

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio
Power Company for Approval of an
Advanced Meter Opt-Out Service Tariff

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Case No. 14-1158-EL-ATA

**OHIO POWER COMPANY'S
REPLY POST-HEARING BRIEF**

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OHIO POWER COMPANY'S REPLY POST-HEARING BRIEF

Pursuant to the Commission's directives, the Stipulation in this case, *see* Joint Ex. 1, offers a "cost-based, tariffed opt-out service" for customers of Ohio Power Company ("AEP Ohio" or the "Company") who elect to decline the installation of an advanced meter at their homes. OAC 4901:1-10-05(J)(1). As described in the initial post-hearing briefs of AEP Ohio and the Staff of the Public Utilities Commission ("Staff"), this Stipulation offers a just and reasonable resolution of this proceeding and satisfies each part of the Commission's three-part test for Stipulations.

Intervenors Ohio Consumers' Counsel ("OCC") and Ohio Partners for Affordable Energy ("OPAE") oppose the Stipulation, but each of their arguments is meritless. As described below and in the initial post-hearing briefs of AEP Ohio and Staff, the cost-based tariff charges proposed in the Stipulation were based on the extensive, real-world experience of AEP Ohio's meter-reading personnel. The efforts of OCC and OPAE to second-guess those judgments are nothing more than unsupported speculation, and contrary to the claims of OCC and OPAE, it would have been a needless waste of resources for AEP Ohio to conduct a new expensive and time-consuming cost analysis for this relatively limited proceeding.

More to the point, OCC and OPAE continue to disagree with the Commission's clear policy determinations in this area. Thus, being unable to seriously critique the cost-based charges proposed in the Stipulation, OCC and OPAE claim that the Commission should waive opt-out charges altogether. But the Commission has expressly rejected that position in promulgating its opt-out rules, which directed utilities to adopt "cost-based" charges that ensure that opt-out service costs are "*borne only by customers who elect to receive advanced meter opt-*

out service.” OAC 4901:1-10-05(J)(5)(e) (emphasis added). The proposed charges in the Stipulation follow that directive.

The deployment of advanced meters promises numerous benefits for customers, including, among other things, reduced meter-reading costs and a potential reduction in the number, duration, and severity of service outages. A cost-based advanced meter opt-out service – as required by the Commission’s rules and as proposed in the Stipulation – allows a customer to decline the installation of this advanced technology, but only if the customer bears the cost of that choice. In so doing, the proposed tariff accommodates customer choice but also ensures that customers will not impede the deployment of critical, cost-saving technology because of arbitrary reasoning. That is in conformance with – and what is required by – the Commission’s established policies and the Commission’s final, adopted opt-out rules. The Stipulation should be adopted.

I. The Stipulation is the product of serious bargaining among capable, knowledgeable parties.

As described in AEP Ohio’s initial post-hearing brief, *see* AEP Ohio Initial Br. 3-4, the Stipulation in this case fulfills the first prong of the Commission’s standard for Stipulations because it was the product of serious bargaining among the parties, each of which is capable and knowledgeable. OCC argues that the Stipulation fails the first prong of the standard because “OCC is the statutory representative of Ohio’s residential customers” and OCC did not join the Stipulation. OCC Initial Br. 4; *see also* OPAE Initial Br. 2. But OCC cites no authority – nor is there any – holding that the first prong of the standard is only satisfied if the Stipulation is signed by OCC. As described in AEP Ohio’s initial post-hearing brief, *see* AEP Ohio Initial Br. 3-4, the Commission should not give OCC a “veto” for Stipulations. No other litigant before the

Commission has such veto authority, and providing it to OCC would allow OCC to hold up settlements and demand unreasonable concessions.

Instead, where, as here, OCC declines to enter into a Stipulation that presents a just and reasonable outcome for residential customers, the Commission should approve the Stipulation notwithstanding OCC's refusal to sign. That is especially appropriate where, as here, the Commission's Staff has joined the Stipulation. Notwithstanding OCC's claimed "statutory" status, Staff seriously considers the impact of proposed tariffs on residential customers, a fact OCC's only witness in this case admitted. *See* Transcript of May 7, 2015 Hearing ("Tr.") 216:8-9 (OCC witness Williams admits that Staff "has balanced interests between customers of all classes and the utility companies").

OCC also claims that the Stipulation was not the product of serious bargaining because, in OCC's view, the Stipulation does not contain meaningful concessions. OCC Initial Br. 5-6. But OCC is mistaken – the Stipulation reflects considerable concessions by AEP Ohio. AEP Ohio's application in this proceeding proposed a cost-based recurring fee of \$31.80, and as discussed below, AEP Ohio continues to maintain – backed by the real-world experience of its meter-reading personnel – that \$31.80 represents the true recurring *cost* of providing advanced meter opt-out service. Yet AEP Ohio agreed in the Stipulation to drop its recurring charge from \$31.80 to \$24. OCC maintains that neither \$31.80 nor \$24 reflects AEP Ohio's true costs, but as discussed below, *see infra* Section III.A, AEP Ohio introduced more than ample evidence supporting its costs. That AEP Ohio agreed to a *below*-cost recurring charge was a significant concession and demonstrates that the parties engaged in serious bargaining.

OCC further criticizes the parts of the Stipulation in which AEP Ohio committed to provide data to Staff regarding opt-out service, but OCC has it backwards – those parts of the

Stipulation represent yet another meaningful concession by AEP Ohio and demonstrate further that the Stipulation is the product of serious bargaining. OCC claims that the data disclosure parts of the Stipulation are duplicative of Staff's alleged authority to obtain information under R.C. 4905.06 and 4905.16, but the scope of those statutory provisions – and their applicability to cases like this – is by no means straightforward and can lead to disputes. The Stipulation resolves any such ambiguity by requiring AEP Ohio to provide the data described in the Stipulation. Those provisions were not in AEP Ohio's application but were agreed to by AEP Ohio in negotiations. They are a meaningful concession.

II. The Stipulation benefits ratepayers and the public interest.

OCC and OPAE make a number of arguments in an attempt to demonstrate that the Stipulation fails the second prong of the Commission's standard. *See* OCC Initial Br. 7-12; OPAE Initial Br. 2-9. Each of their arguments is meritless. Under the second prong of the standard, the Stipulation benefits ratepayers and the public interest.

A. The magnitude of the revenue generated by the proposed opt-out charges is irrelevant.

OCC repeatedly emphasizes that the revenue AEP Ohio will collect under the proposed opt-out tariff will be small in comparison to AEP Ohio's overall operations. *See* OCC Initial Br. 7-8 (speculating that the proposed tariff will result in \$23,000 of revenue and claiming, as a result, that denying the proposed charges "would have an insignificant impact on AEP Ohio"). But the magnitude of the revenue generated by the proposed opt-out charges is simply irrelevant, because the charge is designed to reimburse the Company for incremental costs incurred based on the customer's request for the new opt-out service. The Commission directed AEP Ohio (and all other electric utilities) to propose a "cost-based" tariff for advanced meter opt-out service, OAC 4901:1-10-05(J)(1), including charges that would ensure that the "[c]osts incurred by [AEP

Ohio] to provide advanced meter opt-out service shall be borne only by customers who elect to receive advanced meter opt-out service,” OAC 4901:1-10-05(J)(5)(e). AEP Ohio responded to that mandate by proposing the cost-based charges at issue in this proceeding. The fact that those cost-based charges may result in relatively less revenue than AEP Ohio’s other tariffed charges is beside the point. Pursuant to the Commission’s directive, the charges here will recover AEP Ohio’s costs for providing opt-out service, whether they are large or small.¹

