

June 2, 2014

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

**Steven T. Nourse**  
Senior Counsel –  
Regulatory Services  
(614) 716-1608 (P)  
(614) 716-2014 (F)  
stnourse@aep.com

*Re: In the Matter of the Fuel Adjustment Clauses for Ohio  
Power Company, Case No. 13-1892-EL-FAC*

Dear Ms. McNeal:

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 and Order continued AEP Ohio's Fuel Adjustment Clause (FAC) mechanism and established the Alternative Energy Rider (AER) as the mechanism by which AEP Ohio is to separately recover its prudently-incurred alternative energy compliance costs. The August 8 Opinion and Order indicated that the Company is to make quarterly filings of the AER in conjunction with quarterly filings for the FAC. On November 13, 2013, the Commission issued an Opinion and Order in Case No. 12-3254-EL-UNC that authorized the Company to unbundle the FAC and establish the Auction Phase-In Rider (APIR) and Fixed Cost Rider (FCR) in its place.

With this filing, the Company submits its updated APIR (including the applicable seasonality factor) and FCR for the 3<sup>rd</sup> Quarter of 2014 as well as its AER quarterly filing covering the same time period, to become effective with the first billing cycle of July 2014. Under the Commission's December 14, 2011 Finding and Order in Case No. 11-5906-EL-FAC, the adjusted FAC rates automatically become effective unless the Staff raises issues prior to the billing cycle during which the quarterly adjustments are to become effective.

The rates being proposed by AEP Ohio separate APIR, FCR and AER rates for the Columbus Southern Power and Ohio Power rate zones pursuant to the Commission's August 8 Order. The allocation of AER costs to the rate zones is consistent with the methodology the Company has used to establish FAC rates by zone in its filings for each quarter of 2012 as well as the instant filing.

The schedules attached to this letter provide information for the Commission's review. Below is a more detailed description of the schedules that are attached to this application. The Company is including in this submission, actual fuel data for January through March 2014 and forecast information for the 3<sup>rd</sup> quarter (July, August and September) of 2014 for the APIR and FCR. The Company is also including the forecasted information for the renewable energy credits for the 3<sup>rd</sup> quarter 2014 used to develop the AER requested rates.

**Schedule 1:** This schedule shows the current APIR rate by delivery voltage in Column A. Column B shows the forecast component (FC) rate that would be necessary to recover the estimated APIR expense for the 3<sup>rd</sup> quarter of 2014 as calculated on Schedule 10. Column C shows the reconciliation adjustment (RA) that would be necessary to collect the actual fuel under-recovery experienced from the previous quarter as calculated on Schedule 3. Column D is the sum of the FC component and the RA component.

**Schedule 2:** This schedule shows the Company's estimates of the fuel cost by month it is expecting to incur in the 3<sup>rd</sup> quarter of 2014.

**Schedule 3.:** Schedule 3 shows the under-recovery of fuel expense for the months of January, February and March 2014. Schedule 3 calculates the adjustment to the FAC rates that would be necessary to recover the under-recovery during the 3<sup>rd</sup> quarter of 2014. The forecasted renewable energy credits (REC) costs for renewable resources are now removed from the FAC for recovery through the AER.

**Schedule 4:** This schedule shows the current AER rate by delivery voltage in Column A. Column B shows the forecast component (FC) rate that would be necessary to recover the estimated REC expense for the 3<sup>rd</sup> quarter of 2014. Column C shows the reconciliation adjustment (RA) that would be necessary to recover the actual REC over/under-recovery experienced from the previous quarter. Column D is the sum of the FC component and the RA component.

**Schedule 5:** This schedule shows the Company's estimates of the REC cost by month it is expecting to incur in the 3<sup>rd</sup> quarter of 2014. Schedule 5 calculates the rates by voltage that would be necessary to recover the forecast costs.

**Schedule 6:** This schedule shows the over/under-recovery of REC expense for the months of January, February and March 2014. Schedule 6 calculates the adjustment to the AER rates that would be necessary to recover the over/under-recovery during the 3<sup>rd</sup> quarter of 2014. Also, shown on page 6 and included in the total AER cost is an amount representing the revenue requirement associated with solar panels installed by the Company to help meet the renewable energy requirements of SB221, as well as other renewable energy costs.

**Schedule 7:** This schedule shows the current FCR rate by delivery voltage in Column A. Column B shows the forecast component (FC) rate that would be necessary to recover the estimated FCR expense for the 3<sup>rd</sup> quarter of 2014 as calculated on Schedule 8. Column C shows the reconciliation adjustment (RA) that would be necessary to collect the actual FCR under-recovery experienced from the previous quarter. Column D is the sum of the FC component and the RA.

