



May 20, 2014

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 East Broad Street, 11th Floor
Columbus, Ohio 43215

Re: *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Revised Code, in the Form of an Electric Security Plan, Case Nos. 13-2385-EL-SSO, et al.*

Dear Ms. McNeal:

Enclosed please find a copy of Revised Page 6 and Revised Schedule DJE-1 to the pre-filed Direct Testimony of David J. Effron filed by the OCC in the above-referenced proceeding on May 6, 2014. Schedule DJE-1 was revised to address inadvertently transposed figures for 2011 and 2013. Revised page 6 correctly states the figures shown on line 3. Revised Page 6 and Revised Schedule DJE-1 should replace page 6 and Schedule DJE-1 that are contained in the pre-filed Direct Testimony of David J. Effron.

Thank you for your attention to this matter. If you have any questions or need additional information, please contact me at 614-466-9565.

Sincerely,

/s/ Joseph P. Serio

Joseph P. Serio
Assistant Consumers' Counsel

Enclosures
Copy to: Parties of Record

*Direct Testimony of David J. Effron
On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case Nos. 13-2385-EL-SSO, et al.*

1 company does not have a revenue deficiency. In this regard, it is worth noting that,
2 based on my calculations, AEP Ohio earned a return on equity (exclusive of the
3 effect of asset impairment charges) of 11.5% in 2011, 11.8% in 2012 and 11.1% in
4 2013 (Schedule DJE-1), as compared to the stipulated combined return on equity of
5 10.20% in Case Nos. 11-351-EL-AIR and 11-352-EL-AIR and the 10.65% return on
6 equity requested by the Utility in the present case.

7
8 By contrast, in the absence of riders, a regulated utility would be able to implement
9 rate increases only after a traditional rate case where all costs and the revenues under
10 present rates were taken into consideration. If it were determined that the rates in
11 effect were already producing an adequate return, then no rate increase would be
12 authorized.

13
14 **III. DISTRIBUTION INVESTMENT RIDER**

15
16 ***Q13. PLEASE DESCRIBE THE DISTRIBUTION INVESTMENT RIDER ("DIR")***
17 ***THAT CUSTOMERS PAY NOW AS PART OF THEIR ELECTRIC SERVICE.***

18 ***A13.*** The PUCO approved the DIR (that customers presently pay) as part of the Utility's
19 ESP II in Case No. 11-346-EL-SSO, et al.¹ The purpose of this DIR is to collect
20 from customers the incremental revenue requirement associated with increases in
21 net distribution plant since August 31, 2010 (the date certain in Case Nos. 11-351

¹ *In the Matter of Columbus Southern Power and Ohio Power Company, Inc.*, Case No. 11-346-EL-SSO, Opinion and Order at 42-47 (August 8, 2012).

Schedule DJE-1

OHIO POWER COMPANY D/B/A AEP OHIO.
CASE NOS. 13-2385-EL-SS0, 13-2386-EL-AAM
EARNED RETURN ON EQUITY
(\$MILLION)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Income Available for Common Equity	\$ 463.7	\$ 343.5	\$ 410.0
Asset Impairment Charges (Net of Tax)	<u>58.4</u>	<u>186.6</u>	<u>100.3</u>
Adjusted Net Income Available for Common Equity	522.1	530.1	510.3
Average Common Equity	<u>\$ 4,552.4</u>	<u>\$ 4,488.0</u>	<u>\$ 4,578.2</u>
Earned Return on Common Equity	<u>11.5%</u>	<u>11.8%</u>	<u>11.1%</u>

Source: Ohio Power Company and Subsidiaries 2013 Annual Report
2013 exclusive of the year-end generation distribution to parent

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in

Case No(s). 13-2385-EL-SSO, 13-2386-EL-AAM

Summary: Correspondence OCC Letter to PUCO Regarding Revised Testimony Page and Schedule for David J. Effron electronically filed by Ms. Deb J. Bingham on behalf of Serio, Joseph P. Mr.