

Legal Department

February 28, 2022

The Honorable Greta See
The Honorable Sarah Parrot
Attorney Examiners
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

Steven T. Nourse
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Re: *In the Matter of the Quadrennial Review Required by R.C. 4928.143(E) For the Electric Security Plans of Ohio Power Company, Case No. 21-1166-EL-UNC; In the Matter of the Application of Ohio Power Company for Administration of the Significantly Excessive Earnings Test for 2020 under Section 4928.143(F), Revised Code, and Rule 4901:1-35-10, Ohio Administrative Code; Case No. 21-0541-EL-UNC; and In the Matter of the Application of Ohio Power Company for Administration of the Significantly Excessive Earnings Test for 2019 under Section 4928.143(F), Revised Code, and Rule 4901:1-35-10, Ohio Administrative Code; Case No. 20-1006-EL-UNC*

Dear Examiners:

On behalf of the Signatory Parties, I am pleased to present the enclosed Stipulation and Recommendation. In addition, the Office of the Ohio Consumers' Counsel has informed me that it will not oppose adoption of the Stipulation and Recommendation.

Thank you for your attention to this matter.

Respectfully Submitted,



cc: Parties of Record

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company for)	Case No. 20-1006-EL-UNC
Administration of the Significantly)	
Excessive Earnings Test for 2019)	
Pursuant to R.C. 4928.143(F) and Ohio)	
Adm.Code 4910:1-35-10.)	
)	
In the Matter of the Application of)	
Ohio Power Company for)	Case No. 21-541-EL-UNC
Administration of the Significantly)	
Excessive Earnings Test for 2020)	
Pursuant to R.C. 4928.143(F) and Ohio)	
Adm.Code 4910:1-35-10.)	
)	
In the Matter of the Quadrennial)	
Review Required by R.C. 4828.143(E))	Case No. 21-1166-EL-UNC
for the Electric Security Plan of Ohio)	
Power Company.)	

JOINT STIPULATION AND RECOMMENDATION

I. INTRODUCTION

Rule 4901-1-30, Ohio Administrative Code provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of the parties who have signed below (“Signatory Parties”), who jointly present to the Public Utilities Commission of Ohio (“Commission”) this Joint Stipulation and Recommendation (“Stipulation”) which resolves all of the issues raised in the above-captioned proceedings involving Ohio Power Company (“AEP Ohio” or “the Company”).

This Stipulation is a product of serious, arm's-length bargaining among the Signatory Parties (all of whom are capable, knowledgeable parties) in an open and cooperative process in which all Signatory Parties were represented by able counsel and technical experts. The Signatory Parties believe that the Stipulation that they are recommending for Commission adoption presents a fair and reasonable result that, as a package, benefits customers, is in the public interest, and violates no regulatory principles or practices. This Stipulation is a compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the Signatory Parties would have taken if these issues had been fully litigated. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission where, as here, it represents a comprehensive compromise of issues raised by parties representing a wide range of interests. For purposes of resolving the issues raised by these proceedings, the Signatory Parties agree to fully support adoption of the Stipulation without modification in these proceedings and stipulate, agree, and recommend as set forth below.

II. BACKGROUND AND RECITALS

WHEREAS, on May 15, 2020, in Case No. 20-1006-EL-UNC, AEP Ohio filed the Direct Testimony of Jason Yoder setting forth a calculation of the Company's 2019 adjusted SEET return on equity (ROE).

WHEREAS, on May 15, 2020, in Case No. 20-1006-EL-UNC, AEP Ohio filed the Direct Testimony of Franz D. Messner setting forth a comparable risk group mean earned ROE and a recommended SEET threshold for 2019.

WHEREAS, on May 14, 2021, in Case No. 21-541-EL-UNC, AEP Ohio filed the Direct Testimony of Jason Yoder setting forth a calculation of the Company's 2019 adjusted SEET ROE.

WHEREAS, on May 14, 2021, in Case No. 21-541-EL-UNC, AEP Ohio filed the Direct Testimony of Franz D. Messner setting forth a comparable risk group mean earned ROE and a recommended SEET threshold for 2020.

WHEREAS, on November 17 2021, in Case No. 21-1166-EL-UNC, AEP Ohio filed the Direct Testimony of Lisa O. Kelso setting forth an average projected SEET ROE for 2021-2024.

WHEREAS, on November 17, 2021, in Case No. 21-1166-EL-UNC, AEP Ohio filed the Direct Testimony of Adrien McKenzie setting forth a comparable risk group projected mean earned ROE and an average projected SEET threshold for 2021-2024.

WHEREAS, on November 17, 2021, in Case No. 21-1166-EL-UNC, AEP Ohio witness Lisa O. Kelso enumerated the substantial quantitative benefits and numerous qualitative benefits of AEP Ohio's ESP IV that would not otherwise exist under an MRO.

