

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of            )  
Ohio Power Company to Adopt a            )     Case No. 14-1186-EL-RDR  
Final Implementation Plan for the        )  
Retail Stability Rider.                    )

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**COMMENTS  
SUBMITTED ON BEHALF OF THE STAFF  
OF THE PUBLIC UTILITIES COMMISSION OF OHIO**

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## **INTRODUCTION**

On July 8, 2014, Ohio Power Company (AEP Ohio or Company) filed an application requesting approval to continue its implementation of the Retail Stability Rider (RSR). In the application, AEP Ohio proposes a final implementation plan to continue the RSR beginning on June 1, 2015, at which point the current ESP term will end, and continuing over a collection period of 32 months, until the remaining capacity deferral and carrying charge balance is fully recovered.

## **BACKGROUND**

On July 2, 2012, in Case No. 10-2929-EL-UNC (Capacity Case), the Commission approved a capacity pricing mechanism for AEP Ohio. The Commission established \$188.88/megawatt-day (MW-day) as the appropriate charge to enable AEP Ohio to recover, pursuant to its fixed resource requirement obligations, its capacity costs from competitive retail electric service (CRES) providers. However, the Commission also directed that AEP Ohio's capacity charge to CRES providers should be based on the rate established by PJM Interconnection's reliability pricing model (RPM), including final zonal adjustments, in light of the fact that the RPM-based rate would promote retail electric competition. The Commission authorized AEP Ohio to modify its accounting procedures to defer capacity costs not recovered from CRES providers to the extent the total incurred capacity costs do not exceed \$188.88/MW-day, with the recovery mechanism to be established in the Company's then pending electric security plan (ESP) proceedings.

On August 8, 2012, the Commission issued its Opinion and Order in Case No. 11-346-EL-SSO, et al. (ESP Case), which approved, with certain modifications, AEP Ohio's application for a standard service offer in the form of an ESP, in accordance with R.C. 4928.143. Among other provisions of the ESP, the Commission modified and approved AEP Ohio's proposed RSR, which, in part, was intended to enable the Company to begin to recover the deferred amount of its capacity costs, consistent with the Commission's directives in the Capacity Case. Additionally, the Commission found that any remaining capacity deferral balance at the conclusion of the ESP term should be amortized over a three-year period unless otherwise ordered by the Commission. The Commission also directed AEP Ohio to file its actual shopping statistics at the end of the ESP term and noted that all determinations for future recovery of the capacity deferral balance would occur following the Company's filing of its actual shopping statistics.

#### **STAFF REVIEW AND RECOMMENDATIONS**

Staff reviewed the Company's application in order to verify that the Company properly reordered all applicable charges, collections and deferrals. During the review of the application an immaterial error pertaining to the carrying charges applied by the Company was discovered. As of the date of the Application, the carry charges were overstated by \$2,056.62 within the Company's general ledger and the Application. Hence the Company has agreed with Staff's assessment and recorded a correcting journal entry during June of 2014.

Staff finds the Company's application to be reasonable and recommends the Commission adopt a final implementation plan as proposed in the Application.

### **PROOF OF SERVICE**

I hereby certify that a true copy of the foregoing Comments submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 1<sup>st</sup> day of December, 2014.

*/s/Werner L. Margard III*

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Summary: Comments electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO