

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Procurement of)
Standard Service Offer Generation for the) Case No. 14-300-EL-UNC
Customers of Ohio Power Company.)

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric utility as defined by R.C. 4928.01(A)(11) and an electric distribution utility as defined by R.C. 4928.01(A)(6).
- (2) R.C. 4928.141 provides that an electric distribution utility shall provide consumers a standard service offer (SSO) of all competitive retail electric services in accordance with R.C. 4928.142 or 4928.143.
- (3) In Case No. 11-346-EL-SSO, et al., the Commission modified and approved, pursuant to R.C. 4928.143, AEP Ohio's application for an electric security plan, including a competitive auction-based SSO format. *In re Columbus Southern Power Company and Ohio Power Company*, Case No. 11-346-EL-SSO, et al., Opinion and Order (Aug. 8, 2012) at 38-40; Entry on Rehearing (Jan. 30, 2013) at 34-39. The Commission established a series of competitive energy auctions for AEP Ohio's SSO load. The Commission also directed AEP Ohio to formulate a competitive bid procurement (CBP) process consistent with R.C. 4928.142 by December 31, 2012, and to initiate a stakeholder process prior to filing its CBP.
- (4) In Case No. 12-3254-EL-UNC, the Commission approved and modified AEP Ohio's application, as supplemented, to establish a CBP process for its SSO. *In re Ohio Power Company*, Case No. 12-3254-EL-UNC, Opinion and Order (Nov. 13, 2013); Entry on Rehearing (Jan. 22, 2014). With respect to the auction schedule, the Commission determined that AEP Ohio should conduct a 25 percent slice-of-system, energy-only auction in May 2014, and a subsequent 25

percent slice-of-system, energy-only auction in September 2014, with delivery to commence on November 1, 2014, and continue until May 31, 2015. In accordance with the approved bidding rules, the Commission has a two business day window from the conclusion of the auction for review of the results. AEP Ohio proposed to retain National Economic Research Associates, Inc. d/b/a NERA Economic Consulting (NERA) as the auction manager for the Company's energy auctions.

- (5) On September 10, 2014, in the above-captioned case, NERA and Boston Pacific Company, Inc. (Boston Pacific), a consultant retained by the Commission to monitor the CBP auctions, filed reports regarding the conduct of AEP Ohio's second 25 percent slice-of-system, energy-only auction, which was held on September 9, 2014. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by NERA, which is publicly available in this docket.
- (6) According to the reports filed by NERA and Boston Pacific, there were nine bidders who registered for the CBP auction, and five bidders submitted winning bids during the CBP auction for an auction clearing price of \$48.05 per megawatt hour for the delivery period of November 1, 2014, to May 31, 2015. The CBP auction consisted of 20 rounds in a descending-price clock format. NERA and Boston Pacific each recommended that the Commission find that the CBP auction, within the limits of its structures, had sufficient competitive attributes and resulted in a winning price that is reasonable.
- (7) The Commission finds that the reports filed by NERA and Boston Pacific do not contain any recommendation or evidence that the auction violated the CBP rules in such a manner as to invalidate the auction. Accordingly, the Commission will not reject the results of the CBP auction.
- (8) On September 10, 2014, Staff filed a motion for protective order, pursuant to Ohio Adm.Code 4901-1-24, requesting that both the report of the Commission's consultant regarding AEP Ohio's CBP auction and the notification of the CBP auction results filed on September 10, 2014, be kept

confidential. In support of the motion, Staff submits that these documents are highly competitively sensitive, in that they identify the details of various bids and parties making the bids in the auction. According to Staff, disclosure of this information would be highly prejudicial to the bidding parties and the viability of any future auction in Ohio.

- (9) Ohio Adm.Code 4901-1-24 provides that, unless otherwise ordered, protective orders issued pursuant to the rule automatically expire after 24 months. However, given the highly competitive and sensitive nature of the reports filed by NERA and Boston Pacific, the Commission finds that it would be appropriate to grant protective treatment indefinitely, until the Commission orders otherwise. Therefore, we find that Staff's motion for protective order of the information filed on September 10, 2014, is reasonable and should be granted, to the extent set forth in this Finding and Order. Accordingly, the Boston Pacific report and the following information related to the NERA report will be protected from public release: the names of unsuccessful bidders; price information, including starting price methodologies and round prices/quantities for individual bidders; all information contained in Part I and Part II of the bidder applications; and indicative preauction offers.
- (10) However, the Commission finds that certain information regarding the CBP auction contained in the report submitted by NERA should be released to the public after a brief period of time to allow the winning bidders to procure any additional necessary energy to serve the SSO load. Therefore, unless otherwise ordered by the Commission, the following information will be subject to public release 21 days after the issuance of this Finding and Order, or on October 1, 2014: the names of bidders who won tranches in the CBP auction; the number of tranches won by each bidder; the first round ratio of tranches supplied compared to tranches needed; and the redacted report filed by NERA detailing the CBP auction proceedings, subject only to redaction of any confidential information enumerated in finding (9). The Commission's docketing division is directed to work with Staff to assure the appropriate public release of information.

- (11) Finally, all bidders are required to immediately disclose to the Commission and Staff all prices, terms, and conditions for any post-auction assignments of tranches obtained through the CBP, subject to appropriate protections for confidential or proprietary information.
- (12) Accordingly, the Commission finds that AEP Ohio should be authorized to file final tariffs consistent with this Finding and Order. The final tariffs shall be approved effective November 1, 2014, contingent upon final review by the Commission.

It is, therefore,

ORDERED, That Staff's motion for protective order be granted and the information set forth in finding (9) be deemed confidential and remain under seal indefinitely, until otherwise ordered by the Commission. It is, further,

ORDERED, That, unless otherwise ordered by the Commission, the information set forth in finding (10) be subject to public release 21 days after the issuance of this Finding and Order, or on October 1, 2014. It is, further,

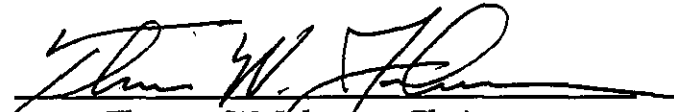
ORDERED, That AEP Ohio be authorized to file final tariffs consistent with this Finding and Order, and that the effective date of the new tariffs shall be November 1, 2014, contingent upon final review by the Commission. It is, further,

ORDERED, That AEP Ohio file in final form complete copies of tariffs consistent with this Finding and Order. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,


ORDERED, That AEP Ohio notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date. A copy of this notice shall be submitted to the Commission's Service Monitoring and Enforcement Department at least 10 days prior to distribution to customers. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all interested persons and parties of record.

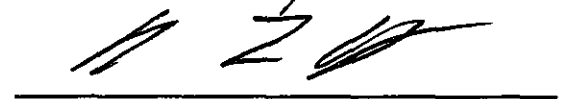
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser


Lynn Slaby

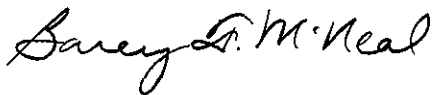

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Secretary