

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY FOR APPROVAL
TO EXPIRE ITS GRIDSMART
EXPERIMENTAL TARIFFS.

CASE NO. 13-1937-EL-ATA

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY FOR APPROVAL
TO ESTABLISH TIME-OF-USE RATES.

CASE NO. 17-1234-EL-ATA

FINDING AND ORDER

Entered in the Journal on July 14, 2021

I. SUMMARY

{¶ 1} The Commission approves the applications of Ohio Power Company d/b/a AEP Ohio to include time-of-use rates in its Generation Capacity Rider tariffs and to expire its gridSMART experimental tariffs, with the exception of the Experimental Direct Load Control Rider.

II. DISCUSSION

A. Procedural Background

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services (CRES) necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} R.C. 4909.18 provides, in part, that a public utility may file an application to establish any rate, charge, regulation, or practice. If the Commission determines that the

application is not for an increase in any rate and does not appear to be unjust or unreasonable, the Commission may approve the application without the need for a hearing.

{¶ 5} In Case No. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for a first ESP, including the Company's proposal to establish a gridSMART Rider and initiate Phase 1 of its gridSMART program, which would focus on advanced metering infrastructure (AMI), distribution automation, and home area network initiatives. *In re Columbus Southern Power Co.*, Case No. 08-917-EL-SSO, et al., Opinion and Order (Mar. 18, 2009) at 37-38, Entry on Rehearing (July 23, 2009) at 18-24.

{¶ 6} On August 8, 2012, the Commission approved, with certain modifications, AEP Ohio's application for a second ESP, effective with the first billing cycle of September 2012 through May 31, 2015. Among other provisions of the ESP, the Commission approved AEP Ohio's request to continue the gridSMART Phase 1 project, as well as the gridSMART Phase 1 Rider, which enabled the Company to recover its prudently incurred costs associated with Phase 1 and was subject to an annual true-up and reconciliation. The Commission also directed AEP Ohio to file an application addressing Phase 2 of the gridSMART program. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012) at 62-63, Entry on Rehearing (Jan. 30, 2013) at 53.

{¶ 7} In Case No. 13-2385-EL-SSO, et al., the Commission approved, pursuant to R.C. 4928.143, AEP Ohio's application for a third ESP for the period of June 1, 2015, through May 31, 2018. Among other matters, the Commission approved AEP Ohio's proposal to extend the gridSMART program. The Commission also noted that, consistent with its directive in the *ESP 2 Case*, AEP Ohio should file, within 90 days after the expiration of ESP 2, an application for review and reconciliation of the gridSMART Phase 1 Rider. The Commission found that, after the review and reconciliation of the gridSMART Phase 1 costs, AEP Ohio should be authorized to transfer the approved capital cost balance into its Distribution Investment Rider (DIR), which would not be subject to the DIR caps, and

should also transfer any unrecovered operations and maintenance balance into the gridSMART Phase 2 Rider. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 51-52.

{¶ 8} On September 13, 2013, in Case No. 13-1937-EL-ATA, AEP Ohio filed an application seeking to expire the experimental tariff offerings associated with the Company's gridSMART pilot. Specifically, these tariff offerings include the Experimental Residential Time-of-Day Service, Experimental Direct Load Control (DLC) Rider, Experimental Critical Peak Pricing Service, Experimental Residential Real-Time Pricing Service, and Experimental Small General Service Time-of-Day schedules.

{¶ 9} In Case No. 13-1939-EL-RDR, the Commission modified and approved a joint stipulation and recommendation (Phase 2 Stipulation) regarding AEP Ohio's application to implement Phase 2 of its gridSMART project. Among other things, the Phase 2 Stipulation established the process for a time-of-use (TOU) transition plan to be implemented by AEP Ohio, Staff, and CRES providers, which would include the development of internal systems and processes to enable CRES TOU programs, customer communications, and a review of the competitiveness of the CRES offerings available through the transition plan. The Phase 2 Stipulation also required AEP Ohio to propose a simple two-tier, non-technology TOU rate reflecting default load auction prices for AMI customers to be used only if the CRES TOU market has not evolved to be sufficiently competitive after the communication phase to inform customers of their options and to aid them in moving to CRES TOU programs. *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR (*Phase 2 Case*), Opinion and Order (Feb. 1, 2017) at ¶¶ 29-32.

