

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO INITIATE
PHASE 3 OF ITS GRIDSMART PROJECT.

CASE NO. 19-1475-EL-RDR

ENTRY

Entered in the Journal on December 14, 2022

I. SUMMARY

{¶ 1} The Commission grants the joint motion filed by Ohio Power Company d/b/a AEP Ohio and Staff to adjust the request for proposal deadline regarding the operational benefits assessment related to AEP Ohio's implementation of Phase 3 of its gridSMART program.

II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services (CRES) necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} In Case No. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for a first ESP, including the Company's proposal to establish a gridSMART Rider and initiate Phase 1 of its gridSMART program, which would focus on advanced metering infrastructure (AMI), distribution automation (DA), and home area network initiatives. *In re Columbus Southern Power Co.*, Case No. 08-917-EL-SSO, et al., Opinion and Order (Mar. 18, 2009) at 37-38, Entry on Rehearing (July 23, 2009) at 18-24.

{¶ 5} On August 8, 2012, the Commission approved, with certain modifications, AEP Ohio's application for a second ESP, effective with the first billing cycle of September 2012 through May 31, 2015. Among other provisions of the ESP, the Commission approved AEP Ohio's request to continue the gridSMART Phase 1 project, as well as the gridSMART Phase 1 Rider, which enabled the Company to recover its prudently incurred costs associated with Phase 1 and was subject to an annual true-up and reconciliation. The Commission also directed AEP Ohio to file an application addressing Phase 2 of the gridSMART program. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012) at 62-63, Entry on Rehearing (Jan. 30, 2013) at 53.

{¶ 6} In Case No. 13-2385-EL-SSO, et al., the Commission approved, pursuant to R.C. 4928.143, AEP Ohio's application for a third ESP for the period of June 1, 2015, through May 31, 2018. Among other matters, the Commission approved AEP Ohio's proposal to extend the gridSMART program. The Commission also noted that, consistent with its directive in the *ESP 2 Case*, AEP Ohio should file, within 90 days after the expiration of ESP 2, an application for review and reconciliation of the gridSMART Phase 1 Rider. The Commission found that, after the review and reconciliation of the gridSMART Phase 1 costs, AEP Ohio should be authorized to transfer the approved capital cost balance into its distribution investment rider (DIR), which would not be subject to the DIR caps, and should also transfer any unrecovered operations and maintenance balance into the gridSMART Phase 2 Rider. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 51-52.

{¶ 7} In Case No. 13-1939-EL-RDR, the Commission modified and approved a joint stipulation and recommendation (Phase 2 Stipulation) regarding AEP Ohio's application to implement Phase 2 of its gridSMART project. The Phase 2 Stipulation provides that costs incurred for the gridSMART Phase 2 project will be recovered through a gridSMART Phase 2 Rider to be adjusted on a quarterly basis and subject to an annual audit for prudence. *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR, Opinion and Order (Feb. 1, 2017) at ¶ 33.

{¶ 8} In Case No. 16-1852-EL-SSO, et al., the Commission modified and approved a stipulation and recommendation filed by AEP Ohio, Staff, and numerous other signatory parties, which authorized the Company to implement a fourth ESP for the period of June 1, 2018, through May 31, 2024, including continuation of the gridSMART Phase 2 Rider. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al., Opinion and Order (Apr. 25, 2018) at ¶ 93.

{¶ 9} On July 26, 2019, in the above-captioned case, AEP Ohio filed an application, along with supporting testimony, to continue its gridSMART deployment through a number of programs referred to as gridSMART Phase 3. Among the gridSMART Phase 3 proposals were the deployment of (1) volt/var optimization (VVO) on an additional 190 substation buses and 492 distribution circuits, and (2) AMI to the Company's remaining customers by replacing approximately 475,000 customer meters. Further, AEP Ohio indicated that it would recover the costs of its Phase 3 investments through the gridSMART Rider, which is subject to an annual filing with the Commission to true up and reconcile the actual costs of investments placed in service and the revenues collected through the rider during the prior period.

