



American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
AEP.com

October 10, 2012

Betty McCauley
Docketing Division Chief
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

Re: *In the Matter of the Application of Ohio Power Company to Update its
gridSMART Rider, Case No. 12-509-EL-RDR*

Dear Ms. McCauley:

Enclosed for filing are Ohio Power Company's compliance schedule and proposed tariffs which are being filed in accordance with the Commission's Finding and Order dated October 3, 2012, in Case No. 12-509-EL-RDR.

The compliance schedule attached as Attachment 1 reflects the adjustments made to the Company's gridSMART Rider consistent with the October 3rd Finding and Order. Attachment 2 details the capital and O&M adjustments made to the per diem expense pursuant to the Order. Attachment 3 details the adjustment to remove the CES battery expense as recommended by Staff and ordered by the Commission. The Company has also removed a portion of the loss on the disposition of meters as ordered. Adjustments to capital were made in accordance to the month they were entered to correctly calculate the removal of the associated carrying charge. Attachments 2 and 3 both reflect additional corrections from Staff's original calculations; however, the Company and Staff worked together in this regard and Staff is in agreement with the corrections.

As part of its application in this case, the Company requested that the carrying cost rates approved as part of the Company's modified ESP II case be applied to the gridSMART rider. Exhibit RVH-4, which reflects those carrying cost rates, was corrected in the modified ESP II case through Staff's Data Request number 201. Attachment 4 shows the corrected version of Exhibit RVH-4 that was approved as part of the Company's modified ESP II proceeding.

In addition to the above adjustments, the Company has also removed the estimated O&M Expense for 2012. The Company has determined that actual spending to date is significantly below the estimate. In order to mitigate the 2012 over-recovery, the Company is proactively taking this opportunity to lower the forecasted 2012 revenue

requirement to more closely reflect actual expenditures. Lastly, consistent with the Commission's August 8, 2012, Order in the Company's modified ESP II proceeding, the Company has calculated a unified gridSMART rate for both the Ohio Power and Columbus Southern Power rate zones.

A copy of the Company's tariff filing should be filed in Case No. 12-509-EL-RDR and provided to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department.

Please feel free to contact me with any questions.

Regards,

/s/ Yazen Alami

Steven T. Nourse

Yazen Alami

American Electric Power Service
Corporation

1 Riverside Plaza, 29th Floor

Columbus, Ohio 43215

Telephone: (614) 716-2920

Fax: (614) 716-2950

Email: stnourse@aep.com

yalami@aep.com

Counsel for Ohio Power Company

cc: Parties of Record

12-509-EL-RDR Finding and Order Compliance Schedule
2011 Columbus Southern Power Company gridSMART Rider True-Up

