

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)	
Review of Chapter 4907-1, Ohio)	Case No. 12-2338-EL-ORD
Administrative Code, Standard Filing)	
Requirements for Rate Increases)	

COMMENTS OF
OHIO POWER COMPANY

Introduction

By entry dated August 20, 2012 the Commission initiated a workshop held on September 27, 2012 to elicit feedback regarding O.A.C. 4901-7 and Appendix A under that rule from interested stakeholders. Based on feedback from stakeholders, an entry dated January 16, 2013, seeks formal comments from interested parties on the same matters. Parties were asked to file comments no later than February 15, 2013, and to then file reply comments by March 1, 2013.

Ohio Power Company (dba AEP Ohio) appreciates the opportunity to file its comments for Commission review. The Staff did not propose any changes to this chapter of the O.A.C. under review. However, AEP Ohio filed a distribution case under the standard filing requirements in 2011 and submits the following comments in line with the real lessons learned in the processing of that application. Many of the comments below fit within the spirit of the Common Sense Initiative and ensuring the Commission's rules make sense and are updated appropriately to avoid unintended consequences or negative impacts that could be avoided.

4901-7 Appendix A Chapter I

The Standard Filing Requirements require the utility to notify the mayor and one other city officer (the city manager, head of the city council, etc) of every municipality in its service area of the impending distribution case via a notice of intent to file, a set of the summary revised tariff sheets, and a typical bill comparison. For large utilities, this can be a considerable undertaking. In AEP's recent case, this requirement resulted in the compilation of almost nine-hundred separate notifications each of which was comprised of a summary of the filing a compact disc burned for each notice. In this day and age of electronic notice and web access, even by municipalities, it is a time and resources to have to burn almost 900 compact discs when web access is readily available.

AEP proposes utilities send a notice that includes a link to a website that would contain the required information. The utility would still send the notice of intent via mail, but in lieu of sending a hard copy of the documents or a CD with the files, it would include the location of a website with the documentation. That webpage would have all the same information available in hard copy or on disc; it just makes more sense to alleviate the burden of creating and processing almost 900 compact discs when technological advances alleviate the need.

Rule Regarding Basis of Forecast Used in Test Year

4901-7 Appendix A Chapter II(A) (5) (d), Chapter II, (C)(12), and Chapter II, (D)(13&14)

The Commission should clarify the definition of "Control Budget" as used in the standard filing requirements. In the current form, the rules require use of a forecast to determine all or a portion of the test year cost of service. The rules also require this forecast to be based on the application of test year adjustments to a "Control Budget"

AEP Ohio based its most recent filing on an updated operating forecast that met the “Control Budget” requirement. However, in conversation with Staff it was discovered that the Staff’s and Company’s interpretation did not match. In the Staff review of AEP Ohio’s base case, they indicated that the “Control Budget” is the highest level operating plan that is approved by the Board of Directors. AEP Ohio points out that the phrase “Control Budget” is subjective and vague. Staff interpreted that the “Control Budget” is one approved by the Company’s Board and Senior Management, and not an operating forecast, which is the reasonable interpretation of the Company under the rule.

The fact that the Staff and Company disagreed on what the starting budget should have been supports the Company’s assertion that the rules as written are vague and subjective. The Company requests that this definition be defined to avoid misunderstandings in future filings. The Company supports the forecasted view taking into account forward looking views.

4901-7 Appendix A Chapter II (D)(7)

In Appendix A Chapter II(D)(7), there is a confusing request for “managerial reports” comparing actuals to forecast. This part of the Appendix requests monthly “managerial reports” showing a comparison of forecast to actual activity during the current test by and twelve months preceding the start of the test year. The phrase “managerial reports” is vague and ambiguous. It could mean different things to different companies. The requirement should be expressed as a request for Company explanations of differences between forecast and actuals.

4901-7 Appendix A Chapter II (B)(2)

The requirement for a five year forecast of income and expense, or in lieu thereof, a forecast of specific drivers of the required return and the revenues necessary to support it is superfluous. The Company questions how forecasts over this long of a time frame benefits the evaluation of a case. The forecasted test year represents the Company's best assumptions for future revenues and costs, and AEP Ohio recognizes the importance of this data in the time horizon. But every year beyond the test year becomes more fraught with ambiguity and unknowns, and the Company questions the benefit that long of a timeframe brings to the audit of the case. The Commission should remove this requirement. In the alternative the Commission could mirror the three year forecast requirement for telephone, waterworks and sewage companies.

4901-7 Appendix A Sections A-D

There is a need for the Commission to revise schedules A, B, C and D to reflect corporate separation and deregulation as necessary.

4901-7 Appendix A Chapter II (C)(18)

The Commission should limit plant roll forward to a five year history. The current rules require a plant balance build-up from the prior rate case. This requirement can be burdensome for companies that file cases on an infrequent basis. The Commission should revise the Appendix to show a five year history of plant balances to be more representative. The date is accessible in audited balances in FERC Form 1.

Conclusion

AEP Ohio appreciates the opportunity to provide these comments to the Commission in its consideration of the rule changes. AEP Ohio offers these comments in response to its own experience and sometimes frustration in preparing a distribution rates case. The Company would urge the Commission to consider these comments initially filed by the Company.

Respectfully submitted,

//ss//Matthew J. Satterwhite

Matthew J. Satterwhite

Steven T. Nourse

AMERICAN ELECTRIC POWER CORPORATION

1 Riverside Plaza, 29th Floor

Columbus, Ohio 43215

Telephone: 614-716-1915

Fax: 614-716-2950

mjstatterwhite@aep.com

stnourse@aep.com

Counsel for Ohio Power Company

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Summary: Comments of Ohio Power Company electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company