

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application</b>	)	
<b>of Ohio Power Company to Update its</b>	)	<b>Case No. 13-1406-EL-RDR</b>
<b>Transmission Cost Recovery Rider</b>	)	

**JOINT STIPULATION AND RECOMMENDATION**

**I. Introduction**

Rule 4901-1-30, Ohio Administrative Code (OAC) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of the parties who have signed below (Signatory Parties) and jointly recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Joint Stipulation and Recommendation (Stipulation) without modification, in order to resolve all of the issues raised in this proceeding through the application filed by Ohio Power Company (“Ohio Power”).

This Stipulation is a product of lengthy, serious, arm's-length bargaining among the Signatory Parties and other parties who chose not to sign the Stipulation (all of whom are capable, knowledgeable parties), which negotiations were undertaken by the Signatory Parties to settle this proceeding. All intervenors were invited to discuss and negotiate this Stipulation and it was openly negotiated among those stakeholders who responded and chose to participate. This Stipulation is supported by adequate data and information; as a package, the Stipulation benefits customers and the public interest; provides direct benefits to residential and low income customers; and represents a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle

or practice; and complies with and promotes the policies and requirements of Title 49 of the Ohio Revised Code. This Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties and, though not binding, is entitled to careful consideration by the Commission. For purposes of resolving the issues raised by these proceedings, the Signatory Parties stipulate, agree and recommend as set forth below.

## **II. Signatory Parties**

This Stipulation is entered into by and among:

Staff of the Public Utilities Commission,  
Office of the Ohio Consumers' Counsel (OCC),  
Ohio Energy Group (OEG),  
Ohio Power Company (Ohio Power).

As further discussed below, all of the Signatory Parties agree to fully support adoption of the Stipulation without modification in this proceeding.<sup>1</sup>

## **III. Recitals**

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Signatory Parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in these cases;

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<sup>1</sup> The Industrial Energy Users-Ohio (IEU) participated in the settlement process and authorized the Signatory Parties to represent that it does not oppose the Stipulation terms.

NOW, THEREFORE, the Signatory Parties stipulate, agree and recommend that the Commission should issue its Opinion and Order in these proceedings accepting and adopting this Stipulation and relying upon its provisions as the basis for resolving this proceeding.

#### **IV. Recommendations**

1. The Commission should approve the Application of Ohio Power Company to Update its Transmission Cost Recovery Rider as filed by Ohio Power on June 17, 2013, with the following modifications outlined in this Stipulation:
2. The Company will reduce the overall revenue requirement from the \$230,942,668 sought in the Application to the \$212,491,618 described in this Stipulation, which is a benefit of \$18,451,051 for customers. For illustrative purposes the Stipulation will use description of the issues on page 8 of Staff Witness Hecker's testimony for ease of understanding of the reductions in the revenue requirement.
  - a. The *Out-of-period Reactive Supply Charges (July 2011 through April 2012)* reflected in Witness Hecker's testimony as \$11,399,735 will be modified to reflect 75% excluded and 25% included, in the revenue requirement. This reduces the revenue requirement \$8,549,801, leaving \$2,849,934 for recovery in the revenue requirement.
  - b. The *Carrying Charges from July 2011-April 2013* reflected in Witness Hecker's testimony as \$1,179,905 will be modified to reflect 75% excluded and 25% included, in the revenue requirement. This reduces the revenue

requirement \$884,929, leaving \$294,976 for recovery in the revenue requirement.

- c. The *Future Carrying Charges due to Reactive Supply* reflected in Witness Hecker's testimony as \$744,914 will be modified to reflect 75% excluded and 25% included, in the revenue requirement. This reduces the revenue requirement by \$558,686.
- d. The *Out-of-Period Spinning Reserve Charges plus Carrying Charges (July 2011 through April 2012)* reflected in Witness Hecker's testimony as \$2,758 will remain at that level to reduce the revenue requirement.
- e. The *Out-of-period/In Period Overcollection due to Allocation Error (July 2011 through June 2013)* reflected in Witness Hecker's testimony as \$7,930,072<sup>2</sup> will remain at that level to reduce the revenue requirement.
- f. The *Carrying Charge Allocation Error* reflected in Witness Hecker's testimony as \$524,805 will remain at that level to reduce the revenue requirement.

A restatement of the chart on page 8 of Mr. Hecker's testimony to correspond to the modifications in this Stipulation reflects:

Out-of-period Reactive Supply Charges	\$8,549,801
Carrying charges from July 2011-2013 due to Reactive Supply	\$884,929
Future Carrying Charges due to Reactive Supply	\$558,686
Out-of-period Spinning Reserve Charges plus Carrying Charges	\$2,758
Out-of-period/In Period Overcollection due to Allocation Error	\$7,930,072
<u>Carrying charges on Allocation Error</u>	<u>\$524,805</u>
<b>Total Stipulated Revenue Requirement Reduction</b>	<b>\$18,451,051</b>

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<sup>2</sup> This is also the error discussed on pages 6-7 of Ohio Power Company Witness Andrea Moore's pre-filed testimony.

