

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbus Southern Power Company to) Case No. 11-2768-EL-RDR
Update the Energy Efficiency and Peak)
Demand Reduction Rider.)

In the Matter of the Application of Ohio)
Power Company to Update the Energy) Case No. 11-2769-EL-RDR
Efficiency and Peak Demand Reduction)
Rider.)

In the Matter of the Application of Ohio)
Power Company to Update the Energy) Case No. 12-1557-EL-RDR
Efficiency and Peak Demand Reduction)
Rider.)

In the Matter of the Application of Ohio)
Power Company to Update the Energy) Case No. 13-1201-EL-RDR
Efficiency and Peak Demand Reduction)
Rider.)

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company)¹ is a public utility as defined in R.C. 4905.02 and an electric utility as defined in R.C. 4928.01(A)(11), and, as such, is subject to the jurisdiction of this Commission.
- (2) In Case No. 08-917-EL-SSO, et al., the Commission issued its Opinion and Order regarding AEP Ohio's application for an electric security plan (ESP). *In re Columbus Southern Power Company*, Case No. 08-917-EL-SSO, et al. (*ESP 1 Case*), Opinion and Order (Mar. 18, 2009), Entry on Rehearing (July 23, 2009), Second Entry on Rehearing (Nov. 4, 2009). In the *ESP 1 Case*, AEP Ohio was granted authority to establish energy efficiency and peak demand reduction (EE/PDR) programs, subject to

¹ On March 7, 2012, the Commission approved and confirmed the merger of Columbus Southern Power Company (CSP) into Ohio Power Company (OP). *In re Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2376-EL-UNC, Entry (Mar. 7, 2012).

working with a collaborative group of stakeholders and subsequent Commission review and approval. The initial EE/PDR rider rates were set at zero.

- (3) In Case No. 09-1089-EL-POR, et al., the Commission approved and modified a stipulation and recommendation regarding AEP Ohio's application for approval of its EE/PDR program portfolio plan to be effective through December 31, 2011, and to establish initial EE/PDR rider rates. *In re Columbus Southern Power Company*, Case No. 09-1089-EL-POR, et al. (2009 Portfolio Cases), Opinion and Order (May 13, 2010), Entry on Rehearing (July 14, 2010), Entry (Jan. 27, 2011).
- (4) On April 29, 2011, in Case No. 11-2768-EL-RDR, et al., AEP Ohio filed an application to adjust its EE/PDR rider rates (2011 EE/PDR Cases).
- (5) On May 17, 2011, and May 24, 2011, Ohio Environmental Council (OEC) and Industrial Energy Users-Ohio (IEU-Ohio), respectively, filed motions to intervene in the 2011 EE/PDR Cases. No memoranda contra were filed. The Commission finds that each of the motions to intervene sets forth reasonable grounds for intervention in these matters and, therefore, each motion to intervene should be granted.
- (6) On June 24, 2011, Staff filed its review and recommendation in the 2011 EE/PDR Cases. In its report, Staff states that it does not oppose AEP Ohio's recovery of net lost distribution revenues for the calendar years 2009 and 2010. Staff notes, however, that, in the 2009 Portfolio Cases, the Commission denied recovery of AEP Ohio's lost distribution revenues incurred after December 31, 2010. Therefore, Staff recommends that, consistent with the 2009 Portfolio Cases, AEP Ohio be denied the inclusion of net lost distribution revenues for 2011. Staff confirms that net lost distribution revenues for the year 2011 are \$4,022,906 for CSP and \$2,774,608 for OP. Further, Staff recommends that AEP Ohio be directed to refile its EE/PDR rider application and that the currently existing EE/PDR rider rates remain in effect.
- (7) By Entry issued on December 14, 2011, in the 2009 Portfolio Cases, the Commission granted AEP Ohio's motion to continue

its existing EE/PDR programs and rider rates, subject to refund, until the Commission specifically ordered otherwise.