{¶ 10} On May 11, 2017, in Case No. 17-1234-EL-ATA, AEP Ohio filed, pursuant to R.C. 4909.18 and the Phase 2 Stipulation, an application to establish TOU rates for certain residential and general service customers with AMI meters as an optional, bypassable offering under the Company's Generation Capacity (GENC) Rider. AEP Ohio states that any under- or over-recovered capacity costs would be trued up through its Auction Cost

Recovery Rider and that the effective date of the TOU rates would only be triggered in a manner consistent with the terms of the Phase 2 Stipulation.

{¶ 11} On various dates, motions to intervene in Case No. 13-1937-EL-ATA and Case No. 17-1234-EL-ATA were filed by Ohio Consumers' Counsel (OCC), Ohio Environmental Council (OEC), Interstate Gas Supply, Inc. (IGS), Ohio Partners for Affordable Energy (OPAE), Environmental Law and Policy Center (ELPC), and Direct Energy Services, LLC and Direct Energy Business, LLC (collectively, Direct Energy).¹ No memoranda contra were filed. The Commission finds that the motions are reasonable and should be granted.

{¶ 12} On May 30, 2019, Staff filed its review and recommendations in Case No. 17-1234-EL-ATA.

{¶ 13} On May 1, 2020, AEP Ohio filed an amended application and updated proposed tariffs in Case No. 17-1234-EL-ATA in response to Staff's recommendations. Regarding its application in Case No. 13-1937-EL-ATA, AEP Ohio stated that it intended to update its proposed tariffs in that case to provide for a transition plan for customers currently served under certain schedules.

{¶ 14} On June 16, 2020, AEP Ohio filed an amended application and updated proposed tariffs in Case No. 13-1937-EL-ATA.

{¶ 15} By Entry dated June 17, 2020, the attorney examiner established a procedural schedule to assist the Commission in its review of AEP Ohio's amended applications in the above-captioned cases.

¹ Environmental Defense Fund also moved to intervene in Case No. 13-1937-EL-ATA, but subsequently filed a notice of withdrawal from the proceeding on October 16, 2020.

{¶ 16} On July 10, 2020, initial comments were filed in these dockets by OCC, Direct Energy, IGS, and ELPC/OEC. Reply comments were filed by AEP Ohio, Staff, ELPC/OEC, and Direct Energy/IGS on July 24, 2020.

{¶ 17} On June 15, 2021, AEP Ohio filed correspondence in Case No. 17-1234-EL-ATA, providing an update regarding its position as to the DLC Rider.

B. Summary of Staff's Review and Recommendations and Amended Application

{¶ 18} In its review and recommendations filed in Case No. 17-1234-EL-ATA on May 30, 2019, Staff notes that AEP Ohio seeks to establish a simple two-tier, non-technology TOU tariff rate reflecting default load auction prices. More specifically, Staff states that the proposed residential and general service 1 TOU rates would be an optional, bypassable offering available to customers with AMI meters through the GENC Rider. Staff notes that, for this rate, the on-peak period would be defined as 6:00 a.m. to 10:00 p.m. on weekdays, including holidays.

{¶ 19} Staff reports that, as of March 27, 2019, there was only one CRES provider offering a TOU rate in the pilot area. Consistent with the process contemplated under the Phase 2 Stipulation, Staff advises that, in light of a current lack of TOU offerings by CRES providers, AEP Ohio should be required to maintain a TOU rate. However, Staff recommends that AEP Ohio file an amended application to incorporate Staff's proposed changes to the TOU offering before the Commission issues a decision. Staff states that the amended application should significantly reduce the proposed on-peak period to no more than six hours, which would enable customers to more reasonably engage in the offering and may improve their incentive to reduce consumption during the on-peak period. Staff adds that the on-peak period should be aligned with the seasonal peak demand periods for the distribution system. Staff also recommends that the input data used to calculate the proposed rates be updated to reflect the most recent annual load profiles for the residential and general service 1 customer classes and the current GENC Rider rates. Finally, Staff

states that, once AEP Ohio's amended application is approved by the Commission in Case No. 17-1234-EL-ATA, the Company's pending application in Case No. 13-1937-EL-ATA to expire the experimental TOU schedules and the DLC rate program, which includes the SMART Shift (two-tier TOU), SMART Shift Plus (three-tier TOU, plus critical peak pricing), and SMART Cooling (thermostat) pilot rates, should also be approved.

