



Public Utilities Commission

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December 21, 2020

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

RE: *In the Matter of the Alternative Energy Rider and Auction Cost Recovery Rider for Ohio Power Company, Case No. 15-1052-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by the Ohio Power Company to update its Alternative Energy Rider Tariff, Case No. 15-1052-EL-RDR.

A handwritten signature in black ink that reads "Tamara S. Turkenton".

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

Enclosure
Cc: Parties of Record

Ohio Power Company
Case No. 15-1052-EL-RDR

Background

The Ohio Power Company (OPCo or Company) has a bypassable Alternative Energy Rider (AER) with which the Company recovers its prudently incurred and reasonably forecasted costs of complying with the state's renewable portfolio standard detailed principally in Ohio Revised Code 4928.64.

The Company's AER, which consists of both a forecasted cost component and a reconciliation component, has been updated quarterly in recent years. The Company files its proposed AER rate approximately one month before the rate is to go into effect, with the new rate becoming effective automatically unless the Staff takes steps to suspend the automatic implementation. These filings are made approximately December 1, March 1, June 1, and September 1, with the rates becoming effective January 1, April 1, July 1, and October 1 respectively.

On December 1, 2020, OPCo filed its proposed AER rate for the first quarter of 2021. The proposed rates by delivery voltage are detailed in **Table 1**. As discussed in more detail below in this Staff document, the Company has proposed these updated rates go into effect in the event neither of its preferred alternatives is approved before the new rate is set to become effective.

Table 1

Delivery Voltage	AER Rate (\$/kWh)
Secondary	0.0034291
Primary	0.0033099
Sub/Transmission	0.0032437

Source: OPCo's December 1, 2020 [filing](#) in Case No. 15-1052-EL-RDR.

In a related matter, the Company filed an application in late November 2020 in which it proposed modifications to the methodology by which it calculates and updates its AER rate.¹ Under this new methodology, OPCo proposed an AER rate of \$0.00440/kWh (prior to any voltage adjustments) going forward. However, acknowledging that this new methodology may not be approved prior to the start of 2021, the Company proposed as an alternative to freeze its AER rates at current levels. The current AER rates by delivery voltage are as follows:

Table 2

Delivery Voltage	AER Rate (\$/kWh)
Secondary	0.0038973
Primary	0.0037618
Sub/Transmission	0.0036866

Source: OPCo's September 1, 2020 [filing](#) in Case No. 15-1052-EL-RDR.

¹ PUCO [Case No. 20-1745-EL-RDR](#)
180 East Broad Street
Columbus, Ohio 43215-3793

To summarize:

- The Company's AER rate is scheduled to be updated at the beginning of 2021 (first billing cycle).
- The Company's preferred approach is to implement the new AER rate calculation methodology proposed in Case No. 20-1745-EL-RDR.
- As an alternative, the Company proposes to retain its current AER rates as detailed above in **Table 2**.
- As a final alternative, the Company would implement the new rates proposed in its December 1, 2020, filing in Case No. 15-1052-EL-RDR and detailed above in **Table 1**.

Staff Review and Recommendations

The Company's proposal in Case No. 20-1745-EL-RDR requires additional analysis and therefore that proceeding will not be resolved prior to the first quarter of 2021. As such, Staff recommends that the AER rates currently in effect should remain in effect until such time as the Commission issues a final decision in Case No. 20-1745-EL-RDR.

Conclusion

Staff recommends that the Commission suspend the automatic approval of the AER rate revision and instead freeze the Company's AER rates at their current level as detailed above in **Table 2**.

Staff believes the freeze at current rates – which represent the intermediate alternative – is reasonable while the Company's proposal in Case No. 20-1745-EL-RDR is evaluated.

Because the AER includes a reconciliation component, and the tariff language specifically includes the potential for refunds, Staff is confident that the proper mechanisms exist to make any necessary rate adjustments in the future should a freeze of the current rate prove to result in any material over recovery.

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Case No(s). 15-1052-EL-RDR

Summary: Staff Review and Recommendation electronically filed by Mr. Stuart M Siegfried on behalf of PUCO Staff