

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company to Adjust)	Case No. 19-232-EL-RDR
The Economic Development Cost)	
Recovery Rider Rate)	

APPLICATION

1. Ohio Power Company (“Company” or “AEP Ohio”) is an electric light company, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.
2. In the Company’s Electric Security Plan proceeding (Case No. 13-2385-EL-SSO), the Commission authorized an Economic Development Cost Recovery Rider (EDR). Further, the Public Utilities Commission of Ohio (Commission) in Case No. 16-1852-EL-SSO on April 25, 2018 approved AEP Ohio's request to extend and modify its existing riders, including the EDR. The EDR is a rate that is determined by multiplying a percentage by the customers’ distribution charges. The EDR is to be adjusted periodically to recover economic development amounts authorized by the Commission.
3. By this application the Company proposes to update its EDR rate approved in AEP Ohio’s most recent EDR update (in Case No.16-1852-EL-SSO) based on unrecovered costs resulting from the delta revenues (plus associated carrying costs) under the current or prior reasonable arrangements (contracts) with Eramet Marietta, Inc. (Eramet), Case No. 09-516-EL-AEC; with Globe Metallurgical, Inc. (Globe), Case Nos. 13-1170-EL-AEC, 15-327-EL-AEC

and 16-737-EL-AEC; with TimkenSteel Corp. (TimkenSteel), Case No. 15-1857-EL-AEC; and with Acero Junction, Inc., Case No. 17-2132-EL-AEC, which contract was transferred to JSW Steel Ohio, Inc. per the Commission's August 8, 2018 Entry (JSW). In compliance with the Commission Order in Case No. 16-1852-EL-SSO, the delta revenue also now includes half of program costs associated with the EE/PDR SubTran/Tran customers, half of the Interruptible Credit, and the entire Automaker Credit.

4. The detailed calculations and supporting data are reflected in the Schedules attached to the application. Schedule 1 is a summary sheet showing each component of the proposed EDR rates and is supported by calculations found in the remaining schedules. Schedule 2 shows the carrying charge calculations. Schedules 3, 4, 5, and 6 show the specific delta revenue calculations for the Eramet, Globe, TimkenSteel, and Acero contracts, respectively. Schedule 7 shows the typical bill impacts of the change in the EDR rate for Columbus Southern Power and Ohio Power rate zones. Some of the information is redacted from the public version of the schedules and a separate motion for a protective order is being filed in accordance with OAC 4901-1-24.
5. Based on the estimated cost over-recoveries as evidenced by the projected 2019 delta revenues, as well as on the actual and projected delta revenues associated with the Eramet, Globe, TimkenSteel, and Acero contracts, the Company proposes that the EDR rate, to be applied to customers' distribution charges, should be set at 1.97966%, effective with the first billing cycle of

April 2019.¹ (See Schedule 1). The EDR rate prior to the first billing cycle of April 2019 will remain at 3.92085%.

6. The Company's approach in this application calculates a rate based on the over-/under-recovery balance as of December 2018, the projected over-/under-recoveries from January through March 2019, and the forecasted delta revenues and rider revenue from April 2019 through September 2019. This approach is consistent with the Company's most recent EDR update.
7. The Company's rate approach continues to include the accrual of a carrying cost at the weighted average cost of long-term debt. In addition, if during any EDR rate period the Company determines either that the EDR collections are or will be substantially different than anticipated or the unrecovered costs based on delta revenues are or will be substantially different than anticipated (both of which typically would be related to significant changes to customers' load), it will file an application to modify its EDR rate for the remainder of that period in order to avoid unduly substantial over-and under-recovery deferrals. The Company will also continue its over/under accounting to track the delta revenues and the EDR collections in order to reconcile any difference through subsequent EDR rate adjustments.
8. Consistent with OAC 4901:1-38-08 and the Commission's decision in the prior EDR cases, the Company intends to continue making semiannual adjustments to its EDR rate, to be effective with the first billing cycle of April and of October in each year. The Company believes that its proposed EDR

¹ To be clear, all of the percentages discussed herein apply to only the distribution portion of the bill, not the entire bill.

rate is just and reasonable and, therefore, no hearing is needed. A hearing would result in needless delay in beginning the recovery of the delta revenues and associated carrying costs identified above, thereby resulting in increased carrying costs to the Company's customers.