{¶ 20} In response to Staff's recommendations, AEP Ohio filed an amended application in Case No. 17-1234-EL-ATA on May 1, 2020. AEP Ohio states that it has modified its proposed on-peak period, with the revised tariffs indicating that on-peak hours apply to all weekdays, regardless of holidays, from 6:00 a.m. to 9:00 a.m. for the period of November through April, and from 2:00 p.m. to 6:00 p.m. for the period of May through October. AEP Ohio further states that it has incorporated more current data inputs, as recommended by Staff. With respect to the expiration of the experimental gridSMART tariffs in Case No. 13-1937-EL-ATA, AEP Ohio proposes a transition plan for the Company's SMART Shift and SMART Shift Plus tariffs, which serve approximately 450 customers. These customers would be informed about the changes to the on- and off-peak periods and provided the opportunity to opt out of the changes, at which time they would be transferred to a non-TOU rate. If the customers do not opt out, they would be assessed the TOU charge. AEP Ohio also requests approval to continue its SMART Cooling tariff, which has no alternative and serves approximately 857 customers. On June 16, 2020, AEP Ohio filed an amended application and proposed tariffs in Case No. 13-1937-EL-ATA to reflect its proposed transition plan.

{¶ 21} In its June 15, 2021 correspondence filed in Case No. 17-1234-EL-ATA, AEP Ohio states that, although it previously supported the continuation of the DLC pilot rate programs, the Company agreed, pursuant to a stipulation and recommendation filed in its pending rate case proceedings, Case No. 20-585-EL-AIR, et al., to eliminate its DLC tariffs upon approval of the stipulation. AEP Ohio notes that it, therefore, does not object to a decision in the present cases that either terminates the DLC tariffs, subject to the

Commission's adoption of the stipulation and recommendation in the rate case proceedings, or that defers the resolution of the DLC tariff issue to the rate case proceedings.

C. Summary of the Comments

1. OCC

{¶ 22} OCC offers eight recommendations for the Commission's consideration. First, OCC asserts that residential customers, including customers currently on AEP Ohio's legacy TOU rates, should only be billed under the new TOU rates if they affirmatively consent to enrollment in the TOU rate program. OCC emphasizes that TOU rates are more complex and require a heightened level of customer engagement and attention to hourly usage patterns. OCC adds that the proposed TOU rates are fundamentally different from the legacy TOU rates, given that the customer charge would nearly double and customers would need to adjust to an entirely new on-peak schedule. As its second recommendation, OCC contends that, in order to help customers make informed choices about whether to participate in the proposed TOU rate program, AEP Ohio should provide customers, upon request and at no charge, a historical analysis of whether the customer would fare better, based on the customer's usage patterns, under the proposed TOU rates or the SSO rates; TOU bills should show what the customer paid on the TOU rate program and what the customer would have paid under the SSO rates; and, following consultation with the gridSMART collaborative, the bill format should be revised to show how much the customer saved or lost as compared to the SSO rates and to include customized tips on how the customer can shift usage away from peak times to lower the bill.

{¶ 23} Next, OCC recommends that, after an opportunity for input from stakeholders, all residential customers with AMI meters should be notified of the availability of the new TOU rates in clear, plain language that thoroughly describes the terms and conditions of the TOU rate program, including notice that they can terminate their participation at any time without penalty. OCC proposes tariff language consistent with its recommendation. For its fourth recommendation, OCC advises that TOU bills

should include sufficient information to enable the customer to recalculate the bill for accuracy. In particular, OCC recommends that the bill include the rates for on- and off-peak periods, the hours during which each rate applies, instructions for accessing real-time hourly energy usage during the billing period and historical usage information; and a link to educational resources. Fifth, OCC asserts that, because usage on holidays resembles usage on weekends, the TOU rate program should be revised such that customers pay off-peak rates on all holidays. As its sixth recommendation, OCC advises that the proposed tariffs should be updated to reflect the current GENC Rider rates, which have changed since the filing of the amended application.