{¶ 10} On September 22, 2021, the attorney examiner set this matter for hearing on November 18, 2021, and also granted motions for intervention that were filed by Ohio Energy Group (OEG); Ohio Partners for Affordable Energy (OPAE); Interstate Gas Supply, Inc. (IGS); Ohio Cable Telecommunications Association (OCTA); Direct Energy Services, LLC and Direct Energy Business, LLC (collectively, Direct Energy); Mission:data Coalition (Mission:data); Ohio Manufacturers' Association Energy Group (OMAEG); The Kroger Co. (Kroger); Ohio Consumers' Counsel (OCC); Ohio Hospital Association (OHA); Environmental Law & Policy Center (ELPC); The Smart Thermostat Coalition (STC); Ohio Bell Telephone Company d/b/a AT&T (AT&T); Industrial Energy Users-Ohio (IEU-Ohio); Ohio Environmental Council (OEC); and Ohio Telecom Association (OTA).

{¶ 11} On October 27, 2021, a joint stipulation and recommendation (Phase 3 Stipulation) was filed by AEP Ohio, Staff, OCC, OEG, OPAE, OHA, Kroger, IGS, STC,

Mission: data, IEU-Ohio, OEC, and OMAEG. In addition, OCTA, AT&T, and OTA joined the Phase 3 Stipulation for purposes of supporting Sections I, II, and IV, as well as Paragraph III.J in Section III, which pertained to AEP Ohio's agreement to withdraw its broadband fiber proposal. OCTA, AT&T, and OTA took no position on the other paragraphs in Section III.

{¶ 12} The evidentiary hearing occurred, as scheduled, on November 18, 2021.

{¶ 13} On December 1, 2021, the Commission adopted the Phase 3 Stipulation, which resolved the issues related to AEP Ohio's implementation of Phase 3 of its gridSMART program. Among the issues included within the Phase 3 Stipulation was a requirement that Staff issue a request for proposal (RFP) by December 1, 2022, to select a consultant to complete an operational benefits assessment associated with the gridSMART Phase 3 implementation, which the Commission would consider in determining whether an operational savings credit will be implemented until the effective date of a subsequent base rate case.

{¶ 14} On December 1, 2022, AEP Ohio and Staff filed a joint motion to extend the RFP deadline to December 1, 2023. In the memorandum in support of the joint motion, AEP Ohio explains that material shortages for components used to build AMI meters and deploy VVO equipment have extended the time for obtaining the equipment and deploying VVO by at least 12 months. Accordingly, AEP Ohio now expects to initially install approximately 120,000 of the 475,000 meters in the Phase 3 territory by the end of 2023, with the remaining installations expected to occur in 2024 and 2025. Further, AEP Ohio indicates that its Phase 3 VVO installation is also delayed such that customer benefits from that installation will not be substantial until after 2024.

{¶ 15} At this time, the Commission finds reasonable and approves the joint request to delay Staff's deadline to issue the operational benefits RFP relating to AEP Ohio's gridSMART Phase 3 implementation. In light of the unanticipated supply chain issues that have delayed the gridSMART Phase 3 implementation, we conclude that initiating the RFP

at this time is premature. Accordingly, Staff's deadline for issuing the RFP is extended to December 1, 2023.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That Staff's deadline for issuing the gridSMART Phase 3 operational benefits RFP is extended to December 1, 2023, as indicated in Paragraph 15. It is, further,

{¶ 18} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

MLW/hac

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Summary: Entry that the Commission grants the joint motion filed by Ohio Power Company d/b/a AEP Ohio and Staff to adjust the request for proposal deadline regarding the operational benefits assessment related to AEP Ohio's implementation of Phase 3 of its gridSMART program electronically filed by Ms. Donielle M. Hunter on behalf of Public Utilities Commission of Ohio