BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Ohio Power Siting Board's Report to the General Assembly Regarding the Power Transmission System	**)** **)** **)** **)**	**Case No. 21-796-EL-UNC**

INITIAL COMMENTS OF OHIO POWER COMPANY AND AEP OHIO TRANSMISSION COMPANY, INC.

INTRODUCTION

By Entry dated July 14, 2021, the Ohio Power Siting Board (the "Board" or "OPSB") solicited comments from interested stakeholders regarding the Board's required report to the General Assembly as to whether the current requirements for the planning of the power transmission system and associated facilities investment in Ohio are cost effective and in the interest of the customer. Specifically, the Board's report to the General Assembly is required to address the following items:

(a) Whether the definition of a major utility facility should include an electric transmission line of a design capacity at or above 69 kilovolts and associated facilities the costs of which are recovered as a transmission asset by the transmission owners;

(b) Whether the criteria for an accelerated certificate application should be modified;

(c) Whether the certification process is sufficiently transparent;

(d) Whether the board should require the following for, or determine if the following apply to, a transmission project certification application:

(1) That alternative transmission projects were considered;

(2) That the project was competitively bid or compared to the results of a competitive bid;

(3) That the project has been considered in the context of the utility's larger transmission plan;

(4) That the project has been considered in the context of the regional transmission planning process of PJM Interconnection, LLC;

(5) That the project could not have been deferred or redesigned to achieve the same operational result at a lower overall cost;

(6) That the project has provided historical information for an existing transmission project or information for a planned or proposed project.

Ohio Power Company and AEP Ohio Transmission Company, Inc. (collectively "AEP") appreciates the opportunity to comment on the proposed rules.

COMMENTS

A. The Definition of a Major Utility Facility Should Not Include an Electric Transmission Line of a Design Capacity at or Above 69 kV.

AEP believes there is no benefit to customers by reducing the jurisdictional threshold from the existing 100 kV to 69 kV. AEP strongly believes that such an action would delay necessary improvements and increase costs for customers, while at the same time making it more difficult for employers who are looking to expand or locate in Ohio.

First, the reduction of the jurisdiction threshold to 69 kV is unnecessary as AEP already meets the spirit of the Ohio Adm.Code 4906 when building its 69 kV projects. AEP keeps interested stakeholders and landowners informed of its 69 kV projects through various outreach activities. AEP also obtains and complies with all necessary permitting zoning requirements to build, operate, and maintain all of its 69 kV facilities. Specifically, as part of the AEP's normal process for constructing projects that are less than 100 kV, AEP solicits stakeholder input and coordinates with impacted landowners to develop an alignment for each project. Further, AEP

engages in outreach strategies on all transmission line projects, including rebuilds, to ensure the public is informed of the project need, project details, and the project schedule. These efforts may include open houses, notification letters, project-specific websites, virtual stakeholder meetings, individual landowner meetings, and other engagement methods. The project teams also work with counties and/or municipalities early in the project execution schedule to gather valuable local information and answer project related questions.

In addition, AEP is required to obtain and comply with all applicable federal, state, and local permitting and zoning requirements, as well as obtain all necessary land-use rights, to operate and maintain its 69 kV facilities. AEP would also like to note that all transmission projects 100 kV and below are subject to the same internal project management process controls that are applied to jurisdictional projects. As such, the current process is sufficient to keep interested stakeholders and impacted property owners apprised of 69 kV projects and ensure compliance with applicable permitting requirements.

