

Legal Department

October 27, 2021

The Honorable Greta See
The Honorable Sarah Parrot
Attorney Examiners
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

Steven T. Nourse
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*Re: In the Matter of the Application of Ohio Power Company to
Initiate its gridSMART Phase 3 Project, Case No. 19-1475-EL-RDR*

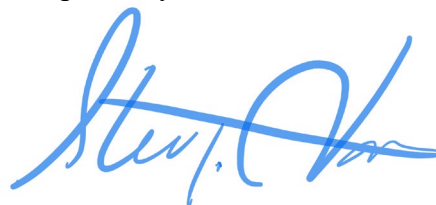
Dear Examiners:

I am pleased to submit the enclosed Joint Stipulation and Recommendation (Stipulation) for the Commission's consideration in resolving this case, which is supported by the Company, the Staff and all of the intervenors in this case that were active in the settlement process. The only intervenor that has not affirmatively joined the Stipulation is Direct Energy, which did not have a position as of the time the parties agreed to finalize and file the Stipulation. The Company plans to file testimony in support of the Stipulation by November 3, 2021. Given the unopposed nature of the Stipulation, the Company requests that the existing hearing date of November 18, 2021 be used for submission of the Stipulation and supporting testimony.

The Signatory Parties request consideration and approval by the Commission and await your further direction on the next procedural steps toward that goal.

Thank you for your attention to this matter.

Respectfully Submitted,



cc: Parties of Record

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF
OHIO**

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

JOINT STIPULATION AND RECOMMENDATION

I. Introduction

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of the parties who have signed below (“Signatory Parties”), who jointly present to the Public Utilities Commission of Ohio (“Commission”) this Joint Stipulation and Recommendation (“Stipulation”) in order to resolve all of the issues raised in this proceeding through the Application that Ohio Power Company (“AEP Ohio” or the “Company”) submitted on July 26, 2019.

This Stipulation is a product of lengthy, serious, arm’s-length bargaining among the Signatory Parties and other parties who chose not to sign the Stipulation (all of whom are capable, knowledgeable parties), which negotiations were undertaken by the Signatory Parties to settle this proceeding. All intervenors were invited to discuss and negotiate this Stipulation and it was openly negotiated among those stakeholders who responded and chose to participate. This Stipulation is supported by adequate data and information. As a package, the Stipulation: benefits customers and the public interest; provides direct benefits to residential and low income customers; represents a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or practice; and complies with and promotes the policies and

requirements of Title 49 of the Ohio Revised Code. This Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties and, though not binding, is entitled to careful consideration by the Commission. For purposes of resolving the issues raised by these proceedings, the Signatory Parties agree to fully support adoption of the Stipulation without modification in this proceeding and stipulate, agree, and recommend as set forth below.

II. Recitals

WHEREAS, on July 26, 2019, AEP Ohio filed an Application to initiate this proceeding;

WHEREAS, the Parties engaged in extensive discovery in this proceeding;

WHEREAS, the Parties filed comments and set forth detailed positions on the issues presented as part of the docket;

WHEREAS, the Signatory Parties found common ground through development of issues during the discovery process and based on settlement discussions that resolved the issues raised;

WHEREAS, the Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable and is not intended to reflect the views or proposals that any individual party may have advanced acting unilaterally; and

WHEREAS, the Signatory Parties believe that the agreements set forth in this Stipulation represent a fair and reasonable resolution of the issues raised in this proceeding.

NOW, THEREFORE, the Signatory Parties stipulate, agree, and recommend that the Commission should issue its Opinion and Order in this proceeding accepting and adopting this

Stipulation and relying upon its provisions as the basis for resolving all issues raised in these proceedings.

