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**Via E-File**

May 8, 2015

Public Utilities Commission of Ohio  
PUCO Docketing  
180 E. Broad Street, 10th Floor  
Columbus, Ohio 43215

**In re: Case Nos. 13-2385-EL-SSO and 13-2386-EL-AAM**

Dear Sir/Madam:

Please find attached the OHIO ENERGY GROUP's MOTION FOR LEAVE TO FILE OBJECTIONS AND MEMORANDUM IN SUPPORT and its OBJECTIONS for filing in the above-referenced matter.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,



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Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

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Cc: Certificate of Service

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**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of The Application Of Ohio Power Company For Authority To Establish A Standard Service Offer Pursuant To §4928.143, Revised Code, In The Form Of An Electric Security Plan	:	
	:	<b>Case No. 13-2385-EL-SSO</b>
	:	
	:	
In The Matter Of Application Of Ohio Power For Approval Of Certain Accounting Authority.	:	<b>Case No. 13-2386-EL-AAM</b>
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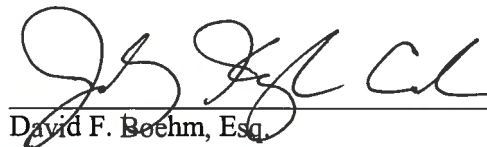
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**MOTION FOR LEAVE TO FILE OBJECTIONS OF  
THE OHIO ENERGY GROUP**

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Pursuant to Ohio Adm. Code 4901-1-12, the Ohio Energy Group ("OEG") submits this Motion for Leave to File Objections ("Motion") in response to the Compliance Tariff Filing submitted by Ohio Power Company ("AEP Ohio" or "Company") in the above-captioned proceedings on April 24, 2015 ("Compliance Filing"). Allowing OEG to submit the attached Objections will assist the Commission in remedying an important flaw in the Company's Compliance Filing with respect to the operation of Rider IRP. A memorandum in support of this Motion is attached.

Respectfully submitted,



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May 8, 2015

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**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of The Application Of Ohio Power Company For	:	
Authority To Establish A Standard Service Offer Pursuant To	:	<b>Case No. 13-2385-EL-SSO</b>
§4928.143, Revised Code, In The Form Of An Electric Security	:	
Plan	:	
	:	
In The Matter Of Application Of Ohio Power For Approval Of	:	<b>Case No. 13-2386-EL-AAM</b>
Certain Accounting Authority	:	

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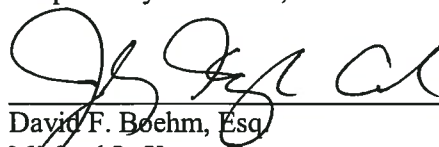
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**MEMORANDUM IN SUPPORT**

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On April 24, 2015, AEP Ohio submitted the Compliance Filing to reflect the rates and tariffs approved by the Public Utilities Commission of Ohio ("Commission" or "PUCO") in its February 25, 2015 Opinion and Order in the above-captioned proceedings ("Order"). Upon review of the portions of the Compliance Filing addressing Rider IRP, OEG discovered an important flaw in the tariff language. This flaw could cause interruptible customers to credit more money to AEP Ohio than they received by bidding their interruptible resources into the PJM markets. Consequently, OEG respectfully requests that it be permitted to submit the attached Objections in order to explain the problem and to assist the Commission in remedying this issue.

Respectfully submitted,



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May 8, 2015

**COUNSEL FOR THE OHIO ENERGY GROUP**

**BEFORE THE  
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In The Matter Of The Application Of Ohio Power Company For	:	
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Plan.	:	
	:	
In The Matter Of Application Of Ohio Power For Approval Of	:	<b>Case No. 13-2386-EL-AAM</b>
Certain Accounting Authority.	:	

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**OBJECTIONS OF THE OHIO ENERGY GROUP**

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AEP Ohio's Compliance Filing contains an important flaw with respect to the operation of Rider IRP, which could cause interruptible customers to credit more money to AEP Ohio than those customers received by bidding their interruptible resources into the PJM markets. This is an unreasonable result that the Commission should prevent from occurring by directing AEP Ohio to slightly modify the language of the Rider IRP tariff.

