

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Ohio Power Company for an	)	Case No. 20-585-EL-AIR
Increase in Electric Distribution Rates.	)	
In the Matter of the Application of	)	
Ohio Power Company	)	Case No. 20-586-EL-ATA
for Tariff Approval.	)	
In the Matter of the Application of	)	
Ohio Power Company for Approval	)	Case No. 20-587-EL-AAM
to Change Accounting Methods.	)	

---

**APPLICATION OF OHIO POWER COMPANY**

---

APPLICANT'S NAME:	Ohio Power Company
COMPANY CONTACT:	Marc D. Reitter, VP Regulatory & Finance 700 Morrison Road Gahanna, Ohio 43230 Telephone (614) 883-6602 <a href="mailto:mdreitter@aep.com">mdreitter@aep.com</a>
COUNSEL OF RECORD:	Steven T. Nourse, VP Legal 1 Riverside Plaza, 29 <sup>th</sup> Floor Columbus, Ohio 43215 Telephone (614) 716-1608 <a href="mailto:stnourse@aep.com">stnourse@aep.com</a>
FILING DATE:	June 1, 2020
APPROVED TEST YEAR:	December 1, 2019 - November 30, 2020
APPROVED DATE CERTAIN:	December 31, 2019

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of	)	
Ohio Power Company for an	)	Case No. 20-585-EL-AIR
Increase in Electric Distribution Rates.	)	
In the Matter of the Application of	)	
Ohio Power Company	)	Case No. 20-586-EL-ATA
for Tariff Approval.	)	
In the Matter of the Application of	)	
Ohio Power Company for Approval	)	Case No. 20-587-EL-AAM
to Change Accounting Methods.	)	

---

**APPLICATION OF OHIO POWER COMPANY**

---

1. Ohio Power Company (“AEP Ohio” or the “Company”) is a public utility as defined by Ohio Revised Code (R.C.) 4905.02 and 4905.03.

2. AEP Ohio is engaged in the business of supplying electric transmission and distribution service to approximately 1.5 million customers in Ohio. AEP Ohio operates plant and equipment in Ohio that are in service and used and useful in providing distribution service to its customers. The Company’s principal place of business is in Gahanna, Ohio.

3. Pursuant to R.C. 4909.43(B) and the Standard Filing Requirements of Ohio Administrative Code (O.A.C.) Chapter 4901-7 (“Standard Filing Requirements”), on April 29, 2020, AEP Ohio filed its Pre-Filing Notice of Intent to File for an Increase in Electric Distribution Rates, Tariff Changes, and Application for Approval of Changes in Accounting Methods (“Notice of Intent”) to initiate the above-captioned cases.

4. The Notice of Intent was served upon the Commission and the mayors and

legislative authorities of each municipality affected by this Application on April 29, 2020, pursuant to R.C. 4909.43(B) and in compliance with the Standard Filing Requirements. AEP Ohio listed the affected municipalities in the Application for an Increase in Rates as part of its Notice of Intent Exhibit 2a and Notice of Intent Exhibit 5, Attachment A.

5. It has been nearly a decade since AEP Ohio last filed a base rate case. This Application seeks to bring rates in line with the current investment and costs necessary to provide safe, reliable distribution service to customers and to determine an appropriate return on equity.

6. At the time of this filing, no municipal corporation has in effect any ordinance or franchise that does, or will, regulate the rates or charges to any customer affected by this Application.

7. This Application is made pursuant to R.C. 4909.18 and related sections of the Ohio Revised Code for authority to make changes and increases in electric distribution rates applicable in all incorporated communities and unincorporated areas within AEP Ohio's entire service territory.

8. AEP Ohio seeks to amend its electric distribution rates through changes to its tariffs, P.U.C.O. No. 20 Open Access Distribution and Standard. AEP Ohio also proposes changes to the Terms and Conditions of service, including the updated prices for miscellaneous distribution charges. The proposed tariff schedules, which reflect the proposed rates and language changes as well as certain proposals involving restructuring of rate schedules, are detailed in Schedule E-1 accompanying this Application and will be described in more detail in the Company's testimony.

