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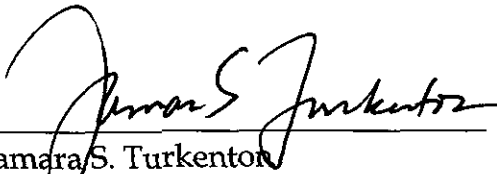
May 15, 2018

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

RE: *In the Matter of the Application of Ohio Power Company for Authority to Update its  
Basic Transmission Cost Rider, Case No. 18-96-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the  
application filed by Ohio Power Company to update its Basic Transmission Cost Rider,  
Case No. 18-96-EL-RDR.



Tamara S. Turkenton  
Director, Rates and Analysis Dept.  
Public Utilities Commission of Ohio



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

Enclosure

Cc: Parties of Record

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**Ohio Power Company**  
**Case No. 18-96-EL-RDR**

**Summary**

On January 16, 2018, Ohio Power Company (Ohio Power or Company) filed an application to update its Basic Transmission Cost Rider (BTCR). The application was approved by the Commission on March 28, 2018, and the new rates became effective April 1, 2018. The Company stated in that application that the proposed schedules did not include a forecast of tax savings that will be recognized due to the recent federal tax reductions, and that they will update their BTCR Rider once the Federal Energy Regulatory Commission (FERC) approves new Open Access Transmission Tariffs (OATT) rates that reflect those tax savings.

On April 4, 2018, in Docket No. ER-18-1202-000, FERC approved implementation of OATT rates for AEP, pursuant to a settlement agreement filed in the same docket on March 28, 2018. The rates were approved by FERC on an interim basis and will remain in effect pending FERC's consideration of the settlement and are subject to refund or surcharge. The interim settlement OATT rates include adjustments related to the Tax Cuts and Jobs Act of 2017 (TCJA), as well as additional savings related to a reduced ROE per the settlement agreement in that Docket.

On April 25, 2018, this Commission issued its Opinion and Order (O&O) in Case No. 16-1852-EL-SSO. In the O&O, the Commission approved the BTCR Pilot Program and the County Fairgrounds Transmission Supplement.

On May 8, 2018, Ohio Power filed an update to the BTCR Rider to reflect the new FERC-approved interim OATT rates pursuant to the FERC Order in Docket No. ER-18-1202-000, as well as the Commission's O&O in Case No. 16-1582-EL-SSO in regard to the BTCR Pilot Program and County Fairgrounds Transmission Supplement.

In addition, the Company has aligned its forecast period with the timeframe the rates are in effect and have included the actual deferral balance as of March 31, 2018, as well as the projected deferral balances for April and May 2018.

**Staff Review and Recommendations**

Staff has reviewed the May 8, 2018 application and schedules for consistency with Commission's Opinion and Orders in previous cases and to ensure proper accounting treatment was applied.

The Staff believes the proposed BTCR Rider rates accurately reflect the FERC-approved interim OATT rates as well as the ROE savings related to the FERC Order in Docket No. ER-18-1202-000.

The Staff believes proposed BTCR rates reflect the Commission's O&O in 16-1852-EL-SSO approving the BTCR Pilot Program, as well as the County Fairgrounds Transmission supplement.

As previously recommended by Staff and approved by the Commission, the Company has aligned its forecast period with the time period the updated rates will be in effect as well as including actual and forecasted deferral balances through May 2018. The Staff notes that the audit of actual costs, credits and revenues for January 2018, through December 2018, will be performed during the next update of the BTCR, as scheduled.

### **Conclusion**

The Staff recommends that the application and schedules filed on May 8, 2018, be approved, and that the rates become effective on the first billing cycle of June, 2018.