

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
OHIO POWER COMPANY TO UPDATE ITS  
ENHANCED SERVICE RELIABILITY RIDER  
FOR 2021.

CASE NO. 21-1268-EL-RDR

## FINDING AND ORDER

Entered in the Journal on February 22, 2023

### I. SUMMARY

{¶ 1} The Commission approves, subject to Staff's recommendations, Ohio Power Company d/b/a AEP Ohio's application to update its enhanced service reliability rider.

### II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} In Case No. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for an ESP, which included approval of the enhanced service reliability rider (ESRR) through which the Company recovers costs associated with its enhanced vegetation management program. The ESRR is subject to Commission review and reconciliation on an annual basis. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 08-917-EL-SSO, et al., Opinion and Order (Mar. 18, 2009), Entry on Rehearing (July 23, 2009). In approving subsequent ESPs for AEP Ohio, the Commission has approved the continuation of the ESRR. *In re Ohio Power Co.*, Case No. 11-346-EL-SSO, et al., Opinion

and Order (Aug. 8, 2012); *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015); *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al., Opinion and Order (Apr. 25, 2018).

{¶ 5} AEP Ohio's current ESRR rate was approved by the Commission in the Company's base rate case. *In re Ohio Power Co.*, Case No. 20-585-EL-AIR, et al., Opinion and Order (Nov. 17, 2021).

{¶ 6} On December 27, 2021, AEP Ohio filed an application to reconcile its ESRR rate for 2021. AEP Ohio seeks an increase in its ESRR rate from 3.07070 percent to 5.98510 percent.

{¶ 7} On March 25, 2022, Ohio Consumers' Counsel (OCC) filed a motion to intervene. By Entry issued January 19, 2023, OCC's motion to intervene was granted. No other motions to intervene were filed.

{¶ 8} On August 23, 2022, Staff filed its review and recommendations. As a part of its review, Staff recommends a total disallowance of \$66,098.26 for (a) license renewal expense of \$20.45, which the Company determined was not related to Ohio operations; and (b) customer education expenses of \$66,077.81, which the Staff determined was related to advertising rather than customer education as the work product included minimal materials that could be considered educational and directly beneficial to ratepayers. Staff's adjustments reduce the revenue requirement to \$53,838,508 and, therefore, Staff recommends the Company's application be set at the ESRR rate of 5.90761 percent.

{¶ 9} On September 6, 2022, AEP Ohio filed a correspondence stating that, while the Company does not agree with Staff's recommended disallowance, AEP Ohio accepts Staff's position as a reasonable outcome to this case.

{¶ 10} The Entry issued on January 19, 2023 also established a procedural schedule to assist the Commission with its consideration of AEP Ohio's application such that initial comments were due by January 30, 2023, and reply comments were due by February 6, 2023.

{¶ 11} Consistent with the procedural schedule, OCC filed initial comments and AEP Ohio filed reply comments.

{¶ 12} In its comments, OCC compares the number of customer interruptions and minutes interrupted for 2020 to 2021, and notes that although the number of interruptions decreased by more than 9,000, the number of minutes customers were interrupted increased by 3,860,953 minutes in 2021 compared to 2020. OCC reminds that the June 13, 2022 outage left thousands of AEP Ohio consumers without electric service for multiple days during a heat wave. According to OCC, AEP Ohio specifically identified vegetation contacts among the causes for the outage. OCC argues that (1) the Staff's recommendation fails to include analysis to determine if the level of ESRR spending contributed to the reduction in consumer interruptions or, (2) if the ESRR is making any difference for consumers, before recommending approval of the ESRR application. OCC advises that the Commission conduct an independent audit, with a detailed cost-benefit analysis of the ESRR.

{¶ 13} Further, OCC notes that Staff, in its report regarding the June 2022 outage, recommends AEP Ohio file an updated transmission vegetation management plan. OCC argues the transmission vegetation management plan to be submitted should: (1) not be approved pursuant to the automatic 45-day process, (2) be fully audited, and (3) include an opportunity for consumers to comment on the reasonableness of the updated plan.

{¶ 14} In its reply comments, AEP Ohio submits that OCC's comments disregard that a comprehensive, independent audit has been conducted by Staff. AEP Ohio notes that it responded to 13 sets of data requests from Staff which resulted in countless responsive documents and detailed data and, therefore, there is no need for an additional audit along with the associated time and expense. According to AEP Ohio, OCC's plea for an additional audit is an inappropriate request to renege on its agreement in the Company's base rate case, where, as part of the stipulation, AEP Ohio and other parties, including OCC, agreed to include \$35 million in base rates for vegetation management expense and an ESRR funding level set at \$45 million to be capped at a total \$153.75 million for January 2021

through May 2024. *In re AEP Ohio*, Case No. 20-585-EL-AIR, et al., Opinion and Order (Nov. 17, 2021) at ¶¶ 60-61. In addition, AEP Ohio claims that the terms of the stipulation also explain why vegetation management spending was reduced in the latter half of 2021 and into 2022, resulting in increased 2021 customer interruptions.

{¶ 15} Regarding the June 2022 power outage, AEP Ohio notes the Staff Report recommends that AEP Ohio develop, update and file its transmission vegetation management plan. The Company emphasizes the ESRR recovers costs associated with the vegetation management on distribution facilities not transmission facilities. Further, the Company declares the investigation into the June 2022 outage is not part of this audit. For these reasons, AEP Ohio contends that the Commission should, as it has in another case, reject OCC's requests to expand this rider audit proceeding to include the June 2022 outage.

{¶ 16} The Commission finds that AEP Ohio's application to update the ESRR does not appear to be unjust or unreasonable, and should be approved, subject to Staff's recommendations. The subject of this ESRR audit is the recovery of distribution vegetation management expenses incurred in 2021 and the determination of the projected revenue requirement for 2022. The concerns raised by OCC exceed the scope of this ESRR audit, particularly recognizing that the June 2022 power outage occurred after the audit period and that the ESRR recovers vegetation management expenditures associated with distribution facilities not transmission facilities or equipment. Further, as noted by AEP Ohio, the Commission initiated an investigation into the power outage of June of 2022, which is still pending. Specifically, the Commission directed Staff to conduct an after-action review to examine the circumstances of the outage event and AEP Ohio's response to determine if the Company adhered to the laws and rules in the state, followed its Commission-approved emergency plan, and responded appropriately to the outage event in an effort to mitigate negative effects.<sup>1</sup> We note that during the outage and subsequently,

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<sup>1</sup> The Staff Report, filed on January 3, 2023, can be found here:  
<https://puco.ohio.gov/static/emplibrary/files/Power+outage+review/outage+report+010323.pdf>.

the Commission encouraged consumers to contact its call center or use the online portal to inform the Commission how the outage impacted them. We also find that it is unnecessary to hold a hearing in this matter. In accordance with Staff's recommendations, AEP Ohio's proposed ESRR rates should be approved, subject to audit, and become effective.

### III. ORDER

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That AEP Ohio's application to update its enhanced service reliability rider be approved, subject to Staff's recommendations. It is, further,

{¶ 19} ORDERED, That AEP Ohio be authorized to file tariffs, in final form, consistent with this Finding and Order. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 20} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 21} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 22} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

**COMMISSIONERS:**

*Approving:*

Jenifer French, Chair  
Lawrence K. Friedeman  
Dennis P. Deters

GNS/dr

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**Case No(s). 21-1268-EL-RDR**

Summary: Finding & Order approving, subject to Staff's recommendations, Ohio Power Company d/b/a AEP Ohio's application to update its enhanced service reliability rider. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio