

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Ohio Power Company to Update Its) Case No. 18-1371-EL-RDR
Enhanced Service Reliability Rider.)

**COMMENTS ON AEP OHIO'S PROPOSAL TO CHARGE CUSTOMERS
FOR TREE TRIMMING EXPENSES
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

Respectfully submitted,

Bruce Weston (0016973)
Ohio Consumers' Counsel

Terry L. Etter (0067445)
Counsel of Record
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215
Telephone: (614) 466-7964
Terry.etter@occ.ohio.gov
(willing to accept service by e-mail)

September 13, 2019

TABLE OF CONTENTS

	PAGE
I. HISTORY	2
II. COMMENTS	4
A. The PUCO should not permit AEP Ohio to charge customers the \$9,131,240 that it overspent on tree trimming in 2017.....	4
B. The PUCO should find that AEP Ohio’s management of its tree trimming program is imprudent because it is not completing this work system-wide on the four-year cycle as required.....	5
C. Despite the additional money that AEP Ohio is charging customers for its tree trimming program, tree-caused outages are continuing to have a significant negative impact on the reliability of AEP Ohio’s service to customers.	7
D. The PUCO should require AEP Ohio to refund to customers past over-collections with interest.	8
E. The PUCO should determine if AEP Ohio’s tree trimming charge should be discontinued.	9
III. CONCLUSION.....	10

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
Ohio Power Company to Update Its) Case No. 18-1371-EL-RDR
Enhanced Service Reliability Rider.)

**COMMENTS ON AEP OHIO’S PROPOSAL TO CHARGE CUSTOMERS
FOR TREE TRIMMING EXPENSES
BY
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL**

This case involves charges on Ohioans’ bills in addition to the base rates they pay for electricity. Ohio Power Company (“AEP Ohio”) is seeking to charge customers for tree trimming expenses AEP Ohio claims to have incurred during 2017. The expenses would be charged to customers’ bills through a single-issue ratemaking charge called the Enhanced Service Reliability Rider (“ESRR”). According to AEP Ohio’s tariff,¹ the tree trimming charge is one of more than 30 charges (riders) that can result in increased charges on 1.3 million residential customers’ bills.²

AEP Ohio’s distribution base rates that customers pay already include \$24,200,000 for annual tree trimming expenses (\$20.6 million for operations and maintenance (“O&M”) and \$3.6 million for capital). In its Application in this case, AEP Ohio is seeking to charge customers more for tree trimming: charging customers O&M expenses of \$30.9 million plus interest (carrying costs) of \$5.8 million on the capital expenditures for a total of \$36,731,240. But AEP Ohio was authorized to spend only

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).

\$27.600,000 in this regard.³ For 2017, AEP Ohio is trying to over-charge customers \$9,131,240.

AEP Ohio overcharging customers for tree trimming is not new. Last year, AEP Ohio collected \$8,907,531 more than it spent through the charge. In the last three years alone, AEP Ohio has overcharged customers more than \$36.7 million through the tree trimming charges.

The Office of the Ohio Consumers' Counsel ("OCC") files Comments on AEP Ohio's Application.⁴ Customers should be protected by enforcing the spending limits the Public Utilities Commission of Ohio ("PUCO") established on AEP Ohio's tree trimming. AEP Ohio's tree trimming charges that are above the limits the PUCO set are unjust, unreasonable, and unauthorized. In fact, past over-collections should be refunded to customers with interest.

I. HISTORY

The tree trimming charge was originally approved as part of AEP Ohio's first electric security plan ("electric plan"). The charge was to provide AEP Ohio additional funding so that it could transition from a reactive vegetation management program (i.e., trimming or removing trees that have caused or could cause an outage) to a proactive,

³ *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 44.

⁴ OCC files these Comments even though no procedural schedule has been established for this case. OCC reserves the right to make any and all filings permitted under a future procedural schedule in this case.

four-year cycle-based distribution tree trimming and removal program to help prevent outages.⁵ The transition was expected over five years.

In AEP Ohio's second electric plan, three years into the five-year transition, it requested to extend the tree trimming charge. The PUCO allowed the charge to be collected from customers for an additional three years, through May 31, 2015.⁶ In its third electric plan, AEP Ohio requested another extension of the tree trimming charge for an additional three years, through 2018. The PUCO approved the extension, noting that the charge would be based on prudently incurred costs and subject to PUCO review and reconciliation annually.⁷ In AEP Ohio's most recent electric plan, the PUCO approved the charge 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 effective means of reducing and preventing outages and service interruptions caused by vegetation."⁸ The PUCO went on to say that continuation of the charge and the cost of the program will be considered as part of AEP Ohio base rate case expected to be filed by June 1, 2020, and if no base rate case is filed, the charge will end effective December 31, 2020."⁹

⁵ *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.

⁶ *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.

⁷ *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.

⁸ *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.

