



Legal Department

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September 2, 2014

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 Fuel Adjustment Clauses for Ohio
Power Company, Case No. 14-1544-EL-FAC*

Steven T. Nourse
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Dear Ms. McNeal:

On August 8, 2012, the Commission issued an Opinion and Order approving a modified Electric Security Plan in Case Nos. 11-346-EL-SSO, et al. (ESP II Opinion and Order) 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 ESP II 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 (CBP Opinion and Order) that approved and modified the Company's application to establish a Competitive Bidding Process and 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 4th quarter of 2014 as well as its AER quarterly filing covering the same time period, to become effective with the first billing cycle of October 2014.

Regarding the Forecast Component (FC) of the APIR, in the CBP Opinion and Order the Commission amended and approved the Company's slice-of-system, energy only auction schedule. The amended schedule included a 10% CPB auction in February 2014, with an April 1, 2014 through May 31, 2015 delivery period and two 25% energy auctions (one in May and one in September 2014) with delivery periods of November 1, 2014 through May 31, 2015. At the time of this filing, the

second 25% CBP auction (scheduled for September 9, 2014) has not occurred or been approved by the Commission. Therefore, the Company has not included the final FC of for the 4th Quarter of 2014 (Schedule 10) to reflect the two 25% auctions. The Company will update the FC of the APIR to include both 25% auctions through an amended filing in this docket, after the September 9 auction. Assuming in this context that the auction results are quickly approved by the Commission, the Company would anticipate being able to make the filing to update the FC on or about September 15, 2014, which is still approximately two weeks in advance of these proposed rates going into effect.

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.

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 4th 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 4th quarter of 2014.

Schedule 3: Schedule 3 shows the under-recovery of fuel expense for the months of April, May and June 2014. Schedule 3 calculates the adjustment to the FAC rates that would be necessary to recover the under-recovery during the 4th 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 4th 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 4th 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 April, May and June 2014. Schedule 6 calculates the adjustment to the AER rates that would be necessary to recover the over/under-recovery during the 4th 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 4th 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 4th 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 April, May and June 2014. Schedule 9 calculates the adjustment to the FCR rates that would be necessary to recover the over/under-recovery during the 4th quarter of 2014.

Schedule 10: This schedule shows the Company's estimates of APIR costs it is expecting to incur in October 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 April, May and June 2014. Schedule 11 calculates the adjustment to the APIR rates that would be necessary to recover the over/under-recovery during the 4th quarter of 2014.

Regards,

/s/ Steven T. Nourse

Steven T. Nourse

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OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Auction Phase In Rider
Oct-14
Summary - Proposed Auction Phase In Rider

COLUMBUS SOUTHERN POWER RATE ZONE

		A	B	C	D
		Schedule 10		Schedule 11	
Line	Delivery Voltage	Current APIR Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	3.61017	4.02402	0.24643	4.27045
2	Primary	3.48492	3.88442	0.23788	4.12230
3	Sub/Transmission	3.41550	3.80704	0.23314	4.04018

OHIO POWER RATE ZONE

		A	B	C	D
		Schedule 10		Schedule 11	
Line	Delivery Voltage	Current APIR Rate	Forecast (FC) Component	Reconciliation (RA) Adjustment Comp.	Total of FC and RA Components
1	Secondary	3.02375	3.60144	0.24643	3.84787
2	Primary	2.91885	3.35589	0.23788	3.59377
3	Sub/Transmission	2.86071	3.22351	0.23314	3.45665

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly FAC For Billing During
October 2014 through December 2014
FC Component

Line	Description	Forecast Period - 4th Quarter 2014			
		October	November	December	Total
	<u>TOTAL COMPANY</u>				
1	Purchased Power (Energy)	25,682,000	10,509,000	12,777,000	\$ 48,968,000
2	Energy & Capacity Value of Renewables (RECs moved to Rider AER)	1,500,000	2,100,000	2,100,000	\$ 5,700,000
3	FAC for Retail Load (Total Company)	\$ 27,182,000	\$ 12,609,000	\$ 14,877,000	\$ 54,668,000
4	Retail Non-Shopping Sales - Generation Level Kwh	908,113,253	978,810,989	1,098,919,788	2,985,844,030
5	Auction:	10% 90,811,325	97,881,099	109,891,979	298,584,403
		25% 244,702,747	244,702,747	274,729,947	519,432,694
		25% 244,702,747	244,702,747	274,729,947	519,432,694
6	Fuel	817,301,928	391,524,396	439,567,915	1,648,394,239

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly FAC For Billing During
October 2014 through December 2014
RA Component

