

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbus Southern Power Company and)
Ohio Power Company to Adjust Their) Case No. 11-705-EL-RDR
Economic Development Cost Recovery)
Rider Pursuant to Rule 4901:1-38-08(A)(5),)
Ohio Administrative Code.)

FINDING AND ORDER

The Commission finds:

- (1) On February 11, 2011, Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (collectively, AEP-Ohio or the Companies) filed an application to adjust their economic development cost recovery rider (EDR) rates. The Companies state that, in accordance with the Commission's decision in AEP-Ohio's electric security plan (ESP) cases, the EDR rate for each company was initially set at 0.00 percent.¹ The Companies most recent EDR rates were set at 10.74420 percent of base distribution rates for CSP and 8.48794 percent of base distribution rates for OP pursuant to the Commission's order issued in *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Rates*, Case No. 10-1072-EL-RDR (10-1072), Finding and Order (September 22, 2010).
- (2) By Rules 4901:1-38-08(A)(5) and (C), Ohio Administrative Code (O.A.C.), the Commission requires that the electric utilities' EDR rates be updated and reconciled semiannually and permits affected persons to file a motion to intervene and comments to the application within 20 days of the date that the application is filed. Further, in a finding and order issued on January 7, 2010, in *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Rates*, Case No. 09-1095-EL-EDR (09-1095), the Commission directed AEP-Ohio to file its application to adjust its EDR rates to allow the

¹ *In re Columbus Southern Power Company and Ohio Power Company*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Opinion and Order (March 18, 2009) and Entry on Rehearing (July 23, 2009) (ESP cases).

Commission sufficient time to review the filing and perform due diligence with regard to the application in order to facilitate implementing the EDR rates with the first billing cycle of April and October.

- (3) In accordance with the Commission's directives and Rule 4901:1-38-08(A)(5), O.A.C., AEP-Ohio filed the instant application to decrease CSP's EDR rate to 9.663290 percent and to increase OP's EDR rate to 8.72497 percent, excluding the provider of last resort (POLR) credits. AEP-Ohio advocates that the EDR rates exclude the POLR credit but acknowledges that the Commission has previously determined otherwise in the Companies' EDR cases. According to AEP-Ohio, utilizing the same methodology approved by the Commission in 09-1095 and 10-1072, including the POLR credit, would decrease CSP's EDR rate to 6.804930 percent and decrease OP's EDR rate to 7.53687 percent. The Companies state that the modifications to the proposed EDR rates reflect estimated unrecovered delta revenues and associated carrying costs for 2011 associated with the Companies' unique arrangement with Ormet Primary Aluminum Corporation (Ormet) and CSP's reasonable arrangement with Eramet Marietta, Inc. (Eramet). As a part of the application, AEP-Ohio provided the projected bill impact of the proposed EDR rider adjustments on all CSP and OP customers, by customer class.
- (4) In its application, AEP-Ohio requested that, at the conclusion of the 20-day comment period, the Commission find the Companies' EDR rates just and reasonable and conclude that a hearing is not necessary. Further, AEP-Ohio requested that its application to increase its EDR rates be approved to be effective with the first billing cycle of April 2011.
- (5) Along with the application, AEP-Ohio filed a motion seeking protective treatment of Eramet's customer load information. The Companies take no position as to whether the Eramet load data is confidential and proprietary under Ohio law but wanted to ensure that Eramet had a timely opportunity to seek protection of the associated information.
- (6) On February 11, 2011, Eramet filed a motion for protective order. In its motion, Eramet stated that the protected information includes actual and projected kilowatt hour (kWh)

usage and the actual prices paid for electricity based upon the actual usage. Such information, according to Eramet, is competitively sensitive and highly proprietary business information that constitutes trade secrets under Section 1333.61(D), Revised Code, and Rule 4901:1-1-38-05(D), O.A.C. Eramet claimed that public disclosure of the pricing information would jeopardize Eramet's business position and its ability to compete.

- (7) No one filed a memorandum in opposition to the motions seeking protective treatment filed by AEP-Ohio and by Eramet.
- (8) The Commission has previously granted protective treatment to the same customer usage and pricing information that is the subject of the pending motions for protective treatment. See, *In the Matter of the Application for Establishment of a Reasonable Arrangement Between Eramet Marietta, Inc. and Columbus Southern Power Company*, Case No. 09-516-EL-AEC, Tr. 1 at 7 (August 4, 2009). Accordingly, and in light of the fact that no memorandum contra has been filed, the Commission will grant Eramet's motion for protective treatment. Pursuant to Rule 4901-1-24(F), O.A.C., this protective order shall expire on October 13, 2012, unless an appropriate motion is filed at least 45 days in advance of this expiration date seeking to continue protective treatment of the involved information.
- (9) Eramet also filed a motion to intervene on February 11, 2011. In its motion, Eramet stated that it is a party to one of the reasonable arrangements at issue and noted that AEP-Ohio has requested protective treatment of Eramet-specific information. On that basis, Eramet argued that it has a direct, real, and substantial interest in the issues to be addressed in this proceeding.
- (10) On March 2, 2011, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene. In support of its motion to intervene, OCC argued that it is the advocate for residential utility customers of AEP-Ohio and that the rates of residential customers will be impacted by the proposed application. OCC asserted that its interests are different from that of any other party to this proceeding.

