

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Power Company to Adjust Its Economic)
Development Cost Recovery Rider) Case No. 13-325-EL-RDR
Pursuant to Rule 4901:1-38-08(A)(5),)
Ohio Administrative Code.)

FINDING AND ORDER

The Commission finds:

- (1) On February 1, 2013, Ohio Power Company (OP or the Company) filed an application to adjust its economic development cost recovery rider (EDR) rate. OP states that, in its recent electric security plan proceedings, the Commission approved the EDR, which is to be adjusted periodically to recover economic development amounts authorized by the Commission.¹ In OP's prior EDR rate adjustment case, the EDR rate was set at 13.054648 percent of base distribution rates.² In the present case, OP proposes to decrease the EDR rate to 10.79310 percent to be effective with the first billing cycle in April 2013.³
- (2) In support of its application, OP explains that the proposed EDR rate is based on estimated cost under-recoveries as evidenced by the projected 2013 delta revenues, as well as on the actual and projected delta revenues associated with the Company's reasonable arrangements with Ormet Primary Aluminum Corporation (Ormet), Eramet Marietta, Inc. (Eramet), Globe Metallurgical, Inc. (Globe), and The Timken Company (Timken). OP states that its calculation of the

¹ *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 66-67 (August 8, 2012).

² *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. 12-2210-EL-RDR, Finding and Order (September 26, 2012).

³ Paragraph 5 of OP's application indicates that the proposed rate is 10.24886 percent; however, the actual proposed rate, as reflected in schedule 1 of the application, is 10.79310 percent.

proposed EDR rate, as in prior EDR applications, utilizes a levelized rate approach previously approved by the Commission, including the accrual of a carrying cost at the weighted average cost of the Company's long-term debt on the under-recovery caused by the levelized EDR rate. OP further submits that, if it determines during the EDR rate period that the EDR collections are or will be substantially different than anticipated or that the unrecovered costs based on delta revenues are or will be substantially different than anticipated, the Company will file an application to modify the EDR rate for the remainder of the rate period. OP also notes that it will continue to track the delta revenues and the EDR collections in order to reconcile any difference through subsequent EDR rate adjustments. Finally, OP contends that its proposed EDR rate is just and reasonable and that a hearing is not necessary. OP requests that, at the conclusion of the 20-day comment period prescribed by Rule 4901:1-38-08(C), Ohio Administrative Code (O.A.C.), the Commission approve the application in time for the new EDR rate to take effect with the first billing cycle of April 2013.

- (3) Along with its application, OP filed a motion for protective treatment of customer-specific information filed in certain schedules under seal on behalf of Eramet, Globe, and Timken, in accordance with Rule 4901-1-24, O.A.C.⁴ While OP takes no position as to the confidential and proprietary nature of the information under Ohio law, the Company notes that it filed the motion to permit its customers a timely opportunity to seek protective treatment.
- (4) On February 4, 2013, Eramet and Globe filed motions to intervene and motions for a protective order. Timken also filed a motion for limited intervention and a motion for a protective order on March 12, 2013. In their respective motions to intervene, Eramet, Globe, and Timken state that they are served by OP pursuant to a Commission-approved reasonable arrangement, and each also notes that its

⁴ 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 OP's schedules.

customer-specific information is part of the Company's EDR application. Eramet, Globe, and Timken assert that they may be affected by OP's proposed adjustment to its EDR rate and, as such, each claims a direct, real, and substantial interest in this case that cannot be adequately represented by any other party to the proceeding. Further, Eramet, Globe, and Timken note that OP has requested protective treatment of its customer-specific information. For these reasons, Eramet, Globe, and Timken request that the Commission grant their respective motions for intervention. No memoranda contra the motions to intervene of Eramet, Globe, and Timken were filed.

