



Public Utilities Commission

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August 23, 2022

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 to Update its Enhanced Service Reliability Rider, Case No. 21-1268-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff Review and Recommendation in this matter, Case No. 21-1268-EL-RDR.

A handwritten signature in black ink that reads "Natalia Messenger". The signature is written in a cursive, flowing style.

Natalia Messenger
Accounting and Finance Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

Ohio Power Company
Case No. 21-1268-EL-RDR

SUMMARY

On December 27, 2021, Ohio Power Company (AEP or the Company) filed an application in this case to update its Enhanced Service Reliability Rider (ESRR) rates. The application seeks to recover incremental vegetation management expenditures for 2021, and requests a revenue requirement of \$54,544,667, which would increase the ESRR rate from 3.07070% to 5.98510%.

BACKGROUND

In Case No. 08-917-EL-SSO, the Commission established the ESRR and approved its continuation in subsequent cases.¹ Most recently, in Case No. 20-585-EL-AIR, the Commission approved the continuation of the ESRR, setting a new cap of \$153.75 million for incremental vegetation management expenditures incurred from January 2021 through May 2024, with an annual cap of \$45 million. Any spending that exceeds \$45 million is to be deferred without carrying charges and subject to the overall cap of \$153.75 million.

STAFF REVIEW

Staff's annual review of the Company's ESRR generally consists of a prudence and financial audit and physical verification of the trimming activities for the audit period.

Financial Audit

In its review, Staff examined the schedules for consistency with previous ESRR cases to ensure proper accounting and regulatory treatment was applied. The audit consisted of a review of financial statements submitted by the Company for completeness, occurrence, presentation, valuation, allocation and accuracy. Staff conducted this audit through a combination of interrogatories, document review, and meetings.

Staff is proposing an adjustment of \$66,077.81 associated with expenses for work that AEP characterized as customer education.² After review, Staff determined that work to be related to advertising rather than customer education. In particular, Staff takes issue with promotional expenses relating to the Company's "Trim to Treat" partnership with the Columbus Zoo being included for recovery through the ESRR, as Staff considers these to be advertising expenses that do not directly benefit ratepayers. While the work product included minimal materials that may be considered educational in part, the overall scope is considered to be advertising, and therefore Staff finds it prudent to remove all associated expenses from inclusion in the ESRR.

¹ See Case No. 11-346-EL-SSO, *et al.* (Opinion and Order) Aug. 8, 2012; Case No. 13-2385-EL-SSO, *et al.* (Opinion and Order) Feb. 15, 2015; Case No. 16-1852-EL-SSO, *et al.* (Opinion and Order) April 25, 2018; and Case No. 20-585-EL-AIR, *et al.* (Opinion and Order) Nov. 17, 2021.

² See Staff DR 10 and Staff DR 13.

The Company also indicated that \$20.45 in expenses related to a license renewal should be removed because this transaction did not relate to operations in Ohio.

In summary, Staff's adjustments total \$66,098.26, resulting in a revenue requirement of \$53,838,508.³ Based on this revenue requirement, Staff recommends the ESRR rate of 5.90761%.

Physical Verification

Staff selected 56 circuits from the Company's six districts to physically verify that vegetation line clearance was performed as scheduled in 2021. Circuits were verified in and around the Columbus, Chillicothe, Athens, Canton, Newark, and Western Ohio districts. All of the circuits audited showed evidence that vegetation line clearance work was conducted. One circuit showed signs of moderate re-growth. Staff notes that it made the Company aware of this location and has requested that the Company visit the sites to assess whether additional trimming is needed prior to the next scheduled clearing cycle.

Station Name	Circuit	Completion Date	Length (mi)	Field Verification Date	Status
Elliott North East	0011301	12/25/21	18.3	7/13/22	Satisfactory
Lancaster South Power	7401504	3/27/21	9.8	7/6/22	Satisfactory
Lancaster Commercial 1	7401501	2/20/21	6.9	7/6/22	Satisfactory
Anchor Hocking Glass Fair Avenue	7402003	1/16/21	7.2	7/6/22	Satisfactory
Wolf Creek Watertown	0029597	2/20/21	6.8	7/15/22	Satisfactory
Porterfield Belpre	0031872	7/24/21	9.3	7/15/22	Satisfactory
Crooksville Crooksville L&P	7400901	11/13/21	3.3	7/13/22	Satisfactory
Ross Southeast	22607	4/24/21	18.6	7/8/22	Satisfactory
Adena Plyleys Lane	0027903	7/24/21	13.8	7/8/22	Satisfactory
South Point South Ironton	7409503	12/18/21	23	7/6/22	Satisfactory
Center Street Quincy Adams	7410102	6/26/21	9.7	7/6/22	Satisfactory
Reynoldsburg Southeast	0002808	1/30/21	5.5	7/8/22	Satisfactory
Groves Road SE	0003803	5/29/21	8.1	7/6/22	Satisfactory
Groves Road SE	0003815	10/2/21	8.1	7/6/22	Satisfactory
Etna SE	0007003	1/30/21	6.5	7/7/22	Satisfactory

³ See Staff DR 2 Supplemental, Attachment 2; Staff based its calculation of the revenue requirement on the adjusted revenue requirement (\$53,904,606) the Company updated to actual in DR 2 Supplemental.

