

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

REPLY COMMENTS OF INTERSTATE GAS SUPPLY, INC.

I. INTRODUCTION

In these comments, Interstate Gas Supply, Inc. (“IGS” or “IGS Energy”) renews its plea for the Commission to return the focus of gridSMART to true distribution grid modernization projects by directing AEP Ohio to make the data access enhancements detailed throughout the proceeding and removing the novel expansion of its regulated business into competitive telecommunications market. As detailed below, many share IGS Energy’s sentiments in this proceeding, and IGS encourages the Commission to adopt the recommendations therein.

II. ARGUMENT

A. The Commission should adopt Staff’s recommendation that it is essential to address data access enhancements in this proceeding.

In Staff’s Review and Recommendation regarding AEP Ohio’s Application, Staff reiterates a previous recommendation that the Commission should direct AEP Ohio to file supplemental testimony in this proceeding that details a timeline to update the wholesale settlement systems and processes needed to calculate and settle individual THEO, NSPL, and PLC values for all customers with AMI meters. Additionally, Staff recommends that the supplemental testimony should detail how this data would be made available to CRES providers. As noted by Staff, AEP Ohio has almost one million smart meters deployed that still rely on generic load profiles despite more granular interval data being

available. Staff's believes that it is essential to address this barrier, and failure to do so limits the benefits customers can receive from grid modernization.¹

IGS strongly agrees with Staff's comments and urges the Commission to adopt Staff's recommendation in full. AEP Ohio's gridSMART Phase 3 should not advance without addressing individual wholesale settlements, including is the method(s) in which this data will be available to CRES providers. Automated, streamlined processes for data sharing is key component for the success of innovative products and services, as recognized by its inclusion in state policy.²

Additionally, the Commission should incorporate some of the concerns raised by Direct Energy Business, LLC and Direct Energy Services, LLC ("Direct") regarding unfulfilled commitments from gridSMART Phase 2.³ Specifically, the Stipulation approved in that proceeding states that "[a]fter the completion of the CRES AMI interval data portal, CRES providers will have the opportunity to offer more strategic and competitive TOU options and programs."⁴ AEP Ohio's supplemental testimony should address how, if at all, CRES providers are able to offer time-varying rates with off-peak and on-peak hours

¹ Staff Review and Recommendation at 4.

² R.C. 4928.02(O), (P).

³ See Direct Initial Comments at 1-4.

⁴ *In the Matter of the Application of Ohio Power Company to Initiate Phase 2 of its gridSMART Project and to Establish the gridSMART Phase 2 Rider*, Case No. 13-1939-EL-RDR, Stipulation & Recommendation (Apr. 7, 2016) at 10.

that differ from AEP Ohio's default service TOU rates (i.e. "more strategic and competitive TOU options and programs"), including the process CRES providers must follow in order to bill these customers.

Finally, IGS believes its suggestion from its Initial Comments regarding the exploration of minor enhancements to the Electronic Letter of Authorization Process would be a valuable addition to the scope of supplemental testimony, and respectfully requests that this also be included.⁵

B. The It's Your Power Application should be discontinued.

The Office of the Ohio Consumers' Counsel ("OCC"), the Smart Thermostat Coalition ("STC"), the Environmental Law & Policy Center with the Ohio Environmental Council ("ELPC/OEC") raise concerns regarding the continuation of the It's Your Power App because of its inflexibility and limited benefits.⁶ In doing so, STC asserts that this "proceeding provides an excellent time to pause and consider whether continued investment in AEP Ohio's current technology makes sense or if those ratepayer funds can be better used elsewhere."⁷ IGS agrees.

As noted by the STC, the It's Your Power App is a closed system that cannot be leveraged by CRES providers, and it is compatible with just a single proprietary It's Your

⁵ See IGS Initial Comments at 8-9.

⁶ OCC Initial Comments at 13; Smart Thermostat Coalition Comments at 1-7; and ELPC/OEC Comments at 5.

⁷ STC Initial Comments at 6.