III. Joint Recommendations of Signatory Parties

- A. The Company's authorized rate of return applicable at the time of each quarterly filing will be used for the gridSMART Phase 3 Rider ("gridSMART Rider" or "rider").
- B. Except as permitted under this paragraph, the Company may not collect from customers through the gridSMART Rider more than \$223,113,318 in capital costs and \$78,838,617 in associated operations and maintenance (O&M) expenses, which is the current total estimated cost for the technology being implemented under the Stipulation, plus 10% for a reasonable margin of error (*i.e.*, total cost cap of \$245,424,650 in capital costs and \$86,722,479 in O&M costs). If the Company can document significant cost increases beyond the Company's control that developed after the date of the Stipulation (including supply chain impacts that were developing as of the date of the Stipulation), prudently incurred incremental cost exceeding the cost limitation may be permitted for collection from customers through the rider subject to audit and reconciliation.
- C. The Company agrees to withdraw without prejudice the proposed gridSMART Phase 3 implementation for Distribution Automation Circuit Reconfiguration ("DACR"). AEP Ohio can refile a new application under the gridSMART Rider to separately present Phase 3 DACR-related proposals on or after June 1, 2022 (Phase 3 DACR Application). In advance of the Phase 3 DACR Application, the Company will engage an outside study to evaluate the strategic deployment of circuit ties and reconductoring that would enhance the reliability benefits of both Phase 2 and Phase 3 DACR deployment. The Phase 3 DACR Application will present performance data and cost-benefit information related to

the DACR component of gridSMART Phases 1 and 2 to support the Phase 3 deployment. Based on the results of the outside study, the Phase 3 DACR Application will evaluate and present components related to circuit ties and reconductoring projects that would bolster the reliability impact of Phase 3 DACR deployment. The Signatory Parties agree to recommend an accelerated procedural schedule that includes reasonable due process for the Commission to consider the Phase 3 DACR Application, subject to the Phase 3 DACR Application being limited to the technology deployments discussed in this paragraph and Paragraph III.G below.

- D. The Company can also invest up to \$10 million in capital costs to construct tie lines and reconductoring in conjunction with the remaining Phase 2 DA deployments (as of the date of the Stipulation) and the Company will include a demonstration of where the investments were made and how they were used to enhance the reliability of the gridSMART project as part of the Phase 3 DACR Application referenced above.
- E. The Company agrees to withdraw without prejudice the Application for a Waiver of Ohio Administrative Code Chapter 4901:1-10-33(C)(13) in Case No. 19-1389-EL-WVR within six months of the date of the Stipulation in this case.
- F. The Company agrees to withdraw without prejudice the deployment of DA Lite, formerly referenced as Distribution Supervisory Control and Data Acquisition, as part of the Phase 3 technologies.
- G. The Company agrees to implement the energy efficiency and retail power cost savings of cost-effective Volt/Var Optimization (“VVO”), using an accelerated seven-year deployment period for VVO equipment on up to an additional 255 distribution circuits.

The Company, at its option, may include an additional VVO proposal as part of the Phase 3 DACR Application referenced in Paragraph III.C above.

- H. AEP Ohio will complete the deployment of Advanced Metering Infrastructure (“AMI”) to the Company’s remaining customers by replacing up to an additional approximately 475,000 existing meters with smart meters, with the timing of deployment being subject to supply chain availability. Since meters are normally capitalized upon purchase, the Company can record the meters purchased in this rider in the month they are received if that month’s ending inventory does not exceed 75,000 meters. If end of month meter inventory levels exceed the 75,000 meters, then the excess meter inventory will not be eligible for inclusion in the rider until the end-of-month meter inventory falls below 75,000 meters. Once the Company installs 425,000 smart meters or 48 months has passed since an Opinion & Order is received in the current case (whichever comes first), the excess meter inventory threshold will be reduced to 30,000 meters. If the Company can document significant supply chain availability issues beyond the Company’s control that significantly delay the AMI meter deployment beyond 48 months, the Company can work with Staff to determine an appropriate excess meter inventory level for the remainder of the AMI meter deployment period.
- I. The Company will initiate discussions with the gridSMART collaborative group to (1) identify opportunities to enhance the customer benefits associated with the AMI deployment and website enhancements to improve customer education and engagement, *e.g.*, where to find gridSMART information relating to AMI data and data access; and (2) evaluate the issues associated with third-party access to data (including usage, billing information, and any other data types identified by the collaborative), including customer

