

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	
Power Company for an Increase in Electric	)	Case No. 20-585-EL-AIR
Distribution Rates.	)	
In the Matter of the Application of Ohio	)	Case No. 20-586-EL-ATA
Power Company for Tariff Approval.	)	
In the Matter of the Application of Ohio	)	
Power Company for Approval to Change	)	Case No. 20-587-EL-AAM
Accounting Methods.	)	

**INITIAL POST-HEARING BRIEF  
OF  
NATIONWIDE ENERGY PARTNERS, LLC**

**June 14, 2021**

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## **I. Introduction**

Nationwide Energy Partners, LLC (“NEP”) objects to the Joint Stipulation and Recommendation (the “Stipulation”) proposed in this proceeding for reasons that include (1) the lack of a rate schedule for low-load factor general service (“GS”) demand-metered customers with the proposed increase in charges split between demand and energy (rather than the proposed all-demand schedule); (2) the Stipulation’s lack of any standardized process that the Ohio Power Company (“AEP Ohio”) must follow for equipment purchase requests; and (3) the lack of any changes to AEP Ohio’s tariff to standardize construction requests especially when Duke Energy of Ohio, Inc. has an excellent web portal for customers to submit and track their construction requests.

To remedy the lack of a low-load factor rate schedule, NEP proposes that the Public Utilities Commission of Ohio (“Commission”) require AEP Ohio to adopt the low-load factor rate schedule design proposed by NEP witness Eric Rehberg, which would allow low-load factor GS demand-metered customers to manage their energy usage to lower distribution costs. That rate schedule design would consist of an energy charge and demand charge. If the customer took no usage reduction actions, the low-load factor rate would result in AEP Ohio collecting the same amount of revenue as proposed in the Stipulation. Importantly, no costs would be shifted to any other customer class or customers not on the low-load factor rate schedule. At a minimum, if the Commission does not provide for a low-load factor schedule, the Commission should adopt Mr. Rehberg’s proposed 1,000-customer pilot so information can be obtained on the benefits of an energy/demand rate schedule for low-load factor customers.

In order to remedy deficiencies in AEP Ohio’s handling of equipment purchases and construction requests, the Commission should adopt NEP witness Teresa Ringenbach’s proposed revisions to both the Stipulation’s provision on equipment purchases and to the Stipulation’s

proposed tariff section with respect to construction requests. Ms. Ringenbach's testimony was convincing and uncontested, and AEP Ohio had no response for her description of the existing issues and how easily the issues can be remedied.

NEP's ask is to standardize the equipment purchase and construction requests so they are more reasonable and not out of the ordinary. The deficiencies with respect to AEP Ohio's handling of equipment purchase requests that are not addressed by the Stipulation are as follows:

- **a process** that includes a standard submittal process and form;
- **a good faith negotiation standard** along with a deadline for commencing such negotiations; and
- a requirement that AEP Ohio provide **a meaningful response as part of the negotiation** (i.e., response to the submitted form including pricing for equipment that the utility can sell and list of equipment that AEP Ohio cannot sell).

The tariff language regarding construction requests must be modified to accomplish the following four (4) items:

- Construction requests to be submitted through **a customizable form** so that specific scope and equipment needs for a project can be identified by customers at the inception of the project;
- Construction requests to be submitted through **a web portal**;
- Within seven (7) calendar days of submission of construction request, AEP Ohio must **acknowledge receipt of request** and **provide the AEP Ohio contact person for the project**; and
- AEP Ohio to **provide updates** on the status of the construction request every twenty (20) calendar days.

All of the above changes are reasonable and not out of the ordinary – especially considering that Duke Energy of Ohio, Inc. has a web portal for construction requests – and allows for a self-service view of project service requests.

The signatory parties to the Stipulation do not represent all customers or customer interests and, while they may be traditional parties to Commission cases, they should not be viewed as the only version of AEP Ohio customers. Schools, restaurants, small businesses, and multi-family complexes would benefit from a low-load factor rate schedule, which in turn could avoid the outcry from certain commercial customers as in 2012 that resulted in a reversal of the AEP Ohio ESP II decision.<sup>1</sup> A low-load factor rate schedule pilot would also benefit low-load factor customers, as it would at least allow the Commission and AEP Ohio to observe the benefits of such a schedule. Likewise, standardized processes for equipment purchases and construction requests will benefit customers.

The Stipulation has several deficiencies the Commission must address. The Stipulation creates a tariff construct with the rate increase that has a discriminatory and hard to mitigate impact on low-load factor commercial customers. This discriminatory rate construct should be rejected due to the lack of a low-load factor schedule for GS demand metered customers. Or, at a minimum, the Commission should modify the Stipulation to adopt NEP's proposed 1,000-customer pilot for low-load factor GS customers. In addition, the Stipulation does not address the lack of process and insight for customer equipment purchases and construction requests. The Commission must also modify the Stipulation paragraph on equipment purchases to require more than a "best-efforts response" from AEP Ohio and adopt the simple process proposed by NEP, and modify the proposed tariff sheet in the Stipulation regarding construction purchases to adopt NEP's suggestions and require AEP Ohio to implement a website portal like the Duke Energy Ohio portal.

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<sup>1</sup> *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4905.143, Revised Code, in the Form of an Electric Security Plan*, Case Nos. 11-346-EL-SSO et al., Entry on Rehearing at ¶ 19 (February 23, 2012).

All of these modifications to the Stipulation are in the public interest and for the benefit of Ohio customers.

## **II. Background and Issues**

### **A. Current GS-2 and GS-3 low-load factor customers are adversely impacted relative to other customers by the proposed rate schedules in the Stipulation.**

Eric Rehberg provided sworn, expert testimony on behalf of NEP regarding the impact of the Stipulation on certain AEP Ohio GS-2 and GS-3 customers. Upon analysis of the stipulated changes, he concluded that certain customers will be unfairly subject to a *disproportionate* amount of the stipulated rate increase. This is the result of combining the GS rate classes along with the increased costs, allocation of costs and the GS rate class being charged under a demand-only rate structure.<sup>2</sup> Mr. Rehberg's bill impact analysis of the Stipulation is based on billing determinants of four, existing GS accounts with AEP Ohio – two accounts were high-load factor customers and two were low-load factor customers.<sup>3</sup> Mr. Rehberg compared the impact that the stipulated rates would have on the four examples with the impact on corresponding December 2019 rates (date certain) and with corresponding March 2021 rates (date of the stipulation).<sup>4</sup> He concluded that the stipulated rates would result in bills significantly higher for the GS customers than what those accounts had previously and currently (March 2021) paid. The conclusion also found this increase comes with no additional benefits in exchange.<sup>5</sup> He further concluded that the proposed Stipulation will result in a *disproportionately greater* rate increase for low-load factor GS customers of AEP Ohio than for other customers, which will grow even larger in magnitude because of expected increases to AEP Ohio's adjustable charges, such as the Distribution

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<sup>2</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 2.

<sup>3</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 5, Exhibit A; Tr. IV at 743:22-25, 766:15-20. All four accounts were NEP's customers and were multi-family developments. Tr. IV at 745:6-8, 760:12-16, 764:14-18.

<sup>4</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6, Exhibit A.

<sup>5</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 7.

Investment Rider (“DIR”).<sup>6</sup> Mr. Rehberg found that the demand-based rate design in the GS rate schedule negatively affects the low-load factor GS customers.<sup>7</sup>

Mr. Rehberg recommended a new low-load factor rate schedule or, in the alternative, a pilot proposal to address the disproportionate impact of the Stipulation.<sup>8</sup> For the new rate schedule, Mr. Rehberg did *not* develop a different revenue requirement or propose a different revenue requirement for the low-load factor customers.<sup>9</sup> He recommended, instead, that the low-load factor GS customers have a demand component *and an energy component* in the rate schedule to recover the same revenue requirement reflected in the Stipulation.<sup>10</sup> Mr. Rehberg explained the benefit of this new rate proposal: “So for those customer classes that would be affected by this new rate, they would have better tools under their control [than] today to be able to manage their costs as opposed to what was proposed in the Stipulation which could amplify those issues.”<sup>11</sup> Mr. Rehberg also presented the Commission with an alternative – a small pilot program to investigate the benefits of a low-load factor rate schedule in AEP Ohio’s service territory for up to 1,000 currently classified as GS-2 and GS-3 customers who have a low-load factor of 40% or less on a first come, first served basis.<sup>12</sup>

**B. AEP Ohio’s current system for equipment purchases lacks a process and is inadequate to meet the needs of its customers, and the language in the Stipulation is not sufficient to address the problems.**

NEP’s witness Teresa Ringenbach testified that the language proposed by AEP Ohio in the Stipulation Part III, Section E, paragraph 12, with respect to equipment purchases is inadequate

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<sup>6</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 7.

<sup>7</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 7.

<sup>8</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 8, Exhibit A; Tr. IV 796:13-15.

<sup>9</sup> Tr. IV at 727:18-25, 728:2-10.

<sup>10</sup> Tr. IV at 726:18-727:11, 728:19-21.

<sup>11</sup> Tr. IV at 728:22-729:2.

