

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review)
of Ohio Power Company's Distribution) Case No. 12-3129-EL-UNC
Investment Rider Plan.)

ENTRY ON REHEARING

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company)¹ is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) On August 8, 2012, the Commission issued its opinion and order in Case No. 11-346-EL-SSO, *et al.*, which approved, with certain modifications, AEP Ohio's application for a standard service offer in the form of an electric security plan (ESP), in accordance with Section 4928.143, Revised Code.² Among other provisions of the ESP, the Commission modified and approved AEP Ohio's proposed Distribution Investment Rider (DIR), specifically finding that adoption of the DIR and the Company's replacement of aging infrastructure will facilitate improved service reliability. Additionally, the Commission directed AEP Ohio to work with Staff to develop a DIR plan to emphasize proactive distribution maintenance that focuses spending on where it will have the greatest impact on maintaining and improving reliability for customers. Specifically, the Commission indicated that the DIR plan must quantify the reliability improvements expected, ensure no double recovery, and include a demonstration of DIR expenditures over projected expenditures and recent spending levels. The Commission

¹ By entry issued on March 7, 2012, the Commission approved and confirmed the merger of Columbus Southern Power Company into Ohio Power Company. *In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals*, Case No. 10-2376-EL-UNC.

² *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, *et al.*, Opinion and Order (August 8, 2012) (ESP Case Order); Entry on Rehearing (January 30, 2013).

directed AEP Ohio to file the DIR plan for Commission review in a separate docket by December 1, 2012. Finally, the Commission noted that the DIR would be reviewed annually for accounting accuracy, prudence, and compliance with the DIR plan. (ESP Case Order at 46-47.)

- (3) On December 3, 2012, in the above-captioned case, AEP Ohio filed the DIR plan developed with Staff, as required by the Commission in the ESP Case Order.
- (4) By finding and order issued on May 29, 2013, the Commission found that AEP Ohio's 2013 DIR plan does not quantify, for many of the components, the reliability improvements that are expected to occur through the DIR investments, nor does it address the issue of double recovery or demonstrate that DIR spending levels will exceed AEP Ohio's capital spending levels in recent years. Therefore, the Commission directed AEP Ohio to quantify the actual reliability improvements achieved as a result of implementing the 2013 DIR plan and to file this data in conjunction with Staff's review of the Company's compliance with the 2013 DIR plan. Regarding the question of whether DIR spending exceeds capital spending in recent years, the Commission directed Staff to verify, as part of its review of AEP Ohio's compliance with the 2013 DIR plan, that the Company's actual 2013 DIR spending did achieve such higher levels. Lastly, the Commission found that the issue of double recovery should be addressed in the annual audit of AEP Ohio's DIR expenditures. The Commission indicated that its acceptance of AEP Ohio's 2013 DIR plan is contingent upon a positive outcome with respect to each of these next steps.
- (5) Section 4903.10, Revised Code, states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.
- (6) On June 28, 2013, the Ohio Consumers' Counsel (OCC) filed an application for rehearing of the May 29, 2013, finding and order.

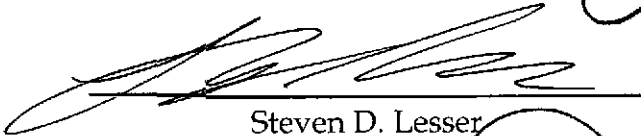
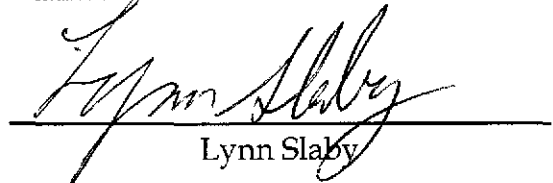
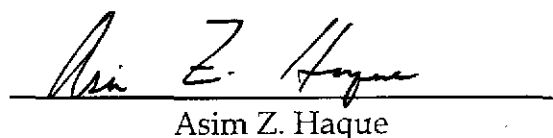
- (7) On July 8, 2013, AEP Ohio filed a memorandum contra the application for rehearing filed by OCC.
- (8) The Commission believes that sufficient reason has been set forth by OCC to warrant further consideration of the matters specified in the application for rehearing. Accordingly, the application for rehearing filed by OCC should be granted.

It is, therefore,

ORDERED, That the application for rehearing filed by OCC be granted for further consideration of the matters specified in the application for rehearing. It is, further,

ORDERED, That a copy of this entry on rehearing be served upon all parties of record in this case.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman
Steven D. Lesser
Lynn Slaby
M. Beth Trombold
Asim Z. Haque

SJP/sc

Entered in the Journal

JUL 17 2013



Barcy F. McNeal
Secretary