**Schedule 8:** This schedule shows the Company's estimates of FCR costs it is expecting to incur in the 3<sup>rd</sup> quarter of 2014. Schedule 8 calculates the rates by voltage that would be necessary to recover the forecast costs.

**Schedule 9:** This Schedule shows the over/under-recovery of FCR expense for the months of January, February and March 2014. Schedule 9 calculates the adjustment to the FCR rates that would be necessary to recover the over/under-recovery during the 3<sup>rd</sup> quarter of 2014.

**Schedule 10:** This schedule shows the Company's estimates of APIR costs it is expecting to incur in the 3<sup>rd</sup> quarter of 2014. Schedule 10 calculates the rates by voltage that would be necessary to recover the forecast costs.

**Schedule 11:** This Schedule shows the over/under-recovery of APIR expense for the months of January, February and March 2014. Schedule 11 calculates the adjustment to the APIR rates that would be necessary to recover the over/under-recovery during the 3<sup>rd</sup> quarter of 2014.

Regards,

/s/ Steven T. Nourse  
Steven T. Nourse  
Senior Attorney  
American Electric Power Service  
Corporation  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, Ohio 43215  
Telephone: (614) 716-1608  
Facsimile: (614) 717-2950  
E-mail: [stnourse@aep.com](mailto:stnourse@aep.com)

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Auction Phase In Rider**  
**July 2014 through September 2014**  
**Summary - Proposed Auction Phase In Rider**

**COLUMBUS SOUTHERN POWER RATE ZONE**

Line		Delivery Voltage	A	B	C	D
			Schedule 10		Schedule 11	
			Current APIR Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1		Secondary	4.25963	3.84184	-0.23167	3.610167
2		Primary	4.11185	3.70856	-0.22364	3.484921
3		Sub/Transmission	4.02995	3.63468	-0.21918	3.415501

**OHIO POWER RATE ZONE**

Line		Delivery Voltage	A	B	C	D
			Schedule 10		Schedule 11	
			Current APIR Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1		Secondary	3.68055	3.25542	-0.23167	3.023750
2		Primary	3.55287	3.14249	-0.22364	2.918850
3		Sub/Transmission	3.48208	3.07989	-0.21918	2.860710

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly FAC For Billing During**  
**July 2014 through September 2014**  
**FC Component**

Line	Description	Forecast Period - 3rd Quarter 2014			
		July	August	September	Total
	<b><u>TOTAL COMPANY</u></b>				
1	Purchased Power (Energy)	45,092,000	36,684,000	19,800,000	\$ 101,576,000
2	Energy & Capacity Value of Renewables (RECs moved to Rider AER)	1,000,000	600,000	900,000	\$ 2,500,000
3	FAC for Retail Load (Total Company)	\$ 46,092,000	\$ 37,284,000	\$ 20,700,000	\$ 104,076,000
4	Retail Non-Shopping Sales - Generation Level Kwh	1,622,980,428	1,345,393,859	731,891,145	3,700,265,432

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly FAC For Billing During**  
**July 2014 through September 2014**

**RA      RA Component**

**Actual Period - January 2014 through March 2014**

<b>Line</b>	<b>Month</b>	<b>Renewable &amp; FAC Revenue</b>	<b>FAC Cost</b>	<b>FAC (Over)/Under Recovery</b>	<b>Total (Over)/Under Recovery</b>
1	<b>Beginning Balance</b>			\$	(3,325,745)
2	Jan-14	\$ 66,491,019	\$ 66,840,796	\$ 349,777	\$ 349,777
3	Feb-14	\$ 57,897,379	\$ 63,549,955	\$ 5,652,576	\$ 5,652,576
4	Mar-14	59,615,761	\$ 48,892,819	\$ (10,722,942)	\$ (10,722,942)
5	<b>Ending Balance</b>	\$ 184,004,159	\$ 179,283,570	\$ (4,720,589)	\$ (8,046,334)
6	Total (Over)/Under Recovery Balance			\$	(8,046,334)
7	Loss Adjusted Retail Sales Billing Period - kWh				3,700,265,432
8	RA Component at Generation - Cents/kWh				<u>(0.21745)</u>

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly AER For Billing During**  
**July 2014 through September 2014**  
**Summary - Proposed AER Rate**

**COLUMBUS SOUTHERN POWER RATE ZONE**

Line	Delivery Voltage	A	B	C	D
		Schedule 5		Schedule 6	
		Current AER Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	0.22754	0.14269	-0.13350	0.009190
2	Primary	0.21964	0.13774	-0.12887	0.008870
3	Sub/Transmission	0.21527	0.13499	-0.12630	0.008690