Attachment 1

Line					2011 Actual Revenue
No.	<u>2011 Over/(Under) Recovery</u>	2011 Adjusted Spending	2011 Actual Spending	2011 Actual Carrying Charge	Requirement
1	O&M	\$ 5,422,226	\$ (2,648,149)		\$ (2,648,149)
2	Capital - 5 Year Life	\$ (3,876,688)	\$ 8,290,956	\$ 2,808,444	\$ 2,808,444
3	Capital - 7 Year Life	\$ 22,710,319	\$ 1,794,335	\$ 2,888,854	\$ 2,888,854
4	Capital - 10 Year Life	\$ -	\$ 700,280	\$ 159,366	\$ 159,366
5	Capital - 15 Year Life	\$ 4,592,300	\$ 585,955	\$ 94,223	\$ 94,223
6	Capital - 30 Year Life	\$ (2,831,963)	\$ 3,179,912	\$ 1,929,685	\$ 1,929,685
7	Capital - 35 Year Life	\$ -	\$ 50,137	\$ 64,237	\$ 64,237
8	Capital - 40 Year Life	\$ -	\$ 583,922	\$ 137,144	\$ 137,144
9	Total Capital	\$ 20,593,968	\$ 15,185,497	\$ 8,081,953	\$ 8,081,953
10	Total			2011 Actual Revenue Requirement	\$ 5,433,804
11				2011 gridSMART Rider Collections	\$ 6,399,339
12				2011 Over/(under) Recovery	\$ 965,535
	<u>CSP - gridSMART</u>	2012 Estimated		Carrying	
	<u>2012 Incremental Investment</u>	gridSMART Spending (a)		Charge	2012 gridSMART
				Rate	Revenue Requirement
13	O&M	\$ -			\$ -
14	Capital - 5 Year Life	\$ 2,662,923		31.29%	\$ 416,614 (b)
15	Capital - 7 Year Life	\$ 1,084,420		26.54%	\$ 143,903 (b)
16	Capital - 10 Year Life	\$ -		21.07%	\$ - (b)
17	Capital - 15 Year Life	\$ 923,161		18.14%	\$ 83,731 (b)
18	Capital - 30 Year Life	\$ 65,781		14.95%	\$ 4,917 (b)
19	Capital - 35 Year Life	\$ -		14.51%	\$ - (b)
20	Capital - 40 Year Life	\$ -		14.19%	\$ - (b)
21	Total Capital	\$ 4,736,286		2012 Revenue Requirement	\$ 649,165
22				Capital Carrying Costs	\$ 9,590,346 (c)
23				Over/(Under) Recovery to Date	\$ 6,195,719 (d)
24				Over/(Under) Recovery (From Above)	\$ 965,535
25				Total 2012 Revenue Requirement	\$ 3,078,257
26				Less: Loss on Meters	\$ 569,427 (e)
27				Adjusted 2012 Revenue Requirement	\$ 2,508,830
28		Residential Base Distribution	\$ 406,542,657.87	Residential Revenue Requirement	\$ 1,566,420
29		Non-Res Base Distribution	\$ 244,589,408.48	Non-Res Revenue Requirement	\$ 942,410
30				Residential Customers	1,273,961 1.23
31				Non-Residential Customers	186,129 5.06
32				Residential Customers	Monthly Rate \$ 0.10
33				Non-Residential Customers	Monthly Rate \$ 0.42

(a) Estimated 2012 gridSMART O&M and Capital spending is divided by 2 to reflect DOE reimbursements.

(b) Annual carrying charge rate times adjusted 2012 spending times one-half year

(c) Annual carrying charge rate times actual capital spending as of 12/31/2011

(d) gridSMART Over/Under Recovery to date \$6,195,719 (2009 actual overrecovery \$7,936,045 plus 2010 actual under Recovery of (\$1,740,326))

(e) Elimination of 2011 Loss on meters per Opinion and Order in Case No. 12-509-EL-RDR

AEP Ohio gridSMART Per Diem Capital Adjustment

Sum of Act \$			Period													
Project		Work Order	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total	
DP9CO060R	CSP/Gahanna D Line IVVC	W002093801			16,345	5,647									21,991	
DP9CO060R	CSP/Gahanna D Line IVVC Total				16,345	5,647									21,991	
GRHANOBIL	HAN No Bill	W002090201						44	44	294	577	172	1,750	396	3,277	
GRHANOBIL	HAN No Bill Total							44	44	294	577	172	1,750	396	3,277	
GSAMNOBIL	gSmart AMI Non-Billable	W002090101			5,494	1,685	20	739	417	2,025		2,230	206		12,816	
GSAMNOBIL	gSmart AMI Non-Billable Total				5,494	1,685	20	739	417	2,025		2,230	206		12,816	
GSBANOBIL	Battelle Assist No Bill	W002150301	334	1,272	73	1,016	878	(577)		885	946	131	387	1,814	7,160	
GSBANOBIL	Battelle Assist No Bill Total		334	1,272	73	1,016	878	(577)		885	946	131	387	1,814	7,160	
GSCENOBIL	CES No Bill	W002091001				44	111	(0)		245		175	1,469	537	2,582	
GSCENOBIL	CES No Bill Total					44	111	(0)		245		175	1,469	537	2,582	
GSCSNOBIL	Cyber Security No Bill	W002091201			2,968	5,201	14,141	(3,412)	(9,406)			115	11,270	(5,639)	940	
		W002091301	1	1	1	(7)									(3)	
GSCSNOBIL	Cyber Security No Bill Total		1	1	2,970	5,194	14,141	(3,412)	(9,406)			115	11,270	(5,639)	940	
GSDANOBIL	gSmart Dist Auto Non-Billable	W002090001			385	3		2,407	(395)	468	2,010	1,957	717		7,550	
GSDANOBIL	gSmart Dist Auto Non-Billable Total				385	3		2,407	(395)	468	2,010	1,957	717		7,550	
GSSTNOBIL	gSmart Sta Auto Non-Billable	W002090301	108		549	5,012		80				578			6,327	
GSSTNOBIL	gSmart Sta Auto Non-Billable Total		108		549	5,012		80				578			6,327	
Grand Total			444	1,273	25,815	18,601	15,195	(719)	(9,384)	3,917	3,649	16,513	(1,109)	3,687	77,880	

