

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION  
OF OHIO POWER COMPANY TO UPDATE  
ITS BASIC TRANSMISSION COST RIDER.

CASE NO. 17-1461-EL-RDR

### FINDING AND ORDER

Entered in the Journal on August 16, 2017

#### I. SUMMARY

{¶ 1} The Commission approves, subject to Staff's recommendations, the application of Ohio Power Company d/b/a AEP Ohio to update its basic transmission cost rider.

#### 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 an ESP for AEP Ohio, including approval of the Company's proposed basic transmission cost rider (BTCR), 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 67-68, Entry (May 28, 2015) at 4-5. The BTCR recovers the non-market-based transmission costs assessed to AEP Ohio by PJM Interconnection, LLC (PJM). Consistent with R.C. 4928.05,

the BTCR is a reconcilable rider by which AEP Ohio passes through to customers the transmission and transmission-related costs charged to the Company by PJM, as authorized by the Federal Energy Regulatory Commission (FERC).

{¶ 5} On June 15, 2017, in the above-captioned case, AEP Ohio filed an application to update the BTCR, pursuant to Ohio Adm.Code Chapter 4901:1-36, and to revise its tariffs. In the application, AEP Ohio proposes an approximately \$138 million increase in the BTCR revenue requirement, which, according to the Company, represents an average increase in the BTCR of approximately 30.25 percent. AEP Ohio notes that the proposed increase reflects an under-recovery, including carrying charges, of approximately \$54 million. AEP Ohio further notes that, as authorized by the Commission in Case No. 12-1046-EL-RDR, the Company's application also includes the final balance of the transmission under-recovery rider (TURR). AEP Ohio also explains that its FERC-approved transmission rate has been updated for 2017 and is reflected in the Company's application.

{¶ 6} Additionally, AEP Ohio requests approval to amend the filing date for the annual BTCR update. AEP Ohio explains that, as a result of modifications with respect to its Open Access Transmission Tariff (OATT) approved in Docket No. ER17-405, et al., by FERC, the Company will now file its OATT rates by the end of October each year to be effective January 1. In order to align the timing of the annual BTCR filing with the timing of the annual filing of the OATT rates, AEP Ohio proposes to file its BTCR application on January 15 of each year.

{¶ 7} Ohio Adm.Code 4901:1-36-05 provides that, unless otherwise ordered, the Commission shall approve the application or set the matter for hearing within 75 days after the filing of a complete application under Ohio Adm.Code Chapter 4901:1-36. Additionally, pursuant to Ohio Adm.Code 4901:1-36-03(F), affected parties may file a motion to intervene and detailed comments on any issues concerning the application within 40 days of the date of the filing of the application.

{¶ 8} No comments were filed in this proceeding.

{¶ 9} On August 11, 2017, Staff filed its review and recommendations for the Commission's consideration. Staff notes that it examined AEP Ohio's schedules and requested documentation, as needed, to determine that the costs were substantiated and jurisdictional or to conclude that an adjustment was warranted. Staff further notes that it also reviewed the TURR's final under-recovery balance of \$258,358. Following its review, Staff recommends two adjustments. First, Staff states that a \$480,258 entry representing the reversal of a reserve, plus associated carrying charges, should not flow through the BTCR. Second, Staff states that a \$70,310 refund for Michigan-Ontario interface phase angle regulator charges, which were collected through the former bypassable transmission cost recovery rider, should flow through the bypassable auction cost reconciliation rider. According to Staff, AEP Ohio has acknowledged, in its data request responses, that the adjustments should be made.

{¶ 10} Further, Staff notes that it continues to work with AEP Ohio to minimize the potential for over- and under-recovery balances that are factored into the BTCR's annual revenue requirement. Staff, therefore, recommends that the annual forecast period be aligned with the timeframe in which the rates are to be in effect from April through March. Staff further recommends that the over-/under-recovery balance included in the annual revenue requirement for the proposed rates in future annual filings include actuals and forecasted monthly over-/under-recovery amounts through March.

{¶ 11} Subject to its recommendations, Staff concludes that the Commission should approve AEP Ohio's application, such that the proposed BTCR rates take effect on a bills-rendered basis beginning with the first day of the September 2017 billing cycle.

{¶ 12} The Commission finds that AEP Ohio's application to update the BTCR is consistent with Ohio Adm.Code Chapter 4901:1-36, does not appear to be unjust or

unreasonable, and should be approved, subject to Staff's recommendations. We also find that it is unnecessary to hold a hearing in this matter. As recommended by Staff, AEP Ohio's proposed BPCR rates should be approved, subject to audit, and become effective with the first day of the September 2017 billing cycle. The Commission notes that all BPCR costs and recoveries may be subject to further adjustments following the audit in AEP Ohio's next BPCR update proceeding.

### III. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That AEP Ohio's application be approved, subject to Staff's recommendations. It is, further,

{¶ 15} ORDERED, That AEP Ohio be 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,

{¶ 16} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the September 2017 billing cycle, and the date upon which the final tariff pages are filed with the Commission. The new tariffs shall be effective for bills rendered on or after such effective date. It is, further,

{¶ 17} ORDERED, That AEP Ohio shall notify all affected customers via a bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

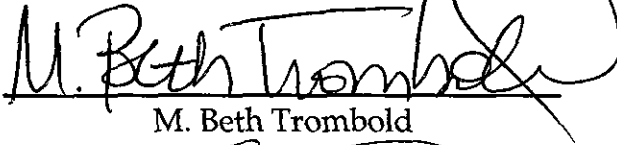
{¶ 18} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

[¶ 19] ORDERED, That a copy of this Finding and Order be served upon all parties of record.

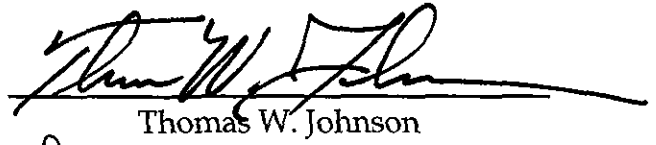
THE PUBLIC UTILITIES COMMISSION OF OHIO



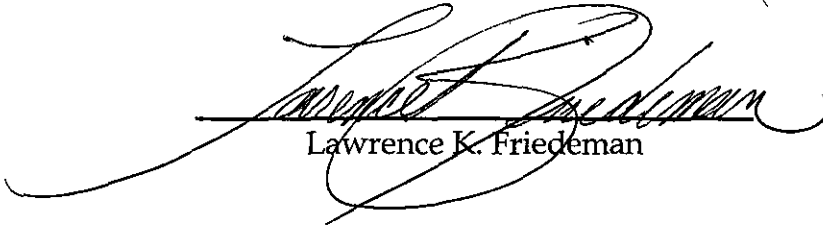
Asim Z. Haque, Chairman



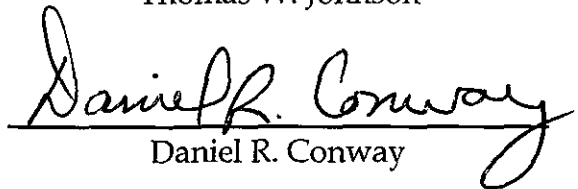
M. Beth Trombold



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Lawrence K. Friedeman



Daniel R. Conway

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Barcy F. McNeal  
Secretary