

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the )  
Fuel Adjustment Clauses for Columbus ) Case No. 11-5906-EL-FAC  
Southern Power Company and Ohio )  
Power Company and Related Matters. )

In the Matter of the Fuel Adjustment )  
Clauses for Columbus Southern Power ) Case No. 12-3133-EL-FAC  
Company and Ohio Power Company. )

In the Matter of the Fuel Adjustment ) Case No. 13-572-EL-FAC  
Clauses for Ohio Power Company. )

In the Matter of the Fuel Adjustment ) Case No. 13-1286-EL-FAC  
Clauses for Ohio Power Company. )

In the Matter of the Fuel Adjustment ) Case No. 13-1892-EL-FAC  
Clauses for Ohio Power Company. )

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. 11-346-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for an

ESP to commence with the first billing cycle of September 2012 and continue through May 31, 2015, pursuant to R.C. 4928.143. *In re Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012), Entry on Rehearing (Jan. 30, 2013). As part of the *ESP 2 Case*, the Commission continued the fuel adjustment clause (FAC) for each of AEP Ohio's rate zones and approved the implementation of the new alternative energy rider (AER) mechanism to facilitate the Company's recovery of prudently incurred fuel and fuel-related costs, subject to annual audit. In addition, the Commission approved, with certain modifications, AEP Ohio's transition to a fully competitive auction-based SSO, with all energy procured by auction for delivery as of January 1, 2015. *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 18, 38-40.

- (4) In Case No. 12-3254-EL-UNC, the Commission approved and modified AEP Ohio's application, as supplemented, to establish a competitive bid procurement (CBP) process for its SSO. *In re Ohio Power Co.*, Case No. 12-3254-EL-UNC (*CBP Case*), Opinion and Order (Nov. 13, 2013), Entry on Rehearing (Jan. 22, 2014). The Commission approved AEP Ohio's proposal to unbundle the FAC, including the Company's request to establish the fixed cost rider (FCR) and the auction phase-in rider (APIR). *CBP Case*, Opinion and Order (Nov. 13, 2013) at 16.
- (5) On October 23, 2013, in the above-captioned proceedings, the Commission issued a request for proposal (RFP) for two audits of AEP Ohio's FAC and AER mechanisms, with the first audit to cover the period of 2012 and 2013, and the second audit to include both a review of 2014 and a final reconciliation and true-up of the FAC following its termination on December 31, 2014. The RFP noted that the timeline for the second audit would be established at a future date.
- (6) On December 4, 2013, the Commission selected Energy Ventures Analysis, Inc. (EVA) to perform the annual audits of AEP Ohio's fuel and alternative energy costs for the 2012, 2013, and 2014 audit periods and the final

reconciliation and true-up of the FAC. On May 9, 2014, in Case No. 13-1892-EL-FAC, EVA filed its report regarding the management/performance and financial audits of AEP Ohio's FAC and AER for 2012 and 2013.

- (7) By Entry issued on May 21, 2014, the Commission selected Baker Tilly Virchow Krause, LLP (Baker Tilly) to investigate AEP Ohio's alleged double recovery of certain capacity-related costs, and to recommend to the Commission a course of action based on the auditor's findings. On October 6, 2014, Baker Tilly filed its audit report addressing AEP Ohio's recovery of certain capacity-related costs.
- (8) At this time, the Commission clarifies that, as part of the second audit of the FAC and AER for 2014 and the final reconciliation and true-up of the FAC, EVA should audit AEP Ohio's FCR and APIR for the period of January 1, 2015, through May 31, 2015, excluding the issues addressed in the audit report filed by Baker Tilly. EVA should present its draft audit report to Staff and AEP Ohio by November 9, 2015, with the final audit report filed with the Commission by November 30, 2015.
- (9) EVA shall execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. EVA is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in Section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified

from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

- (10) Upon request of EVA or Staff, AEP Ohio shall provide any and all documents or information requested. AEP Ohio may conspicuously mark such documents or information "confidential," if AEP Ohio believes the documents or information should be deemed as such. In no event, however, shall AEP Ohio refuse or delay in providing such documents or information.
- (11) Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or EVA may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm. Code 4901-1-07.
- (12) EVA shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by EVA may be examined by any participant to these proceedings. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by EVA or its agents in the preparation and presentation of the report.

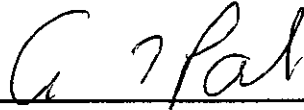
It is, therefore,

ORDERED, That EVA's draft audit report be submitted to Staff and AEP Ohio by November 9, 2015, and the final audit report be filed with the Commission by November 30, 2015. It is, further,

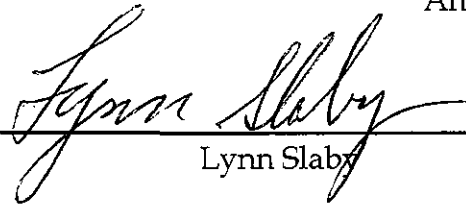
ORDERED, That EVA's audit be conducted in accordance with the provisions of the RFP issued on October 23, 2013, and the directives in this Entry. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO



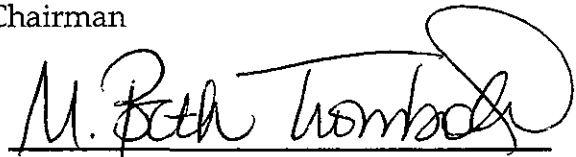
Andre T. Porter, Chairman




Lynn Slaby



Asim Z. Haque



M. Beth Trombold



Thomas W. Johnson

GNS/SJP/sc

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**JUL 22 2015**



Barcy F. McNeal  
Secretary