

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Power Company to Update the Energy) Case No. 14-0873-EL-RDR
Efficiency and Peak Demand Reduction)
Rider.)

**OBJECTIONS TO AEP OHIO'S
APPLICATION TO UPDATE THE ENERGY EFFICIENCY AND
PEAK DEMAND REDUCTION RIDER
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

I. INTRODUCTION AND STATEMENT OF FACTS

The Office of the Ohio Consumers' Counsel ("OCC") supports the recommendation of the Staff of the Public Utilities Commission of Ohio ("PUCO") for an independent audit of the costs that AEP Ohio seeks to charge customers in Case Nos. 12-1557-EL-RDR and 13-1201-EL-RDR. The financial audit and then a comment period to follow the audit are necessary to protect AEP Ohio's 1.4 million residential electric customers that will be charged for any potential increase in the Energy Efficiency and Peak Demand Reduction ("EE/PDR") Rider rates.

In accordance with the requirements of R.C. 4928.66, Ohio Power Company ("AEP Ohio" or "the Utility") developed an EE/PDR plan for reducing its customers' energy usage, which was approved by the Public Utilities Commission of Ohio ("PUCO").¹ The rates that AEP Ohio would charge customers for that plan were set in a

¹ *In the Matter of the Application of Columbus Southern Power Company for Approval of an electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets*, 08-917-EL-SSO, Opinion and Order at 41-47 (March 18, 2009).

subsequent filing that included a three-year EE/PDR portfolio for the years 2009-2011, and became effective on January 1, 2010.²

On May 15, 2012, AEP Ohio filed an Application to update the EE/PDR Riders that its customers pay, “for the final true-up of the program costs from 2009-2011.”³ In the meantime, the PUCO granted AEP Ohio approval for a second three-year portfolio of EE/PDR programs to offer to customers for the years 2012-2014 in a March 21, 2012 Opinion and Order.⁴

Having not received PUCO authority to update its EE/PDR Rider rates, on May 15, 2013, AEP Ohio filed an action nearly identical to its 12-1557-EL-RDR request. In the 2013 filing, AEP Ohio seeks “authority to implement and true-up the Company’s EE/PDR Riders granted in the 2012 Portfolio cases **along with the final true-up from the 2009 Portfolio cases as filed in Case No. 12-1557-EL-RDR.**”⁵ Having not received a PUCO ruling on either the 2012 or the 2013 Applications to update the EE/PDR Rider rates that it charges to customers, AEP Ohio has now filed a third action seeking “comprehensive updates to the EE/PDR riders in [Case No. 14-873-EL-RDR] to cover

² *In the Matter of the Application of Columbus Southern Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration*, 09-1089-EL-POR, Opinion and Order (May 13, 2010); *In the Matter of the Application of Columbus Southern Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration*, 09-1089-EL-POR Finding and Order at 2-3 (May 26, 2010)

³ *In the Matter of the Application of Ohio Power Company to Update the Energy Efficiency and Peak Demand Reduction Rider* (“AEP Ohio 2012 Update”), Case No. 12-1557-EL-RDR, Application at p. 2 (May 15, 2012).

⁴ *In the Matter of the Application of Columbus Southern Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration*, Case No. 11-5568-EL-POR, Opinion and Order at 18-19 (March 21, 2012).

⁵ *In the Matter of the Application of Ohio Power Company to Update The Energy Efficiency and Peak Demand Reduction Rider* (“AEP Ohio 2013 Update”), Case No. 13-1201-EL-RDR, Application at p. 3 (May 15, 2013) (emphasis added).

2009-2013 actual expenditures.”⁶ All three actions are still currently pending before the PUCO and seek to update what customers pay AEP Ohio through its EE/PDR Rider rate.

Then, on June 5, 2014, the PUCO Staff filed a Review and Recommendation in Case Numbers 12-1557-EL-RDR and 13-1201-EL-RDR, requesting “financial audits of the Company’s EE/PDR riders,” where “the first such audit [will] cover the EE/PDR rates and updates for the time period of January 2011 through December 2013.”⁷ The Staff explained that during that time “the design of the rider rates underwent significant modification due to the merger of the operating companies.”⁸ In fact, the Staff refers to 38 relevant filings in over 20 different cases, which complicates interested parties’ understanding of the Utility’s proposed true-up of these costs that customers pay.⁹ In addition, the Staff explains that the audit is necessary due to “the significance of the EE/PDR riders as part of the Company’s rates,”¹⁰ which we appreciate as protection for customers who pay the riders.

