

PUCO EXHIBIT FILING

Date of Hearing: 6/4/2014

Case Nos. 13-2385-EL-SSO and 13-2386-EL-AAM

PUCO Case Captions: Volume II

In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Revised Code, in the Form of an Electric Security Plan.

In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority.

List of exhibits being filed:

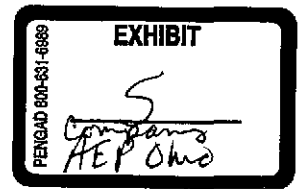
- Company Exhibits 5 and 6
- IEU Exhibit 7
- OMA Exhibit 4
- OCC Exhibits 2 and 3

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Reporter's Signature: Maria DiPaolo Jones
 Date Submitted: 6/18/14

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OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
THIRTEENTH SET



INTERROGATORY

INT-13-301 Referring to the Company response to OCC Interrogatory No.45, please explain the calculations reflecting the improvement factor of 100% related to Animal Mitigation – Station.

RESPONSE

Stations where DIR Work was performed was calculated and showed a pre-DIR average monthly outage calculation of 0.116. After the DIR work was performed, an average annual monthly outage rate was 0.00. This resulted in a 100% improvement factor due to the DIR Animal Mitigation-Station work.

Prepared by: Selwyn J. Dias

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INTERROGATORY

INT-13-302 Referring to the Company response to OCC Interrogatory No. 45, please explain the calculations reflecting the improvement factor of 42.54% related to Lightning Mitigation.

RESPONSE

Circuits where DIR Work was performed was calculated and showed a pre-DIR average monthly outage calculation of 0.9667. After the DIR work was performed, an average annual monthly outage rate was 0.5555. This resulted in a 42.54% improvement factor due to the DIR Lightning Mitigation work.

Prepared by: Selwyn J. Dias

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INTERROGATORY

INT-13-303 Referring to the Company response to OCC Interrogatory No.45, please explain the calculations reflecting the improvement factor of 100% related to Underground Cable Replacement.

RESPONSE

Circuits where DIR Work was performed was calculated and showed a pre-DIR average monthly outage calculation of 4.3218. After the DIR work was performed, an average annual monthly outage rate was 0.00. This resulted in a 100% improvement factor due to the DIR Underground Cable Replacement work.

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INTERROGATORY

INT-13-304 Referring to the Company response to OCC Interrogatory No. 45, please provide the calculations reflecting the improvement factor of 100% related to Small Wire Replacement.

RESPONSE

Circuits where DIR Work was performed was calculated and showed a pre-DIR average monthly outage calculation of 0.3328. After the DIR work was performed, an average annual monthly outage rate was 0.00. This resulted in a 100% improvement factor due to the DIR Small Wire Replacement work.

Prepared by: Selwyn J. Dias

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INTERROGATORY

INT-13-305 Referring to the Company response to OCC Interrogatory No. 45, please provide the calculations reflecting the improvement factor of 22.02% related to OVHD Circuit Inspection and Repair.

RESPONSE

Circuits where DIR Work was performed was calculated and showed a pre-DIR average monthly outage calculation of 110.03. After the DIR work was performed, an average annual monthly outage rate was 85.80. This resulted in a 22.02% improvement factor due to the DIR OVHD Circuit Inspection and Repair work.

Prepared by: Selwyn J. Dias

OHIO POWER COMPANY'S RESPONSE TO
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FOURTH SET



INTERROGATORIES

INT-4-045 Referring to the Direct Testimony of Pablo Vegas at page 7, have you quantified the service reliability impact from the DIR program to date?

RESPONSE

See the response to IEU INT-4-013. As previously indicated, the goals of the DIR are presented in the DIR filing, Case No. 12-3129-EL-UNC. Each program can contribute to the composite reliability total. As a whole, the DIR includes capital costs for projects that may not have an immediate impact on reliability. AEP Ohio has not conducted an analysis on impacts regarding system SAIFI or CAIDI. With that said, the following DIR programs are demonstrating improvements in specific areas:

- | | |
|--------------------------------------|--|
| Animal Mitigation - Station | Outage information for stations completed under Animal Mitigation Station projects reflect results of 1-11 months of actual outage data from the project completion date. With that said, results currently reflect an improvement factor of 100%. |
| Lightning Mitigation | Outage information for circuits completed under Lightning Mitigation projects reflect results of 2-9 months of actual outage data from the project completion date. With that said, results currently reflect an improvement factor of 42.54%. |
| Underground Cable Replacement | Outage information for segments completed under Underground Cable Replacement projects reflect results of 2-12 months of actual outage data from the project completion date. With that said, results currently reflect an improvement factor of 100%. |
| Small Wire Replacement | Outage information for line segments completed under Small Wire projects reflect results of 2-12 months of actual outage data from the project completion date. With that said, results currently reflect an improvement factor of 100%. |