Actual Period - April 2014 through June 2014								
Line	Month	Renewable & FAC Revenue		FAC (Over)/Under Recovery		Total (Over)/Under Recovery		
1	Beginning Balance					\$	15,233,044	
2	Apr-14	\$	-	\$	-	\$	-	
3	May-14	\$	-	\$	-	\$	-	
4	Jun-14		-	\$	-	\$	-	
5	Ending Balance		\$	-	\$	-	\$	15,233,044
6	Total (Over)/Under Recovery Balance					\$	15,233,044	
7	Loss Adjusted Retail Sales Billing Period - kWh						2,985,844,030	
8	RA Component at Generation - Cents/kWh						0.51018	

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly AER For Billing During
October 2014 through December 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	0.00919	0.22104	-0.04613	0.17491
2	Primary	0.00887	0.21337	-0.04453	0.16884
3	Sub/Transmission	0.00869	0.20912	-0.04364	0.16548

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	-0.03715	0.14925	-0.04613	0.10312
2	Primary	-0.03586	0.14408	-0.04453	0.09955
3	Sub/Transmission	-0.03514	0.14121	-0.04364	0.09757

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly AER For Billing During
October 2014 through December 2014
FC Component

		Forecast Period - 4th Quarter 2014			
Line	Description	October	November	December	Total
<u>TOTAL COMPANY</u>					
1	Renewable Energy Credits	1,600,000	1,700,000	1,700,000	\$ 5,000,000
2	Retail Non-Shopping Sales - Generation Level Kwh	908,113,253	978,810,989	1,098,919,788	2,985,844,030
<u>COLUMBUS SOUTHERN POWER RATE ZONE</u>					
4	CSP % for Retail Load	49.20%			\$ 2,460,000
5	CSP % Non-Shopping Sales	39.54%			1,180,602,729
6	FC Component of AER Rate At Generation Level - Cents/kWh				0.20837
		Secondary	Primary	Sub/Trans	
7	FC Component of AER Rate At Generation Level	0.20837	0.20837	0.20837	
8	Loss Factor	1.0608	1.0240	1.0036	
9	FC at the Meter Level - Cents/kWh	Line 17 x Line 18	0.22104	0.21337	0.20912
<u>OHIO POWER RATE ZONE</u>					
11	OPCo % for Retail Load	50.80%			\$ 2,540,000
12	OPCo % Non-Shopping Sales	60.46%			1,805,241,301
13					0.14070
		Secondary	Primary	Sub/Trans	
14	FC Component of AER Rate At Generation Level	0.14070	0.14070	0.14070	
15	Loss Factor	1.0608	1.0240	1.0036	
16	FC at the Meter Level - Cents/kWh	Line 23 x Line 24	0.14925	0.14408	0.14121

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly AER For Billing During
October 2014 through December 2014
RA

Actual Period - April 2014 through June 2014					
Line	Month	Renewable Revenue	Renewable Cost	AER (Over)/Under Recovery	
1	Beginning Balance			\$	(364,390)
2	Apr-14	\$ 1,709,634	\$ 1,618,436	\$	(91,198)
3	May-14	\$ 2,033,051	\$ 1,677,395	\$	(355,656)
4	Jun-14	\$ 2,229,174	\$ 1,742,111	\$	(487,063)
5	Ending Balance	\$ 5,971,859	\$ 5,037,942	\$	(1,298,307)
6	Total (Over)/Under Recovery Balance			\$	(1,298,307)
7	Loss Adjusted Retail Sales Billing Period - kWh				2,985,844,030
8	RA Component at Generation - Cents/kWh				-0.04348
9					
10	RA Component of FAC Rate At Generation Level		Secondary	Primary	Sub/Trans
11	Loss Factor		(0.04348)	(0.04348)	(0.04348)
12	RA at the Meter Level Line 10 x Line 11		1.0608	1.024	1.0036
			-0.04613	-0.04453	-0.04364

OHIO POWER COMPANY and COLUMBUS SOUTHERN POWER COMPANY
Calculation of Quarterly Fixed Cost Rider For Billing During
October 2014 through December 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	0.81204	1.00240	-0.25653	0.74587
2	Primary	0.78387	0.96763	-0.24763	0.72000
3	Sub/Transmission	0.76825	0.94836	-0.24270	0.70566

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	0.68809	0.84940	-0.25653	0.59287
2	Primary	0.66422	0.81993	-0.24763	0.57230
3	Sub/Transmission	0.65099	0.80360	-0.24270	0.56090