{¶ 24} Additionally, OCC recommends that, in order to ease the transition and facilitate consumer acceptance of TOU rates, AEP Ohio be required to track the amount that customers saved or lost as compared to SSO rates and provide an annual report to the Commission and OCC, while customers should receive certain bill guarantees for a limited amount of time. More specifically, OCC proposes that, for their first year of participation, customers be guaranteed to pay no more than they would have paid under the SSO rates, with customers receiving a monthly alert and bill comparison showing the charges that they would have paid without the rate ceiling, as well as a recap at the end of the year. OCC notes that its proposal is consistent with AEP Ohio's current TOU rate program. Finally, OCC recommends that the TOU rate program be limited to no more than 7,500 customers.

{¶ 25} In response to OCC's recommended opt-in approach and monthly billing comparison, AEP Ohio asserts that the proposals are unnecessary, because customers have already been participating in the TOU programs for a considerable length of time and receive information on their bills to determine whether they have experienced savings. AEP Ohio states that OCC's third recommendation is inapplicable, as the Company does not intend to market the TOU rates. Because OCC's proposal to include the on- and off-peak periods on bills would require programming changes, AEP Ohio notes that it will inform customers of the new on- and off-peak periods and provide steps to discontinue

participation. Because bills will already compare the amount that the customer would pay under the standard residential tariff with the amount that the customer actually paid, while also showing the number of kilowatt hours used during the on- and off-peak hours, AEP Ohio urges the Commission to reject OCC's recommendation that the customer be provided sufficient information to recalculate the bill. Because its proposed TOU rates are temporary in nature, and given the information available on the bill, AEP Ohio argues that OCC's recommended hold-harmless provision should also be rejected. Finally, AEP Ohio contends that OCC's limit on participation is unnecessary, because the Company will not market the TOU programs and does not anticipate participation at a level close to 7,500 customers.

{¶ 26} ELPC/OEC support OCC's recommendation that the customer receive monthly billing statements comparing what the customer paid on the TOU rate program and what the customer would have paid under the SSO rates. ELPC/OEC assert that this recommendation will promote bill transparency and help customers in understanding how reducing their energy consumption during peak hours is beneficial. ELPC/OEC oppose OCC's recommendations that customers be required to opt in to the amended TOU tariffs and that the number of customers participating in the tariff program be limited. According to ELPC/OEC, OCC's recommendations would limit the energy efficiency savings that are possible from the proposed tariffs.

2. ELPC/OEC

{¶ 27} ELPC/OEC contend that, although the Phase 2 Stipulation required AEP Ohio to propose a two-tier, non-technology TOU rate reflecting default load auction prices for AMI customers, a three-tiered approach should instead be used, in order to ensure a competitive marketplace and encourage behavioral shifts by customers to consume less energy during peak hours. ELPC/OEC note that the Phase 2 Stipulation was agreed upon over four years ago and that, since that time, understanding of rate structures and best mechanisms to shift customer behavior has evolved. ELPC/OEC, therefore, recommend that off-peak hours be set from 7:00 p.m. to 7:00 a.m., mid-peak hours from 7:00 a.m. to 2:00

p.m., and peak hours from 2:00 p.m. to 7:00 p.m. If the Commission elects to use a two-tiered approach, ELPC/OEC advise that summer peak hours should be extended from 2:00 p.m. to 7:00 or 8:00 p.m., in order to more accurately reflect the hours of high-energy usage and appropriately compensate consumers for changes in behavior.

{¶ 28} AEP Ohio replies that it complied with the Phase 2 Stipulation, which required the Company to provide a two-tier TOU rate as a transition. AEP Ohio argues that it would not be reasonable to require the Company to spend additional funds to support a new TOU structure and that the recommendation of ELPC/OEC should, therefore, be rejected.