B. The tariff proposed in the Stipulation provides customers ample choice.

OCC further criticizes the Stipulation because it allegedly fails to “provide residential customers with an opportunity to choose the type of meter to be installed in their homes.” OCC Initial Br. 8. This argument is difficult to fathom. The point of the Commission’s opt-out rules is to provide customers the opportunity to choose between an advanced meter and a traditional meter. *See, e.g.*, OAC 4901:1-10-05(J)(1) (requiring utilities to “provide customers with the option to remove an installed advanced meter and replace it with a traditional meter, and the option to decline installation of an advanced meter and retain a traditional meter”). Under the proposed tariff, customers will have precisely the choice that the Commission envisioned: The proposed tariff will allow customers to choose between an advanced meter and a traditional meter. *See* Joint Ex. 1, Stipulation Ex. B-2, Original Sheet No. 103-12.

OCC then goes further and claims that the Stipulation is faulty because it fails to offer “*multiple* options to having an advanced meter.” *See* OCC Initial Br. 10; *see also* OPAE Initial Br. 7. In support of this argument, OCC cites the Commission’s statement that utilities “should

¹ OCC also alludes to the corporate earnings of AEP Ohio’s parent corporation, but that too is irrelevant to this proceeding. *See* OCC Initial Br. 7-8. The Commission has several mechanisms, other than this proceeding, to ensure that AEP Ohio’s return on investment is fair and that its earnings are not significantly excessive. The Company’s earnings are not at issue here, where the question is whether to approve a cost-based tariff that, as OCC notes, is relatively limited in scope and thus unlikely to significantly affect the earnings of either AEP Ohio or its parent.

work with customers on a case by case basis” and “should recognize advanced meter opt-out service as one of many solutions to customer concerns regarding their meters.” *See id.* (citing *In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Entry on Rehearing ¶ 6 (Dec. 18, 2013)). But OCC misconstrues the Commission’s statement. The Commission was not suggesting (as OCC seems to think) that the Company is required to allow customers to choose from a lengthy menu of different advanced and traditional meter models. That proposal would be administratively unworkable and would represent a drastic departure from common utility practice. Of course, customers do have other choices regarding their meters, such as whether to install interval meters (commercial and industrial customers), whether to install multiple meters (net metering customers), and whether to relocate a meter. But when it comes to the deployment of advanced meters, the Commission’s rules require utilities to offer customers a choice between accepting the advanced meter or declining it and returning to a traditional meter, *see* OAC 4901:1-10-05(J)(1),² and that is what the proposed tariff would accomplish.

Insofar as the Commission has stated that utilities should “work with customers” and explore alternatives to advanced meter opt-out service, *see In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Entry on Rehearing ¶ 6 (Dec. 18, 2013); *see also* OAC 4901:1-10-05(J)(3)(b) (“The electric utility shall explain the facts concerning advanced meters and attempt to address any customer concerns prior to signing up a customer for advanced meter opt-out service.”), AEP Ohio already complies with that mandate, and nothing in the proposed tariff is to

² The Commission’s rules also provide: “To the extent that the electric utility offers multiple options for the customer to obtain or retain either an advanced meter or a traditional meter, the utility shall explain each option and the associated costs and give the customer choice over the option selection.” OAC 4901:1-10-05(J)(3)(b). But this provision does not *require* a utility to provide “multiple options.” It only states that, “[t]o the extent that the electric utility offers multiple options,” the utility must explain those options to the customer. *Id.* (emphasis added). Thus, the Commission clearly envisioned “multiple options” as an option – but by no means mandatory – element of opt-out service. As discussed above, moreover, AEP Ohio already follows the Commission’s rules insofar as they require the utility to explain to a customer the options for accepting, declining, or moving an advanced meter.

the contrary. For instance, the proposed tariff expressly provides that, as an alternative to advanced meter opt-out service, a customer may elect to move an advanced meter to a different location on the property (at the customer's expense). *See* Joint Ex. 1, Stipulation Ex. B-2, Original Sheet No. 103-12. In addition, as AEP Ohio witness Moore explained, AEP Ohio customer service representatives already provide detailed information to customers about advanced meters. *See* Tr. 12:3-13:21; OCC Ex. 1.³ AEP Ohio already complies with the Commission's directives and works with customers to avoid opt-out service, if possible; that will not change if the Commission adopts the Stipulation in this case.

