

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	
Power Company for Approval of an	)	Case No. 14-1158-EL-ATA
Advanced Meter Opt-Out Service Tariff	)	

---

**OHIO POWER COMPANY'S  
APPLICATION FOR REHEARING**

---

Pursuant to Ohio Revised Code ("R.C.") Section 4903.10 and Ohio Administrative Code ("O.A.C.") Rule 4901-1-35, Ohio Power Company ("AEP Ohio") respectfully files this Application for Rehearing of the Commission's April 27, 2016 Opinion and Order ("Opinion and Order") modifying and adopting the March 23, 2015 Stipulation and Recommendation ("Stipulation").

AEP Ohio commends the Commission for adopting the Stipulation and permitting AEP Ohio eventually to assess the recurring and monthly advanced meter opt-out charges contemplated by the Stipulation. However, the Commission erred in modifying the Stipulation to prohibit AEP Ohio from assessing the Stipulation's opt-out charges until AEP Ohio has implemented a mechanism to credit customers for gridSMART operational savings. *See* Opinion and Order at 10. This modification to the Stipulation is unreasonable and unlawful in the following respects:

- The Commission's modification to the Stipulation is unreasonable and unlawful because where, as here, the Commission makes substantial, unneeded modifications to a stipulation, it undermines incentives for settlement. (Section I.A in the accompanying memorandum in support.)
- The Commission's modification to the Stipulation is unreasonable and unlawful because it undermines important customer incentives to accept advanced meters

during the initial gridSMART Phase 2 deployment. (Section I.B in the accompanying memorandum in support.)

- The Commission’s modification to the Stipulation is unreasonable and unlawful because it will lead to customer confusion when opt-out fees “kick in” in the gridSMART Phase 2 territory. (Section I.C in the accompanying memorandum in support.)
- The Commission’s modification to the Stipulation is unreasonable and unlawful because it violates O.A.C. 4901:1-10-05(J)(1) and (5). (Section I.D in the accompanying memorandum in support.)
- The Commission’s modification to the Stipulation is unreasonable and unlawful because its factual predicate – that AEP Ohio has *not* begun to credit customers for gridSMART operational savings – is erroneous given that significant advanced meter deployment had already occurred by the time of AEP Ohio’s last distribution base case test year. (Section I.E in the accompanying memorandum in support.)

In any event, if the Commission were to retain its modification to the Stipulation, it should clarify two aspects of its Opinion and Order on rehearing:

- The Commission should clarify that the Opinion and Order’s reference to a “mechanism” to return operational savings would include the \$400,000 per quarter credit contemplated by the gridSMART Phase 2 Stipulation. (Section II.A in the accompanying memorandum in support.)

- The Commission should clarify how its Opinion and Order affects the opt-out charge notification requirements of O.A.C. 4901:1-10-05(J)(3)(a). (Section II.B in the accompanying memorandum in support.)

A memorandum in support of this Application for Rehearing is attached.

Respectfully submitted,

/s/ Steven T. Nourse

Steven T. Nourse

Matthew S. McKenzie

American Electric Power Service Corporation

1 Riverside Plaza, 29th Floor

Columbus, Ohio 43215

Tel: (614) 716-1608

Fax: (614) 716-2950

stnourse@aep.com

msmckenzie@aep.com

*Counsel for Ohio Power Company*

**BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio  
Power Company for Approval of an  
Advanced Meter Opt-Out Service Tariff

)  
)  
)

Case No. 14-1158-EL-ATA

---

**MEMORANDUM IN SUPPORT OF  
OHIO POWER COMPANY'S  
APPLICATION FOR REHEARING**

---

## TABLE OF CONTENTS

ARGUMENT .....	1
I. The Commission should reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately .....	1
A. Where, as here, the Commission makes substantial, unneeded modifications to a stipulation, it undermines incentives for settlement.....	1
B. The Commission should reverse its modification to the Stipulation to ensure that customers have the proper incentives to accept advanced meters from the first day of the gridSMART Phase 2 deployment .....	3
C. The Commission should reverse its modification to the Stipulation to avoid customer confusion when opt-out fees “kick in” in the gridSMART Phase 2 territory .....	5
D. The Commission should reverse its modification to the Stipulation because it violates O.A.C. 4901:1-10-05(J)(1) and (5).....	6
E. The Commission should reverse its modification to the Stipulation because AEP Ohio has <i>already</i> begun to credit customers for gridSMART operational savings, given that significant advanced meter deployment had already occurred by the time of AEP Ohio’s last distribution base case test year.....	9
II. At a minimum, if the Commission were to retain its modification to the Stipulation, it should clarify aspects of its Opinion and Order on rehearing.....	10
A. The Commission should clarify that the Opinion and Order’s reference to a “mechanism” to return operational savings includes the \$400,000 per quarter credit contemplated by the gridSMART Phase 2 Stipulation.....	10
B. The Commission should clarify how its Opinion and Order affects the opt-out charge notification requirements of O.A.C. 4901:1-10-05(J)(3)(a).....	11
CONCLUSION.....	12

## **ARGUMENT**

AEP Ohio commends the Commission for adopting the Stipulation and permitting AEP Ohio eventually to assess the recurring and monthly advanced meter opt-out charges contemplated by the Stipulation. As the Commission noted, those cost-based charges were supported by ample evidence in the record, and the proposal accords with the Commission's opt-out tariff rules set forth in O.A.C. 4901:1-10-05(J).