Furthermore, the reduction of the jurisdictional threshold from 100 kV to 69 kV would significantly increase the number of applications and associated costs for utilities and OPSB. AEP currently owns and operates approximately 2,630 miles of 69 kV transmission line in Ohio. This represents approximately one-third of AEP's transmission circuit miles in Ohio across all voltage classes. In 2022, AEP forecasts a need to build/rebuild approximately 150 miles of 69 kV transmission line with roughly half of these being projects rebuilt on existing centerline. The majority of the 69 kV projects in Ohio are transmission lines that need to be rebuilt due to asset condition, performance, and risk and they are located closer to the load centers to meet local needs. Given the rebuild nature of these transmission lines and the location, siting of the rebuild is typically within the existing rights-of-way. The burden on OPSB and utilities to add an

additional layer of siting review and consideration for these numerous and routine projects would not have any positive material impact on the placement of the facility and would not improve coordination with the landowner, as compared to the current practice.

AEP currently submits approximately 60 applications per year to the Ohio Power Siting Board for projects 100 kV and above. If the language of the Application Requirements Matrix For Electric Power Transmission Lines, Ohio Adm.Code 4906-1-01, Appendix A (the "Application Matrix") were applied to 69 kV projects, AEP anticipates the need to file at least double the number of additional applications filed in a typical year. This estimate does not include projects needed to serve new or expanding customer needs, public projects, or other maintenance and operational needs that cannot currently be anticipated. Further, this increased filing requirement would necessitate hiring of additional employees, increase costs for printing/mailing services, and increase the number of expedited projects needed to meet customer needs and/or schedules. These increased costs would correspondingly increase customer rates that are recovered through FERC formula rates. As such, a reduction in the jurisdictional threshold will add significant costs to AEP's 69 kV projects in Ohio.

Finally, Interconnecting Generation and Retail Customers' schedules may be impacted if there is a reduction in the jurisdictional threshold for transmission projects. This not only impacts the generator but ultimately could impact economic development of the State if it is cheaper and faster to integrate to the grid from neighboring states.

For the reasons stated above, AEP believes that broadening regulatory requirements to include 69kV facilities would have a negative impact on customers and the competitiveness of Ohio relative to other states, add significant regulatory burden to projects, and increase the cost of these projects with little benefit to customers, and therefore such broadening should be

rejected.

B. The Criteria for Accelerated Certificate Applications Should be Modified to Provide Greater Flexibility and Reduce Costs

AEP recommends the Application Matrix be modified to be consistent with the Application Requirement Matrix for Gas Pipelines, Ohio Adm.Code 4901-1-01, Appendix B. Specifically, for any new construction, extension or relocation of single or multiple circuit electric power transmission line(s), or upgrading existing transmission or distribution line(s) for operation at a higher transmission voltage, Ohio Adm.Code 4906-1-01, Appendix A requires a Letter of Notification application for project greater than 0.2 miles but not greater than 2 miles and a Standard Application for any such projects greater than two miles. Conversely, Ohio Adm.Code 4906-1-01, Appendix B required a Letter of Notification application for similar projects that are greater than one miles but not greater than five miles and Standard Applications for projects greater than five miles. As such, AEP recommends Ohio Adm.Code 4906-1-01, Appendix A (1) be modified as follows:

(1) New construction, extension, or relocation of single or multiple circuit electric power transmission line(s), or upgrading existing transmission or distribution line(s) for operation at a higher transmission voltage, as follows:

a. Line(s) not greater than ~~0.2~~ 1 mile~~s~~ in length.

b. Line(s) greater than ~~0.2~~ 1 mile~~s~~ in length but not greater than ~~two~~ five miles in length.

c. Line(s) greater than ~~two~~ five miles in length.

Additionally, under the current regulatory framework for jurisdictional projects, AEP has filed and will continue to be required to file applications for projects with limited or no impacts to sensitive resources and with limited or no additional impacts to property owners. For example,

the rules provide very little flexibility for utilities to make changes to an approved centerline during construction. Thus, when AEP identifies a need to shift the centerline due to conditions discovered during construction (i.e. finding a previously unknown underground utility facility or geological features), in many cases AEP is currently required to stop construction and coordinate an additional application to capture the change. This is also true for maintenance activities with limited impacts; for example, as currently construed, frequently AEP is required to file an application for even a single structure replacement where the structure material changes (i.e. replacing wood with steel and vice versa.) or single pole replacements due to insect damage, public projects, and other maintenance and operational needs, sometimes even storms. This limited flexibility has increased the number of applications and the associated costs, ultimately with negative effects on customers.

