

**In the Matter of the Application of Ohio)
Power Company to update Its Enhanced) Case No. 21-1268-EL-RDR
Service Stability Rider.)**

below, there is no reason to incur additional costs and time associated with an additional audit of the ESRR when Staff has already performed a comprehensive independent audit. Nor should the Commission acquiesce to OCC's most recent attempt to force an additional investigation into the June 2022 Power Outages³ that are unrelated to this limited scope of this proceeding.

A. There Is No Need For Additional Auditing of the 2021 ESRR Rates That Were Already the Subject of an Independent Audit Performed by the Commission Staff.

OCC disregards the comprehensive audit conducted by Staff and insultingly requests that customers endure additional costs associated with an additional "independent audit."⁴ OCC never identifies or otherwise defines what is meant by "independent audit," but it can only be assumed that OCC does not view Staff as an independent auditor. This is peculiar seeing as the Staff is independent of any relationship with AEP Ohio. Moreover, the Staff has significant and extensive experience in performing audits of utility rider applications and even more complex matters such as rate cases. The Staff's review included a prudence and financial audit that included data requests, document review, interviews, and physical verification of 56 circuits.⁵ This reflects a standard process that is employed to audit annual rider updates associated with riders that have already been approved by the Commission as part of an ESP, including this very rider.⁶ Indeed, the Company responded to Staff's thirteen sets of data requests, which yielded countless responsive documents and detailed data. The Staff clearly conducted a detailed review, which resulted in a recommended disallowance of "\$66,077.81 associated with

³ June 2022 Power Outages refers to the outage events that took place in AEP Ohio's service territory during the week of June 13, 2022 as a result of extreme weather and associated load shedding events.

⁴ OCC comments at p. 2.

⁵ Staff Review and Recommendation at p. 3 (Aug. 23, 2022).

⁶ See e.g. *In Re the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider*, Case No. 20-1454-EL-RDR, Finding and Order (Nov. 17, 2021) (adopting Staff recommendations).

expenses for work that AEP characterized as customer education,” and an additional “\$20.45 in expenses related to a license renewal . . . that did not relate to operations in Ohio.”⁷ There is no need for an additional independent audit and the additional time and costs associated with such an endeavor when Staff already completed a thorough and meaningful audit of the ESRR.

At its core, OCC’s request for an additional audit is nothing more than an inappropriate reneging on the bargain that OCC executed. OCC argues that “[t]here is . . . no assurance that consumers are getting the full benefits from paying the reliability Add-On Charge – or if the charge is making a difference at all for consumers (especially considering there approximately 3.9 million more consumer minutes interrupted.”⁸ But OCC was a signatory party to the Updated Stipulation and Recommendation that was approved by the Commission in AEP Ohio’s most recent distribution rate case (“Rate Case Stipulation”). As part of the Rate Case Stipulation, AEP Ohio and other parties (including OCC) agreed to \$35 million associated with vegetation management expense in base rates and an ESRR funding level set at \$45 million, which would be capped at a total of \$153.75 million from January 2021 through May 2024.⁹ Not only does OCC use this rider update to wage an improper challenge to the Rate Case Stipulation that OCC signed, but the terms of the Rate Case Stipulation also explains why customer interruptions began to increase during the year at issue (2021). Arguing for an additional independent audit by complaining about changes in reliability between 2021 and 2022, OCC neglects to mention that the Rate Case Stipulation resulted in reduced spend on vegetation management. Lower spend levels in the latter half of 2021 (continuing in 2022) as a

⁷ Staff Review and Recommendation at pp. 2-3 (Aug. 23, 2022.)

⁸ OCC Comments at p. 3.

⁹ *In the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates*, Case No. 20-585-EL-AIR, Opinion and Order at ¶ 60-61 (Nov. 17, 2021).

result of the terms of the Rate Case Stipulation, resulted in reduced vegetation management and a corresponding increase in vegetation related service interruptions. The Commission should not entertain OCC's request for an additional independent audit that is easily explainable by the terms of the very agreement to which OCC was a party.

