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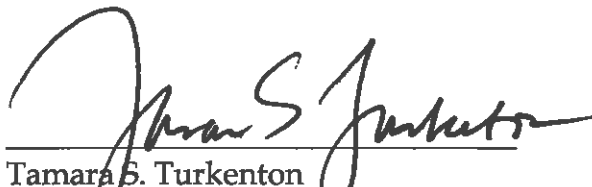
January 21, 2020

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application for Establishment of a Reasonable Arrangement Between Earth 'N Wood Company and Ohio Power Company, Case No. 19-2098-EL-AEC*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations regarding the Application for Establishment of a Reasonable Arrangement Between Earth 'N Wood Company and Ohio Power Company, Case No. 19-2098-EL-AEC.



Tamara S. Turkenton
Director, Rates and Analysis Dept.
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

STAFF REVIEW AND RECOMMENDATIONS

EARTH 'N WOOD COMPANY / OHIO POWER COMPANY Case No. 19-2098-EL-AEC

Background

On November 27, 2019, Earth 'N Wood Company (Applicant) filed an Application for approval of a unique arrangement with the Ohio Power Company (AEP-Ohio) pursuant to Ohio Revised Code (ORC), Section 4905.31.

The Applicant is a mercantile customer that manufactures and distributes landscape materials across four sites as a waste-to-resource company. The Applicant receives bulk yard waste to recycle from programs operated by local units of government within Stark County at one of these sites (Recycling Facility). Earth 'N Wood Company employs approximately 45 full time employees across all of its Ohio facilities with an annual payroll of approximately \$1.7 million.

Under the proposed unique arrangement, the Applicant seeks relief from AEP-Ohio's Basic Transmission Cost Recovery Rider (BTRC) charges which the Applicant claims would allow it to continue to support local yard waste recycling programs and its investment in its Stark County facilities.

As of January 6, 2020, two public comments have been received in support of this project from the Jackson Township Board of Trustees and Stark County Commissioner Bill Smith.

The following are the Applicant's proposed terms of the arrangement:

- A. If the application is approved without material modification, during the pendency of the agreement Earth 'N Wood will continue to operate its large grinder in order to support local yard waste recycling programs.
- B. Earth 'N Wood will use the interruptible capability of its large grinder to voluntarily interrupt usage during times of anticipated peak demand on AEP-Ohio's transmission system in order to reduce Earth 'N Wood's Network Service Peak Load (NSPL).
- C. During the term of this agreement, Earth 'N Wood commits to not operating its large grinder beginning 6:00 a.m. and ending 9:00 a.m. during the months of December, January, and February.
- D. Earth 'N Wood will subscribe to a notification service that actively monitors and provides customers with advanced notice of potential system peaks. Earth 'N

Wood's operational policy would require Earth 'N Wood to not operate its large grinder during the potential system peaks.

- E. The term of the proposed schedule or arrangement shall become effective on the earliest date authorized by the Commission. The proposed schedule or arrangement shall continue through May 31, 2024.

If the Commission extends AEP-Ohio's current BTCR pilot program (or successor program), the Applicant requests and extension of this proposed arrangement to coincide with the extended BTCR program.

- F. Earth 'N Wood requests that it be permitted to seek modification of the schedule or arrangement so that it can be modified, with Commission approval, as circumstances and conditions may warrant.
- G. Upon reasonable notice to AEP-Ohio, Earth 'N Wood may terminate this reasonable arrangement before the end date of the original or extended term.
- H. Under the proposed schedule or arrangement, Earth 'N Wood would secure electric distribution service from AEP-Ohio under the otherwise applicable terms and conditions, except that the terms of the BTCR Pilot set forth on pages 28-31 of the Joint Stipulation and Recommendation in Case Nos. 16-1852-EL-SSO, et al., (ESP IV Stipulation) would apply.
- I. Upon approval of this application and execution of an agreement with AEP-Ohio, Earth 'N Wood would be authorized to immediately participate in the BTCR Pilot. Thereafter, Earth 'N Wood would follow the process set forth in the ESP IV Stipulation, notifying AEP-Ohio by the December 1 and February 15 election deadlines.
- J. Approval of this application will not count towards the total participation MW cap and rate adjustments identified in the ESP IV Stipulation.
- K. While retail costs will be reassigned among non-residential customers, the arrangement will not produce delta revenue as that term is typically used.

Staff Review and Recommendations

Staff reviewed the Application to evaluate whether the Applicant's proposed arrangement terms adhere to the unique arrangement requirements set forth in ORC. Section 4905.31 and OAC 4901:1-38-05.

The Applicant's Recycling Facility operates a large grinder to process bulk yard waste which is the primary driver of its Monthly Billing Demand calculated by AEP-Ohio. As identified in the Application, the Applicant's highest monthly peak demand for the 12-month period ending August 2019 was 1,097.28 kilowatts (kW) while over 83 percent of operational demand during this same time period was less than 50 kW. However, the Applicant's average NSPL for 2019 and 2020 was 16 kW. As a result, authorizing the Applicant to be billed under the BTCR Pilot program should result in significant savings for the Applicant.

The Applicant has researched alternative mechanisms to reduce its energy costs through energy efficiency projects and alternative equipment and found that the options available to them were either cost prohibitive or less energy efficient. Further, planning to shift operations to off-peak time periods were unsuccessful.

It is Staff's belief that the requested relief from AEP-Ohio's BPCR rates will result in the Applicant's Recycling Facility remaining operational where it will continue to serve local Stark County residential recycling programs.

Conclusion

Based on this review, it is Staff's opinion that the Application is consistent with the Commission's rules governing approval of unique arrangements. Staff recommends that the Commission approve the Application in this case and that the term of the arrangement begin on the first billing month following Commission approval.

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 19-2098-EL-AEC

Summary: Staff Review and Recommendation regarding the Application for Establishment of a Reasonable Arrangement Between Earth 'N Wood Company and Ohio Power Company electronically filed by Zee Molter on behalf of PUCO Staff