⁹ *Id.*

All told, the rider, which was originally intended (in 2008) to be for a five-year transition to a four-year tree trimming cycle (where trees along an entire circuit from beginning to end are addressed) has been in place more than twice as long – 11 years. The history of the charge demonstrates how a temporary charge to customers for tree trimming became a permanent source of revenues (for 11 years) for AEP Ohio (at customers' expense).

As demonstrated in this case, this single-issue ratemaking has now morphed into permanent rate increases paid by customers, allowing seemingly uncontrolled spending by AEP Ohio. And the reasons for the charge have seemingly changed from a transitional charge to an “effective means of reducing and preventing outages and service interruptions caused by vegetation.”¹⁰ This type of spending should already be included in base rates (and is). And unfortunately for consumers, AEP Ohio's spending through the charge is having little, if any, impact on improving customer reliability, as has been explained further by OCC's witness James Williams in the prior ESRR case.¹¹

II. COMMENTS

A. **The PUCO should not permit AEP Ohio to charge customers the \$9,131,240 that it overspent on tree trimming in 2017.**

During AEP Ohio's fourth electric plan, despite OCC's objections the PUCO approved AEP Ohio's request for additional customer funding for the ESRR of \$27.6

¹⁰ *Id.*

¹¹ *In the Matter of the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider*, Case No. 17-1914-EL-RDR, Direct Testimony of James D. Williams (May 3, 2019).

million annually in O&M and capital costs.¹² But instead of complying with the PUCO-ordered limits, AEP Ohio seeks to charge Ohioans \$9,131,240 more.

AEP Ohio must be held responsible and accountable for managing within its PUCO-approved authorized spending levels. The PUCO should not approve uncontrolled ESRR spending.

B. The PUCO should find that AEP Ohio's management of its tree trimming program is imprudent because it is not completing this work system-wide on the four-year cycle as required.

The PUCO originally approved the charge specifically to provide additional funding (beyond the amount(s) that AEP Ohio already collects from customers in base rates) to transition from a primarily reactive tree trimming program to a proactive four-year cycle-based program. The PUCO reasoned that an effective tree trimming program funded with additional customer dollars (above those already collected from customers through base distribution rates) would have a significant impact on customer reliability.¹³

Under Ohio Adm. Code 4901:1-10-27(E), AEP Ohio filed a revised tree trimming program in 2012 affirming its commitment to perform a four-year cycle-based tree trimming program.¹⁴ The PUCO approved AEP Ohio's revised program.¹⁵ Table 1 shows the vast amount of money that AEP Ohio has spent (and customers have paid) since 2012

¹² *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., Joint Stipulation and Recommendation (August 25, 2017) at 34.

¹³ *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. 08-917-EL-SSO, et al., Opinion and Order (March 18, 2009) at 33.

¹⁴ *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).

¹⁵ *Id.*, Finding and Order (February 26, 2014).

on vegetation management through the ESRR. The Table also shows whether AEP Ohio has not met the four-year cycle-based standards in each year since 2012.

Table 1: Summary of customer funding of vegetation management through the ESRR (2012 – 2018)

Year	ESRR revenues collected from customers in addition to \$24.2 million in base rates	Compliance with four-year cycle-based tree-trimming program
2012	\$31,264,456	No ¹⁶
2013	\$41,421,831	Yes ¹⁷
2014	\$38,694,207	Yes ¹⁸
2015	\$29,708,883	No ¹⁹
2016	\$33,379,649	No ²⁰
2017 ²¹	\$36,731,240	No ²²
2018	Not available	No ²³

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 five of the last seven years.

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 No. 13-996-EL-ESS, System Improvement Plan (March 31, 2013) at 114.

¹⁷ *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 No. 14-996-EL-ESS, System Improvement Plan (March 31, 2014) at 66.

¹⁸ *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 No. 15-996-EL-ESS, System Improvement Plan (March 31, 2015) at 48.

¹⁹ *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 No. 16-996-EL-ESS, System Improvement Plan (March 31, 2016) at 107.

²⁰ *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 No. 17-996-EL-ESS, System Improvement Plan (March 31, 2017) at 10b:2.

²¹ *In the Matter of the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider*, Case No. 18-1371-EL-RDR, Application (August 31, 2018) at Schedule 1.

²² *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 No. 18-996-EL-ESS, System Improvement Plan (March 31, 2018) at 107.

²³ *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 No. 19-996-EL-ESS, System Improvement Plan (March 29, 2019) at 59.

C. Despite the additional money that AEP Ohio is charging customers for its tree trimming program, tree-caused outages are continuing to have a significant negative impact on the reliability of AEP Ohio's service to customers.

According to AEP Ohio's PUCO-approved tree trimming plan, AEP Ohio has a responsibility trimming trees inside and outside of the prescribed right-of-way on a four-year cycle. The tree trimming 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."²⁴

But as shown in Table 2, between 2013 and 2018 tree-caused outages have increased from 4,844 in 2013 to 7,387 in 2018. The number of customers interrupted as a result of the tree-caused outages increased from 213,615 in 2013 to 411,100 in 2018. This is almost double the number of interruptions since 2013 and over 31% more in the last year alone. 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 97,681,526 in 2018.

