

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application)
Seeking Approval of Ohio Power)
Company's Proposal to Enter into an) Case No. 14-1693-EL-RDR
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.)

ENTRY

The attorney examiner 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. 4298.01(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 customers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including 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 Case*), Opinion and Order (Feb. 25, 2015). Among other matters, the Commission concluded that AEP Ohio's proposed power purchase agreement (PPA) rider, which would flow through to customers the net impact of the Company's contractual entitlement associated

with the Ohio Valley Electric Corporation (OVEC), satisfies the requirements of R.C. 4928.143(B)(2)(d) and, therefore, is a permissible provision of an ESP. The Commission stated, however, that it was not persuaded, based on the evidence of record, that AEP Ohio's PPA rider proposal would provide customers with sufficient benefit from the rider's hedging mechanism or any other benefit that is commensurate with the rider's potential cost. Recognizing that a properly conceived PPA rider proposal may provide significant customer benefits, the Commission authorized AEP Ohio to establish a placeholder PPA rider, at an initial rate of zero, for the term of the ESP. Finally, the Commission determined that all of the implementation details with respect to the placeholder PPA rider would be determined in a future proceeding, following the filing of a proposal by AEP Ohio that addresses a number of specific factors, which the Commission will consider, but not be bound by, in its evaluation of the Company's filing. In addition, the Commission indicated that AEP Ohio's PPA rider proposal must address several other issues specified by the Commission. *ESP 3 Case*, Opinion and Order (Feb. 25, 2015) at 20-22, 25-26.

- (4) On May 15, 2015, in the above-captioned proceedings, AEP Ohio filed an amended application seeking approval of a proposal to enter into a new affiliate PPA with AEP Generation Resources, Inc. (AEPGR) and to include the Company's OVEC contractual entitlement in the placeholder PPA rider approved in the *ESP 3 Case*.¹
- (5) The evidentiary hearing on the amended application commenced on September 28, 2015, and concluded on November 3, 2015. On December 14, 2015, AEP Ohio, Staff, and nine other parties filed a joint stipulation and recommendation (stipulation). As part of the stipulation, AEP Ohio agreed to file, by April 30, 2016, a separate application with the Commission, requesting that its current

¹ The amended application superseded and replaced a prior PPA application filed by the Company on October 3, 2014.

ESP be extended through the term of the affiliate PPA, May 31, 2024 (Section III.C).

- (6) On January 27, 2016, the Electric Power Supply Association (EPSA) and several other parties filed a complaint with the Federal Energy Regulatory Commission (FERC), in Docket No. EL16-33-000 (*EPSA Complaint*), against AEP Ohio and AEPGR. In the complaint, EPSA and the other parties requested that FERC rescind the waiver of FERC's affiliate restrictions previously granted to AEP Ohio and AEPGR as that waiver related to the affiliate PPA.
- (7) On March 31, 2016, the Commission approved AEP Ohio's amended PPA application, as modified by the stipulation and the Opinion and Order. The Commission specifically modified the stipulation to continue the PPA rider rate of zero through May 31, 2016 and authorized AEP Ohio to flow the net effects of the OVEC PPA and the affiliate PPA through the PPA rider, beginning on June 1, 2016. *In re AEP Ohio*, Case No. 14-1693-EL-UNC, et al., Opinion and Order (Mar. 31, 2016) at 90.
- (8) On April 27, 2016, FERC issued an Order granting the EPSA Complaint and rescinding AEP Ohio's and AEPGR's affiliate restrictions waiver as it relates to the affiliate PPA. However, if AEPGR wishes to make sales pursuant to the affiliate PPA, AEPGR must submit the power purchase agreement to FERC under section 205 of the Federal Power Act for analysis under the affiliate transaction standards set forth in *Boston Edison Co. Re: Edgar Electric Energy Co.*, 55 FERC ¶ 61,382 (1991) and *Allegheny Energy Supply Co., LLC*, 108 FERC ¶ 61,082 at 61,417-418 (2004).
- (9) On April 28, 2016, AEP Ohio filed a motion with the Commission requesting an extension of time, until May 13, 2016, to file its ESP 3 extension application. AEP Ohio reasons that the Company requires additional time to analyze the impact of the FERC Order granting the EPSA Complaint and potentially to adjust its application and supporting testimony. Pursuant to Ohio Adm.Code 4901-1-12(C), AEP Ohio requests an expedited ruling on its motion.

- (10) In light of FERC's ruling, AEP Ohio's motion for an extension of time to file its ESP extension application is reasonable and should be granted.

It is, therefore,

ORDERED, That AEP Ohio's motion for an extension of time, until May 13, 2016, to file its ESP extension application be granted. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Greta See

By: Greta See
Attorney Examiner

JRJ/dah

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in

Case No(s). 14-1693-EL-RDR, 14-1694-EL-AAM

Summary: Attorney Examiner Entry ordering AEP Ohio's motion for an extension of time, until May 13, 2016, to file its ESP extension application be granted - electronically filed by Debra Hight on behalf of Greta See, Attorney Examiner.