OHIO POWER COMPANY
Forecast of Fixed Cost Rider
October - December 2014

Schedule 8

Line	Description					
	<u>TOTAL COMPANY</u>	<u>CSP %</u>	<u>OP %</u>	<u>CSP</u>	<u>OP</u>	<u>Total</u>
1	Fixed FAC Costs	43.56%	56.44%	\$11,107,800	\$14,392,200	\$25,500,000
2	Retail Non-Shopping Sales - Generation Level kWh	39.54%	60.46%	1,180,602,729	1,805,241,301	2,985,844,030
3	Fixed Cost Rider Rate At Generation Level - \$/kWh			0.0094086	0.0079725	
<u>COLUMBUS SOUTHERN POWER RATE ZONE</u>						
		<u>Secondary</u>	<u>Primary</u>	<u>Sub/Trans</u>		
4	Fixed Cost Rate At Generation Level	0.0094086	0.0094086	0.0094086		
5	Loss Factor	1.0608	1.0240	1.0036		
6	Fixed Cost Rate At Meter Level - \$/kWh	0.0099806	0.0096344	0.0094425		
7	Tax Gross-Up	1.00435	1.00435	1.00435		
8	Fixed Cost Rider Charge - \$/kWh	0.0100240	0.0096763	0.0094836		
<u>OHIO POWER RATE ZONE</u>						
		<u>Secondary</u>	<u>Primary</u>	<u>Sub/Trans</u>		
9	Fixed Cost Rate At Generation Level	0.0079725	0.0079725	0.0079725		
10	Loss Factor	1.0608	1.0240	1.0036		
11	Fixed Cost Rate At Meter Level - \$/kWh	0.0084572	0.0081638	0.0080012		
12	Tax Gross-Up	1.00435	1.00435	1.00435		
13	Fixed Cost Rider Charge - \$/kWh	0.0084940	0.0081993	0.0080360		

OHIO POWER COMPANY
Calculation of Fixed Cost Rider
RA Component April - June 2014

Schedule 9

Line	Description	FCR Revenue	FCR Costs	FCR (Over)/Under Recovery	Total (Over)/Under Recovery
1	Beginning Balance				\$ -
2	Apr-14	\$ 12,584,626	\$ 8,319,545	\$ (4,265,081)	\$ (4,265,081)
3	May-14	\$ 8,719,015	\$ 7,794,394	\$ (924,621)	\$ (924,621)
4	Jun-14	9,045,853	\$ 7,046,241	\$ (1,999,612)	\$ (1,999,612)
5	Ending Balance	\$ 30,349,494	\$ 23,160,180	\$ (7,189,314)	\$ (7,189,314)

6	Retail Non-Shopping Sales - Generation Level kWh				2,985,844,030
7	Reconciliation Component at Generation - \$/kWh				<u>(0.0024078)</u>

	Secondary	Primary	Sub/Trans
8	Reconciliation Component at Generation - \$/kWh	(0.0024078)	(0.0024078)
9	Loss Factor	1.0608	1.0036
10	Reconciliation Component at the Meter Level - \$/kWh	-0.0025542	-0.0024165
11	Tax Gross-Up	1.00435	1.00435
12	Reconciliation Adjustment Component - \$/kWh	-0.0025653	-0.0024270

100% Auction

Description	Total (Over)/Under Recovery
13	Total (Over)/Under Recovery Balance
14	Retail Non-Shopping Sales - Generation Level kWh
15	Reconciliation Component at Generation - \$/kWh

	Secondary	Primary	Sub/Trans
16	Reconciliation Component at Generation - \$/kWh	-	-
17	Loss Factor	1.0604	1.0031
18	Reconciliation Component at the Meter Level - \$/kWh	0.0000000	0.0000000
19	Tax Gross-Up	1.00435	1.00435
20	Reconciliation Adjustment Component - \$/kWh	0.0000000	0.0000000

OHIO POWER COMPANY
Calculation of Auction Phase-In Rider
Summary 10% Auction
FC Component October 2014 Summary