privacy, data security, *etc.* Within 6 months of an Opinion and Order, the Company shall solicit input from collaborative participants regarding the issues associated with third party data access through automated, machine-to-machine communication via an Application Programming Interface subject to web-based customer consent using nationally recognized standards and best practices. Within 12 months of an Opinion and Order in the current case, the Company will file a status update in this case that summarizes the discussions and recommendations resulting from the collaborative discussions.

- J. The Company agrees to withdraw without prejudice the broadband fiber proposal in paragraph 8.e of its Application and to withdraw the related prefiled testimony of Scott Osterholt, Lisa Kelso and Dona Seger-Lawson (both in Application testimony and Supplemental Testimony). The other Signatory Parties agree to withdraw without prejudice all claims, positions, and arguments made in this proceeding concerning the Company's ability to deploy fiber.
- K. The Company agrees to withdraw without prejudice the deployment of Intelligent Line Sensors as part of the Phase 3 technologies.
- L. The Company agrees to implement an Incremental VVO pilot through the installation and evaluation of 340 Dynamic Voltage Controller units on 20 circuits to analyze options to maximize future customer energy savings, peak demand reduction, and other benefits.
- M. The Company agrees to withdraw without prejudice the Company's It's Your Power application as part of gridSMART Phase 3 proceeding.
- N. Within 20 months of an Opinion and Order in the current case, the Company will: (1) implement the EDI enhancements proposed in the Application, *i.e.*, the Company will

provide customer energy usage data for customers on CRES TOU rates to CRES providers via EDI, and (2) upgrade the systems and processes for wholesale market settlements to calculate and settle peak load contribution (PLC) and network service peak load (NSPL) values for all AMI customers, instead of relying on load profiles, and provide the data via electronic data interchange (EDI). As part of the implementation of a new customer information system, the Company will calculate and settle PLC, NSPL, and the total hourly energy obligation (THEO) Settlement B (*i.e.*, 60 day settlement) for all AMI customers using actual data, instead of relying on load profiles and will provide customer energy usage data to CRES providers via EDI. Also as part of the implementation of a new customer information system, the Company will also assess the feasibility of calculating THEO for Settlement A using actual data instead of relying on historical like-day usage. The Company shall make the residential customer energy usage data available to authorized CRES providers, in a manner consistent with Ohio Adm.Code 4901:1-10-24. Any future changes to the authorization process will be discussed as part of the gridSMART collaborative group. AEP will track the costs associated with the implementation of the new CIS through normal accounting procedures, including a breakout of each project component outlined in this section (*i.e.*, PLC settlement, NSPL settlement, THEO Settlement B components and EDI enhancements), either before or contemporaneous to seeking collection from customers of the cost.

- O. Collection of costs from customers through gridSMART Rider will be offset by an incremental operational savings credit that reflects the operational benefits associated with additional deployments that occurred after the rate case test year. Within twelve

months of an Opinion and Order in the current case, the Commission Staff will issue a request for proposal to select a consultant to complete the operational benefits assessment associated with gridSMART Phase 3. Once the Commission issues a final order concerning the audit, an operational savings credit will be implemented until the effective date of a subsequent base rate case. The Signatory Parties agree that the operational savings credit should be revisited if the Commission requires, approves or otherwise sanctions a change in operations or Company practices or policies that were reflected in the operational savings credit as the basis for operational savings (*i.e.*, the Commission requires a door knock for a disconnection that currently is achieved through remote disconnection).

- P. Commitments for customer access to data in the following categories will be made as part of a settlement, to the extent not already provided through the AEP Ohio website and the Commercial Customer portal:
- i. At least 24 months of energy usage data in 15-minute, 30-minute, or 60-minute intervals made available on a best efforts basis within 24 hours of performing industry-standard validation, estimation, and editing (VEE) processes.
 - ii. AEP Ohio commits to exploring a technical solution to create a CSV download of historical billing information up to 36 months by account, and presenting to the Commission for approval.
 - iii. At least 24 months of summary billing history data, including date of bill, usage, bill amount and due date.

