

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company to Initiate)	Case No. 19-1475-EL-RDR
its gridSMART Phase 3 Project.)	

**COMMENTS OF
OHIO PARTNERS FOR AFFORDABLE
ENERGY**

On July 26, 2019, Ohio Power Company (“AEP Ohio”) filed the instant application to initiate the third phase of its smart grid deployment project, gridSmart. Funding for Phase 3 will be recovered through the gridSmart Phase 2 Rider, and adjusted quarterly. Pursuant to the Entry filed on August 10, 2020, Ohio Partners for Affordable Energy (“OPAE”) hereby offers its initial comments on the application.

I. Introduction

AEP Ohio’s Application for Phase 3 of its gridSmart deployment focuses on the core elements of a smart grid deployment. It proposes to expand deployment of distribution automation circuit reconfiguration (“DACR”); deploying distribution supervisory control and data acquisition (“SCADA”) on 160 circuits; and, deploying volt/var optimization (“VVO”) on additional substation buses and distribution circuits. It also proposes to recover funding for a software application from the Smart Grid 2 Rider. The cost of the software is currently recovered under the soon to expire Energy Efficiency and Peak Demand Reduction Rider. New initiatives unique to this application are the proposed deployment of a fiber optic infrastructure in areas that lack broadband service to support deployment of smart meters and installation of sensors on certain

sections of the system.

OPAЕ supports modernization of the utility grid, but remains skeptical of the benefits of smart meters versus the costs to customers both financially and in the erosion of consumer protections. Many industry analysts see advantages for customers of time-based rates, arguing that customers can save money, and that sophisticated pricing schemes will promote electrification of the economy as a solution to climate change. Despite years of investment in smart meters in Ohio, little of this has happened.

Ohio bases retail pricing on a competitive wholesale market. Pricing schemes that derive their benefit from limiting investment in new generation are not relevant in a competitive market. On the other hand, pricing schemes that reward customers for taking actions to reduce usage to reduce supplier costs do make sense and Peak Time Rebates have proved quite successful at shaping load. Still, OPAЕ remains concerned that deploying technology that enables time varying rates will not reduce costs for customers, but will instead be used by marketers to shift all risk to customers and maximize their profits. The technology itself is value neutral, but can be used to the benefit of customers or to their detriment. The regulator is the umpire.

II. Comments

- a. The Commission should delay approval of additional smart meter deployment and related infrastructure until AEP Ohio makes substantial progress on deploying DACR as authorized in gridSMART Phase 2.**

The primary benefit of smart grid deployment is the improvement in reliability. Unfortunately, deployment of DACR authorized in gridSMART Phase 2 has significantly lagged projections. DACR is the critical component for improvement in reliability.

Absent deployment of these systems, the benefits of the entire deployment to customers is brought into question.

OPAЕ recommends that AEP Ohio review its current deployment efforts and focus on DACR. When sufficient progress is made and cost-effectiveness is established, the Public Utilities Commission of Ohio (“Commission”) can revisit the deployment of additional smart meters. Smart meter deployment provides customers with limited value, particularly when it replaces Automatic Meter Reading, as is the case in the Phase 3 expansion. The Company should focus on the technologies that provide the greatest benefits to customers, DACR and VVO.

b. AEP Ohio should restore consumer protections currently subject to waivers.

The Commission has granted AEP Ohio an indefinite waiver of 4901-1:18-06, which requires a personal notice on the day of disconnection for the gridSMART Phase I and 2 portions of the service territory. The rule amplifies O.R.C. 4933.122. The Commission approved an alternative approach to providing notice of disconnection on a pilot basis. In the most recent decision on the waiver of the statutory notice requirement the Commission made clear that it retains jurisdiction over the waiver pilot:

The Commission’s approval of this waiver is contingent upon the Company’s continued compliance with the requirements of the pilot. Notwithstanding the Company’s compliance, the Commission may suspend or terminate the Company’s waiver, at the Commission’s sole discretion, for good cause.¹