**OHIO POWER RATE ZONE**

Line	Delivery Voltage	A	B	C	D
		Schedule 5		Schedule 6	
		Current AER Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	0.15005	0.09635	-0.13350	-0.037150
2	Primary	0.14484	0.09301	-0.12887	-0.035860
3	Sub/Transmission	0.14196	0.09116	-0.12630	-0.035140



**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly AER For Billing During**  
**July 2014 through September 2014**  
**FC Component**

Line	Description	Forecast Period - 3rd Quarter 2014			
		July	August	September	Total
<u>TOTAL COMPANY</u>					
1	Renewable Energy Credits	1,400,000	1,300,000	1,300,000	\$ 4,000,000
2	Retail Non-Shopping Sales - Generation Level Kwh	1,622,980,428	1,345,393,859	731,891,145	3,700,265,432
<u>COLUMBUS SOUTHERN POWER RATE ZONE</u>					
4	CSP % for Retail Load	49.20%			\$ 1,968,000
5	CSP % Non-Shopping Sales	39.54%			1,463,084,952
6	FC Component of AER Rate At Generation Level - Cents/kWh				0.13451
		Secondary	Primary	Sub/Trans	
7	FC Component of AER Rate At Generation Level	0.13451	0.13451	0.13451	
8	Loss Factor	1.0608	1.0240	1.0036	
9	FC at the Meter Level - Cents/kWh	Line 17 x Line 18	0.14269	0.13774	0.13499
<u>OHIO POWER RATE ZONE</u>					
11	OPCo % for Retail Load	50.80%			\$ 2,032,000
12	OPCo % Non-Shopping Sales	60.46%			2,237,180,480
13					0.09083
		Secondary	Primary	Sub/Trans	
14	FC Component of AER Rate At Generation Level	0.09083	0.09083	0.09083	
15	Loss Factor	1.0608	1.0240	1.0036	
16	FC at the Meter Level - Cents/kWh	Line 23 x Line 24	0.09635	0.09301	0.09116

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly AER For Billing During**  
**July 2014 through September 2014**  
**RA**

**Actual Period - January 2014 through March 2014**

Line	Month	Renewable Revenue	Renewable Cost	AER (Over)/Under Recovery	
1	Beginning Balance			\$ 3,112,683	
2	Jan-14	\$ 4,725,452	\$ 1,336,677	\$ (3,388,775)	
3	Feb-14	\$ 3,626,306	\$ 1,301,475	\$ (2,324,831)	
4	Mar-14	\$ 3,385,259	\$ 1,329,332	\$ (2,055,927)	
5	Ending Balance	\$ 11,737,017	\$ 3,967,484	\$ (4,656,850)	
6	Total (Over)/Under Recovery Balance			\$ (4,656,850)	
7	Loss Adjusted Retail Sales Billing Period - kWh			3,700,265,432	
8	RA Component at Generation - Cents/kWh			-0.12585	
9			Secondary	Primary	Sub/Trans
10	RA Component of FAC Rate At Generation Level		(0.12585)	(0.12585)	(0.12585)
11	Loss Factor		1.0608	1.024	1.0036
12	RA at the Meter Level Line 10 x Line 11		-0.13350	-0.12887	-0.12630

**OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY**  
**Calculation of Quarterly Fixed Cost Rider For Billing During**  
**July 2014 through September 2014**  
**Summary - Proposed Fixed Cost Rider**

**COLUMBUS SOUTHERN POWER RATE ZONE**

Line	Delivery Voltage	A	B	C	D
		Schedule 8		Schedule 9	
		Current FCR Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	0.86561	0.81204	0.00000	0.812040
2	Primary	0.83558	0.78387	0.00000	0.783870
3	Sub/Transmission	0.81893	0.76825	0.00000	0.768250

**OHIO POWER RATE ZONE**

Line	Delivery Voltage	A	B	C	D
		Schedule 8		Schedule 9	
		Current AER Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	0.73348	0.68809	0.00000	0.688090
2	Primary	0.70803	0.66422	0.00000	0.664220
3	Sub/Transmission	0.69393	0.65099	0.00000	0.650990

