

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. 18-96-EL-RDR

ENTRY

Entered in the Journal on May 23, 2018

I. SUMMARY

{¶ 1} The Commission approves updated tariffs for the Basic Transmission Cost Rider of Ohio Power Company d/b/a AEP Ohio, as filed on May 8, 2018.

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, pursuant to R.C. 4928.143, AEP Ohio's application for an ESP, including 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. 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} In Case No. 16-1852-EL-SSO, et al., the Commission modified and approved, pursuant to a stipulation and recommendation (ESP Stipulation) filed by AEP Ohio and numerous other parties, an ESP for the Company, including continuation of the BTCR, for the period of June 1, 2018, through May 31, 2024. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al., Opinion and Order (Apr. 25, 2018) at ¶ 94.

{¶ 6} On January 16, 2018, 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, effective with the first day of the April 2018 billing cycle. In the application, AEP Ohio stated that its schedules did not include a forecast of the tax savings that will be recognized due to the Tax Cuts and Jobs Act of 2017 (TCJA). AEP Ohio, however, committed to update the BTCR upon FERC's approval of new transmission rates that reflect those tax savings. In response to AEP Ohio's application, the Ohio Energy Group filed comments on February 26, 2018, and Staff filed its review and recommendations on March 12, 2018.

{¶ 7} By Finding and Order dated March 28, 2018, the Commission approved AEP Ohio's application to update the BTCR, subject to Staff's recommendations. In approving the application, the Commission noted that AEP Ohio had agreed to update the BTCR upon FERC's approval of new transmission rates that reflect tax savings from the TCJA and to expeditiously do so in advance of the next regular update of the rider.

{¶ 8} On May 8, 2018, AEP Ohio filed the updated BTCR rates and schedules. AEP Ohio notes that its updated schedules reflect a recent filing with FERC to revise existing formula rates, including changing the rate from a partially to a fully projected rate, reducing the return on equity, and incorporating the benefits of tax reform for transmission customers. AEP Ohio further notes that its updated schedules reflect Staff's

prior recommendation that the Company align its forecast period with the timeframe that the BTCR rates are in effect (April 1 through March 31) and include actual and forecasted monthly over-/under-amounts through March 31 in the revenue requirement's deferral balance. Finally, AEP Ohio states that, consistent with the recently approved ESP Stipulation, the updated filing also includes the compliance rate for the County Fair Transmission Supplement and accounts for the expanded BTCR pilot customers.

{¶ 9} On May 15, 2018, Staff filed its review and recommendations for the Commission's consideration. Following its review, Staff recommends that AEP Ohio's updated BTCR rates be approved to take effect with the first billing cycle of June 2018.

{¶ 10} The Commission finds that AEP Ohio's updated BTCR tariffs do not appear to be unjust or unreasonable and should be approved. We also find that it is unnecessary to hold a hearing in this matter. Accordingly, AEP Ohio's proposed BTCR rates should be approved, subject to audit, and become effective with the first day of the June 2018 billing cycle. The Commission notes that all BTCR costs and recoveries may be subject to further adjustments following the audit in AEP Ohio's next BTCR proceeding.

III. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That AEP Ohio's updated BTCR tariffs be approved. It is, further,

{¶ 13} ORDERED, That AEP Ohio be authorized to file tariffs, in final form, consistent with this Entry. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,

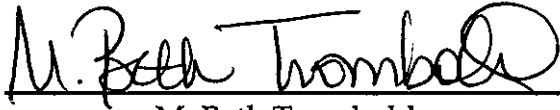
{¶ 14} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the June 2018 billing cycle, and the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 15} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

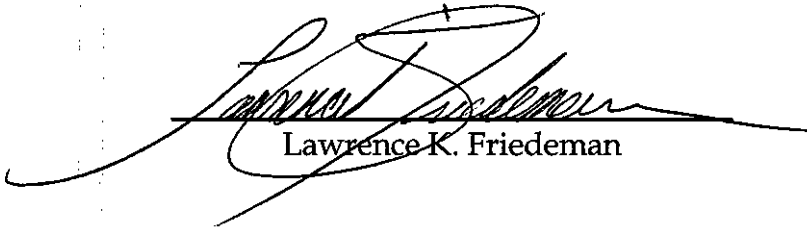


Asim Z. Haque, Chairman

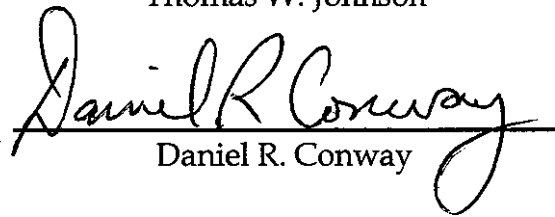


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