III. RECOMMENDATIONS

The Signatory Parties recommend the Commission find as follows:

A. AEP Ohio 2019 SEET – 20-1006-EL-UNC

1. The testimony filed by AEP Ohio on May 15, 2020 should be admitted as evidence of record subject to cross examination by any opposing party at an evidentiary hearing.
2. While the Signatory Parties do not necessarily endorse the respective quantitative analyses performed by AEP Ohio and will not be bound in future cases by the methodology used by AEP Ohio, the Signatory Parties agree that

AEP Ohio's 2019 earned ROE does not constitute significantly excessive earnings under Section 4928.143(F) of the Revised Code.

B. AEP Ohio 2020 SEET – 21-0541-EL-UNC

1. The testimony filed by AEP Ohio on May 14, 2021 should be admitted as evidence of record subject to cross examination by any opposing party at an evidentiary hearing.

2. While the Signatory Parties do not necessarily endorse the respective quantitative analyses performed by AEP Ohio and will not be bound in future cases by the methodology used by AEP Ohio, the Signatory Parties agree that AEP Ohio's 2020 earned ROE does not constitute significantly excessive earnings under Section 4928.143(F) of the Revised Code.

C. AEP Ohio Quadrennial SEET – 21-1166-EL-UNC

1. The testimony filed by AEP Ohio on November 17, 2021 should be admitted as evidence of record subject to cross examination by any opposing party at an evidentiary hearing.

2. While the Signatory Parties do not necessarily endorse the respective quantitative analyses performed by AEP Ohio and will not be bound in future cases by the methodology used by AEP Ohio, the Signatory Parties agree that AEP Ohio's projected ROE for 2021-2024 does not constitute significantly excessive earnings under Section 4928.143(E) of the Revised Code.

3. The Signatory Parties further agree that this Stipulation satisfies the requirements of R.C. 4928.143(E) and recommend that the Commission find AEP

Ohio's ESP IV passes the more favorable in the aggregate test set forth in R.C. 4928.143(E).

IV. GENERAL AND PROCEDURAL MATTERS

- A. The Company will file testimony in support of the Stipulation pursuant to the procedural schedule established by the Commission. Other Signatory Parties may file testimony in support of the Stipulation at their discretion.
- B. This Stipulation is submitted for purposes of these proceedings only. Except for purpose of enforcement of the terms of this Stipulation, this Stipulation (including the information and data contained herein or attached) shall not be cited as precedent in any future proceeding for or against any Signatory Party.
- C. The Stipulation, if adopted by the Commission, will resolve all issues arising from the proceedings referenced above. Because the Stipulation is an integrated settlement, this Stipulation is expressly conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or materially modifies all or any part of this Stipulation, any Signatory Party shall have the right within thirty days of issuance of the Commission's order to apply for rehearing. The Signatory Parties agree that they will not oppose or argue against any other Party's application for rehearing that seeks to uphold the original unmodified Stipulation. If the Commission does not adopt the Stipulation without material modification upon any rehearing ruling, then within thirty days of such Commission rehearing ruling any Signatory Party may terminate its Signatory Party status and withdraw from the Stipulation by filing a notice with the Commission. If there is a change in Ohio law that (a)

amends R.C. 4928.143, (b) is effective prior to January 1, 2023, and (c) impacts the analysis of whether AEP Ohio's ESP is the more favorable in aggregate as set forth in R.C. 4928.143(E), then within thirty (30) days of the effective date of the new law, a Signatory Party may file a Notice of Withdrawal with the Commission explaining the legal basis for their position. No Signatory Party shall file a Notice of Withdrawal without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulation. If a new agreement is reached, the Signatory Parties will file the new agreement for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful, and a Signatory Party files a Notice of Withdrawal, then the Commission will convene an evidentiary hearing to afford the withdrawing Signatory Party or Parties the opportunity to contest the Stipulation by presenting evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that the Commission shall decide based upon the record and briefs.

IN WITNESS WHEREOF, the Stipulation and Recommendation has been signed by authorized agents of the undersigned Parties on this 28th day of February 2022.

/s/ Steven T. Nourse

Steven T. Nourse

On Behalf of Ohio Power Company

/s/ Thomas Lindgren by STN per authority

Thomas Lindgren

Sarah Feldkamp

**On Behalf of the Staff of the Public Utilities
Commission of Ohio**

/s/ Matt Pritchard by STN per authority

Bryce A. McKenney

On Behalf of Industrial Energy Users-Ohio

/s/ Angela Paul Whitfield by STN per auth.

Angela Paul Whitfield

On Behalf of The Kroger Co.

/s/ Jody Kyler Cohn by STN per authority

Michael L. Kurtz

Kurt J. Boehm

Jody Kyler Cohn

On Behalf of the Ohio Energy Group

/s/ Kimberly W. Bojko by STN per authority

Kimberly W. Bojko

Jonathan B. Wygonski

**On Behalf of the Ohio Manufacturers'
Association Energy Group**

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

2/28/2022 3:04:05 PM

in

Case No(s). 21-1166-EL-UNC, 21-0541-EL-UNC, 20-1006-EL-UNC

Summary: Stipulation Stipulation and Recommendation electronically filed by Mr.
Steven T. Nourse on behalf of Ohio Power Company