

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application of)
Ohio Power Company to Update its) Case No. 22-473-EL-RDR
gridSMART Rider rates.)**

OHIO POWER COMPANY’S COMMENTS

I. Introduction

On August 2, 2023 the Staff issued its Review and Recommendation (Staff Report) regarding the Company’s 2022 quarterly gridSMART Rider filings in Case No. 22-473-EL-RDR. AEP Ohio hereby submits comments in response to Staff’s filing.

II. REPLY COMMENTS

A. Airline Ticket - Itron conference

The Staff recommended an adjustment to remove \$491.97 for an unused airline ticket that was charged to the gridSMART rider. Stating that, “The ticket was for an employee to attend an industry-related conference in Florida, which was cancelled due to a hurricane. However, the Company was unable to obtain a refund for the ticket. Instead, it was given a voucher for future use. Staff recommends an adjustment of \$491.97 to remove the cost of the ticket from the Company’s O&M expenses.” The Company agrees with Staff’s adjustment.

B. O&M Incentives

The Staff recommended an adjustment to remove \$30,826 for O&M incentives. While the Company does not agree with all the statements and recommendations supporting Staff’s position, AEP Ohio can accept the Staff’s position as a reasonable outcome in this case.

C. Ohio State Fair Concert Series powered by AEP Ohio's Smart Grid

The Staff recommended an adjustment to O&M expense of \$125,000 to remove the total cost of AEP Ohio's Smart Grid sponsorship of the Ohio State Fair Concert Series. While the Company does not agree with all the statements and recommendations supporting Staff's position, AEP Ohio can accept the Staff's position as a reasonable outcome in this case.

D. Disconnect Switch

Staff recommend an adjustment to remove \$155.69 from capital expenses for a disconnect switch it was unable to locate during the field audit. While the Company does not agree with all the statements and recommendations supporting Staff's position, AEP Ohio can accept the Staff's position as a reasonable outcome in this case.

E. AMI Meters

The Staff Recommends a reduction in capital costs of \$800,134, stating that the Phase 2 Order approved the recovery of approximately 894,000 additional AMI meters through the gridSMART Phase 2 program and that as of November 2022 the Company had already booked over 929,000 AMI meters as part of the Phase 2 program. Additionally, the Staff claims that as of November 2022, the Company was recovering an additional 112,335 AMI meters which were not tagged to any gridSMART program in the Phase 2 Rider. Finally, the Staff recommends that the additional meters are more appropriately recovered in the DIR. The Company disagrees with Staff's recommendations.

Number of AMI Meter installations in the Phase 2 footprint

The Staff erred in its interpretation of the Commission's February 1, 2017

Order in Case No. 13-1939-EL-RDR (Phase 2 Order) regarding the number of additional AMI meters the Company would install. Both the Phase 2 Stipulation and Opinion & Order refer to the number of AMI meter installations as “approximately” and do not specifically authorize a firm limit of 894,000 AMI Meter installations. Further, the initial estimate of approximately 894,000 AMI meters was based on the Company’s current knowledge at the time of the initial filing (September 13, 2013 based on the customer count at that time) more than six years before October 25, 2019, which was the date of the final meter installations. With the exception of the small quantity of meters the contractor was not able to install due to property access and customer contact issues, the Company completed the installation of AMI meters in the gridSMART Phase 2 footprint as the area continued to grow resulting in a total of approximately 929,000 Phase 2 installations. The clear intent of the settlement adopted by the Commission was to install AMI throughout the Phase 2 deployment area – and that is what the Company did.

The Company has fulfilled its obligation that reflects the installation of approximately 894,000 Meters. Therefore, the Commission should reject Staff’s recommendation to exclude any of the AMI meter costs included in the Phase 2 footprint from the rider.

Additional 112,335 AMI meters

Staff also erred in removing the AMI meters that it claimed were not tagged to any gridSMART program, stating that the gridSMART rider was approved to only recover assets specific to that program. The Phase 2 Order (at Page 14) ordered that, "Twenty-two thousand additional AMI meters that were deployed in order to perfect the Phase I pilot project, as well as all replacement and in-stock AMI meters will be moved to the GS2 rider for recovery upon approval of the GS2 Stipulation." Therefore, the plain language of the Order requires the Company to move the

112,335 Meters to the Phase 2 rider. This amount includes the twenty-two thousand AMI Meters mentioned above and the Company's AMI Meter Blanket balance as of November 2022, which is for Phase 1 and Phase 2 replacement meters. Therefore, these AMI meter costs are within the scope of the Phase 2 Order and it is fully appropriate to recover them through the Phase 2 Rider.

In fact, in March 2019 the Company discovered through an informal Staff inquiry that the replacement and in stock meters had not been included in Phase 2 Rider as the Company was only including the gridSMART Phase 2 meters along with the 22,000 additional AMI meters in the rider. To correct this, the Company coordinated with Staff to implement a solution. Effective with March 2019 Plant and forward, AEP Ohio began to track the total NBV of AMI Meters less the Phase I NBV of meters. This method picked up both the 22,000 meters, along with the replacement and in stock meters that were previously omitted. This methodology was also simultaneously adopted in the DIR to prevent double recovery. If the Staff had an expectation the Company was recovering additional AMI meters not tagged to the gridSMART program, a reasonable expectation would have been to address it in March of 2019 while coordinating a solution with the Company. Further, the Company has been transparent in providing the Staff an accounting of all the AMI meters being recovered through the Phase 2 Rider in each audit since its inception. Moreover, the Phase 2 Order required them to be moved to the rider.

Therefore, for the reasons stated above, the Commission should reject Staff's recommendation to exclude the AMI meters that it now claims were not tagged to the gridSMART program. Alternatively, if the Commission were to agree with Staff and move any of the 112,335 AMI meters to the DIR, the Company requests that the DIR caps be adjusted by the amount of the transfer as

this adjustment was not contemplated at the time the DIR caps were set.

III. CONCLUSION

In sum, the Company agrees with Staff's adjustment to remove \$491.97 in O&M for non-refundable airline ticket that the Company received a voucher for. Additionally, although the Company does not agree with all the statements and recommendations supporting Staff's position on the elimination of O&M incentives of \$30,826, AEP Ohio's Smart Grid sponsorship of the Ohio State Fair Concert Series O&M of \$125,000, and disconnect switches for \$155.69 charged to capital, AEP Ohio can accept the Staff's position as a reasonable outcome in this case. The Company disagrees with Staff's recommendation to remove the AMI Meter capital costs of \$800,134 resulting from Staff's recommendation to transfer these costs to the DIR. Therefore, AEP Ohio respectfully requests the Commission consider the comments provided in response to the Staff's recommended adjustments and reduce the revenue requirement adjustment from \$265,997 to \$156,735.

Respectfully submitted,

/s/ Steven T. Nourse

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, 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 was sent by, or on behalf of, the undersigned counsel to the following parties of record this 1st day of September 2023, via e-mail:

/s/ Steven T. Nourse

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Case No(s). 22-0473-EL-RDR

Summary: Comments OHIO POWER COMPANY'S COMMENTS electronically filed
by Mr. Steven T. Nourse on behalf of Ohio Power Company.