

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
of Ohio Power Company to Update its)	Case No. 13-1406-EL-RDR
Transmission Cost Recovery Rider)	

**OHIO POWER COMPANY’S MEMORANDUM CONTRA THE OFFICE OF THE
OHIO CONSUMERS’ COUNSEL’S MOTION TO EXTEND THE PROCEDURAL
SCHEDULE**

On Friday, October 18, 2013, less than four hours before their testimony was due, The Office of the Ohio Consumers’ Counsel (“OCC”) filed a motion seeking to modify the procedural schedule in this case. Ohio Power Company (“AEP Ohio” or the “Company”) opposes any need to extend the procedural schedule (for discovery, testimony or otherwise) based on the issues raised in OCC’s motion. The fact that OCC finds the issues “obscure” is an insufficient basis for extending the procedural schedule at this late hour. Moreover, the information that OCC argues “came to light” during the depositions of the Company’s witnesses is a misinterpretation of facts included in the Company’s Application – which has been filed since June. OCC should not be rewarded for its unreasonable tactics at the expense of the Company’s due process rights. For these reasons, OCC’s motion should be denied.

OCC’s memorandum in support of its motion demonstrates a confusion of the issues and a misapplication of the facts, and improperly argues substantive issues in a procedural filing. OCC argues that AEP Ohio “has been denying its customers a credit for off-setting revenues in transmission-related rates even though such crediting is required by O.A.C. 4901:1-36-04(C).” (Memorandum in support at 3-4.) Specifically, OCC argues that the Company “omitted PJM Reactive Supply credits from the TCR rates.” (*Id.* at 4.) However, OCC confuses generation credits with transmission costs. While Reactive Supply *charges* are transmission-related costs

billed to the Company by PJM and, as such, appropriately included for recovery through the TCRR, Reactive Supply *credits* are generation-related proceeds unrelated to the TCRR.

Moreover, OCC's argument that the Company's inadvertent omission of the \$24 million in reactive supply charges was due to an "accounting procedure" (*Id.* at 4) is factually inaccurate. The Company's accounting of the Reactive Supply charges was proper and did not lead to the inadvertent omission of the \$24 million in reactive supply charges from the TCRR. As discussed in the Company's Application (at ¶13) and in the direct testimony of the Company's witnesses, the error occurred simply because the \$24 million reactive supply charges were embedded in account 4470098 instead of being reflected, as has always been the case, in account 5550074, an account associated with the TCRR. There is no dispute that AEP Ohio actually paid the PJM bill and incurred costs for the reactive supply charges.

Contrary to OCC's assertion, the fact that reactive supply credits are not included in the TCRR is not a new revelation. The issue of which PJM costs and revenues were to be included in the Company's TCRR was established when the Commission originally approved the rider in 2006. (*See* Case No. 06-273-EL-UNC.) Further, schedule D-3c accompanying the Application provides detail on which PJM billing line items are included in the TCRR. It is clear from that schedule that reactive supply credits (PJM line item 2330) are not included in the TCRR.

Although the issue created by OCC's incorrect assumption "did not become apparent to OCC until the depositions," the obvious fact is that the information OCC misapplies has been readily available since the Company filed its Application in June – to say nothing of the fact that the information was contained in the Company's previous TCRR applications dating back to 2006.

OCC's false assertion of an issue that has been established for years is an insufficient basis for seeking to upend and prolong this proceeding at the last hour. The issues raised in OCC's motion go beyond the scope of this proceeding and will necessarily require rebuttal testimony because the Company had no reasonable expectation to need to defend basic factual matters that have been applied consistently for years. OCC's motion is nothing but a red herring. Therefore, OCC's motion should be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing has been served upon the below-named counsel via electronic mail, this 21st day of October, 2013.

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Summary: Memorandum Contra The Office of the Ohio Consumers' Counsel's Motion to Extend the Procedural Schedule electronically filed by Mr. Yazen Alami on behalf of Ohio Power Company