9. The Company requests that at the conclusion of the 20-day comment period prescribed by OAC 4901:1-38-08(C), the Commission approve this application for implementation by the start of the first billing cycle of April 2019. If the Commission is unable to conclude this proceeding in time for the EDR rates to be effective with the first billing cycle of April 2019, the Company requests interim authorization to begin collection based on the proposed EDR rate at the start of the first billing cycle of April 2019, with the understanding that the EDR recovery would be trued-up to the Commission's final order in this matter. Permitting such interim collection will avoid the impact of collecting the unrecovered costs over a shorter period of time.

Respectfully submitted,

/s/ Steven T. Nourse

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Counsel for Ohio Power Company

Ohio Power Company
February 2019 Economic Development Cost Recovery Rider True-Up

	<u>Description</u>		<u>Source</u>
1	Estimated Delta Revenue April - September 2019	\$ 9,065,548	Schedule No. 2 Line 4
2	Estimated Carrying Costs April - September 2019	\$ (39,612)	Schedule No. 2 Line 6
3	Total (Over) / Under Collection as of December 2018	\$ (494,515)	Schedule No. 2 Line 9
4	Estimated (Over) / Under Collection January - March 2019	\$ (2,122,477)	Schedule No. 2 Line 9
5	Total Revenue Requirement	\$ 6,408,945	Sum of Lines 1 through 4
6	One-Half Annual Base Distribution Revenue	\$ 323,739,287	One-Half Actual 2018 Base Distribution Revenue
7	Economic Development Cost Recovery Rider	1.97966%	Line 5 divided by Line 6
8	Current Economic Development Cost Recovery Rider	3.92085%	Per Ohio Power Company Tariff Economic Development Rider
9	Change	-1.94119%	Line 7 minus Line 8

Ohio Power Company
February 2019 Economic Development Cost Recovery Rider True-Up
Calculation of Cumulative Carrying Costs

	2018 Jun	Actual 2018						Estimated 2019								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1 Eramet Delta Revenue																
2 Globe Delta Revenue																
3 TimkenSteel Delta Revenue																
4 JSW Delta Revenue																
5 EE/PDR Costs																
6 IRP Credit																
7 Automaker Credit																
8 Total Delta Revenue																
9 Monthly Carrying Charge Rate (WAC of LTD)		0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%	0.4633%
10 Monthly Carrying Charge																
11 Rider Collections		\$1,696,789	\$1,651,796	\$1,668,185	\$2,032,804	\$1,938,676	\$2,147,113	\$2,447,320	\$2,182,233	\$2,006,479	\$1,000,134	\$952,962	\$1,057,887	\$1,147,758	\$1,122,203	\$1,128,002
12 Net (Over)/ Under Collection																
13 Cumulative Net (Over)/ Under Collection																
14 Carrying Charge Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line 1 Actual and Estimated Eramet Delta Revenue
 Line 2 Actual and Estimated Globe Delta Revenue
 Line 3 Actual and Estimated TimkenSteel Delta Revenue
 Line 4 Actual and Estimated JSW Delta Revenue
 Line 5 Actual and Estimated half of the SubTran/Tran EE/PDR Program Costs
 Line 6 Actual and Estimated half of the RP Credits minus any PJM payments remitted
 Line 7 Actual and Estimated Automaker Credit
 Line 8 Sum of Lines 1 through 7
 Line 9 Weighted Average Cost of Long Term Debt
 Line 10 Line 9 times previous month Line 12
 Line 11 Actual and Estimated Economic Development Cost Recovery Rider Collections
 Line 12 Line 8 plus Line 10 minus Line 11
 Line 13 Line 12 plus previous month Line 13
 Line 14 Line 9 minus Line 10 plus previous month Line 14

