

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE PROCUREMENT OF
STANDARD SERVICE OFFER GENERATION
FOR THE CUSTOMERS OF OHIO POWER
COMPANY.

CASE NO. 15-792-EL-UNC

FINDING AND ORDER

Entered in the Journal on March 29, 2017

I. SUMMARY

{¶ 1} The Commission authorizes Ohio Power Company d/b/a AEP Ohio to file tariffs that incorporate the rate resulting from the competitive auction to procure generation supply for standard service offer customers.

II. DISCUSSION

{¶ 2} 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.

{¶ 3} 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.

{¶ 4} In Case No. 13-2385-EL-SSO, et al., the Commission modified and approved, pursuant to R.C. 4928.143, AEP Ohio's application for an ESP, including a competitive auction-based SSO format, as well as a competitive bid procurement (CBP) process for the Company's auctions, for the period of June 1, 2015, through May 31, 2018. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015)

at 31. With respect to the auction schedule, the Commission determined that AEP Ohio's sixth auction should occur in March 2017 and offer a 12-month (17 tranches) product, with delivery to commence on June 1, 2017. In accordance with the approved bidding rules, the Commission has a two business day window from the conclusion of the auction for review of the results. AEP Ohio proposed to retain National Economic Research Associates, Inc. d/b/a NERA Economic Consulting (NERA) as the auction manager for the Company's auctions.

{¶ 5} On March 29, 2017, in the above-captioned case, NERA and Bates White, LLC (Bates White), a consultant retained by the Commission to monitor the auctions, filed reports regarding the conduct of AEP Ohio's sixth auction, which was held on March 28, 2017, and included a one-year product. These reports consisted of confidential versions, filed under seal, and a redacted version of the report filed by NERA, which is publicly available in this docket.

{¶ 6} According to the reports filed by NERA and Bates White, for the one-year product, the auction resulted in a clearing price of \$51.16 per megawatt hour for the delivery period of June 1, 2017, to May 31, 2018. NERA and Bates White each recommended that the Commission find that the auction, within the limits of its structures, had sufficient competitive attributes and resulted in a winning price that is reasonable.

{¶ 7} The Commission finds that the reports filed by NERA and Bates White do not contain any recommendation or evidence that the auction violated the CBP rules in such a manner as to invalidate the auction. Accordingly, the Commission will not reject the results of the auction.

{¶ 8} On March 29, 2017, Staff filed a motion for protective order, pursuant to Ohio Adm.Code 4901-1-24, requesting that both the report of the Commission's consultant regarding AEP Ohio's auction and the notification of the auction results filed

on March 29, 2017, be kept confidential. In support of the motion, Staff submits that these documents are highly competitively sensitive, in that they identify the details of various bids and parties making the bids in the auction. According to Staff, disclosure of this information would be highly prejudicial to the bidding parties and the viability of any future auction in Ohio.

{¶ 9} Ohio Adm.Code 4901-1-24 provides that, unless otherwise ordered, protective orders issued pursuant to the rule automatically expire after 24 months. However, given the highly competitive and sensitive nature of the reports filed by NERA and Bates White, the Commission finds that it would be appropriate to grant protective treatment indefinitely, until the Commission orders otherwise. Therefore, we find that Staff's motion for protective order of the information filed on March 29, 2017, is reasonable and should be granted, to the extent set forth in this Finding and Order. Accordingly, the Bates White report and the following information related to the NERA report will be protected from public release: the names of unsuccessful bidders; price information, including starting price methodologies and round prices/quantities for individual bidders; all information contained in Part I and Part II of the bidder applications; and indicative preauction offers.

{¶ 10} However, the Commission finds that certain information regarding the auction contained in the report submitted by NERA should be released to the public after a brief period of time to allow the winning bidders to procure any additional necessary energy or capacity to serve the SSO load. Therefore, unless otherwise ordered by the Commission, the following information will be subject to public release 21 days after the issuance of this Finding and Order, or on April 19, 2017: the names of bidders who won tranches in the auction; the number of tranches won by each bidder; the first round ratio of tranches supplied compared to tranches needed; and the redacted report filed by NERA detailing the auction proceedings, subject only to redaction of any confidential

information enumerated in Paragraph 9. The Commission's docketing division is directed to work with Staff to assure the appropriate public release of information.

{¶ 11} Finally, all bidders are required to immediately disclose to the Commission and Staff all prices, terms, and conditions for any post-auction assignments of tranches obtained through the CBP, subject to appropriate protections for confidential or proprietary information.

{¶ 12} Accordingly, the Commission finds that AEP Ohio should be authorized to file final tariffs consistent with this Finding and Order. The final tariffs shall be approved effective June 1, 2017, contingent upon final review by the Commission.

III. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That Staff's motion for protective order be granted and the information set forth in Paragraph 9 be deemed confidential and remain under seal indefinitely, until otherwise ordered by the Commission. It is, further,

{¶ 15} ORDERED, That, unless otherwise ordered by the Commission, the information set forth in Paragraph 10 be subject to public release 21 days after the issuance of this Finding and Order, or on April 19, 2017. It is, further,

{¶ 16} ORDERED, That AEP Ohio is authorized to file tariffs, in final form, consistent with this Finding and Order. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 17} ORDERED, That the effective date of the new tariffs shall be June 1, 2017, contingent upon final review by the Commission. It is, further,

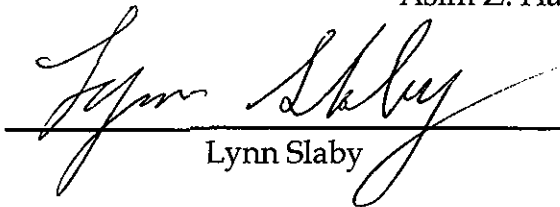
{¶ 18} ORDERED, That AEP Ohio notify its customers of the changes to the tariff via bill message or bill insert within 30 days of the effective date. A copy of this notice shall be submitted to the Commission's Service Monitoring and Enforcement Department at least 10 days prior to distribution to customers. It is, further,

{¶ 19} ORDERED, That a copy of this Finding and Order be served upon all interested persons and parties of record.

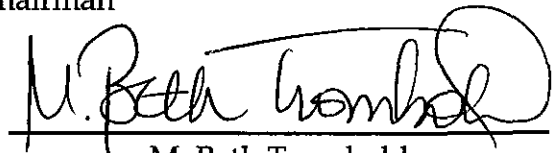
THE PUBLIC UTILITIES COMMISSION OF OHIO



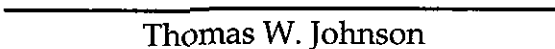
Asim Z. Haque, Chairman



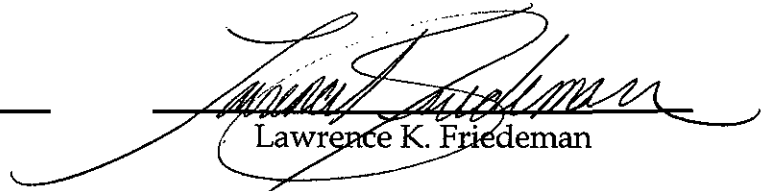
Lynn Slaby



M. Beth Trombold



Thomas W. Johnson

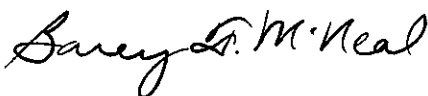


Lawrence K. Friedeman

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Barcy F. McNeal
Secretary