{¶ 29} Direct Energy/IGS respond that the comments of ELPC/OEC demonstrate that AEP Ohio's TOU offerings are not what customers want or what works best, while highlighting the importance of ensuring that CRES providers have access to the processes and data necessary to offer innovative products in the competitive market. In their joint reply comments, Direct Energy/IGS contend, as described in more detail below, that the CRES TOU market remains stagnant because AEP Ohio has not built the system that it promised in the Phase 2 Stipulation. Direct Energy states that it was willing to offer the same products as AEP Ohio for the short term as a compromise in exchange for the Company's implementation of a system that provides the functionality that CRES providers need to offer products that customers actually want. For its part, IGS states that it concluded that the products offered by AEP Ohio were poorly designed and of no appeal to customers. Additionally, Direct Energy/IGS assert that OCC's recommendation for a first-year guarantee is unnecessary, contradicts the general purpose of TOU rates, and could create a subsidy between customers. Direct Energy/IGS add that, if the Commission adopts any of OCC's recommendations, they should not apply to CRES offerings, as the Commission's rules already provide sufficient consumer protections.

3. Direct Energy and IGS

{¶ 30} Direct Energy argues that AEP Ohio's amended application should be denied, because the Company failed to meet its obligations under the Phase 2 Stipulation. Direct Energy further argues that the Commission should discontinue AEP Ohio's TOU offerings and direct the Company to upgrade its systems to provide adequate bill quality data to CRES providers for use in developing and administering TOU programs. Direct Energy emphasizes that AEP Ohio failed to comply with the first step of the three-step process in the Phase 2 Stipulation's transition plan, which required the Company, with an approximate completion date of 24 months after approval of the Phase 2 Stipulation, to develop a CRES AMI interval data portal that would enable CRES providers to offer more strategic and competitive TOU options and programs and allow for CRES settlement via actual load data. Direct Energy contends that, despite this commitment, AEP Ohio has shown no intention of providing the functionality needed for CRES providers to develop and bill TOU products. Direct Energy adds that the Commission should not proceed to the third step of the transition plan (i.e., determination of whether CRES TOU programs are sufficiently competitive) or approve AEP Ohio's proposed TOU rate program, as that would reward the Company for its failure to comply with the Phase 2 Stipulation and enable the Company to monopolize the market, while impeding the Commission's goal of achieving a market-based approach to TOU rate offerings. According to Direct Energy, AEP Ohio's request to continue the DLC Rider should also be denied, because the rider is unavailable to shopping customers and the Phase 2 Stipulation clearly states that the rider will expire regardless of the Commission's determination regarding the competitiveness of the CRES TOU market.

{¶ 31} IGS agrees with Direct Energy that AEP Ohio has not adhered to its commitments in the Phase 2 Stipulation and has undermined CRES providers' ability to offer TOU rates. According to IGS, AEP Ohio has not provided the fundamental capability to perform wholesale settlements based upon a customer's actual usage data. IGS adds that, despite Staff's recommendation, AEP Ohio failed to include this function as part of its

gridSMART Phase 3 application in Case No. 19-1475-EL-RDR. IGS, therefore, recommends that the Commission direct AEP Ohio to undertake, within 12 months, the necessary system upgrades to facilitate the calculation of CRES provider wholesale market settlements for energy and capacity based upon actual customer energy usage data. IGS further recommends that, after 18 months, AEP Ohio file an application to terminate its TOU offerings, consistent with the policy determinations of the General Assembly and the Commission that energy efficiency and demand side management measures should be provided through the competitive market. IGS adds that, during this transition, all costs associated with AEP Ohio's TOU offerings should be directly allocated to the customers participating in those offerings. Finally, IGS argues that the DLC Rider should expire, as required by the Phase 2 Stipulation, and in accordance with state policy. IGS contends that AEP Ohio provided minimal explanation or support for its request to continue the DLC Rider, which IGS notes has been offered for more than ten years as an experimental offering to SSO customers only.

{¶ 32} In its reply comments, AEP Ohio argues that it has fulfilled its obligations under the Phase 2 Stipulation. AEP Ohio emphasizes that the Phase 2 Stipulation required the Company to develop the necessary systems and processes to enable CRES TOU programs that are similar to the existing gridSMART TOU programs and that meet the same criteria as the Company's SMART Shift and SMART Shift Plus offerings. AEP Ohio further emphasizes that it has consistently and transparently provided valuable information in a timely fashion and worked in a collaborative fashion with all intervening parties in the *Phase 2 Case* through the gridSMART collaborative process, while also providing a system and process manual for the TOU transition program and filing a TOU transition report in Case No. 18-203-EL-RDR. According to AEP Ohio, it was timely confirmed through this process that systems were in place for CRES providers to begin to supply TOU offerings that meet the same criteria as the Company's SMART Shift and SMART Shift Plus programs. More specifically, AEP Ohio states that, once systems consistent with the specifications in the Phase 2 Stipulation were put in place in 2017, the Company communicated detailed