Therefore, AEP recommends a legislative proposal that would result in the approval of a transmission corridor rather than approval of a specific centerline line for the transmission line. Specifically, AEP believes the General Assembly should modify R.C. 4906.04 to add a new subsection (B) that reads:

> (B) An order issuing a certificate for a major utility facility that is an electric transmission line shall be deemed to include a grant of authority to locate and construct the major utility facility within a corridor consisting of the area of 500 feet on each side of the centerline of the major utility facility. An applicant may request that the board approve a corridor of a different size. A major utility facility may be constructed outside the corridor with approval of the board.

Approving a corridor, as opposed to a centerline, will allow the utilities to make adjustments to the centerline within the approved corridor without requiring an additional application. This would improve the efficiency of the process, reduce the number of applications and associated costs, while at the same time providing the utilities the flexibility to more safely, efficiently, and effectively construct the approved project.

Additionally, AEP recommends the General Assembly provide the following exception to R.C. 4901.01, which would allow utilities to make ordinary maintenance upgrades and extensions without first obtaining an application from the Board:

> (L) "Ordinary extension of existing system in the usual course of business" includes all of the following:
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> (1) Construction of an extension of an existing electric transmission line of not greater than two miles in length;
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> (2) The addition of new circuits on existing electric transmission line structures designed for multiple circuit use;
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> (3) The replacement of conductors on existing electric transmission line structures with larger or bundled conductors;
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> (4) The addition of a structure or structures to an existing electric transmission line within the existing right-of-way;
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> (5) The replacement of a structure or structures on an existing electric transmission line with a different type of structure within the existing right-of-way;
>
> (6) The relocation of a major utility facility and associated facilities to accommodate construction or expansion of a roadway or other transportation infrastructure;
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> (7) The construction of a major utility facility to serve a customer's premises or to provide a generator interconnection to a public utility's transmission system where the major utility facility is solely within the property owned by the person constructing the major utility facility or the customer or generator, or where the major utility facility crosses property that the customer or generator has secured the necessary right-of-way to use;
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> (8) Expansion of an electric power transmission substation, or conversion of an electric power distribution station to an electric power transmission substation, on land owned by the owner of the substation or an affiliate; and
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> (9) Any other ordinary extension of existing system as defined by the power siting board.
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> (M) "Replacement of an existing facility with a like facility" means replacing an existing major utility facility with a major utility facility of equivalent rating and operating characteristics, and within the same right-of-way.

To accommodate this change, R.C. 4906.04 should be modified as follows:

> No person shall commence to construct a major utility facility in this state without first having obtained a certificate for the facility. The replacement of an existing facility with a like facility~~, as determined by the power siting board,~~ or the construction of an ordinary extension of existing system in the usual course of business shall not constitute construction of a major utility facility. Such replacement of a like facility or construction of an ordinary extension of existing system is not exempt from any other requirements of state or local laws or regulations. Any facility, with respect to which such a certificate is required, shall thereafter be constructed, operated, and maintained in conformity with such certificate and any terms, conditions, and modifications contained therein. A certificate may only be issued pursuant to Chapter 4906 of the Revised Code. A certificate may be transferred, subject to the approval of the board, to a person who agrees to comply with the terms, conditions, and modifications contained therein.

Allowing utilities to complete the types of routine projects highlighted in the proposed R.C. 4906.01(L) without obtaining a certificate from the Board would allow AEP to better meet its customers' needs and schedules, as well as allow AEP to make necessary and ordinary upgrades to their transmission systems that have limited impacts to landowners or other resources in the most timely and cost-effective manner. Additionally, this language would reduce overall project costs, which would also reduce the costs to customers, for projects that otherwise have limited impact on cultural and/or environmental resources and property owners as the type of projects identified are largely confined to existing utility ROW and/or customer-owned property.