OPAЕ notes, initially, that AEP Ohio has not requested the waiver be extended to Phase 3 of the gridSmart deployment. The Commission has limited the application of the waiver to gridSmart Phase 2, requiring that “AEP Ohio is directed to provide Staff, at

¹ Case No. 13-1938-EL-WVR, et al., Finding and Order at 19 ¶37, (April 11, 2018).

least 30 days in advance, notice of the roll out of the disconnection process to new areas of gridSmart Phase 2.”² Because AEP has not requested that the pilot waiver be extended to gridSMART Phase 3, the waiver should not be extended.

The Commission should also reconsider the approval of the waiver for customers living in the gridSMART Phase 2 territory. There is good cause to terminate the waiver. First, as demonstrated by the testimony of OCC witness Williams in Case No. 13-1938-EL-WVR, et al., the level of disconnection in areas served by smart meters is higher than the portions of AEP territory not served by smart meters – the Phase 3 area. Second, the COVID-19 pandemic has placed many more customers in danger of being disconnected. Many of these are customers that have consistently paid their bills but because of reduced income or the loss of a job, are not able to make monthly payments. Data also indicates that those with service jobs, jobs that paid low wages when they existed and now dominate the number of jobs lost, are at the greatest risk of disconnection. The personal notice matters to these customers. The ability to work out a payment plan to prevent disconnection is invaluable for these clients, who may not be aware of available assistance nor familiar with how to obtain it. There is good cause to terminate the waiver.

c. All revenues from leasing unused fiber optic capacity should be returned to customers.

AEP Ohio is proposing to build a fiber optic network to allow for communication with DACR and VVO circuits as opposed to using wireless communication as has been done in Phases 1 & 2.³ OPAE appreciates that fact that certain rural portions of the

² Id. at 18, ¶37.

³ Direct Testimony of Scott S. Osterholt on Behalf of Ohio Power Company at line 17, page 24 (July 26,

AEP Ohio service territory lacks broadband service, and commercial providers have not chosen, presumably for financial reasons, to make the necessary investments. AEP witness Osterholt notes that as a result of the deployment of the fiber “there is an opportunity to overlap their efforts with rural broadband expansion initiatives.”⁴ He further contends that revenue from this fiber expansion and other AEP fiber deployments can generate revenues equal to or in addition to the \$52.6 million cost associated with Phase 3.⁵ However, as AEP witness Seger Lawson notes, “[f]iber revenues will be credited against the rate, up to the incremental cost of fiber that was included in the rate.”⁶

As described by the AEP witnesses, customers will pay the base cost of a broadband-based system in the gridSMART Phase 2 Rider. Any credit from leasing the fiber will apply only to costs above the baseline, and then only apply as a credit up to the incremental cost of the fiber. So, the question becomes what happens to revenue generated from customer investments that is above the incremental cost of the fiber deployment? The application does not say.

OPAE supports efforts to increase deployment of broadband throughout Ohio. As the COVID-19 pandemic has made clear, internet access is critical for jobs, education, economic development and other benefits as described in AEP witness Osterholt’s testimony. OPAE auditors are prevented from using the latest audit tools, work order and reporting systems because of a lack of internet access in portions of the

2020).

⁴ Id. at line 10, page 25.

⁵ Id. at line 1, page 27.

⁶ Direct Testimony of Donna Seger Lawson on Behalf of Ohio Power Company at line 10, page 7 (July 26, 2020). NOTE: The testimony as publicly filed includes language in the bottom margin indicating it is ‘AEP Confidential’. However, the Testimony was not filed as a Confidential document.

AEP Ohio service territory. Our clients cannot enroll for services such as bill payment assistance and weatherization online, along with a host of other services provided by our member community-based agencies. This includes telemedicine, education, and other essential services. OPAE absolutely supports fully using the capabilities of a fiber network as proposed by AEP Ohio and paid for by its ratepayers.