- (5) In their motions for protective treatment, Eramet, Globe, and Timken state that OP's EDR application includes certain customer-specific information related to operational data, employment figures, and electric usage that is confidential, sensitive, and proprietary trade secret information as defined in Section 1333.61(D), Revised Code, and as recognized by Rule 4901-1-24(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 and ability to compete, as well as 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, Revised Code. No memoranda contra the motions for protective treatment were filed.
- (6) On March 8, 2013, Staff filed its review and recommendations regarding OP's application to adjust its EDR rate. After reviewing the application and supporting schedules, Staff states that the proposed EDR rate appears to be the result of delta revenues from Commission-approved reasonable arrangements and recommends that the Commission approve the proposed adjustment to the EDR rate.
- (7) By Rule 4901:1-38-08(A)(5) and (C), O.A.C., the Commission requires that an electric utility's EDR rate be updated and

reconciled semiannually and permits affected persons to file a motion to intervene and comments on the application within 20 days of the date on which the application is filed. Additionally, the Commission has previously directed OP to file an application to adjust its EDR rate to allow the Commission sufficient time to review the filing and perform due diligence with regard to the application in order to facilitate implementation of the adjusted EDR rate with the first billing cycle of April and October.⁵

- (8) Initially, the Commission finds that Eramet and Globe have set forth reasonable grounds for intervention and, therefore, their respective motions to intervene should be granted. Further, although Timken's motion for limited intervention was not filed within the time period prescribed by Rule 4901:1-38-08(C), O.A.C., we find that the motion, which is unopposed, should be granted, given that Timken's sole interest in this proceeding is seeking protective treatment for its customer-specific information.
- (9) With respect to the pending motions for protective treatment, we note that the Commission has previously granted protective treatment to the same customer usage and pricing information that is the subject of the pending motions.⁶ The Commission again finds that the motions for protective treatment filed by OP, Eramet, Globe, and Timken are reasonable and should be granted. 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 seeking to continue protective treatment is filed at least 45 days in advance of the expiration date.

⁵ *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, Finding and Order, at 12 (January 7, 2010).

⁶ *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. 12-2210-EL-RDR, Finding and Order, at 5 (September 26, 2012).

- (10) Upon review of OP's application to adjust its EDR rate and Staff's recommendations, the Commission finds that the application does not appear to be unjust or unreasonable and that it should be approved. Therefore, the Commission finds that it is unnecessary to hold a hearing in this matter.

The Commission further finds that OP's proposed EDR rate of 10.79310 percent is reasonable. We also find, consistent with our rulings on prior EDR applications, 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 reasonable arrangements. We find it reasonable for OP to accrue a carrying cost on the under-recovery of delta revenues due to the levelized rate and, to the extent that there is an over-recovery of delta revenues, customers shall be afforded symmetrical treatment. Therefore, if an over-recovery of delta revenues occurs, OP shall credit customers with the value of the equivalent carrying cost, calculated according to the weighted average cost of long-term debt.

Accordingly, the Commission authorizes OP to implement an adjusted EDR rate of 10.79310 percent to be effective with bills rendered in the first billing cycle of April 2013.

It is, therefore,

ORDERED, That the motions of Eramet, Globe, and Timken 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 rate be approved as discussed herein. It is, further,

ORDERED, That OP be authorized to implement its adjusted EDR rate of 10.79310 percent effective with bills rendered for the first billing cycle of April 2013. It is, further,

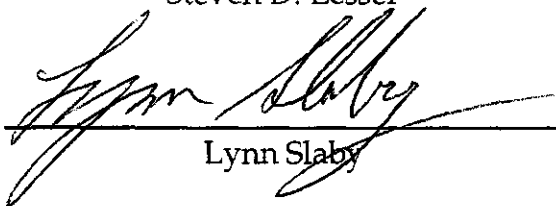
ORDERED, That a copy of this finding and order be served upon all parties and interested persons of record.

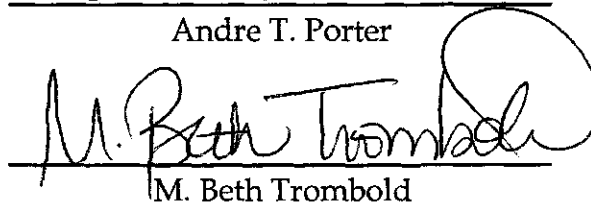
THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser


Andre T. Porter

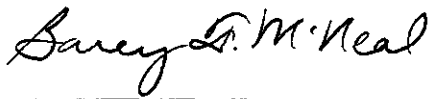

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MAR 27 2013


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Secretary