<sup>12</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 11-12.



because, among other items, it does not provide a standardized process for equipment purchases.<sup>13</sup> AEP Ohio's witness Andrea E. Moore also testified on cross-examination that AEP Ohio does not have a form that customers can use to submit requests to purchase AEP Ohio facilities on the customers' premises.<sup>14</sup> Ms. Moore acknowledged that "[t]here is no formal process or documented policy for that type of purchase request [for the purchase of AEP Ohio facilities] related to master meter reconfiguration" (emphasis added).<sup>15</sup>

Under the language in the Stipulation, which does not require AEP Ohio to make an evaluation or engage in negotiation, AEP Ohio must only make best efforts to respond to customer requests to purchase AEP Ohio facilities. AEP Ohio has no requirement to go further than an undefined response. What is the practical effect of such language that is included in Part III, Section E, paragraph 12 of the Stipulation? As Ms. Ringenbach pointed out, AEP Ohio may satisfy its requirements under the Stipulation, in its current form, by "responding" on the twentieth (20<sup>th</sup>) day after a purchase request that such request has been forwarded to an individual within AEP Ohio.<sup>16</sup> The language in Part III, Section E, paragraph 12 of the Stipulation does absolutely nothing to cause any meaningful benefit for the public interest with respect to equipment purchase requests. **In other words, such language is without substance.**

AEP Ohio's customers should have the benefit of a set process by which they may make equipment purchase requests, and AEP Ohio should treat all of such equipment requests in the same fair manner by negotiating with each customer in good faith. Such a process and a uniform standard – both of which are lacking under AEP Ohio's current system and in the Stipulation –

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<sup>13</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 3-4.

<sup>14</sup> Tr. I at 203:14-17.

<sup>15</sup> NEP Ex. 11; Tr. I at 215:20-22.

<sup>16</sup> NEP Ex. 33, (Ringenbach Direct Testimony) at 4.

coupled with a deadline for a meaningful response by the utility, will ensure that all customers of the utility are treated fairly, and such equitable treatment advances the public interest.

Such process also advances the public benefit. For example, Staff witness Craig Smith from the Service Monitoring and Enforcement Division at the PUCO testified that:

- (1) Customers benefit when they know who to contact at the utility when they have a specific inquiry or request for the utility;<sup>17</sup> and
- (2) Customers benefit when a utility promptly responds to customer requests.<sup>18</sup>

Providing for a process for equipment purchase requests would accomplish such goals, and AEP Ohio currently has no such process.

**C. AEP Ohio's current system for construction requests is a "black hole" and inadequate to meet the needs of its customers.**

As NEP witness Teresa Ringenbach testified, AEP Ohio's current system for handling construction requests is a "black hole" – a customer fills out an online form or calls AEP Ohio to make a construction request and then just waits and waits, without receiving any confirmation from AEP Ohio that AEP Ohio actually received the request, and upon calling AEP Ohio gets transferred from person to person, with all this making planning for a construction project very inefficient.<sup>19</sup> Ms. Ringenbach regularly works with project management and construction on various issues at NEP.<sup>20</sup> Ms. Ringenbach's testimony casts a bright light on the black hole that is the AEP Ohio construction request process:

- NEP and its contractors often submit construction requests to AEP Ohio, but then do not hear back for long periods of time, thus necessitating escalating construction requests and/or moving through multiple levels of employees at AEP Ohio;<sup>21</sup>

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<sup>17</sup> Tr. II at 385:23-386:3.

<sup>18</sup> Tr. II at 386:4-9.

<sup>19</sup> Tr. IV at 897:11-898:23.

<sup>20</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 1

<sup>21</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 6.

- AEP Ohio's current process for responding to and fulfilling construction requests is inefficient and creates project delays for its customers;<sup>22</sup>
- AEP Ohio's existing form for construction requests does not allow customers to customize the service requests to identify customized equipment needs at the inception of the construction request process, which then prompts multiple exchanges with AEP Ohio regarding the scope of the construction for a specific project;<sup>23</sup> and
- AEP's Ohio current inefficient construction request process causes frustration for AEP Ohio's customers, which costs the customers time and money.<sup>24</sup>

AEP Ohio received 1,726 requests from its customers for construction or line extensions in 2020.<sup>25</sup> Therefore, the much-needed improvements to the construction request process will have widespread benefits for AEP Ohio's customers and efficiencies for AEP Ohio.

### III. Argument

#### A. **The rate schedules contained in the Stipulation, as a package, are harmful to low-load factor GS-2 and GS-3 demand metered commercial customers.**

As will be explained below, the record in this matter shows that the proposed rate schedules in the Stipulation are not reasonable as to low-load factor demand-metered commercial customers. **Low-load factor commercial customers, such as restaurants, apartment complexes and schools, will see a significant bill increase each year because their distribution charges will now be based on an increased demand charge with no accounting for usage.** This flaw in the Stipulation shows that it is neither in the public interest nor reasonable. While settlements in cases may be desirable, a flawed Stipulation should not be approved. The better and lawful course, one that is mindful of the different customer types and that promotes gradualism, is to adopt a just and

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<sup>22</sup> NEP Ex. 33 (Ringebach Direct Testimony) at 7.

<sup>23</sup> NEP Ex. 33 (Ringebach Direct Testimony) at 7-8.

<sup>24</sup> NEP Ex. 33 (Ringebach Direct Testimony) at 8.

<sup>25</sup> Tr. I at 213:25-214:15; NEP Ex. 15.

reasonable commercial rate schedule for low-load factor GS demand metered customers that is not punitive to businesses that continue to emerge from the COVID-19 pandemic.

**1. A low-load factor customer includes restaurants, small businesses, apartment complexes, and schools.**

It is important to understand load factor and the impact of having a low-load factor when considering whether the Stipulation is reasonable. Load factor is a ratio of how much energy a customer used over a period of time versus how much energy that customer could have used if it constantly consumed electricity at its peak use over that same period.<sup>26</sup> On a monthly bill, load factor can be calculated by taking the monthly kilowatt-hour (“kWh”) divided by the product of the monthly peak demand in kilowatts (“kW”) multiplied by the total clock hours in the month.<sup>27</sup>

A low-load factor customer is a customer that regularly uses a significantly lower amount of electricity versus its possible consumption based on the customer’s peak demand.<sup>28</sup> For example, a commercial customer that uses 18,400 kWhs in a month with a peak demand of 67 kW would have a 37 percent load factor. If another customer used over twice as much electricity (43,416 kWhs) in the month with the same 67 kW demand, its load factor would be 90 percent. The below table provides the formula for the calculation.

Customer A	$18,400 \text{ kWhs} \div (67 \text{ kW} \times 30 \text{ days per month} \times 24 \text{ hours per day}) = 37\%$
Customer B	$43,416 \text{ kWhs} \div (67 \text{ kW} \times 30 \text{ days per month} \times 24 \text{ hours per day}) = 90\%$

Low-load factor customers can consist of multi-family housing, restaurants, and in some cases warehouses.<sup>29</sup> Other examples can be single-shift manufacturers, churches, schools, and

<sup>26</sup> NEP Ex. 34, (Rehberg Direct Testimony) at 3.

<sup>27</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3.

<sup>28</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3.

<sup>29</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3.

small medical and commercial offices.<sup>30</sup> For these customers, managing demand can be difficult and dependent on the circumstances not easily controlled.<sup>31</sup> Therefore, these customers tend to have poor load factors versus customers such as wastewater treatment plants, industrial refrigeration and manufacturers that are able to control usage on a much more granular scale to achieve higher load factors.<sup>32</sup>

For example, a restaurant's consumption of electricity is higher during a few hours a day as HVAC systems work to provide comfort to meet customers demand during peak mealtime hours.<sup>33</sup> However, over the course of a month, a restaurant's energy (kWh) usage is significantly diminished when it is closed.<sup>34</sup> Once a peak is established during the month, the reduced consumption, while not operating, drives load factors lower.<sup>35</sup> Unlike a manufacturer that can control shifts or manage operations to flatten peaks and minimize its monthly peak demand, a restaurant is not going to turn away customers or make them uncomfortable to manage its peak demand.<sup>36</sup> Multi-family units also are subject to fluctuating usage as general tenant lifestyle impacts apply, depending on whether the tenant is home or away and the nature of the tenants' use of common areas.<sup>37</sup>

**2. The proposed GS Rate Schedule is harmful for low-load factor customers and will lead to high bill increases for such customers.**

Rather than the current tariff's separate rate schedules for GS-2, GS-3 and GS-4, the Stipulation proposes a single GS rate schedule for all demand-metered commercial customers.<sup>38</sup>

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<sup>30</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3.

<sup>31</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>32</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4. *See also* Tr. IV at 726: 2-14.

<sup>33</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>34</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>35</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>36</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>37</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

<sup>38</sup> Joint Ex. 1 at Attachment C, Sheets 220-1 thru 220-11, 223-1 thru 224-1.

The monthly bill for customers under the new GS schedule includes a demand charge (\$/kW), an excess reactive demand charge (\$/kVA) and a flat, non-volumetric monthly customer charge (\$).<sup>39</sup>

Below are the proposed highlighted demand rates from the Stipulation's redline tariff (Original Sheet No. 220-5-6):

Monthly Rate

<u>Schedule Code</u>	<u>Service Voltage</u>	<u>Demand Charge (\$/kW)</u>	<u>Excess Reactive Demand (\$/kVA)</u>	<u>Customer Charge (\$)</u>
<u>215,231,265,770,840,845</u>	<u>Secondary</u>	<u>7.01</u>	<u>1.25</u>	<u>9.40</u>
<u>217,232,266,322,774,841,846,861</u>	<u>Primary</u>			
	<u>Ohio Power Rate Zone</u>	<u>6.72</u>	<u>1.21</u>	<u>138.50</u>
	<u>Columbus Southern Power Rate Zone</u>	<u>5.85</u>	<u>1.21</u>	<u>138.50</u>

These rates represent a significant increase for GS-2 and GS-3 customers, with the demand rate almost doubling for the Ohio Power and Columbus Southern Power rate zones. For example, below are the current demand rates for GS-3 customers in the Columbus Southern Power rate zone today (see highlights).<sup>40</sup>

Monthly Rate

	<b>Secondary</b>	<b>Primary</b>
<b>Schedule Codes</b>	850, 852, 854, 855	851, 853, 856, 858
<b>Customer Charge (\$)</b>	9.04	115.29
<b>Distribution Demand Charge (\$/KW)</b>	<u>4.033</u>	<u>3.183</u>
<b>Excess KVA Charge (\$/KVA)</b>	0.863	0.835

<sup>39</sup> Joint Ex 1 at Attachment C, Sheets 220-1 thru 220-3.