C. The tariff proposed in the Stipulation properly assesses opt-out charges that are distinct from existing distribution rates.

Next OCC argues that the Stipulation is unreasonable because "current meter reading charges are included in base rates" and a charge for advanced meter opt-out service "will not only confuse customers" but also "coerce customers into have an advanced meter installed on their premises against their wishes." OCC Initial Br. 11. But the Commission has already rejected the notion that the cost of advanced meter opt-out service should be recovered through existing distribution rates. Doing so would spread the costs of opt-out service on all customers, which would violate the Commission's mandate that opt-out costs be borne only by opt-out customers. *See* OAC 4901:1-10-05(J)(5)(e); *see also, e.g., In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Finding & Order ¶ 31 (Oct. 16, 2013) (relying on "the principle of

³ OCC criticizes the literature that AEP Ohio provides to customers who have concerns with advanced meters on the ground that "some of the materials were produced by an electric industry research group, which would not make them convincing for those customer who are suspicious of AMI meters." OCC Initial Br. 19. But the fact that the materials are from a third party – not AEP Ohio – should make them more credible for customers. OCC also criticizes the materials because they are "highly technical in nature," OCC Initial Br. 19, but OCC fails to mention that the materials are provided with a cover letter that summarizes the key points on AMR meters, as well as a Frequently Asked Questions document that answers common customer questions regarding advanced meters. *See* OCC Ex. 1. In any event, OCC's criticisms of AEP Ohio's efforts to educate customers are far afield from the core of this proceeding, which is to determine whether to accept the proposed tariff and its cost-based charges.

cost causation” and denying rejecting OPAE’s “general[] oppos[ition] to provisions of opt-out service that place a cost burden on customers”). Moreover, the Commission’s mandate that utilities describe advanced meter opt-out service to customers, *see* OAC 4901:1-10-05(J)(3)(b) – a mandate that, as discussed above, AEP Ohio is already following and will continue to follow – will eliminate the customer “confusion” that OCC fears.

Furthermore, the advanced meter opt-out tariff charges will not “coerce” customers to accept advanced meters “against their wishes.” OCC Initial Br. 11. The Commission promulgated the opt-out rules not to coerce customers but to give them the option of declining advanced meters. *See* OAC 4901:1-10-05(J)(1). The charges in the proposed tariff simply ensure that, pursuant to the Commission’s rules, customers who elect opt-out service will bear the costs of their choice. *See* OAC 4901:1-10-05(J)(5)(e). And even if the charges do provide an *incentive* for customers to accept advanced meters, as described in AEP Ohio’s initial post-hearing brief, *see* AEP Ohio Initial Br. 17-18, such an incentive furthers the Commission’s policy of encouraging the deployment of cost-saving, technologically advanced distribution infrastructure and helping to ensure that customers will not refuse advanced meters based on arbitrary reasoning.

D. The tariff proposed in the Stipulation properly accounts for the expected annual rate of reading opt-out meters.

OCC criticizes the stipulation because “there is no guarantee that AEP Ohio will even perform a monthly meter read” for opt-out customers. OCC Initial Br. 11. But as described in AEP Ohio’s initial brief, *see* AEP Ohio Initial Br. 6-7, AEP Ohio expressly accounted for the expected rate of opt-out meter reading. Based on the experience AEP Ohio meter reading personnel, AEP Ohio expects that it will read an opt-out meter 8.875 times per year on average. *See* Tr. 49:2-7, 49:21-50:4. Accordingly, AEP Ohio adjusted the recurring monthly fee to

account for this reality – i.e., AEP Ohio multiplied \$43 by 8.875/12 to arrive at the proposed recurring fee of \$31.80, and that fee was then further lowered to \$24 in the Stipulation. OCC’s criticism, therefore, does not withstand scrutiny; AEP Ohio specifically adjusted its proposed change to account for the expected annual rate of meter readings.

