



Public Utilities Commission

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November 8, 2021

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

RE: *In the Matter of the Application of Ohio Power Company for Authority to Update its Smart City Rider, Case No. 21-0097-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations regarding the application filed in Case No. 21-0097-EL-RDR.

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Krystina Schaefer
Chief, Grid Modernization & Retail Markets
Rates & Analysis Department
Public Utilities Commission of Ohio

Devin Mackey
Grid Modernization & Retail Markets
Rates & Analysis Department
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

Ohio Power Company
Case No. 21-0097-EL-RDR

HISTORY

On April 25, 2018, the Commission issued an Opinion and Order in Case No. 16-1852-EL-SSO (*ESP IV* decision) adopting Ohio Power Company's (Company) proposed Smart City Rider (SCR). Among other things, the *ESP IV* decision approved the construction of Microgrid Technology Demonstration projects with a cap of \$10.5 million and an Electric Vehicle Charging Station rebate program with a cap of \$10 million, including a 5% administration fee.

In its Order, the Commission directed the Company to file a quarterly update to the SCR and stated that updated rates would become effective 30 days after filing unless otherwise ordered by the Commission. The Commission also stated that the SCR would sunset after four years except for the true up and correction of expenses that occur after the sunset from activities and expenses that occurred during the four-year term.

Per the Order, recovery of costs included in the SCR are based on actual spend and subject to an annual prudency audit with no carrying charges on over or under recoveries due to quarterly collections. The dollars included in the SCR are grossed up for the commercial activities tax and uncollectibles until the Company's next rate case. The maximum amount to be charged through the rider is \$21.1 million, as shown on Attachment C of the Stipulation, including microgrid costs, the rebates for EV charging stations, administrative fees and research and development costs. The SCR revenue requirement should be allocated to residential and non-residential customers based on the percentage of base distribution revenues and charged on a per customer basis.

SUMMARY OF APPLICATION

The Company filed its sixth quarterly update to the Smart City Rider (Case No. 21-0097-EL-RDR) on January 29, 2021 with rates to become effective on the first billing cycle of March 2021. Rates from this quarterly filing, which were designed to collect unrecovered costs as of December 31, 2020, superseded the rates that became effective in the previous quarterly update established in Case No. 20-1635-EL-RDR. As this quarterly update to Rider SCR included actual expenses through December 31, 2020, Staff also conducted its annual audit to review all expenses charged to this Rider during the year 2020.

This quarterly SCR seeks to recover total expenses of \$2,118,745, which includes \$1,041,268 for the microgrid projects and \$1,023,672 for rebates on installed EV charging stations. In addition, administration fees, associated commercial activities tax, uncollectibles expenses and an undercollection from a previous quarterly update of the SCR add \$53,805. Effective with the first billing cycle of March 2021, the monthly charge to residential customers would be \$0.34 per

month, a reduction from the previous rate of \$0.48 per month¹. The monthly charge to non-residential customers would be \$1.36 per month, a reduction from the previous rate of \$1.90 per month.

During 2020, rebates were paid for the installation of 34 Level 2 charging stations and 12 DC Fast Charging stations.

STAFF REVIEW AND RECOMMENDATIONS

In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Order establishing the Smart City Rider and to ensure that proper accounting and regulatory treatment was applied. The audit consisted of a review of the application, tariff sheets, and supporting work papers to confirm the prudence of expenses incurred during the review period and to confirm mathematical accuracy. Staff conducted this audit through a combination of document review, interviews, interrogatories and on-site physical inspections. Staff has completed its review of the filing and finds that the expenses included in the SCR through December of 2020 are prudent and appropriate for recovery.

¹ Case No. 20-1635-EL-RDR

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

11/8/2021 12:34:06 PM

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Case No(s). 21-0097-EL-RDR

Summary: Staff Review and Recommendation electronically filed by Mr. Devin C.
Mackey on behalf of PUCO