<sup>40</sup> See AEP Ohio's Standard Tariffs on "AEP Ohio Electric Rates" webpage at [https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/2021-05-28\\_AEP\\_Ohio\\_Standard\\_Tariff.pdf](https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/2021-05-28_AEP_Ohio_Standard_Tariff.pdf) (accessed June 11, 2021).

GS-2 customers in the Columbus Southern Power rate zone are subject to the same demand rates.<sup>41</sup>

Monthly Rate

	<b>Secondary</b>	<b>Primary</b>
Schedule Codes	840, 842, 844, 845, 847, 876, 877, 878	841, 843, 846, 848, 891, 892, 893
Customer Charge (\$)	9.04	115.29
Distribution Demand Charge (\$/kW)	4.033	3.183
Off Peak Excess Demand Charge (\$/kW)	4.033	3.183

Likewise, both GS-2 and GS-3 customers in the Ohio Power rate zone also currently have demand rates less than half than the rate proposed in the Stipulation.<sup>42</sup>

GS-2 Customer

Monthly Rate

	<b>Secondary</b>	<b>Primary</b>	<b>Subtrans.</b>	<b>Trans.</b>
Schedule Codes	840, 844, 845, 876, 877, 878	841, 849, 846, 891, 892, 893	842, 847, 896, 897, 898	843, 848, 896, 897, 898
Customer Charge (\$)	22.79	95.47	512.00	512.00
Distribution Demand Charge (\$/KW)	4.16	3.76	0.00	0.00
Excess KVA Demand Charge (\$/KVA)	3.82	3.82	3.82	3.82

GS-3 Customer

Monthly Rate

	<b>Secondary</b>	<b>Primary</b>	<b>Subtrans.</b>	<b>Trans.</b>
Schedule Codes	850, 854, 855	851, 856, 859	852, 857	853, 858
Customer Charge (\$)	22.79	95.47	512.00	512.00
Distribution Demand Charge (\$/KW)	4.16	3.76	0.00	0.00
Excess KVA Demand Charge (\$/KVA)	3.82	3.82	3.82	3.82

One reason for the large increase in the distribution demand charge is that certain rider costs that are currently being collected on a kWh basis or percentage-of-bill charge basis will be

<sup>41</sup> See AEP Ohio's Standard Tariffs on "AEP Ohio Electric Rates" webpage at [https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/2021-05-28\\_AEP\\_Ohio\\_Standard\\_Tariff.pdf](https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/2021-05-28_AEP_Ohio_Standard_Tariff.pdf) (accessed June 11, 2021).

<sup>42</sup> *Id.*

reset to zero with their balance rolled into and collected through demand charges under the proposed GS schedule. For example, as AEP Ohio witness Roush testified, a large percentage of costs currently being collected through the DIR as a percentage of distribution costs were rolled into rate base (roughly 40% of the DIR) and will now be collected from GS customers through the monthly distribution demand charge.<sup>43</sup> The result of this shifting into the demand charge coupled with the proposed allocation of revenue requirement to the various classes is a significant demand-based charge for commercial customers.

While the signatory parties do not appear to be concerned about the proposed GS primary and secondary rate schedule, NEP recognizes that its customers and other low-load factor customers will see a significant distribution charge increase on monthly bills. While retailers and manufacturers are parties to the Stipulation, the low-load factor customers affected under NEP's analysis include (but are not limited to) restaurants, multi-family dwellings, churches and small commercial offices. And as Mr. Rehberg noted, "[t]he proposed GS rate schedule does not account for gradual rate increases for low-load factor customers due to the impact that the demand based rate schedule will have on those customers."<sup>44</sup>

Mr. Rehberg's analysis of four representative sets of billing inputs (two representing low-load factor and two representing high-load factor customers) shows the impact.<sup>45</sup> Specifically excluding generation, transmission and any usage-based non-distribution riders, he was able to show that compared to December 2019 rates, commercial customers under the Stipulation's rate schedule will see an approximately 33% to 40% increase in distribution costs with medium-

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<sup>43</sup> Tr. I at 64-65:22 -5.

<sup>44</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 8.

<sup>45</sup> NEP Ex. 34 (Rehberg Direct Testimony) at Exhibit A.



consuming customers seeing a cost increase on average of \$1,652 per year and larger consuming customers seeing an annual cost increase on average of \$11,348 (based on a DIR of 5%).<sup>46</sup>

When comparing the Stipulation rates to those in effect only a few months ago in March 2021, he found that the increase in distribution rates (using a 5% DIR charge) as a result of the Stipulation is approximately 26% to 32% of what customers are paying now for the same service.<sup>47</sup> Medium-consuming customers would see on average an increase of \$1,363 per year while larger-consuming customers are expected to average \$9,670 per year.<sup>48</sup> These increases will jump even higher to \$1,718 and \$11,828, respectively, as the DIR percentage increases to meet the proposed caps in 2023. And, the increases will continue to magnify year to year.<sup>49</sup>

The below table summarizes the impacts that GS customers will immediately see if the proposed Stipulation goes into effect. In order to show the disparity, Mr. Rehberg's analysis moved the costs to an apples-to-apples customer comparison by turning the monthly distribution increase into a per kWh rate. This highlights the discriminatory impact between GS customers with different load factors. The below chart shows how low-load factor GS customers will pay over twice as much for each kWh of electricity used as compared to high-load factor GS customers.

Distribution Charge Increase as Result of Stipulation – March 2021 Rates to Stipulation<sup>50</sup>

Example Customer	Load Factor	March 2021 Monthly Distribution Charge	Stipulation Monthly Distribution Charge	Annual Distribution Charge Increase	% Distribution Charge Increase	Monthly Distribution Increase per kWh
GS 2 Secondary	37%	\$425.35	\$535.62	\$1,323.24	26%	\$0.0060
GS 2 Secondary	79%	\$449.92	\$566.97	\$1,404.58	26%	\$0.0028

<sup>46</sup> Tr. IV at 748: 1-10. *See also* NEP Ex. 34 (Rehberg Direct Testimony) at 6.

<sup>47</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6.

<sup>48</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6.

<sup>49</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6.

<sup>50</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6 and Attachment A.

GS 3 Primary	30%	\$3,283.37	\$4,347.34	\$12,767.72	32%	\$0.0075
GS 3 Primary	67%	\$1,804.64	\$2,352.47	\$6,574.07	30%	\$0.0033

These impacts will continue to increase as the rates in the Stipulation increase. For example, the Stipulation's impact to GS customers will increase year-to-year as more projects are added to and collected through the DIR. The below table shows these increases as calculated by Mr. Rehberg using a DIR of 11%, which represented the DIR under the 2023 DIR caps.

Distribution Charge Increase as Result of Stipulation –March 2021 Rates to Stipulation<sup>51</sup>

Example Customer	Load Factor	March 2021 Monthly Distribution Charge	Stipulation Monthly Distribution Charge	Annual Distribution Charge Increase	% Distribution Charge Increase	Monthly Distribution Increase per kWh
GS 2 Secondary	37%	\$425.35	\$564.37	\$1,668.17	33%	\$0.0076
GS 2 Secondary	79%	\$449.92	\$597.40	\$1,769.70	33%	\$0.0036
GS 3 Primary	30%	\$3,283.37	\$4580.64	\$15,567.32	40%	\$0.0091
GS 3 Primary	67%	\$1,804.64	\$2,478.72	\$8,809.02	37%	\$0.0041

The Commission should note that Mr. Rehberg's assumptions for the DIR were very close to AEP Ohio witness Moore's assumptions. For example, AEP Ohio witness Moore projected DIR caps of 4.12127% for 2021, 7.44495% for 2022, 13.69088% for 2023 and 17.08953% for 2024.<sup>52</sup> Mr. Rehberg assumed 5% for the 2021 DIR and 8% and 11% for 2022 and 2023 respectively. Mr. Rehberg's use of a 5% DIR for 2021 was very close to AEP Ohio witness Moore's assumption of 4.12127% for the DIR in 2021. Likewise, his assumptions for 2022 and 2023 were close to but, actually more conservative than to Ms. Moore's projections.

<sup>51</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6 and Attachment A.

<sup>52</sup> NEP Ex. 28.

The one witness whose projections were different was AEP Ohio witness Roush, who utilized a DIR of negative 3.27995 percent for his exhibit calculations. If Mr. Roush would have used Ms. Moore's estimate, the impacts he provided in his testimony (AEP Ohio Exhibit 4A, Exhibit DMR-S2) would have increased. For example, utilizing NEP Exhibit 8 (response to NEP-RPD-02-002) an excel spreadsheet used by Mr. Roush to create Exhibit DMR-S2), changing the DIR percentage to Ms. Moore's 2021 assumption of a positive 4.12127% from Mr. Roush's negative 3.27995 percent **doubles** the monthly impact (excluding generation costs) for a GS-3 primary demand-metered customer with a monthly peak of 500 kW and a usage of 175,000 kWh from \$173.05 per month to \$399.78 per month. Annualized, this would be an increase of \$4,797.36 for that customer. For multi-family, restaurants and other low-load factor businesses, this is not a small cost when the actual dollar impact versus percentage impact is taken into account.

