

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the)
Fuel Adjustment Clauses for Columbus) Case No. 11-5906-EL-FAC
Southern Power Company and Ohio)
Power Company and Related Matters.)

In the Matter of the Fuel Adjustment)
Clauses for Columbus Southern Power) Case No. 12-3133-EL-FAC
Company and Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-572-EL-FAC
Clauses for Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-1286-EL-FAC
Clauses for Ohio Power Company.)

In the Matter of the Fuel Adjustment) Case No. 13-1892-EL-FAC
Clauses for Ohio Power Company.)

ENTRY ON REHEARING

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.
- (3) In Case No. 11-346-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for an ESP to commence with the first billing cycle of September 2012 and

continue through May 31, 2015, pursuant to R.C. 4928.143. *In re Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012), Entry on Rehearing (Jan. 30, 2013). As part of the *ESP 2 Case*, the Commission continued the fuel adjustment clause (FAC) for each of AEP Ohio's rate zones and approved the implementation of the new alternative energy rider (AER) mechanism to facilitate the Company's recovery of prudently incurred fuel and fuel-related costs, subject to annual audit. In addition, the Commission approved, with certain modifications, AEP Ohio's transition to a fully competitive auction-based SSO, with all energy procured by auction for delivery as of January 1, 2015. *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 18, 38-40.

- (4) In Case No. 12-3254-EL-UNC, the Commission approved and modified AEP Ohio's application, as supplemented, to establish a competitive bid procurement (CBP) process for its SSO. *In re Ohio Power Co.*, Case No. 12-3254-EL-UNC (*CBP Case*), Opinion and Order (Nov. 13, 2013), Entry on Rehearing (Jan. 22, 2014). The Commission approved AEP Ohio's proposal to unbundle the FAC, including the Company's request to establish the fixed cost rider (FCR) and the auction phase-in rider (APIR). *CBP Case*, Opinion and Order (Nov. 13, 2013) at 16.
- (5) On October 23, 2013, in the above-captioned proceedings, the Commission issued a request for proposal (RFP) for two audits of AEP Ohio's FAC and AER mechanisms, with the first audit to cover the period of 2012 and 2013, and the second audit to include both a review of 2014 and a final reconciliation and true-up of the FAC following its termination on December 31, 2014. The RFP noted that the timeline for the second audit would be established at a future date.
- (6) On December 4, 2013, the Commission selected Energy Ventures Analysis, Inc. (EVA) to perform the annual audits of AEP Ohio's fuel and alternative energy costs for the 2012, 2013, and 2014 audit periods and the final reconciliation and true-up of the FAC. On May 9, 2014, in Case No. 13-1892-EL-FAC, EVA filed its report regarding the

management/performance and financial audits of AEP Ohio's FAC and AER for 2012 and 2013.

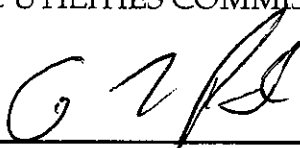
- (7) By Entry issued on May 21, 2014, the Commission selected Baker Tilly Virchow Krause, LLP (Baker Tilly) to investigate AEP Ohio's alleged double recovery of certain capacity-related costs, and to recommend to the Commission a course of action based on the auditor's findings. On October 6, 2014, Baker Tilly filed its audit report addressing AEP Ohio's recovery of certain capacity-related costs.
- (8) By Entry dated July 22, 2015, the Commission clarified that, as part of the second audit of the FAC and AER for 2014 and the final reconciliation and true-up of the FAC, EVA should audit AEP Ohio's FCR and APIR for the period of January 1, 2015, through May 31, 2015, excluding the issues addressed in the audit report filed by Baker Tilly. The Commission also directed EVA to present its draft audit report to Staff and AEP Ohio by November 9, 2015, and to file the final audit report by November 30, 2015.
- (9) R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.
- (10) On August 21, 2015, the Ohio Consumers' Counsel (OCC) filed an application for rehearing of the Commission's July 22, 2015 Entry. AEP Ohio filed a memorandum contra OCC's application for rehearing on August 31, 2015.
- (11) The Commission believes that sufficient reason has been set forth by OCC to warrant further consideration of the matters specified in the application for rehearing. Accordingly, the application for rehearing filed by OCC should be granted.

It is, therefore,

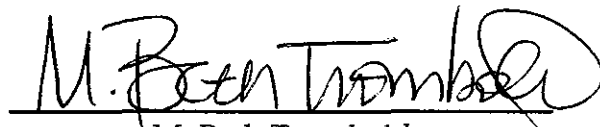
ORDERED, That the application for rehearing filed by OCC be granted for further consideration of the matters specified in the application for rehearing. It is, further,

ORDERED, That a copy of this Entry on Rehearing be served upon all parties of record.

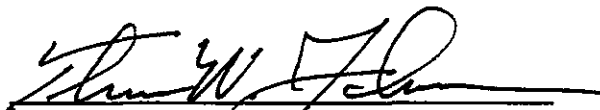
THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman



M. Beth Trombold



Thomas W. Johnson

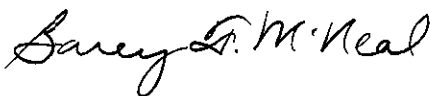
Lynn Slaby

Asim Z. Haque

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Entered in the Journal

SEP 16 2015



Barcy F. McNeal
Secretary