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Legal Department

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Columbus, OH 43215-2373
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October 30, 2017

The Honorable Sarah Parrot
Attorney Examiner
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

Re: *In the Matter of the Establishment of 4901:1-10-10(B)*
Minimum Reliability Performance Standards for Ohio
Power Company, Case No. 16-1511-EL-ESS

Steven T. Nourse
Chief Ohio Regulatory
Counsel
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Dear Examiner Parrot:

I am pleased to submit the enclosed Stipulation and Recommendation for the Commission's consideration in resolving this case.

Thank you for your attention to this matter. I have been informed that, while the Ohio Consumers' Counsel (OCC) is not a signatory party, the OCC does not intend to oppose this settlement.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Steven T. Nourse".

cc: Parties of Record

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Establishment of)
4901:1-10-10(B) Minimum Reliability) **Case No. 16-1511-EL-ESS**
Performance Standards for Ohio Power)
Company.)

JOINT STIPULATION AND RECOMMENDATION

I. Introduction

Rule 4901-1-30 of the Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of the parties who have signed below (“Signatory Parties”) and jointly present to the Public Utilities Commission of Ohio (“Commission”) this Joint Stipulation and Recommendation (“Stipulation”) in order to resolve all of the issues raised in this proceeding through the application filed by Ohio Power Company (“AEP Ohio”) on June 30, 2016.

This Stipulation is a product of lengthy, serious, arm’s-length bargaining among the Signatory Parties and other parties who chose not to sign the Stipulation (all of whom are capable, knowledgeable parties), which negotiations were undertaken by the Signatory Parties to settle this proceeding. All intervenors were invited to discuss and negotiate this Stipulation and it was openly negotiated among those stakeholders who responded and chose to participate. This Stipulation is supported by adequate data and information. As a package, the Stipulation benefits customers and the public interest, provides direct benefits to residential and low income customers, represents a just and reasonable resolution of all issues in this proceeding, violates no regulatory principle or practice, and complies with and promotes the policies and requirements of Title 49 of the Ohio Revised Code. This

Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties and, though not binding, is entitled to careful consideration by the Commission. For purposes of resolving the issues raised by these proceedings, the Signatory Parties agree to fully support adoption of the Stipulation without modification in this proceeding and stipulate, agree, and recommend as set forth below.

II. Recitals

WHEREAS, AEP Ohio filed an Application to establish new reliability standards under Ohio Adm. Code 4901:1-10-10 on June 30, 2016;

WHEREAS, the Staff of the Public Utilities Commission and the Office of the Ohio Consumers' Counsel provided comments concerning the Application;

WHEREAS, all parties engaged in settlement discussions concerning the issues identified in comments concerning the Application;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable, and it is not intended to reflect the views or proposals which any individual party may have advanced acting unilaterally; and

WHEREAS, the Signatory Parties believe that the agreements herein represent a fair and reasonable resolution of the issues raised in these cases;

NOW, THEREFORE, the Signatory Parties stipulate, agree, and recommend that the Commission should issue its Opinion and Order in these proceedings accepting and adopting this Stipulation and relying upon its provisions as the basis for resolving all issues raised by these proceedings.

III. Joint Recommendations of Signatory Parties

The Signatory Parties recommend that the Commission modify, approve, and adopt the Application filed in this case on June 30, 2016, as set forth in this Stipulation:

A. Numerical Value of Standards

The Signatory Parties agree to the following standards:

1. For performance year 2018, AEP Ohio's SAIFI will be 1.19 and its CAIDI will be 149.

2018 Performance Year		
	SAIFI	CAIDI
2018 Standard	1.19	149.00

2. Beginning in performance year 2019 and thereafter until new reliability standards are in place, AEP Ohio's SAIFI will be 1.18 and its CAIDI will be 148.

Beginning 2019 Performance Year		
	SAIFI	CAIDI
2019 Standard	1.18	148.00

B. Application of AEP Ohio Standards

The Signatory Parties agree that the reliability standards will be used for the Ohio Power Company as a single SAIFI and CAIDI standard.

The standards for performance year 2018 will be applied to performance for the 2018 calendar year and used as the standards in the March 2019 filing.

The standards for performance year 2019 will be applied to performance for the 2019 calendar year and used as the standards beginning in the March 2020 filing.

C. Modification of Standards

The standards for performance year 2019 will remain in place through at least the 2020 performance year unless the standards are revised in accordance with Ohio Adm. Code 4901:1-10-10(B)(7) and/or as a result of the Commission's decision in AEP Ohio's *ESP III Extension* case, Case Nos. 16-1852-EL-SSO and 16-1853-EL-AAM.