Mr. Roush further reduced the impacts of the change in rate schedules by using the Energy Efficiency and Peak Demand Reduction Rider as credits to his proposed bill impact calculations.<sup>53</sup> The EEPDR Rider was in effect as of 2019 and expired due to a statutory change, and the expiration was intended to act a credit to offset a new nuclear and generation fund charge, not to be a credit to offset AEP Ohio's distribution rate increase.<sup>54</sup> If the purpose of Mr. Roush's impact calculations were to single out the impact of the distribution rate increase, then he should have left in the EEPDR Rider when doing his comparison (as the expiration of the rider had nothing to do with the proposed distribution rate changes). Indeed, adding in the EEPDR to the above example calculation significantly increases the annual impact to that same customer to a monthly increase of \$891.61 and an annual increase of \$10,699.32.

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<sup>53</sup>Tr. I at 187:2-6.

<sup>54</sup>Tr. I at 66:7-12. See also *In the Matter of the Application of Ohio Power Company for Approval of Its Energy Efficiency and Peak Demand Reduction Program Portfolio Plan for 2017 through 2020*, Case No. 16-574-EL-POR, Finding and Order (February 26, 2020), Entry (September 28, 2020), and Entry (November 4, 2020).

**The reason Mr. Rehberg’s testimony is so important is because he was the only witness in this proceeding to analyze the actual rate impact of the Stipulation on GS-2 and GS-3 low-load factor customers.** For example, when Mr. Rehberg assumed a DIR increase of 11%, his rate impact calculations show that medium-consuming customers will see on average an increase of \$2,007 per year and that larger-consuming customers will see on average an increase of \$13,505 per year.<sup>55</sup> His impact calculations shows that GS customers will see a sizable increase in distribution rates with no additional benefits or services from what they receive today.<sup>56</sup> Bill impacts are mathematical calculations – and Mr. Rehberg’s unrefuted calculations show that the GS rate schedule proposed by the Stipulation will have a particularly significant and long-term rate impact on low-load factor customers by locking in cost increases to demand charges.<sup>57</sup>

**3. The Stipulation is not in the public interest because it does not have an additional GS rate schedule for low-load factor customers.**

The record in this proceeding shows that the proposed GS rate schedule does not account for the bill increases that low-load factor customers will experience due to the impact that the increased demand-based rate schedule will have on those customers. There is no dispute that demand charges are significantly increasing under the Stipulation for commercial customers. There also is no dispute that, under a demand-only based rate schedule, low-load factor customers that cannot manage monthly peak demand effectively will not have the opportunity to lower monthly costs (unlike customers that can manage peak demand).<sup>58</sup> The Commission can address this issue by requiring AEP Ohio to develop an additional GS rate schedule for low-load factor customers that provides for a combination of energy-based and demand-based charges. Under

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<sup>55</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 6.

<sup>56</sup> NEP Ex. 34 (Rehberg Direct Testimony) at p. 7.

<sup>57</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 7.

<sup>58</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 8.

such schedule, low-load factor customers that implement energy efficiency measures would be rewarded with lower monthly bill costs.

NEP witness Rehberg proposed such an energy and demand rate schedule for the Commission's consideration. If implemented, the low-load factor rate schedule would not result in any shift of costs to other classes of customers. Instead of the all-demand charge proposed by AEP Ohio under the GS rate schedule, Mr. Rehberg recommended setting the demand charge for customers with load factors equal to or less than 40% (based on prior year's 12-month load factor average) to be no more than 25% of the Stipulation's proposed demand charges for GS secondary and GS primary customers.<sup>59</sup> He then backed into an energy charge (\$/kwh) so that the amount collected in total (demand charges and energy charges) will equal the revenue from the demand-only charges expected to be collected per the Stipulation, assuming no usage reduction.<sup>60</sup>

Using that approach, Mr. Rehberg provided specific rates that the Commission can adopt in this proceeding that are designed to be revenue neutral.

- For GS secondary low-load factor customers, a demand charge of \$5.04 per kW and an energy charge of \$0.0067 per kWh.
- For GS primary low-load factor customers, a demand charge of \$3.98 per kW and an energy charge of \$0.0064 per kWh.<sup>61</sup>

The above rate structure will maintain the revenue requirement but split the stipulated cost increase between demand and energy for low-load factor customers, providing a balance between a cost increase guarantee for AEP Ohio and some amount of cost control for low-load factor customers.<sup>62</sup>

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<sup>59</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 10.

<sup>60</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 10.

<sup>61</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 10.

<sup>62</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 10.

Importantly, the Commission should take note that AEP Ohio used the exact same approach when setting rates for the proposed Schedule PEV (Pilot Plug-In Electric Vehicle Schedule).<sup>63</sup> Under that schedule (see Joint Exhibit 1, pdf page 276 of 323, Original Sheet No. 270-1), the monthly charges for residential customers taking service include a demand and energy charge:

Monthly Rates

	<u>Distribution</u>
Customer Charge (\$)	10.00
On-Peak Demand Charge (\$ per KW)	2.14
Energy Charge (¢ per KWH)	1.31563

Mr. Roush testified that to establish that rate schedule, “... the demand charge was one-half of the demand charge established for Schedule RSD, the demand metered residential tariff, and then the energy charge was designed to be revenue neutral in the aggregate.” Mr. Roush also testified that the rate structure (revenue neutral) would not result in customers on other schedules paying more as a result of Schedule PEV.<sup>64</sup> That is exactly what Mr. Rehberg is proposing for low-load factor customers – a rate schedule that is designed to be revenue neutral as to the allocated cost requirement and that avoids shifting costs to other customers. Furthermore, the policies being advanced by Schedule PEV are similar to the policies advanced by Mr. Rehberg for an obvious reason – Schedule PEV targets a certain subset of low-load factor customers.<sup>65</sup>

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<sup>63</sup> Tr. I at 93:3-10.

<sup>64</sup> Tr. I at 93:13-94:6.

<sup>65</sup> EVgo Ex. 1 (Rafalson Direct Testimony) at 4.

**4. An additional GS rate schedule for low-load factor customers based on energy and demand charges is in the public interest.**

The public interest will be served by adopting Mr. Rehberg's proposed schedule for low-load factor customers. Restaurants, schools, multi-family dwellings and other low-load factor customers would have the opportunity to lower a portion of their distribution charges through energy efficiency measures and behavior-based changes.<sup>66</sup> Those customers would also avoid the "decoupling effect" of the Stipulation's proposed GS schedule on low-load factor customers, where more costs are now being recovered through a demand charge rather than through energy charges. And importantly, a low-load factor customer schedule consisting of energy and demand charges could avoid the bill shock that will likely occur due to the increased demand charge.

Mr. Rehberg's proposed energy/demand schedule for low-load factor customers will also incentivize energy efficiency projects with no cost to other customers.<sup>67</sup> Energy efficiency project benefits are typically measured in usage (kWh) reduction.<sup>68</sup> With the elimination of the energy efficiency rebate program managed by AEP Ohio, customers will be looking for ways to improve the payback on future energy efficiency projects.<sup>69</sup> Moving a portion of distribution charges to energy (kWh) will improve the payback calculations for deploying capital, which should incentivize further energy efficiency.<sup>70</sup>

There is no downside to an energy/demand rate schedule for low-load factor customers. AEP Ohio's only reason for objecting to a low-load factor rate schedule would be that it loses the benefit of a demand only rate, which removes the uncertainty of usage increasing or decreasing every month. This is another form of decoupling. But, usage uncertainty exists today for AEP

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<sup>66</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

<sup>67</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

<sup>68</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

<sup>69</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

<sup>70</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

Ohio as the residential and non-demand metered GS-1 rate schedules are based primarily on kilowatt-hour charges.<sup>71</sup> Likewise, AEP Ohio has uncertainty on revenue collection from high-load factor customers that can control demand to minimize costs.<sup>72</sup>

As set forth above, it is very difficult for low-load factor customers to control demand. Thus, if low-load factor customers are left under the Stipulation's GS rate proposal, they will not have the ability to effectively manage costs as their monthly peak demand will be the primary factor in determining their GS distribution rate schedule charges.<sup>73</sup> While other customers have the ability to lower costs, low-load factor commercial customers will not and that is not in the public interest. This problem can be easily fixed with a revenue neutral rate schedule designed for low-load factor GS customers.

**5. In the alternative to the solution proposed in Section III.A.4 above, the Commission should adopt the pilot program proposed by NEP.**

If the Commission elects to not require AEP Ohio to adopt a demand/energy schedule for low-load factor GS customers, NEP requests that the Commission adopt a pilot program to investigate the benefits of a low-load factor rate schedule in AEP Ohio's service territory. Mr. Rehberg explained the pilot will be beneficial to the Commission, to AEP Ohio and to AEP Ohio's commercial customers because, not only will it provide an opportunity to evaluate a low-load factor rate schedule, it will also create an incentive for energy efficiency (cost control) that can be investigated without any additional cost to AEP Ohio's customers.<sup>74</sup>

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<sup>71</sup> Tr. IV at 731:9-14.

<sup>72</sup> Tr. IV at 733:13-23.

<sup>73</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 9.

<sup>74</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 12. To be clear, NEP is not proposing that other customers or other customer classes pay for NEP's proposed pilot. Tr. IV at 742:5-20.