**OHIO POWER COMPANY**  
**Forecast of Fixed Cost Rider**  
**July - September 2014**

Schedule 8

Line	Description					
	<b><u>TOTAL COMPANY</u></b>	<b><u>CSP %</u></b>	<b><u>OP %</u></b>	<b><u>CSP</u></b>	<b><u>OP</u></b>	<b><u>Total</u></b>
1	Fixed FAC Costs	43.56%	56.44%	\$11,151,360	\$14,448,640	\$25,600,000
2	Retail Non-Shopping Sales - Generation Level kWh	39.54%	60.46%	1,463,084,952	2,237,180,480	3,700,265,432
3	Fixed Cost Rider Rate At Generation Level - \$/kWh			0.0076218	0.0064584	
	<b><u>COLUMBUS SOUTHERN POWER RATE ZONE</u></b>					
				<b><u>Secondary</u></b>	<b><u>Primary</u></b>	<b><u>Sub/Trans</u></b>
4	Fixed Cost Rate At Generation Level			0.0076218	0.0076218	0.0076218
5	Loss Factor			1.0608	1.0240	1.0036
6	Fixed Cost Rate At Meter Level - \$/kWh			0.0080852	0.0078047	0.0076492
7	Tax Gross-Up			1.00435	1.00435	1.00435
8	<b>Fixed Cost Rider Charge - \$/kWh</b>			<b>0.0081204</b>	<b>0.0078387</b>	<b>0.0076825</b>
	<b><u>OHIO POWER RATE ZONE</u></b>					
				<b><u>Secondary</u></b>	<b><u>Primary</u></b>	<b><u>Sub/Trans</u></b>
9	Fixed Cost Rate At Generation Level			0.0064584	0.0064584	0.0064584
10	Loss Factor			1.0608	1.0240	1.0036
11	Fixed Cost Rate At Meter Level - \$/kWh			0.0068511	0.0066134	0.0064817
12	Tax Gross-Up			1.00435	1.00435	1.00435
13	<b>Fixed Cost Rider Charge - \$/kWh</b>			<b>0.0068809</b>	<b>0.0066422</b>	<b>0.0065099</b>

**OHIO POWER COMPANY**  
**Calculation of Fixed Cost Rider**  
**RA Component Jan - March 2014**

**Schedule 9**

<b>Line</b>	<b>Description</b>	<b>Total (Over)/Under Recovery</b>		
1	Total (Over)/Under Recovery Balance	\$	-	
2	Retail Non-Shopping Sales - Generation Level kWh		3,700,265,432	
3	Reconciliation Component at Generation - \$/kWh		-	
		<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>
4	Reconciliation Component at Generation - \$/kWh	-	-	-
5	Loss Factor	1.0608	1.024	1.0036
6	Reconciliation Component at the Meter Level - \$/kWh	0.0000000	0.0000000	0.0000000
7	Tax Gross-Up	1.00435	1.00435	1.00435
8	<b>Reconciliation Adjustment Component - \$/kWh</b>	<b>0.0000000</b>	<b>0.0000000</b>	<b>0.0000000</b>

**100% Auction**

	<b>Description</b>	<b>Total (Over)/Under Recovery</b>		
9	Total (Over)/Under Recovery Balance	\$	-	
10	Retail Non-Shopping Sales - Generation Level kWh		3,700,265,432	
11	Reconciliation Component at Generation - \$/kWh		-	
		<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>
12	Reconciliation Component at Generation - \$/kWh	-	-	-
13	Loss Factor	1.0604	1.0235	1.0031
14	Reconciliation Component at the Meter Level - \$/kWh	0.0000000	0.0000000	0.0000000
15	Tax Gross-Up	1.00435	1.00435	1.00435
16	<b>Reconciliation Adjustment Component - \$/kWh</b>	<b>0.0000000</b>	<b>0.0000000</b>	<b>0.0000000</b>

**OHIO POWER COMPANY**  
**Calculation of Auction Phase-In Rider**  
**10% Auction**  
**FC Component July - September 2014**