- (11) The Commission finds that Eramet and OCC have set forth reasonable grounds for intervention, and, therefore, their respective motions to intervene should be granted.
- (12) OCC also filed comments to the application. In its comments, OCC argued that AEP-Ohio bears the burden of demonstrating that its application seeking to adjust its economic development riders associated with the Ormet and Eramet unique arrangements is reasonable and lawful. Further, OCC again urged the Commission to appropriately order that the POLR charges be applied as a partial offset to the customer-paid subsidies of the Ormet and Eramet discounts. Next, OCC asserted that the Commission must determine that the Companies' application complies with Rule 4901:1-38-08(A)(4), O.A.C. Finally, OCC stated that interested parties, such as OCC, must have access to the redacted information in order to ensure that the application is arithmetically accurate and that the delta revenue totals to be collected are fair, just, and reasonable.
- (13) The Commission finds that AEP-Ohio's application to adjust its EDR rates to 6.804930 percent for CSP and to 7.53687 percent for OP, including POLR credits, is reasonable. As we recognized in previous AEP-Ohio EDR proceedings, we also find that the levelized approach proposed by AEP-Ohio for the collection of EDR costs is a just and reasonable means of collection. We find it reasonable for AEP-Ohio to accrue carrying costs on the under-recovery of delta revenues due to levelized rates, and, to the extent that there is an over-recovery of delta revenues, customers shall be afforded symmetrical treatment. Therefore, if the over-recovery of delta revenues occurs, AEP-Ohio shall credit customers with the value of the equivalent carrying costs, calculated according to the weighted average costs of long-term debt.
- (14) Upon review of the application and the comments filed by OCC, the Commission finds that AEP-Ohio's application to adjust its EDR rates does not appear to be unjust or unreasonable, and should be approved. Therefore, the Commission finds that it is unnecessary to hold a hearing in this matter. The Commission additionally authorizes AEP-Ohio to implement its adjusted EDR rates of 6.804930 percent

for CSP and 7.53687 percent for OP, effective with bills rendered in the first billing cycle of May 2011.

It is, therefore,

ORDERED, That the motion for protective treatment filed by Eramet be granted in accordance with finding 8. It is, further,

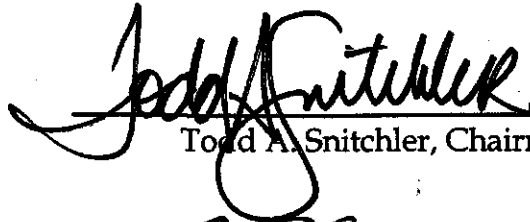
ORDERED, That the motions of Eramet and OCC to intervene be granted. It is, further,

ORDERED, That AEP-Ohio's application to adjust its EDR rates be approved as discussed herein. It is, further,

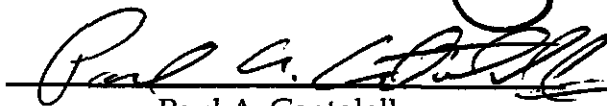
ORDERED, That AEP-Ohio implement its adjusted EDR rates of 6.804930 percent for CSP and 7.53687 percent for OP, effective with bills rendered in the first billing cycle of May 2011. It is, further,

ORDERED, That a copy of this finding and order be served upon all persons of record in this proceeding.

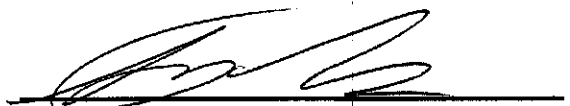
THE PUBLIC UTILITIES COMMISSION OF OHIO



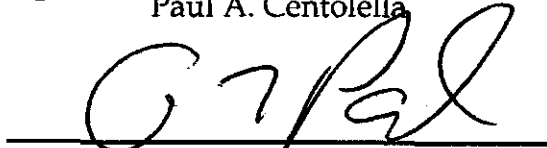
Todd A. Snitchler, Chairman



Paul A. Centolella



Steven D. Lesser



Andre T. Porter

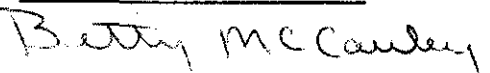


Cheryl L. Roberto

JRJ/vrm

Entered in the Journal

APR 13 2011



Betty McCauley
Secretary