NEP's pilot would involve the previously described rate schedule (containing a demand component and an energy component) being available on a limited basis to the low-load factor GS customers in AEP Ohio's service territory. The pilot rates would be:

- For GS secondary low-load factor customers: a demand charge of \$5.04 per kW and an energy charge of \$0.0067 per kWh.
- For GS primary low-load factor customers: a demand charge of \$3.98 per kW and an energy charge of \$0.0064 per kWh.

Again, a low-load factor customer would be defined as a customer with a load factor of 40 percent or below based on the prior year's 12-month load factor average.

The additional details related to participating in the pilot are:

- Participation would be limited to 1,000 GS low-load factor customers who select the pilot.<sup>75</sup>
- Participation would be on a first-come, first-serve basis.<sup>76</sup> This is consistent with other AEP Ohio pilots (e.g., proposed PEV pilot and BTCR pilot).<sup>77</sup>
- The participation level can be decreased by AEP Ohio, if the impact to AEP Ohio is greater than \$1.2 million in any given year.<sup>78</sup>

Finally, NEP recommends that, within 60 days after the Commission approves the pilot, interested parties in these proceedings meet to identify the process for customers to sign-up for the pilot.<sup>79</sup>

The purpose of NEP's pilot is to evaluate how a low-load factor rate schedule can assist with the disproportionate, amplifying effect of AEP Ohio's stipulated rate increase on low-load factor customers, by giving the pilot participants tools to manage costs.<sup>80</sup> A combined demand charge/energy charge pilot is reasonable for three reasons. The first reason is the functional inability of low-load factor customers to manage their peak demand and, therefore, manage their

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<sup>75</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 11.

<sup>76</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 11.

<sup>77</sup> Jt. Ex. 1 at 17 and Attachment C, Sheet 270-1.

<sup>78</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 12.

<sup>79</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 12.

<sup>80</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 12; Tr. IV at 728:21-25.

electric bills.<sup>81</sup> As noted earlier, charging a higher demand-only rate for electric service, as proposed in the Stipulation, will increase the low-load factor customers' monthly bills and do so over the long term because the increase is "locked into" a demand charge.<sup>82</sup> But, there are multiple ways in which to collect AEP Ohio's costs, and a demand-only rate is just one approach.<sup>83</sup> To collect some of the costs through a combined rate design based on the period of highest power demand (the demand charges) and other costs through a volumetric charge (the energy charge) would more appropriately balance the rate increase by designing the tariff to customer type. As Mr. Rehberg expertly stated "[s]plitting the cost increase between demand and energy provides a balance between a cost increase guarantee for AEP Ohio and some amount of cost control for customers."<sup>84</sup> The Commission, AEP Ohio and AEP Ohio's commercial customers can evaluate the impact that rate design has on the low-load factor customers' behavior.

The second reason a combined demand charge/energy charge pilot is reasonable is that other nonresidential customer groups are provided an ability to manage the rate increase under the proposed Stipulation. GS Primary customers behind Columbus Southern Power will receive a phased-in demand charge increase and GS-1 commercial customers without demand meters will retain a kWh-based, energy-only rate, rather than be converted to demand-only charges.<sup>85</sup> Similarly, the Stipulating Parties agreed to expand the BTCR Pilot so that qualifying customers have an even greater opportunity to manage their bills through a different allocation of transmission costs than the rest of their class. The Commission acknowledged this effect for the

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<sup>81</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3, 8. Load factor is the ratio of how much energy a customer used over a period of time versus how much that customer could have used if it constantly consumed electricity at its peak use over that same period. *Id.* at 3.

<sup>82</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 7. Generally, the timeframe for a demand charge is "the highest 15-minute interval of demand during the billing cycle." EVgo Ex. 1 at 4.

<sup>83</sup> Tr. IV at 4-9.

<sup>84</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 10.

<sup>85</sup> Jt. Ex. 1 at 16 (Section III.F.3) and Sheet 220-1 thru 220-3.

BTCR Pilot participants in 2018 when it approved a prior expansion of the pilot, stating that, with that expansion, the participants “will likely be incentivized to reduce their load consistent with the BTCR program requirements.”<sup>86</sup> The Stipulation also offers residential and commercial customers a plug-in electric vehicle (“PEV”) pilot program that is being presented to the Commission as “offering the appropriate rate design incentives,” among other things.<sup>87</sup> EVgo Services LLC supports that pilot program and EVgo Witness Sara Rafalson explained why the stipulated non-demand rate design is important to that pilot program.<sup>88</sup>

This timeframe [for a demand charge] is a problem for [direct current, fast-charging (“DCFC”)] stations because the station is only used for a short time—typically less than an hour—while users recharge their EV at intermittent periods throughout the day. During this short time period, charging stations must disburse a significant amount of electricity to fully recharge the driver’s vehicle, and for the utility’s billing purposes, that disbursement represents a demand increase that would be captured by a demand charge. As a result, the station operator will be subject to the demand charge even if the station itself is used infrequently. This will result in unnecessarily high energy bills for [electric vehicle] infrastructure providers such as EVgo and impede private investment in DCFC infrastructure.

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By offering non-demand metered rates for qualifying commercial customers (i.e., those who present new load), the PEV public charging tariff offers the appropriate rate design incentives and certainty to facilitate increased private sector development of charging infrastructure throughout the Company’s service territory.

Notably, both Mr. Rehberg and Ms. Rafalson share the same concern regarding the impact of demand-only charges on low-load factor customers. As Mr. Rehberg testified without challenge, low-load factor customers can have difficulty managing demand as demand can be dependent on the circumstances not easily controlled.<sup>89</sup> The Stipulation, however, unreasonably

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<sup>86</sup> *ESP IV*, Opinion and Order at ¶145.

<sup>87</sup> Joint Ex. 1 at 12-13 and Attachment C, Sheet 270-1; EVgo Ex. 1 at 4-5.

<sup>88</sup> EVgo Ex. 1 at 4-5.

<sup>89</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4.

fails to include an appropriate rate design and incentives for the GS low-load factor customers – at a minimum the Stipulation should provide for a pilot to allow the rate design to be explored. Thus, it is reasonable to include a combined demand/energy pilot given the inclusions of non-demand rates for GS1 customers and the other pilots in the Stipulation, along with the policies advanced by such inclusions.

The third reason a combined demand charge/energy charge pilot is reasonable is the combined rate design for the pilot will not shift any costs to other customers. Unlike the impact of the stipulated expansion of the BTCR Pilot wherein additional participation in the BTCR Pilot under the Stipulation will reallocate costs within the general service customer class,<sup>90</sup> the NEP pilot will not result in costs being shifted to other customers. Mr. Rehberg repeatedly explained during his cross-examination that the proposal does not shift costs to other customers:<sup>91</sup>

Q. Okay. So agree -- then what I would like for you to do is agree with me that the distribution system is fixed costs, okay? Under your scenario, if you are proposing to recover fixed costs through a volumetric energy charge, aren't other customers of the utility going to have to make up for those costs that your proposed pilot program customers will be able to avoid by changing their behavior?

A. Well, I am not eliminating the demand charge in my -- in my proposed rate. I mean, we are still accounting for that fixed cost or, you know, essentially the capacity component of distribution. I'm essentially proposing reducing it -- I'm sorry, increasing it at a -- at a smaller rate.

So instead of just doubling the demand charge, nearly doubling the demand charge as the Stipulation proposes, I am proposing to only increase it by a smaller, more gradual amount, but then, in order to make the calculated revenue come out roughly the same, to account for that through the kilowatt-hour component of the bill. So I am not ignoring that there is a fixed capacity component to it; I am just saying it shouldn't be increased quite so fast.

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<sup>90</sup> Jt. Ex. 1 at 17-18.

<sup>91</sup> Tr. IV at 730:10-731:8 and 742:5-20. *See also* Tr. IV. at 733:13-23.

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Q. Well, if there is under -- if NEP's proposal for a new rate schedule for low-load factor customers is adopted by this Commission or a pilot is implemented by this Commission, and there is a revenue shortfall for AEP [Ohio], NEP is not proposing here that that revenue shortfall be made up by other customers or customer classes, are you?

A. I -- no, I have not made a proposal like that in my testimony.

Mr. Rehberg acknowledged that hypothetically, if the pilot participants engage in a high level of energy efficiency, a scenario could emerge of an under-collection of the revenue requirement and AEP Ohio would not seek to recover that reduction in revenue due to energy efficiency achieved in the program.<sup>92</sup> Mr. Rehberg explained that a worst-case under-collection in the pilot might be \$1.2 million per year (assuming the pilot participants' average consumption is 100,000 kWh per month and assuming the high level of energy efficiency is 15 percent).<sup>93</sup>

This collection risk for AEP Ohio is not a basis to reject the pilot for multiple reasons. First, this collection risk is nothing new for AEP Ohio. AEP Ohio already faces the same kind of risk with its residential and GS-1 customers because they are charged at only volumetric-based rates.<sup>94</sup> Second, AEP Ohio and others have agreed in the Stipulation to allow that existing risk to continue -- the residential and GS-1 customer rates will continue to be volumetric, kWh-based rates and the Stipulation contains no terms to otherwise mitigate that risk for AEP Ohio. Third, any under-collection (as compared to the revenue requirements) is hypothetical because it assumes that all pilot participants maximize their energy efficiency, which may not happen.<sup>95</sup> Fourth, Mr. Rehberg also testified that there is a risk of over-recoveries under the pilot because of factors like

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<sup>92</sup> Tr. IV at 740:3-6.