Schedule 10

Line	Description			10% Auction Seasonal Factor	10% Auction Seasonal Price	
1	<b>TOTAL COMPANY</b> Auction Clearing Price			\$42.78 / MWh	1.0449	\$44.70 / MWh
		<b>CSP %</b>	<b>OP %</b>	<b>CSP</b>	<b>OP</b>	<b>Total</b>
2	Auction Costs	43.56%	56.44%	\$217,676	\$282,039	\$499,714
3	Variable FAC for Retail Load*	43.56%	56.44%	\$45,335,506	\$58,740,494	\$104,076,000
4	Retail Non-Shopping Sales - Generation Level kWh	39.54%	60.46%	1,463,084,952	2,237,180,480	3,700,265,432
5	Variable FAC Component Rate At Generation Level - \$/kWh			0.0309862	0.0262565	
6	Auction Cost Component Rate At Generation Level - \$/kWh			0.0001488	0.0001261	
7	Auction Price Component Rate At Generation Level - \$/kWh			0.0492455	0.0417287	
<b>COLUMBUS SOUTHERN POWER RATE ZONE</b>						
		<b>Auction % Split</b>	<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>	
8	Variable FAC Component Rate At Generation Level	90%	0.0309862	0.0309862	0.0309862	
9	Auction Cost Component Rate At Generation Level		0.0001488	0.0001488	0.0001488	
10	Auction Price Component Rate At Generation Level	10%	0.0049246	0.0049246	0.0049246	
11	Total FAC and Auction Costs		0.0360596	0.0360596	0.0360596	
12	Loss Factor		1.0608	1.0240	1.0036	
13	Auction Phase-In Rider Rate At Meter Level - \$/kWh		0.0382520	0.0369250	0.0361894	
14	Tax Gross-Up**		1.00435	1.00435	1.00435	
15	<b>Auction Phase-In Rider Charge - \$/kWh</b>		<b>0.0384184</b>	<b>0.0370856</b>	<b>0.0363468</b>	
<b>OHIO POWER RATE ZONE</b>						
		<b>Auction % Split</b>	<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>	
16	Variable FAC Component Rate At Generation Level	90%	0.0262565	0.0262565	0.0262565	
17	Auction Cost Component Rate At Generation Level		0.0001261	0.0001261	0.0001261	
18	Auction Price Component Rate At Generation Level	10%	0.0041729	0.0041729	0.0041729	
19	Total FAC and Auction Costs		0.0305555	0.0305555	0.0305555	
20	Loss Factor		1.0608	1.0240	1.0036	
21	Auction Phase-In Rider Rate At Meter Level - \$/kWh		0.0324132	0.0312888	0.0306655	
22	Tax Gross-Up*		1.00435	1.00435	1.00435	
23	<b>Auction Phase-In Rider Charge - \$/kWh</b>		<b>0.0325542</b>	<b>0.0314249</b>	<b>0.0307989</b>	

\* FAC for Retail Load is the cost of the non-auctioned load

\*\* Tax Gross-up includes: CAT Tax of 0.260%, PUCO Assessments of 0.140%, and OCC Assessments of 0.033%.

**OHIO POWER COMPANY**  
**Calculation of Auction Phase-In Rider**  
**RA Component January-March 2014**

Schedule 11

**10% and 60% Auctions**

Line	Description	Total (Over)/Under Recovery
1	Total (Over)/Under Recovery Balance	\$ (8,046,334)
2	Retail Non-Shopping Sales - Generation Level kWh	3,700,265,432
3	Reconciliation Component at Generation - \$/kWh	<u>(0.0021745)</u>
		<u><b>Secondary      Primary      Sub/Trans</b></u>
4	Reconciliation Component at Generation - \$/kWh	(0.0021745) (0.0021745) (0.0021745)
5	Loss Factor	1.0608 1.024 1.0036
6	Reconciliation Component at the Meter Level - \$/kWh	<u>-0.0023067 -0.0022267 -0.0021823</u>
7	Tax Gross-Up	1.00435 1.00435 1.00435
8	<b>Reconciliation Adjustment Component - \$/kWh OPCo</b>	<u><b>-0.0023167 -0.0022364 -0.0021918</b></u>
9	<b>Reconciliation Adjustment Component - \$/kWh CSP</b>	<u><b>-0.0023167 -0.0022364 -0.0021918</b></u>

**100% Auction**

	Description	Total (Over)/Under Recovery
10	Total (Over)/Under Recovery Balance	\$ (8,046,334)
11	Retail Non-Shopping Sales - Generation Level kWh	3,700,265,432
12	Reconciliation Component at Generation - \$/kWh	<u>(0.0021745)</u>
		<u><b>Secondary      Primary      Sub/Trans</b></u>
13	Reconciliation Component at Generation - \$/kWh	(0.0021745) (0.0021745) (0.0021745)
14	Loss Factor	1.0604 1.0235 1.0031
15	Reconciliation Component at the Meter Level - \$/kWh	<u>-0.0023058 -0.0022257 -0.0021812</u>
16	Tax Gross-Up	1.00435 1.00435 1.00435
17	<b>Reconciliation Adjustment Component - \$/kWh</b>	<u><b>-0.0023158 -0.0022354 -0.0021907</b></u>

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**6/2/2014 5:28:51 PM**

**in**

**Case No(s). 13-1892-EL-FAC**

Summary: Application of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company