AEP Ohio gridSMART Per Diem Expense Adjustment

Sum of Act \$			Period													Grand Total
Project		Work Order	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
GSAMNOBIL	gSmart AMI Non-Billable	G0000220			200.00	(278.00)		210.00					665.00	195.00	992.00	
GSAMNOBIL	gSmart AMI Non-Billable Total				200.00	(278.00)		210.00					665.00	195.00	992.00	
GSBANOBIL	Battelle Assist No Bill	G0000220		2.13		175.45			14.77		62.57	119.31	129.23	65.47	568.93	
GSBANOBIL	Battelle Assist No Bill Total			2.13		175.45			14.77		62.57	119.31	129.23	65.47	568.93	
GSCENOBIL	CES No Bill	G0000220											8.97		8.97	
GSCENOBIL	CES No Bill Total												8.97		8.97	
GSCSNOBIL	Cyber Security No Bill	G0000220			-		435.98							120.69	556.67	
GSCSNOBIL	Cyber Security No Bill Total				-		435.98							120.69	556.67	
GSDANOBIL	gSmart Dist Auto Non-Billable	G0000220					(911,527.50)	911,527.50		-	208.20				208.20	
GSDANOBIL	gSmart Dist Auto Non-Billable Total						(911,527.50)	911,527.50		-	208.20				208.20	
GSOTNOBIL	gridSmart - Non-billable O&M	G0000220	764.90	1,120.71	82.91	18,858.57	4,053.88	432.55	339.75	0.74	1,425.28	2,690.21	1,978.53	2,521.66	34,269.69	
GSOTNOBIL	gridSmart - Non-billable O&M Total		764.90	1,120.71	82.91	18,858.57	4,053.88	432.55	339.75	0.74	1,425.28	2,690.21	1,978.53	2,521.66	34,269.69	
Grand Total			764.90	1,122.84	282.91	18,756.02	(907,037.64)	912,170.05	354.52	0.74	1,696.05	2,818.49	2,772.76	2,902.82	36,604.46	

CES Battery Adjustments

Bateries Returned to the Contractor		Source	DOE Reimbursement
Quantity of batteries returned	38	DR 19-4	
Partial advance payment per unit	\$ 22,864.23	See tab labeled "Partial"	
Cost of returned batteries	\$ 868,840.77	[38 x \$22,864.23]	
Adjustment:	\$ (868,840.77)	To remove the cost of returned batteries from Rider	
Month:	Mar	Month charged was accrued	\$ 434,420.38
Year Life:	10	DR 1 (W002188501)	
Construction Overhead on Returned Batteries			
April construction overhead rate	0.046525	Response to DR 30	
Associated construction overhead	\$ 40,422.82	[0.046525 x \$868,840.77 cost of returned batteries]	
Adjustment:	\$ (40,422.82)	To remove associated construction overhead	\$ 20,211.41
Month:	April	Month of overhead charge (invoice was paid in April)	
Year Life:	10	DR 1 (W002188501)	
Redundant Charges for Returned Batteries			
Indus charge for 15 batteries installed in December	\$ 1,155,000.00	DR 5 Q5 and DR 19 Q4	
December construction overhead rate	0.064749	Response to DR 30	
Associated construction overhead	\$ 74,785.10	[0.064749 x \$1,155,000]	
Total additional charges relating to returned batteries	\$ 1,229,785.10	[\$1,155,000.00 + \$74,785.10]	
Adjustment:	\$ (1,229,785.10)	To remove redundant charges	
Month:	Dec	DR 5 Q5	
Year Life:	10	DR 1 (W002188501)	
Grand total of above adjustments:		\$ (2,139,048.68)	
DOE Reimbursement	\$ 454,631.79		
CES Adjustment Compliance	\$ (1,684,416.89)		