<sup>93</sup> NEP Ex. 34 at 11-12; Tr. IV at 740:7-19, 741:13-25.

<sup>94</sup> Tr. IV at 731:9-14.

<sup>95</sup> Tr. IV at 740:10-12.

weather and economic behavior.<sup>96</sup> Fifth, NEP's pilot allows AEP Ohio to lower the number of participants below the 1,000-customer cap if any under-collection amount reaches \$1.2 million in any given year.<sup>97</sup> This balances AEP Ohio's interest in cost recovery.

In sum, a combined demand/energy charge for the pilot is a reasonable approach, and one that will allow the Commission, AEP Ohio and the customers an opportunity to evaluate if a low-load factor rate schedule can assist with the disproportionate, amplifying effect of AEP Ohio's stipulated rate increase on low-load factor customers. It balances the interests of AEP Ohio and the customers, while not shifting costs onto other customers. If the Commission does not accept NEP's low-load factor rate schedule proposal above, it would be unfair and unreasonable to approve the Stipulation without including NEP's proposed pilot.

**6. Any efforts to discredit Mr. Rehberg's bill impact analysis and recommendations should be rejected.**

Mr. Rehberg has the knowledge and expertise to conduct the bill impact analysis that he presented, and to present the opinions and recommendations as an expert witness in these proceedings. He was a substitute witness who verified the bill impact analysis on his own, and his testimony was appropriately admitted. In addition, the data used for the analysis is from actual existing customer accounts that will be affected by the Stipulation and it shows the impact of the Stipulation.

Any arguments to the contrary should be rejected for several reasons. First, Mr. Rehberg has the knowledge and expertise to present the expert testimony for NEP. Relevant to his testimony on behalf of NEP, Mr. Rehberg explained that his years of experience, extensive knowledge, and work activities involved conducting energy analyses (including bill impacts) for

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<sup>96</sup> Tr. IV 852:20-853:4.

<sup>97</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 12.

a variety of utility customers – from NEP to national and global customers.<sup>98</sup> Mr. Rehberg also testified that for more than 10 years, his work has included energy consulting, business case analyses, and rate impact analyses.<sup>99</sup> Mr. Rehberg testified regarding the details – that his professional experience at his last three employers has involved analyses of electric rates, energy management, efficiency, and load management for various customer classes, such as single-family residential customers, multi-family commercial customers, office building commercial customers, and industrial facilities including large-scale refrigeration and wastewater treatment facilities.<sup>100</sup> At Battelle in particular, Mr. Rehberg led the work on projects and a management team from start to finish, and his work included:<sup>101</sup>

[a] lot of business case analysis for a wide range of customers, everything from residential, commercial, large industrial and, of course, you know, demand charges are a significant component of that. We also looked at Nationwide Energy Partners' bills, you know, even when I was a part of Battelle as well.

Mr. Rehberg added that this work involved bill impact analyses for “quick-serve” restaurants.<sup>102</sup>

Mr. Rehberg has expertise with the concept of low-load factor customers as well.<sup>103</sup> He analyzed energy usage:<sup>104</sup>

So you can see the difference in customer class for commercial and industrial energy use where you basically have two different components where you've got one that's sort of behavioral driven which is what we saw in the load factors and power-consumption characteristics of things like restaurants, Nationwide Energy Partners, ones that we classify as low-load factor. And then on the industrial side by, you know, going to wastewater treatment plants and industrial refrigeration, we could see a higher load factor where -- or manufacturing for that example, where they are able to control their usage on a much more granular scale.

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<sup>98</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 1;

<sup>99</sup> Tr. IV at 724:20-23, 727:1-2.

<sup>100</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 2; Tr. IV at 766:5-8.

<sup>101</sup> Tr. IV at 724:5-11, 726:13-19.

<sup>102</sup> Tr. IV at 725:21-25 – 726:1, 727:1-4.

<sup>103</sup> Tr. IV at 761:24-25 – 762:1-12.

<sup>104</sup> Tr. IV at 726:2-14.

Mr. Rehberg further explained on cross-examination that certain details (i.e., this appliance or that property feature) are not needed in order to evaluate whether a customer is a low-load factor customer or to consider the impact of the Stipulation on the customer because “load factor is driven by the physics of the service or business they are providing and the considerable loads on their facilities.” Mr. Rehberg was consistently clear on this point in his cross-examination:

- “...I know that generally human behavior and thermal loads cause changing loads throughout the day which then impact the load factor. So to be able to look at a -- at a bill -- a commercial bill from a power company and see the demand charge and energy charge and then know in general what the underlying facility is like but not whether or not it contains the detail of a particular pool or restaurant or not, you can still extrapolate from that that this is driven by human behavior and thermal loading.”<sup>105</sup>
- “...even though you don’t have their specific billing data, you can still approximate their usage characteristics based on what you know of the underlying physics of their process. So it’s considered but if I don’t have access to their actual bill, I don’t know what specific number for demand or usage they would have had.”

Relying on his knowledge and expertise, Mr. Rehberg presented unchallenged testimony that a low-load factor customer would be a customer with a load factor of 40 percent or below, based on the prior year’s 12-month load factor average.<sup>106</sup> Mr. Rehberg’s background, knowledge, and experience establish that he was properly permitted to testify as an expert in these proceedings. Moreover, his testimony is entitled to substantial weight given his expertise in conducting bill impact analyses.

Second, Mr. Rehberg was properly substituted for Ms. Buckley, the original NEP witness. Ms. Buckley conducted a bill impact analysis and had pre-filed testimony about the analysis and recommended solutions. She then became unavailable to testify due to a conflict. Mr. Rehberg then conducted a bill impact analysis – he independently ran the calculations using the same billing

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<sup>105</sup> Tr. IV at 762:2-12.

<sup>106</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 3.



determinants as Ms. Buckley.<sup>107</sup> He also independently verified the low-load factor percentage.<sup>108</sup> He confirmed that the data he had available for his analysis included low-load factor customers.<sup>109</sup> He reached the *same conclusions* (with small rounding) as to the percentages of the increase that the stipulated rates would have on representative customers (some of his underlying numbers were slightly different, which he attributed to simple rounding differences) and the disproportionate impact on low-load factor customers.<sup>110</sup> Mr. Rehberg was properly substituted for Ms. Buckley and testified regarding the impact of the Stipulation on GS customers, based on the analysis.

Third, any argument attacking the data used in the bill impact analysis would ignore the simple fact that the billing determinants are meant only to be representative of the impact that the Stipulation will have on GS demand metered customers. The kilowatt and kilowatt-hour determinants in Mr. Rehberg's analysis are independent of the underlying type of usage – rather they show how distribution charges will increase for low-load and high-load customers. Regardless, the billing determinants were based on four actual commercial accounts with AEP Ohio – NEP's customers and were multi-family developments.<sup>111</sup> Two accounts were high-load factor customers and two were low-load factor customers.<sup>112</sup> Details as to why the accounts were high-load or low-load factor customers are not needed because the impact calculations were not done to categorize what constitutes high-load or low-load factor customers. Rather Mr. Rehberg simply applied billing determinants that represented high-load and low-load factor customers (regardless of the business a customer may operate) to determine the costs impacts to those

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<sup>107</sup> Tr. IV at 787:2-6.

<sup>108</sup> Tr. IV at 724:12-14.

<sup>109</sup> Tr. IV at 765:22-766:2.

<sup>110</sup> NEP Ex. 34 (Rehberg Direct Testimony) at Exhibit A; Tr. IV at 780:14-781:17, 787:2-6.

<sup>111</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 4-5; Tr. IV at 745:6-8, 760:12-16, 764:14-18.

<sup>112</sup> NEP Ex. 34 (Rehberg Direct Testimony) at 5, Exhibit A; Tr. IV at 743:22-25, 766:15-20. Note, not all of NEP's customers are low-load factor customers, and not all of NEP's customers would qualify for the proposed rate schedule or the proposed pilot.

category of customers. The Stipulation Parties have no reason and no basis to attack the billing determinants used in Mr. Rehberg's analysis.

In sum, Mr. Rehberg presented a solid analysis of the impact of the Stipulation on current GS-2 and GS-3 demand metered customers with low-load factors. The analysis sufficiently informs the Commission of the impact of the Stipulation on real customers. The Commission should disregard any claims and arguments to the contrary.

**B. The language in the Stipulation with respect to customers purchasing AEP Ohio's facilities is deficient and not in the public interest.**

**1. The Stipulation did not resolve the deficiencies with respect to customers seeking to purchase AEP Ohio's facilities.**

Staff witness Craig Smith testified that Staff did not perform an operations and process review regarding AEP Ohio's system for customers purchasing AEP Ohio's facilities; instead, the Staff focused on the vegetation management program and capital spares program.<sup>113</sup> The fact that Staff did not review AEP Ohio's current system for purchases of equipment by customers does not mean that the current system is of benefit to customers; nor does it mean that there was even a process for equipment purchases for the Staff to review. Indeed, **AEP Ohio's witness Ms. Moore acknowledged that there is no process for customers to follow for equipment purchase requests.**<sup>114</sup>

Moreover, the fact that the Stipulation contains certain language with respect to equipment purchases is an acknowledgment by AEP Ohio, as well as by the other signatory parties, that the current system needs to be reformed. The problem is that the language in the Stipulation does not move the needle at all to advance the public interest. The three items – or deficiencies with respect

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<sup>113</sup> Staff Exhibit 3 (Smith Direct Testimony) at 16; Tr. II at 384:8-25.

