BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company to Update Its Basic Transmission Cost Rider.	)))	Case No. 24-42-EL-RDR

CONSUMER PROTECTION COMMENTS
BY
OFFICE OF THE OHIO CONSUMERS' COUNSEL

I. INTRODUCTION

Beginning April 1, 2024, the Ohio Power Company ("AEP") seeks to increase the rates it charges to residential electricity consumers by more than $154 million through its Basic Transmission Cost Rider ("BTCR").[1] AEP charges consumers for transmission-related charges including supplemental transmission project investments through the BTCR.[2] These are the same supplemental projects that OCC has filed a complaint with FERC over, with OCC complaining that the projects receive no review by the state or PJM of their reasonableness or prudence.

Despite the Ohio regulatory gap where consumers are left unprotected, AEP charges forward with an enormous ***32%* increase** to residential consumers paying Rider BTCR.[3] A 1,000 kwh per month residential consumer is currently paying $33.16 per

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[1] *In the Matter of the Application of Ohio Power Company to Update Its Basic Transmission Rider,* Case No. 24-42-EL-RDR, Application at Schedule B-2 (Jan. 17, 2024).

[2] *See* Case No. 13-2385-EL-SSO, Opinion and Order at 65 (the BTCR is a non-bypassable charge to all consumers, shopping and non-shopping, for non-market-based transmission charges).

[3] Application at Schedule B-2.

month for Rider BTCR. That will jump to almost $44 per month under the proposed Rider BTCR.[4]

While substantially increasing BTCR charges to residential consumers, AEP plans *to reduce* BTCR charges to the non-residential consumers who also pay Rider BTCR. For example, under AEP's proposal, charges to non -residential consumers (commercial and business consumers) that pay Rider BTCR are being decreased by more than $114 million.[5] The shifting of cost responsibility within Rider BTCR causes residential consumers' share of the rider costs to balloon from 43% to 53%.[6] The large increase in BTCR charges to residential consumers coming from a reallocation of Rider BTCR is unfair, unjust and unreasonable to residential consumers who are already being squeezed by other utility rate increases.

AEP's Application provides no explanation whatsoever as to why residential consumers should be burdened with this significantly higher percentage of BTCR charges. With what is presently known about the large shift in allocated BTCR costs from non-residential consumers to residential consumers, the PUCO should outright reject AEP's proposal.

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[4] *Id.* at Schedule A-2 (Current rate of $.0331659 per kWh increasing to $.0438391 per kWh).

[5] *Id.* at Schedule B-2.

[6] *Id.*

II. RECOMMENDATIONS

A. The PUCO should reject AEP's cost shifting of BTCR charges to residential consumers as unjust, unreasonable, and violating R.C. 4905.33 and 4905.35

The BTCR allows AEP to collect from consumers non-market-based transmission-related costs, imposed by FERC or PJM. These charges include billions of dollars for AEP's investments in Supplemental Transmission Projects, which largely escape regulatory review by the PUCO or FERC for prudence.[7]

AEP's residential consumers have no choice but to pay for what AEP charges through the BTCR. Certain AEP industrial consumers, however, don't have to pay because they can "opt out" of paying BTCR rates under a pilot program. A PUCO audit of FirstEnergy's similar non-market-based transmission rider ("Rider NMB") charged to consumers confirmed that allowing large industrial and commercial to opt out of paying transmission charges improperly shifted costs to residential utility consumers.[8]

Here, AEP proposes to dramatically increase what residential consumers will pay under the BTCR by an enormous **32%** over what they currently pay for BTCR charges.[9] AEP further proposes to reduce BTCR charges to other non-residential (commercial and business) consumers who pay Rider BTCR. For example, charges to commercial and industrial customers not participating in the pilot program are being decreased by more

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[7] *See* the 2017-2021 PJM Ohio State Infrastructure Report. This data includes only projects that exceed $5 million.

[8] *In the Matter of the Review of the Non-Market-Based Services Rider Pilot Program Established by Ohio Edison Company, the Cleveland Electric Illuminating Company and the Toledo Edison Company,* Case No. 22-391-EL-RDR, Exeter Associates, Inc., Review of the Non-Market Based Services Riders Established by Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (July 17, 2023) ("Audit Report") at 20.

[9] Application at Schedule B-2.

than $114 million.[10] The preferential treatment of non-residential consumers that AEP proposes by its revised allocation of BTCR rider costs adds insult to injury. AEP's proposal is on top of AEP already allowing certain large industrial and commercial consumers to opt out from paying *any* BTCR charges through AEP's BTCR pilot program.

The result is an enormous shifting of transmission costs to residential consumers. Under current rates residential consumers pay 43% of the BTCR charges.[11] Under proposed rates AEP would collect 53% of BTCR charges from residential consumers.[12] AEP provides no evidence to support increasing the amount residential consumers will pay under the BTCR. The PUCO should say no.

Increasing what residential consumers pay under the BTCR is unfair. A 1,000 kwh per month residential user is currently paying $33.16 per month for Rider BTCR. That will jump to almost $44 per month under the proposed Rider BTCR.[13] This is on top of other increases in utility rates including increases under AEP's most recent electric security plan including the nearly $1 billion that AEP is seeking in increased charges throughout the term of its new electric security plan ("ESP V").[14]

AEP fails to provide justification for increasing the allocation in BTCR charges to residential consumers. AEP's proposal to allocate even more charges to residential

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[10] *Id.*

[11] *See, id.*

[12] *Id.*

[13] *Id.* at Schedule A-2 (Current rate of $.0331659 per kWh increasing to $.0438391 per kWh).

[14] *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan,* Case No. 23-23-EL-SSO, et al., Joint Stipulation and Recommendation (Sept. 6, 2023) at III.J.25, III.E.8, III.L.37-38, III.I.34, III.K.36, and III.F.10.

consumers in its filing is unreasonable and appears discriminatory, in violation of R.C. 4905.33 and 4905.35. The PUCO should reject AEP's unsupported shifting of costs to residential consumers that results in an unacceptably high increase in residential charges.

B. The PUCO should order an audit of AEP's Pilot Program and discontinue any further expansion of the Pilot Program until the audit is completed and reviewed.

OCC recommends that the PUCO order an independent audit of AEP's pilot program to determine whether there is cost-shifting to residential consumers as a result of the pilot. The BTCR Pilot was approved in Case No. 16-1852-EL-SSO. Under the PUCO's Opinion and Order in Case No. 20-585-EL-AIR, the BTCR pilot participation cap was increased to 800 MW for 2022, 900 MW for 2023, and 1,000 MW for 2024. The BTCR Pilot has continued to expand over the last almost six years without there ever being an audit to determine whether, in fact, any cost-shifting to residential consumers has occurred. This despite the fact that the FirstEnergy audit of its similar Rider NMB disclosed improper shifting of costs to residential consumers.[15] With the enormous cost-shifting proposed by AEP in this case, the PUCO should not wait any longer. The PUCO should solicit bids to secure an independent auditor to audit the pilot as part of the next annual BTCR proceeding.

III. CONCLUSION

The PUCO should protect consumers from unjust and unreasonable charges through AEP's BTCR rates. Consistent with OCC's recommendations, the PUCO should reject AEP's Application which will unnecessarily force residential utility consumers to

[15] Audit Report at 20.

pay more than they should for transmission costs. The PUCO should also order an audit of AEP's BTCR pilot program to examine whether the opt out is shifting transmission costs to residential consumers who pay the BTCR rider. In the meantime, the PUCO should decline to expand the opt out pilot.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Consumer Protection Comments was served on the persons stated below via electronic transmission, this 26th day of February 2024.

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The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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