

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Review of the |) | |
| Delivery Capital Recovery Rider |) | Case No. 13-419-EL-RDR |
| Contained in the Tariff of |) | |
| Ohio Power Company. |) | |

COMMENTS
SUBMITTED ON BEHALF OF THE STAFF OF THE
PUBLIC UTILITIES COMMISSION OF OHIO

On June 20, 2013, Blue Ridge Consulting Services, Inc. (Blue Ridge), an independent auditor selected by the Commission Staff, with the consent of Ohio Power Company, filed its Compliance Audit Report (Report) of the Distribution Investment Rider (DIR) of Ohio Power Company (Company). The Commission Staff recommends that the Commission should adopt the recommendations Blue Ridge made in its Report as specifically described below:

- On Page 9 Blue Ridge found that the Company's recent DIR filing excludes gridSMART book cost for plant in service of \$19.2 million, a significantly lower amount than the \$46.6 million that it has spent related to gridSMART assets. The plant-related amounts spent by AEP-Ohio and reimbursed by the DOE are identified as CWIP or RWIP and may (or may not) have been closed to plant in service as of December 31, 2012. However, at some point in time, it would be expected that the Company would book to plant in service between \$46.6 million and \$47.3 million for the gridSMART project. Once the costs are closed to plant and after removing FERC Account 303 – Miscellaneous Intangible Plant and FERC Account 397 – Communication Equipment, which are not included in the DIR, the DIR should exclude the remaining costs associated with gridSMART. Blue Ridge recommends that as the gridSMART Phase I project is completed and the CWIP is booked to plant in service, the

Company reconcile the actual spent/reimbursed by DOE and the amount excluded from the DIR.

- On Page 9 Blue Ridge found that the Company has rolled out “non-gridSMART AMI Meters” to fill holes in the gridSMART pilot program. The costs associated with these meters have not been excluded from the DIR, and yet the meters are attached to the gridSMART infrastructure and software and have the same capabilities of the meters installed for the gridSMART project. Blue Ridge recommends that the Company quantify these assets and exclude them from the DIR.
- On Page 10 of the Report, Blue Ridge recommended that the Company should include in its DIR filings a calculation to track the over/under recovery against the annual cap. This calculation should be provided in all DIR filings, beginning with the next scheduled update.
- On Page 26 of the Report, Blue Ridge expressed a concern regarding older credits on the inactive workorder report. While the associated amounts were not significant, Staff concurs that work orders which remain inactive longer than 12 months be actively investigated and closed if it does not appear work will be completed within the following 12 months. Staff recommends that AEP have implemented this recommendation in time for the next annual DIR review.

Respectfully submitted,

Michael DeWine
Ohio Attorney General

William L. Wright
Section Chief

/s/ Thomas W. McNamee _____

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**Counsel for the Staff of the Public
Utilities Commission of Ohio**

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing **Comments** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by email upon the following Parties of Record, this 20th day of June, 2013.

/s/ Thomas W. McNamee

Thomas W. McNamee
Assistant Attorney General

Parties of Record:

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Summary: Comments electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO