

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO UPDATE ITS
ENHANCED SERVICE RELIABILITY RIDER
FOR 2017.

CASE NO. 18-1371-EL-RDR

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO UPDATE ITS
ENHANCED SERVICE RELIABILITY RIDER
FOR 2018.

CASE NO. 19-1747-EL-RDR

ENTRY

Entered in the Journal on December 2, 2020

I. SUMMARY

{¶ 1} The Commission approves the tariffs filed by Ohio Power Company d/b/a AEP Ohio on November 2, 2020, to adjust its enhanced service reliability rider.

II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or Company) is an electric distribution utility (EDU), as defined in R.C. 4928.01(A)(6), and a public utility, as defined in R.C. 4905.02. As such, AEP Ohio is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an EDU 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. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for an ESP, which included approval of the enhanced service reliability rider (ESRR) through which the Company recovers incremental costs associated with its enhanced vegetation management program. The ESRR is subject to Commission review and reconciliation on an annual basis. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 08-917-EL-SSO, et al., Opinion and Order (Mar. 18, 2009) at 30-34, Entry

on Rehearing (July 23, 2009) at 17-18. As a part of each of the Company's subsequent ESPs, the Commission has approved the continuation of the ESRR. *In re Ohio Power Co.*, Case No. 11-346-EL-SSO, et al., Opinion and Order (Aug. 8, 2012); *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al. (*ESP 3 Case*), Opinion and Order (Feb. 25, 2015); *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al. (*ESP 4 Case*), Opinion and Order (Apr. 25, 2018).

{¶ 5} In the Company's third ESP, effective June 1, 2015, through May 31, 2018, the Commission approved the continuation of the ESRR, including AEP Ohio's requests to increase ESRR forecasted operations and maintenance (O&M) expense and capital costs. Specifically, AEP Ohio forecasted ESRR capital costs of \$1 million per year for 2015 through 2017, and \$1.1 million for 2018, as well as O&M expenses of \$25 million per year for 2015 through 2017, and \$26.3 million for 2018. *ESP 3 Case*, Opinion and Order (Feb. 25, 2015) at 47, 49.

{¶ 6} On April 25, 2018, the Commission modified and approved AEP Ohio's fourth ESP, pursuant to a joint stipulation and recommendation (Stipulation), to be effective June 1, 2018, through May 31, 2024, including the continuation of the ESRR, with a cap of \$27.6 million annually for actual expenditures and subject to annual review for compliance, program costs, and prudence. The Stipulation also provided that the ESRR would terminate on December 31, 2020, and be set to zero, if AEP Ohio did not file a base rate case by June 1, 2020.¹ *ESP 4 Case*, Opinion and Order (Apr. 25, 2018) at ¶¶ 192, 196.

{¶ 7} AEP Ohio's current ESRR rate was approved by the Commission on December 4, 2019. *In re Ohio Power Co.*, Case No. 17-1914-EL-RDR, Opinion and Order (Dec. 4, 2019).

¹ In Case No. 20-585-EL-AIR, et al., AEP Ohio filed a distribution base rate case application for the Commission's consideration. Due to the closure of the Commission's offices from June 1, 2020, through June 5, 2020, the application for a rate increase, which was submitted by AEP Ohio on June 1, 2020, was accepted for filing on June 8, 2020, and deemed timely filed in accordance with R.C. 1.14 and Ohio Adm.Code 4901-1-07 and 4901-1-13. *In re the Extension of Filing Dates for Pleadings and Other Papers Due to a Building Emergency*, Case No. 20-1132-AU-UNC, Entry (June 8, 2020).

{¶ 8} On August 31, 2018, in Case No. 18-1371-EL-RDR (*2017 ESRR Case*), AEP Ohio filed an application to reconcile its ESRR rate for 2017.

{¶ 9} On September 5, 2019, in Case No. 19-1747-EL-RDR (*2018 ESRR Case*), AEP Ohio filed an application to reconcile its ESRR rate for 2018.

{¶ 10} On October 7, 2020, the Commission issued its Finding and Order in AEP Ohio's *2017 ESRR Case* and the *2018 ESRR Case*. Recognizing that delays in the effective date of the ESRR for 2016, 2017, and 2018 may have resulted in the accrual of significant overcollections, the Commission directed AEP Ohio to work with Staff and file, within 30 days of the issuance of the Finding and Order, a detailed schedule of the ESRR collections for at least the 12 months ended August 31, 2020, as well as a new proposed ESRR rate.

{¶ 11} On November 2, 2020, as amended on November 20, 2020, AEP Ohio filed revised tariff pages reflecting an adjusted ESRR rate of 4.56850 percent of the customer's base distribution charges.

{¶ 12} On November 12, 2020, as amended on November 23, 2020, Staff filed its review and recommendation. Staff states that it has worked with the Company to review the proposed ESRR rate and to confirm the overcollections as of September 2020. Based on its review, Staff recommends that the proposed ESRR rate of 4.56850 percent of the customer's monthly base distribution charges be implemented with the first billing cycle of January 2021.

{¶ 13} The Commission finds, based on the recommendation of the Staff, that AEP Ohio's revised ESRR rate is consistent with the directives in the Finding and Order, does not appear to be unjust or unreasonable and, therefore, should be adopted.

III. ORDER

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That AEP Ohio's ESRR rate be updated to 4.56850 percent of base distribution revenues on a customer's monthly bill. It is, further,

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

{¶ 17} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 18} ORDERED, That AEP Ohio notify all customers of the changes to the tariffs via a bill message or bill insert within 45 days of the effective date of the tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

{¶ 19} ORDERED, That nothing in this Entry shall be binding upon the Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 20} ORDERED, That a copy of this Entry be served upon all interested persons and parties of record.

COMMISSIONERS:

Approving:

M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

GNS/hac

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Case No(s). 18-1371-EL-RDR, 19-1747-EL-RDR

Summary: Entry approving the tariffs filed by Ohio Power Company d/b/a AEP Ohio on November 2, 2020, to adjust its enhanced service reliability rider electronically filed by Heather A Chilcote on behalf of Public Utilities Commission of Ohio