BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of	**)**	
Ohio Power Company to Adjust its	**)**	**Case No. 15-0332-EL-ACP**
2014 Baseline for Compliance	**)**	
with Section 4928.64, Revised Code	**)**	

APPLICATION

Ohio Power Company d/b/a AEP Ohio ("AEP Ohio" or the "Company") submits this application to adjust its baseline, for 2014, used to calculate the annual alternative energy portfolio benchmarks for the Company. In support of its application (the 2014 Application), AEP Ohio states the following:

1. AEP Ohio is an electric utility as that term is defined in §4928.01(A)(11), Ohio Rev. Code.

2. AEP Ohio is an electric utility operating company subsidiary of American Electric Power Company, Inc.

3. In 2008, the General Assembly enacted Substitute Senate Bill 221 (SB 221) which included creation of an alternative energy portfolio standard (AEPS), as outlined in Section 4928.64, Revised Code. SB 221 also adopted a new energy efficiency/ peak demand reduction (EE/PDR) mandate, as reflected in Section 4928.66, Revised Code. SB 310 also amended Sections 4928.64 and 4928.66, Revised Code.

4. The Company's 2012 AEPS status report and compliance report are pending in Case Nos. 13-879-EL-ACP and 13-880-EL-ACP. Also, the Company's 2013 AEPS status report and compliance report are pending in

Case Nos. 14-520-EL-ACP and 14-521-EL-ACP. The Company filed a separate application in Case No. 14-559-EL-ACP to request a ruling regarding the proposed economic development baseline adjustment for 2012 and 2013, which remains pending. On June 4, 2014, Public Utilities Commission of Ohio Staff filed its Findings and Recommendations regarding the 14-559 application. Staff subsequently filed, on June 11, 2014, a correction to their findings. As corrected, Staff recommended that the Company be allowed to adjust its baseline for economic development customers receiving discounts through the Company's EDR (Economic Development Rider).

5. The specific baseline adjustment being proposed in the 2014 Application is reflected in Exhibit A[1] attached. The proposed baseline adjustment is appropriate under Section 4928.64 and 4928.66, Revised Code, and is consistent with OAC 4901:1-40-03(C), as further explained below.

6. As part of its Application filed in the *ESP I* proceeding (Case No. 08-917-EL-SSO *et al*.), the Company stated that "this application seeks to establish the 2009 baseline for energy savings by using total normalized retail kilowatt hours sold in 2006, 2007 and 2008, adjusted for new economic growth in the Companies' service territories…. The Companies also propose that the same process they present for establishing the 2009 baselines be used for determining future baselines." *ESP I*, Application at

[1] As permitted by Substitute Senate Bill 310, AEP Ohio has elected to use as its baseline for the 2014 compliance year the actual retail sales rather than using a three-year average approach.

9-10. Thus, the Company's *ESP I* application specifically sought relief for adjusting both the EE/PDR and AEPS 2009 baselines for new economic growth and affirmatively proposed the same solution for subsequent years.

7. The Opinion and Order noted in the section called "Baselines and Benchmarks" that AEP Ohio proposes "baselines for meeting the benchmarks for statutory compliance … excluding economic development load … The Companies contend that its process is consistent with Sections 4928.64(B) and 4928.66(A)(2)(a), Revised Code." *ESP I*, Opinion and Order at 41-42. This section of the Opinion and Order addressed the baselines for both EE/PDR and AEPS and the Commission explicitly acknowledged that AEP Ohio's request in its Application was for both the EE/PDR and AEPS baselines. AEP Ohio sought clarification arguing that its "approach of adjusting the baseline for economic development load growth is consistent with §4928.64(B), Ohio Rev. Code, for alternative energy resources and §4928.66(A) (2) (a), Ohio Rev. Code, with respect to energy efficiency and peak demand reduction programs. In its July 23, 2009 Entry on Rehearing in *ESP I*, the Commission again referenced both the EE/PDR statute and the AEPS statute in a section entitled "Baselines and Benchmarks." While some of the text refers to the "EE baseline," the Commission reinforced its original decision and included multiple references to both Section 4928.64 and 4928.66. *ESP I*, Entry on Rehearing at 27-28.

