

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Power Company to Update its gridSMART) Case No. 12-509-EL-RDR
Rider.)

ENTRY

The Commission finds:

- (1) On March 18, 2009, the Commission issued its Opinion and Order in Columbus Southern Power Company's (CSP) and Ohio Power Company's (OP) (jointly, AEP-Ohio or Company) electric security plan (ESP 1) cases (ESP 1 Order).¹ By Entries on Rehearing issued on July 23, 2009 (First ESP EOR), and November 4, 2009, the Commission affirmed and clarified certain issues raised in AEP-Ohio's ESP 1 Order. The ESP 1 Order authorized CSP to create the Phase 1 gridSMART rider.² AEP-Ohio's ESP 1 expired on December 31, 2011.
- (2) On January 27, 2011, AEP-Ohio filed its application for a subsequent ESP to commence January 1, 2012, and continue through May 31, 2014. On September 7, 2011, a Stipulation and Recommendation (ESP 2 Stipulation) was filed by AEP-Ohio, Staff, and other parties to the proceedings to resolve the issues raised in the ESP 2 and several other AEP-Ohio cases pending before the Commission (consolidated cases).³ On December 14, 2011, the Commission approved the ESP 2 Stipulation and the consolidated cases, with certain modifications. As part of the Order issued on December 14, 2011, approving the ESP 2

¹ *In re AEP-Ohio ESP 1 cases*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Opinion and Order (March 18, 2009).

² *In re AEP-Ohio ESP 1 cases*, Order at 34-38; First ESP EOR at 18-24.

³ Specifically, the following cases: *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; *In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders*, Case No. 10-343-EL-ATA; *In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders*, Case No. 10-344-EL-ATA; *In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC; *In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Pursuant to Section 4928.144, Revised Code*, Case No. 11-4920-EL-RDR; *In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Pursuant to Section 4928.144, Revised Code*, Case No. 11-4921-EL-RDR.

Stipulation, the Commission also approved AEP-Ohio's request to merge CSP with and into OP, with OP as the surviving entity.

- (3) Applications for rehearing of the December 14, 2011, ESP 2 Order were filed. On February 23, 2012, the Commission issued its Entry on Rehearing concluding that, on two specific issues, even as modified, the ESP 2 Stipulation, as a package, did not benefit ratepayers and the public interest and, thus, did not satisfy the three-part test for the consideration of stipulations.
- (4) By entry issued on March 7, 2012, in Case No. 10-2376-EL-UNC, the Commission confirmed its approval of the merger of CSP and OP effective December 31, 2011.
- (5) On March 30, 2012, AEP-Ohio filed a modified ESP application (modified ESP 2) for the Commission's consideration. By Order issued on August 8, 2012, the Commission approved, with certain modifications, AEP-Ohio's modified ESP 2 application, which included the continuation of the gridSMART Phase 1 rider and approval to initiate gridSMART Phase 2.
- (6) On February 1, 2012, in the above noted docket, AEP-Ohio filed an application to update its gridSMART rider. The Commission approved AEP-Ohio's application to update its gridSMART rider, with modifications, on October 3, 2012. The October 3, 2012, Finding and Order also directed AEP-Ohio to file a compliance schedule (to reflect merged gridSMART carrying cost revenue requirements and merged gridSMART rider rates for the CSP and OP rate zones) and proposed tariffs for the Commission's review and approval.
- (7) On October 10, 2012, AEP-Ohio submitted its proposed compliance schedule, rates and tariffs.
- (8) On December 3, 2012, Staff filed its report on AEP-Ohio's compliance schedule, rates and proposed tariffs. Staff notes the Company made three revisions to the adjustments approved by the Commission in the October 3, 2012 Order. Staff reviewed the Company's compliance schedules and proposed tariffs and agrees with the adjustments. In the proposed compliance filing and tariffs, AEP-Ohio excluded additional amounts from the

per diem expenses (\$36,604 as opposed to the \$25,429 ordered), excluded additional amounts from the per diem capital adjustment (\$77,880 as opposed to the \$66,798 ordered), and reduced the adjustment ordered for Community Energy Storage Units (\$1,684,417 as opposed to the \$2,139,049 ordered) to account for funds received from the Department of Energy. Staff recommends that the Commission approve AEP-Ohio's proposed gridSMART tariff.

- (9) The Commission finds that AEP-Ohio's proposed gridSMART rate and tariff filed on October 10, 2012, is reasonable and consistent with the intent of the October 3, 2012 Order. Accordingly, the new gridSMART tariff and rider rate should be effective with the first billing cycle of January 2013.

It is, therefore,

ORDERED, That the proposed gridSMART compliance rates and tariffs filed by AEP-Ohio on October 10, 2012, are approved to be effective for bills rendered beginning the first billing cycle of January 2013. It is, further,

ORDERED, That a copy of this entry be served on 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

GNS/vrm

Entered in the Journal

DEC 12 2012



Barcy F. McNeal
Secretary