

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Fuel)
Adjustment Clauses for Columbus) Case No. 11-5906-EL-FAC
Southern Power Company and Ohio Power)
Company and Related Matters.)

In the Matter of the Fuel Adjustment)
Clauses for Columbus Southern Power) Case No. 12-3133-EL-FAC
Company and Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-572-EL-FAC
Clauses for Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-1286-EL-FAC
Clauses for Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-1892-EL-FAC
Clauses for Ohio Power Company.)

ENTRY

The Commission finds:

- (1) By Opinion and Order issued on August 8, 2012, the Commission modified and approved an application for an electric security plan (ESP) filed by Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company). *In re Ohio Power Company*, Case No. 11-346-EL-SSO, et al., Opinion and Order (Aug. 8, 2012). Among other provisions of the ESP, the Commission approved a fuel adjustment clause mechanism under which AEP Ohio is intended to recover prudently incurred fuel and fuel-related costs. Annual audits are to be performed of AEP Ohio's fuel costs, fuel management practices, and alternative energy costs.
- (2) On December 4, 2013, in the above-captioned proceedings, the Commission selected Energy Ventures Analysis, Inc. (EVA) to perform the annual audit of AEP Ohio's fuel and

alternative energy costs for the periods of 2012, 2013, and 2014. Additionally, the Commission noted that intervenors in a proceeding related to AEP Ohio's proposed competitive bid procurement (CBP) process raised concerns regarding the Company's possible double recovery of certain capacity-related costs. *In re Ohio Power Company*, Case No. 12-3254-EL-UNC (*CBP Case*), Opinion and Order (Nov. 13, 2013) at 15, 16. The Commission, therefore, directed EVA to review and investigate the double-recovery allegations as part of its audit in the above-captioned proceedings and to recommend appropriate action based on EVA's review.

- (3) On January 3, 2014, AEP Ohio filed an application for rehearing. Among its grounds for rehearing, AEP Ohio contended that it was unreasonable and unlawful for the Commission to direct EVA to review the double-recovery allegations, in light of the fact that EVA provided expert testimony on behalf of the Commission's Staff in Case No. 10-2929-EL-UNC, which established the Company's capacity charge. *In re Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC (*Capacity Case*), Opinion and Order (July 2, 2012), Entry on Rehearing (Oct. 17, 2012).
- (4) By Entry on Rehearing issued on February 13, 2014, the Commission disagreed with AEP Ohio's contention that EVA had essentially been directed to audit its own work in the *Capacity Case*. Nevertheless, pursuant to the Commission's Entry on Rehearing in the *CBP Case*, the Commission noted that Staff had been directed to issue a supplemental request for proposal, solely with respect to the investigation of the double-recovery allegations, in order to avoid even the appearance of a conflict of interest. *CBP Case*, Entry on Rehearing (Jan. 22, 2014) at 10.
- (5) On April 16, 2014, the Commission issued an Entry in these cases directing Staff to issue Request for Proposal No. EE14-CCRR-1 (RFP) to investigate AEP Ohio's alleged double recovery of certain capacity-related costs, and to recommend to the Commission a course of action based on the auditor's findings. Prospective bidders were directed

by the Commission to submit proposals to Staff by May 9, 2014.

- (6) The proposals received in response to RFP No. EE14-CCRR-1 have been evaluated and, after consideration of those proposals, the Commission selects Baker Tilly Virchow Krause, LLP (Baker Tilly). The Commission finds that Baker Tilly has the necessary experience to complete the required work.
- (7) The Company shall enter into a contract with Baker Tilly by June 4, 2014, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, auditor's proposal, and relevant Commission entries in these cases.
- (8) Baker Tilly will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. Baker Tilly is also subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in Section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

- (9) Upon request of Baker Tilly or Staff, the Company shall provide any and all documents or information requested. The Company may conspicuously mark such documents or information "confidential" if the Company believes the documents or information should be deemed as such. In no

event, however, shall the Company refuse or delay in providing such documents or information.

- (10) Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or Baker Tilly may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.
- (11) Baker Tilly shall perform the audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Baker Tilly may be examined by any participant to these proceedings. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by Baker Tilly or its agents in the preparation and representation of the report.

It is, therefore,

ORDERED, That Baker Tilly Virchow Krause, LLP is hereby selected to perform the consulting activities set forth above. It is, further,

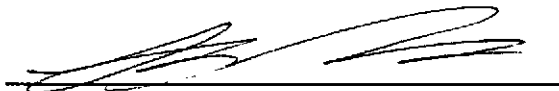
ORDERED, That the audit of the Company be conducted in accordance with the provisions of RFP No. EE14-CCRR-1 and the findings of this Entry. It is, further,

ORDERED, That the Company and Baker Tilly shall observe the requirements set forth in this Entry. It is, further,

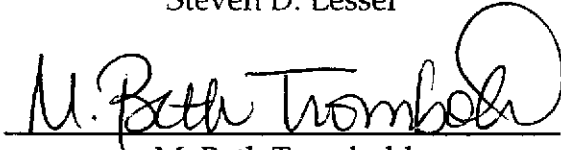
ORDERED, That a copy of this Entry be served upon all parties of record.

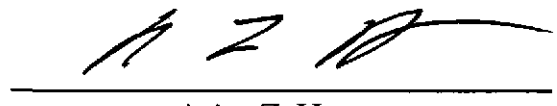
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser

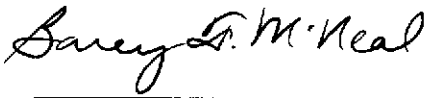

Lynn Slaby


M. Beth Trombold


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MAY 21 2014


Barcy F. McNeal
Secretary