Schedule No. 3

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Ohio Power Company
Globe Economic Development Delta Revenue

	2018 Jun	Actual 2018						Estimated 2019								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	Globe Monthly Usage (kWh)															
	Globe Monthly Bill															
2																
3	Discount Monthly Bill															
	Delta Revenue															
4																
5																

[Redacted text block]

Ohio Power Company
TimkenSteel Economic Development Delta Revenue

	2018 Jun	Actual 2018						Estimated 2019								
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	TimkenSteel Monthly Bill															
2	TimkenSteel Discount Monthly Bill															
3	Delta Revenue															
4																
5																

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Ohio Power Company
JSW Economic Development Delta Revenue

2018	Actual 2018						Estimated 2019									
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep

1 JSW OAD Monthly Bill

2 JSW Discount Monthly Bill

3

4

5

6

7 Delta Revenue

**Ohio Power Company
Typical Bill Comparison
February 2019 EDR Filing
Columbus Southern Power Rate Zone**

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Difference</u>	<u>Difference</u>
<u>Residential</u>						
RR1 Annual	100		\$23.39	\$23.19	-\$0.20	-0.9%
	250		\$39.91	\$39.66	-\$0.25	-0.6%
	500		\$67.48	\$67.14	-\$0.34	-0.5%
RR Annual	750		\$95.02	\$94.59	-\$0.43	-0.5%
	1,000		\$122.56	\$122.04	-\$0.52	-0.4%
	1,500		\$177.67	\$176.98	-\$0.69	-0.4%
	2,000		\$232.75	\$231.88	-\$0.87	-0.4%
GS-1	375	3	52.61	52.38	-\$0.23	-0.4%
	1,000	3	111.17	110.76	-\$0.41	-0.4%
	750	6	87.75	87.41	-\$0.34	-0.4%
	2,000	6	204.87	204.17	-\$0.70	-0.3%
GS-2 Secondary						
	1,500	12	\$255.37	\$254.26	-\$1.11	-0.4%
	4,000	12	\$416.54	\$415.43	-\$1.11	-0.3%
	6,000	30	\$756.84	\$754.31	-\$2.53	-0.3%
	10,000	30	\$1,014.37	\$1,011.84	-\$2.53	-0.3%
	10,000	40	\$1,131.87	\$1,128.56	-\$3.31	-0.3%
	14,000	40	\$1,389.43	\$1,386.12	-\$3.31	-0.2%
	12,500	50	\$1,410.36	\$1,406.27	-\$4.09	-0.3%
	18,000	50	\$1,762.81	\$1,758.72	-\$4.09	-0.2%
	15,000	75	\$1,865.12	\$1,859.08	-\$6.04	-0.3%
	30,000	150	\$3,703.82	\$3,691.90	-\$11.92	-0.3%
	60,000	300	\$7,381.27	\$7,357.61	-\$23.66	-0.3%
	100,000	500	\$12,284.55	\$12,245.23	-\$39.32	-0.3%
GS-2 Primary						
	100,000	1,000	\$17,136.88	\$17,072.85	-\$64.03	-0.4%
GS-3 Secondary						
	30,000	75	\$2,822.48	\$2,816.44	-\$6.04	-0.2%
	50,000	75	\$4,098.99	\$4,092.95	-\$6.04	-0.2%
	30,000	100	\$3,116.26	\$3,108.25	-\$8.01	-0.3%
	36,000	100	\$3,499.21	\$3,491.20	-\$8.01	-0.2%
	60,000	150	\$5,618.57	\$5,606.65	-\$11.92	-0.2%

