

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's)	
Review of the Ohio Power Company's)	
Distribution Investment Rider Work)	Case No. 13-2394-EL-UNC
Plan Resulting from Commission)	
Case No. 11-346-EL-SSO et al.)	

**REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. INTRODUCTION

The Ohio Power Company ("AEP Ohio" or "the Utility") filed its 2014 Distribution Investment Rider ("DIR") Work Plan on December 16, 2013. The PUCO expected the 2014 Work Plan to do two things. First, the PUCO required that the 2014 Work Plan propose a framework to justify collecting approximately \$200 million dollars in investment from AEP Ohio's customers.¹ Second, the 2014 Work Plan was also required to quantify the reliability benefits for customers, associated with the DIR investment.²

The Utility's 2014 Work Plan failed to do either. But the Utility again ignored the PUCO's Orders and failed to quantify the reliability benefits that customers were supposed to receive in exchange for the \$200 million DIR spending that customers are paying.

¹ The initial DIR work plan for 2013 was filed in *In the Matter of the Commission's Review of the Ohio Power Company's Distribution Investment Rider Work Plan Resulting from Commission Case No. 11-346-EL-SSO et al.*, Case No. 12-3129-EL-UNC, Distribution Investment Rider Work Plan (December 3, 2012) (Case No. 11-346-EL-SSO is referred to as the "*AEP Ohio ESP II Case*").

² *2013 DIR Work Plan Case*, Finding and Order at 13-14 (May 29, 2013).

Parties were required to file Motions to Intervene by January 9, 2014, Initial Comments by January 16, 2014 and Reply Comments by January 31, 2014.³ Initial Comments were timely filed by the PUCO Staff, OCC, and the Belden Brick Company (“Belden”). In addition, the Ohio Hospital Association filed a timely Motion to Intervene on January 8, 2014. The OCC appreciates the opportunity to file these Reply Comments on behalf of the 1.3 million residential customers provided electric service by AEP Ohio. These comments demonstrate that customers are not receiving the quantified reliability benefits that AEP Ohio was ordered to provide as part of the DIR.⁴

II. REPLY TO COMMENTS OF THE PUCO STAFF AND BELDEN

The PUCO Staff failed to address the absence of service reliability improvement quantification as Ordered by the PUCO.⁵ Belden, however, explained the reasons why the PUCO should adhere to its Orders⁶ and require AEP Ohio to provide service reliability improvement quantification.

The PUCO Staff indicates, in Comments that its review of the Utility 2014 Work Plan was limited to:

- (1) Clarifying the Staff’s perception of the level of cooperation achieved by AEP in working with Staff to develop Plan; (2) clarifying OP’s demonstration that the 2014 planned expenditures are higher than recent spending levels; and (3) recommending a modification to the content of OP’s quarterly progress reports.⁷

³ *In the Matter of the Commission’s Review of the Ohio Power Company’s Distribution Investment Rider Work Plan Resulting from Commission Case No. 11-346-EL-SSO et al.*, Case 13-2394-EL-UNC, AE Entry at 2 (December 17, 2013) (“2014 DIR Work Plan Case”).

⁴ *AEP Ohio ESP II Case*, Opinion and Order at 46.

⁵ *AEP Ohio ESP II Case*, Opinion and Order at 47.

⁶ *AEP Ohio ESP II Case*, Opinion and Order at 2, Case No. 12-3129-EL-UNC, Finding and Order at 13 (May 29, 2013).

⁷ Staff Comments at 2 (January 16, 2014).

Each of these issues is important in the review and oversight of the DIR Program. But an even more significant matter for customers is the fact that AEP Ohio's content in its 2014 DIR Work Plan does not comply with a PUCO Order.⁸ The PUCO ordered AEP Ohio to file a 2014 DIR Work Plan that quantified the service reliability improvements from DIR spending. That Order would serve to help with the reliability and affordability of AEP Ohio's service for Ohio customers. But AEP Ohio did not respond well to that Order. And the PUCO Staff has chosen not to seek the consumer protections that the Order contemplated, with regard to quantifying benefits.

In Case No. 12-3129-EL-UNC, the PUCO was critical of AEP Ohio's 2013 DIR Work Plan for a number of reasons including the failure to quantify the reliability improvements that were expected to occur as a result of the DIR.⁹ Despite these shortcomings, the PUCO accepted the 2013 DIR Work Plan contingent on a number of positive outcomes for consumers, for several requirements identified in the Order.¹⁰

One of the requirements in this case was for AEP Ohio to quantify the actual reliability improvement that was achieved as a result of implementing the 2013 DIR Work Plan and to file this data in conjunction with the PUCO Staff DIR compliance review.¹¹ AEP Ohio was also directed to quantify the reliability improvements to be achieved from the 2014 DIR Work Plan,¹² and to explain the Utility's strategy for

⁸ Case No. 12-319-EL-UNC, Finding and Order at 13 (May 29, 2013).

⁹ Case 12-3129-EL-UNC, Finding and Order at 11 (May 29, 2013).

¹⁰ Staff Comments at 11-12 (January 16, 2014).

¹¹ Staff Comments at 11-12 (January 16, 2014).

