**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| --- | --- | --- |
| In the Matter of the Application of Ohio Power Company to Revise Reliability Performance Standards Pursuant to O.A.C. 4901:1-10-10(B)(7). | )  )  )  ) | Case No. 20-1111-EL-ESS |

**CONSUMER PROTECTION REPLY COMMENTS**

**BY**

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# INTRODUCTION

Ohio law requires that AEP Ohio protect consumers by providing safe, reasonably priced and reliable electric distribution service.[[1]](#footnote-2) The reliability standards being established in this proceeding are benchmarks for measuring service quality and reliability that AEP Ohio is required to provide consumers. Ohio law requires that the Public Utilities Commission of Ohio (“PUCO”) establish minimum performance standards to protect consumers.[[2]](#footnote-3)

AEP Ohio requested that the PUCO relax its current reliability standards. That would make it acceptable for AEP Ohio to provide less reliable service to consumers than it is currently required to provide. For consumers it means more annual outages that last for longer periods of time. All while continuing to charge consumers billions in charges under the guise of increasing reliability.[[3]](#footnote-4) Shockingly, AEP Ohio’s request to relax its current reliability standards comes on the heels of tens of thousands of its residential consumers and their families and businesses losing power during the week of June 12, 2022, in dangerously high heat and humidity.

The PUCO should find that AEP Ohio’s proposed standards are unjust and unreasonable. It should set this matter for hearing.[[4]](#footnote-5) It should reject any reliability standards proposed by AEP Ohio that are less protective of consumers than its current reliability performance standards and those recommended by OCC. And the PUCO should accept OCC’s recommendations to conduct a full, transparent, public investigation into the AEP Ohio outages.

# REPLY COMMENTS

## AEP Ohio’s proposed reliability standards harm consumers and are unjust and unreasonable.

Distribution reliability standards set a minimum benchmark for reliability that consumers expect from their electric utility. The two indices that are used in Ohio to measure reliability 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 generally under the control of the electric utility. Therefore, they accurately reflect how well an electric utility is operating and maintaining its distribution system.

AEP Ohio filed an application to establish new reliability standards on July 1, 2020. It later amended the application on April 29, 2022. As originally proposed, AEP Ohio requested a SAIFI standard of 1.30 and a CAIDI standard of 151 minutes. Through its later amendment, AEP Ohio proposed a SAIFI standard of 1.30 in 2022 and 1.28 thereafter and a CAIDI standard of 158 minutes. AEP Ohio’s current PUCO approved reliability standards are a SAIFI of 1.18 and a CAIDI of 148 minutes.[[5]](#footnote-6) If AEP Ohio’s proposed standards were approved by the PUCO, consumers would be placed at risk for having approximately 10.2 percent more outages annually on average than what the PUCO has currently found to be just and reasonable. And if AEP Ohio’s proposed CAIDI standard of 158 minutes were approved by the PUCO, consumers would be required to endure outage durations that are on average 10 minutes longer than what the PUCO has currently found just and reasonable.

Importantly, in addition to what consumers pay AEP Ohio in base distribution rates to provide adequate and reliable service, AEP Ohio consumers have been also paying more for reliable service through gridSMART, Distribution Investment Rider, and Enhanced Service Reliability Rider charge on their bills.[[6]](#footnote-7) The absurdity of AEP Ohio’s request is these charges to consumers continue to grow while AEP is asking the PUCO to lower its reliability standards.

OCC filed initial comments identifying serious deficiencies with AEP Ohio’s proposals, including issues with the methodology AEP Ohio used to establish its proposed standards.[[7]](#footnote-8) Specifically, OCC commented that the additional two-standard deviation variance that AEP Ohio proposed adding to the baseline average CAIDI and SAIFI performance 2017 through 2021 was harmful to consumers and failed to comply with PUCO rules for establishing reliability standards.

OCC further commented that the five-year average baseline SAIFI and CAIDI performance should be adjusted downward to avoid having the substandard performance that AEP Ohio provided consumers in 2018 and 2019 from influencing the baseline calculations for the future standards. OCC’s initial comments also recommended that the PUCO require the reliability benefits that consumers are paying for through the gridSMART, DIR, and ESRR charges be quantified and incorporated as adjustments to the five-year average baseline performance as the new reliability standards are set.

Finally, OCC commented on the lack of public information and transparency surrounding the June 2022 AEP Ohio outages that impacted hundreds of thousands of consumers. Even though this case involves establishing the minimum reliability standards for 2022, OCC has been denied the opportunity to obtain necessary information about actual 2022 outages and to provide related consumer protection comments pertaining to the SAIFI and CAIDI standards for 2022. Information about actual 2022 outages should be available to consumers in this case involving setting 2022 reliability standards.