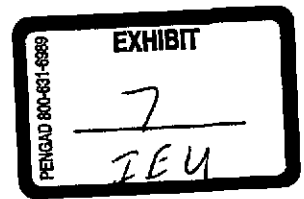
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FOURTH SET

**OVHD Circuit
Inspection and Repair**

Outage information for repairs completed under Overhead Circuit Inspection and Repair projects reflect results of 1-12 months of actual outage data from the project completion date. With that said, results currently reflect an improvement factor of 22.02%

Prepared by: Selwyn J. Dias

**OHIO POWER COMPANY'S RESPONSE
TO INDUSTRIAL ENERGY USERS-OHIO'S
DISCOVERY REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
TENTH SET**



INTERROGATORY

INT-10-001 In the Commission's December 4, 2013 Finding and Order in Case No. 12-1126-EL-UNC, the Commission authorized AEP-Ohio to retain its contractual entitlement in the Ohio Valley Electric Corporation ("OVEC") "until the OVEC contractual entitlements can be transferred to AEP Genco or otherwise divested, or until otherwise ordered by the Commission."

A. Since December 4, 2013, has AEP-Ohio attempted to transfer all or part of its rights and obligations under the Inter-Company Power Agreement ("ICPA") pursuant to Section 9.181 of the ICPA?

B. If the answer to Part A is in the affirmative, what is the name of the party AEP-Ohio sought to transfer its rights and obligations under the ICPA to?

C. If the answer to Part A is in the affirmative, on what date did AEP-Ohio seek consent from the other parties to the ICPA to transfer all or part of its rights and obligations under the ICPA?

D. If the answer to Part A is in the affirmative, which parties to the ICPA gave consent to the transfer and which parties withheld consent?

E. If the answer to Part A is in the negative, what is (are) the reason(s) AEP-Ohio has not sought to assign all or part of its rights, title, and interests in, and obligations under Section 9.181 the ICPA since December 4, 2013?

RESPONSE

a. The Company objects to this request as being premised as a false legal conclusion or opinion that is not attributable to a witness and is more appropriate for briefing and argument by counsel, and which the Company reserve the right to further address in those contexts. Without waiving the foregoing objection(s) or any general objection the Company may have, the Company states as follows. The Commission's December 4, 2013 Finding and Order in Case No. 12-1126-EL-UNC (Order) notes (in Finding 4) that AEP Ohio presented two alternative options for consideration: (1) exempt transfer of the OVEC contractual entitlement from the structural corporate separation transactions scheduled to be completed at the end of 2013, or (2) transfer the OVEC contractual entitlement and have AEP Ohio retain any future default liability. As explained in the Company's October 4, 2013 application to amend in 12-1126 and referenced in the Order

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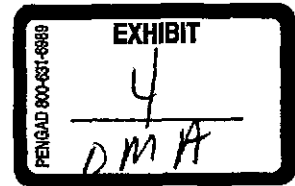
INT-10-001 Continued

(Finding 4), the Company was unable to obtain the required consent from the other parties to the OVEC contractual entitlement, despite considerable efforts by the Company including an offer from AEP Ohio's parent company to issue a guarantee in support of AEP Genco's obligations. The Finding and Order did not adopt any of IEU's recommendations, described in Finding 11 as asking the Commission (a) to require AEP Ohio to forego recovery of OVEC-related costs from customers during the current and subsequent ESP periods, (b) to force the transfer from AEP Ohio to AEP Genco while requiring the parent company to provide a guaranty to absorb any future default liability, and (c) to require AEP Ohio to pursue other options such as a transfer of the OVEC contractual entitlements to another operating company. Rather, the Commission (in Finding 20) granted AEP Ohio's request to retain OVEC as an exception to the structural corporate separation transactions and agreed that the Company's request to defer and address the retail rate issues related to OVEC in the next ESP proceeding. Regarding the language in Finding 20 that delineates the effective period for the conditions imposed by the Commission, the Company understands the conditions apply until the Commission orders otherwise or until the OVEC contract is otherwise disposed; the Company does not interpret the Finding and Order as requiring continual re-examination of the decision to retain OVEC. Moreover, subsequent to the time the Commission authorized AEP Ohio to retain its contractual entitlement related to OVEC, the Company filed this ESP proposing the PPA rider that would provide a rate stabilizing benefit to customers by utilizing the OVEC entitlement. Pursuing consideration of the pending PPA rider request is consistent with the Commission's holding in Finding 20 that the OVEC rate issues should be considered in *ESP III* proceeding and the Company believes it would be inconsistent with that aspect of the Finding and Order for AEP Ohio to actively pursue disposition of the OVEC contractual entitlement while *ESP III* and the PPA rider proposals remain pending. Because the issues decided in the Finding and Order are now final and non-appealable, they cannot be re-litigated in this case. In any case, the Company has not sought to transfer its rights and obligations under the ICPA and has no immediate plans to do so for the reasons explained above.

b-d. N/A

e. See the Company's response to a.