¹² Staff Comments at 13 (January 16, 2014).

focusing DIR spending on where it will best maintain or improve reliability.¹³ Further, the Utility was directed to ensure that DIR expenditures are sufficient to improve reliability across the entire service territory based on the combined impact of the DIR investments.¹⁴

Yet despite a direct order, AEP Ohio ignored the PUCO regarding the content of the 2014 DIR Work Plan in which the PUCO was clear with its expectations for the 2014 DIR Work Plan:

Additionally, AEP Ohio's 2014 DIR plan should explain the Company's strategy for replacing its aging infrastructure and **focusing DIR spending on where it will best improve or maintain reliability**. Consistent with the directives of the ESP Case Order, **the 2014 DIR plan should quantify the expected reliability improvements**, explain how AEP Ohio will ensure that double recovery does not occur, and demonstrate that DIR expenditures will exceed the Company's recent capital spending levels. Finally, the **2014 DIR plan should address how AEP Ohio intends to ensure that its DIR expenditures are sufficient to result in improved reliability performance across the Company's entire service territory, based on the combined impact of the DIR investments**. Consistent with Staff's recommendation, AEP Ohio should file the 2014 DIR plan by December 15, 2013.¹⁵ (Emphasis added)

OCC raised these issues regarding the quantification of service reliability improvements in its Initial Comments. And OCC urged the PUCO to enforce the Orders from the AEP Ohio ESP II and the 2013 DIR Work Plan cases before any additional customer dollars are collected and expended on the DIR.¹⁶

¹³ Staff Comments at 13 (January 16, 2014).

¹⁴ Staff Comments at 13 (January 16, 2014).

¹⁵ Case No. 12-3129-EL-UNC, Finding and Order at 13 (May 29, 2013).

¹⁶ OCC Initial Comments at 3 (January 16, 2014).

As explained in the OCC's Initial Comments, the 2014 DIR Work Plan is simply a hodgepodge of twelve programs valued in excess of \$116 million that have no reliability impact¹⁷ and another eighteen programs valued in excess of \$83 million that have no quantifiable reliability impact.¹⁸ AEP Ohio's continued spending (and collecting from customers) for incremental distribution infrastructure without project details, an analysis of customer reliability expectations, and quantifiable reliability improvements is unreasonable, and a violation of PUCO Orders.¹⁹

OCC is not alone in its critique of the 2014 DIR Work Plan. Belden's Initial Comments point out the same fundamental flaw in AEP Ohio's 2014 DIR Work Plan, that AEP Ohio's proposal did not provide the required service reliability improvement quantification.²⁰ Belden pointed out the inadequacy of the AEP 2014 DIR Work Plan noting:

The program descriptions contained in AEP Ohio's 2014 work plan are overly general and provide insufficient details to enable a reasonable determination of the distribution work AEP Ohio is actually planning to undertake, the cost-effectiveness of the expenditures that it intends to make, and the reliability issues it intends to address.²¹

Belden also pointed out the negative implications from the inadequate AEP filing because commercial customers, as well as residential customers, are unable to evaluate the success of the DIR program on positively impacting service reliability:

¹⁷ OCC Initial Comments at 5-6 (January 16, 2014).

¹⁸ OCC Initial Comments at 8-9 (January 16, 2014).

¹⁹ OCC Initial Comments at 3 (January 16, 2014).

²⁰ Belden Comments at 2 (January 16, 2014).

²¹ Belden Comments at 1-2 (January 16, 2014).

AEP Ohio has not delineated the specific details of its strategy or investment model in the 2014 Work Plan it submitted. The lack of information pertinent to these issues in the plan is particularly troubling for interested parties such as Belden, who may be significantly affected by reliability issues, as such parties cannot effectively analyze the effects of AEP Ohio's investments on the distribution system surrounding their facilities²²

AEP Ohio has demonstrated an inability or unwillingness to comply with the PUCO's Orders. Compliance with the PUCO's Orders means that AEP Ohio should quantify the service reliability improvements for customers that the PUCO expected to occur as a result of the DIR in the 2013 DIR Work Plan case, and again as a part of the 2014 DIR Work Plan. The PUCO should not tolerate this disregard for its Orders and authority and, more significantly, it should not tolerate this compromising of the public interest by AEP Ohio.

III. CONCLUSION

The PUCO has on two occasions ordered AEP Ohio to quantify the service reliability improvements that customers were to receive from the DIR program spending.²³ AEP Ohio has ignored these PUCO Orders. AEP Ohio has now filed a 2014 DIR Work Plan that does not provide any quantification for service reliability improvements from the DIR. OCC raised this same issue regarding the failure to quantify service reliability improvements in the 2013 DIR Work Plan case,²⁴ so all of the parties including the PUCO Staff were aware of OCC's concern. Despite knowledge of

²² Belden Comments at 2 (January 16, 2014).

²³ *AEP Ohio ESP II Case*, Opinion and Order at 2, Case No. 12-3129-EL-UNC, Finding and Order at 13 (May 29, 2013).

²⁴ OCC Initial Comments (January 16, 2014).

OCC's position and the presence of the two PUCO Orders, the PUCO Staff failed to address this violation in its Initial Comments.

AEP Ohio's omissions should not be tolerated. The PUCO should prohibit AEP Ohio from collecting any additional DIR dollars from customers and from spending any more DIR funds until AEP Ohio fully complies with the PUCO's Orders. Compliance includes that AEP Ohio should quantify the service reliability improvements that have occurred for customers from the DIR spending. In addition, the PUCO should establish an evidentiary hearing to review any subsequent service reliability improvement filing that AEP Ohio may make.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Reply Comments was served on the persons stated below via electronic transmission, this 31st day of January 2014.

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