- (8) On March 21, 2012, in Case No. 11-5568-EL-POR, et al., the Commission approved a stipulation and recommendation regarding AEP Ohio's application for approval of the Company's EE/PDR program portfolio plan for 2012 through 2014. *In re Columbus Southern Power Company*, Case No. 11-5568-EL-POR, et al. (2012 Portfolio Cases), Opinion and Order (Mar. 21, 2012).
- (9) On May 15, 2012, in Case No. 12-1557-EL-RDR (2012 EE/PDR Case), AEP Ohio filed an application to update its EE/PDR rider, with supporting calculations, including the final true-up for program costs incurred from 2009 through 2011.
- (10) On May 15, 2013, in Case No. 13-1201-EL-RDR (2013 EE/PDR Case), AEP Ohio filed an application seeking authority to implement and true up the EE/PDR rider, consistent with the Commission's decisions in the 2009 Portfolio Cases and the 2012 Portfolio Cases. AEP Ohio states that, because the EE/PDR rider rates approved effective with the first billing cycle of June 2010 have not been updated since that time, the Company proposes a comprehensive update to the EE/PDR rider to encompass its actual expenditures for 2009 through 2011, and to implement the authorized EE/PDR rider rates from the 2012 Portfolio Cases. In support of its application, AEP Ohio includes schedules summarizing the calculations underlying its proposed EE/PDR rates, proposed tariffs, and a typical bill comparison.
- (11) On May 17, 2013, Ohio Partners for Affordable Energy (OPAE) filed a motion to intervene in the 2013 EE/PDR Case. On June 10, 2014, the Office of the Ohio Consumers' Counsel (OCC) filed motions to intervene in the 2012 EE/PDR Case and the 2013 EE/PDR Case. No memoranda contra were filed. The Commission finds that the motions are reasonable and should be granted.
- (12) On June 5, 2014, Staff filed its review and recommendation in the 2012 EE/PDR Case and the 2013 EE/PDR Case. Staff states that, based on its review, it appears that AEP Ohio has followed all of the Commission's applicable directives in the

calculation of the proposed EE/PDR rider rates, including the exclusion of net lost distribution revenues incurred after December 31, 2010. According to Staff, net lost distribution revenues for both CSP and OP have been excluded from the final 2009 through 2011 EE/PDR rider true-up amount, which comprises a part of the latest comprehensive update proposed for the EE/PDR rider rates. Staff also notes that AEP Ohio's proposed EE/PDR rider rates include costs associated with the Interruptible Power-Discretionary credit, consistent with the Commission's decision in Case No. 11-346-EL-SSO, et al. *In re Columbus Southern Power Company and Ohio Power Company*, Case No. 11-346-EL-SSO, et al., Opinion and Order (Aug. 8, 2012) at 26, 66. Although Staff concludes that the procedures used by AEP Ohio in calculating the comprehensive update to its EE/PDR rider rates are consistent with the Commission's directives, Staff emphasizes that it has not performed a review of the actual costs included in the rider. Staff, therefore, proposes that a process be established to conduct financial audits of AEP Ohio's EE/PDR rider. Specifically, Staff recommends that the initial financial audit of the EE/PDR rider be conducted by an independent third party under Staff's direction and cover the period of January 2011 through December 2013. Staff points out that, during that period of time, the EE/PDR rider was modified significantly due to the merger of CSP and OP.

- (13) Ohio Adm.Code 4901:1-39-07(B) provides that any person may file objections within 30 days of the filing of an electric utility's application for recovery of EE/PDR program costs, net lost distribution revenues, and shared savings. If the application appears unjust or unreasonable, the Commission may set the matter for hearing.
- (14) The Commission finds that AEP Ohio's proposed EE/PDR rider rates, as set forth in the Company's application in the *2013 EE/PDR Case*, do not appear to be unjust or unreasonable and, therefore, it is not necessary to hold a hearing in these matters. Accordingly, AEP Ohio's application to update its EE/PDR rider rates, as filed in the *2013 EE/PDR Case*, should be approved. Consistent with Staff's recommendation, the Commission will issue by subsequent entry a request for proposal in order to acquire audit services with respect to AEP Ohio's EE/PDR rider. Finally, the Commission finds that, in

light of our decision approving AEP Ohio's application in the 2013 EE/PDR Case, which includes a comprehensive update and true-up of the Company's EE/PDR costs, the 2011 EE/PDR Cases and the 2012 EE/PDR Case should be closed of record.

It is, therefore,

ORDERED, That the motions to intervene filed by OEC, IEU-Ohio, OPAE, and OCC be granted. It is, further,


ORDERED, That AEP Ohio's application to update its EE/PDR rider rates, as filed in the 2013 EE/PDR Case, be approved. It is, further,

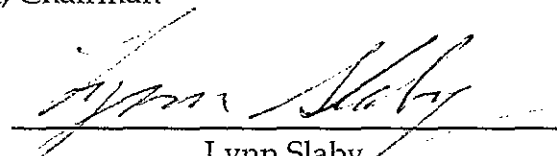
ORDERED, That the 2011 EE/PDR Cases and the 2012 EE/PDR Case be closed of record. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record in these cases.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser


Lynn Slaby

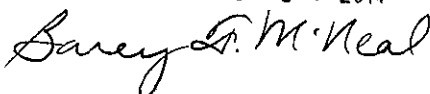

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Barcy F. McNeal
Secretary