

**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)	

**REPLY BRIEF SUBMITTED
ON BEHALF OF THE STAFF OF THE
PUBLIC UTILITIES COMMISSION OF OHIO**

The issue in this case is simple. Did the Commission intend the authorized spending levels to be caps, or merely reflect the Company’s estimated forecasts? The Commission knows what it intended, and will most certainly make that clear in this case. Staff has consistently operated with the understanding that, while forecasts may indeed vary, the Commission did not expect recoverable expenses to exceed its spending authorization.

No party could reasonably contest that the spending levels were based on anything but forecasts. The vegetation management program was initially adopted to change in the manner in which the company operated. Historic spending levels would not have been useful for establishing a rate for the rider.

Staff has reviewed the Company’s vegetation management expenses both for prudence, and for reasonableness. Staff has not applied a “materiality” test. Nor, as the Company has correctly noted, has the Staff claimed that only a certain level of costs

above a cap could be prudently incurred. But while Staff supports the recovery of prudently incurred costs that are beneficial, Staff does not support uncontrolled spending.

Staff has previously recommended recovery of spending above what it considered to be a cap. It did so when it concluded that the expenses were reasonable under the circumstances, where circumstances justified exceptions. No such circumstances were proffered by the Company in this case. Indeed, the Company requests authorization in this case to exceed the spending limit in an amount that is a factor of 20 times the magnitude of the excess that Staff previously found to be reasonable. If the Commission does not control such excesses in this case, it can most certainly expect future excesses to be even greater.

The Commission was clear that it did not believe the statute enabling approval of the ESRR was intended to provide a “blank check” to AEP. Staff believes that the Commission most certainly did not intend for the established spending levels for the ESRR to be a blank check for vegetation management, even if such spending was prudent and beneficial. Indeed, as Staff noted in its Post-Hearing Brief, the Commission itself characterized recovery as “*limited* to \$27.6 million annually” in the Company’s most recent ESP case. ESP IV (Opinion and Order) (Apr. 25, 2018) at ¶111.

Staff urges the Commission to adopt its recommendation in this case.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Reply Brief, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail upon the below parties.

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Summary: Brief electronically filed by Ms. Tonnetta Scott on behalf of PUC