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Re: *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider, Case No. 14-1693-EL-RDR; In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority, Case No. 14-1694-EL-AAM*

Dear Attorney Examiners:

On October 3, 2014, Ohio Power Company (AEP Ohio) filed its Application to initiate the above-captioned proceeding. On December 14, 2016, Signatory Parties filed a Joint Stipulation and Recommendation (Stipulation), which was subsequently modified and adopted in the Commission's March 31, 2016 Opinion and Order and November 3, 2016 Second Entry on Rehearing. Section III.A.5.d of the Stipulation requires AEP Ohio to file a status report regarding commitments under Section III by December 31, 2016. Enclosed is the Company's Commitment Status Report for 2017.

Thank you for your attention to this matter.

Sincerely,

/s/ Steven T. Nourse
Steven T. Nourse

cc: Parties of Record

AEP Ohio PPA Stipulation Commitment Status Report- 2017

Introduction

Pursuant to Section III.A.5.d of the Stipulation, as approved, modified and adopted by the Commission in Case No. 14-1693-EL-RDR and 14-1693-EL-AAM in its March 31, 2016 Opinion and Order, this report mainly focuses on matters relating to Commission filings made by the Company regarding the commitments in Section III of the Stipulation. All other commitments made by the Company are fulfilled or scheduled to be fulfilled in a timely manner.

Inclusion of OVEC Entitlement in the PPA Rider

The Company on December 7, 2016 filed its compliance tariff in accordance with the November 3, 2016 Entry on Rehearing, which reflected two components. The first was the actual OVEC costs from June 2016 through September 2016 and a forecast of October 2016 through December 2016. The second component was the quarterly PPA Rider rate which is the forecast of the first quarter PPA. The Commission approved these rates on December 21, 2016. Throughout 2017, the Company filed quarterly updates to the PPA Rider.

AEP Ohio's State of the Wholesale Electricity Market Report/Federal Advocacy

The Company filed the latest report on June 1, 2017.

Amended ESP III with a term extension through May 31, 2024

The Company filed the amended ESP III on November 23, 2016. The filing is consistent with section III.C of the Stipulation, as well as modifications made by the Commission in their Opinion and Order. A Joint Stipulation was filed August 25, 2017 and the adjudicatory process

is being completed that will submit the case for a Commission order. Highlights of the ESP filing as it relates to the PPA Stipulation include:

- AEP Ohio has committed to file a base distribution rate case by June 1, 2020.
- The Company has agreed to reduce its authorized return on equity (ROE) to 10.0%, which will prospectively be used for all riders that have a capital component until new rates are effective with a new authorized ROE under the next distribution rate case order.
- If AEP Ohio completes a new long-term debt financing or refinancing prior to the next base rate case, the Company agrees to update its weighted average cost of capital (WACC) rate within 90 days of closing for such transaction, to the extent the update would be favorable to ratepayers. That one-way adjustment, by its terms, can only be favorable to ratepayers.
- The Signatory Parties agreed to establish a new Smart City Rider to recover costs associated with technology demonstration projects for electric vehicle charging stations and microgrids.
- The Distribution Investment Rider (DIR) is extended, with lower annual revenue caps than the Company proposed. As the Commission has found in prior ESP proceedings, the DIR supports the replacement of aging infrastructure and the improvement of system reliability as an appropriate incentive to accelerate recovery of the Company's prudently incurred costs for ensuring the reliability of its distribution system.
- AEP Ohio will update its depreciation rates, effective January 1, 2018, to match the rates in the November 29, 2016 Depreciation Study.
- AEP Ohio will also continue the Residential Distribution Credit Rider (RDCR), which will equal approximately \$14.6 million annually and will save the typical customer using 1,000 kWh / month approximately \$11.40 each year.
- AEP Ohio will also continue to give \$1 million each year to the Neighbor-to-Neighbor Program, a low-income bill-payment-assistance funding program.
- The Enhanced Service Reliability Rider (ESRR) is continued at current funding levels, as the Company withdrew its requested 2.5% annual increase as part of the Stipulation package; the ESRR provides a mechanism through which AEP Ohio can recover actual costs for its critical and proactive vegetation/tree trimming program. As a related matter, AEP Ohio has agreed to maintain its current four year trimming cycle.

- The IRP Tariff provision of the Stipulation, which the Commission has determined in the last two ESP proceedings to be beneficial to all customers, addresses the IRP Service and General Terms and Conditions of the Tariff and adds benefits to the Stipulation package.
- The BTCR Pilot Program, continued in the Stipulation, will seek out customers that can help reach the goal of reducing load at peak times through a billing mechanism using the participating customers' coincident peak (1 CP) as established through PJM.
- The Automaker Credit, being proposed in this case under Section III.J.11 of the Stipulation (in fulfillment of Section III.C.8 of the PPA Rider Stipulation), is a \$10 per megawatt-hour for consumption above the customer's baseline consumption level in 2009.
- The Stipulation's proposed enroll from your wallet program will make switching, in both ease of engagement and investment of time, more accessible and available to customers.

Shareholder-funded donation of \$500,000

The Company is in the process of awarding this donation.

Ohio Hospital Association (OHA) annual energy efficiency program

The Company, working collaboratively with OHA, has partnered to increase OHA member participation in the Company's EE/PDR programs. OHA reports its performance to the Company and the AEP Ohio EE/PDR Collaborative from the funding provided for EE/PDR promotion and extra incentives on a quarterly basis. The Collaborative includes Commission Staff and many of the stakeholders regularly involved in matters before the Commission and the Company proposes that this forum continue to be the reporting venue for these matters. The Company will additionally report annual OHA performance along with its annual EE/PDR Plan status report filed May 1st of each year during the term of the PPA.”).

The Alternative Feed Service rates for OHA members were updated in April of 2016, consistent with the Stipulation. The Company developed an Automated Energy Star benchmarking tool for

a broad number of customer segments which supports OHA benchmarking and Energy Star certification efforts. In addition, the Company expanded the ability for OHA to use the additional allocated incentives for smaller medical facilities by extending the incentives into the small business Express Program.

In addition, the Company has proposed to work with OHA on Volt-Var Optimization (VVO) prioritization for OHA members in the gridSMART filing. VVO circuits will be deployed on circuits that maximize customer benefits. For the annual VVO deployments, deployment of selected VVO circuits with OHA members will be prioritized.

Ohio Partners for Affordable Energy (OPAE) to provide direct assistance with the Community Assistance Program

The Company, working collaboratively with OPAE, investigated and identified bulk purchasing of refrigerators as an opportunity for improvement in 2018. Efforts continue to identify other measures to bulk purchase to increase cost effectiveness and customer satisfaction. OPAE continues to provide software and manage data reporting for the Community Assistance program and has hired two individuals to manage quality assurance/quality control. In addition, OPAE has conducted initial training on data reporting and held the annual Weatherize Ohio conference. OPAE needs to ensure ongoing quarterly reporting of its performance on the Community Assistance program in 2017 and future years to the Company and the AEP Ohio EE/PDR Collaborative from the funding provided in the 2017-2020 EE/PDR Plan (subject to Commission approval) at each quarterly Collaborative meeting. The Collaborative includes Staff and many of the stakeholders regularly involved in matters before the Commission and the Company proposes that this forum continue to be the reporting venue for these matters. The Company will

additionally report annual OPAE performance along with its annual EE/PDR Plan status report filed May 1st of each year during the term of the PPA.”).

Proposal for a pilot program EDU third-party agent call transfer process

The Company filed comments, including a proposed process, on January 6, 2016 in Case No. 12-3151-EL- COI. That proposed process would leverage a third-party call outsourcer, to maintain call performance metrics, who would respond to Choice related switching questions and offer enrollment options for a “standard” discount program to CRES that opt-into the program. The case awaits a Commission order.

gridSMART® settlement

The Company filed a Stipulation in Case No. 13-1939-EL-RDR on April 7 2016. The settlement included the items as outlined section III, item 13 of the Stipulation. A hearing was held the first week of August, 2016; an order was issued on February 1, 2017 adopting the settlement and no further action is required.

Form a working group to discuss a pilot program for future descending clock default supply auctions where EE providers would be able to competitively bid to supply EE project

The Company fulfilled this commitment by meeting with parties in June 2016.

Supplier Consolidated Billing Pilot

The Commission approved a Pilot Supplier Consolidated Billing Program in their February 23, 2017 Global Settlement order that was consistent with the two-year Pilot Supplier Consolidated Billing Program approved by the Commission in the PPA Cases. The purpose of the pilot will be

to provide the industry with data and information on the practicality of a supplier consolidated billing implementation in the Ohio electric choice market.

AEP Ohio is working with both signatory parties, Dayton Power and Light (DPL), PUCO staff and the bond rating agency to finalize requirements for the Supplier Consolidated Billing pilot. Working group meetings have been held with Staff and signatory parties related to business requirements and CRES provider collateral process changes. In addition, work is under way to prepare for meetings with the bond rating agency for the securitized portion of AEP Ohio's receivables to finalize collateral requirements for CRES providers. Finally, AEP Ohio has hosted a business requirements meeting with DPL who is also making plans to offer a Supplier Consolidated Billing program.

Develop and submit for Commission approval a 2017-2019 EE/PDR Plan

The Company filed its 2017-2020 EE/PDR plan on June 15, 2016 as Case No. 16-0574-EL-POR. The submitted plan includes the terms as specified in Section III.D.15 of the Stipulation. A stipulation in the case was filed on December 9, 2016. The Commission approved the 2017-2020 EE/PDR plan on January 18, 2017.

Carbon Emission Reduction Plan

The Company filed its Carbon Emission Reduction Plan on December 22, 2016.

Grid Modernization Plan

The Company filed its initial Grid Modernization Plan on June 1, 2016. However, in its November 3, 2016 Second Entry on Rehearing, the Commission at ¶ 146 ordered "We direct AEP Ohio to refile its grid modernization plan in a new docket to facilitate our review of the

plan.” The Company will refile its Grid Modernization Plan once the new docket is opened by the Commission.

Renewable Projects

As part of the Ohio PPA Settlement, which included the addition of 900 MW of renewables by 2021, an RFP (Ohio resources only) for 250 MW of wind and 100 MW of solar was issued on December 16, 2016. On February 15, 2017, several wind proposals were received. On October 26, 2017, a bid refresh was requested of the remaining wind projects. Revised proposals were received on November 30, 2017. On February 15, 2017, solar proposals were also received. AEP Ohio cancelled the initial RFP and issued a new RFP on October 18, 2017 for all 400 MW of solar with an emphasis on new manufacturing jobs. Proposals are due by December 18, 2017. The Company is presently evaluating the proposals and considering which projects to take forward.

Generation Dockets

AEP Ohio committed to open the “Retirement Readiness” (RR) docket no later than December 31, 2024 and the “Generation Transition” (GT) docket no later than March 30, 2017. The GT docket was opened with case number 17-0882-EL-UNC on March 30, 2017. On December 13, 2017, AEP Ohio filed its final report under Paragraph III.D.12.e of the PPA Rider Stipulation.

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Case No(s). 14-1693-EL-RDR, 14-1694-EL-AAM

Summary: Report electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company