The PUCO Staff also filed comments on AEP Ohio’s proposals.[[8]](#footnote-9) The PUCO Staff correctly adjusted the five-year average historical SAIFI and CAIDI baseline to account for AEP Ohio’s failure to meet the reliability standards in 2018 and 2019.[[9]](#footnote-10) Additionally, the PUCO Staff correctly calculated the projected impact that the gridSMART, DIR, and ESRR (danger tree removal) programs should have on the number of consumer interruptions and/or consumer minutes interrupted over the next five years and reflected this analysis as an adjustment to the baseline performance. The PUCO Staff recommends that the PUCO adopt a SAIFI standard of 1.16 and a CAIDI standard of 136.52 minutes.[[10]](#footnote-11)

While the PUCO Staff’s recommendation is more reasonable for consumers than AEP Ohio’s proposal, additional adjustments are needed to the PUCO Staff’s recommendation to protect consumers from any further degradation in AEP Ohio’s reliability. As explained further in these reply comments, these adjustments include eliminating the one-standard deviation variance that the PUCO Staff included in its recommendation.

Additionally, there was no mention in the PUCO Staff’s comments (or AEP Ohio’s) of the June 2022 outages, comments regarding any investigation being performed by the PUCO Staff involving those outages, or any potential impact that such investigation might have on the 2022 reliability standards included within the PUCO Staff’s comments. Thus, while the PUCO Staff’s comments and recommendations make good headway towards establishing reasonable AEP Ohio reliability standards, there remains a void regarding potential impacts that the June 2022 outages could have on these standards and on consumers served by AEP Ohio.

The following table compares the current and proposed AEP Ohio standards with the PUCO Staff’s and OCC’s recommendations.

**Table 1: AEP Ohio Current/ Proposed Reliability Standards Compared to Staff and OCC Recommendations**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indices** | **Current AEP Ohio Reliability Standards** | **AEP Ohio Proposed Standards** | **PUCO Staff Recommendation** | **OCC Recommendation** |
| **SAIFI** | 1.18 | 1.30 (2022); 1.28 thereafter | 1.16 | 1.13 |
| **CAIDI (Minutes)** | 148 | 158 | 136.52 | 134.96 |

## B. The PUCO Staff recommended addition of one-standard deviation variance over the five-year average SAIFI and CAIDI performance (which serves to allow less reliable service to consumers) should not be adopted by the PUCO.

The PUCO Staff recommended that the PUCO reject AEP Ohio’s proposal to add two-standard deviations variance to the historical baseline performance in establishing the new standards.[[11]](#footnote-12) The PUCO Staff reasoned that two-standard deviations would provide more variance than necessary consistent with the PUCO rules.[[12]](#footnote-13) But the PUCO Staff recommended one-standard deviation variance without providing an explanation or support for the need of any additional variation.[[13]](#footnote-14) This means that consumers may receive less reliable service than is reasonable given the purpose and nature of the standards.

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.[[14]](#footnote-15) The PUCO rules also require that performance data during major events and transmission outages be excluded from the annual reliability performance calculations.[[15]](#footnote-16) 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. Including an unnecessary variance (an arbitrary one standard deviation) to the five-year average SAIFI and CAIDI baseline performance when establishing standards can result in degradation in the reliability performance up to the level of the standard. Over time, this results in increases in the SAIFI and CAIDI that can and should be avoided. This results in less reliable service for consumers.

The lack of need for additional variance over the five-year average CAIDI and SAIFI performance is especially true for AEP Ohio. The distribution reliability should consistently be improving year over year due to the significant additional consumer charges on AEP Ohio’s bill for programs like gridSMART, DIR, and the ESRR. For example, gridSMART technologies such as the Distribution Automation Circuit Reconfiguration (“DACR”) should continually be reducing the number of consumers being interrupted during outage events. Proactive replacement of electrical equipment before failure under the DIR should be avoiding outage events before they even happen. Removal of danger trees under the ESRR mitigates the risks of potential tree-caused outages before they occur. Consumers have paid for these investments and should reap the benefits through higher, not lower, reliability standards.

To protect consumers from receiving less reliable service, the PUCO should not approve the PUCO Staff’s recommendation for using a one-standard deviation variation addition to the five-year average SAIFI and CAIDI performance in establishing the new reliability standards.

## C. The PUCO Staff’s Comments should have addressed what (if any) impacts the June 2022 AEP Ohio outages should have on the 2022 SAIFI and CAIDI reliability standards.

The PUCO Staff’s comments did not address AEP Ohio’s June 2022 outages. This is unreasonable considering that the reliability standards are being established for 2022 and after. According to the PUCO rules, establishing reliability standards requires consideration of consumer perceptions and expectations for reliability.[[16]](#footnote-17) According to the PUCO Staff’s comments, the most recent AEP Ohio consumer perception survey was conducted in 2021.[[17]](#footnote-18)

But the reliability standards being established in this proceeding are for 2022 and beyond. AEP Ohio’s June 2022 outages placed the health and safety of hundreds of thousands of its consumers at risk during extreme temperatures for several days, for reasons that remain unknown (at least publicly). Four months after these outages occurred, there still is no definitive cause for the outages, any feedback from an on-going PUCO review, or most importantly, any required actions that should be taken to mitigate future outages of this magnitude.

