



December 23, 2013

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

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*

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 2013. Included in the adjustment is the over/under recovery for September 2013 plant actual balances.

Through its August 8 ESP II Order, the Commission approved the Company's proposal that for any year the DIR revenue is less than the annual cap allowance, the difference shall be applied to increase the cap for the subsequent period. The Company is including calculations on the Over/Under schedule that increase the 2013 cap by the difference between the 2012 DIR revenue and the approved \$86,000,000 cap, prorated to represent the partial year.

On November 13, 2013, the Commission approved the Company's proposal to include the Deferred Asset Recovery Rider (DARR) under-recovery true-up in the DIR rates effective Cycle 1 December 2013. In its next DIR filing, when it will true-up the DIR revenue collected in December 2013, the Company will adjust the DIR Over/Under calculation to exclude the revenue attributable to the DARR under-recovery revenue requirement.

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 the first billing cycle of March, 2014 unless otherwise ordered by the Commission.

Regards,

/s/ Steven T. Nourse

**Steven T. Nourse**  
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**DISTRIBUTION UTILITY PLANT ADFIT**  
**ACTUAL BALANCES**  
**Account 2821001**

	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 @ 9/30/2012	Actual Book Balance @ 12/31/2012	Actual Book Balance @ 3/31/2013	Actual Book Balance @ 6/30/2013	Actual Book Balance @ 9/30/2013
<b>DISTRIBUTION</b>									
ADFIT - A/C 282 (Utility Property)	(328,328,000)	(420,358,000)	(431,916,000)	(443,753,831)	(456,558,838)	(477,005,603)	(488,236,564)	(500,335,903)	(512,092,973)

AEP Ohio Proposed Distribution Investment Rider September 2013

<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 2013 Distribution Plant	\$ 3,810,709,311
6	Accumulated Depreciation September 2013	<u>\$ 1,411,338,421</u>
7=5-6	Net Distribution Plant	<u>\$ 2,399,370,890</u>
8		
9=7-3	Change in Distribution Net Plant	\$ 306,618,890
10		
11	gridSMART Net Plant Adjustment (Recovered through Rider)	\$ 17,494,847
12		
13	Incremental Veg Mgmt Net Plant Adjustment (Recovered through Rider)	\$ 26,602,579
14		
15=7-9-11-13	Adjusted Change in Distribution Plant	\$ 262,521,464
16		
17	Carrying Charge Rate	20.59%
18		
19=15*17	Initial Rider Revenue	\$ 54,053,169
20		
21	Revenue Offset Provided in Distribution Stipulation	\$ 62,344,000
22		
23	Incremental ADIT Offset	\$ 183,764,973
24		
25	Return Component on Plant	10.99%
26		
27=23*25	Remove ADIT Benefit	\$ (20,195,771)
28		
29=19+21+27	Revised Rider Revenue	\$ 96,201,399
30		
31	2013 Rider Revenue Cap	\$ 110,696,030
32		
33	2013 Rider Revenue (lesser of line 25 & 27 )	\$ 96,201,399
34		
35	(Over)/Under (Based on October actuals)	\$ 11,980,143
36		
37	2013 Fully Adjusted Revenue Requirement	\$ 108,181,542
38		
39	Annual Base Distribution Revenue (12 Months Ending September 2013)	\$ 630,541,687
40		
41=(37/39)	AEP Ohio Percentage of Base Distribution Revenue	<u><u>17.15692%</u></u>

