BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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| In the Matter of the Application of Ohio Power Company to Adjust Its Economic Development Cost Recovery Rider Pursuant to Rule 4901:1-38-08(A)(5), Ohio Administrative Code. | ) ) ) ) ) | Case No. 12-688-EL-RDR |

FINDING AND ORDER

The Commission finds:

(1) On February 22, 2012, as amended on March 20, 2012, Ohio Power Company (OP or Company) filed an application to adjust its economic development cost recovery rider (EDR) rates.[1] The Company states that, in accordance with the Commission's decision in the Company's electric security plan (ESP 1) cases, the EDR rates were initially set at 0.00 percent.[2] The Company's most recent EDR rates were set at 6.96141 percent of base distribution rates for customers in the Columbus Southern Power Company (CSP) rate zone and at 13.94508 percent of base distribution rates for customers in the OP rate zone 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. 11-4570-EL-RDR (October 2011 EDR), Order (October 12, 2011).

(2) By Rule 4901:1-38-08(A)(5) and (C), Ohio Administrative Code (O.A.C.), the Commission requires that the electric utility's 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, by finding and order issued on January 7, 2010, in *In the Matter of the Application of Columbus*

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1 By entry issued on March 7, 2012, the Commission approved and confirmed the merger of Columbus Southern Power Company into OP, effective December 31, 2011. *In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals*, Case No. 10-2376-EL-UNC.

2 *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 1 cases).

*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 OP 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., OP filed the instant application to increase the EDR rate in the CSP rate zone to 10.08734 percent and to increase the EDR rate in the OP rate zone to 14.06695 percent. The Company states that the adjustments to the proposed EDR rates reflect estimated unrecovered delta revenues and associated carrying costs associated with the Company's unique and reasonable arrangements with Ormet Primary Aluminum Corporation (Ormet), Eramet Marietta, Inc. (Eramet), Globe Metallurgical, Inc. (Globe), and Timken Company (Timken). As a part of the application, OP provided the projected bill impact of the proposed EDR rider adjustments on all customers, by customer class.

(4) In the application, OP requests that, at the conclusion of the 20-day comment period, the Commission find the Company's EDR rates just and reasonable and conclude that a hearing is not necessary. Further, OP requests that its application to adjust its EDR rates be approved to be effective with the first billing cycle of April 2012.

(5) Along with the application and the amendment to the application, in accordance with Rule 4901-1-24(D), O.A.C., OP filed motions seeking protective treatment for the customer load information in schedules 2, 4, 5, and 6 on behalf of Eramet, Globe, and Timken.[3] While OP takes no position as to the confidential and proprietary nature of the information under Ohio law, the Company claims to have filed the motions to permit its unique and special arrangement customers an opportunity to seek protective treatment.

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[3] According to OP, Ormet does not believe there is any need to redact the customer load information or to seek protective treatment for the information in the listed schedules.

(6) On February 24, 2012, and on March 20, 2012, Eramet and Globe filed motion to intervene and a motion for a protective order. Timken also filed a motion for limited intervention, to protect its customer-specific information, and a motion for a protective order on February 28, 2012. Eramet, Globe, and Timken each filed a second motion for a protective order in relation to OP's amended application. In their respective motions to intervene, Eramet, Globe, and Timken state that they are served by OP pursuant to a Commission-approved reasonable or unique arrangement at issue in this proceeding and each also notes that its customer-specific information is part of the Company's EDR filing. Eramet, Globe, and Timken assert that each may be affected by OP's proposed adjustments to its EDR rates and, as such, each claims a direct, real, and substantial interest in this case. Further, Eramet, Globe, and Timken note that OP has requested protective treatment of its customer-specific information. On that basis, Eramet, Globe, and Timken request the Commission grant their respective motions for intervention. No memorandum contra the motions to intervene of Eramet, Globe, or Timken was filed.

(7) In their motions for protective treatment, Eramet, Globe, and Timken state that OP's EDR filing includes certain customer-specific information related to operational data, employment figures, and electric usage which is confidential, sensitive, proprietary, and constitutes trade secret information as defined in Section 1333.61(D), Revised Code, and as recognized by Rule 4901-24(A)(7), O.A.C. According to Eramet, Globe, and Timken, if the customer-specific information is released to the public, it would compromise their business position, ability to compete, disclose physical limits and the nature of the manufacturing process. Eramet, Globe, and Timken assert that non-disclosure of the customer-specific information is not inconsistent with the purposes of Title 49 of the Revised Code. No memorandum contra the motions for protective treatment was filed.

(8) On March 13, 2012, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene. OCC argues that it is the advocate for residential utility customers of OP and that the rates of residential customers will be impacted by the proposed application. OCC asserts that its interests are different from that of any other party to this proceeding. As such, OCC

asserts that it has a direct, real, and substantial interest in the issues raised in this EDR proceeding.

(9) On March 21, 2012, the Staff filed its review and recommendation in this proceeding, recommending that the Commission approve the proposed adjustments to OP's EDR rates.

(10) The Commission finds that Eramet, Globe, Timken, and OCC have set forth reasonable grounds for intervention, and, therefore, their respective motions to intervene should be granted.

(11) Upon review of the application, and the recommendation of the Staff, the Commission finds that OP'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.

(12) The Commission finds that the Company's application to adjust its EDR rates to 10.08734 percent for the CSP rate zone and to 14.06695 percent for the OP rate zone is reasonable. We also find that the levelized approach proposed by OP for the collection of EDR costs is a just and reasonable means of collection, as it will operate to avoid the extreme swings in EDR costs linked to the structure of unique and reasonable arrangements. We find it reasonable for OP 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, OP shall credit customers with the value of the equivalent carrying costs, calculated according to the weighted average costs of long-term debt. The Commission additionally authorizes OP to implement its adjusted EDR rates of 10.08734 percent for the CSP rate zone and 14.06695 percent for the OP rate zone, effective with bills rendered in the first billing cycle of April 2012.

(13) As noted, 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, the October 2011 EDR Order and *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 the motions for protective treatment filed by OP, Eramet, Globe, and Timken. Pursuant to Rule 4901-1-24(F), O.A.C., this protective order shall expire 18 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.

It is, therefore,

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

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

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

ORDERED, That OP be authorized to implement its adjusted EDR rates of 10.08734 percent for the CSP rate zone and 14.06695 percent for the OP rate zone effective with bills rendered for the first billing cycle of April 2012. It is, further,

ORDERED, That a copy of this finding and order be served upon all persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Todd A. Snitchler, Chairman

Paul A. Centolella

Steven D. Lesser

Andre T. Porter

Cheryl L. Roberto

GNS/vrm

Entered in the Journal
MAR 28 2012

Barcy F. McNeal
Secretary