Power thermostat.⁸ Additionally, AEP Ohio has already communicated to customers that the It's Your Power App will be discontinued on October 1, 2020.⁹ Therefore, AEP Ohio's proposal to recover the costs associated with the It's Your Power App should be denied.

C. The majority of stakeholders agree that the Commission should reject AEP Ohio's fiber optic cable proposal.

The overwhelming majority of comments filed in this proceeding oppose AEP Ohio's entrance into the competitive telecommunications market with ratepayer dollars.¹⁰ The parties submit a multitude of compelling arguments that not need be repeated here. Just two parties, Ohio Partners for Affordable Energy ("OPAE") and Staff, do not oppose the proposal, but fail to provide any statutory support or authorization for these costs. That is because one does not exist.

First, the Commission should be alarmed that one of the two parties that does not oppose this proposal, Staff, felt it necessary to start its recommendations questioning whether the primary impetus of AEP Ohio's proposal is the potential benefits for the distribution system, *or* "the opportunity to increase the total capital investment while providing additional revenues for the Company through the provision of non-electric

⁸ STC Initial Comments at 7-8.

⁹ Ex. 1.

¹⁰ See Initial Comments of Industrial Energy Users-Ohio at 6-9; Initial Comments of the Ohio Telecom Association; Initial Comments of AT&T Ohio; Initial Comments of The Kroger Company and Ohio Manufacturers Association Energy Group; Ohio Cable Telecommunications Association; and Initial Comments of OCC at 10-12.

products and services.”¹¹ This sentiment is shared by many commenters and should not be ignored by the Commission.

Initially, Staff notes that AEP Ohio is prohibited from providing noncompetitive retail electric service and a non-electric product or service, unless it does so as part of a Commission-approved corporate separation plan, citing R.C. 4928.17. In this regard, Staff labels AEP Ohio’s proposal as “the provision of non-electric telecommunications service.”¹²

However, in the following paragraph, Staff submits that it “believes that ‘middle mile’ telecommunications service in areas of the Company’s service territory without readily available broadband service is likely not competitive, if the Company can clearly demonstrate that the customers in the area are indeed underserved and that other entities haven’t already received federal or state funding to provide service in the area.”¹³ Staff then continues with suggested safeguards to mitigate the risks of this proposal on ratepayers, seeming to suggest that AEP Ohio can enter into the telecommunications business because the “middle man” telecommunications service “is likely not competitive.”¹⁴ This is simply incorrect.

¹¹ Staff Review and Recommendations at 5.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

First, although Staff acknowledges that AEP Ohio needs to have a Commission-approved corporate separation plan to offer this service, Staff ignores that a lawful corporate separation plan must “at minimum, [provide] for the provision of the competitive retail electric service or nonelectric product or service **through a fully separated affiliate of the utility.**”¹⁵ Multiple stakeholders, including Staff, note that this portion of AEP Ohio’s Application would be the provision of non-electric services. Therefore, it must be offered through a fully separated affiliate of the utility, not AEP Ohio.

Additionally, the fact that Staff believes the middle man service “is likely not competitive” has no relevance to this proceeding. Under the statutory scheme, there are three categories of services: noncompetitive retail electric service, competitive retail electric service, and non-electric services.¹⁶ Staff correctly labeled AEP Ohio’s fiber proposal as a non-electric service. This acknowledgement should have ended Staff’s review of this proposal. Allowing an EDU to offer a non-electric service financed through distribution rates merely because no one else has offered that service yet is not only unlawful, it establishes dangerous precedent.

Moreover, the gridSMART Phase 3 Rider was approved under R.C. 4928.143(B)(2)(h) as a rider regarding distribution service. Distribution service is one of the services explicitly included in the list services in which “retail electric service” is

¹⁵ R.C. 4928.17(A) (emphasis added).

¹⁶ See e.g. R.C. 4928.17.

comprised in its statutory definition.¹⁷ As noted above, AEP Ohio's proposes to provide non-electric telecommunications service. Because this service fails to qualify within the broader category of "retail electric service," it most certainly cannot be the more specific component of distribution service. Thus, AEP Ohio cannot collect charges through the gridSMART Phase 3 Rider for this service. Therefore, the Commission should deny AEP Ohio's fiber proposal in total.