9. AEP Ohio also proposes to amend and continue existing riders consistent with its

Electric Security Plan (“*ESP IV*”) cases, Case Nos. 16-1852-EL-SSO *et al.* A primary proposal connecting the *ESP IV* cases and this Application is continuation of the Distribution Investment Rider (DIR). Absent approval of the DIR to recover incremental capital carrying costs for infrastructure investment, significant recovery lag may further compound the risk that sufficient capital funding will not be available for capital investment needed to accelerate the replacement of aging distribution infrastructure and for deployment of new distribution system technologies. Further, riders such as the Pilot Throughput Balancing Adjustment Rider (PTBAR) and the Enhanced Service Reliability Rider (ESRR) involve decoupling and incremental vegetation management spending, respectively, and need to be synchronized with the base level of spending reflected in base distribution rates and continued.

10. AEP Ohio also seeks authority to recover existing distribution regulatory assets based on accounting deferrals that were previously authorized by the Commission, including the deferrals authorized in Case Nos. 20-604-EL-AAM, *et al.* While these regulatory assets are not reflected in the revenue requirement calculated within the Standard Filing Requirement Schedules supporting this Application, AEP Ohio proposes to amortize and recover these regulatory assets through the Company’s existing Bad Debt Rider as further discussed in the testimony of Company witness Moore.

11. The Commission’s May 6, 2020 Entry approved AEP Ohio’s proposed test year consisting of the twelve-month period ending November 30, 2020, and a date certain for property valuation of December 31, 2019.

12. AEP Ohio estimates that the rate changes proposed herein, if granted in full, would increase gross revenues by \$42.281 million, or 3.5% in average annual total revenue for AEP

Ohio over the test period gross revenues generated from providing electric distribution service to customers.

13. AEP Ohio requests that the rates established in this proceeding be effective with the first billing cycle of April 2021, for all of its customers, subject to a potential delay of sixty days if the Motion for Continuance being filed in this docket today is granted (*i.e.*, effective with the first billing cycle of June 2021).

14. AEP Ohio's primary reasons for filing this Application is to generate sufficient revenues for AEP Ohio to pay its distribution-related operating expenses, to service its debt, and to provide an adequate rate of return on its property used and useful in the rendition of electric distribution service to its customers. Also, the Company agreed to file this case by June 1, 2020 as part of the *ESP IV* proceedings. Since the time of its last base rate case, the investment in property used and useful in the rendition of electric distribution service to the customers affected by this Application has materially increased. The Company submits that an overall return of 7.90%, which includes a 10.15% return on equity, is fair and reasonable.

15. AEP Ohio also requests Commission approval of all necessary and appropriate accounting authority to implement the proposed rates and riders. The proposed accounting will be explained in greater detail in the Company's written testimony.

16. AEP Ohio submits that this Application and accompanying Schedules comply with the Standard Filing Requirements, except as to the waivers granted in the Commission's May 6, 2020 Entry.

17. In support of the Application, AEP Ohio has filed the Schedules required by R.C. 4909.18 and the Standard Filing Requirements (a detailed index of the Schedules is contained in

Volume 1), including the following:

- (a) Schedule A-1, which provides certain financial data for the proposed test year and date certain; Schedule A-2 that calculates a revenue conversion factor; and Schedule A-3, which reports that AEP Ohio does not propose a mirrored construction work in progress (CWIP) revenue sur-credit rider in this proceeding;
- (b) Schedules B-1 through B-9, which report AEP Ohio's property, used and useful in rendering electric distribution service to those customers affected by this Application, as provided in R.C. 4909.05;
- (c) Schedules C-1 through C-12, which contain:
  - (i) detailed schedules of AEP Ohio's receipts, revenues and incomes, AEP Ohio's operating costs and other expenditures, and certain adjustments which AEP Ohio deems applicable; and
  - (ii) a statement of the income and expense anticipated under this Application;
- (d) Schedules D-1 through D-5, which, in conjunction with the Schedules mentioned in section (a) above, contain a statement of AEP Ohio's and American Electric Power Company, Inc.'s financial condition and net worth;
- (e) Schedule E-1, which sets forth AEP Ohio's proposed tariff schedules;
- (f) Schedule E-2, which sets forth AEP Ohio's current tariff schedules that are proposed to be changed, and which are scored to indicate the provisions to be changed;
- (g) Schedules E-3 through E-5, which set forth AEP Ohio's cost-of-service study, the rationale for tariff changes, the class and schedule revenue summary and the typical bill comparison;

- (h) Schedules S-1 and S-2, which provide certain capital expenditure and five-year forecasted financial statements;
- (i) Schedule S-3, which is a proposed notice for newspaper publication, fully disclosing the substance of the Application and the specific requirements of R.C. 4909.19(E); and
- (j) Schedule S-4.1, which is an executive summary of the Company's corporate process, and Schedule S-4.2, which provides management policies and practices.