C. The Certificate Process is Sufficiently Transparent

The current process for jurisdictional and non-jurisdictional (69 kV) projects is sufficiently transparent. For jurisdictional projects, AEP complies with all the notice and reporting requirements contained in Ohio Adm.Code 4906 as applicable to the specific application type. Additionally, AEP complies with all conditions contained in the OPSB staff

reports which, from time-to-time, include conditions requiring additional reporting or notice requirements. Thus, as applicable, AEP provides notice of the Project in newspapers in the area, mails notices to impacted landowners, provides notice to chief executive officers and the head of each public agency where the project is located, provides notice of construction start and completion, provides copies of necessary permits in the public docket, and provides notice of compliance with each of these requirements to the Board as applicable.

Further, as noted above, for both jurisdictional and non-jurisdictional projects, AEP engages outreach strategies on all transmission line projects, including rebuilds, to ensure the public is informed of the project need, project details, and the project schedule. These efforts, as mentioned above, may include open houses, notification letters, project-specific websites, virtual stakeholder meetings, individual landowner meetings and other engagement methods. Thus, the current notice and reporting requirements and AEP's current outreach processes already ensure transparency of AEP's transmission activity in Ohio.

Furthermore, for projects that are of a design capacity below the 100 kV threshold, AEP is still required to secure all necessary land-use rights, satisfy all permitting requirements, and comply with any applicable state or local requirements to site the project. Specifically, AEP is required to obtain all federal, state and local permits necessary to construct any 69 kV lines. This includes, to the extent applicable, obtaining Clean Water Act-Section 404 permits, Section 401 Water Quality Certification, state Stormwater Pollution Prevention Plan, and/or local Stormwater Pollution Prevention Plan. AEP is also required to obtain Floodplain permits from the local jurisdiction should the project involve filling in a floodplain and/or floodway. AEP notifies the Ohio Historic Preservation Office of its 69 kV projects, sends standard letter requests to the Ohio Department of Natural Resources and the U.S. Fish and Wildlife Service for all projects for

ecological data in the project area and with the FAA and ODOT aviation to ensure projects do not interfere with any airfields.

Finally, a majority of AEP's projects, both above and below 100 kV, are subject to scrutiny from PJM and other stakeholders through the Regional Transmission Expansion Plan (RTEP) process. In addition to the oversight and scrutiny projects go through during the RTEP process, the costs associated with these projects are included in the appropriate FERC formula rates. The respective AEP FERC formula rates are subject to discovery review and regulatory challenges at FERC.

In summary, the voltage of a project would not impact compliance obligations with applicable federal, state, and local environmental regulations, the process for projects above and below 100 kV is sufficiently transparent, and AEP's transmission projects are subject to scrutiny through the PJM RTEP process. Therefore, the certificate process is sufficiently transparent.

D. The Board Should Not Require an Alternative Transmission Project be Considered Before Granting a Certificate Application

Requiring an alternative transmission project or projects prior to granting a certificate application would create an unnecessary burden on the utility and provide no commensurate benefit. Ohio Adm.Code 4906-6-05(B)(4) requires that the applicant describe the alternatives considered in their application. However, for some projects, designing a siting alternative is not cost-effective or necessary. For example, if the utility identifies a need to rebuild an existing facility and designs a route to make use of existing right-of-way or land-use rights, modeling and designing an alternative would serve no purpose other than to increase costs as any alternative to rebuilding the existing facility within existing right-of-way would add length, result in new/additional impacts to landowners and other resources, and/or increase the cost of the project by adding in unnecessary surveying and ecological studies. Similarly, where AEP is required to

interconnect one of their substations to an adjacent customer station, designing an alternative other than a direct tie between the stations would add costs and divert internal resources to design and model an alternative despite the direct tie line being the most logical and suitable alignment for the interconnection. Thus, requiring a utility to identify, model and design a siting alternative for every application would increase costs and divert internal resource otherwise necessary to plan and design AEP's transmission system in Ohio.