²⁴ *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 Outages²⁵ (2013 – 2017)

Year	Tree-caused Outages (inside/outside right-of-way)	Customer Interruptions	Customer Minutes Interrupted
2013 ²⁶	4,844	213,615	46,441,700
2014 ²⁷	4,568	201,016	46,548,810
2015 ²⁸	4,851	222,811	45,067,131
2016 ²⁹	5,083	257,540	51,219,163
2017 ³⁰	6,449	313,173	68,222,667
2018 ³¹	7,387	411,100	97,681,526

There can be no doubt that the additional charges customers are paying for AEP Ohio's tree trimming program is failing to provide customers with better electric service reliability. Customers experienced roughly 52% more tree-caused outages in 2018 than in 2013 and had more than double the number of customer minutes interrupted.

D. The PUCO should require AEP Ohio to refund to customers past over-collections with interest.

AEP Ohio collected from customers over \$8.9 million more than its expenditures in 2017 and has over-collected more than \$30 million since the beginning of this tree trimming program 11 years ago. That is a lot of customers' money that should be refunded. These over-collections are used to lower the future years' ESRR rates.

²⁵ Ohio Adm. Code 4901:1-10(C)(3)(a), excluding major events and transmission outages.

²⁶ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 14-517-EL-ESS (March 31, 2014).

²⁷ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 15-627-EL-ESS (March 31, 2015).

²⁸ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 16-550-EL-ESS (March 31, 2016).

²⁹ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 17-890-EL-ESS (March 31, 2017).

³⁰ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 18-992-EL-ESS (March 29, 2018).

³¹ *In the Matter of the Annual Report of Electric Distribution System Reliability Pursuant to Rule 4901:1-10-10(C)*, Case No. 19-992-EL-ESS (March 29, 2019).

However, the PUCO should require that these large over-collections be credited back to customers with interest, at a rate of at least the long-term cost of debt.

When calculating rider rates to collect its costs, AEP Ohio typically includes interest to recover the time value of money. Therefore, it seems reasonable that when AEP Ohio owes money to customers, especially of this magnitude, the money should be paid back with interest.

E. The PUCO should determine if AEP Ohio's tree trimming charge should be discontinued.

Given that AEP Ohio's tree trimming charge is not resulting in improved electric service reliability for customers, the PUCO should consider whether the ESRR should be discontinued. AEP Ohio has demonstrated an inability or unwillingness to implement the four-year cycle-based tree trimming program that the additional charges collected from consumers over the past 11 years were designed to achieve. This increased charge to customers has morphed into what can only be described as unjust and unreasonable spending that is not fulfilling its intended purpose.

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 purported tree trimming money from customers. In 2016, AEP Ohio projected spending \$4.6 million for "Forestry" as a component in its DIR Work Plan.³²

³² *In the Matter of the Commission's Review of the Ohio Power Company's Distribution Investment Rider Work Plan for 2016*, Case No. 16-024-EL-UNC, Notice (January 8, 2016).

In recent comments regarding the DIR, OCC raised concerns about the potential for double-collection of tree trimming costs among base rates, the ESRR, and the DIR.³³ Considering all the money AEP Ohio is spending on tree trimming, customers have a right to expect much better reliability than is currently being delivered by AEP Ohio.

The PUCO should conduct a comprehensive investigation of AEP Ohio's spending on tree trimming to determine whether the ESRR is a waste of consumers' money. Consumers were promised reliability benefits from AEP Ohio's tree trimming spending, but they certainly aren't receiving the promised benefits.

III. CONCLUSION

AEP Ohio's ESRR charges are unjust, unreasonable, and unauthorized. AEP Ohio has not lived up to its own tree trimming plan. It is time for this "transitional" charge to end.

Respectfully submitted,

Bruce Weston (0016973)
Ohio Consumers' Counsel

/s/ Terry L. Etter
Terry L. Etter (0067445)
Counsel of Record
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215
Telephone: (614) 466-7964
Terry.etter@occ.ohio.gov
(willing to accept service by e-mail)

³³ *In the Matter of the 2016 Review of the Distribution Investment Rider Contained in the Tariff of Ohio Power Company, et al.*, Case No. 17-0038-EL-RDR, OCC Comments (October 26, 2018) at 7.

CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments was served on the persons stated below via electronic transmission, this 13th day of September 2019.

/s/ Terry L. Etter
Terry L. Etter
Assistant Consumers' Counsel

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

SERVICE LIST

John.jones@ohioattorneygeneral.gov

stnourse@aep.com

Attorney Examiners:

Sarah.parrot@puc.state.oh.us

Greta.see@puc.state.oh.us

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

9/13/2019 5:20:07 PM

in

Case No(s). 18-1371-EL-RDR

Summary: Comments Comments on AEP Ohio's Proposal to Charge Customers for Tree Trimming Expenses by The Office of The Ohio Consumers' Counsel electronically filed by Mrs. Tracy J Greene on behalf of Etter, Terry L.