**Ohio Power Company
Typical Bill Comparison
February 2019 EDR Filing
Columbus Southern Power Rate Zone**

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Difference</u>	<u>Difference</u>
	100,000	150	\$8,171.57	\$8,159.65	-\$11.92	-0.2%
	90,000	300	\$9,296.03	\$9,272.37	-\$23.66	-0.3%
	120,000	300	\$11,210.77	\$11,187.11	-\$23.66	-0.2%
	150,000	300	\$13,125.53	\$13,101.87	-\$23.66	-0.2%
	200,000	300	\$16,316.76	\$16,293.10	-\$23.66	-0.2%
	150,000	500	\$15,475.80	\$15,436.48	-\$39.32	-0.3%
	180,000	500	\$17,390.54	\$17,351.22	-\$39.32	-0.2%
	200,000	500	\$18,667.04	\$18,627.72	-\$39.32	-0.2%
	325,000	500	\$26,645.16	\$26,605.84	-\$39.32	-0.2%
GS-3 Primary						
	300,000	1,000	\$29,393.34	\$29,329.31	-\$64.03	-0.2%
	360,000	1,000	\$33,070.26	\$33,006.23	-\$64.03	-0.2%
	400,000	1,000	\$35,521.57	\$35,457.54	-\$64.03	-0.2%
	650,000	1,000	\$50,842.15	\$50,778.12	-\$64.03	-0.1%
GS-4						
	1,500,000	5,000	\$123,192.27	\$123,171.69	-\$20.58	0.0%
	2,500,000	5,000	\$179,681.27	\$179,660.69	-\$20.58	0.0%
	3,250,000	5,000	\$222,048.02	\$222,027.44	-\$20.58	0.0%
	3,000,000	10,000	\$237,525.77	\$237,505.19	-\$20.58	0.0%
	5,000,000	10,000	\$350,503.77	\$350,483.19	-\$20.58	0.0%
	6,500,000	10,000	\$435,237.27	\$435,216.69	-\$20.58	0.0%
	6,000,000	20,000	\$466,188.82	\$466,168.24	-\$20.58	0.0%
	10,000,000	20,000	\$692,144.82	\$692,124.24	-\$20.58	0.0%
	13,000,000	20,000	\$861,615.77	\$861,595.19	-\$20.58	0.0%
	15,000,000	50,000	\$1,152,193.77	\$1,152,173.19	-\$20.58	0.0%
	25,000,000	50,000	\$1,717,083.77	\$1,717,063.19	-\$20.58	0.0%
	32,500,000	50,000	\$2,140,751.27	\$2,140,730.69	-\$20.58	0.0%

* Typical bills assume 100% Power Factor

Ohio Power Company
Typical Bill Comparison
February 2019 EDR Filing
Ohio Power Rate Zone

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>Difference</u>
Residential	100		\$23.39	\$23.19	-\$0.20	-0.9%
	250		\$39.91	\$39.66	-\$0.25	-0.6%
	500		\$67.47	\$67.13	-\$0.34	-0.5%
	750		\$95.02	\$94.59	-\$0.43	-0.5%
	1,000		\$122.56	\$122.04	-\$0.52	-0.4%
	1,500		\$177.67	\$176.98	-\$0.69	-0.4%
	2,000		\$232.74	\$231.87	-\$0.87	-0.4%
GS-1 Secondary	375	3	\$54.71	\$54.43	-\$0.28	-0.5%
	1,000	3	\$101.82	\$101.51	-\$0.31	-0.3%
	750	6	\$82.97	\$82.67	-\$0.30	-0.4%
	2,000	6	\$177.16	\$176.79	-\$0.37	-0.2%
GS-2	1,500	12	\$277.53	\$276.12	-\$1.41	-0.5%
	4,000	12	\$438.70	\$437.29	-\$1.41	-0.3%
	6,000	30	\$782.31	\$779.44	-\$2.87	-0.4%
	10,000	30	\$1,039.84	\$1,036.97	-\$2.87	-0.3%
	10,000	40	\$1,159.20	\$1,155.53	-\$3.67	-0.3%
	14,000	40	\$1,416.76	\$1,413.09	-\$3.67	-0.3%
	12,500	50	\$1,439.52	\$1,435.04	-\$4.48	-0.3%
	18,000	50	\$1,791.97	\$1,787.49	-\$4.48	-0.3%
	15,000	75	\$1,898.89	\$1,892.39	-\$6.50	-0.3%
	30,000	100	\$3,154.63	\$3,146.12	-\$8.51	-0.3%
	36,000	100	\$3,537.58	\$3,529.07	-\$8.51	-0.2%
	30,000	150	\$3,751.42	\$3,738.86	-\$12.56	-0.3%
	60,000	300	\$7,456.51	\$7,431.84	-\$24.67	-0.3%
	90,000	300	\$9,371.27	\$9,346.60	-\$24.67	-0.3%
	100,000	500	\$12,396.63	\$12,355.81	-\$40.82	-0.3%
	150,000	500	\$15,587.88	\$15,547.06	-\$40.82	-0.3%
	180,000	500	\$17,502.61	\$17,461.79	-\$40.82	-0.2%

