

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio)
Power Company to Update Its Enhanced) Case No. 15-1549-EL-RDR
Service Reliability Rider.)

**REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

In this case, the Ohio Power Company ("AEP Ohio" or the "Utility") seeks to update its nearly \$40 million tree trimming rider, which is paid by the Utility's customers. The Public Utilities Commission of Ohio staff ("Staff") filed comments suggesting that the Utility's revenue requirement for its Enhanced Service Reliability Rider (the "ESRR") be reduced by \$13,167.25. This reduction amounts to 0.036% of the \$36,359,289 revenue requirement in AEP Ohio's application.

**I. STAFF'S AUDIT SHOULD FOCUS ON WHETHER CUSTOMERS
BENEFIT FROM THE UTILITY'S TREE-TRIMMING PROGRAM.**

In its comments (the "Staff Comments"), Staff described the scope of its audit of the Utility's ESRR tree trimming program. Staff (a) reviewed the mileage trimmed by the Utility and the Utility's progress toward completing the "catch-up" program by the end of 2014, (b) physically verified the Utility's 2014 tree-trimming activity, (c) reviewed the costs incurred by the Utility for tree trimming to verify the accuracy of the revenue requirement calculation, and (d) compared the Utility's spending to authorized amounts.

Staff notes that based on its physical review of AEP Ohio's 2014 tree trimming activity, over 25% of circuits audited demonstrated moderate re-growth. Some of the circuits that exhibited re-growth had been trimmed just 15 months earlier. Because AEP

Ohio utilizes a four-year trimming cycle, some of the circuits that exhibited re-growth would likely not be scheduled for further trimming for another 33 months. This suggests that despite spending nearly \$40 million a year on tree trimming in the ESRR—on top of \$24.2 million for tree trimming in base rates and up to \$11.1 million through the Utility's Distribution Investment Rider (the "DIR")¹—a significant number of circuits remain vulnerable to tree-related outages.

The financial audit uncovered \$13,167.25 in costs that Staff determined should not be recovered. These costs relate to 89 trips to Tim Hortons, Applebee's, Walmart, Bob Evans, Buffalo Wild Wings, and other similar establishments (\$3,948.26), gift cards for employees (\$120), a car wash (\$6), and cell phone expenses (\$9,092.99). Staff did not propose any reductions with respect to actual tree-trimming activities. Staff also did not review tree-trimming costs that AEP Ohio expensed through base rates or the DIR.

OCC appreciates the efforts of Staff to review AEP Ohio's tree trimming program. OCC, however, stresses the importance of a more comprehensive, thorough, and focused audit that protects the interests of customers. The focus of any meaningful review should be on the costs and benefits of AEP Ohio's vegetation management program. *See* Case No. 08-917-EL-SSO, Opinion and Order at 30-34 (Mar. 18, 2009) (approving the ESRR as a single-issue ratemaking initiative pursuant to R.C. 4928.143(B)(2)(h) to better align customer and AEP Ohio expectations for reliability).

AEP Ohio has now completed a full four-year cycle under its new vegetation management program, and customers continue to experience over 72 million minutes of

¹ *See* Comments by the Office of the Ohio Consumers' Counsel at 1 (Apr. 7, 2016) (the "OCC Comments").

tree-related outages per year.² OCC proposes that Staff examine trends in vegetation-related outages since the inception of the ESRR to determine if the four-year, cycle-based vegetation management program is providing sufficient benefits to justify its significant cost. It is crucial that the Utility demonstrate that the \$40 million per year that it charges customers under the ESRR actually benefits customers. Customer expectations for reliability must also be aligned with the tremendous amount of money that AEP Ohio is spending on tree-trimming without meaningful reliability improvement.³

Furthermore, as discussed in the OCC Comments, the Utility's vegetation management spending is not limited to the ESRR. Customers pay an additional \$24.2 million per year for vegetation management in base rates and up to \$11.1 million per year under the Utility's DIR. Staff's audit should include a comprehensive review of all of these additional charges. A review of these additional charges should be made to (a) determine whether they are prudent, just, and reasonable and (b) ensure that customers are not being charged twice or more for the same vegetation management services.

II. AEP OHIO DID NOT MEET IS ANNUAL PROGRAM GOAL FOR VEGETATION MANAGEMENT IN 2015.

Finally, OCC notes that in AEP Ohio's most recent annual system improvement plan report, the Utility confirmed that it did not meet its annual program goal for vegetation management. *See* Case No. 16-996-EL-ESS, Rule #26 Report at 65. Given the amount of money that customers are charged for vegetation management, it is unreasonable for the Utility to fall short of its annual goal. Customers should not have to

² *See* OCC Comments at 3.

³ R.C. 4928.143(B)(2)(h).

experience additional outages that could be avoided if AEP Ohio fulfills its responsibility for tree-trimming. The Commission should protect customers by ensuring that AEP Ohio meets its tree-trimming obligations.

III. CONCLUSION

The Staff audit is a first step in examining a portion of the financial records associated with the Utility's tree-trimming program under the ESRR. Customers would benefit, however, from a comprehensive audit that focuses more on a cost-benefit analysis and the effectiveness of all of the Utility's vegetation management programs. Customers continue to pay millions of dollars per year for tree trimming. AEP Ohio bears responsibility for proving that these costs are just and reasonable and that customers actually and materially benefit from this significant spending.

Respectfully submitted,

BRUCE J. WESTON (0016973)
OHIO CONSUMERS' COUNSEL

/s/ Christopher Healey
Christopher Healey (0086027)
Counsel of Record
Jodi Bair (0062921)
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone: (614) 466-9571 (Healey direct)
Telephone: (614) 466-9559 (Bair direct)
christopher.healey@occ.ohio.gov
jodi.bair@occ.ohio.gov
(All will accept service via email)

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Reply Comments were served on the persons stated below via electric transmission this 21st day of April 2016.

/s/ Christopher Healey
Christopher Healey
Assistant Consumers' Counsel

SERVICE LIST

William Wright
Ohio Attorney General's Office
Public Utilities Commission of Ohio
180 E. Broad St., 6th Fl.
Columbus, Ohio 43215
William.wright@puc.state.oh.us

Steven T. Nourse
AEP Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215-2373
stnourse@aep.com

Attorney Examiners:

Sarah.parrot@puc.state.oh.us
Greta.see@puc.state.oh.us

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Summary: Comments Reply Comments by the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.