<sup>114</sup> NEP Ex. 11; Tr. I at 215:20-22.

to AEP Ohio's handling of equipment purchase requests – that are missing from the Stipulation are as follows:

- **a process** that includes a standard submittal process and form;
- **a good faith negotiation standard** along with a deadline for commencing such negotiations; and
- a requirement that AEP Ohio provide **a meaningful response as part of the negotiation** (i.e., response to the submitted form including pricing for equipment that the utility can sell and list of equipment that AEP Ohio cannot sell).

**All three of the foregoing items are critical, and all three items are not included in the Stipulation.** Part III, Section E, paragraph 12 of the Stipulation only states as follows: “The Company agrees to make best efforts to respond within 21 days to customer requests to purchase AEP Ohio facilities on customer premises.” As explained in Section II.B. hereof, **such language is without any substance.** AEP Ohio customers deserve better and the public interest demands reform. AEP Ohio must be bound by certain reasonable requirements with respect to customer requests to purchase equipment. The public is not benefitted at all by the superficial language inserted into Part III, Section E, paragraph 12 of the Stipulation.

**2. The solution with respect to the current deficiencies in AEP Ohio's system for customers seeking to purchase AEP Ohio's facilities consists of modifications to the language in the Stipulation.**

As set forth above, the language in the Stipulation regarding customer requests to purchase AEP Ohio's facilities is deficient. The solution to fix such deficiencies is to modify the language in the Stipulation to (i) ensure that AEP Ohio responds timely to customer requests for the purchase of equipment and (ii) provide all customers with a uniform and reasonable process, including a standardized form, for such requests with a stated requirement that AEP Ohio negotiate in good faith with each customer so that all customers are treated fairly and equally. The specific solution

that NEP is proposing is to add the bold and italicized language below into Part III, Section E, paragraph 12 of the Stipulation:

*The Company agrees to make best efforts to respond within 21 days to customer requests to purchase AEP Ohio facilities **that are located** on customer premises **and that would no longer be used for AEP Ohio distribution service due to a customer project.** Within 30 days of a Commission order approving this settlement, the Company will meet with interested parties to create a form for customer use in requesting an equipment purchase. The form should contain language explaining that, for a customer to request the purchase of a Company facility, the customer or the customer's authorized representative shall submit the completed form to the Company and the Company shall provide pricing and a list of any equipment that must remain with the Company due to any restrictions, to the customer or the customer's authorized representative. The process will require the Company to begin good faith negotiations with the customer or the customer's authorized representative within 21 days of receipt of the request form from the customer.*<sup>115</sup>

**3. Such modifications to the Stipulation with respect to equipment purchases are in the public interest.**

**a. Having a process for equipment purchases is important to customers and advances the public interest.**

Mr. Smith, the Staff's witness, acknowledged that having a process for how customer requests are handled at a utility could improve customer service and be helpful to ensure fair and equal treatment of customers.<sup>116</sup> As Ms. Moore, AEP Ohio's witness, testified, customers must contact their customer service representatives or their engineers to request to purchase existing AEP Ohio facilities.<sup>117</sup> But there is no form for customers to make requests on and there is no information on AEP Ohio's website regarding who customers should contact to make such request.<sup>118</sup> **As Mr. Smith acknowledged, utility customers benefit when (i) customers know who to contact at the utility when they have an inquiry or request and (ii) a utility responds**

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<sup>115</sup> NEP Ex. 33 (Ringebach Direct Testimony) at 5.

<sup>116</sup> Tr. II at 386:20-387:4.

<sup>117</sup> Tr. I at 206:24-207:5.

<sup>118</sup> Tr. I at 203:14-17; 207:9-12.

**to customer requests.<sup>119</sup> It logically follows that utility customers also benefit when they know how to make a request -- i.e., if there is a process.**

A process for equipment purchases also ensures fairness and efficiency, which are both in the public interest. A formalized process would provide customers with answers to the “how?” and “who?” to contact for equipment purchases. It would also ensure **equal treatment of all customers** requesting purchases of equipment – (i) there would be a form for purchase requests that all customers would use to make a purchase request, (ii) AEP Ohio would be required to identify which equipment is subject to potential sale and the price thereof, and (iii) AEP Ohio would be required to negotiate in good faith with respect to all equipment purchase requests. The Commission should encourage equal treatment of all of a utility’s customers as such is in the public interest, and items (i) through (iii) immediately above promote such equal treatment.

AEP Ohio may argue that no process is required and/or no changes to the Stipulation are required based on AEP Ohio’s response in NEP Exhibit 32 – in which AEP Ohio stated that “[w]ith respect to purchase facilities to reconfigure service to master meter service, AEP Ohio received eight (8) requests in 2020.”<sup>120</sup> AEP Ohio might incorrectly deem such figure of no significance or of not enough significance to warrant changes to the Stipulation. First, master meter service reconfigurations do not necessarily include the universe of requests AEP Ohio receives to purchase its facilities. AEP Ohio provided a limited answer to a general interrogatory, which asked: “How many requests did AEP receive in 2020 from customers to purchase AEP facilities?”<sup>121</sup> Secondly, eight (8) requests to reconfigure service to master meter service are significant in that these reconfigurations are significant undertakings, and there is no evidence that such reconfigurations

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<sup>119</sup> Tr. II at 385:23-386:9.

<sup>120</sup> NEP Exhibit 32.

<sup>121</sup> NEP Exhibit 32.

will decrease in subsequent years. AEP Ohio witness Moore also acknowledged she did not know when the eight (8) requests were received in 2020 and whether those requests were still pending.<sup>122</sup> Thirdly, and most importantly, all customer requests should be treated with importance by AEP Ohio and without a dismissive attitude. Ms. Moore's testimony supports that conclusion as she testified that she expected each customer request to be treated with as much importance regardless of the number of requests.<sup>123</sup> Having a process for equipment purchases is important to the customers who make such requests and advances the public interest.

**b. The proposed modifications do not impose an undue burden on AEP Ohio and may allow AEP Ohio to operate with more efficiency.**

NEP's proposed modifications to the Stipulation to ensure a fair process for equipment purchases by customers are by no means overly burdensome for AEP Ohio. A form for purchase requests can easily be created. Moreover, AEP Ohio's witness Ms. Moore testified that AEP Ohio would negotiate in good faith:

Q. You expect AEP Ohio to engage in good faith negotiations as to the price of equipment if both AEP Ohio and the customer agree to a request to purchase AEP Ohio facilities, correct?

A. I think that if the Company is in agreement to sell the equipment, that we would negotiate price in good faith, yes.<sup>124</sup>

Consequently, the addition of the good faith negotiations standard to the Stipulation would not change the expectations that AEP Ohio has of itself based on AEP Ohio's own testimony. Furthermore, having a standard process for equipment purchase requests would allow AEP Ohio to operate more efficiently, because AEP Ohio will be better able to track the status of various

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<sup>122</sup> Tr. II at 279:7-10; 281:2-282:6.

<sup>123</sup> Tr. II at 282:7-17.

<sup>124</sup> Tr. I at 209:8-14.

requests in light of the twenty-one (21) day response deadline that is already included in the Stipulation.

**C. The language in the Stipulation with respect to construction requests is deficient and not in the public interest.**

**1. The Stipulation should encourage transparency, not black holes, with respect to the construction requests process.**

As Staff witness Craig Smith testified, Staff did not perform an operations and process review regarding AEP Ohio's process for construction service requests.<sup>125</sup> However, Mr. Smith did confirm that it would be helpful for customers to know who to contact at the utility when they have a request for the utility and that the utility's customers benefit when a utility promptly responds to customer requests.<sup>126</sup> Mr. Smith also testified about the potential benefits to a utility's customers from a web portal that allows the customers to submit and track their requests.<sup>127</sup> Thus, while the Staff did not review AEP Ohio's current construction request process, there is ample evidence in the record – **with no contradictory evidence** – that demonstrates the frustration imposed on customers and their authorized construction representatives, such as NEP, by AEP Ohio's current system for handling requests for line extensions and construction of new facilities:

[W]ith AEP you fill out this online form or call them, and then it sort of goes into this black hole for a while. And you just wait. You don't even know if they actually received it. There is no confirmation of receipt that comes back right away. And then you get an e-mail. Then you go through this other process. And then again you just wait and wait and wait. And then typically what winds up happening is we wind up having to call AEP, and then you get either our customer service rep who doesn't know where something is at, then you get connected to somebody else, and then NEP has sort of figured out this escalated process which really isn't fair to some of the AEP employees that we're constantly calling them, saying where is our stuff.<sup>128</sup>

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<sup>125</sup> Staff Ex. 3 (Smith Direct Testimony) at 16; Tr. II at 385:7-13.

<sup>126</sup> Tr. II at 385:23-386:9.

<sup>127</sup> Tr. II at 387:5-388:17.

<sup>128</sup> Tr. IV at 897:18-898:8.

Moreover, the Staff is certainly familiar with potential improvements to the customer experience by reducing inefficiencies and customer frustration – the same principles being advanced herein and the same principles that are of public interest.

**2. The solution with respect to the current problems experienced by customers making construction requests to AEP Ohio consists of modifications to the tariff language in the Stipulation.**

AEP Ohio’s current “black hole” system of handling construction requests does not serve the public interest. The tariff language regarding construction requests must be modified to accomplish the following four (4) items:

- Construction requests to be submitted through a **customizable form** so that specific equipment needs for a project can be identified by customers at the inception of the project;
- Construction requests to be submitted through a **web portal**;
- Within seven (7) calendar days of submission of a construction request, AEP Ohio must **acknowledge receipt** of request and provide the AEP Ohio contact person for the project; and
- AEP Ohio to **provide updates** on the status of the construction request every twenty (20) calendar days.