Prepared by: William A. Allen
Counsel



OHIO POWER COMPANY'S RESPONSE
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
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FIFTH SET

INTERROGATORY

INT-5-094 Please refer to your response to IEU Set 2, INT-2-001, Confidential Attachment 1 and provide the following information:

- a. Provide a detailed description of each row;
- b. Identify the source of all raw data used in each row;
- c. Identify the August market data assumptions underlying the forecast; and
- d. Identify how the August market data assumptions (and any other assumptions) were developed and, if they were developed through a computer model, identify the computer model (including manufacturer, product model and serial number), and provide all inputs and assumptions.
- e. Please identify the date the forecast was prepared and the person(s) who was/were responsible for preparing the forecast.

RESPONSE

- a. Detailed description of each row.

OVEC capacity UCAP: The unforced capacity available to PJM for AEP Ohio's portion of the OVEC units.

OVEC Energy (GWH): The forecasted energy produced and sold in a particular month.

OVEC Demand Charge: The demand charge OVEC bills AEP Ohio.

RPM price for capacity (\$/MW-Day): The PJM reliability pricing model price of capacity in that month.

Days in month: Simply the number of days in the particular month used for calculations.

Capacity Revenue (\$ 000): Revenue associated with the sale of the AEP Ohio's portion of OVEC UCAP capacity into the PJM.

Energy Market Price (\$/MWH): Market energy price for sale.

Energy Revenue (\$000): Revenue associated with selling AEP Ohio's portion of OVEC energy.

OVEC Cost [NEC + some var] (\$/MWH): Rate charged by OVEC for producing energy, including Net Energy Cost and other variable costs.

OVEC COGS (\$000): AEP Ohio's portion of OVEC cost of goods sold.

OVEC Energy Gross Margin: Energy Revenue minus COGS.

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FIFTH SET

OVEC Revenue (Capacity & Energy): Total AEP Ohio OVEC monthly revenue, from adding capacity and energy revenue lines

OVEC Cost (Demand + Fuel): Total AEP Ohio OVEC monthly costs, from adding the demand costs and the variable costs, which includes fuel.

OVEC Total: Difference between the previous two lines, the net margin from AEP Ohio's OVEC share.

PPA Rider: The amount of the purchased power rider either charged to customers or credited them based upon AEP Ohio's OVEC sales.

b. Source of raw data (N/A indicates a calculation—the line is not “raw data”)

OVEC capacity UCAP: AEP Resource Planning and Analysis.

OVEC Energy (GWH): AEP Resource Planning and Analysis.

OVEC Demand Charge: Forecast from OVEC. (modified based upon process improvement)

RPM price for capacity (\$/MW-Day): PJM.

Days in month: Calendar.

Capacity Revenue (\$ 000): N/A

Energy Market Price (\$/MWH): AEP Resource Planning and Analysis.

Energy Revenue (\$000): N/A

OVEC Cost [NEC + some var] (\$/MWH): Forecast from OVEC.

OVEC COGS (\$000): N/A

OVEC Energy Gross Margin: N/A

OVEC Revenue (Capacity & Energy): N/A

OVEC Cost (Demand + Fuel): N/A

OVEC Total: N/A

PPA Rider: N/A

c. See OCC INT-094 Confidential Attachment 1

d. See the Company's response to OCC INT-5-095, part c.

e. This forecast was finalized in conjunction with the ESP III financial forecast filed on Dec 20, 2013 using market data assumptions September 2013 and October 2013 as prepared by various support functions at the request of Company witness Allen.

