BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of	)	
Ohio Power Company to Update Its	)	Case No. 17-1914-EL-RDR
Enhanced Service Reliability Rider	)	
for 2016.		

COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

I. INTRODUCTION

AEP Ohio claims it incurred substantial tree trimming expenses during 2016 and is now seeking to charge customers for those expenses through a single-issue ratemaking charge called the Enhanced Service Reliability Rider ("ESRR"). According to the AEP Ohio tariff,[1] the ESRR is one of 31 riders that can result in increased charges on AEP Ohio's 1.3 million customers' bills.[2] During 2016, AEP Ohio claims to have spent $48,647,290 in operations and maintenance ("O&M") expenses plus another $6,862,516 in capital expenses, for a total of $55,509,806 for vegetation management. AEP Ohio distribution base rates currently include $24,200,000 for annual vegetation management expenses ($20.6 million for O&M and $3.6 million for capital). AEP Ohio is also seeking to charge customers carrying costs of $5.3 million on the capital expenditures and for incremental O&M expenses of $28.1 million to equal a 2016 ESRR revenue requirement of $33,379,649.

---

[1] Ohio Power Company Tariff, P.U.C.O. No. 20, 14th Revised Sheet No. 104-1.

[2] Ohio Power Company 2017 Annual Report, FERC Form 1, (2017/Q4 at page 304).

But AEP Ohio was only authorized to spend $26,000,000 to ultimately charge customers through the ESRR. AEP is trying to over-charge customers $7,379,649. Customers should not be responsible for paying AEP Ohio's unjust, unreasonable, and unauthorized spending.

II. HISTORY

The ESRR was originally approved as part of AEP Ohio's first electric security plan ("ESP") for additional funding so that it could transition from a reactive vegetation management program to a proactive, four-year cycle-based distribution vegetation management program.[3] The transition was expected to occur over five years. In AEP Ohio's second ESP, three years into the five year transition, it requested to extend the ESRR and the Public Utilities Commission of Ohio ("PUCO") granted approval allowing the rider to be collected from customers for an additional three years, through May 31, 2015.[4] In AEP Ohio's third ESP, it requested another extension of the rider for an additional three years, through 2018. The PUCO approved the extension, noting that the ESRR would be based on prudently incurred costs and subject to PUCO review and reconciliation annually.[5] In AEP Ohio's most recent ESP, the PUCO approved the ESRR again, stating that it "continues to find significant benefit in proactive, cycle-based, end-to-end vegetation management along the Company's circuits and rights of way as an

[3] *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan.*, Case No. 08-918-EL-SSO, Opinion and Order (March 18, 2009) at 33.

[4] *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan*, Case No. 11-346-EL-SSO et al., Opinion and Order (August 8, 2012) at 64.

[5] *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan*, Case No. 13-2385-EL-SSO et al, Opinion and Order (February 25, 2015) at 47.

effective means of reducing and preventing outages and service interruptions caused by vegetation. The continuation of the ESRR mechanism and the cost of the program will be considered as part of the Company's base rate case expected to be filed by June 1, 2020, and if no base rate case is filed, the ESRR will sunset effective December 31, 2020." [6] So all told, the five year transition to a four year tree trimming cycle (where vegetation along an entire circuit from beginning to end is managed) has taken twice as long – eleven years. The history of the ESRR demonstrates a pattern where a rider that was intended to support a five-year transition to a four-year pro-active cycle-based trimming program became instead a permanent source of revenues (for eleven years), collected from customers, outside the confines of a base rate case. As demonstrated in this case, this single-issue ratemaking has now morphed into permanent rate increases to customers, over an eleven-year period, allowing seemingly uncontrolled spending by AEP Ohio. And unfortunately for consumers, the vegetation management spending is having little, if any, impact on improving customer reliability.

III. COMMENTS

A. The PUCO should not permit AEP Ohio to increase customers' rates to compensate it for $7,379,649 that it over-spent on vegetation management in 2016.

During AEP Ohio's third ESP, the PUCO approved AEP Ohio's request for additional customer funding of $25,000,000 annually in O&M spending and an additional $1,000,000 in capital costs.[7] But instead of living within those limits, AEP Ohio seeks to

[6] *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan*, Case No. 16-1852-EL-SSO et al, Opinion and Order (April 25, 2018) at 90.