The specific solution that NEP is proposing is to add the bold and italicized language below to Section 10. EXTENSION OF LOCAL FACILITIES of the tariff attached to the Stipulation that begins on Sheet 103-5:

The Company shall construct suitable electric transmission and distribution facilities under this line extension policy to serve customer premises when the customer cannot be served from existing electrical facilities.

Customers *or their authorized representative* requesting new or expanded electric service shall submit detailed and complete information *via an electronic business portal*, which ~~may~~ *will* include but not be limited to *a customer-customizable form for construction requests identifying* switch size, requested delivery voltage, total estimated load, listing of connected loads, operating characteristics, site survey plans (showing other utilities or underground infrastructure) and first floor elevations before the Company



can develop a plan of service and prepare a construction cost estimate. ***The business portal will allow customers to provide, with the initial request, additional information and documents.***

The Company will determine the modifications to the Company's transmission and/or distribution facilities required to provide for a basic service plan to serve the customer's load. The Company will design, construct, own, operate and maintain the line extension and all other equipment installed to serve the customer's load up to the point of service for each customer. The Company, at its discretion and where practicable, will consider alternative route designs on the customer's premises, and the customer will be responsible for the incremental costs associated with the alternative route.

***Within seven days of receiving the request, the Company shall acknowledge the request and shall provide the customer or their authorized representative with the name and contact information of the Company representative who will be responsible for the construction request. Company shall update the customer every twenty days regarding the status of the construction request and associated project.*** Upon receipt of the necessary information from the customer, the Company will comply with Chapter 4901:1-9-07 of the Ohio Administrative Code and exercise its best efforts to expedite the entire process for developing a service plan and preparing a cost estimate.

The Company shall have no obligation to extend, expand or rearrange its facilities if it determines that the existing facilities are adequate to serve the customer's electrical load.

**The modifications in the foregoing language are intended to fix the current problem areas/issues in AEP Ohio's construction request process.** Such modifications will translate to immediate benefits for AEP Ohio's customers. As Ms. Ringenbach testified:

This will allow our team or any customer working with developers and contractors to better plan a project, and ensure that the project has not fallen through the cracks and can proceed on a predictable schedule. The current process includes a form that does not include the ability to customize the service requests to the specific needs of our customers, which leads to our team re-writing AEP's form and then the request going into a bit of a closed room process at AEP. Even if we have the same AEP customer representative through the entire process (which is not always the case), the representative is often not clear on the status of our projects or not able to provide timely and accurate updates.<sup>129</sup>

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<sup>129</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 7-8.

3. **Such modifications to the Stipulation with respect to construction requests are in the public interest.**
  - a. **Having a customer-friendly process that allows a customer to easily track construction requests is important to customers and benefits the public interest.**

The modifications to the tariff proposed by NEP with respect to construction requests will provide visibility to customers so that that they are able to efficiently submit and track their construction requests to AEP Ohio, which will help in planning construction projects and the overall timeline in which various project milestones are dependent on each other.<sup>130</sup> As Ms. Ringenbach testified on behalf of NEP, **Duke Energy has a “great [web] portal for construction requests”**.<sup>131</sup> With Duke Energy’s construction portal: “You put in your information and it immediately sends you a response that says, hey, we got it; here is your number. You can self-serve along the way by putting in your number and actually seeing where your construction process is which is really important during construction because you need to maintain certain timelines. If one thing slips, a lot of other things slip.”<sup>132</sup> Allowing a customer to provide all the relevant information at the time of the original request also ensures that the request is complete from inception.

Allowing customers to be able to access the construction portal and know the status of their request is critical to maintaining project timelines. With Duke’s construction portal, a customer can log in and see the status of the request.<sup>133</sup> As Ms. Ringenbach testified, such easy access to information via Duke’s construction portal not only “speeds up the process in terms of planning for the construction project, but it also makes things run smoother behind the scenes at the utility

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<sup>130</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 8; Tr. IV at 897:11-898:23.

<sup>131</sup> Tr. IV at 897:18.

<sup>132</sup> Tr. IV at 898:10-17.

<sup>133</sup> Tr. IV at 898:10-17.

because the customer isn't constantly calling to interfere and say where is my stuff at [sic] because the customer has the information to know where they are at in the process.”<sup>134</sup> On the other hand, the construction request process under AEP's Ohio existing protocols was explained by Ms. Ringenbach in her direct testimony, **with a specific example showing the kind of frustration that AEP Ohio subjects its customers to:**

The existing process for construction requests, including line extensions and energizing new locations, is inefficient. **NEP and its contractors often submit requests to AEP but then do not hear back for long periods of time, or have to escalate or move through multiple levels of AEP employees, and duplicate efforts.** As just one example, on a project referred to as the Bantry Bay project, NEP contacted AEP on August 3, 2020, with respect to converting the property to a master metered property and the removal of AEP's meters when the commercial meters are installed. **By August 25, 2020, NEP was communicating with the fourth person at AEP involved with NEP's request.** On November 9, 2020, NEP was advised by an AEP representative that yet another AEP representative was going to create the removal orders. On November 25, 2020, NEP was advised that there was another department within AEP, which the AEP representative did not previously know about, that creates removal orders on a quicker basis. **On February 2, 2021, NEP was advised that the renewal orders were created, but then NEP had to wait for the AEP representative to communicate with AEP's line department to schedule the job.** AEP's current process for responding to and fulfilling construction requests is inefficient and creates delays for us and our customers. **NEP has experienced such delays on other projects in addition to Bantry Bay.** Moreover, the existing form for construction requests does not allow customers (or their authorized representatives) to request or identify customized equipment needs. Customers should be able to provide such specific information at the inception of the project in order to eliminate the multiple exchanges with AEP regarding the scope of the construction for a specific project, when such scope can be clearly set forth at the outset if AEP's intake form is revised pursuant to the proposal below.<sup>135</sup>

AEP Ohio's construction request process is not in the public interest – the process frustrates customers instead of providing timely information to AEP Ohio's customers in an efficient

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<sup>134</sup> Tr. IV at 898:17-23.

<sup>135</sup> NEP Ex. 33 (Ringenbach Direct Testimony) at 6-7 (emphasis added).

manner. The Stipulation, in its current form, does absolutely nothing to address such major problem, and for that reason alone is not in the public interest.

- b. The proposed modifications do not impose an undue burden on AEP Ohio but rather would promote procedural efficiencies, and thus, cost savings, within AEP Ohio's archaic system of handling construction requests.**

NEP's proposed modifications to the tariff attached to the Stipulation with respect to construction requests by customers are by no means overly burdensome for AEP Ohio. If Duke Energy can successfully implement a construction web portal for customers to make and monitor their construction requests, there is absolutely no reason why AEP Ohio cannot do the same. Additionally, not only do NEP's proposed modifications to the Stipulation greatly reduce frustration by AEP Ohio's customers making constructions requests, such also benefit AEP Ohio. For example, if a customer can monitor the status of its request by itself, such customer will not need to frequently call AEP Ohio. Similarly, if a customer knows who the contact person at AEP Ohio is for its construction request, the customer will not need to call various individuals at AEP Ohio to try to figure out what one person has such responsibility. Such procedural improvements at the utility level would not only reduce customer frustration but would also make AEP Ohio more efficient, as customers would need to contact the utility less frequently. It is such efficiency that, if properly utilized by AEP Ohio, will help drive down overall operational costs for the utility, thereby creating additional public benefit.

#### **IV. Conclusion**

NEP's proposed modifications to the Stipulation in this proceeding are all in the public interest. Schools, restaurants, small businesses or any other GS-2 and GS-3 customer that is concerned about the significant increase in demand-only distribution charges with no way to control those costs would benefit from a low-load factor rate schedule. Any customer considering

purchasing utility infrastructure on the customer's property and any customer with a construction or line extension request will benefit from NEP's proposed edits to the Stipulation's "best effort" equipment purchase paragraph and the proposed tariff sheet for construction and line extensions.

Accordingly, NEP respectfully requests that the Commission modify the Stipulation to include a low-load factor schedule for GS demand metered customers and at a minimum modify the Stipulation to adopt NEP's proposed 1,000 customer pilot for low-load factor customers. Separate and apart from the rate schedule issue, the Commission should also (1) modify the Stipulation paragraph on equipment purchases to require more than an empty "best-efforts response" from AEP Ohio and adopt the straightforward and verifiable process proposed by NEP and (2) modify the proposed tariff sheet in the Stipulation regarding construction purchases to adopt NEP's suggestions and require AEP Ohio to implement a website portal, as Duke Energy Ohio has done. All of these modifications to the Stipulation are in the public interest and for the benefit of Ohio customers.

Respectfully Submitted,

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### CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 14<sup>th</sup> day of June 2021 upon all persons/entities listed below:

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Interstate Gas Supply, Inc.	<a href="mailto:bethany.allen@igs.com">bethany.allen@igs.com</a> <a href="mailto:joe.oliker@igs.com">joe.oliker@igs.com</a> <a href="mailto:michael.nugent@igs.com">michael.nugent@igs.com</a> <a href="mailto:evan.betterton@igs.com">evan.betterton@igs.com</a> <a href="mailto:fdarr2019@gmail.com">fdarr2019@gmail.com</a>
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Summary: Brief - Initial Post-Hearing Brief electronically filed by Mr. Michael J. Settineri on behalf of Nationwide Energy Partners, LLC