- iv. Flexible views (for customers with multiple accounts) with options to (a) select individual account, (b) group accounts by user-defined criteria as is feasible, or (c) access full account list.
- v. Tariff and rebate program information (if applicable).

AEP Ohio will work with the Signatory Parties to develop a functionality roadmap that integrates other Customer data needs not currently satisfied, with an agreed upon deployment schedule. Prudently incurred costs for the projects referenced in this paragraph will be collected from customers through the gridSMART Rider subject to audit and reconciliation. AEP Ohio will provide information on the customer's account information page of its website that identifies third parties that have received access to the customer's energy usage data through the Business Partner Portal. In addition, AEP Ohio will increase customer awareness of the link on its website to opt out of providing customer specific information to CRES. Within 18 months of an Opinion and Order, AEP Ohio will provide to Signatory Parties a roadmap of further customer data protections, including whether it is feasible to identify and list on the customer's account information page of its website third party access of customer data that is accessed through other means than the Business Partner Portal.

- Q. The Company agrees to make a one-time shareholder donation to Neighbor-to-Neighbor fund of \$250,000.
- R. The allocation for gridSMART Phase 3 costs of 45% to residential customers will be retained.

- S. AEP Ohio¹ will offer a competitively neutral incentive program for smart thermostats for a total of \$0.5 million funded through shareholder dollars, using \$50 per unit as an initial rebate level. Only smart thermostats that are certified under United States Environmental Protection Agency Energy Star Connected Thermostat guidelines will be eligible for incentives. The Company will use best efforts to (1) provide an instant rebate; and (2) coordinate with the local gas utility to bundle incentives for customers. The availability of the incentive will be limited to new and existing shopping and non-shopping customers enrolled in time varying rate offerings. The Signatory Parties will coordinate through a collaborative discussion on education and marketing efforts, which will be funded as provided for in Paragraph III.T, along with the timing of the program. As part of its next Electric Security Plan application or another similar application seeking to recover costs from customers for grid modernization investments, the Company agrees to include a proposal for a smart thermostat program targeted to equipping new and existing shopping and non-shopping time-of-use customers with rate optimized smart thermostats; any other party may support or oppose the proposal on any basis they deem appropriate. The Company agrees to include the incentive cost and overall benefits of the smart thermostats in any cost effectiveness calculation required for future plans.
- T. The Company may collect customer outreach and education expenses regarding the technology deployments and related reliability benefits from customers through the rider. The Company agrees to reserve \$100,000 of this funding for customer outreach and

¹ Ohio Manufacturers' Association Energy Group (OMAEG), The Kroger Co. (Kroger) and Interstate Gas Supply, Inc. (IGS) do not support Paragraph III.S in its entirety, but agree not to oppose it as part of the Stipulation as a package. OMAEG's, Kroger's and IGS's non-opposition shall not be relied upon in any other forum or proceeding.

education related to time varying rate offerings and smart thermostats, and will solicit input from Signatory Parties regarding outreach and education efforts.

- U. Subject to the terms of this paragraph, AEP Ohio will provide a monthly billing summary report to the Ohio Hospital Association (OHA) that includes OHA member customer name, account number, SDI number, CRES status, tariff, address, customer class, bill period, usage, demand and bill amount. This will include current and at 24 months of historic billing information. Each report will only include customer data for customers that have a current letter of authorization granting permission to OHA to obtain the customer's data. The Company will provide the monthly reports for five years except the reporting obligation will terminate if the AEP Ohio's customer portal capabilities develop to permit substantially the same data and format to be provided in an automated fashion to the customer or its authorized agent.
- V. If there is a change in Ohio law impacting implementation of this settlement, the Signatory Parties will agree to work together in good faith and in a manner consistent with legal authority to preserve or restore the outcomes agreed to herein.
- W. AEP Ohio will provide data to, and collaborate with, OMAEG, Staff, and other interested Signatory Parties on distribution circuit capacity, as set forth below, to further customer education of the state of the electric distribution grid, especially regarding the impact of customer behavior to impact peak electrical load and electricity costs. Within 6 months of an Opinion and Order in this case adopting the Stipulation, OMAEG and any other interested Signatory Party that represents non-residential customers will notify the Company of interest and provide the customer's name, account number and documentation of their consent to participate in the study; the Company will confirm that

