

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

ENTRY

Entered in the Journal on August 26, 2016

{¶ 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 Case), Opinion and Order (Feb. 25, 2015), Second Entry on Rehearing (May 28, 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 financial hedging mechanism or any other benefit that is commensurate with the rider's potential cost. Noting 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, with the Company being required to justify any future request for cost recovery. 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 October 3, 2014, in the above-captioned proceedings, AEP Ohio filed an application seeking approval of a proposal to enter into a new affiliate PPA with AEP Generation Resources, Inc. (AEPGR).

{¶ 5} Following the issuance of the Commission's Opinion and Order in the *ESP 3 Case*, AEP Ohio filed, on May 15, 2015, an amended application and supporting testimony, again seeking approval of a new affiliate PPA with AEPGR and also requesting authority to include the net impacts of both the affiliate PPA and the Company's OVEC contractual entitlement in the placeholder PPA rider approved in the *ESP 3 Case*.

{¶ 6} An evidentiary hearing in these proceedings commenced on September 28, 2015, and concluded on November 3, 2015.

{¶ 7} On December 14, 2015, AEP Ohio filed a joint stipulation and recommendation (stipulation) for the Commission's consideration.

{¶ 8} The evidentiary hearing on the stipulation commenced on January 4, 2016, and concluded on January 8, 2016.

{¶ 9} On March 31, 2016, the Commission issued an Opinion and Order (PPA Order) that approved the stipulation with modifications. Among other matters, the Commission determined that, as part of AEP Ohio's first quarterly adjustment filing that occurs on or before September 1, 2016, the Company should include a true-up to reflect actual values and an updated forecast of the PPA rider's projected impact, which should be based on the most recent data available to the Company. PPA Order at 90.

{¶ 10} On April 29, 2016, and May 2, 2016, several parties to these proceedings filed applications for rehearing of the PPA Order.

{¶ 11} By Entry on Rehearing dated May 25, 2016, the Commission granted rehearing for further consideration of the matters specified in the applications for rehearing.

{¶ 12} On August 24, 2016, AEP Ohio filed a motion to defer tariff filing and request for expedited ruling. In the motion, AEP Ohio requests that the September 1, 2016 deadline for the true-up tariff filing required by the PPA Order be extended until 20 days after the Commission's rehearing decision is issued in these proceedings. AEP Ohio asserts that there are significant issues pending on rehearing that may affect the PPA rider and the stipulation and, therefore, it would be reasonable and efficient to defer the tariff filing until after the rehearing decision is issued.

{¶ 13} The attorney examiner finds that AEP Ohio's motion is reasonable and should be granted pursuant to Ohio Adm.Code 4901-1-12(F). Accordingly, AEP Ohio should file the true-up tariff filing for the PPA rider no later than 20 days after the Commission issues its rehearing decision in these proceedings.

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That AEP Ohio's motion to defer tariff filing be granted. It is, further,

{¶ 16} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/Sarah Parrot

By: Sarah J. Parrot
Attorney Examiner

JRJ/sc

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in

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

Summary: Attorney Examiner Entry orders AEP Ohio's motion to defer tariff filing be granted.
Entry electronically filed by Debra Hight on behalf of Sarah J. Parrot, Attorney Examiner.