co., 2016-Ohio-3490



Riders – Single-Issue Ratemaking

- ▶ Under Ohio law, the electric security plan may include charges regarding the utility's distribution service, including, single issue ratemaking.

Revised Code 4928.143(B)(2)(d)



Consumers Pay for Excessive Profits

Excessive profits allowed but not significantly excessive profits

- ▶ Significantly excess earnings (profits) measured by whether the profits of the electric distribution utility are significantly in excess of the profits earned during the same period by publicly traded companies, including utilities, that face comparable business and financial risk.

Revised Code 4928.143(F)



Utility “Veto” Power

“If the PUCO modifies and approves an electric security plan, “the electric distribution utility may withdraw the application, thereby terminating it, and may file a new standard service offer...”

Revised Code 4928.143(C)(2)(a)



Unequal Bargaining Power

- ▶ “In the case of an ESP, the balance of power created by an electric distribution utility's authority to withdraw a Commission-modified and approved plan creates a dynamic that is impossible to ignore.”
- ▶ “...because of the utility's ability to withdraw, the remaining parties certainly do not possess equal bargaining power in an ESP action before the Commission.”

Concurring in part and dissenting in part Opinion of Commissioner Cheryl L. Roberto in Case No. 08-935-EL-SSO Opinion and Order (Mar. 25, 2009)



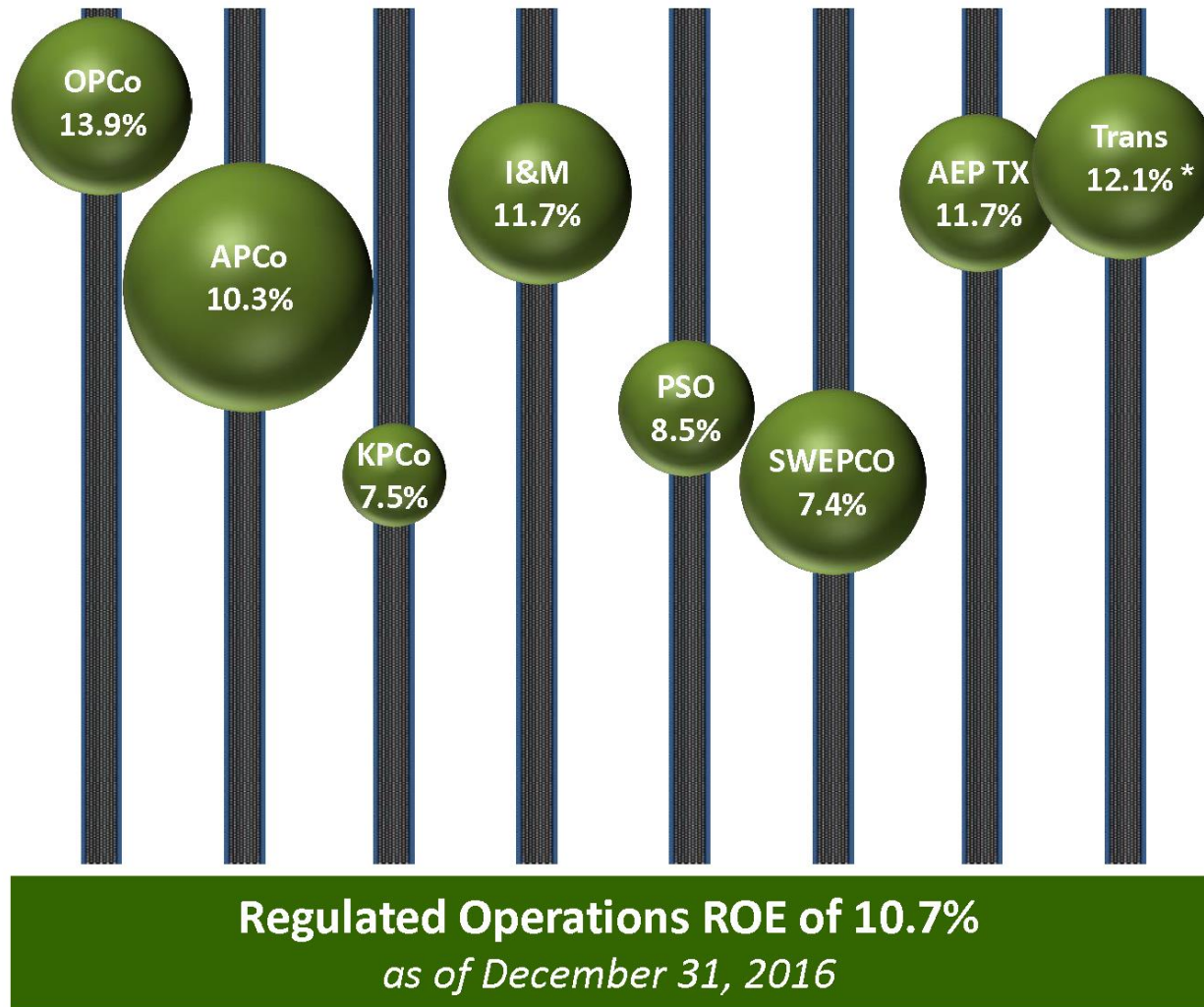
U.S. Energy Information Administration Data: Table 5.6.B. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, Year-to-Date through December 2016 (Cents per kWh)