each interested customer has a smart meter as a condition of participating. Within 9 months of the Opinion and Order in this case adopting the Stipulation, AEP Ohio will provide to OMAEG, Staff and other interested Signatory Parties a list of up to 25 distribution circuits, that: (a) have received VVO, DACR, and more than 50% of customer accounts have received smart meter updates, (b) serve interested customers that qualify to participate, and (c) are identified by the Company as having a planned circuit capacity upgrade within the next 24 months (or such longer time period needed to ensure adequate participation), including the capacity need and time of peak over the last twelve months for each circuit. In selecting the circuits involving interested customers, the Company will prioritize participation of OMAEG members but also ensure at least some interested customers from each Signatory Party can participate, provided the other Signatory Party customers are on circuits that meet the screening criteria outlined above. Within 12 months, AEP Ohio shall provide based on consent from individual participating customers the demand of the participating customers at the day and hour of the annual distribution circuit peak. From 12-24 months, AEP Ohio will work proactively with OMAEG and other Signatory Parties with members/customers that are participating to measure on a monthly basis the customers' peak demand coincident with the distribution circuit's peak demand. After the 24-month period, deliver an informational webinar to interested Signatory Parties (and their members/customers if applicable) on:

- Circuit loading;
- How gridSMART investments improve customer reliability and service
- The importance of available peak circuit capacity for customer electrification programs;

- The role of EDU-based and customer-sited non-wire-alternatives to relieve circuit loading, including energy efficiency, load shifting, on-site generation, and electricity storage;
- Other recognized methods for determining capacity upgrades and a comparison of their pros and cons; and
- A discussion regarding the impact of participating customers' peak demand reduction efforts on the sample of distribution circuits, including a discussion of whether a pilot tariff program would be beneficial.

After the informational webinar, AEP Ohio will conduct an email survey to help determine the level of interest in a coincident peak load management program for distribution service.

IV. Procedural Matters

A. The Company will file testimony in support of the Stipulation pursuant to a procedural schedule established by the Commission. Other Signatory Parties may file testimony in support of the Stipulation at their discretion.

B. The Signatory Parties agree that the following Exhibits should be admitted into evidence:

1. Joint Exhibit 1 – This Stipulation;
2. Company Exhibit 1 – AEP Ohio's Application; and
3. Company Exhibit 2 – AEP Ohio's testimony in support of the Stipulation (this does not include Application testimony or Supplemental testimony filed prior to the Stipulation).

C. Except for enforcement purposes or to establish that the terms of the Stipulation are lawful, neither this Stipulation nor the information and data contained in or attached to the Stipulation shall be cited as a precedent in any future proceeding for or against any Signatory Party. Nor shall the acceptance of any provision within this settlement agreement be cited by any party or the Commission in any forum so as to imply or state that any Signatory Party agrees with any specific provision of the settlement. More specifically,

no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Signatory Party might support or seek, but for this Stipulation in these proceedings or in any other proceeding. This Stipulation contains a combination of outcomes that reflects an overall compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken on any individual issue. Rather, the Stipulation represents a package that, taken as a whole, is acceptable for the purposes of resolving all contested issues without resorting to litigation. The Signatory Parties believe that this Stipulation, taken as a whole, represents a reasonable compromise of varying interests.

