**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Establishment of 4901:1-10-10(B) Minimum Reliability Performance Standards for Ohio Power Company. | :  :  : | Case No. 12-1945-EL-ESS |

**INITIAL COMMENTS**

**ON THE PROPOSED RELIABILITY STANDARDS**

**OF**

**OHIO POWER COMPANY**

SUBMITTED ON BEHALF OF THE STAFF OF

THE PUBLIC UTILITIES COMMISSION OF OHIO

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# BACKGROUND AND SCOPE

On September 8, 2010, the Commission approved the current reliability standards for Columbus Southern Power Company (CSP) and for Ohio Power Company (OP) (collectively, the Companies) in Case No. 09-756-EL-ESS. The issues in that case were resolved in a Stipulation signed by the Companies, Staff, and the Office of the Ohio Consumers Counsel. That Stipulation included a requirement for the Companies to file a new application for reliability standards no later than June 30, 2012. On March 7, 2012, the Commission approved the Companies’ application to merge into a single company named Ohio Power Company (OPC).[[1]](#footnote-1) On June 29, 2012, OPC filed an application for new performance standards in Case No. 12-1945-EL-ESS. Staff’s comments apply to that application and are limited in scope to those topics with which Staff has an issue. If a topic is not addressed in these comments, Staff takes no issue with regard to that topic.

# Findings, Conclusions, and Recommendations

Staff’s findings are numbered and discussed below, along with related conclusions and recommendations.

## 1. OPC needs to improve its administration of reliability surveys.

Rule 4901:1-10-10 (B)(4)(b) of the Ohio Administrative Code (O.A.C.) requires electric utilities to conduct periodic surveys of their customers’ perceptions and expecta­tions concerning electric service reliability, and also requires that those surveys be con­ducted under Staff oversight. As part of that oversight Staff has provided the following guidelines:

* The wording of the survey questions should be as prescribed by Staff;
* The surveys need to be administered separately to random samples of residen­tial and small commercial customers;
* Each of these surveys (residential and small commercial) needs to contain a minimum sample size of 400 customers; and
* Each of these surveys (residential and small commercial) needs to be admin­istered to one-quarter of the total sample (minimum of 100) during each of four consecutive calendar quarters.

Due to a delay in adopting a final set of survey questions, OPC did not fully comply with above guidelines. Specifically, OPC conducted the survey in a single session rather in four quarterly sessions and did not use the required sample size of residential and com­mercial customers. Staff believes the lack of quarterly survey sessions and the smaller sample size reduces the reliability of survey results for use in establishing performance standards for the following reasons:

* Administering the survey in four quarterly sessions avoids seasonal bias.
* Using a sample size of 400 residential and commercial customers ensures a 95 percent confidence level.

Staff brought these issues to OPC’s attention in a letter dated October 11, 2012. OPC responded that it intends to conduct future surveys in accordance with Staff’s guidelines, but that commitment was conditional. To ensure OPC’s firm commitment, Staff recom­mends that the Commission order OPC to comply with Staff’s survey guidelines.

## 2. The proposed standards are based (in part) on two years of per­formance data that are not representative of AEP’s current oper­ations.

OPC’s proposed standards are based on the average of its performance during the five years 2007 through 2011. During the last three of those years (2009 – 2011), OPC has been implementing its enhanced vegetation management and distribution automation programs. Staff believes that both of these programs will substantially improve OPC’s reliability performance. The first two years (2007 – 2008) do not reflect the impact of these two programs, and Staff believes they distort the five-year average, upon which the proposed standards are based, because they are not representative of current operations. Staff therefore recommends the exclusion of performance for the years 2007 and 2008 and recommends that the remaining three years (2009 – 2011) be used as the basis for calculating new reliability standards.

Finally, Staff recommends the removal of OPC’s proposed adjustments relating to the enhanced vegetation management and distribution automation programs, because the years 2009 through 2011 already reflect the implementation of AEP’s enhanced vegeta­tion management and distribution automation programs. As a result, Staff believes that no adjustment is needed at this time to reflect the impact of these programs.