Hess SW	0005415	12/25/21	5.9	7/6/22	Satisfactory
Beatty SW	0007407	4/17/21	6.5	7/7/22	Satisfactory
Bolton SW	0026903	11/27/21	6.1	7/7/22	Satisfactory
Waldo Waldo	7228802	11/13/21	6	7/6/22	Satisfactory
Dublin Road NW	0002307	2/6/21	2.6	7/12/22	Satisfactory
Clinton NW	0002907	1/30/21	14.8	7/21/22	Satisfactory
Roberts Road NW	0004101	6/26/21	5.1	7/5/22	Satisfactory
Roberts Road NW	0004104	10/30/21	3	7/5/22	Satisfactory
Brookside NW	0008504	12/25/21	6.4	7/5/22	Satisfactory
Karl NE	0000901	10/2/21	13.8	7/20/22	Satisfactory
Karl NE	0000916	4/17/21	3.4	7/22/22	Satisfactory
Mifflin NE	0004201	12/11/21	4.3	7/11/22	Satisfactory
Mifflin NE	0004208	12/31/21	6.2	7/13/22	Satisfactory
St Clair NE	0006402	4/24/21	6.3	7/5/22	Satisfactory
Blacklick NE	0026002	10/30/21	11.3	7/14/22	Satisfactory
Cambridge Turner Avenue	7405301	4/17/21	5.1	7/1/22	Satisfactory
Cambridge Northeast	7405303	4/24/21	4.5	7/1/22	Satisfactory
Water Street West Side	7405902	6/19/21	9.6	7/1/22	Satisfactory
South Newark Southgate	7418804	1/16/21	9.6	7/5/22	Satisfactory
Norval Park South Zanesville	7425501	10/23/21	14	6/30/22	Satisfactory
Barnesville Downtown	7501505	12/25/21	13.9	7/14/22	Satisfactory
Shadyside North	7502601	11/27/21	16.5	7/14/22	Satisfactory
Bellaire Hospital Water Works	7511001	11/27/21	5.6	7/14/22	Satisfactory
Carrollton Central	7100704	4/10/21	6.4	7/6/22	Satisfactory
West Canton Fulton Road	7108705	6/12/21	19.7	7/12/22	Satisfactory
Negley West	7355502	9/25/21	9.4	7/1/22	Satisfactory
California Reno	7358503	4/24/21	11.6	7/6/22	Satisfactory
Beall Avenue Power	7111904	12/4/21	5.7	7/13/22	Satisfactory
Berlin Bunker Hill	7129603	3/27/21	19.3	7/7/22	Satisfactory
Lock 17 Belden Brick P Wash	7105901	1/30/21	17	7/5/22	Satisfactory
Stanton Street North End	7504104	10/30/21	8.8	7/18/22	Satisfactory
Wintersville Bantam Ridge	7506601	10/9/21	10	6/21/22	Satisfactory
Bucyrus North	7200306	10/23/21	16.4	7/6/22	Satisfactory

Riverview East	7200502	5/29/21	2.3	7/5/22	Satisfactory
Riverview South	7200507	7/31/21	8.6	7/1/22	Satisfactory
North Bucyrus North	7210402	10/30/21	9.4	07/05/22, 07/06/22	Satisfactory
Bucyrus Center West	7218902	10/9/21	21	07/06/22, 07/07/22	Satisfactory
Payne Payne	7207801	10/23/21	12.7	07/07/22, 07/11/22	Satisfactory
Antwerp North	7209502	7/31/21	11.5	7/8/22	Satisfactory
North Hicksville Columbia	7215303	7/17/21	16.8	7/11/22	Satisfactory
Continental Continental	7238401	11/6/21	8.1	7/7/22	Satisfactory

STAFF RECOMMENDATION

Staff recommends approval of the Company's application, subject to the adjustments mentioned above.

**This foregoing document was electronically filed with the Public Utilities
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Case No(s). 21-1268-EL-RDR

Summary: Staff Review and Recommendation regarding the Application of Ohio Power Company to Update its Enhanced Service Reliability Rider electronically filed by Zee Molter on behalf of PUCO Staff