D. By their signatures, the Signatory Parties indicate their support for the Stipulation. The Signatory Parties agree not to oppose this Stipulation. If the Stipulation is contested, no Signatory Party will oppose an application for rehearing designed to defend the terms of this Stipulation.

E. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation, any Signatory Party shall have the right within thirty days of issuance of the Commission's order to apply for rehearing. The Signatory Parties agree that they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original unmodified Stipulation. If the Commission does not adopt the Stipulation without material modification upon any rehearing ruling, then within thirty days of such Commission rehearing ruling any Signatory Party may

terminate its Signatory Party status and withdraw from the Stipulation by filing a notice with the Commission. No Signatory Party shall file a Notice of Withdrawal without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement achieves such an outcome, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, and a Signatory Party files a Notice of Withdrawal, then the Commission will convene an evidentiary hearing to afford that Signatory Party the opportunity to contest the Stipulation by presenting evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, then some or all of the Signatory Parties shall submit the amended Stipulation to the Commission for approval after a hearing if necessary.

F. Unless the Signatory Party exercises its right to terminate its Signatory Party status or withdraw as described above, each Signatory Party shall act in good faith and use reasonable efforts to support the reasonableness of this Stipulation before the Commission in this proceeding, and to cause its counsel to do the same, and in any appeal it participates in from the Commission's adoption and/or enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed by the
Authorize agents of the undersigned Parties of this 27th day of October 2021.

/s/ Steven T. Nourse
Steven T. Nourse
On Behalf of Ohio Power Company

/s/ William J. Michael /by STN per authority
William J. Michael
**On Behalf of the Office of the
Ohio Consumers' Counsel**

/s/ Robert Dove /by STN per authority
Robert Dove
**On Behalf of Ohio Partners for
Affordable Energy**

/s/ Angela Paul Whitfield /by STN per authority
Angela Paul Whitfield
On Behalf of The Kroger Co.

/s/ Madeline Fleisher /by STN per authority
Madeline Fleisher
On Behalf of Smart Thermostat Coalition

/s/ Matthew R. Pritchard /by STN per authority
Matthew R. Pritchard
On Behalf of Industrial Energy Users – Ohio

/s/ Kimberly W. Bojko /by STN per authority
Kimberly W. Bojko
**On Behalf of Ohio Manufacturers'
Association Energy Group**

/s/ Werner L. Margard /by STN per authority
Werner L. Margard III
**On Behalf of the Staff of the Public
Utilities Commission of Ohio**

/s/ Jody Kyler Cohn /by STN per authority
Michael L. Kurtz
Jody Kyler Cohn
On Behalf of the Ohio Energy Group

/s/ Devin Perram /by STN per authority
Devin Perram
**On Behalf of Ohio Hospital
Association**

/s/ Bethany Allen /by STN per authority
Bethany Allen
**On Behalf of Interstate Gas Supply,
Inc.**

/s/ Madeline Fleisher /by STN per authority
Madeline Fleisher
On Behalf of Mission:data

/s/ Miranda Leppla /by STN per authority
Miranda Leppla
**On Behalf of Ohio Environmental
Council**

**THE FOLLOWING PARTIES ARE SIGNING AS SIGNATORY PARTIES FOR PURPOSES OF
SUPPORTING PARAGRAPH III.J OF THE STIPULATION AND TAKE NO POSITION ON
THE OTHER PROVISIONS IN SECTION III BUT AGREE TO SECTIONS I, II AND IV:**

/s/ Gretchen L. Petrucci /by STN per authority
Gretchen L. Petrucci
**On Behalf of Ohio Cable Telecommunications
Association**

/s/ Brian D. Robinson /by STN per authority
Brian D. Robinson
AT&T Ohio

/s/ Frank P. Darr /by STN per authority
Frank P. Darr
On Behalf of the Ohio Telecom Association

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in

Case No(s). 19-1475-EL-RDR

Summary: Stipulation Stipulation electronically filed by Mr. Steven T. Nourse on
behalf of Ohio Power Company