

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Ohio Power Company to Update its) Case No. 14-1094-EL-RDR
Transmission Cost Recovery Rider Rates.)

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) 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) On June 16, 2014, AEP Ohio filed an application to update its transmission cost recovery rider (TCRR), pursuant to R.C. 4928.05(A)(2) and Ohio Adm.Code Chapter 4901:1-36. In its application, AEP Ohio seeks, inter alia, approval to collect an under-recovery balance of approximately \$57.1 million, including carrying charges, which is attributable to the difference between the level of forecasted costs in the Company's most recent TCRR update and the actual costs incurred by the Company over the prior period. AEP Ohio notes that, in its prior TCRR filing in Case No. 13-1406-EL-RDR, the Company's TCRR rates incorporated a two-year average forecast of certain costs expected to decrease due to the termination of the AEP East Power Pool. AEP Ohio further notes that, in the current TCRR filing, a significant portion of the under-recovery balance is the expected differential between actual costs incurred by the Company and forecasted costs based on the two-year average method.
- (3) On July 22, 2014, Industrial Energy Users-Ohio (IEU-Ohio) filed a motion to intervene in the above-captioned proceeding. No memoranda contra were filed. The Commission finds that IEU-Ohio's motion is reasonable and should be granted.
- (4) Ohio Adm.Code 4901:1-36-05 provides that, unless otherwise ordered, the Commission shall approve the application or set the matter for hearing within 75 days after the filing of a complete application under Ohio Adm.Code Chapter 4901:1-36.

- (5) On August 13, 2014, Staff filed a letter containing a summary of its review and recommendations for the Commission's consideration. Staff recommends that the Commission approve AEP Ohio's application, subject to the recommendations made by Staff. In its letter, Staff notes that AEP Ohio's proposed TCRR rates reflect a \$47.6 million increase over the current revenues that would be collected during the September 2014 through May 2015 timeframe. Staff further notes that the proposed rates include approximately \$57.1 million as a result of the prior year's under-collection of revenues and \$2.6 million in projected carrying costs, with a total proposed revenue collection of \$192.7 million.

Initially, Staff finds that AEP Ohio has appropriately included in its TCRR only those costs and credits that are incurred as a result of serving its retail customers in Ohio.

Further, Staff states that, in AEP Ohio's pending electric security plan proceedings, Case No. 13-2385-EL-SSO, et al., the Company proposes to convert the existing bypassable TCRR, which passes through all eligible costs and credits allowed under Ohio Adm.Code Chapter 4901:1-36, into a non-bypassable rider that includes only non-market based costs. According to Staff, all of the other electric utilities in Ohio have been granted approval to implement similar non-bypassable riders. Staff points out that, if the Commission elects to approve AEP Ohio's proposed non-bypassable rider in Case No. 13-2385-EL-SSO, et al., the current TCRR would terminate on May 31, 2015, and the new rider would take effect on June 1, 2015. Staff, therefore, believes that steps should be taken to ensure that the TCRR's under-recovery balance is eliminated by May 31, 2015. Accordingly, Staff recommends that AEP Ohio be directed to meet with Staff no later than November 1, 2014, and provide updated work papers and other support to verify that the TCRR rates approved in this proceeding are accurately and reasonably designed to recover all appropriate costs and deferred amounts by May 31, 2015, based on known and reasonably projected costs. Staff states that, if it determines that AEP Ohio's TCRR rates should be modified, the Company should be directed to file interim rates no later than December 1, 2014, to become effective no later than January 1, 2015. Staff notes that all costs and recoveries will be audited in AEP Ohio's 2015 TCRR filing. Finally, Staff

represents that AEP Ohio is aware of Staff's concerns and agrees that the recommendations offered by Staff should be adopted.

- (6) The Commission finds that the application to update AEP Ohio's TCRR is consistent with R.C. 4928.05(A)(2) and Ohio Adm.Code Chapter 4901:1-36, does not appear to be unjust or unreasonable, and should be approved to the extent set forth herein. We also find that it is unnecessary to hold a hearing in this matter.

Consistent with Staff's recommendations, the Commission directs AEP Ohio to meet with Staff by November 1, 2014, and provide updated work papers and other appropriate supporting documentation to Staff, in order to verify that the Company's TCRR rates are accurately and reasonably designed to recover all appropriate costs and deferred amounts by May 31, 2015. Following its review, Staff should request, if necessary, that AEP Ohio file proposed interim TCRR rates, which the Company should then file no later than December 1, 2014, in this docket. Unless otherwise ordered by the Commission, any such interim rates should become effective with the first day of the January 2015 billing cycle. Finally, as Staff noted, all costs and recoveries will be audited in AEP Ohio's 2015 TCRR filing.

Accordingly, the Commission finds that AEP Ohio's application should be approved, subject to Staff's recommendations.

It is, therefore,

ORDERED, That the motion to intervene filed by IEU-Ohio be granted. It is, further,

ORDERED, That the application filed by AEP Ohio be approved, subject to Staff's recommendations. It is, further,

ORDERED, That AEP Ohio file, in final form, four complete copies of its tariffs, consistent with this Finding and Order. One copy shall be filed in this case docket, one shall be filed in AEP Ohio's TRF docket, and the remaining two copies shall be designated for distribution to the Rates and Tariffs Division of the Commission's Utilities Department. It is, further,


ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the September 2014 billing cycle, and the date upon which four complete printed copies of AEP Ohio's final tariffs are filed with the Commission. The new tariffs shall be effective for bills rendered on or after such effective date. It is, further,

ORDERED, That AEP Ohio shall notify all affected customers via a bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,


ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



 Thomas W. Johnson, Chairman




 Steven D. Lesser



 Lynn Slaby



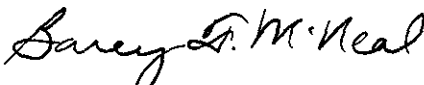
 M. Beth Trombold



 Asim Z. Haque

SJP/sc

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 Barcy F. McNeal
 Secretary