**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

|  |  |  |
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| In the Matter of the Application of The Dayton Power and Light Company d/b/a AES Ohio for Establishing New Reliability Standards. | )  )  )  ) | Case No. 21-956-EL-ESS |

**CONSUMER PROTECTION REPLY COMMENTS**

**BY**

**OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

1. **INTRODUCTION**

There are few topics as important for the health and safety of consumers as the distribution reliability performance standards. They are used to measure the service quality and reliability that an electric distribution utility is required to provide consumers. Ohio law requires that the Public Utilities Commission of Ohio (“PUCO”) establish minimum performance standards to protect consumers.[[1]](#footnote-2) DP&L has been falling short of providing consumers with the protection the PUCO expected from electric outages. So instead of reducing electric outages and restoration times, DPL’s proposed solution is to reduce the PUCO’s standards. That’s the wrong approach for Dayton-area consumers.

In this Application, AES Ohio (“AES”) requested that the PUCO adopt lower reliability standards (worse for consumers) than those currently in place. If adopted, the lower standards would allow AES to provide less reliable service to consumers as measured by more frequent outages and for longer periods of time.

The PUCO should find that the proposed AES standards are unjust and unreasonable. It should set this matter for hearing.[[2]](#footnote-3) It should reject any standards proposed by AES that provide less protection for consumers

1. **DISCUSSION**

The distribution reliability standards set a minimum benchmark for the level of reliability that consumers should be able to expect from their electric utility. The two indices that are used in Ohio to measure reliability performance are the System Average Interruption Index (“SAIFI”) and the Customer Average Interruption Duration Index (“CAIDI”). SAIFI is a measure of the maximum number of outages that consumers should on average experience in a year. CAIDI (measured in minutes) sets the standard for how long on-average it should take for the electric utility to restore power. Both standards are established based on factors that are exclusively under the control of the electric utility. Therefore, they accurately reflect how well an electric utility is operating and maintaining its distribution system.

AES filed an application to establish new reliability standards on October 21, 2021. It later amended the application on March 21, 2022. As originally proposed, AES requested a SAIFI standard of 1.14 and a CAIDI standard of 139.82 minutes. Through its later amendment, AES proposed a SAIFI standard of 1.02 and a CAIDI standard of 147.22 minutes. If the AES proposed standards were approved by the PUCO, consumers would be required to endure approximately 15.9 percent more outages on average than what the PUCO has currently found to be just and reasonable. And if the AES proposed CAIDI standard of 147.22 minutes were approved by the PUCO, consumers would be required to endure outage durations that are on average over 22 minutes longer than what the PUCO has currently found as being just and reasonable.

To protect consumers, OCC filed initial comments on the amended application. We identified serious deficiencies in the filing as well as substantive issues in the methodology AES used to establish the proposed standards.[[3]](#footnote-4)

Staff also filed comments and identified deficiencies in the reliability standards proposed by AES.[[4]](#footnote-5) Staff recommended that the PUCO adopt a SAIFI standard of 0.81 and a CAIDI standard of 131.90 minutes. While the Staff proposal is more reasonable and provides more consumer protection than those standards proposed by AES, there are additional adjustments, as proposed by OCC, that should be made to the Staff proposal as described in these reply comments. These OCC-proposed adjustments include: (1) the

removal of the unnecessary adder for “variability” from the five-year average historical performance; and (2) the removal of the years in which AES failed to meet the CAIDI standard in calculating the five-year average historical performance (so that AES should not be rewarded for failing to meet the CAIDI standard).

AES failed to meet the CAIDI standard in 2017, 2019, and 2020. OCC recommends that the PUCO find AES’s proposed reliability standards to be unjust and unreasonable and to schedule this matter for hearing.[[5]](#footnote-6) OCC further recommends that the PUCO protect consumers by rejecting any AES reliability standards proposal that exceeds a SAIFI standard of 0.79 and a CAIDI standard of 123.34 minutes.

**Table 1: AES Current/ Proposed Reliability Standards Compared to Staff and OCC Proposals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indices | Current AES Reliability Standards | AES Proposed Standards | Staff Proposal | OCC Proposal |
| SAIFI | 0.88 | 1.02 | 0.81 | 0.79 |
| CAIDI (Minutes) | 125.04 | 147.22 | 131.90 | 123.34 |

1. **REPLY COMMENTS**
2. **To protect consumers, the Staff should not have recommended a three percent adder on the five-year average historical SAIFI and CAIDI performance metrics. Consumers’ service reliability would be harmed should such inflated metrics be adopted by the PUCO. The variability due to inclement weather and other factors are already accounted for in calculating the annual reliability performance under the standards.**

