

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 R.C.) Case No. 13-2385-EL-SSO
4928.143, in the Form of an Electric)
Security Plan.)

In the Matter of the Application of Ohio)
Power Company for Approval of Certain) Case No. 13-2386-EL-AAM
Accounting Authority.)

ENTRY

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.
- (3) In Case No. 13-2385-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for an ESP for the period beginning June 1, 2015, through May 31, 2018, pursuant to R.C. 4928.143. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al. (ESP 3 Order), Opinion and Order (Feb. 25, 2015). The Commission also directed AEP Ohio to file proposed final tariffs consistent with the Opinion and Order, subject to review and approval by the Commission.
- (4) 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.

- (5) On March 26, 2015, the Ohio Hospital Association filed an application for rehearing of the ESP 3 Order. On March 27, 2015, applications for rehearing were filed by Ohio Partners for Affordable Energy (OPAE) and Appalachian Peace and Justice Network (APJN) (jointly, OPAE/APJN); Industrial Energy Users-Ohio (IEU-Ohio); Interstate Gas Supply, Inc. (IGS); Ohio Manufacturers' Association Energy Group (OMAE); Constellation NewEnergy, Inc. and Exelon Generation, LLC (jointly, Constellation); AEP Ohio; Ohio Consumers' Counsel (OCC); Environmental Law & Policy Center, Ohio Environmental Council, and Environmental Defense Fund (collectively, Environmental Advocates); and Retail Energy Supply Association (RESA). Memoranda contra the various applications for rehearing were filed by Direct Energy Services, LLC and Direct Energy Business, LLC, OPAE/APJN, Environmental Advocates, IEU-Ohio, Ohio Energy Group (OEG), OMAEG, FirstEnergy Solutions Corp., IGS, OCC, AEP Ohio, RESA, and Constellation on April 6, 2015.
- (6) By Entry on Rehearing dated April 22, 2015, the Commission granted rehearing for further consideration of the matters specified in the applications for rehearing.
- (7) On April 24, 2015, AEP Ohio filed its proposed compliance rates and tariffs to become effective with the first billing cycle of June 2015.
- (8) On May 8, 2015, OEG filed a motion for leave to file objections to AEP Ohio's compliance tariff filing, along with attached objections. In its objections, OEG asserts that AEP Ohio's proposed interruptible power-discretionary rider (IRP-D) tariffs may unjustly cause IRP-D customers to credit more money to the Company than they received by bidding their interruptible resources into the PJM Interconnection, LLC (PJM) markets. OEG requests that the Commission ensure that IRP-D customers are required to credit AEP Ohio only the amount of compensation that they have actually received from PJM.
- (9) AEP Ohio filed a reply to OEG's objections on May 12, 2015. According to AEP Ohio, the IRP-D tariffs proposed in the Company's compliance filing are consistent with the intent of

the ESP 3 Order and should be approved. AEP Ohio notes that, in its application for rehearing, the Company raised practical and logistical issues with respect to the IRP-D ruling in the ESP 3 Order and, therefore, recommended on rehearing that the IRP-D credit be offset by a revenue imputation based on the PJM auction clearing price, equal in quantity to the amount of capacity participating in the IRP-D. AEP Ohio further notes that it proceeded to include the proposed imputed revenue offset provision in the compliance IRP-D tariffs, pending the outcome of the Company's rehearing request. Regarding OEG's objections, AEP Ohio responds that OEG should have filed a timely memorandum contra the Company's application for rehearing. In any event, AEP Ohio believes that OEG's objections lack merit, because the Company's proposed imputed revenue offset provision is a fair and reasonable result for all customers, particularly those that pay to fund the IRP-D credit. AEP Ohio concludes, however, that, if the Commission agrees that only actual revenue received from PJM should be credited, only the corresponding amount of capacity that clears the PJM auction should be eligible for the IRP-D credit.

- (10) On May 13, 2015, OEG filed a motion for leave to file a response addressing AEP Ohio's arguments, along with an attached response. In its response, OEG points out that AEP Ohio's compliance IRP-D tariffs reflect a unilateral change that is contrary to the ESP 3 Order and differs significantly from the approach proposed by the Company in its application for rehearing and briefs, as well as the crediting method implemented by the Company during the ESP 2 term. OEG urges the Commission to reject AEP Ohio's new approach and direct the Company to modify its IRP-D tariffs, such that interruptible customers are required to credit the Company only the amount of compensation that is actually received from PJM. As another matter, OEG also notes that AEP Ohio's proposed IRP-D tariffs would require customers to bid their interruptible capacity in the PJM auctions, which is counter to the directive in the ESP 3 Order that the Company be responsible for bidding the participating capacity in the auctions.
- (11) On May 18, 2015, AEP Ohio filed a supplement to its compliance tariff filing.

