

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio )  
Power Company to Update Its ) Case No. 12-2627-EL-RDR  
Distribution Investment Rider. )

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company (AEP-Ohio or the Company) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission.
- (2) By opinion and order issued on August 8, 2012, in Case No. 11-346-EL-SSO, *et al.*, the Commission modified and approved AEP-Ohio's application for an electric security plan (ESP), which included approval of a Distribution Investment Rider (DIR) to provide capital funding for distribution infrastructure to support customer demand and advanced technologies (ESP case).<sup>1</sup> As approved, the DIR is adjusted quarterly to reflect in-service net capital additions, excluding capital additions reflected in other riders, and reconciled for over and under recovery. The DIR is also subject to an annual review for accounting accuracy, prudence, and compliance with the DIR plan developed by Staff and AEP-Ohio.
- (3) On September 28, 2012, AEP-Ohio filed an application to update the DIR effective with the first billing cycle of December 2012. In its application, AEP-Ohio states that the initial DIR rate following the ESP case was based on investment data from the Federal Energy Regulatory Commission (FERC) Form 3Q and Form 1 for the first quarter of 2012. AEP-Ohio notes that the proposed DIR rate is based on the FERC Form 3Q and Form 1 for the second quarter of 2012.

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<sup>1</sup> *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, *et al.*, Opinion and Order, at 42-47 (August 8, 2012).

AEP-Ohio further notes that the Commission's opinion and order in the ESP case did not explicitly adopt the Staff's recommendation that the Company be directed to make quarterly filings to update the DIR, with the filed rate to be effective, unless suspended by the Commission, 60 days after filing. AEP-Ohio requests that the Commission adopt the Staff's recommended 60-day automatic approval process for future quarterly update filings.

- (4) On November 16, 2012, AEP-Ohio filed corrected information in support of its application.
- (5) No comments were filed in response to AEP-Ohio's application.
- (6) The Commission finds that AEP-Ohio's application to update the DIR, as corrected on November 16, 2012, is reasonable and should be approved. The proposed DIR rate does not appear to be unjust or unreasonable, and, therefore, we find that it is unnecessary to hold a hearing in this matter. Accordingly, the new DIR rate should be implemented beginning with bills rendered for the first billing cycle of December 2012. Notwithstanding the Commission's approval of AEP-Ohio's proposed tariffs to establish a new DIR rate for the first billing cycle of December 2012, we note that the DIR remains subject to an annual audit and reconciliation.
- (7) With respect to AEP-Ohio's future quarterly DIR filings, the Commission clarifies that the proposed DIR rate shall be automatically approved 60 days after the application is filed, with the new rate to take effect on the proposed effective date, unless the 60-day period is suspended by the Commission. As noted above, however, the DIR is subject to adjustment during the annual audit and reconciliation.

It is, therefore,

ORDERED, That the proposed tariffs filed by AEP-Ohio on November 16, 2012, be approved and become effective for bills rendered beginning with the first billing cycle of December 2012. It is, further,



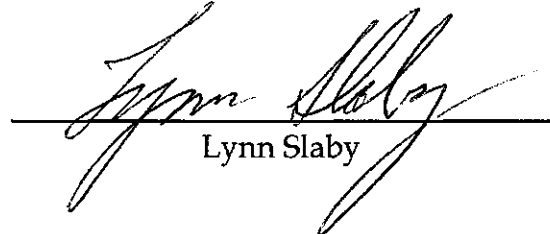
ORDERED, That AEP-Ohio be authorized to file, in final form, four complete copies of the tariffs, consistent with this finding and order. AEP-Ohio shall file one copy in its TRF docket (or make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy in this case docket. The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

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 10 days prior to its distribution to customers. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

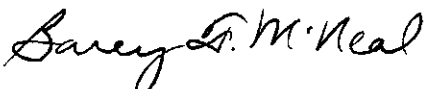
ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
Todd A. Snitchler, Chairman  
Steven D. Lesser  
Andre T. Porter  
Cheryl L. Roberto  
Lynn Slaby

SJP/sc

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Barcy F. McNeal  
Secretary