

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Ohio |) | |
| Power Company for Administration of the |) | |
| Significantly Excessive Earnings Test |) | Case No. 11-4571-EL-UNC |
| Under Section 4928.143(F), Revised Code, |) | |
| and Rule 4901:1-35-10, Ohio Administrative |) | |
| Code. |) | |

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| In the Matter of the Application of |) | |
| Columbus Southern Power Company |) | |
| for Administration of the Significantly |) | |
| Excessive Earnings Test Under Section |) | Case No. 11-4572-EL-UNC |
| 4928.143(F), Revised Code, and Rule |) | |
| 4901:1-35-10, Ohio Administrative |) | |
| Code. |) | |

**OHIO POWER COMPANY'S
APPLICATION FOR REHEARING AND
REQUEST FOR CLARIFICATION**

Pursuant to Section 4903.10, Ohio Revised Code ("R.C."), and Rule 4901-1-35, Ohio Administrative Code ("O.A.C."), Ohio Power Company ("AEP Ohio" of the "Company") respectfully files this Application for Rehearing of the Commission's October 23, 2013 Opinion and Order. The Commission's October 23, 2013 Opinion and Order is unreasonable and unlawful in the following respect:

- I. The Opinion and Order's statement (at 18-19) that the Commission expects AEP Ohio to expend \$20 million in 2013 in fulfillment of the Company's obligation under Case No. 10-1261-EL-UNC is unreasonable and should be modified and/or clarified.**

This narrow aspect of the Opinion and Order does not relate to the merits of the Commission's decision but is impractical and should be modified and/or clarified such that the Company can pursue its current efforts to satisfy the outstanding obligation to invest \$20 million

without prejudice. Accordingly, the Commission should hold the 2013 deadline in abeyance as set forth in the attached memorandum in support.

Respectfully submitted,

/s/ Steven T. Nourse

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MEMORANDUM IN SUPPORT

AEP Ohio seeks to clarify and confirm its outstanding obligation to make a \$20 million capital investment originally stemming from the 2009 SEET case. This is not a matter that relates to the merits of the Commission's decision in this case but concerns language included in the Opinion and Order relating back to the 2009 SEET decision.

The 2009 SEET capital commitment was one of several factors that the Commission took into account when it established a 17.6% return on equity ("ROE") threshold for CSP in the 2009 SEET Proceeding. Specifically, the Commission stated:

CSP continues its innovation efforts and dedication to Ohio's energy policy by its commitment to provide \$20 million in funding to a solar project in Cumberland, Ohio. Not only will this project advance the state's energy policy, but it will also bring much needed economic development activity to Ohio. Various parties noted that this commitment was contingent on several other factors and questioned the appropriateness of giving any consideration to this investment. The Commission remains confident that this project will move forward and the funds will be expended for this project in the near future. Nevertheless, should this project not move forward in 2012, such that the funds are expended in 2012, the Commission requires the \$20 million to be spent in 2012 on a similar project.

2009 SEET Case, Opinion and Order (Jan. 11, 2011) at 26-27.

In its Entry on Rehearing in the 2009 SEET Case, the Commission reaffirmed its positive consideration of the \$20 million TPS project capital commitment in its establishment of CSP's SEET threshold ROE, and it also allowed that some flexibility in the schedule by which AEP Ohio would make the investment was appropriate:

As part of the Commission's application of the SEET, the Commission gave consideration to CSP's future committed capital expenditure in the [TPS] project. Given the Commission's consideration of CSP's expenditure in a solar project in the development of the 2009 SEET threshold, it is reasonable for the Commission to require that the expenditure occur by a date certain. However, we agree that

CSP should propose, during the course of its next ESP proceeding, a firm schedule setting forth its expenditure in the [TPS] project or other similar project.

2009 SEET Case, Entry on Rehearing (Mar. 9, 2011) at 10. On December 6, 2012, the Supreme Court of Ohio affirmed the Commission's 2009 SEET decision. *See In re Application of Columbus S. Power Co.*, 2012-Ohio-5690, ¶ 2. The Commission's consideration of the TPS project capital commitment in the establishment of CSP's SEET threshold ROE was not a subject of that appeal.

On January 9, 2013, the Commission issued its Opinion and Order in the 2010 Long Term Forecast Cases for Ohio Power Company¹, finding that the signatory parties to the Stipulation "have not demonstrated a need for the Turning Point project during the LTFR planning period." After the Turning Point Solar (TPS) project was not approved as a project to be funded through rates, AEP Ohio examined other areas to pursue its outstanding obligation to invest \$20 million consistent with the 2009 SEET decision (while continuing to have discussions with the developers of TPS project regarding a potential investment). A few months later, on a September 13, 2013, the Company proposed applying the 2009 SEET capital commitment to a Volt/Var Optimization (VVO) project as part of its gridSMART Phase 2 Application (Case No. 13-1939-EL-RDR).² Thus, the Company has diligently pursued fulfillment of the 2009 SEET obligation to invest \$20 million.

¹ *In the Matter of the Long-Term Forecast Report of Ohio Power Company and Columbus Southern Power Company and Related Matters*, Case Nos. 10-501-EL-FOR and 10-502-EL-FOR.

² During the comment cycle that was recently completed in the gridSMART Phase 2 docket, certain parties advocated that AEP Ohio should not get recovery of the proposed \$20 million investment. The Company strongly opposes that position and has always maintained, consistent with the SEET statute and the decision in the 2009 SEET case, that the \$20 million investment commitment would be recovered in rates. While that issue does not relate to the Opinion and Order or this application for rehearing, AEP Ohio wants to continue to be clear about this point.

The Opinion and Order in this case (at 18-19) references the \$20 million investment commitment and indicates in a passing reference that the funds be expended by the end of 2013. Whether the Company's investment in the Turning Point project goes forward or the VVO investment is accepted in fulfillment of the outstanding 2009 SEET obligation, however, it is highly impractical at this point that funds can be expended in 2013.

The Opinion and Order's stated expectation of expending funds in 2013 did not acknowledge or address the pending request in the pending gridSMART Phase 2 case to count the proposed VVO investment as resolving the same obligation. Whether the VVO investment is accepted in fulfillment of the outstanding 2009 SEET obligation or whether the Company proceeds with an investment in the TPS project or another similar project, it is highly impractical that funds can be expended in 2013 at this point. AEP Ohio requests that the Commission hold the stated 2013 deadline in abeyance and defer any final consideration of the deadline in this docket and address the timing as a next step in the pending gridSMART Phase 2 case. Absent such a ruling on rehearing in this case, the Company's current efforts to satisfy the outstanding obligation could be adversely affected and the Commission will have prejudged its decision in the pending gridSMART Phase 2 case.

CONCLUSION

AEP Ohio is not challenging the substantive merit decision in this case. But the Company wants to ensure that its continuing efforts to fulfill the \$20 million obligation pertaining to the 2009 SEET decision will not be prejudiced by statements made in passing in the Opinion and Order. Accordingly, AEP Ohio requests that the Commission modify and/or clarify its statement regarding expending funds in 2013 such that the Company can pursue its current efforts in a timely fashion.

Respectfully submitted,

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On behalf of Ohio Power Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing was served by electronic mail upon the persons listed below this 22nd day of November, 2013.

/s/ Steven T. Nourse
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Summary: Application for Rehearing and Request for Clarification electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company