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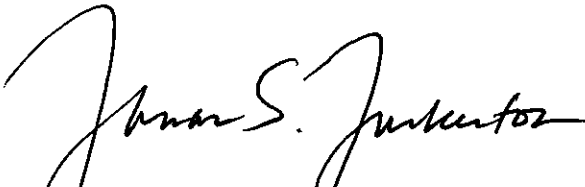
January 20, 2015

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Ohio Power Company to Update its Transmission
Cost Recovery Rider, Case No. 14-1094-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the interim
update application filed by Ohio Power Company, in Case No. 14-1094-EL-RDR.


Tamara S. Turkenton
Chief, Regulatory Services Division
Public Utilities Commission of Ohio


David Lipthratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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Ohio Power Company
Case No. 14-1094-EL-RDR
(Interim Update)

SUMMARY

On June 16, 2014, Ohio Power Company (Ohio Power, Applicant) filed an application for approval to update its Transmission Cost Recovery Rider (TCRR). On August 13, 2014, the Staff filed its Staff Review and Recommendations Letter. On August 27, 2014, the Commission approved the Applicant's application, subject to the recommendations included in the Staff Review and Recommendations Letter.

Staff's Review and Recommendations Letter stated that "Included in Ohio Power's Electric Service Plan (ESP) application in Case No. 13-2385-EL-SSO is a proposal to modify the existing TCRR Rider from its existing form, which is a bypassable rider that includes the pass-through of all eligible costs and credits per Ohio Administrative Code, Chapter 4901:1-36, to a Basic Transmission Rider that is non-bypassable and will include only non-market based costs. All other Ohio electric utilities have proposed and have been granted approval to implement a similar non-bypassable non-market based rider. Therefore, although the Commission has not acted on Case No. 13-2385-EL-SSO as of the date of this letter, there is the potential that Ohio Power's TCRR as it exists today will expire on May 31, 2015 and a new non-bypassable rider will be effective June 1, 2015. As a result, Staff believes that additional measures should be taken to help ensure that the under recovery balance of the Rider be eliminated by May 31, 2015. Staff recommends that the Commission direct the Applicant to meet with Staff no later than November 1, 2014 and provide updated work papers and support verifying that the rates the Commission approves in the instant case are accurately and reasonably designed to recover all appropriate costs and deferred amounts by May 31, 2015, based on known and reasonably projected cost"

The Commission's August 27, 2014 Opinion and Order directed Ohio Power to meet with Staff no later than November 1, 2014, to provide work papers and support verifying that the TCRR rates approved are accurately and reasonably designed to recover all appropriate costs and deferral amounts by May 31, 2015.

As directed, prior to November 1, 2014, Ohio Power met with the Commission Staff and provided updated work papers that included additional actual costs and revenues for the summer period as well projected costs and revenues through May 31, 2015. Ohio Power has provided monthly updates to Staff since the initial meeting. Based on the most recent information provided, which includes actual data through December 31, 2014, it is expected that by May 31, 2015, Ohio Power may over collect TCRR costs by approximately \$42.7M.

As a result of the potential significant over recovery of costs and the concern discussed above in regard to the potential change in the form of the TCRR rider beginning June 1, 2015, AEP filed an interim adjustment to its TCRR rates on January 15, 2015, to help

mitigate the potential over recovery of costs by May 31, 2015. The interim rates would become effective with the first billing cycle for February 2015.

STAFF REVIEW AND RECOMMENDATIONS

The Staff has completed its review of the interim update TCRR filing and believes that it appropriately includes updated rates necessary to help mitigate the expected over recovery balance of TCRR costs as of May 31, 2015.

A complete audit of the TCRR costs and revenues will be performed when AEP files its next annual update application for the TCRR Rider.

CONCLUSION

The Staff recommends that Ohio Power's interim update filing in Case No. 14-1094-EL-RDR be approved, subject to future audit, for rates effective the first billing cycle for February 2015.