III. The Stipulation is in accord with all important regulatory principles and practices.

As with the second prong, OCC and OPAE makes a number of arguments claiming that the Stipulation fails the third prong of the Commission’s three-part test because it violates the regulatory principle that all tariffs must be just and reasonable. OCC Initial Br. 12-17; OPAE Initial Br. 10-12. Once again, each of their arguments is meritless. The tariff proposed in the Stipulation is just and reasonable and should be adopted.

A. There is ample support for the proposed charges.

OCC first argues that “[n]othing in the record of this case supports” the proposed tariff charges. OCC Initial Br. 13. That hyperbolic claim is obviously wrong. As described in the initial post-hearing briefs of both AEP Ohio and Staff, *see* AEP Ohio Initial Br. 5-8; Staff Initial Br. 6-8 – and, remarkably, as even OCC explains in *its* initial post-hearing brief, *see* OCC Initial Br. 14 – AEP Ohio explained the basis for the proposed charges in this proceeding in Exhibit E to its Application, which presented a line-item breakdown of the costs. Those cost figures were based on cost estimates that AEP Ohio initially performed for a manual meter reading charge that the Commission approved in AEP Ohio’s last distribution base rate case. *See* Tr. 17:16-18, 24:20-22, 105:21-108:7; *In re Application of Columbus Southern Power and Ohio Power Company for an Increase in Electric Distribution Rates*, Case Nos. 11-351-EL-AIR et seq. Then, as discussed above, AEP Ohio adjusted those cost estimates for the likely annual rate of reading opt-out meters. This detailed basis for the cost-based fee was clearly spelled out in the

application and was further explained in the hearing testimony of AEP Ohio witness Moore. *See, e.g.*, Tr. 9:21-10, 17:16-18, 23:9-25:19, 38:11-40:5, 106:1-11:13.

B. It would be unreasonable to expect AEP Ohio to conduct expensive, time-consuming cost studies for this limited proceeding.

Given that ample support for the proposed charges, OCC cannot claim that there is “nothing in the record” supporting the Stipulation; instead, OCC’s true criticism is that “AEP Ohio performed no formal independent cost analysis to develop” the proposed charges in this proceeding. OCC Initial Br. 13. But as described in AEP Ohio’s initial post-hearing brief, *see* AEP Ohio Initial Br. 12-13, it is not reasonable to expect AEP Ohio to conduct an expensive, time-consuming “cost analysis” for this relatively limited service. Although a rigorous and expensive cost analysis may be appropriate in complex ratemaking cases where millions of dollars are at stake, it does not make sense for AEP Ohio to incur such large expenses for a tariffed service that even OCC claims may result in no more than \$23,000 revenue per year. OCC Initial Br. 7-8.

Instead, AEP Ohio’s proposed tariff charges were based on the extensive real-world experience of its meter reading personnel, *see, e.g.*, Tr. 38:11-40:10, and that was sufficient for these proceedings. OCC criticizes this evidence as “anecdotal,” OCC Initial Br. 14, but the criticism is unfounded. AEP Ohio meter reading personnel relied on “their experience for the entire territory,” Tr. 39:20-21 (AEP Ohio witness Moore), which included numerous manual meter reading trips, *see* Tr. 40:8-10 (Ms. Moore: “[The meter reading] group incorporates these types of manual meter reads into their work every day. They have the experience to provide that estimate.”).

C. OCC's specific criticisms of the proposed charges do not withstand scrutiny.

OCC's specific criticisms of the line-item breakdown of costs in Application Exhibit E are unfounded. AEP Ohio responded to all of OCC's criticisms in its initial post-hearing brief, *see* AEP Ohio Initial Br. 8-13, but will briefly summarize those responses here: OCC claims that it was improper for AEP Ohio to use the manual meter reading charges from the last distribution case, which applied to commercial interval meters, because "residential AMI meters are concentrated in northeast Columbus." OCC Initial Br. 14. The proposed tariff, however, would apply to far more AMR meters than AMI meters, and AMR meters are spread throughout AEP Ohio's territory. *See* AEP Ohio Initial Br. 8-9; *see also* Tr. 56:24-25; 63:9-18; 156:21-157:15 (AEP Ohio has installed 487,000 AMR meters, with 70 AMR opt-outs, versus roughly 132,000 AMI meters, with 12 AMI opt-outs).

