



Legal Department

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
AEP.com

December 21, 2012

Barcy F. McNeal
Docketing Division Chief
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

*Re: In the Matter of the Distribution Investment Rider for
Ohio Power Company, Case No. 12-2627-EL-RDR*

Steven T. Nourse
Senior Counsel –
Regulatory Services
(614) 716-1608 (P)
(614) 716-2014 (F)
stnourse@aep.com

Dear Ms. McNeal:

Through the Opinion and Order issued August 8, 2012 in Case No. 11-346-EL-SSO et al. (ESP II), the Commission modified and approved the Company's proposal to establish the Distribution Investment Rider (DIR). As part of the Commission's approval of the DIR, it ordered that quarterly updates be made and that audits would be implemented on an annual basis.

The Company submits its DIR adjustment based on investment data from the FERC Form 3Q for the 3rd quarter of 2012. Included in the adjustment is the over/under recovery for September plant actual balances.

Through its order on November 28, 2012, the Commission clarified that future DIR filings should 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. The Company is updating its DIR to be effective on first billing cycle of March, 2013 unless otherwise ordered by the Commission. This proposed effective date is a few days beyond 60 days after this filing but was filed early due to the intervening holidays.

Regards,

A handwritten signature in blue ink, appearing to read 'S. T. Nourse', is written over the word 'Regards,'.

P.U.C.O. NO. 20

DISTRIBUTION INVESTMENT RIDER

Effective Cycle 1 March 2013 all customer bills subject to the provision of this Rider, including any bills rendered under special contract, shall be adjusted by the Distribution Investment Rider charge of 11.16685% of the customer's distribution charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Filed pursuant to order dated November 28, 2012 in Case No. 12-2627-EL-RDR
Issued: December 21, 2012

Issued By
Pablo Vegas, President
AEP Ohio

Effective: Cycle 1 March 2013

OHIO POWER COMPANY

3rd Revised Sheet No. 489-1D
Cancels 2nd Revised Sheet No. 489-1D

P.U.C.O. NO. 20

OAD - DISTRIBUTION INVESTMENT RIDER
(Open Access Distribution- Distribution Investment Rider)

Effective Cycle 1 March 2013 all customer bills subject to the provision of this Rider, including any bills rendered under special contract, shall be adjusted by the Distribution Investment Rider charge of 11.16685% of the customer's distribution charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

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AEP Ohio Proposed Distribution Investment Rider September 2012

<u>Line</u>		AEP Ohio
1	Distribution Plant as of 8/31/2010	\$ 3,345,925,000
2	Accumulated Depreciation as of 8/31/2010	\$ 1,253,173,000
3=1-2	Net Distribution Plant	<u>\$ 2,092,752,000</u>
4		
5	September 2012 Distribution Plant	\$ 3,686,132,683
6	Accumulated Depreciation September 2012	<u>\$ 1,390,604,143</u>
7=5-6	Net Distribution Plant	<u>\$ 2,295,528,539</u>
8		
9=7-3	Change in Distribution Net Plant	\$ 202,776,539
10		
11	gridSMART Net Plant Adjustment (Recovered through GS Rider)	\$ 15,866,376
12		
13	Incremental Veg Mgmt net Plant Adjustment (Recovered through Rider)	\$ 23,022,943
14		
15	Incremental ADIT Offset	\$ 128,230,838
16		
17=9-11-13-15	Adjusted Change in Distribution Plant	\$ 35,656,383
18		
19	Carrying Charge Rate	20.59%
20		
21=17*19	Initial Rider Revenue	\$ 7,341,649
22		
23	Revenue Offset Provided in Distribution Stipulation	\$ 62,344,000
24		
25=21+23	Revised Rider Revenue	\$ 69,685,649
26		
27	2012 Rider Revenue Cap	\$ 86,000,000
28		
29	2012 Rider Revenue (lesser of line 25 & 27)	\$ 69,685,649
30		
31	(Over)/Under (Based on September Actuals)	\$ 1,687,106
32		
33	2012 Fully Adjusted Revenue Requirement	\$ 71,372,755
34		
35	Annual Base Distribution Revenue (12 Months Ending September 2012)	\$ 639,148,462
36		
37=33/35	AEP Ohio Percentage of Base Distribution Revenue	<u><u>11.16685%</u></u>

DISTRIBUTION UTILITY PLANT ADFIT
ACTUAL BALANCES
Account 2821001

DISTRIBUTION	D Case Filing Balance @ 8/31/2010	Actual Book Balance @ 12/31/2011	Actual Book Balance @ 3/31/2012	Actual Book Balance @ 6/30/2012	Actual Book Balance @ 8/31/2012	Actual Book Balance @ 9/30/2012
ADFIT - A/C 282 (Utility Property)	(328,328,000)	(420,358,000)	(431,916,000)	(443,753,831)	(452,552,835)	(456,558,838)

