

Date of Hearing: 10-23-15

5

Case No. 14-1693-EL-RDR, 14-1694-EL-AAM

PUCO Case Caption: In the Matter of the Application Seeking
Approval of Ohio Power Company's Proposal to
Enter into an Affiliated Power Purchase Agreement for
Inclusion in the Power Purchase Agreement Rides.

In the Matter of the Application of Ohio Power Company
for approval of Certain ~~Accounting~~ Accounting Authority.

List of exhibits being filed:

Volume XVI

AEP 49

PUCO

RECEIVED-DOCKETING DIV
2015 OCT 30 AM 11:25

Reporter's Signature: 

Date Submitted: 10-30-15

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician JMS Date Processed OCT 30 2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application Seeking :
Approval of Ohio Power :
Company's Proposal to : Case No. 14-1693-EL-RDR
Enter into an Affiliate :
Power Purchase Agreement :
for Inclusion in the Power:
Purchase Agreement Rider. :

In the Matter of the :
Application of Ohio Power :
Company for Approval of : Case No. 14-1694-EL-AAM
Certain Accounting :
Authority. :

- - -

PROCEEDINGS

before Ms. Greta See and Ms. Sarah Parrot, Attorney
Examiners, at the Public Utilities Commission of
Ohio, 180 East Broad Street, Room 11-D, Columbus,
Ohio, called at 9:00 a.m. on Wednesday, October 21,
2015.

- - -

VOLUME XV

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -



AEP Ohio
850 Tech Center Drive
Gahanna, OH 43230

Pablo A. Vegas
President and Chief
Operating Officer

May 15, 2015

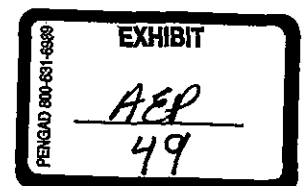
The Honorable Chairman Andre T. Porter
The Honorable Commissioner Asim Z. Haque
The Honorable Commissioner Lynn Slaby
The Honorable Commissioner M. Beth Trombold
The Honorable Commissioner Thomas W. Johnson

Re: *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider, Case No. 14-1693-EL-RDR; In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority, Case No. 14-1694-EL-AAM*

Dear Chairman and Commissioners:

On behalf of Ohio Power Company (dba AEP Ohio), I am pleased to present the Public Utilities Commission of Ohio (Commission) with an amended Power Purchase Agreement (PPA) proposal that provides long-term benefits for AEP Ohio's customers and Ohio's economy while also advancing important Ohio energy policies.

In AEP Ohio's *ESP III* case, the Commission accepted the legal and policy bases supporting the PPA Rider. Consistent with that decision, the Company is moving forward today by filing its Amended Application in this proceeding along with testimony in support of its updated PPA proposal. As is demonstrated through the Amended Application and supporting testimony, AEP Ohio's PPA proposal presents a significant financial hedge – representing 3,100 Megawatts of generating capacity which is over one-third of the Company's connected load – that can truly stabilize retail customer rates. The updated PPA proposal also yields substantial benefits to Ohio's economy – including both preservation of the tax and local economic benefits of the generation plants remaining operational as well as the economic development benefit of attracting new business to Ohio with stable electric rates. The Company projects in its filing that the amended PPA proposal could yield a direct financial benefit to customers through rate credits over the next ten years of \$574 million, with the potential of additional revenues from PJM's Capacity Performance that would boost the net benefit to \$770 million during the same time period. In addition, preserving operation of the Ohio-based generation units included in the Company's amended PPA proposal also has significant reliability benefits for the PJM grid that would avoid \$1.6 billion in transmission upgrades that would be needed if the units retire.

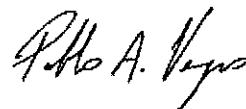


AEP Chief Executive Officer Nicholas Akins has publicly stated (a number of times but most recently during the April 23, 2015 American Electric Power Co., Inc. 1st Quarter 2015 Earnings Call) that it is critical for AEP to get a timely answer to the question of whether Ohio is interested in adopting AEP Ohio's PPA proposal. More specifically, in order to make strategic decisions regarding the future of these plants, including investments or a potential sale, AEP needs to get an answer on the PPA question first. Consistent with that desired outcome, AEP Ohio is requesting that the Commission resolve this case expeditiously and proposes a procedural schedule to facilitate a decision by October 1, 2015.

AEP Ohio submits that its proposal fulfills the essence of an Electric Security Plan by preserving Commission authority and control over the outcome of generation supply in Ohio. The ESP option was created by the General Assembly as a distinct alternative to the Market Rate Offer option – but the ESP can only have vitality if the discretion granted to the Commission is exercised to yield benefits for customers that are more favorable in the aggregate than a market rate offer. Conversely, if generation supply is procured for shopping and non-shopping customers purely based on the federally-operated PJM construct, the Commission would cede its regulatory authority and flexibility to the federal government – and customers will continue to face volatility and uncertainty for a long-term supply of electricity to power Ohio's economy. In sum, AEP Ohio urges the Commission to expeditiously consider and adopt the amended PPA request in order to capture long-term benefits associated with the proposal.

AEP Ohio appreciates the Commission's consideration of complex and challenging regulatory issues such as the PPA Rider proposal. The Company intends to continue partnering with the Commission to secure a reliable and stabilized supply of electricity to power Ohio's economy into a successful future. AEP Ohio is offering a long-term commitment through the PPA proposal to dedicate the generation assets to continued service to Ohio for the remaining economic lives of the power plants.

Respectfully submitted,



Pablo A. Vegas
President and Chief Operating Officer
AEP Ohio

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/15/2015 4:39:09 PM

in

Case No(s). 14-1693-EL-RDR

Summary: Correspondence -Letter in reference to Power Purchase Agreement from Pablo A. Vegas, President and Chief Operating Office of AEP Ohio electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company