Relatedly, OCC argues that "AEP Ohio performed no analysis of the density of commercial meters versus the density of residential meters," OCC Initial Br. 14, nor other studies in support of its proposed costs in Application Exhibit E. But as discussed above, such rigorous studies would be inappropriate for this limited proceeding. Instead, AEP Ohio meter reading personnel confirmed, based on their extensive experience, that the 30-minute average travel time in Application Exhibit E "would be the appropriate time for the residential customers that were opting out of the advanced meter." Tr. 39:22-40:5. OCC offers no grounds to contest that number. *See* Tr. 151:15-17 ("Q. You have no basis to question the 30-minute time figure for residential meters? [OCC witness Williams]: No, I don't."). Nor does OCC offer any specific basis to second-guess AEP Ohio's meter reading personnel on the other line items in Application Exhibit E. *See* AEP Ohio Initial Br. 8-12 (describing the many ways in which OCC witness Williams lacked knowledge of meter reading in general and AEP Ohio's meters in particular and was unable to provide specific criticisms of the cost figures in Application Exhibit E).

Indeed, all of OCC's criticisms of the cost estimates in Application Exhibit E fall flat because OCC still has failed to provide any estimate of what it believes the costs of providing opt-out service should be. *See* Tr. 134:24-135:4 (Mr. Williams agrees that he "ha[s]n't proposed any specific dollar figure [he] believe[s] would be appropriate to charge AEP Ohio customers for opt-out service"). OCC's unsubstantiated feelings that the charges are too high, *see, e.g.,* Tr. 141:2-4, cannot overcome the direct experience of AEP Ohio's meter-reading personnel, *see, e.g.,* Tr. 38:11-40:10.

D. The fact that AEP Ohio agreed in the Stipulation to a below-cost recurring charge confirms that the Stipulation is just and reasonable.

Finally, OCC criticizes the Stipulation on the ground that AEP Ohio agreed to Staff's request for a \$24 recurring charge but did not alter its cost-based estimate in Application Exhibit E to reflect that new figure. *See* OCC Initial Br. 16-17; *see also* OPAE Initial Br. 9. But the fact that AEP Ohio agreed to a *below*-cost recurring charge is not grounds to reject the Stipulation. If anything, that fact shows that the settlement is *more* favorable to customers, not less, and it confirms that the proposed tariff in the Stipulation is just and reasonable.

IV. The Commission has already rejected OCC's "recommendations," and in any event they are meritless.

In addition to arguing against the Stipulation, OCC also makes several "recommendations" to the Commission. OCC Initial Br. 17-21. OPAE joins in many of these recommendations. *See* OPAE Initial Br. 5, 8, 7, 10-11. The Commission has previously rejected OCC's and OPAE's recommendations, and they should be rejected again here.

A. The Commission should not rewrite its existing advanced meter opt-out rules in order to waive opt-out charges.

OCC first contends that the Commission should not approve *any* charge for advanced meter opt-out service. OCC Initial Br. 17-18; *see also* OPAE Initial Br. 10-11. But as described

