



Legal Department

American Electric Power  
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AEP.com

September 3, 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*

Dear Ms. McNeal:

On September 3, 2014, the Ohio Power Company (AEP Ohio) filed its quarterly Fuel Adjustment Clause (FAC) update, including the Alternative Energy Rider (AER), the Auction Phase-In Rider (APIR) and Fixed Cost Rider (FCR). The Company has two follow-up matters to present.

First, the Company has discovered an inadvertent error that it would like to correct. In performing an analysis of the proposed increase, we discovered a formulaic error on the Schedule 10 Tax Gross Up for the Forecast Component of the Auction Phase In Rider in the Ohio Power Rate Zone. The error has been corrected and the revised Schedules 1 and 10 are enclosed.

Second, the Company would like to clarify the statement it made about filing an update to the Forecast Component (FC) of the APIR so as to reflect the two 25% energy auctions after the second auction is conducted and approved by the Commission. The update filing will reflect the final FC (to be effective in November and December 2014) and the Company still anticipates being able to file the update within a few days of the Commission approving the auction results. But the Company would like to clarify its proposed plan for implementing that final FC for the Fourth Quarter of 2014. Specifically, in order to better synchronize the implementation of that final FC with the corresponding base generation rate decreases scheduled for November 2014, the Company proposes to implement that final FC effective November 1, 2014. The Company requests affirmative approval from the Commission for implementing this proposed plan.

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Thank you for your attention to this matter.

Regards,

/s/ 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	3.40979	0.24643	3.65622
2	Primary	2.91885	3.29150	0.23788	3.52938
3	Sub/Transmission	2.86071	3.22592	0.23314	3.45906

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

Revised Schedule 10

Line	Description	Summary 10% Auction			
	<b><u>TOTAL COMPANY</u></b>		<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
	<b><u>COLUMBUS SOUTHERN POWER RATE ZONE</u></b>				
		Weighted Auction % Split	<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>
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
	<b>Auction Phase-In Rider Charge - \$/kWh</b>		<b>0.0402402</b>	<b>0.0388442</b>	<b>0.0380704</b>
	<b><u>OHIO POWER RATE ZONE</u></b>				
		Weighted Auction % Split	<b>Secondary</b>	<b>Primary</b>	<b>Sub/Trans</b>
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**		1.00435	1.00435	1.00435
	<b>Auction Phase-In Rider Charge - \$/kWh</b>		<b>0.0340979</b>	<b>0.0329150</b>	<b>0.0322592</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%.

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

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

Summary: Correspondence -to Docketing Division Chief electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company