What is known is that consumer perceptions and expectations for reliability have evolved and that the standards being established now should align with AEP Ohio’s consumers. The PUCO Staff commented that in 2022 it compared the 2021 consumer perception survey with earlier versions specifically examining consumer expectations for acceptable number of outages and duration of outages. The PUCO Staff concluded that consumers have greater expectations for reducing the number of outages and faster response times.[[18]](#footnote-19)

AEP Ohio’s June 2022 outages and the massive public outcry that followed demonstrates that consumers’ expectations for reliability are not aligned with the service AEP Ohio is providing. Put simply, consumers expected better reliability out of AEP Ohio’s service – not the outages that they were forced to endure in June 2022.

There is a void in public information due to a lack of a transparent public process about the on-going PUCO review into the circumstances surrounding the June 2022 outages. As a result of this information void, and the lack of an AEP Ohio outage protection plan, consumers may be at risk for another unexplained major outage.

To protect consumers, OCC has sought discovery from AEP Ohio about the June 2022 outages. AEP Ohio has refused to respond to it.[[19]](#footnote-20) We have as for a more detailed, transparent, public investigation of the outages.[[20]](#footnote-21) And we have sought the ability to file comments related to the June 2022 outages.[[21]](#footnote-22) Consumer justice means the PUCO should require AEP Ohio to respond to OCC’s discovery, grant OCC’s pending motions, and provide OCC the opportunity to file comments related to the June 2022 outages.

# III. CONCLUSION

For all the reasons addressed in the initial comments and these reply comments, the PUCO should find that AEP Ohio’s proposed reliability standards harm consumers and 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 these Consumer Protection Reply Comments was served on the persons stated below via electronic transmission, this 28th day of October 2022.

*/s/* *William J. Michael*

William J. Michael

Assistant Consumers’ Counsel

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. R.C. 4928.02(A). [↑](#footnote-ref-2)
2. O.A.C. 4928.11(A). [↑](#footnote-ref-3)
3. These charges include but are not limited to the Distribution Investment Rider, the Enhanced Service Reliability Rider and the gridSMART riders. [↑](#footnote-ref-4)
4. O.A.C. 4901:1-10-10(B)(6)(e). [↑](#footnote-ref-5)
5. *In the Matter of the Establishment of Minimum Reliability Performance Standards, Pursuant to Ohio Adm. Code 4901:1-10-10(B), for Ohio Power Company,* Case No. 16-1511-EL-ESS, Opinion and Order (February 7, 2018) at 4. [↑](#footnote-ref-6)
6. These riders include the GridSMART Rider, the Distribution Investment Rider, and the Enhanced Service Reliability Rider. [↑](#footnote-ref-7)
7. *See* Consumer Protection Comments filed by the Office of the Ohio Consumers Counsel (September 28, 2022). [↑](#footnote-ref-8)
8. *See* PUCO Staff’s Comments (October 7, 2022). [↑](#footnote-ref-9)
9. PUCO Staff’s Comments at 11. [↑](#footnote-ref-10)
10. *Id*. at 16. [↑](#footnote-ref-11)
11. PUCO Staff’s Comments at 4. [↑](#footnote-ref-12)
12. *Id*. [↑](#footnote-ref-13)
13. PUCO Staff’s Comments at 16. [↑](#footnote-ref-14)
14. O.A.C. 4901:1-10-10(B)(4)(a). [↑](#footnote-ref-15)
15. O.A.C. 4901:1-10-10(B)(4)(c). [↑](#footnote-ref-16)
16. O.A.C. 4901:1-10-10(B)(4)(b). [↑](#footnote-ref-17)
17. PUCO Staff’s Comments at 9. [↑](#footnote-ref-18)
18. PUCO Staff’s Comments at 14. [↑](#footnote-ref-19)
19. *See* AEP Ohio Motion for a Protective Order for responding to OCC discovery (September 2, 2022) and the OCC Memorandum Contra (September 19, 2022) currently pending before the PUCO. [↑](#footnote-ref-20)
20. *See* Motions filed in Case 20-1111-EL-ESS for the PUCO to Order an Investigation of the AEP-Ohio Service Outages That Affected Thousands of Consumers, Their Families, and Businesses During the Week of June 12, 2022, Instead of the PUCO’s Undefined “Review” That Lacks a Formalized Process for Consumer Justice and Motion for the PUCO to Hire an Independent Auditor for an Investigation of the AEP-Ohio Service Outages During the Week of June 12, 2022 and Motion for the PUCO to Order and Publicize Local Hearings, Virtual Hearings, Online Comments, and Other Opportunities for the Public to be Heard on the Mid-June Service Outages by AEP and Any Other Ohio Electric Utilities and Motion for the PUCO to Determine if AEP Ohio Was Negligent and Is Liable to Consumers for Perishable Food and Other Damages Regarding Its Service Outages During the Week of June 12, 2022, Pursuant to O.A.C. 4901:1-10-02(G), AEP’s Tariff No. 21 (Original Sheet No. 103- 16) and Other Authority and for the PUCO to Waive the 30-Day Limit in AEP’s Tariffs for Consumers to Notify AEP of a Damages Claim That Is Based on AEP Negligence by Office of the Ohio Consumers’ Counsel, Ohio Poverty Law Center and Pro Seniors, Inc. (July 11, 2022). [↑](#footnote-ref-21)
21. *See id.* [↑](#footnote-ref-22)