E. The Board Should Not Require the Project be Competitively Bid or Compare the Result of a Competitive Bid Prior to Granting a Certificate Application

To the extent this question relates to whether there should be a requirement that each proposed projects be competitively bid at FERC, only projects that meet the FERC Order No. 1000 criteria are eligible to be competitively bid.

Additionally, AEP already competitively bids projects for construction and also has procurement policies/initiatives to provide low cost construction and labor to customers and, therefore, such a requirement is unnecessary and should not be adopted.

F. A Requirement that a Project has been Considered in the Context of the Utility's Larger Transmission Plan or as Part of the PJM RTEP Process is Unnecessary

AEP, as a PJM Transmission Owner, operates pursuant to the PJM Operating Agreement and OATT. As part of that process, AEP participates in the PJM RTEP process which identifies transmission system enhancements and facilitates the implementation of them. The RTEP process takes into account key input from stakeholders, public policy, and various planning criterion to identify transmission system enhancement drivers to enhance grid reliability and resiliency. These drivers may include delivering generation to load centers, improving market efficiency, replacing aging infrastructure, reducing transmission congestion, enhancing

operational grid performance, and/or evaluating load trends. RTEP analysis incorporate the latest information available on: load forecast, generating resources, transmission topology, demand resources, and bilateral resources.

The RTEP contains three types of transmission projects: Baseline, Network, and Supplemental. Baseline projects are designed to specifically to expand the transmission system to address PJM Planning Criteria violations. Baseline projects lend themselves to bright line criteria, which ensure compliance with national and regional reliability standards and fix issues such as overloads, voltage drops, short circuit current, generator stability, and congestion issues.

Network projects are identified to help new generation resources connect to the grid reliably. Supplemental projects are identified and developed by Transmission Owners, and are reviewed by PJM to evaluate for any negative impact on the regional transmission system. Supplemental Projects are foundational to the continued reliable operation of the local transmission systems in each PJM transmission zone. Supplemental projects provide significant customer benefits by improving local reliability, connecting new load customers, and improving grid efficiency, security, safety and resilience.

The PJM Board is responsible for reviewing and approving Baseline and Network projects. Supplemental projects and asset management projects are subject to Attachment M-3 of the Tariff. The Attachment M-3 planning process is comprised of four steps – Assumptions Meetings, Needs Meetings, Solutions Meetings, and Local Plan Submittals – before Supplemental projects are included into the RTEP, with stakeholders being given an opportunity to submit comment before and after each of these steps. The Attachment M-3 planning process ensures that all stakeholders are given the opportunity to understand the needs the PJM Transmission Owners have identified, while also inviting stakeholders to advise of any needs

that the PJM Transmission Owners should consider. Similarly, the Attachment M-3 planning process also ensures that all stakeholders are given the opportunity to understand the solutions the PJM Transmission Owners have identified, while also inviting stakeholders to advise of any stakeholder solutions that the PJM Transmission Owners should consider.

The PJM stakeholder process for planning transmission projects is broken down into two committee paths: Transmission Expansion Advisory Committee (TEAC) and the Subregional RTEP Committees (SRRTEP). The RTEP projects greater than 200kV proceed through the TEAC, and the projects less than 200kV go through its respective geographical SRRTEP committee. Each RTEP project's need and/or solution that is vetted in the stakeholder process is subject to scrutiny, comment, or questioning by PJM stakeholders. Any solutions put forward shall include an estimate, projected in-service date, and other possible solution alternatives that were considered, as well as why the alternative is considered sub-optimal.

