

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO ADOPT A
FINAL IMPLEMENTATION PLAN FOR THE
RETAIL STABILITY RIDER.

CASE No. 14-1186-EL-RDR

SECOND ENTRY ON REHEARING

Entered in the Journal on May 17, 2017

I. SUMMARY

{¶ 1} The Commission finds that the applications for rehearing of the April 2, 2015 Finding and Order should be deemed withdrawn and closes the case of record.

II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or Company) is an electric distribution utility (EDU), as defined in R.C. 4928.01(A)(6), an electric light company, as defined in R.C. 4905.03, and a public utility, as defined in R.C. 4905.02. As such, AEP Ohio is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services (CRES) 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} On July 2, 2012, in Case No. 10-2929-EL-UNC, the Commission approved a capacity pricing mechanism for AEP Ohio. *In re Ohio Power Co. and Columbus Southern Power Co.*, Case No. 10-2929-EL-UNC (*Capacity Case*), Opinion and Order (July 2, 2012). On August 8, 2012, in Case No. 11-346-EL-SSO, et al., the Commission modified and approved AEP Ohio's second ESP, effective with the first billing cycle of September 2012

through May 31, 2015, including the retail stability rider (RSR), which, in part, was intended to enable the Company to begin to recover the deferred amount of its capacity costs consistent with the Commission's directives in the *Capacity Case*. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012). Further, the Commission directed that, at the conclusion of the ESP 2 term, any remaining capacity deferral balance be amortized over a three-year period, unless otherwise ordered by the Commission. *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 36.

{¶ 5} By Finding and Order dated April 2, 2015, in the above-captioned case, the Commission modified and approved an application filed by AEP Ohio to continue the RSR, until the capacity deferral and carrying costs are fully recovered, with a collection period of approximately 32 months.

{¶ 6} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.

{¶ 7} On May 4, 2015, Industrial Energy Users-Ohio (IEU),¹ The Kroger Company (Kroger), and, jointly, Ohio Consumers' Counsel (OCC), Ohio Hospital Association (OHA), and Ohio Manufacturers' Association Energy Group (OMAEG) filed applications for rehearing of the Commission's April 2, 2015 Finding and Order. AEP Ohio filed a memorandum contra the various applications for rehearing on May 14, 2015.

{¶ 8} By Entry on Rehearing issued on May 28, 2015, the Commission granted the applications for rehearing of its Finding and Order for further consideration of the matters specified in the applications for rehearing.

¹ On December 18, 2015, IEU filed a motion to withdraw as a party from this case.

{¶ 9} The Commission's orders in the *Capacity Case* and *ESP 2 Case* were appealed to the Supreme Court of Ohio. Although the Court affirmed the Commission's orders in both cases in many respects, the Court remanded the *Capacity Case* to the Commission to address alleged flaws in certain inputs to the calculation of the energy credit used to offset AEP Ohio's capacity costs with projected revenues from off-system sales. *In re Comm. Rev. of Capacity Charges of Ohio Power Co.*, 147 Ohio St.3d 59, 2016-Ohio-1607, 60 N.E.3d 1221, ¶ 57. Upon review of the *ESP 2 Case*, the Court found, regarding the RSR, that AEP Ohio "is entitled to recover only its actual capacity costs" and, therefore, the *ESP 2 Case* was remanded to the Commission "to adjust the balance of [the Company's] deferred capacity costs to eliminate the overcompensation of capacity revenue recovered through the nondeferral part of the RSR during the ESP." *In re Application of Columbus S. Power Co.*, 147 Ohio St.3d 439, 2016-Ohio-1608, 67 N.E.3d 734, ¶ 40.

{¶ 10} By Entry dated May 18, 2016, the Commission directed AEP Ohio to file revised tariffs that provided that the RSR was being collected subject to refund, effective with bills rendered for the first billing cycle of June 2016, until otherwise ordered by the Commission.

{¶ 11} On December 21, 2016, AEP Ohio, Staff, OCC, OMAEG, and Kroger, along with several other parties, filed a Joint Stipulation and Recommendation (Global Settlement Stipulation) in several cases pending before the Commission, including the present proceeding, to resolve all of the issues raised in the cases. OHA signed the Global Settlement Stipulation as a non-opposing party.

{¶ 12} A hearing on the Global Settlement Stipulation was held on January 24, 2017. While the Global Settlement Stipulation did not directly address the pending applications for rehearing in this case, the parties to the stipulation present at the hearing, including OCC, OMAEG, Kroger, and IEU, indicated that it was the parties' intention that, once a final, non-appealable order approving the Global Settlement Stipulation was

issued, the applications for rehearing would be considered withdrawn (Tr. at 13-17). On February 2, 2017, OHA filed a notice confirming that its understanding is that its application for rehearing will be rendered moot and should be considered withdrawn upon approval of the Global Settlement Stipulation.

{¶ 13} By Order issued February 23, 2017, the Commission adopted and approved the Global Settlement Stipulation to resolve all of the issues raised in the specified cases, including the present proceeding. Further, the Order granted IEU's motion to withdraw from this case.

{¶ 14} Accordingly, the Commission finds the applications for rehearing of the April 2, 2015 Finding and Order should be deemed withdrawn.

III. ORDER

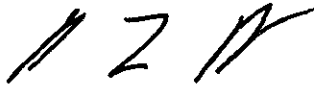
{¶ 15} It is, therefore,

{¶ 16} ORDERED, That the applications for rehearing of the April 2, 2015 Finding and Order be deemed withdrawn. It is, further,

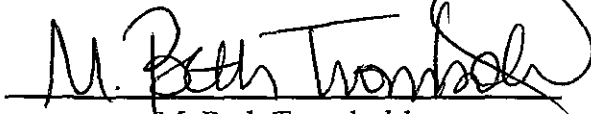
{¶ 17} ORDERED, That the this matter be closed of record. It is, further,

{¶ 18} ORDERED, That a copy of this Second Entry on Rehearing be served on all parties of record in this proceeding.

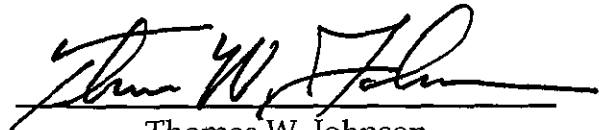
THE PUBLIC UTILITIES COMMISSION OF OHIO



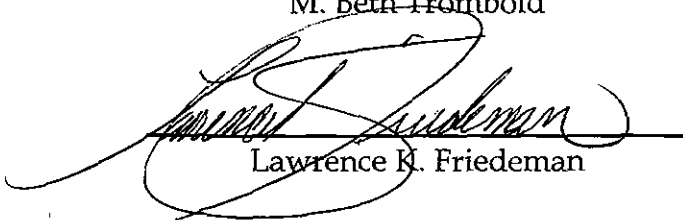
Asim Z. Haque, Chairman



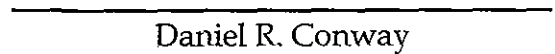
M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman



Daniel R. Conway

GNS/SJP/dah

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Barcy F. McNeal
Secretary