in AEP Ohio’s initial post-hearing brief, *see* AEP Ohio Initial Br. 13-14, the Commission rejected this recommendation in promulgating its advanced meter opt-out rules. The Commission expressly declined to adopt proposals of OCC and OPAE that sought to reduce opt-out charges. *See In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Finding & Order ¶¶ 28, 31 (Oct. 16, 2013). Instead, the Commission required AEP Ohio and other utilities to propose a “*cost-based, tariffed opt-out service*,” OAC 4901:1-10-05(J)(1) (emphasis added), including a “one-time fee” and a “recurring fee” designed to recover the “costs” of providing opt-out service. OAC 4901:1-10-05(J)(c)-(d). The Commission also clearly provided: “Costs incurred by an electric utility to provide advanced meter opt-out service *shall be borne only by customers who elect to receive advanced meter opt-out service*.” OAC 4901:1-10-05(J)(5)(e) (emphasis added). Those provisions cannot be reconciled with OCC’s recommendation that the Commission should waive opt-out charges in this proceeding. Instead, OCC effectively asks the Commission to rewrite its opt-out rules, which is clearly improper in this proceeding. Any objection to the Commission’s rules needed to be addressed in the rulemaking proceeding, Case No. 12-2050-EL-ORD; the rules are now final and should not be second-guessed in this proceeding.

It is telling, moreover, that OCC apparently has abandoned its position that the Commission should require AEP Ohio to waive opt-out charges by means of “special tariff provisions” under OAC 4901:1-10-05(J)(5)(b)(i). In the face of the Commission’s clear mandate that opt-out costs be borne solely by opt-out customers, *see* OAC 4901:1-10-05(J)(5)(e), OCC witness Williams attempted to rely on OAC 4901:1-10-05(J)(5)(b)(i)’s language about “special tariff provisions” as the means by which opt-out costs could be waived in this proceeding consistent with the Commission’s rules. *See* OCC Ex. 4, Direct Testimony of James D. Williams

(“Williams Testimony”) 4:10-5:5. But as AEP Ohio pointed out in its initial brief, *see* AEP Ohio Initial Br. 14-17, Subsection (J)(5)(b)(i) only permits “special tariff provisions” insofar as they reflect a utility’s “best efforts to maintain consistency with the rules herein,” and OCC’s waiver proposal is not “consistent[]” with – but rather would circumvent – several other provisions of “the rules herein,” *see* OAC 4901:1-10-05(J)(1), (J)(5)(e). Now OCC has apparently abandoned the “special tariff provisions” argument altogether, as it does not appear in OCC’s initial post-hearing brief. In its current form, therefore, OCC’s argument involves no effort to reconcile its waiver proposal with the Commission’s existing rules. Instead, OCC’s arguments are a bare attempt to reargue positions the Commission has already expressly rejected. That is improper, and OCC’s arguments should be rejected.

B. The Commission has already held that opt-out charges should be applied separately from distribution rates and without considering any cost increases or savings from advanced meter deployment.

OCC also recommends that the Commission waive opt-out charges on the ground that “savings” from AEP Ohio’s gridSMART advanced meter deployment “have not been passed back to customers.” OCC Initial Br. 18; *see also* OPAE Initial Br. 5. Once again, however, OCC is pursuing a position that the Commission has rejected. In promulgating its advanced opt-out rules, the Commission expressly rejected OCC’s argument that “the costs imposed on customers for opt-out service should be offset by all avoided costs,” as well as OPAE’s argument that opt-out customers should be permitted to avoid advanced meter cost recovery riders. *See In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Finding & Order ¶¶ 28, 31 (Oct. 16, 2013). Instead, the Commission held that advanced meter opt-out charges should be assessed as separate, cost-based charges to opt-out customers, *see* OAC 4901:1-10-05(J)(1), (J)(5)(e) – an approach that is lawful and reasonable because advanced meter opt-out service is a new service involving incremental costs. Thus, pursuant to the Commission’s directives, the opt-out charges

at issue here are entirely collateral to other distribution rates, and those opt-out charges will continue to be assessed as separate, cost-based charges even as any cost increases or savings from advanced meter deployment are realized and passed on to customers.

C. The need for customer education does not justify waiving opt-out fees.

OCC next asks the Commission to waive opt-out fees so that AEP Ohio's customers may "be provided a reasonable opportunity over time to learn about, and possibly accept, the new technology" before fees are assessed. OCC Initial Br. 19; *see also* OPAE Initial Br. 8. But as described above, AEP Ohio already provides – and will continue to provide – information to customers who are considering electing advanced meter opt-out service. That fulfills the Commission's opt-out rules, *see* OAC 4901:1-10-05(J)(3)(b), and is sufficient.