**Ohio Power Company
Typical Bill Comparison
February 2019 EDR Filing
Ohio Power Rate Zone**

<u>Tariff</u>	<u>kWh</u>	<u>KW</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>Difference</u>
GS-3 Secondary	18,000	50	\$1,791.97	\$1,787.49	-\$4.48	-0.3%
	30,000	75	\$2,856.25	\$2,849.75	-\$6.50	-0.2%
	50,000	75	\$4,132.76	\$4,126.26	-\$6.50	-0.2%
	36,000	100	\$3,537.58	\$3,529.07	-\$8.51	-0.2%
	30,000	150	\$3,751.42	\$3,738.86	-\$12.56	-0.3%
	60,000	150	\$5,666.17	\$5,653.61	-\$12.56	-0.2%
	100,000	150	\$8,219.17	\$8,206.61	-\$12.56	-0.2%
	120,000	300	\$11,286.01	\$11,261.34	-\$24.67	-0.2%
	150,000	300	\$13,200.76	\$13,176.09	-\$24.67	-0.2%
	200,000	300	\$16,392.00	\$16,367.33	-\$24.67	-0.2%
	180,000	500	\$17,502.61	\$17,461.79	-\$40.82	-0.2%
	200,000	500	\$18,779.12	\$18,738.30	-\$40.82	-0.2%
	325,000	500	\$26,757.24	\$26,716.42	-\$40.82	-0.2%
GS-2 Primary	200,000	1,000	\$24,073.50	\$23,998.66	-\$74.84	-0.3%
	300,000	1,000	\$30,201.73	\$30,126.89	-\$74.84	-0.3%
GS-3 Primary	360,000	1,000	\$33,878.66	\$33,803.82	-\$74.84	-0.2%
	400,000	1,000	\$36,329.96	\$36,255.12	-\$74.84	-0.2%
	650,000	1,000	\$51,650.54	\$51,575.70	-\$74.84	-0.1%
GS-2 Subtransmission	1,500,000	5,000	\$122,397.18	\$122,387.25	-\$9.93	0.0%
GS-3 Subtransmission	2,500,000	5,000	\$178,886.18	\$178,876.25	-\$9.93	0.0%
	3,250,000	5,000	\$221,252.93	\$221,243.00	-\$9.93	0.0%
GS-4 Subtransmission	3,000,000	10,000	\$236,730.68	\$236,720.75	-\$9.93	0.0%
	5,000,000	10,000	\$349,708.68	\$349,698.75	-\$9.93	0.0%
	6,500,000	10,000	\$434,442.18	\$434,432.25	-\$9.93	0.0%
	10,000,000	20,000	\$691,353.68	\$691,343.75	-\$9.93	0.0%
	13,000,000	20,000	\$860,820.68	\$860,810.75	-\$9.93	0.0%
GS-4 Transmission	25,000,000	50,000	\$1,716,288.68	\$1,716,278.75	-\$9.93	0.0%
	32,500,000	50,000	\$2,139,956.18	\$2,139,946.25	-\$9.93	0.0%

* Typical bills assume 100% Power Factor

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in

Case No(s). 19-0232-EL-RDR

Summary: Application - In the Matter of the Application of Ohio Power Company to Adjust the Economic Development Cost Recovery Rider Rate electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company