

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbus Southern Power Company and)
Ohio Power Company to Adjust Their) Case No. 11-4570-EL-RDR
Economic Development Cost Recovery)
Rider Pursuant to Rule 4901:1-38-08(A)(5),)
Ohio Administrative Code.)

FINDING AND ORDER

The Commission finds:

- (1) On August 1, 2011, Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (collectively, AEP-Ohio or the Companies) filed an application to adjust their economic development cost recovery rider (EDR) rates. The Companies state that, in accordance with the Commission's decision in AEP-Ohio's electric security plan (ESP) cases, the EDR rate for each company was initially set at 0.00 percent.¹ The Companies most recent EDR rates were set at 6.80493 percent of base distribution rates for CSP and 7.53687 percent of base distribution rates for OP pursuant to the Commission's order issued in *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Rates*, Case No. 11-705-EL-RDR, Finding and Order (April 13, 2011).
- (2) By Rules 4901:1-38-08(A)(5) and (C), Ohio Administrative Code (O.A.C.), the Commission requires that the electric utilities' EDR rates be updated and reconciled semiannually and permits affected persons to file a motion to intervene and comments to the application within 20 days of the date that the application is filed. Further, in a finding and order

¹ *In re Columbus Southern Power Company and Ohio Power Company*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Opinion and Order (March 18, 2009) and Entry on Rehearing (July 23, 2009) (ESP cases).

issued on January 7, 2010, in *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Rates*, Case No. 09-1095-EL-EDR, the Commission directed AEP-Ohio to file its application to adjust its EDR rates to allow the Commission sufficient time to review the filing and perform due diligence with regard to the application in order to facilitate implementing the EDR rates with the first billing cycle of April and October.

- (3) In accordance with the Commission's directives and Rule 4901:1-38-08(A)(5), O.A.C., AEP-Ohio filed the application in this case to adjust CSP's EDR rate to 6.96141 percent and to adjust OP's EDR rate to 13.94508 percent. The Companies state that the modifications to the proposed EDR rates reflect estimated unrecovered delta revenues and associated carrying costs associated with the Companies' reasonable arrangements with Ormet Primary Aluminum Corporation (Ormet), Eramet Marietta, Inc. (Eramet), Globe Metallurgical, Inc., (Globe), and The Timken Company (Timken). As a part of the application, AEP-Ohio provided the projected bill impact of the proposed EDR rider adjustments on all CSP and OP customers, by customer class.
- (4) In its application, AEP-Ohio requested that, at the conclusion of the 20-day comment period, the Commission find the Companies' EDR rates just and reasonable and conclude that a hearing is not necessary. Further, AEP-Ohio requested that its application to increase its EDR rates be approved to be effective with the first billing cycle of October 2011.
- (5) Along with the application, AEP-Ohio filed a motion seeking protective treatment of customer load information for Eramet, Globe, and Timken. The Companies take no position as to whether the Eramet load data is confidential and proprietary under Ohio law but wanted to ensure that the customers had a timely opportunity to seek protection of the associated information.

- (6) On August 2, 2011, Timken, Globe, and Eramet each filed a motion for a protective order. In the motions, Timken, Globe, and Eramet argue that the protected information includes actual and projected kilowatt hour (kWh) usage and the actual prices paid for electricity based upon the actual usage. Such information, according to the Timken, Globe, and Eramet, is competitively sensitive and highly proprietary business information that constitutes trade secrets under Section 1333.61(D), Revised Code, and Rule 4901:1-1-38-05(D), O.A.C. Timken, Globe, and Eramet claim that public disclosure of the pricing information would jeopardize their business positions and ability to compete.
- (7) No party filed memorandum contra the motions for protective treatment.
- (8) The Commission has previously granted protective treatment to the same customer usage and pricing information that is the subject of the pending motions for protective treatment. See, *In the Matter of the Application for Establishment of a Reasonable Arrangement Between Eramet Marietta, Inc. and Columbus Southern Power Company*, Case No. 09-516-EL-AEC, Tr. I at 7 (August 4, 2009). Accordingly, and in light of the fact that no memorandum contra has been filed, the Commission will grant Eramet's motion for protective treatment. Pursuant to Rule 4901-1-24(F), O.A.C., this protective order shall expire eighteen months after the issuance of this Finding and Order, unless an appropriate motion is filed at least 45 days in advance of this expiration date seeking to continue protective treatment of the involved information.
- (9) Timken, Globe, and Eramet also filed motions to intervene in this proceeding on August 2, 2011. No party filed memorandum contra the motions to intervene. The Commission finds that Timken, Globe, and Eramet have set forth reasonable grounds for intervention, and, therefore, their respective motions to intervene should be granted.

- (10) On October 3, 2011, the Staff filed its review and recommendation in this proceeding, recommending that the Commission approve the proposed adjustments to AEP-Ohio's EDR rates.
- (11) The Commission finds that AEP-Ohio's application to adjust its EDR rates to 6.96141 percent for CSP and to 13.94508 percent for OP is reasonable. As we recognized in previous AEP-Ohio EDR proceedings, we also find that the levelized approach proposed by AEP-Ohio for the collection of EDR costs is a just and reasonable means of collection. We find it reasonable for AEP-Ohio to accrue carrying costs on the under-recovery of delta revenues due to levelized rates, and, to the extent that there is an over-recovery of delta revenues, customers shall be afforded symmetrical treatment. Therefore, if the over-recovery of delta revenues occurs, AEP-Ohio shall credit customers with the value of the equivalent carrying costs, calculated according to the weighted average costs of long-term debt.
- (12) Upon review of the application and the recommendation filed by Staff, the Commission finds that AEP-Ohio's application to adjust its EDR rates does not appear to be unjust or unreasonable, and should be approved. Therefore, the Commission finds that it is unnecessary to hold a hearing in this matter.

It is, therefore,

ORDERED, That the motions for protective treatment filed by Timken, Globe, and Eramet be granted. It is, further,

ORDERED, That the motions of Timken, Globe, and Eramet to intervene be granted. It is, further,

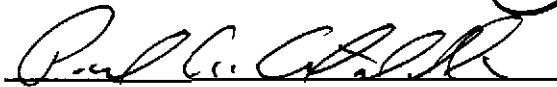
ORDERED, That AEP-Ohio's application to adjust its EDR rates be approved as discussed herein. It is, further,

ORDERED, That AEP-Ohio be authorized to implement its adjusted EDR rates of 6.96141 percent for CSP and 13.94508 percent for OP. It is, further,

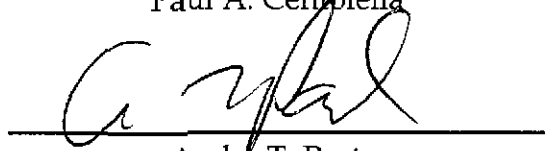
ORDERED, That a copy of this Finding and Order be served upon all persons of record in this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Paul A. Centolella


Steven D. Lesser

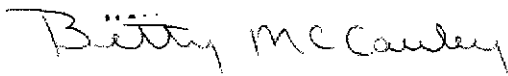

Andre T. Porter


Cheryl L. Roberto

GAP/sc

Entered in the Journal

OCT 12 2011.



Betty McCauley
Secretary