## AEP Ohio Net Book Value September 2013

gl_account	utility_account	month	quantity	book_cost	allocated_reserve	net_book_value
1010001 Plant In Service	36000 - Land	09/2013	556	14810302.15	0	14810302.15
1010001 Plant In Service	36010 - Land Rights	09/2013	0	37415687.13	0	37415687.13
1010001 Plant In Service	36100 - Structures and Improvements	09/2013	1	20454909.98	9806571.33	10648338.65
1010001 Plant In Service	36200 - Station Equipment	09/2013	62	524818130	161114064.6	363704065.4
1010001 Plant In Service	36300 - Storage Battery Equipment	09/2013	0	5062198.87	1848032.54	3214166.33
1010001 Plant In Service	36400 - Poles, Towers and Fixtures	09/2013	1474781	606916321.4	349061266.7	257855054.7
1010001 Plant In Service	36500 - Overhead Conductors, Device	09/2013	401645922.5	570365811	154101314.6	416264496.5
1010001 Plant In Service	36600 - Underground Conduit	09/2013	8637561	170509089	47927705.4	122581383.6
1010001 Plant In Service	36700 - Undergrnd Conductors,Device	09/2013	73104911	508555091.2	215612562.7	292942528.6
1010001 Plant In Service	36800 - Line Transformers	09/2013	1183591	677716118.7	273529411.2	404186707.5
1010001 Plant In Service	36900 - Services	09/2013	1418635	302862644.4	123006976.4	179855668
1010001 Plant In Service	37000 - Meters	09/2013	1438166	146440532.8	19860278.15	126580254.7
1010001 Plant In Service	37016 - AMI Meters	09/2013	133188	17831979.31	5297183.74	12534795.57
1010001 Plant In Service	37100 - Installs Customer Premises	09/2013	167989	52698815.65	36297687.12	16401128.53
1010001 Plant In Service	37200 - Leased Prop Cust Premises	09/2013	0	103793	72667.43	31125.57
1010001 Plant In Service	37300 - Street Lghtng & Signal Sys	09/2013	8217953	37554106.72	17207942.98	20346163.74
1060001 Completcd Constr not Classif	36000 - Land	09/2013	2	99412.98	0	99412.98
1060001 Completcd Constr not Classif	36010 - Land Rights	09/2013	22	744834.2	0	744834.2
1060001 Completcd Constr not Classif	36100 - Structures and Improvements	09/2013	1	17081.75	3036.25	14045.5
1060001 Completcd Constr not Classif	36200 - Station Equipment	09/2013	433	23641091.85	743239.3	22897852.55
1060001 Completcd Constr not Classif	36300 - Storage Battery Equipment	09/2013	1	7727.16	652.62	7074.54
1060001 Completcd Constr not Classif	36400 - Poles, Towers and Fixtures	09/2013	9102	10804950.14	344735.73	10460214.41
1060001 Completcd Constr not Classif	36500 - Overhead Conductors, Device	09/2013	8586	41928266.46	1511673.35	40416593.11
1060001 Completcd Constr not Classif	36600 - Underground Conduit	09/2013	1963	13624481.99	335699.78	13288782.21
1060001 Completcd Constr not Classif	36700 - Undergrnd Conductors,Device	09/2013	2603	17174930.82	326922.33	16848008.49
1060001 Completcd Constr not Classif	36800 - Line Transformers	09/2013	5821	6227397.74	254838.76	5972558.98
1060001 Completcd Constr not Classif	36900 - Services	09/2013	2873	1405362.13	37104.01	1368258.12
1060001 Completcd Constr not Classif	37000 - Meters	09/2013	10	353491.2	3015.13	350476.07
1060001 Completcd Constr not Classif	37016 - AMI Meters	09/2013	2	50919.05	2528.14	48390.91
1060001 Completcd Constr not Classif	37100 - Installs Customer Premises	09/2013	693	209653.95	11321.13	198332.82
1060001 Completcd Constr not Classif	37300 - Street Lghtng & Signal Sys	09/2013	807	304178.28	8248.67	295929.61
				3,810,709,311.20	1,418,326,680.07	2,392,382,631.13
					(6,988,259.25)	
				3,810,709,311.20	1,411,338,420.82	2,399,370,890.38

RWIP

Net Book Value AEP Ohio gridSMART Assets September 2013

company	utility_account	cc_rate_codes	month	quantity	book_cost	allocated_reserve	net_book_value
Ohio Power - Distr	36700 - Undergrnd Conductors, Device	gridSMART	09/2013	680	16581.94	464.5	16117.44
Ohio Power - Distr	36800 - Line Transformers	gridSMART	09/2013	545	1116553.65	99861.75	1016691.9
Ohio Power - Distr	36400 - Poles, Towers and Fixtures	gridSMART	09/2013	1320	325294.55	39501.76	285792.79
Ohio Power - Distr	37016 - AMI Meters	gridSMART	09/2013	106833	9935220.58	3491291.64	6443928.94
Ohio Power - Distr	37300 - Street Lghtng & Signal Sys	gridSMART	09/2013	25	2847	357.06	2489.94
Ohio Power - Distr	36500 - Overhead Conductors, Device	gridSMART	09/2013	79326	5560753.44	441303.15	5119450.29
Ohio Power - Distr	37000 - Meters	gridSMART	09/2013	1	17025.08	145.22	16879.86
Ohio Power - Distr	36200 - Station Equipment	gridSMART	09/2013	3	4719835.41	308521.43	4411313.98
Ohio Power - Distr	37100 - Installs Customer Premises	gridSMART	09/2013	17	95627.18	6004.19	89622.99
Ohio Power - Distr	36600 - Underground Conduit	gridSMART	09/2013	21	1634.08	68.8	1565.28
Ohio Power - Distr	36900 - Services	gridSMART	09/2013	403	98111.91	7118.18	90993.73
					21,889,484.82	4,394,637.68	17,494,847.14