Prepared by: William A. Allen

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 THIRTEENTH SET**

INTERROGATORY

INT-13-306 Referring to the Company response to OCC Interrogatory No. 45, please explain and quantify with supporting calculations the reliability improvement factor associated with the major components of the DIR Work Plan that was filed in Case No. 12-3129-EL-UNC including each of the following:

- A. Distribution Circuit Asset Improvements
- B. Cutout & Arrester Program
- C. Animal Mitigation
- D. Lightning Mitigation
- E. Underground Cable Replacement
- F. Small Wire Replacement
- G. Station Breaker Replacement
- H. OVHD Circuit Inspection and Repair
- I. Distribution Asset Improvement Associated with Transmission Work
- J. Pole Replacement
- K. Line Recloser Maintenance
- L. Sectionalizing
- M. URD Inspection Program
- N. Network Rehab
- O. Station Regulator Replacements
- P. Forestry – Ash Borer
- Q. Pole Reinforcement
- R. Underground Duct and Manhole Inspection
- S. Network Capacity
- T. Capacity Additions
- U. Integrated Volt-Var Systems
- V. Customer Service Work
- W. Third Party Work Requests
- X. Public Project Relocation
- Y. Service Restoration
- Z. Forestry
- AA. Other

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INT-13-306 Continued

RESPONSE

The reliability improvement for the major parts of the DIR plan and their calculations are as follows:

- A. Reliability Improvement Factor not calculated
- B. N/A, mostly an asset renewal program
- C. General Animal Mitigation is not part of the DIR plan. The DIR plan does contain Station Animal Mitigation. See OCC-INT-13-301
- D. See OCC-INT-13-302
- E. See OCC-INT-13-303
- F. See OCC-INT-13-304
- G. N/A, mostly an asset renewal program
- H. See OCC-INT-13-305
- I. N/A, mostly an asset renewal program
- J. N/A, mostly an asset renewal program
- K. N/A, mostly an asset renewal program
- L. Reliability Improvement Factor not calculated
- M. N/A, mostly an asset renewal program
- N. N/A, mostly an asset renewal program
- O. N/A, mostly an asset renewal program
- P. N/A, mostly a preventative program
- Q. N/A, mostly a preventative program
- R. N/A, mostly an asset renewal program
- S. N/A, no reliability impact
- T. N/A, no reliability impact
- U. N/A, no reliability impact
- V. N/A, no reliability impact
- W. N/A, no reliability impact
- X. N/A, no reliability impact
- Y. N/A, no reliability impact
- Z. Reliability improvements reflected in current standards.
- AA. N/A, no reliability impact

Prepared by: Selwyn J. Dias

2017/2018 RPM Base Residual Auction Planning Period Parameters

Table 4 – Net CONE for PJM RTO and LDAs for 2016/2017 and 2017/2018 BRAs

	2016/2017 BRA				2017/2018 BRA				DELTA	
	CONE	E&AS Offset	Net CONE	Net CONE	CONE	E&AS Offset	Net CONE	Net CONE	Net CONE	Net CONE
	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	UCAP Terms (\$/MW-Day)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	ICAP Terms (\$/MW-Year)	UCAP Terms (\$/MW-Day)	UCAP Terms (\$/MW-Day)	UCAP Terms (%)
RTO	139,392	25,614	113,778	330.53	143,434	22,423	121,011	351.39	20.86	6.3%
MAAC	142,223	46,906	95,317	276.90	146,348	38,559	107,789	313.00	36.10	13.0%
EMAAC, PS, PS-N, DPL-S	152,460	38,885	113,575	329.94	156,881	30,885	125,996	365.87	35.93	10.9%
SWMAAC, PEPCO, BGE	142,223	46,906	95,317	276.90	146,348	38,559	107,789	313.00	36.10	13.0%
COMED, ATSI, Cleveland	139,485	14,652	124,833	362.64	143,670	14,960	128,710	373.75	11.11	3.1%

Table 4 shows that Net CONE values for the 2017/2018 BRA are higher than values used in last year's BRA by 3.1% to 13.0% depending on the LDA. The 2017/2018 E&AS Offset values differ from those used last year due to an update of the 3-year period for which the reference resource E&AS revenues were determined (the 2017/2018 values are based on LMPs from calendar years 2011 through 2013 whereas the 2016/2017 values were based on LMPs from calendar years 2010 through 2012).

Limited Resource and Sub-Annual Resource Constraints

On 1/30/2014, FERC accepted PJM's recently filed Tariff revisions that implement maximum constraints on the quantity of the more-limited capacity resources (i.e., Limited and Extended Summer DR) that can be procured in RPM auctions. The revisions will be implemented effective with the 2017/2018 Delivery Year starting with the 2017/2018 BRA. Table 5 shows the target level of capacity (reliability requirement minus the short-term resource procurement target), the Limited Resource Constraint and the Sub-Annual Resource Constraint for the RTO and for each modeled LDA. The Limited DR Constraint is the maximum quantity of Limited DR that may be procured in the BRA. The Sub-Annual DR Constraint is the maximum quantity of the sum of Limited and Sub-Annual DR that may be procured in the BRA.

The calculations of the RTO and LDA Limited and Sub-Annual Resource Constraints are shown on the planning parameters spreadsheet posted on the PJM RPM website under 2017/2018 Delivery Year information and are based on the forecast peak load and