

December 10, 2013

Barcy F. McNeal
Docketing Division Chief
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

*Re: In the Matter of the 12% Rate Cap of Ohio Power
Company, Case No. 13-1287-EL-UNC*

Dear Ms. McNeal:

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On August 8, 2012, the Commission issued an Opinion and Order in Case Nos. 11-346-EL-SSO, et al. (August 8 Opinion and Order) modified and adopted an Electric Security Plan for Ohio Power Company (AEP Ohio). The August 8 Opinion established a 12 percent rate cap to be applied on a customer-by-customer basis. Included in that Opinion and Order, the Company was to file, in a separate docket, detailed accounting of its deferral impact created by the 12% rate cap.

The Company filed its initial update in this docket on May 30, 2013, and stated that it would file another update once six months had passed. For the period of May through November 2013, the credits provided to customers under the 12% cap total \$20.00 for a small number of customers. Every customer bill that has contained a credit pursuant to the 12% cap fits a specific profile: the bill is for a residential customer who also received a bill credit under the Company's Experimental Direct Load Control Rider. Direct Load Control (DLC) customers receive a bill credit, most commonly \$8.00, for the installation of a smart thermostat device that allows the Company to reduce the customers' usage during load management events. When a DLC credit is applied to a bill that contains low usage, the increases due to the riders under the cap are more likely to exceed the 12% threshold.

The Company implemented the 12% cap credit rider in its billing system effective with the first billing cycle of May 2013. During the period from the effective date of the ESP to the billing-system implementation of the 12% cap rider (*i.e.*, September 2012 through April 2013), 2,412 bills were generated with a DLC credit. Under the 12% cap calculation, only 21 of those bills would receive credits totaling \$6.27 (being less than \$0.30 on average per customer). Knowing this, the Company proposes that it is cost-prohibitive and unnecessary to cancel/rebill any bill generated from September 2012 through April 2013.

Given that customers are generally not experiencing increases above the 12% rate cap, the Company plans to continue working with Staff and provide another update in approximately six months.

Regards,

/s/ Steven T. Nourse

Steven T. Nourse

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Summary: Correspondence to the Docketing Division Chief re 12% Rate Cap electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company