Schedule 10

Line	Description	Summary 10% Auction			
	<u>TOTAL COMPANY</u>		<u>Seasonal Factor</u>	<u>Seasonal Price</u>	
1	Auction Clearing Price 10% - Oct. (February Auction)	\$42.78 / MWh	0.9743	\$41.68 / MWh	
		<u>CSP %</u>	<u>OP %</u>	<u>CSP</u>	<u>OP</u>
					<u>Total</u>
2	Auction Costs	43.56%	56.44%	\$72,559	\$94,013
3	Variable FAC for Retail Load*	43.56%	56.44%	\$11,840,479	\$15,341,521
4	Retail Non-Shopping Sales - Generation Level kWh	39.54%	60.46%	359,067,980	549,045,273
5	Variable FAC Component Rate At Generation Level - \$/kWh			0.0329756	0.0279422
6	Auction Cost Component Rate At Generation Level - \$/kWh			0.0002021	0.0001712
7	Auction Price Component Rate At Generation Level - \$/kWh			0.0045918	0.0038909
	<u>COLUMBUS SOUTHERN POWER RATE ZONE</u>				
		Weighted Auction % Split	Secondary	Primary	Sub/Trans
8	Variable FAC Component Rate At Generation Level	55%	0.0329756	0.0329756	0.0329756
9	Auction Cost Component Rate At Generation Level		0.0002021	0.0002021	0.0002021
10	Auction Price Component Rate At Generation Level	45%	0.0045918	0.0045918	0.0045918
11	Total FAC and Auction Costs		0.0377695	0.0377695	0.0377695
	Loss Factor		1.0608	1.0240	1.0036
	Auction Phase-In Rider Rate At Meter Level - \$/kWh		0.0400659	0.0386760	0.0379055
	Tax Gross-Up**		1.00435	1.00435	1.00435
	Auction Phase-In Rider Charge - \$/kWh		0.0402402	0.0388442	0.0380704
	<u>OHIO POWER RATE ZONE</u>				
		Weighted Auction % Split	Secondary	Primary	Sub/Trans
12	Variable FAC Component Rate At Generation Level	55%	0.0279422	0.0279422	0.0279422
13	Auction Cost Component Rate At Generation Level		0.0001712	0.0001712	0.0001712
14	Auction Price Component Rate At Generation Level	45%	0.0038909	0.0038909	0.0038909
15	Total FAC and Auction Costs		0.0320043	0.0320043	0.0320043
	Loss Factor		1.0608	1.024	1.0036
	Auction Phase-In Rider Rate At Meter Level - \$/kWh		0.0339502	0.0327724	0.0321195
	Tax Gross-Up**		1.0608	1.024	1.0036
	Auction Phase-In Rider Charge - \$/kWh		0.0360144	0.0335589	0.0322351

* 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 April - June 2014

Schedule 11

10% & 60% Auction

Description	APIR Revenue	APIR Costs	APIR (Over)/Under Recovery	Total (Over)/Under Recovery
Beginning Balance			\$	15,233,044
Apr-14	\$ 37,366,803	\$ 35,048,669	\$ (2,318,134)	\$ (2,318,134)
May-14	\$ 40,618,082	\$ 38,063,745	\$ (2,554,337)	\$ (2,554,337)
Jun-14	\$ 45,004,262	\$ 41,549,876	\$ (3,454,386)	\$ (3,454,386)
Ending Balance	\$ 122,989,147	\$ 114,662,290	\$ (8,326,857)	\$ 6,906,187

Retail Non-Shopping Sales - Generation Level kWh	2,985,844,030
Reconciliation Component at Generation - \$/kWh	<u>0.0023130</u>

	<u>Secondary</u>	<u>Primary</u>	<u>Sub/Trans</u>
Reconciliation Component at Generation - \$/kWh	0.0023130	0.0023130	0.0023130
Loss Factor	1.0608	1.024	1.0036
Reconciliation Component at the Meter Level - \$/kWh	<u>0.0024536</u>	<u>0.0023685</u>	<u>0.0023213</u>
Tax Gross-Up	1.00435	1.00435	1.00435
Reconciliation Adjustment Component - \$/kWh OPco	<u>0.0024643</u>	<u>0.0023788</u>	<u>0.0023314</u>
Reconciliation Adjustment Component - \$/kWh CSP	<u>0.0024643</u>	<u>0.0023788</u>	<u>0.0023314</u>

100% Auction

Description	Total (Over)/Under Recovery
Total (Over)/Under Recovery Balance	\$ 15,233,044
Retail Non-Shopping Sales - Generation Level kWh	2,985,844,030
Reconciliation Component at Generation - \$/kWh	<u>0.0051018</u>
Reconciliation Component at Generation - \$/kWh	0.0051018
Loss Factor	1.0604
Reconciliation Component at the Meter Level - \$/kWh	<u>0.0054100</u>
Tax Gross-Up	1.00435
Reconciliation Adjustment Component - \$/kWh	<u>0.0054335</u>
	<u>0.0052446</u>
	<u>0.0051398</u>

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Case No(s). 14-1544-EL-FAC

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