[7] Case 13-2385-EL-SSO Opinion and Order (February 25, 2015) at 48.

charge customers $33,379,649 through the ESRR. AEP Ohio overspent what the PUCO had authorized by $7,379,649 beyond the approved 2016 spending. AEP Ohio must be held responsible and accountable for managing within its PUCO-approved allowance. The PUCO should not approve uncontrolled ESRR spending merely because AEP has a single-issue ratemaking mechanism that serves as a convenient means to pass along to customers higher than approved tree trimming expenditures.

B. The PUCO should find that AEP Ohio's management of the ESRR is imprudent because it is not performing vegetation management on the four-year cycle as required.

The PUCO specifically approved the ESRR to provide additional funding beyond the amount(s) that AEP Ohio already collects from customers in base rates to transition from a primarily reactive vegetation management program to a proactive four-year cycle-based vegetation management program. The PUCO reasoned that an effective vegetation management program funded by customers with additional dollars (above those already collected from customers through base distribution rates) would have a significant impact on customer reliability.[8]

Under Ohio Adm. Code 4901:1-10-27 (E), AEP Ohio filed a revised vegetation management program in 2012 that was approved by the PUCO, affirming its commitment to perform a four-year cycle-based tree trimming program.[9] Table 1 also shows the vast amount of money that AEP Ohio has spent (and customers have paid) since 2012 on vegetation management through the

---

[8] *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan*, Opinion and Order (March 18, 2009 at 33).

[9] *In the Matter of the Commission's Review of the Ohio Power Company's Revised Vegetation Management Program Resulting from Commission Case No. 11-346-EL-SSO et al.* Case No. 12-3320-EL-ESS, Ohio Power Company's Commission Requested Revised Vegetation Management Program (December 28, 2012).

ESRR, and yet two thirds of the time has not meet the four-year cycle-based standards.

Table 1: Summary of Customer funding of vegetation management, through the ESRR (2012 – 2017).

Year	Additional ESRR Revenues Collected from customers beyond $24.2 million in base rates	Compliance with Four-Year Cycle-Based Tree-trimming Program
2012	$31,264,456	No[10]
2013	$41,421,831	Yes[11]
2014	$38,694,207	Yes[12]
2015	$29,708,883	No[13]
2016	$33,379,649	No[14]
2017[15]	$36,731,240	No[16]

Yet as shown in Table 1, despite the additional ESRR funding, AEP Ohio has failed to meet the four-year cycle-based tree-trimming program in four of the last six years.

[10] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code. C*ase 13-996-EL-ESS, System Improvement Plan (March 31, 2013) at 114.

[11] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code.,* Case 14-996-EL-ESS, System Improvement Plan (March 31, 2014) at 66.

[12] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code*., Case 15-996-EL-ESS, System Improvement Plan (March 31, 2015) at 48.

[13] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code.,* Case 16-996-EL-ESS, System Improvement Plan (March 31, 2016) at 107.

[14] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code.,* Case 17-996-EL-ESS, System Improvement Plan (March 31, 2017) at 10b:2.

[15] *In the Matter of the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider*, Case 18-1371-EL-RDR, Application, (August 31, 2018 at Schedule 1).

[16] *In the matter of the Annual Report of the Electric Service and Safety Standards, Pursuant to Rule 4901:1-10-26(B) of the Ohio Administrative Code,* Case 18-996-EL-ESS, System Improvement Plan (March 31, 2018) at 107.

C. Despite the additional money that AEP Ohio is charging customers for vegetation management under the ESRR, tree-caused outages are continuing to have a significant negative impact on customers' reliability.

According to the AEP Ohio PUCO-approved vegetation management plan, AEP Ohio has a responsibility for performing vegetation management for trees inside and outside of the prescribed right of way on a cycle-based four-year program. The vegetation management plan specifically states:

> AEP Ohio's work plan consists of removing or pruning trees in and out of the right-of-way, pruning mature trees not in the line but that could be within a 4-year period, mowing overgrown right-of-way with a follow-up herbicide application and removing overhang above multiphase lines.[17]

But as shown in Table 2, between 2013 and 2017, tree-caused outages have increased from 4,844 in 2013 to 6,449 in 2017. The number of customers interrupted as a result of the tree-caused outages increased from 213,615 in 2013 to 313,173 in 2017. And importantly, the number of minutes that customers did not have electric service because of tree-caused outages increased from 46,441,700 in 2013 to 68,222,667 in 2017.