Residential	
State	December 2016 YTD
1 Washington	9.09
2 Louisiana	9.33
3 North Dakota	9.62
4 Arkansas	9.82
5 Idaho	9.93
6 West Virginia	10.08
7 Oklahoma	10.14
8 Kentucky	10.24
9 Tennessee	10.30
10 Nebraska	10.60
11 Oregon	10.66
12 Montana	10.88
13 Utah	10.88
14 Wyoming	10.97
15 South Dakota	11.08
16 Missouri	11.21
17 Mississippi	11.27
18 North Carolina	11.28
19 Virginia	11.37
20 Georgia	11.54
21 Texas	11.56
22 Indiana	11.57
23 Florida	11.58
24 Iowa	11.63
25 Alabama	11.70
26 Minnesota	12.12
27 Colorado	12.12
28 Arizona	12.13
29 Kansas	12.34
30 New Mexico	12.47
31 Illinois	12.50
32 South Carolina	12.57
33 Nevada	12.76
34 Ohio	12.80
35 District of Columbia	12.99
36 Delaware	13.42
37 Pennsylvania	13.64
38 Maryland	13.82
39 Wisconsin	14.11
40 Michigan	14.42
41 Maine	15.61
42 New Jersey	15.81
43 California	16.99
44 Vermont	17.09
45 New Hampshire	18.50
46 New York	18.54
47 Rhode Island	19.29
48 Alaska	19.83
49 Massachusetts	19.83
50 Connecticut	20.94
51 Hawaii	29.60
U.S. Total	12.67



Regulated Returns

Twelve Months Ended 12/31/2016 Earned ROEs (non-GAAP Operating Earnings)



