



**Public Utilities
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August 11, 2017

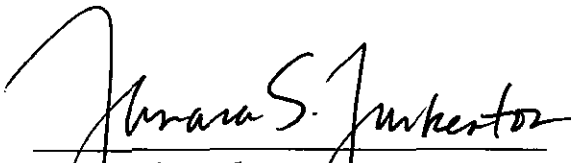
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215


2017 AUG 11 PM 2:08

RE: *In the Matter of the Application of Ohio Power Company to Update its Basic
Transmission Cost Rider, Case No. Case No. 17-1461-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by Ohio Power Company, in Case No. 17-1461-EL-RDR.


Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio


David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

This is to certify that the images appearing are an accurate and true representation of a case file document delivered to the Applicant through the business Technician KN Date Processed AUG 11 2017

**Ohio Power Company
Case No. 17-1461-EL-RDR (BTCR)**

SUMMARY

Until May 31, 2015, Ohio Power Company (AEP Ohio or Company) recovered PJM assessed transmission costs from SSO customers through a bypassable transmission cost recovery rider (TCRR). In its February 25, 2015, Opinion and Order in Case No. 13-2385-EL-SSO, the Commission authorized AEP Ohio to eliminate the TCRR, following a final true-up, and to establish a non-bypassable basic transmission cost rider (BTCR). Through the BTCR, AEP Ohio recovers from all of its customers non-market based transmission charges, including the following:

- Network Integration Transmission Service;
- Transmission Enhancement;
- Transmission Owner Scheduling, System Control, and Dispatch Service;
- Reactive Supply and Voltage Control from Generation and Other Sources Service;
- Generation Deactivation Charges;
- Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service; and
- Credits for Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service.

The current BTCR rates were approved by the Commission in Case Nos. 16-1409-EL-RDR and 17-679-EL-ATA. On June 15, 2017, in Case No. 17-1461-EL-RDR, AEP filed its application proposing updated BTCR rates effective on a bills rendered basis beginning with the first day of the September 2017 billing cycle. AEP Ohio also requests an amendment to its filing date for the BTCR going forward (from June 15th to January 15th each year) in order to better align the implementation of transmission rates to the PJM bill period. This application also includes the transmission under recover rider's (TURR) final under recovery balance of \$258,358.

STAFF REVIEW AND RECOMMENDATIONS

Staff reviewed the June 15, 2017 application. In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous cases and to ensure proper accounting treatment was applied. Staff conducted this audit through a combination of document review, interviews, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated and jurisdictional or to conclude that an adjustment was warranted. Staff also reviewed the final balance of the TURR.

Pursuant to Staff's review, two adjustments are warranted. First, a \$480,258 entry representing the reversal of a reserve, plus associated carrying charges, should not flow through the BTCR. Second, a \$70,310 refund for Michigan-Ontario interface phase angle regulator charges, which were collected through the bypassable Transmission Cost Recovery Rider (TCRR), should flow through the bypassable Auction Cost Reconciliation Rider (ACRR). The Company acknowledged through data request responses that the adjustments need to be made.

Staff continues to work with the Company to minimize the potential for over and under recovery balances that are factored into the annual revenue requirement of the BTCR rider. Staff recommends to the Commission the following:

- The annual forecast period will be aligned with the timeframe in which the rates are to be in effect (April through March).
- The over/under balance included in the annual revenue requirement for the proposed rates in future annual filings should include actuals and forecasted monthly over/under amounts through March.

CONCLUSION

Subject to Staff's recommendations herein, Staff recommends that AEP Ohio's application filed on June 15, 2017 be approved for rates effective on a bills rendered basis beginning with the first day of the September 2017 billing cycle.