The PUCO Staff commented that based on a review of historical AES reliability performance, the SAIFI and CAIDI tend to be trending upwards (meaning the reliability performance of AES was trending worse for consumers) at a rate of about 0.5% annually.[[6]](#footnote-7) Given this trend, Staff recommended that the five-year average historical performance be adjusted with a three percent adder.[[7]](#footnote-8) According to Staff, the adder could account for the possibility of years in which consecutive storms might occur that would not meet the threshold to qualify for exclusion as a major event.[[8]](#footnote-9) However, Staff has provided no explanation why the adder adjustment is needed or reasonable. The adder adjustment merely allows DP&L to provide worse service to consumers,

Actually, the major event day calculations go back many years and already statistically account for those outlier types of storms that should legitimately be excluded from the standards. An arbitrary three-percent adder to the five-year average historical performance is unreasonable. It incentivizes the utility to provide less reliable service to consumers. Additionally, under the PUCO rules, a utility must miss the CAIDI or SAIFI standard for two consecutive years before it would constitute a violation of the rules.[[9]](#footnote-10) Staff should be examining the underlying causes for AES’s declining reliability, especially considering AES’s failure to comply with its PUCO-approved vegetation management plan.[[10]](#footnote-11) It is ironic that AES’s service reliability is declining even with the significant grid modernization investment that consumers are paying for and the significant increase in vegetation management costs that AES obtained in its last base rate case.

The PUCO rules require that applications to establish new reliability standards reflect historical system performance, system design, technology advancements, service area geography, and the results of customer perception survey’s.[[11]](#footnote-12) The PUCO rules also require that performance data during major events and transmission outages be excluded from the annual reliability performance calculations.[[12]](#footnote-13) Additionally, momentary interruptions (i.e. outage durations less than five minutes) are excluded from the reliability performance calculations. Therefore, the reliability standards are based on the “blue sky” reliability performance where outages that are generally considered to be outside of the control of the utility are not included in the calculations used to determine annual reliability performance.

There can be a significant difference on an annual basis between the actual number of interruptions that customers are experiencing and the number of interruptions that are included in the calculations under the PUCO standards. This is shown in Table 2. In 2021, there were actually 592,418 consumer interruptions for the year when major events and transmission outages are included. But only 434,180 are counted in calculating the reliability performance. The same holds true for consumer minutes interrupted. Consumers were actually without power for 107,779,042 minutes, yet only 56,235,204 were counted in calculating the annual reliability performance. The exclusion of major events from the reliability performance calculations is significant and it negates the need for any additional service outage tolerance to be added into the five-year average historical performance.

The PUCO should protect consumers and reject the Staff proposed three-percent adder to the five-year average historical performance in the calculations for the proposed SAIFI and CAIDI. Major events are already excluded from the measurement of a utility reliability performance. There is no need to provide additional adjustments to artificially lower (make worse for consumers) the reliability performance standards such as SAIFI and CAIDI.

**Table 2: Actual Number of Interruptions/ Durations Compared to the Reliability Performance Reporting Under the PUCO Rules. (2015-2021)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Actual Number of Customer Interruptions | Reported Number of Customer Interruptions Based on the Blue-Sky Standards | Difference in Number of Interruptions | Actual Number of Customer Minutes that were Interrupted | Reported Number of Customer Minutes Interrupted Under the Blue-Sky Standards | Difference in Number of Actual Customer Minutes Interrupted |
| 2015[[13]](#footnote-14) | 544,832 | 489,960 | 54,872 | 68,497,418 | 58,497,418 | 10,000,000 |
| 2016[[14]](#footnote-15) | 533,138 | 400,506 | 132,632 | 87,520,510 | 47,693,645 | 39,826,865 |
| 2017[[15]](#footnote-16) | 620,336 | 396,773 | 223,563 | 115,111,262 | 52,798,598 | 62,312,664 |
| 2018[[16]](#footnote-17) | 669,099 | 484,912 | 184,187 | 114,319,293 | 57,418,302 | 56,900,991 |
| 2019[[17]](#footnote-18) | 822,053 | 522,991 | 299,062 | 359,258,992 | 69,711,769 | 289,547,223 |
| 2020[[18]](#footnote-19) | 656,763 | 500,588 | 156,175 | 103,688,501 | 66,162,426 | 37,526,075 |
| 2021[[19]](#footnote-20) | 592,418 | 434,180 | 158,238 | 107,779,042 | 56,235,204 | 51,543,838 |

1. **To protect consumers, the Five-Year Average Historical Performance (2016 – 2020) should be adjusted downwards in setting reliability standards to avoid unreasonably rewarding AES for years in which AES failed to comply with the minimum PUCO mandated CAIDI reliability standard.**

The Staff recommended using the five-year average (2016 – 2020) AES SAIFI and CAIDI performance for establishing a baseline for the new standards. Staff correctly adjusted the historical performance to account for recent changes that were made by the PUCO in defining major events. The Staff adjusted five-year average performance is shown in Table 3.