## 3. OPC’s proposed standards are based (in part) of performance that missed a reliability standard.

CSP missed its 2011 CAIDI reliability standard. Even though OPC has recalcu­lated its merged-company historical reliability performance, those calculations still reflect CSP’s missed-standard performance. Staff believes it is unreasonable to include missed-standard performance in the calculations used to establish new standards. Staff therefore recommends an adjustment to OPC’s 2011 merged-company CAIDI performance to remove the excess minutes in excess of CSP’s 2011 CAIDI standard.

## 4. Based on the above findings, OPC’s reliability standards should be calculated based on a three-year average plus ten percent with no adjustment for vegetation management or distribution auto­mation, while adjusting for the excess of CSP’s performance in excess of its 2011 CAIDI standard.

The above-described calculations are summarized below.

|  |  |  |
| --- | --- | --- |
| **Combined-Company Performance** | **SAIFI** | **CAIDI** |
| 2009 | 1.09 | 129.67 |
| 2010 | 1.10 | 138.83 |
| 2011 | 1.19 | 140.46 |
| Three-year Average | 1.13 | 136.32 |
| 10 percent of Three-year Average | 0.11 | 13.63 |
| Average + 10 percent  **Staff-Recommended Standards** | **1.24** | **149.95** |

## 5. OPC has requested an implementation date that precludes any knowledge about whether CSP would be in violation for missing its CAIDI standard for a second consecutive year in 2012.

Rule 4901:1-10-10 (E), O.A.C. states that missing a set standard for two consecu­tive years constitutes a rule violation. CSP missed its CAIDI standard for 2011. If the company misses its CAIDI standard again in 2012 it would be in violation of PUCO rules. Making a new merged-company standard effective for 2012 would effectively mask the potential violation unless the Commission adopts a special provision to address this situation. Staff therefore recommends that the Commission either: (1) order OPC to separately track CSP’s 2012 CAIDI performance and report it to Staff for evaluation; or (2) postpone the new standard to become effective beginning in 2013 instead of 2012.

## 6. OPC’s reliability standards should be revisited in 2016 to evaluate the future impact of its vegetation management, distribution automation, and distribution infrastructure initiatives.

Staff believes the following three initiatives will have a measurable impact on OPC’s future reliability performance:

* OPC’s vegetation management initiative (funded by the Enhanced Service Reliability Rider) will not be complete until 2014, when its new four-year trim cycle is scheduled to begin.
* Although the Commission has approved OPC’s request to implement Phase 2 of its gridSMART program (with its distribution automation component, to be funded by the gridSMART Rider), we do not yet know the scope, implementation schedule, or expected reliability impact of the gridSMART Phase 2 program.
* Although OPC’s recently-approved Distribution Investment Rider is expected to produce reliability improvements, such improvements have not been actualized.

Staff expects the improvements these three initiatives will have on OPC’s reliability per­formance to be apparent in its reliability performance and the results of OPC’s next com­plete reliability survey which is to be completed in 2016. At that time, Staff believes new performance standards should be calculated using the companies resulting improved per­formance history. Staff therefore recommends that the Commission order OPC to file an application for new reliability standards no later than June 30, 2016.

Respectfully submitted,

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**William L. Wright**

Section Chief

/s/ Thomas W. McNamee

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# PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Initial Comments on the Proposed Reliability Standards of Ohio Power Company submitted on behalf of the Staff of the Public Utilities Commis­sion of Ohio was served via electronic mail upon the following Parties of Record, this 14th day of January, 2013.

/s/ Thomas W. McNamee

**Thomas W. McNamee**

Assistant Attorney General

**Parties of Record:**

|  |  |
| --- | --- |
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1. *In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals*, Case No. 10-2376-EL-UNC (Entry) (March 7, 2012). [↑](#footnote-ref-1)