AEP Ohio Net Book Value September 2012

utility account	gl account	month	quantity	book cost	allocated reserve	net book value
36000 - Land	1060001 Completed Constr not Classif	09/2012	2	139,707	2	139,705
36000 - Land	1010001 Plant In Service	09/2012	558	14,443,296	2,802	14,440,494
36010 - Land Rights	1060001 Completed Constr not Classif	09/2012	4	951	0	951
36010 - Land Rights	1010001 Plant In Service	09/2012	0	36,016,740	7,193	36,009,546
36100 - Structures and Improvements	1010001 Plant In Service	09/2012	1	20,449,330	9,643,297	10,806,033
36100 - Structures and Improvements	1060001 Completed Constr not Classif	09/2012	1	17,082	2,755	14,327
36200 - Station Equipment	1010001 Plant In Service	09/2012	73	498,633,311	152,248,835	346,384,477
36200 - Station Equipment	1060001 Completed Constr not Classif	09/2012	877	28,429,542	802,367	27,627,175
36300 - Storage Battery Equipment	1060001 Completed Constr not Classif	09/2012	0	0	0	0
36300 - Storage Battery Equipment	1010001 Plant In Service	09/2012	0	5,062,199	1,524,985	3,537,214
36400 - Poles, Towers and Fixtures	1010001 Plant In Service	09/2012	1473350	586,060,404	338,523,912	247,536,492
36400 - Poles, Towers and Fixtures	1060001 Completed Constr not Classif	09/2012	8664	8,820,112	343,531	8,476,581
36500 - Overhead Conductors, Device	1010001 Plant In Service	09/2012	400879776.5	544,883,310	151,464,404	393,418,906
36500 - Overhead Conductors, Device	1060001 Completed Constr not Classif	09/2012	8795	51,438,440	1,268,388	50,170,052
36600 - Underground Conduit	1010001 Plant In Service	09/2012	7884844	159,812,843	47,813,499	111,999,343
36600 - Underground Conduit	1060001 Completed Constr not Classif	09/2012	1932	14,443,166	236,588	14,206,579
36700 - Underground Conductors, Device	1010001 Plant In Service	09/2012	71120044	485,528,566	208,027,184	277,501,381
36700 - Undergrnd Conductors, Device	1060001 Completed Constr not Classif	09/2012	2731	27,828,188	436,012	27,392,176
36800 - Line Transformers	1010001 Plant In Service	09/2012	1175159	651,576,800	271,919,565	379,657,235
36800 - Line Transformers	1060001 Completed Constr not Classif	09/2012	5871	5,720,529	235,942	5,484,586
36900 - Services	1010001 Plant In Service	09/2012	1399850	287,509,996	119,156,221	168,353,775
36900 - Services	1060001 Completed Constr not Classif	09/2012	3263	2,456,481	126,214	2,330,267
37000 - Meters	1010001 Plant In Service	09/2012	1500030	155,019,265	43,440,724	111,578,541
37000 - Meters	1060001 Completed Constr not Classif	09/2012	11	1,598,716	19,044	1,579,672
37016 - AMI Meters	1060001 Completed Constr not Classif	09/2012	1	21,515	0	21,515
37016 - AMI Meters	1010001 Plant In Service	09/2012	138403	15,009,571	3,802,925	11,206,646
37100 - Installs Customer Premises	1010001 Plant In Service	09/2012	168189	49,566,599	34,237,249	15,329,350
37100 - Installs Customer Premises	1060001 Completed Constr not Classif	09/2012	692	219,847	10,427	209,420
37200 - Leased Prop Cust Premises	1010001 Plant In Service	09/2012	0	103,793	71,307	32,486
37300 - Street Lghing & Signal Sys	1010001 Plant In Service	09/2012	8231414	34,856,201	16,750,570	18,105,631
37300 - Street Lghing & Signal Sys	1060001 Completed Constr not Classif	09/2012	597	466,182	14,575	451,607
				3,686,132,683	1,402,130,518	2,284,002,165
					-11,526,374	
					1,390,604,143	
					RWIP	

AEP Ohio gridSMART Net Book Value September 2012

company	utility account	cc_rate_codes	month	quantity	book_cost	allocated_reserve	net_book_value
Ohio Power - Distr	36700 - Undergrnd Conductors, Device	gridSMART	09/2012	47	9,655	111	9,544
Ohio Power - Distr	36800 - Line Transformers	gridSMART	09/2012	648	1,116,465	68,268	1,048,197
Ohio Power - Distr	36400 - Poles, Towers and Fixtures	gridSMART	09/2012	1134	266,898	22,875	244,024
Ohio Power - Distr	37016 - AMI Meters	gridSMART	09/2012	111586	8,007,250	2,637,384	5,369,866
Ohio Power - Distr	37300 - Street Lghtng & Signal Sys	gridSMART	09/2012	36	2,619	248	2,371
Ohio Power - Distr	36500 - Overhead Conductors, Device	gridSMART	09/2012	22506	5,507,085	303,286	5,203,799
Ohio Power - Distr	37000 - Meters	gridSMART	09/2012	1	20,964	250	20,714
Ohio Power - Distr	36200 - Station Equipment	gridSMART	09/2012	159	4,050,902	177,605	3,873,296
Ohio Power - Distr	37100 - Installs Customer Premises	gridSMART	09/2012	16	558	106	452
Ohio Power - Distr	36600 - Underground Conduit	gridSMART	09/2012	34	1,291	32	1,258
Ohio Power - Distr	36900 - Services	gridSMART	09/2012	428	97,591	4,737	92,854
					19,081,279	3,214,903	15,866,376

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Case No(s). 12-2627-EL-RDR

Summary: Tariff in the Matter of the Distribution Investment Rider electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company