D. The Commission should decline to adopt OCC's suggestions regarding the delay of the gridSMART Phase 3.

In its Initial Comments, OCC submits that the Commission should reject AEP Ohio's Application in full until AEP Ohio can demonstrate that customers have received benefits from gridSMART Phase 1 and 2.¹⁸ Among other things, OCC argues that deploying the final phase of smart meters will not be as beneficial for the customers "until more applications are developed that take advantage of the capabilities of the Phase I and Phase II smart meters."¹⁹ According to OCC, the low level of operational savings from gridSMART Phase 2 demonstrate why additional quantifiable benefits for consumers are needed before Phase 3 can proceed.²⁰

¹⁷ See R.C. 4928.01(A)(27).

¹⁸ OCC Initial Comments at 3.

¹⁹ *Id.* at 8.

²⁰ *Id.* at 7.

However, OCC also recommends that the Commission deny funding for expanding the functionality of EDI. OCC argues that this cost should be paid by the CRES providers, as they “are the ones that purportedly benefit from the data.”²¹

OCC’s comments demonstrate its unreasonable expectations regarding the development of additional benefits for customers. Initially, OCC argues that more applications need to be developed that take advantage of smart meters, but subsequently argues that data access enhancements should not be funded by ratepayers because CRES providers are the only ones to benefit from access to meter data.

First, IGS notes removing the disconnect between the wholesale and retail market will instantly provide customer benefits by eliminating intraclass subsidies and better aligning rates with the principles of cost causation. Access to and use of actual customer data eliminates the guessing game currently incorporated into rates.

Additionally, IGS notes that CRES providers cannot be the only ones to benefit from access to meter data. If a CRES provider offers products and services that customers desire and take advantage of, both the customer and the CRES provider benefit. However, if customers fail to find value in a CRES provider’s offerings, the CRES provider attracts no customers and receives no benefit. Additionally, every update and improvement completed on the utility’s side of the transaction necessitates an update and improvement on the CRES provider’s side of transaction. Should the CRES provider fail

²¹ *Id.* at 14.

to attract customers, these investments are lost. Thus, the CRES provider has every incentive to utilize this data for innovative products and services that benefit Ohioans.

Further, IGS notes that the EDU is the keeper of the data, the architect of the technology systems, and the author of the calendar. The EDUs have to make certain investments in order for CRES providers to innovate. There are some things that only an EDU, in its role as distribution service provider, can provide. If OCC truly wanted customers to benefit from the capabilities of smart meters, it would be encouraging minor investments in the enhancements requested by CRES providers. This would then enable the market to develop the applications and offerings that would provide the additional quantifiable benefits that OCC is seeking. Thus, the Commission should reject OCC's recommendations.

III. CONCLUSION

Therefore, IGS respectfully requests that the Commission adopt Staff's recommendation regarding data access but reject AEP Ohio's competitive telecommunication proposal and OCC's attempts to slow innovation in the marketplace.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that this *Reply Comments of Interstate Gas Supply, Inc.* was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on September 25, 2020. The Commission's e-filing system will electronically serve notice of the filing of this document on the parties subscribed to these proceedings. Additionally, notice was provided to the parties listed below.