OCC's argument that customers need more time is merely an attempt to achieve a *permanent* waiver of fees by means of allegedly *temporary* delay. That is confirmed by OCC witness Williams's admission that even customers in AEP Ohio's gridSMART territory, who already have had nearly *five years* to adjust to advanced meters, still need "a few years" *more* to learn about advanced meters. *See* Tr. 182:13-183:2, 184:4-8; AEP Ohio Initial Br. 19-20. It is patently absurd to suggest that customers need seven or eight years to learn about advanced meters, and this shows that OCC's arguments concerning customer education are just another attempt to rewrite the Commission's rules mandating cost-based opt-out fees. OCC's proposal would cause AMI meters to be deployed in a "Swiss cheese" manner, thus substantially diminishing the benefits of the technology. It also would cause confusion and irritation to customers to begin paying for the opt-out service at some point in the future after having received the service without charge for several years. OCC's recommendation should be denied.

D. Allowing opt-out customers to read their own meters is not a viable means of reducing opt-out service costs.

As a final recommendation, OCC argues that opt-out customers should be able to read their own meters as a way of reducing the costs of opt-out service. *See* OCC Initial Br. 20-21; *see also* OPAE Initial Br. 7. But this recommendation is based on faulty factual premises and is at odds with Commission policy.

As an initial matter, OCC misrepresents the current scope of AEP Ohio’s “mail-in” meter reading program. As AEP Ohio witness Moore explained, AEP Ohio only permits a customer to read his or her own meter when persistent meter access issues prevent meter-reading personnel from reading the customer’s meter on a regular basis – for example, as Ms. Moore explained, “customers that have had porches that have been built around their meters, and they don’t want to give the company a key to get into that enclosed space.” Tr. 116:19-117:9.⁴ To permit any opt-out customer to read his or her own meter in this fashion would be a drastic, unwarranted expansion of the current, extremely limited program.

In any event, OCC’s proposal for opt-out customers to read their own meters is diametrically opposed to the important policy goals that the Commission furthered in promulgating its opt-out rules. The Commission has recognized that advanced meter deployment is an important step *forward* in electric distribution technology – advanced meters save considerable costs and have the potential to reduce the number, duration, and severity of service outages (among many other benefits). *See* AEP Ohio Initial Br. 17-18. OCC’s “mail in”

⁴ AEP Ohio provides information on its website about how to read a meter, but this is to help customers keep track of their electric usage, not for customers to read their own meters for billing purposes. Indeed, the AEP Ohio webpage that OCC cites, *see* OCC Initial Br. 20 (citing Williams Testimony Ex. JDW-2), informs customers about how to read their meters because “[y]our meter is a good place to start saving energy” and “[r]eading your meter regularly can tell you what energy-saving practices work best for your home.” But the webpage does not mention – and, indeed, is completely unrelated to – AEP Ohio’s extremely limited program of permitting customers to read their own meters when the customers have persistent meter access issues.

proposal, however, is a step *backward*. Rather than encouraging customers to adopt advanced meters that automatically transmit a precise, digital meter reading to the utility, OCC would prefer a world in which an opt-out customer reads his or her own meter, writes the reading down on a piece of paper, and sends it by U.S. mail to the utility. Putting aside the obvious fact that such customer readings likely will be inaccurate and generate numerous customer complaints when customer readings are eventually reconciled with actual readings, OCC's archaic proposal is the exact opposite of the kind of technological progress the Commission is hoping to encourage through its opt-out rules.

CONCLUSION

For the foregoing reasons, the Stipulation should be adopted, and the proposed Advanced Meter Opt-Out Tariff should be approved.

July 7, 2015

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Post-Hearing Brief was served by electronic mail upon counsel for all parties of record in this case on this 7th day of July, 2015.

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