- (12) Staff filed a letter on May 20, 2015, addressing AEP Ohio's proposed compliance rates and tariffs. In the letter, Staff states that it has reviewed the proposed tariffs, as supplemented, and finds that they are in compliance with the ESP 3 Order, with the exception of the proposed IRP-D tariffs. Staff offers a number of recommendations to ensure that the IRP-D tariffs comply with the ESP 3 Order. Among other issues, Staff suggests changes to ensure that AEP Ohio, and not the IRP-D customer, is the entity responsible for bidding the participating interruptible capacity in the PJM auctions. Subject to its recommendations, Staff concludes that AEP Ohio's compliance tariff filing, as supplemented, should be approved, with the basic transmission cost rider (BTCR) rates to take effect on a services-rendered basis, and all other rates to become effective on a bills-rendered basis, beginning on June 1, 2015.
- (13) On May 22, 2015, AEP Ohio filed a letter in response to Staff's review and recommendations. AEP Ohio asserts that Staff's recommendation that the Company serve as the curtailment service provider for IRP-D customers would limit participation in the IRP-D program, because most interruptible customers in the Company's service territory have contracts with other curtailment service providers. AEP Ohio requests that its proposed compliance tariffs be approved, subject to any changes or clarifications that occur on rehearing.
- (14) OEG filed comments in response to Staff's review and recommendations on May 26, 2015. With respect to Staff's recommendation that AEP Ohio serve as the curtailment service provider for IRP-D customers, OEG contends that the recommendation would effectively prohibit shopping customers from taking service under the IRP-D tariffs, which, according to OEG, is contrary to the ESP 3 Order. OEG requests again that AEP Ohio be directed to modify its IRP-D tariffs, such that interruptible customers must credit the Company only the amount of compensation that is actually received from PJM.
- (15) Initially, the Commission finds that OEG's unopposed motions seeking leave to file objections to AEP Ohio's compliance tariff filing and a response to the Company are reasonable and should be granted. Upon review of AEP Ohio's compliance tariff filing of April 24, 2015, as supplemented on May 18, 2015, as well as Staff's letter in response, we find that the Company's proposed

compliance rates and tariffs are reasonable and consistent with the ESP 3 Order, with the exception of the IRP-D tariffs, which should not be approved as filed. Accordingly, the proposed compliance rates and tariffs for the BTCR should be implemented on a services-rendered basis, with all other rates and tariffs, except for the IRP-D tariffs, to become effective on a bills-rendered basis, beginning on June 1, 2015.

- (16) Regarding the IRP-D, AEP Ohio is directed to file, no later than June 26, 2015, revised IRP-D tariffs consistent with the Second Entry on Rehearing, which we also issue today in these dockets. Until such time as AEP Ohio's proposed IRP-D tariffs are reviewed and approved by the Commission, the Company's current IRP-D tariffs should remain in effect, as approved in the Company's prior ESP proceedings, Case No. 11-346-EL-SSO, et al.

It is, therefore,

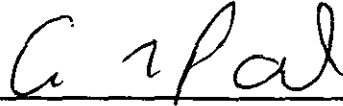
ORDERED, That the proposed compliance rates and tariffs filed by AEP Ohio on April 24, 2015, as supplemented on May 18, 2015, be approved to the extent set forth in this Entry. It is, further,

ORDERED, That AEP Ohio shall file, no later than June 26, 2015, proposed final IRP-D tariffs, consistent with the Second Entry on Rehearing, and subject to review and approval by the Commission. It is, further,

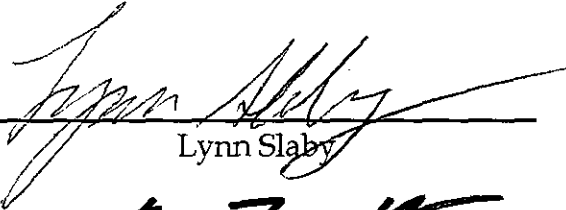
ORDERED, That OEG's motions filed on May 8, 2015, and May 13, 2015, be granted. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO



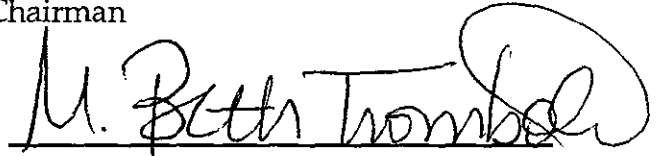
Andre T. Porter, Chairman



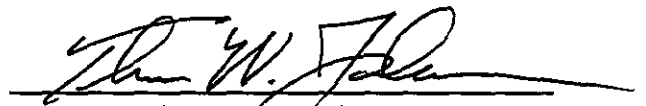
Lynn Slaby



Asim Z. Haque



M. Beth Trombold

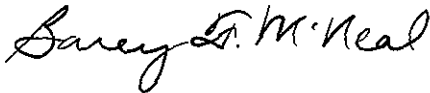


Thomas W. Johnson

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Entered in the Journal

MAY 28 2015



Barcy F. McNeal
Secretary