This already occurs. AEP Ohio and other utilities are compensated for pole attachments. The payments from cable and other users of the polls is credited back to customers during a rate case. That should be the rule when broadband is leased. The fiber is a utility capital investment. It will receive a return on the investment, initially through the gridSMART Phase 2 Rider. Any revenue generated as a result of the deployment should inure to ratepayers who have paid for the infrastructure. That is a basic principal of regulation. AEP Ohio can have an unregulated affiliate earn profits by leasing excess fiber capacity and providing broadband or other services, so long as the lease revenues revenue inure to customers by offsetting the cost of operating the utility system.

d. Software applications used by consumers to interact with smart meters should be funded through the gridSmart Phase 2 Rider.

OPAE supports AEP Ohio's request to transfer recovery of costs associated with the software application that permits customers to monitor power consumption in close to real time and control smart appliance with in the home. This is a tool that may ultimately unlock the benefits of smart meters to customers. Unless customers can access the data, smart meters are nothing more than a capital investment. Funding for this application is more appropriately recovered through the gridSMART Phase 2 Rider.

III. Conclusion

This application is fairly straightforward. AEP Ohio has successfully completed deployment of gridSMART Phase 1 and is completing Phase 2. Phase 3 will extend the reliability benefits of DACR and the efficiency produced by VVO to the balance of AEP Ohio's customers. OPAE has been involved in this entire line of cases. AEP Ohio has made good decisions on technologies and most investments -- the investment in EV infrastructure being of dubious benefit to customers -- and low-income customers in particular. Unfortunately, the deployment of DACR, the technology which produces the bulk of benefits to customers in the form of reliability, has been delayed. As a result, the Commission should delay approval of Phase 3 until such time as the deployment of DACR, and the resulting benefits to consumers, is back on schedule. At that point, it will be possible to evaluate the efficacy of a continued rollout of other components of gridSMART.

The benefits of smart meters remain unproven, but due of the waiver of personal notice requirements, have reduced consumer protections. The waiver of the personal notice on the day of disconnection should not be extended to Phase 3. If the Company chooses to request such a waiver, it should be filed in a separate docket and the application should be subject to full discovery to ascertain what impact the current pilot has had on customer protection. Finally, OPAE supports the deployment of fiber in portions of the service territory where there is inadequate broadband infrastructure. However, all revenue from leasing excess fiber capacity should be returned to customers as a credit against the gridSMART Phase 2 Rider. Equity requires customers benefit from the investments they pay for.

Respectfully submitted,

/s/Robert Dove

Robert Dove (0092019)
Kegler Brown Hill + Ritter Co., L.P.A.
65 E. State St., Ste/ 1800
Columbus, OH 43215-4295
Office: (614) 462-5443
Fax: (614) 464-2634
rdove@keglerbrown.com
(Willing to accept service by email.)

**Attorney for Ohio Partners for
Affordable Energy**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Intervene and Memorandum of Support will be served by the Commission's Docketing Division on these parties on this 9th day of September 2020.

/s/ Robert Dove
Robert Dove

stnourse@aep.com
cmblend@aep.com
mkurtz@BKLawfirm.com
jklyercohn@BKLawfirm.com
joe.oliker@igs.com
Bethany.allen@igs.com
Michael.nugent@igs.com
mpritchard@mcnees.com
gpetrucci@vorys.com
bojko@carpenterlipps.com
fdarr2019@gmail.com
mleppla@theOEC.org
whitt@whitt-sturtevant.com
glover@whitt-sturtevant.com
mfleischer@dickinsonwright.com
paul@carpenterlipps.com
william.michael@occ.ohio.gov
ambrosia.logsdon@occ.ohio.gov
Amy.botschner.obrien@occ.ohio.gov
dborcher@bricker.com
dparram@bricker.com
ccox@elpc.org
mo2753@att.com

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Summary: Comments electronically filed by Mr. Robert Dove on behalf of Ohio Partners for Affordable Energy