**Table 3: Staff Adjusted Historical AES SAIFI and CAIDI Performance (2016 – 2020)[[20]](#footnote-21)**

|  |  |  |
| --- | --- | --- |
|  | SAIFI | CAIDI |
| 2016 | 0.69 | 119.24 |
| 2017 | 0.68 | 133.07 |
| 2018 | 0.86 | 122.52 |
| 2019 | 0.88 | 133.29 |
| 2020 | 0.88 | 132.17 |
| Average | 0.79 | 128.06 |

However, the Staff did not adjust the five-year average historical performance to avoid rewarding AES for the years that it failed to comply with the PUCO CAIDI standard. By not including an adjustment (in those years when AES failed the CAIDI standard) in the five-year average, the substandard reliability performance that AES provided consumers in the past is carried forward as the new reliability standards are established. To avoid rewarding AES for its poor reliability in the past, the PUCO should cap the historical CAIDI in 2017, 2019, and 2020 to the CAIDI standard (125.04) that was in effect during those years. If there is no CAIDI adjustment for those years, then AES is actually being rewarded by establishing a less stringent reliability standard. That is because the reliability standard is based on the historical five-year performance.

This recommended adjustment is shown in Table 4. OCC recommends that the PUCO adopt the five-year average SAIFI and CAIDI performance as the new AES reliability standards beginning this year with no additional variance.

**Table 4: OCC Adjusted Historical AES SAIFI and CAIDI Performance (2016 – 2020)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | SAIFI Standard | SAIFI Performance | CAIDI Standard | Adjusted CAIDI Performance |
| 2016 | 0.88 | 0.69 | 125.04 | 119.07 |
| 2017 | 0.88 | 0.68 | 125.04 | 125.04 |
| 2018 | 0.88 | 0.86 | 125.04 | 122.52 |
| 2019 | 0.88 | 0.88 | 125.04 | 125.04 |
| 2020 | 0.88 | 0.84 | 125.04 | 125.04 |
| Average |  | 0.79 |  | 123.34 |
| **Recommended Reliability Standards Beginning 2022** | **0.79** |  | **123.34 Minutes** |  |

1. **CONCLUSION**

For all the reasons addressed in the initial comments and these reply comments, the PUCO should find that the AES proposed reliability standards are unjust and unreasonable. The PUCO should schedule this matter for hearing.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the Reply Comments was served on the persons stated below via electronic transmission, this 2nd day of May 2022.

*/s/ William J. Michael*

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The PUCO’s e-filing system will electronically serve notice of the filing of this document on the following parties:

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1. Ohio Adm. Code 4928.11(A). [↑](#footnote-ref-2)
2. Ohio Adm. Code 4901:1-10-10(B)(6)(e). [↑](#footnote-ref-3)
3. *See* Consumer Protection Comments filed by the Office of the Ohio Consumers Counsel (March 31, 2022). [↑](#footnote-ref-4)
4. *See* Staff Comments (April 11, 2022). [↑](#footnote-ref-5)
5. Ohio Adm. Code 4901:1-10-10(B)(6)(e). [↑](#footnote-ref-6)
6. Staff Comments at 12. [↑](#footnote-ref-7)
7. *Id*. [↑](#footnote-ref-8)
8. *Id*. [↑](#footnote-ref-9)
9. Ohio Adm. Code 4901:1-10-10(E). [↑](#footnote-ref-10)
10. *See* OCC Comments at pages 16 –18. [↑](#footnote-ref-11)
11. Ohio Adm. Code 4901:1-10-10(B)(4)(a). [↑](#footnote-ref-12)
12. Ohio Adm. Code 4901:1-10-10(B)(4)(c). [↑](#footnote-ref-13)
13. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 16-430-EL-ESS (March 31, 2016) at 3. [↑](#footnote-ref-14)
14. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 17-229-EL-ESS (March 31, 2017) at 2. [↑](#footnote-ref-15)
15. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 18-995-EL-ESS (March 29, 2018) at 2. [↑](#footnote-ref-16)
16. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 19-995-EL-ESS (April 1, 2019) at 2. [↑](#footnote-ref-17)
17. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 20-995-EL-ESS, Amended (May 13, 2020) at 2. [↑](#footnote-ref-18)
18. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 21-995-EL-ESS (March 29, 2021) at 2. [↑](#footnote-ref-19)
19. *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 22-995-EL-ESS (March 31, 2022) at 2. [↑](#footnote-ref-20)
20. *See* Motion for Leave to File Instanter Amended Comments on Behalf of the Staff of the Public Utilities Commission of Ohio, Updated Staff Table 5, (April 28, 2022). [↑](#footnote-ref-21)