To further support its misguided request for an additional audit, OCC also employs a non-sensical argument relying upon fictional future events to somehow advocate for a second independent audit of the 2022 ESRR rates. While conceding that they were the result of transmission-related problems, OCC points to the June 2022 Power Outages and extrapolates that "there is no certainty that next time it will not be distribution problems or some combination of both."¹⁰ OCC points to no nexus between future spend and the audit of the 2022 ESRR rider update. Rather, this just another example of OCC attempting to second guess and renege on its bargained for exchange reflected in the Rate Case Stipulation.

B. The Commission Should Reject OCC's Latest Attempt to Turn this Rider Audit Into an Investigation of the June 2022 Power Outages That Clearly Goes Beyond the Scope of this Proceeding.

Despite the limited scope of this case relating solely to the Company's request to update the previously authorized ESRR rider, OCC uses this matter as another avenue to insert itself into the Commission's investigation of the June 2022 Power Outages and advocating for sweeping rule changes. OCC first argues for a rule change to O.A.C. 4901:1-10-27(E)(3) that provides for automatic approvals for inspection maintenance, repair, and replacement plans.¹¹ But this is not a rulemaking proceeding and the Commission should not make such sweeping changes without due process for all interested parties.

¹⁰ OCC Comments at p. 3.

¹¹ OCC Comments at p. 4.

As it has in other forums (such as Case No. 20-1111-EL-ESS), OCC also requests that “the PUCO should afford consumers (and parties) the opportunity to be heard regarding how they were impacted by the June 2022 outages.”¹² In making this argument, however, OCC acknowledges that the Commission has already selected a process for investigating the June 2022 Power Outages, which resulted in a Report¹³ by the Commission Staff on January 3, 2023.¹⁴ In its Report on the June 2022 Power Outages, the Staff concluded that AEP adhered to its Commission approved vegetation control plan, but recommended that AEP Ohio develop “an updated *transmission* vegetation management plan with the PUCO within 90 days of this report.”¹⁵ Thus, the focus of the June 2022 Power Outages Report was on transmission, not distribution vegetation management. The ESRR, however, is a rider designed to recover costs associated with vegetation management on *distribution* equipment.¹⁶ Transmission vegetation management costs, on the other hand, flow through the open access transmission tariff (OATT) that is regulated by the Federal Energy Regulatory Commission (FERC). The Commission should reject OCC’s request to expand yet another limited proceeding into an investigation of the transmission-related June 2022 Power Outages when the Commission and its Staff have already conducted a thorough and complete review of those events and the matter at bar involves the recovery of costs associated with vegetation management of AEP Ohio’s distribution infrastructure.

¹² OCC Comments at p. 4.

¹³ Staff Report refers to the document entitled “A Report by the Staff of the Public Utilities Commission of Ohio, Summer 2022 Electric Outages” available at <https://puco.ohio.gov/static/emplibrary/files/Power+outage+review/outage+report+010323.pdf>.

¹⁴ OCC Comments at p. 4.

¹⁵ A Report by the Staff of the Public Utilities Commission of Ohio, Summer 2022 Electric Outages at p. 15 (Jan. 3, 2023) (emphasis added).

¹⁶ *In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan*, Case No. 08-917-EL-SSO, Opinion and Order at pp. 30-31 (Mar. 18, 2009).

C. Conclusion

For these reasons the Commission should grant AEP Ohio's request to update its ESRR rates subject to the Staff's recommended disallowances.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with Ohio Adm.Code 4901-1-05, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing was sent by, or on behalf of, the undersigned counsel to the following parties of record this 6th day of February 2023, via email.

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Summary: Reply Ohio Power Company's Reply Comments electronically filed by
Michael J. Schuler on behalf of Ohio Power Company