

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio )  
Power Company to Adopt a Final ) Case No. 14-1186-EL-RDR  
Implementation Plan for the Retail )  
Stability Rider. )

ENTRY ON REHEARING

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is a public utility as defined in R.C. 4905.02 and an electric utility as defined in R.C. 4928.01(A)(11), and, as such, is subject to the jurisdiction of this Commission.
- (2) On July 2, 2012, in Case No. 10-2929-EL-UNC, the Commission approved a capacity pricing mechanism for AEP Ohio. *In re Ohio Power Co. and Columbus Southern Power Co.*, Case No. 10-2929-EL-UNC (*Capacity Case*), Opinion and Order (July 2, 2012). The Commission established \$188.88/megawatt-day (MW-day) as the appropriate charge to enable AEP Ohio to recover, pursuant to its fixed resource requirement obligations, its capacity costs from competitive retail electric service (CRES) providers. However, the Commission also directed that AEP Ohio's capacity charge to CRES providers should be based on the rate established by the reliability pricing model (RPM) for PJM Interconnection, LLC, including final zonal adjustments, in light of the fact that the RPM-based rate would promote retail electric competition. The Commission authorized AEP Ohio to modify its accounting procedures to defer capacity costs not recovered from CRES providers to the extent the total incurred capacity costs do not exceed \$188.88/MW-day, with the recovery mechanism to be established in the Company's then pending second electric security plan (ESP) proceedings. *Capacity Case* at 33.

- (3) On August 8, 2012, the Commission issued its Opinion and Order in Case No. 11-346-EL-SSO, et al., which approved, with certain modifications, AEP Ohio's application for a standard service offer in the form of an ESP, in accordance with R.C. 4928.143. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (ESP 2 Case), Opinion and Order (Aug. 8, 2012). Among other provisions of the ESP, the Commission modified and approved AEP Ohio's proposed retail stability rider (RSR), which, in part, was intended to enable the Company to begin to recover the deferred amount of its capacity costs, consistent with the Commission's directives in the *Capacity Case*. Specifically, AEP Ohio was permitted to collect a monthly charge of \$3.50 per megawatt hour (MWh) through May 31, 2014, and \$4.00 per MWh between June 1, 2014, and May 31, 2015, with \$1.00 per MWh allocated toward the capacity deferral. Additionally, the Commission found that any remaining capacity deferral balance at the conclusion of the ESP term should be amortized over a three-year period, unless otherwise ordered by the Commission. The Commission also directed AEP Ohio to file its actual shopping statistics at the end of the ESP term and noted that all determinations for future recovery of the capacity deferral balance would occur following the Company's filing of its actual shopping statistics. *ESP 2 Case* at 36.
- (4) On July 8, 2014, in the above-captioned case, AEP Ohio filed an application requesting approval to continue its implementation of the RSR. In the application, AEP Ohio proposed a final implementation plan to continue the current \$4.00 per MWh RSR charge, beginning on June 1, 2015, and continuing over a collection period of 32 months, until the remaining capacity deferral and carrying charge balance is fully recovered.
- (5) By Finding and Order dated April 2, 2015, the Commission modified and approved AEP Ohio's application to continue the RSR, subject to a number of terms and conditions (RSR Order). The Commission

determined that AEP Ohio should continue to collect the current \$4.00 per MWh charge for the RSR, until the capacity deferral and carrying costs are fully recovered, with a collection period of approximately 32 months. RSR Order at 12-13.


- (6) R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.
- (7) On May 4, 2015, applications for rehearing of the RSR Order were filed by Industrial Energy Users-Ohio (IEU-Ohio), The Kroger Company (Kroger), and jointly by the Ohio Consumers' Counsel, Ohio Hospital Association, and Ohio Manufacturers' Association Energy Group (collectively, Joint Applicants). AEP Ohio filed a memorandum contra the various applications for rehearing on May 14, 2015.
- (8) The Commission believes that sufficient reason has been set forth by IEU-Ohio, Kroger, and Joint Applicants to warrant further consideration of the matters specified in the applications for rehearing. Accordingly, the applications for rehearing filed by IEU-Ohio, Kroger, and Joint Applicants should be granted.

It is, therefore,

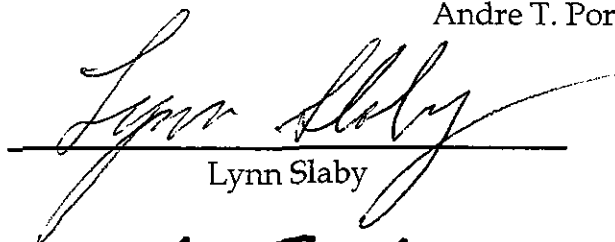
ORDERED, That the applications for rehearing filed by IEU-Ohio, Kroger, and Joint Applicants be granted for further consideration of the matters specified in the applications for rehearing. It is, further,

ORDERED, That a copy of this Entry on Rehearing be served upon all parties of record.

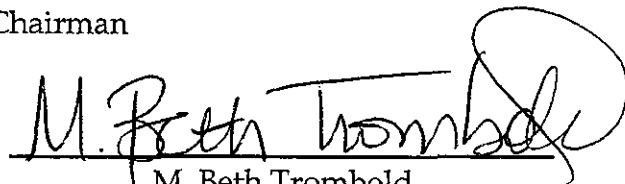
THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman



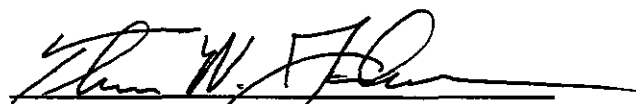
Lynn Slaby



M. Beth Trombold



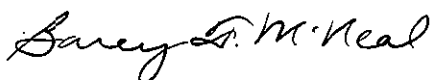
Asim Z. Haque



Thomas W. Johnson

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Entered in the Journal **MAY 28 2015**



Barcy F. McNeal  
Secretary