II. RECOMMENDATIONS AND OBJECTIONS

At this time, OCC objects to AEP Ohio’s Application to update the EE/PDR Rider rates. The reason for our objection is that this action should be subject to the financial audit that the PUCO Staff recommended in Case Numbers 12-1557-EL-RDR and 13-1201-EL-RDR. As set forth in the Introduction and Statement of Facts of these

⁶ *In the Matter of the Application of Ohio Power Company to Update The Energy Efficiency and Peak Demand Reduction Rider* (“AEP Ohio 2014 Update”), Case No. 14-873-EL-RDR, Application at p. 3 (May 15, 2014).

⁷ AEP Ohio 2012 Update, Staff Review and Recommendation at p. 9; AEP Ohio 2013 Update, Staff Review and Recommendation at p. 9 (June 5, 2014).

⁸ AEP Ohio 2012 Update, Staff Review and Recommendation at p. 9; AEP Ohio 2013 Update, Staff Review and Recommendation at p. 9 (June 5, 2014).

⁹ *See*, Ohio 2012 Update, Staff Review and Recommendation at pp. 4-8; AEP Ohio 2013 Update, Staff Review and Recommendation at pp. 4-8 (June 5, 2014).

¹⁰ AEP Ohio 2012 Update, Staff Review and Recommendation at p. 9; AEP Ohio 2013 Update, Staff Review and Recommendation at p. 9 (June 5, 2014).

Objections, AEP Ohio's Application in this action requests a comprehensive update to the EE/PDR Rider rates for the years 2009-2013. But AEP Ohio's 2014 Application overlaps the same issues from the 2012 and 2013 Applications. Thus, the Utility seeks an update to the EE/PDR Rider rates that includes the same time-period at issue in the 2012 and 2013 cases, plus the additional request to true-up the 2013 actual costs.

OCC supports the Staff Review and Recommendation, filed only in the 2012 and 2013 cases, which requests an independent audit to assess the 2011-2013 EE/PDR Rider costs that customers pay. Thus, while the Staff did not file the same Recommendation in this docket, the EE/PDR Rider update at issue in this case appears to be part of the Staff's requested financial audit.¹¹ However, if the PUCO finds that it is not, OCC recommends expanding the financial audit to include the costs associated with the EE/PDR Rider rates sought in this 2014 matter. Many (if not all) of the same costs (from the 2012 and 2013 cases) carry-forward and are at issue in this case, and it is in the public interest to maintain consistent rates and preserve administrative efficiency. For the protection of customers, therefore, AEP Ohio's 2014 Application should be subject to an independent financial audit of the Utility's EE/PDR Rider rates as the PUCO Staff recommended in the 2012 and 2013 cases.

Furthermore, to the extent the PUCO orders an independent audit of the EE/PDR Rider costs that AEP Ohio is requesting authority to charge customers in this Application, OCC requests an opportunity to file comments after the auditor has completed the

¹¹ "Staff also recommends that the first such audit cover the EE/PDR rider rates and updates for the time period of January 2011 through December 2013." AEP Ohio 2012 Update, Staff Review and Recommendation at p. 9; AEP Ohio 2013 Update, Staff Review and Recommendation at p. 9 (June 5, 2014).

financial audit. The statutory representative (OCC) of the residential customers¹² that will be burdened by any potential increased costs of the EE/PDR Rider should have an opportunity to respond to the financial audit. This opportunity for comments to the PUCO after the audit will serve the PUCO's interest in ensuring that all savings were properly calculated and that customers are not charged for costs unless reasonably incurred. Our proposed opportunity for all parties to file comments will allow the PUCO to make a fully informed determination before updating AEP Ohio's EE/PDR Rider.

III. CONCLUSION

For the reasons explained in these Objections, the PUCO should order a financial audit of AEP Ohio's 2014 Application, at issue in this case, as part of the 2012 and 2013 financial audit. The PUCO Staff recommended the audit in cases 12-1557-EL-RDR and 13-1201-RL-RDR. Moreover, the PUCO should grant all parties a subsequent opportunity to file comments in response to the financial audit.

Respectfully submitted,

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¹² R.C. 4911.02.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these *Objections to AEP Ohio's Application to Update the Energy Efficiency and Peak Demand Reduction Rider* was served on the persons stated below *via* electronic transmission, this 16th day of June, 2014.

/s/ Michael J. Schuler

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Summary: Objection Objections to AEP Ohio's Application to Update the Energy Efficiency and Peak Demand Reduction Rider by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Schuler, Michael J.