On Tariff Sheet No. 427-5 of the Compliance Filing, addressing the operation of Rider IRP, AEP Ohio describes how the PUCO-approved credit that interruptible customers receive for subjecting their operations to curtailment will be calculated. According to the tariff, participating customers will receive an \$8.21/kW-month "*Demand Credit*," which will apply to the customers' "*monthly interruptible demand*." That "*monthly interruptible demand*" is calculated as the difference between a customer's total monthly billing demand and the amount of demand that the customer designates as "*firm*." Hence, "*monthly interruptible demand*" represents the total amount of a customer's demand that could be subject to interruption.

The tariff also states that the PUCO-approved \$8.21/kW-month "*Demand Credit*" that an interruptible customer will receive shall be reduced by an "*RTO Credit*." The language related to the "*RTO Credit*" is new and was inserted by the Company to address the fact that the customer, rather than AEP Ohio, will now be the entity that is required to offset the PUCO-approved "*Demand Credit*" by bidding its interruptible resource into

the PJM markets. As described by AEP Ohio, the “*RTO Credit*” would consist of two items: 1) a “*capacity auction credit*,” and 2) an “*emergency energy credit*.” OEG does not take issue with AEP Ohio’s description of the “*emergency energy credit*,” but believes that the description of the *capacity auction credit*” is flawed and could force interruptible customers to credit more money to AEP Ohio than they receive from PJM.

The offending language is contained in the first sentence of the tariff portion discussing the calculation of the “*capacity auction credit*.” That sentence provides that “[t]he *monthly capacity auction credit shall be the product of the capacity auction credit rate per KW and the customer’s monthly interruptible demand.*”<sup>1</sup> As discussed above, “*monthly interruptible demand*” is defined earlier on Tariff Sheet No. 427-5 as the total amount of a customer’s demand that is subject to interruption. The use of “*monthly interruptible demand*” as the basis for calculating the “*capacity auction credit*” owed to AEP Ohio by an interruptible customer is problematic since not all of a customer’s total interruptible demand may ultimately clear in the PJM capacity auctions.

For example, consider an interruptible customer in AEP Ohio’s service territory who designates 10 MW of its demand as subject to interruption. Under Rider IRP, that customer’s “*monthly interruptible demand*” is 10 MW. But not all of that 10 MW demand clears in PJM’s capacity auctions. Rather, only 8 MW clears. The interruptible customer would therefore receive compensation from PJM based upon only the 8 MW of interruptible demand that cleared in the capacity auction. But AEP Ohio’s “*capacity auction credit*” calculation would require that customer to credit AEP Ohio an amount based upon all 10 MW of its total interruptible load. This would mean that the interruptible customer would be required to credit AEP Ohio more money than it received from PJM.

To clarify, OEG is not implying that AEP Ohio would unfairly profit from the Compliance Tariff as proposed since any additional PJM money that the Company received from IRP customers would be flowed through to all ratepayers as a cost offset. However, requiring IRP customers to credit more money than they receive from PJM is an unfair result that exceeds the scope of any direction provided by the Commission.

Consequently, in order to prevent this unfair result, the Commission should direct AEP Ohio to slightly revise the “*RTO Credit*” portion of the Rider IRP tariff so that the credit merely serves to “*flow through*” to AEP

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<sup>1</sup> Emphasis added.

Ohio the revenues that an interruptible customer actually receives from PJM. This is an easy fix. One possible solution is to simply change the first sentence of the “*capacity auction credit*” description on Tariff Sheet No. 427-5 to read as follows: “[t]he monthly capacity auction credit shall be the product of the capacity auction credit rate per KW and the **amount of customer’s monthly interruptible demand that clears in the PJM capacity auctions.**” This would ensure that an interruptible customer is required to credit AEP Ohio only the amount of compensation that it actually receives from PJM.

WHEREFORE, for the foregoing reasons, OEG respectfully requests that the Commission take steps to remedy the current flaw in AEP Ohio’s Compliance Filing regarding the operation of Rider IRP.

Respectfully submitted,



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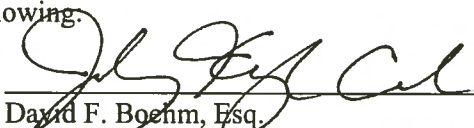
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May 8, 2015

**COUNSEL FOR THE OHIO ENERGY GROUP**

## CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) or ordinary mail, unless otherwise noted, this 8<sup>th</sup> day of May, 2015 to the following:

  
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**in**

**Case No(s). 13-2385-EL-SSO, 13-2386-EL-AAM**

Summary: Objection Ohio Energy Group (OEG) Motion for Leave to File Objections and Memorandum in Support and its Objections electronically filed by Mr. Michael L. Kurtz on behalf of Ohio Energy Group