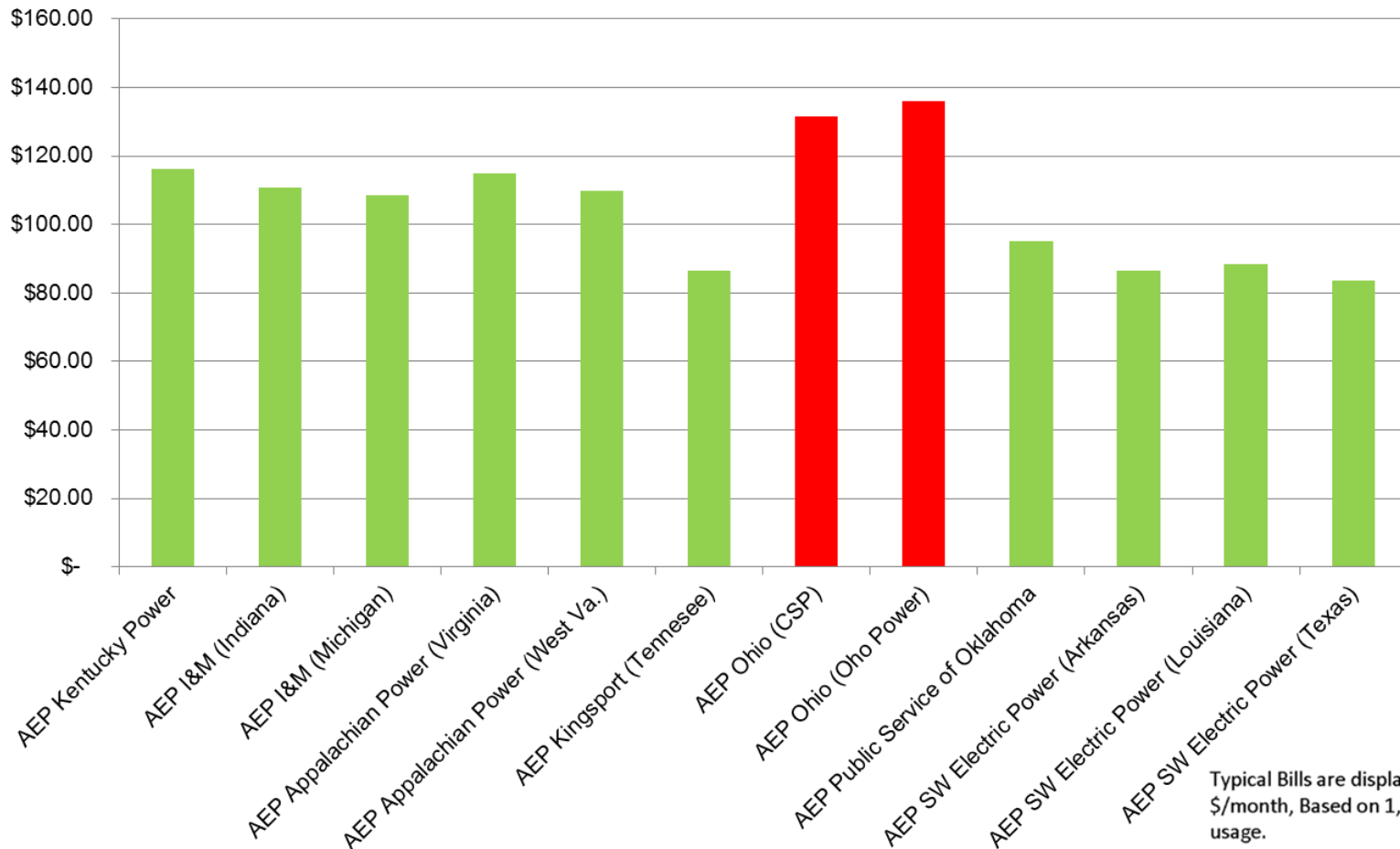
* Transco ROE 11.2%

Sphere size based on each company's relative equity balance

AEP Companies

Typical Consumer Bill Comparison

2016 Typical Bill Comparison (\$/Month)



Typical Bills are displayed in \$/month, Based on 1,000 kWh usage.



Compiled by Bricker & Eckler LLP

Federal Energy Regulatory Commission and PJM

- ▶ Competitive generation market and transmission
- ▶ Electric reliability
- ▶ U.S. DOE proposal for coal and nuclear subsidies



U.S. DOE Proposal

- ▶ Notice of Proposed Rulemaking (NOPR) seeking comments on whether subsidies for uneconomic coal and nuclear plants should be collected from customers for “resilience and reliability.”
- ▶ “The NOPR could, if adopted, inflict billions in higher electricity costs on the Ohio retail consumers OCC represents, with little benefits in reliability to show for such exorbitant costs.” (OCC comments filed Oct. 23, 2017)



Consumer Protection

- ▶ Preserve the competitive standard offer - \$12 billion saved says OSU/CSU
- ▶ Eliminate Electric Security Plans (HB 247)
- ▶ Allow 00 consumer refunds (HB 247)
- ▶ Promote competitive markets
- ▶ Do not charge customers for subsidies:
 - ▶ HB 239 & SB 155 (OVEC coal plants)
 - ▶ HB 178, HB 381, & SB 128 (FirstEnergy nuclear plants)
- ▶ PUCO settlement process reform
- ▶ Protect customers from reselling/submetering
- ▶ Timelines for resolving consumer complaints
- ▶ Electric grid charges





Office of the Ohio Consumers' Counsel

THANK YOU

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