[illegible]

Cummulative Incremental Capital	\$ 28,842,055.49
Remove Depreciation	\$ (2,339,486.47)
Incremental Var. NBV	\$ 26,602,579.01

DIR Over/Under Calculation		
	Revenue Requirement	1/12 Revenue Requirement
Aug-12	\$ 67,641,831.22	\$ 5,636,819.27
Sep-12	\$ 69,684,970.52	\$ 5,807,080.88
Oct-12	\$ 71,371,309.29	\$ 5,947,609.11
Nov-12	\$ 69,454,078.56	\$ 5,787,839.88
Dec-12	\$ 71,495,444.65	\$ 5,957,953.72
Jan-13	\$ 71,935,805.98	\$ 5,994,650.50
Feb-13	\$ 71,726,240.09	\$ 5,977,186.67
Mar-13	\$ 72,316,897.35	\$ 6,026,408.11
Apr-13	\$ 72,913,173.98	\$ 6,076,097.83
May-13	\$ 74,411,746.09	\$ 6,200,978.84
Jun-13	\$ 91,505,149.70	\$ 7,625,429.14
Jul-13	\$ 93,204,196.24	\$ 7,767,016.35
Aug-13	\$ 95,101,717.53	\$ 7,925,143.13
Sep-13	\$ 96,201,399.36	\$ 8,016,783.28
Oct-13		
Nov-13		
Dec-13		
DIR Revenue through October 2013		\$ 90,746,996.71
(Over)/Under		\$ 78,766,853.55
		\$ 11,980,143.16

Calculation of DIR Cap 2012			
	2012 Cap*	2012 Actual	(Over)/Under
Aug-12	\$ 86,000,000	\$ 7,166,667	\$ 5,636,819
Sep-12	\$ 7,166,667	\$ 5,807,081	
Oct-12	\$ 7,166,667	\$ 5,947,609	
Nov-12	\$ 7,166,667	\$ 5,787,840	
Dec-12	\$ 7,166,667	\$ 5,957,954	
	\$ 35,833,333	\$ 29,137,303	\$ 6,696,030

\* Represents Partial Year

Calculation of DIR Cap 2013			
	2013 Cap	2013 Actual	(Over)/Under
2013 Cap	\$ 104,000,000		
2012 Under	\$ 6,696,030		
Total 2013	\$ 110,696,030		
Jan-13	\$ 9,224,669	\$ 5,994,650	
Feb-13	\$ 9,224,669	\$ 5,977,187	
Mar-13	\$ 9,224,669	\$ 6,026,408	
Apr-13	\$ 9,224,669	\$ 6,076,098	
May-13	\$ 9,224,669	\$ 6,200,979	
Jun-13	\$ 9,224,669	\$ 7,625,429	
Jul-13	\$ 9,224,669	\$ 7,767,016	
Aug-13	\$ 9,224,669	\$ 7,925,143	
Sep-13	\$ 9,224,669	\$ 8,016,783	
Oct-13	\$ 9,224,669		
Nov-13	\$ 9,224,669		
Dec-13	\$ 9,224,669		
	\$ 110,696,030	\$ 61,609,694	\$ 49,086,337

P.U.C.O. NO. 20

DISTRIBUTION INVESTMENT RIDER

Effective Cycle 1 ~~December 2013~~ March 2014, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Distribution Investment Rider charge of ~~15.7932317~~ 17.15692% 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 13, 2013 in Case No. 12-2627-EL-RDR

Issued: ~~November 25~~ December 30, 2013

Effective: Cycle 1 ~~December 2013~~ March 2014

Issued By  
Pablo Vegas, President  
AEP Ohio



P.U.C.O. NO. 20

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

Effective Cycle 1 ~~December 2013~~March 2014, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Distribution Investment Rider charge of ~~15.79323~~17.15692% 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 13, 2013 in Case No. 12-2627-EL-RDR

Issued: ~~November 25~~December 30, 2013

Effective: Cycle 1 ~~December 2013~~March 2014

Issued By  
Pablo Vegas, President  
AEP Ohio

**This foregoing document was electronically filed with the Public Utilities**

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

Summary: Correspondence Letter to Docketing Update (DIR 3Q 2013)  
electronically filed by Mr. Yazen Alami on behalf of Ohio Power Company