[17] *In the Matter of the Commission's Review of the Ohio Power Company's Revised Vegetation Management Program Resulting from Commission Case No. 11-346-EL-SSO et al., Case No. 12-3320-EL-ESS, Ohio Power Company's Commission Requested Revised Vegetation Management Program*, (December 28, 2012), Attachment F page 3.

Table 2: Tree-caused Outages[18] (2013 – 2017)

Year	Tree-caused Outages (Inside/ Outside ROW)	Customer Interruptions	Customer Minutes Interruption
2013[19]	4,844	213,615	46,441,700
2014[20]	4,568	201,016	46,548,810
2015[21]	4,851	222,811	45,067,131
2016[22]	5,083	257,540	51,219,163
2017[23]	6,449	313,173	68,222,667

There can be no doubt that the additional funding customers are paying for vegetation management through the ESRR is failing to provide customers with better reliability. Customers are experiencing roughly 25 percent more tree-caused outages today than in 2013.

D. The PUCO should schedule an evidentiary hearing to determine if the ESRR should be continued.

Given that AEP Ohio's ESRR is not resulting in improved customer reliability, the PUCO should schedule a hearing to determine if the ESRR should be continued. AEP Ohio has demonstrated an inability or unwillingness to implement the four-year cycle-based vegetation management program that the additional ESRR funding was designed to achieve. This increased charge to customers has morphed into what can only

[18] Ohio Adm. Code 4901:1-10(C)(3)(a), excluding major events and transmission outages.

[19] *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 14-517-EL-ESS (March 31, 2014).

[20] *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 15-627-EL-ESS (March 31, 2015).

[21] *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 16-550-EL-ESS (March 31, 2016).

[22] *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C), Case 17-890-EL-ESS* (March 31, 2017).

[23] *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C),* Case 18-992-EL-ESS (March 29, 2018).

be described as unjust and unreasonable spending that is not fulfilling its intended purpose.

AEP Ohio's spending on vegetation management should be reviewed. In addition to the $24.2 million AEP Ohio is charging customers in base rates and the $26 million authorized (plus additional unauthorized spending) for the ESRR, AEP Ohio is also using the Distribution Investment Rider ("DIR") as another means to extract more money from customers. In 2016, AEP Ohio projected spending $4.6 million for "Forestry" as a component in its DIR Work Plan.[24] In recent comments regarding the DIR, OCC raised concerns about the potential for double-collection of vegetation management costs between base rates and the ESRR and the DIR riders.[25] Considering all of the money AEP Ohio is spending on vegetation management, customers have a right to expect much better reliability than is currently being delivered by AEP Ohio.

IV. CONCLUSION

AEP Ohio's ESRR charges are unjust, unreasonable, and unauthorized. AEP has not lived up to its own tree-trimming plan. The PUCO should not allow this to continue.

---

[24] *In the Matter of the Commission's Review of the Ohio Power Company's Distribution Investment Rider Work Plan for 2016,* Case 16-024-EL-UNC, Notice (January 8, 2016).

[25] *In the Matter of the 2016 Review of the Distribution Investment Rider Contained in the Tariff of Ohio Power Company, et al,* Case 17-0038-EL-RDR, (October 26, 2018, at 7).

Respectfully submitted,

Bruce Weston (0016973)
Ohio Consumers' Counsel

/s/ William J. Michael
William J. Michael (0070921),
Counsel of Record
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215
Telephone [Michael direct]: (614) 466-1291
William.michael@occ.ohio.gov
(Will accept service via email)

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 4th day of January, 2019.

/s/ William J. Michael
William J. Michael
Assistant Consumers' Counsel

SERVICE LIST

William.wright@ohioattorneygeneral.gov

stnourse@aep.com

Attorney Examiners:

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