The Signatory Parties agree that Ohio Adm. Code 4901:1-10-10(B)(7) will apply, and AEP Ohio may revise its standards, if the annual authorized DIR revenue caps proposed in the Joint Stipulation and Recommendation filed in Case Nos. 16-1852-EL-SSO and 16-1853-EL-AAM are not approved as proposed in that proceeding.

AEP Ohio will file an Application to establish new reliability standards by June 1, 2020 for 2021 and beyond. The application to establish new reliability standards will include at least five years of current historical reliability performance data to calculate a historical performance baseline. AEP Ohio will propose specific adjustments to the baseline (to the extent not already reflected in the baseline data) to account for any increased reliability benefits attributable to the customer funding reflected in the DIR, ESRR, and gridSMART riders.

D. Worst Performing Circuits

Consistent with the Joint Stipulation and Recommendation approved in Case No. 12-1945-EL-ESS, the Signatory Parties agree that to the extent an individual circuit appears on the Ohio Adm. Code 4901:1-10-11 worst performing circuit list for 3 years in a row, AEP Ohio will incorporate prudent actions to address the issues under its control that are

contributing to that individual circuit's poor performance in the next DIR work plan proposal.

E. The Three-Part Test for Commission Approval

The Signatory Parties agree that the Stipulation satisfies the three-part test traditionally used by the Commission to consider stipulations. Specifically, the Signatory Parties agree that:

1. the Stipulation is a product of serious bargaining among capable, knowledgeable parties representing diverse interests;
2. the Stipulation does not violate any important regulatory principle or practice; and,
3. the Stipulation as a whole, benefits customers and the public interest.

IV. Procedural Matters

A. The Signatory Parties agree that the following Exhibits will be deemed to be admitted into evidence in this proceeding:

1. AEP Ohio's Application to Establish Minimum Reliability Performance Standards filed June 30, 2016;
2. Staff's Review and Recommendation filed February 10, 2017;
3. The Reply Comments of AEP Ohio filed February 23, 2017; and
4. Joint Exhibit 1 - This Stipulation and Recommendation.

B. Except for enforcement purposes or to establish that the terms of the Stipulation are lawful, neither the Stipulation nor the information and data contained herein shall be cited as a precedent in any future proceeding for or against any Signatory Party, if the Commission approves the Stipulation. Nor shall the acceptance of any provision within

this settlement agreement be cited by any party or the Commission in any forum so as to imply or state that any Signatory Party agrees with any specific provision of the settlement. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Signatory Party might support or seek, but for this Stipulation, in these proceedings or in any other proceeding. This Stipulation contains a combination of outcomes that reflects an overall compromise involving a balance of competing positions, and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken on any individual issue. Rather, the Stipulation represents a package that, taken as a whole, is acceptable for the purposes of resolving all contested issues without resorting to litigation. The Signatory Parties believe that this Stipulation, taken as a whole, represents a reasonable compromise of varying interests.

C. The Signatory Parties will support the Stipulation if the Stipulation is contested, and no Signatory Party will oppose an application for rehearing designed to defend the terms of this Stipulation.

D. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation, any Signatory Party shall have the right within 30 days after the issuance of the Commission's order to apply for rehearing. The Signatory Parties agree that they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. If the Commission does not adopt the Stipulation without material modification upon any rehearing ruling, then within 30 days after such Commission rehearing ruling, any


Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. If the Commission does not act upon the application(s) for rehearing in support of the Stipulation as filed within 45 days after the filing of the application(s) for rehearing, then any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission. Upon the filing of either of these notices, the Stipulation shall immediately become null and void.

E. No Signatory Party shall file a notice of termination and withdrawal pursuant to Section IV.D. without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement is reached, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, the Commission will convene an evidentiary hearing to afford the Signatory Parties the opportunity to present evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are successful, some, or all, of the Signatory Parties shall submit the amended Stipulation to the Commission for approval after a hearing if necessary.

F. Unless the Signatory Party exercises its right to terminate its Signatory Party status or withdraw as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal it participates in from the Commission's adoption and/or

enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed by the authorized agents of the undersigned Signatory Parties as of this 30th day of October, 2017.



William L. Wright, Section Chief
Thomas Lindgren
**On Behalf of the Staff of the Public Utilities
Commission of Ohio**



Steven T. Nourse
Christen M. Blend
On Behalf of Ohio Power Company
On Behalf of Ohio Power Company

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 16-1511-EL-ESS

Summary: Stipulation -Joint Stipulation and Recommendation electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company