As such, it is clear that AEP projects are considered in the context of the company's larger transmission plan as well as in the context of the PJM regional transmission planning process and, as such, a requirement to that end is unnecessary. Moreover, the regional transmission planning executed by PJM under the regulation of FERC is subject to federal requirements that preempt states to impose or eliminate requirements that are inconsistent with the needs and process that must be coordinated pursuant to federal, regional, requirements. Adding a superfluous requirement at the state level for projects to have review already established by PJM at the federal level has the potential to create unnecessary and impermissible conflicts with federal processes regulated by FERC.

G. The Board Should Not Require an Analysis as to Whether the Project Could have been Deferred or Redesigned to Achieve the Same Operational Result at a Lower Overall Cost.

First, it is important for AEP to point out that deferring asset renewal projects does not reduce costs but could result in increased costs for customers as lines are continually repaired to maintain reliability. Eventually, the assets will need to be replaced and the timing of those replacements requires a balance between on-going maintenance costs and the cost to replace the asset. Further, such a requirement would discourage the selection of solutions that may, in the short-term be more costly, but ultimately provide more value long-term. This short-term view is inconsistent with PJM's and the AEP's planning process and significantly reduces AEP's abilities to meet the needs of its transmission system and customers.

The existing transmission system was built to last, and it has lasted. However, parts eventually do wear out or become obsolete. Even with responsible maintenance, power lines and other equipment eventually require replacement. Maintaining facilities dating back to the early to mid-1900s can be particularly challenging due to the discontinuation of components, parts manufacturing, and obsolete materials. Replacing, improving, and modernizing vintage equipment is key to the grid's overall health and performance to safely serve customers without disruption. An additional challenge of aging equipment centers on the lack of replacement parts that are no longer available or incompatible with the current grid. Obsolescence may be a result of new engineering design standards necessary to modernize or integrate new technologies, such as renewable and distributed energy resources. Conducting emergency repairs on obsolete equipment that has failed could take significant time, depending on the availability of tools and qualified repair personnel. Replacing failed components of the equipment could cause similar delays depending on the time needed to order and obtain replacement parts. These delays could leave the grid vulnerable and jeopardize system reliability.

Although AEP actively maintains all of the infrastructure on its grid, there comes a time

when replacement is more appropriate than rehabilitation based on condition, performance, and risk of failure. As equipment approaches the end of its useful life, there are consequences to consider. Tower structures become weaker, other parts deteriorate, equipment tolerances decline, and lines have a higher risk of frequent and prolonged outages due to failure. These can also lead to safety considerations for workers and the public. Additionally, federal and state regulatory agencies set reliability requirements that must be met by all of AEP's operating companies. The case for reinforcing, strengthening, and modernizing the country's transmission infrastructure has been made by policymakers at all levels, industry voices, and utility customers. The consequences of delaying or deferring projects are compelling. Outages result in lost economic activity, crippled communication devices and networks, and potential safety issues. The transmission and subtransmission system feeds into the distribution system, which powers many households that rely on electric power for life support and other vital medical devices. For example, in the Columbus, Ohio area, there are over 4,020 hospital beds that rely on the AEP Transmission system to provide reliable service. Outages due to infrastructure failure may not directly pose a risk to life support equipment in hospitals and other locations where there is backup generation; however, prolonged outages will pose direct risk to customers and facilities that need continuous electricity for supporting medical devices. Outages on the transmission system are particularly challenging as the customer load and supply balance must be matched before re-energizing the system. Avoiding transmission outages by investing in new infrastructure greatly increases the safety of the people vitally dependent on electricity.

Finally, such a requirement is unnecessary because AEP designs projects in a cost effective manner that also takes into account potential future growth where needed as further described herein. Additionally, as explained above, the costs associated with these projects are

included in the appropriate FERC formula rates which are subject discovery review and regulatory challenges at FERC.

Respectfully submitted,

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Summary: Comments -Initial Comments of Ohio Power Company and AEP Ohio Transmission Company, Inc. electronically filed by Mr. Hector Garcia on behalf of AEP Ohio Transmission Company, Inc. and Ohio Power Company