8. In Case Nos. 10-486-EL-ACP and 10-487-EL-ACP, the Commission modified a Stipulation between Staff and AEP Ohio regarding 2009 AEPS compliance and determined that the *ESP I* decision's approval of the economic development load baseline adjustment should only be automatically extended through the term of *ESP I* (*i.e*., 2009-2011). AEP Ohio filed an application for rehearing asking, among other things, that the Commission clarify that AEP Ohio may still file a separate application requesting a reduced baseline after the expiration of the Company's *ESP I* term, pursuant to Rule 4901: 1-40(B)(3), O.A.C. Rule 4901:1-40(B)(3). Unfortunately, the Commission did not issue an entry on rehearing to address AEP Ohio's request for clarification regarding compliance.

9. The Commission has approved the Company's same baseline calculation methodology for AEP Ohio's 2012-2014 EE/PDR Action Plan, which extends well beyond the term of the ESP I. *In the Matter of the Application of Ohio Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration*, Case Nos. 11-5568-EL-POR *et al.*, Opinion and Order (March 21, 2012).

10. AEP Ohio submits that there is no substantive or logical distinction to be made as between the EE/PDR baseline and the AEPS baseline. Both the AEPS and EE/PDR mandates became effective with calendar year 2009 and involve calculations of annual benchmark requirements based on the average retail sales from the preceding three years. See R.C. 4928.64(B); 4928.66(A)(2)(a). Both the AEPS and EE/PDR mandates identically

allow the Commission to reduce the baseline (and thus reduce the benchmark requirement) for "new economic growth." *Id*. The Commission's rules, which were not effective until December of 2009, acknowledge the Commission's ability to adjust the compliance baselines for new economic growth, simultaneously adopting parallel provisions for the EE/PDR and AEPS requirements. OAC 4901:1-39-05(B) and OAC 4901:1-40-03(B)(3). AEP Ohio submits that the same rationale for excluding new economic growth load applies to both the EE/PDR and AEPS without distinction. Both statutes contain the same baseline adjustment concept and both promote the obvious goal of avoiding adverse "side effects" of promoting economic development in Ohio. Otherwise, a utility would have a disincentive for attracting new economic development in Ohio if it would result in more burdensome and costly mandates for EE/PDR and AEPS.

11. AEP Ohio also submits that economic development is beneficial for the State of Ohio and therefore believes that reducing the baseline for the portion of the load with an economic development rider benefits the public. In approving rate discounts for certain customers under R.C. 4905.31 based on economic development considerations, the Commission has already determined that such discounts attract and retain new load growth that promotes the public interest and advances the economic development of the State of Ohio. AEP Ohio's EE/PDR baselines and its AEPS baselines for 2009, 2010, and 2011 have been filed using

substantially the same set of economic development criteria, which currently tracks with the load associated with the discounts recovered from all customers through the Company's Economic Development Rider (EDR).

12. Finally, approving AEP Ohio's requested baseline adjustment in the 2014 Application will reduce projected compliance costs and save customers money, as reflected in Exhibit B attached to this Application.

WHEREFORE, Based on the information and exhibits submitted with this filing, the Commission should approve the Company's 2014 Application, the Commission should confirm that the adjusted AEPS baseline used by the Company in its 2014 compliance report is consistent with, and approved under, the governing statute, R.C. 4928.64(B). In order to reduce uncertainty and help the Company more effectively manage its compliance obligations, AEP Ohio requests an expedited ruling on this application.

Respectfully submitted,

/s/ Steven T. Nourse

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Ohio Power Company Renewable Energy Benchmarks for 2014

Table 1: Solar

Solar - Ohio Power						
(all units in MWh unless noted)						
Year	Actual Retail Sales (SSO Load)	Adjustments for Economic Growth	Adjusted Baseline		Year-end Solar Target	Year-end Solar Benchmark
2014	15,609,218	(2,185,050)	13,424,168		0.12%	16,109

Table 2: Non-Solar

Non-Solar - Ohio Power						
(all units in MWh unless noted)						
Year	Actual Retail Sales (SSO Load)	Adjustments for Economic Growth	Adjusted Baseline		Year-end Non-Solar Target	Year-end Non-Solar Benchmark
2014	15,609,218	(2,185,050)	13,424,168		2.38%	319,495

Ohio Power Company Renewable Compliance Costs for 2014

Ohio Power Company Renewable Compliance Costs (2014)			
	Unadjusted Baseline SSO Sales	less: Economic Development	Adjusted Baseline
2014 Compliance Baseline (MWh)	15,609,218	(2,185,050)	13,424,168
2014 Benchmark - 2.5% (MWh)	390,230	(54,626)	335,604
x			
(Est) Weighted REC Cost 2014	$ 31.85	$ 31.85	$ 31.85
Compliance Cost	$ 12,430,135	$ (1,740,027)	$ 10,690,108

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