3. The Company will update its rider rates to implement this Stipulation within fifteen (15) days of the Commission's approval of this Stipulation
4. The Stipulating Parties agree that the exclusion/inclusion of costs and credits incurred outside of the audit period in this case would have no precedential effect on the question of whether costs and credits outside the audit period are eligible for recovery/reconciliation as a practice in future cases.
5. The Office of the Ohio Consumers' Counsel agrees to withdraw the subpoenas filed on October 30, 2013.
6. The Stipulating Parties agree that the Stipulation satisfies the three-part test traditionally used by the Commission to consider stipulations. Specifically the Stipulating Parties agree that:
  - (a) the Stipulation is a product of serious bargaining among capable, knowledgeable parties representing diverse interests;
  - (b) the stipulation does not violate any important regulatory principle or practice; and
  - (c) the stipulation as a whole, benefits customers and the public interest.

## **V. Procedural Matters**

- A. The following Exhibits are deemed to be admitted into evidence:
  1. The Application of Ohio Power Company to Update its Transmission Cost Recovery Rider as filed by Ohio Power on June 17, 2013;

2. Comments and Reply Comments of the Office of the Ohio Consumers' Counsel, filed on July 29, 2013 and August 13, 2013, respectively.
3. Comments of IEU-Ohio filed on July 29, 2013.
4. Reply Comments of Ohio Power Company filed on August 13, 2013;
5. Staff's Review and Recommendation filed on August 13, 2013.
6. Testimony of the Stipulating Parties.
7. Joint Exhibit 1 - This Stipulation and Recommendation.
8. Testimony in Support of the Stipulation.

B. This Stipulation shall not be relied upon as precedent for or against any Signatory Party or the Commission itself in any subsequent proceeding, except as may be necessary to enforce the terms of the Stipulation and Recommendation. Nor shall the acceptance of any provision within this settlement agreement be cited by any party or the Commission in any forum so as to imply or state that any signatory party agrees with any specific provision of the settlement. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Signatory Party might support or seek, but for this Stipulation in these proceedings or in any other proceeding. This Stipulation contains a combination of outcomes that reflects an overall compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken on any individual

issue. Rather the Stipulation represents a package that, taken as a whole, is acceptable for the purposes of resolving all contested issues without resorting to litigation. The Signatory Parties believe that this Stipulation, taken as a whole, represents a reasonable compromise of varying interests.

**C.** The Signatory Parties will support the Stipulation if the Stipulation is contested, and no Signatory Party will oppose an application for rehearing designed to defend the terms of this Stipulation.

**D.** This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation, any Signatory Party shall have the right within thirty (30) days of issuance of the Commission's order to apply for rehearing. The Signatory Parties agree that they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original unmodified Stipulation. If the Commission does not adopt the Stipulation without material modification upon any rehearing ruling, then within thirty (30) days of such Commission rehearing ruling any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. If the Commission does not substantively act upon the application(s) for rehearing in support of the Stipulation as filed within forty five (45) days of the filing of the application(s) for rehearing, then any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. Upon the filing of either of these notices, the Stipulation shall immediately become null and void. No Signatory Party shall file a notice of

termination and withdrawal without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement is reached, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, the Commission will convene an evidentiary hearing to afford the Signatory Parties the opportunity to present evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, some, or all, of the Signatory Parties shall submit the amended Stipulation to the Commission for approval after a hearing if not all Signatory parties to this Stipulation sign as Signatory Parties to the Amended Stipulation

**E.** Unless the Signatory Party exercises its right to terminate its Signatory Party status or withdraw as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal it participates in from the Commission's adoption and/or enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.



IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed  
by the authorized agents of the undersigned Parties as of this 8<sup>th</sup> day of November, 2013.

//s// Ryan O'Rourke (w/permission)  
William L. Wright, Section Chief  
Thomas Lindgren  
Ryan O'Rourke  
**On Behalf of the Staff of the Public  
Utilities Commission of Ohio**

//s// Matthew J. Satterwhite  
Yazen Alami  
Matthew J. Satterwhite  
Steven T. Nourse  
**On Behalf of Ohio Power Company**

//s// Edmund Berger (w/permission)  
Edmund "Tad" Berger  
**On Behalf of the Office of the Ohio  
Consumers' Counsel**

//s// Jody Kyler Cohn (w/permission)  
David Boehm  
Michael L. Kurtz  
Jody Kyler Cohn  
Kurt J. Boehm  
**On Behalf of the Ohio Energy Group**

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing **Joint Stipulation and Recommendation on Behalf of Signatory Parties** has been served upon the below-named counsel via email, this 8th day of November, 2013.

/s//Matthew J. Satterwhite

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Summary: Stipulation -Joint Stipulation and Recommendation electronically filed by Mr. Matthew J Satterwhite on behalf of Ohio Power Company