instructions on how to use the systems to CRES providers, which was followed by notification to customers in July 2018 after a single CRES provider began to offer the equivalent of the SMART Shift tariff. AEP Ohio adds that, during this implementation phase, no stakeholder disputed the Company's progress or claimed that its obligations under the Phase 2 Stipulation were not fully discharged. AEP Ohio concludes that Direct Energy's arguments constitute an inaccurate and inappropriate attack on the Company and are beyond the scope of these proceedings.

{¶ 33} Further, AEP Ohio urges the Commission to reject IGS' recommendation that the Company be required to undertake the necessary system upgrades to facilitate the calculation of CRES provider wholesale market settlements for energy and capacity based on actual customer energy data. AEP Ohio points out that no party has provided a cost estimate or other implementation details that would enable the Commission to evaluate IGS' recommendation. AEP Ohio also notes that the present proceedings are merely intended to facilitate a transition until the larger issue of functionality for wholesale settlement can be addressed by the Commission in a rulemaking or other industry-wide docket. AEP Ohio also argues that, contrary to the recommendation of Direct Energy and IGS, the Company's DLC Rider should be permitted to continue in the absence of an equivalent in the competitive market. AEP Ohio reiterates that, although it developed the systems necessary to enable CRES providers to offer a similar option, CRES providers failed to do so, despite the Phase 2 Stipulation's requirement that TOU options similar to the Company's be offered within six months of system programming.

{¶ 34} Staff responds that it agrees that additional steps are necessary to enable CRES providers to offer TOU products and services in the retail market. Staff notes that AEP Ohio did not include a proposal in its gridSMART Phase 3 application in Case No. 19-1475-EL-RDR to update its settlement processes for all customers with AMI meters, despite Staff's position in the present proceedings that the Company should do so. Staff states that it believes that Case No. 19-1475-EL-RDR is the appropriate forum in which to address the

wholesale settlement processes necessary to advance the retail market and to better leverage existing and future AMI deployments. Staff, therefore, recommends that the Commission direct AEP Ohio to amend its pending application in Case No. 19-1475-EL-RDR and file supplemental testimony that details a timeline to update the wholesale settlement systems and processes needed to calculate and settle individual total hourly energy obligation (THEO), network service peak load (NSPL), and peak load contribution (PLC) values for all customers with AMI meters, while also providing the estimated cost of implementation. Pending resolution of this issue, Staff believes that AEP Ohio's updated TOU proposal is reasonable, although Staff agrees with OCC that the proposed rates should be updated to reflect the current rates for residential and general service 1 customers in the GENC Rider.

{¶ 35} In response to the shared concerns of Direct Energy and IGS, ELPC/OEC assert that AEP Ohio's proposed TOU tariffs should be approved, with the modifications recommended in their initial comments. ELPC/OEC state that, at the same time, the Commission can work with AEP Ohio and CRES providers to create a competitive marketplace for cost-effective TOU offerings that co-exists with the Company's TOU offerings.

D. Commission Conclusion

{¶ 36} The Commission finds that AEP Ohio's amended application to implement proposed TOU tariffs, as filed by the Company in Case No. 17-1234-EL-ATA, does not appear to be unjust or unreasonable and that it should be approved, consistent with this Finding and Order. In light of the limited TOU offerings available to customers, we agree with Staff that AEP Ohio should be required to maintain a TOU rate program. We further find that AEP Ohio's amended application to expire its gridSMART experimental tariffs filed in Case No. 13-1937-EL-ATA should be approved, with the exception of the DLC pilot rate programs. As the stipulation and recommendation in AEP Ohio's rate case proceedings is pending the Commission's review at this time, we agree that resolution of that issue

should be deferred to those proceedings. Finally, we find that a hearing is not necessary in these proceedings.

{¶ 37} The intervenors and Staff have raised a number of concerns and recommendations in response to AEP Ohio's TOU proposal. First, we agree with Staff and OCC that the TOU tariffs should be updated to reflect the current GENC Rider rates. Additionally, as recommended by OCC, we direct that the TOU tariffs be revised to provide that on-peak hours do not apply to holidays. We also agree with OCC's position that residential and general service 1 customers with AMI meters should be notified of the availability of the new TOU rates. AEP Ohio should work with Staff, OCC, and other members of the gridSMART collaborative to address the informational or marketing materials or notices to be made available to customers, as well as to discuss whether any additional billing or usage data should be provided on TOU bills or tracked for purposes of reporting to the collaborative members. Further, in order to ensure that customers are fully aware of the applicable terms of service and TOU rate structure, affirmative enrollment should be required for residential and general service 1 customers that are new to TOU offerings, and for customers that currently receive service under AEP Ohio's experimental tariff offerings. As to OCC's remaining recommendations that a hold-harmless provision be incorporated in the TOU tariffs and that a customer participation cap be imposed on the TOU program, we find that the proposals are unnecessary and counter to the purpose of the program and, therefore, should not be adopted. We also decline to adopt the recommendation of ELPC/OEC to modify the TOU rate structure. AEP Ohio's two-tier TOU rates, as proposed in the amended application in Case No. 17-1234-EL-ATA, are consistent with the Phase 2 Stipulation and Staff's recommendations in response to the Company's initial application.

{¶ 38} Turning to the issues raised by the CRES providers, Direct Energy and IGS contend that AEP Ohio has failed to provide the necessary capability to perform wholesale settlements based upon a customer's actual usage data. AEP Ohio counters that it took the

steps necessary for CRES providers to begin to supply TOU offerings that are similar to the Company's existing TOU programs and that meet the same criteria as its SMART Shift and SMART Shift Plus tariffs, which, according to the Company, is all that is required under the Phase 2 Stipulation. Noting the current lack of TOU offerings by CRES providers, Staff, for its part, states that it is now evident that, unless the wholesale settlement process is updated to calculate individual THEO and PLC values for all customers with AMI meters (as opposed to only those customers who participated in the pilot program), it is unlikely that CRES providers will be able to develop TOU products and services for the competitive market. Staff, therefore, recommends that AEP Ohio be directed to amend its pending gridSMART Phase 3 application in Case No. 19-1475-EL-RDR by filing supplemental testimony that addresses 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, as well as the estimated cost of implementation. The Commission finds that Staff's recommendation is reasonable and should be adopted, as we agree with Staff that the pending gridSMART Phase 3 proceeding is the appropriate forum for resolution of the wholesale settlement system and process issues identified by Staff, Direct Energy, and IGS, and which must be addressed to facilitate the continued development of the retail market in Ohio and to maximize the benefits of AEP Ohio's AMI deployment for customers.

III. ORDER

{¶ 39} It is, therefore,

{¶ 40} ORDERED, That AEP Ohio's amended application, as filed in Case No. 17-1234-EL-ATA, be approved, consistent with this Finding and Order. It is, further,

{¶ 41} ORDERED, That AEP Ohio be authorized to file tariffs, in final form, consistent with this Finding and Order. AEP Ohio shall file one copy in these case dockets and one copy in its TRF docket. It is, further,

{¶ 42} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 43} ORDERED, That AEP Ohio's amended application in Case No. 13-1937-EL-ATA to expire its gridSMART experimental tariffs, with the exception of the DLC Rider, be approved, consistent with this Finding and Order. It is, further,

{¶ 44} ORDERED, That the motions for intervention filed in Case No. 13-1937-EL-ATA and Case No. 17-1234-EL-ATA by OCC, OEC, IGS, OPAGE, ELPC, and Direct Energy be granted. It is, further,

{¶ 45} ORDERED, That nothing in this Finding and Order shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 46} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

SJP/mef

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Case No(s). 13-1937-EL-ATA, 17-1234-EL-ATA

Summary: Finding & Order approving the applications of Ohio Power Company d/b/a AEP Ohio to include time-of-use rates in its Generation Capacity Rider tariffs and to expire its gridSMART experimental tariffs, with the exception of the Experimental Direct Load Control Rider electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio