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March 3, 2014

Gregory Price
Public Utilities Commission of Ohio
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Matthew J. Satterwhite
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Re:
In the Matter of the Establishment of)
4901: 1-10-10(B) Minimum Reliability)
Performance Standards for Ohio Power) Case No. 12-1945-EL-ESS
Company.)

Honorable Examiner Price:

Attached please find the Stipulation and Recommendation resolving the issues in the above referenced case. Through a cooperative effort the Staff, the Office of the Ohio Consumers' Counsel and Ohio Power discussed the issues and reached the attached agreement for Commission consideration and approval.

The Company will follow up shortly with testimony supporting the Stipulation. One provision of the Stipulation recommends that the standards agreed to in this agreement be the standards applied to Ohio Power Company's upcoming March 31st reliability filings. If a hearing and order cannot be accomplished prior to that due date the Company will likely seek an extension in the due date to allow the Commission adequate time to review the unanimous Stipulation.

Cordially,

//ss//Matthew J. Satterwhite

Matthew J. Satterwhite
Senior Counsel

cc: Thomas McNamee, Staff
Joseph Serio, OCC

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Establishment of)	
4901: 1-10-10(B) Minimum Reliability)	
Performance Standards for Ohio Power)	Case No. 12-1945-EL-ESS
Company.)	

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 ("AEP Ohio").

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

Ohio Power Company (Company or Ohio Power)

As further discussed below, all of the Signatory Parties agree to fully support adoption of the Stipulation without modification in this proceeding. The Signatory Parties jointly recommend that they each be granted intervention in this proceeding.

III. Recitals

WHEREAS, Ohio Power filed an Application to establish new reliability standards under O.A.C. Rule 4901:1-10-10 on June 29, 2012;

WHEREAS, the Staff of the Public Utilities Commission and the Office of the Ohio Consumers' Counsel provided comments concerning the Application;

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;

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 all issues raised by these proceedings.

IV. Recommendations

The Signatory Parties agree that for purposes of settlement that the Commission should approve the Application of Ohio Power Company to new Reliability Standards filed June 29, 2012 with the following modifications outlined in this Stipulation:

A) Historical Average: The Signatory Parties agree to remove 2008 from the historical average system performance, using the four year period of the ESP as opposed to five years. Using the 4 year average of 2009-2012 from the ESP period avoids the need to make adjustments for the Enhanced Service Reliability Rider (“ESRR”) vegetation, gridSMART, and the Distribution Investment Rider (“DIR”) programs initiated under that electric security plan.

B) Numerical Value of Standards: The Signatory Parties agree to the following standards:

a. **SAIFI = 1.20.** This is made up of the 4 year average of SAIFI of 2009-2012 which is 1.09, with a 10% adder.

CAIDI = 150.0. This is made up of the 4 year average of CAIDI of 2009-2012 which is 138.9 with an 8% adder.

C) Ohio Power Standards: The Signatory Parties agree that the reliability standards will be used for the Ohio Power Company as a single SAIFI and CAIDI standard. The standards will be applied to performance for the 2013 calendar year and used in the March 2014 filing as the standards.

D) Worst Performing Circuits: The Signatory Parties agree that to the extent an individual circuit appears on the O.A.C. 4901:1-10-11 worst performing circuit list for 3 years in a row that Ohio Power will account for options to address the issues under the Company's control that are contributing to that individual circuits poor performance in the next Distribution Investment Rider (DIR) plan proposal. The Company agrees to serve OCC with a copy of the Rule 11 Report generated under O.A.C. 4901:1-10-11 during the applicability of the standards in this agreement.

E) New Standards: The Parties agreement of the CAIDI and SAIFI standards contained in this Stipulation are subject to the requirement that AEP Ohio will file an updated reliability performance standard application in accordance with Ohio Adm. Code 4901:1-1-10-10, no later than June 30, 2016, that reflects the impact of system design changes, technological advancements, and geographical effects of programs like, but not limited to the Distribution Infrastructure Rider ("DIR") Program and gridSmart, and the results of its updated and current customer perception survey. The Signatory Parties agree not to oppose any request for a hearing filed by a Signatory Party with regard to the next reliability performance standard application. The agreement not to oppose a hearing request shall not prevent a party from responding to arguments or

assertions made by any Signatory Party or commenter in that proceeding on issues other than the request for a hearing.

F) Customer Surveys: The Company agrees to ensure that the customer perception surveys, completed every three years in accordance with OAC 4901:1-10-10, will be conducted quarterly and meet the minimum sample size of completed responses obtained from 400 residential and 400 small commercial customers each quarter. The Company will provide OCC a copy of the survey results pursuant to an executed confidentiality agreement related to this proceeding.

G) The Three-Part Test for Commission Approval: 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 Signatory Parties agree that the following Exhibits are deemed to be admitted into evidence:

1. The Application of Ohio Power Company to Establish Reliability Standards filed June 29, 2012;
2. The initial comments filed by OCC on January 4, 2013;

3. The initial comments filed by Staff on January 13, 2013;
4. The reply comments filed by Ohio Power on January 22, 2013;
4. Joint Exhibit 1 - This Stipulation and Recommendation.

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 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 necessary.

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 16th day of December, 2013.

per authority MJS
//s// *Thomas McNamee*
William L. Wright, Section Chief
Thomas McNamee
On Behalf of the Staff of the Public Utilities Commission of Ohio

per authority MJS
//s// *Joe Serio*
Joe Serio
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On Behalf of the Office of the Ohio Consumers' Counsel

//s//



Matthew J. Satterwhite

Yazen Alami

Steven T. Nourse

On Behalf of Ohio Power Company

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 3rd day of March, 2014.

/s// Matthew J. Satterwhite

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