/s/ Bethany Allen

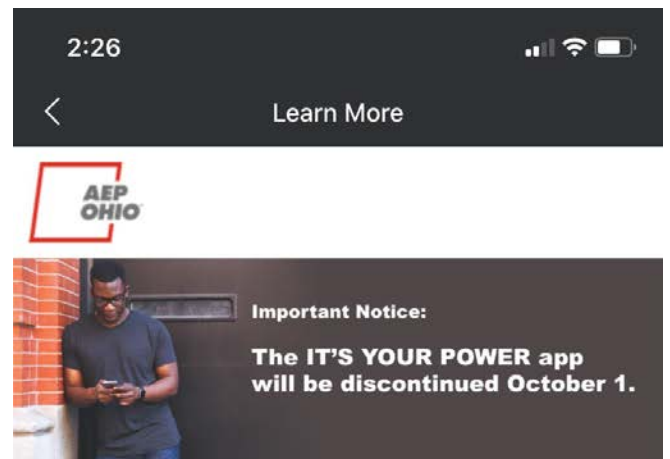
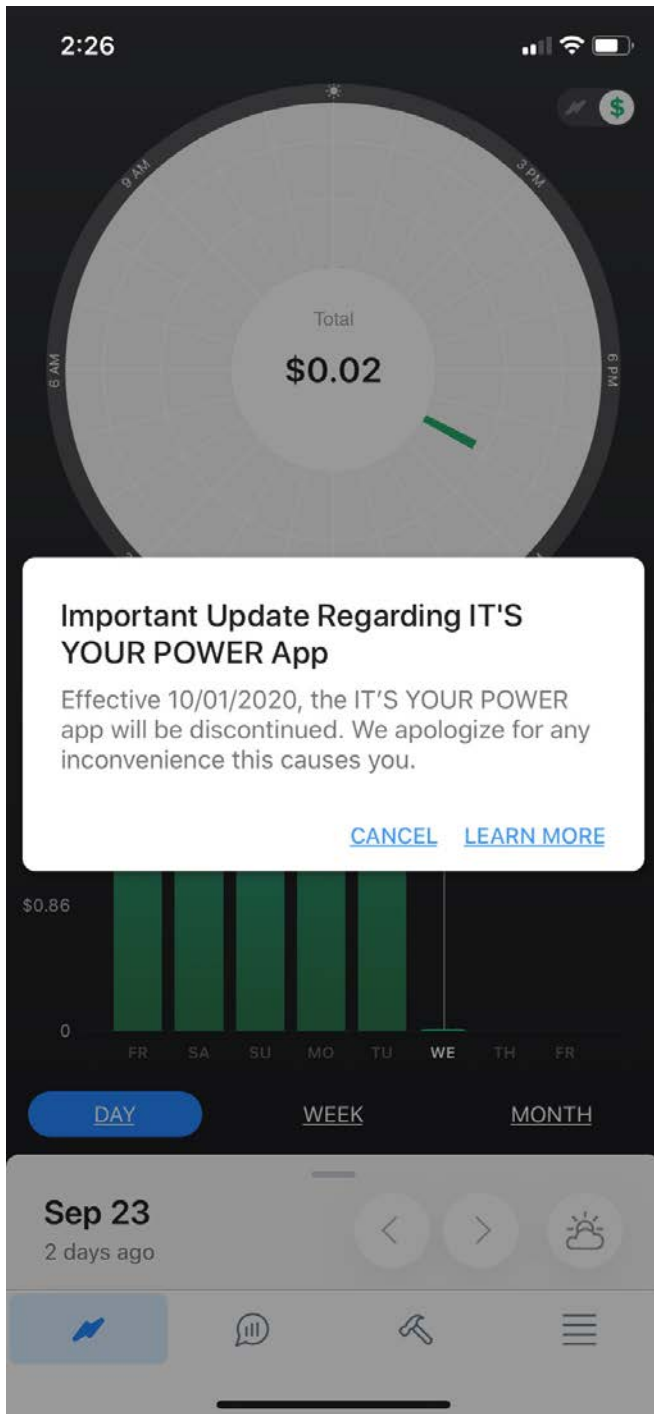
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AEP Ohio's It's Your Power App

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We're sorry to inform you that effective October 1, 2020, the IT'S YOUR POWER mobile app will be discontinued. AEP Ohio was unable to receive the regulatory approval needed to continue the program.

Please be aware of the following:

- You will be able to continue viewing your energy usage data. Simply log into your account at AEPOhio.com/Account or the [AEP Ohio mobile app](#).
- The Energy Bridge, Powerley thermostat and other connected devices will lose functionality. (See below "Not ready to replace your thermostat?")



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Summary: Comments Reply Comments of Interstate Gas Supply, Inc. electronically filed by Bethany Allen on behalf of Interstate Gas Supply, Inc.