Property Taxes & A&G Expenses
12 Months 12/31/11
(\$000)

<u>Company</u>	<u>Amount</u>	<u>% of Avg. Gross Plant</u>	<u>Original Gross Plant in Service</u>		
			<u>2011</u>	<u>2010</u>	<u>Average</u>
<u>OPCo</u>					
A&G Expenses	156,072	0.97%	16,202,738	15,866,409	16,034,574
Prop. Taxes (Removed G)	163,049	2.78%	5,947,413	5,771,140	5,859,277
% Total		3.76%			

Generation Components Removed from Property Taxes

		<u>Original Gross Plant in Service</u>	
		<u>2011</u>	<u>2010</u>
Prop. Taxes (G Only)	42,714	10,255,325	10,095,269

Ohio Power
Annual Investment Carrying Charges
For Economic Analyses
As of 12/31/2011

	Investment Life (Years)											
	5	7	8	10	15	20	25	30	33	35	40	50
Return (1)	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94
Depreciation (2)	18.00	12.15	10.35	7.85	4.62	3.10	2.25	1.72	1.50	1.37	1.13	0.82
FIT (3) (4)	1.60	2.69	2.61	1.53	1.82	1.89	1.67	1.53	1.47	1.44	1.37	1.27
Property Taxes, General & Admin Expenses	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.76
	31.29	26.54	24.66	21.07	18.14	16.69	15.62	14.95	14.67	14.51	14.19	13.79

(1) Based on a 100% (as of 12/31/2011) and 0% incremental weighting of capital costs

(2) Sinking Fund annuity with R1 Dispersion of Retirements

(3) Assuming MACRS Tax Depreciation

(4) @ 35% Federal Income Tax Rate

P.U.C.O. NO. 20

gridSMART RIDER

Effective with the ~~first~~ first billing cycle of ~~September~~ September, 2012, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART charge. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Residential Customers \$0.270.10/month

Non-Residential Customers \$1.000.42/month

Filed pursuant to Order dated ~~August 8~~ October 3, 2012 in Case No. ~~11-346-EL-SSO-12-0509-EL-RDR~~

Issued: ~~August 16~~ August 16, 2012

Effective: Cycle ~~1~~ 1 ~~September 2012~~ September 2012

Issued by
Pablo Vegas, President
AEP Ohio

P.U.C.O. NO. 20

OAD – gridSMART RIDER
(Open Access Distribution – gridSMART Rider)

Effective with the ~~first~~ _____ billing cycle of ~~September~~ _____, 2012, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART charge. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Residential Customers \$~~0.270~~0.10/month

Non-Residential Customers \$~~1.000~~0.42/month

Filed pursuant to Order dated ~~August 8~~October 3, 2012 in Case No. ~~11-346-EL-SSO~~12-0509-EL-RDR

Issued: ~~August 16~~ _____, 2012

Effective: Cycle ~~1~~ September 2012 _____

Issued by
Pablo Vegas, President
AEP Ohio

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

10/10/2012 9:25:39 AM

in

Case No(s). 12-0509-EL-RDR

Summary: Tariff compliance electronically filed by Mr. Yazen Alami on behalf of Ohio Power Company