18. Concurrent with the filing of this Application, AEP Ohio is providing the Commission's Utilities Department with four copies of the Supplemental Information required by O.A.C. 4901-7-01, Appendix A, Chapter II(C) (Volume 7 through 10).

WHEREFORE, since the rates, prices, charges and other provisions in the current rate schedules do not yield just and reasonable compensation to AEP Ohio for supplying electric distribution service to the customers to which they are applicable, do not yield a just and reasonable return to AEP Ohio on the value of the property used for furnishing electric distribution service to such customers, and result in the taking of AEP Ohio's property for public use without compensation and without due process of law, AEP Ohio respectfully requests that this Honorable Commission:

- (a) Accept this Application for filing;
- (b) Find that this Application and the attached Schedules filed herewith and incorporated herein, are in accordance with R.C. 4909.18 and the Rules of the Commission;
- (c) Approve the Form of Notice in Schedule S-3 filed herewith;

- (d) Establish an efficient procedural schedule for processing this Application, which incorporates the Commission's ruling on the Motion for Continuance;
- (e) Find that the current rates, prices, and charges for electric distribution service are unjust, unreasonable, and insufficient to yield reasonable compensation to AEP Ohio for the electric distribution service rendered;
- (f) Approve the proposed depreciation rates for use by AEP Ohio;
- (g) Find that the proposed rates, prices, and charges are just and reasonable based upon the test period for the twelve months ending November 30, 2020 and approve such schedules in the form tendered herewith;
- (h) Approve AEP Ohio's Application for Approval to Change Accounting Methods consistent with the Commission's approval of AEP Ohio's proposed deferrals and rider rates;
- (i) Fix the date on or after which applicable services provided to all customers are subject to the proposed rates at the first billing cycle of April 2021 or, if the Motion for Continuance is granted, the first billing cycle of June 2021; and
- (j) Grant any other relief deemed necessary to fully implement the proposals made in the Application.

Respectfully submitted,

Ohio Power Company



---

Raja Sundararajan, President and Chief  
Operating Officer





---

Julia A. Sloat, Treasurer



---

Steven T. Nourse (0046705), Counsel of Record  
Christen M. Blend (0086881)  
American Electric Power Service Corporation  
1 Riverside Plaza, 29th Floor  
Columbus, Ohio 43215  
Telephone: (614) 716-1608  
E-mail: [stnourse@aep.com](mailto:stnourse@aep.com)  
[cblend@aep.com](mailto:cblend@aep.com)

(willing to accept service by e-mail)

**Counsel for Ohio Power Company**

### **CERTIFICATE OF SERVICE**

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties.

In addition, I hereby certify that a service copy of the foregoing *Application of Ohio Power Company* was sent by, or on behalf of, the undersigned counsel to the following parties of record this 1<sup>th</sup> day of June, 2020, via electronic transmission.



---

Steven T. Nourse

### **EMAIL SERVICE LIST**

angela.obrien@occ.ohio.gov;  
Bojko@carpenterlipps.com;  
mkurtz@BKLawfirm.com;  
paul@carpenterlipps.com;  
kboehm@BKLawfirm.com;  
jkylercohn@BKLawfirm.com;  
Christopher.Healey@occ.ohio.gov;  
bethany.allen@igs.com;  
Joe.Oliker@igs.com;  
mnugent@igsenergy.com;

### **Attorney General's Office**

Werner.margard@ohioattorneygeneral.gov;  
steven.darnell@ohioattorneygeneral.gov;  
Andrew.shaffer@ohioattorneygeneral.gov;

### **Attorney Examiners**

Greta.See@puc.state.oh.us;  
Sarah.Parrot@puc.state.oh.us;

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**6/1/2020 9:49:12 AM**

**in**

**Case No(s). 20-0585-EL-AIR, 20-0586-EL-ATA, 20-0587-EL-AAM**

Summary: Application - Application of Ohio Power Company (Part 1 of 16) electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company