However, the Commission erred in modifying the Stipulation by prohibiting AEP Ohio from assessing the Stipulation's opt-out charges until AEP Ohio has implemented a "mechanism to return the operational savings of the gridSMART Program to customers." Opinion and Order at 10. As described below, that modification is unreasonable and unlawful because it removes critical incentives for customers to accept AMI meters during the initial gridSMART Phase 2 deployment; it will cause substantial customer confusion in the Phase 2 territory when opt-out charges suddenly "kick in"; and it cannot be reconciled with the Commission's binding directive in O.A.C. 4901:1-10-05(J)(5) that the costs of opt-out service should be paid "only" by customers electing such service.

**I. The Commission should reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately.**

**A. Where, as here, the Commission makes substantial, unneeded modifications to a stipulation, it undermines incentives for settlement.**

The Commission has the authority, and the responsibility, to review a settlement agreement to ensure that it fulfills the Commission's three-part test: that is, to ensure that the settlement (1) is the product of serious bargaining among capable and knowledgeable parties, (2) benefits ratepayers and the public interest, and (3) does not violate any important regulatory principle or practice. However, it is not appropriate for the Commission, while discharging that

responsibility, to make modifications to the settlement agreement that go beyond what is necessary to assure that the agreement satisfies the three-part test.

Here, the Commission concluded that the Stipulation, *including* the opt-out tariff fees proposed in that Stipulation, fulfills the Commission's three-part test and is "a cost-based charge that is consistent with the Commission's directive in Ohio Admin. Code 4901:1-10-05(J)."

Opinion and Order at 11. Yet the Commission then went beyond what is necessary to ensure that the Stipulation fulfills the three-part test by prohibiting AEP Ohio from assessing the charges contemplated in the Stipulation until "AEP Ohio implements [a] mechanism to return the operational savings of the gridSMART Program to customers." Opinion and Order at 10.

Where, as here, the Commission goes beyond what is necessary to ensure that the Stipulation meets the three-part test, and makes substantial modifications to a Stipulation, the Commission undermines incentives for AEP Ohio, Staff, and intervenors to settle Commission cases. AEP Ohio makes concessions (often significant concessions) to enter into stipulations with Staff and other parties with the expectation that the case will be resolved as contemplated in the stipulation. Here, for example, AEP Ohio's application in this proceeding proposed a cost-based recurring fee of \$31.80, and AEP Ohio continues to maintain – and the Commission expressly found – that \$31.80 represents the true recurring *cost* of providing advanced meter opt-out service. *See* Opinion and Order at 10 ("The record demonstrates that the average monthly cost of reading meters and providing advanced meter opt-out service is not less than \$31.80."). Yet AEP Ohio agreed in the Stipulation to drop its recurring charge from \$31.80 to \$24 – nearly a 25% reduction – in order to reach a settlement with Staff.

When the Commission then modified the Stipulation to AEP Ohio's detriment, the Commission upended the rationale under which AEP Ohio's was willing to accept a below-cost

monthly fee. That is, where, as here, the Commission modifies a stipulation to the detriment of AEP Ohio, the Commission undermines AEP Ohio's rationale for compromise and creates negative incentives for AEP Ohio to settle cases in the future. For that reason alone, the Commission should reverse its Opinion and Order and give AEP Ohio the benefit of its bargain by approving the Stipulation as submitted, without the modification in the Opinion and Order.

**B. The Commission should reverse its modification to the Stipulation to ensure that customers have the proper incentives to accept advanced meters from the first day of the gridSMART Phase 2 deployment.**

Another reason that the Commission should reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately is that the Commission's modification removes critical incentives for customers to accept AMI meters in AEP Ohio's proposed gridSMART Phase 2 AMI rollout. The deployment of advanced meters promises numerous benefits for customers, including, among other things, reduced meter-reading costs and a potential reduction in the severity of service outages. A cost-based advanced meter opt-out service – as required by the Commission's rules and as proposed in the Stipulation – allows a customer to decline the installation of advanced meter technology, but only if the customer bears the cost of that choice. In so doing, the opt-out charges establish critical incentives for customers to accept advanced meter technology. Such incentives further the Commission's policy of encouraging the deployment of cost-saving, technologically advanced distribution infrastructure and help ensure that customers will not refuse advanced meters based on arbitrary reasoning.

Under the Commission's modification, however, these customer incentives to accept advanced meter technology will be undermined during the initial stages of AEP Ohio's proposed gridSMART Phase 2 AMI deployment. As the Opinion and Order has noted, AEP Ohio, Staff, and multiple other parties have submitted a stipulation in AEP Ohio's gridSMART Phase 2 proceeding, under which AEP Ohio would undertake a substantial deployment of AMI meters



throughout its territory. *See* Opinion and Order at 10 (citing *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR, Stipulation (Apr. 7, 2016) (“gridSMART Phase 2 Stipulation”)); *see also* gridSMART Phase 2 Stipulation at 5 (proposing deployment of 894,000 AMI meters).

Here, however, the Opinion and Order holds that AEP Ohio cannot assess charges for opt-out service until it “implements [a] mechanism to return the operational savings of the gridSMART Program to customers.” Opinion and Order at 10. As AEP Ohio understands the Commission’s ruling (but see *infra*, Section II.A, for AEP Ohio’s request for clarification on this point), AEP Ohio could begin assessing opt-out fees in the fourth quarter following the adoption of the gridSMART Phase 2 Stipulation, since that is the first date (under the Stipulation) that customers will begin receiving the operational savings credit. *See* gridSMART Phase 2 Stipulation at 10. This creates a gap between when AEP Ohio will begin deploying AMI meters under Phase 2 and when AEP Ohio can charge opt-out fees.

During this gap between the beginning of the Phase 2 rollout and when AEP Ohio can begin assessing opt out charges under the Opinion and Order, customers will be able to opt out of AMI meters under AEP Ohio’s opt-out tariff, but opt-out fees will not yet exist as an incentive to encourage customers to accept AMI meters. Because the timeline for gridSMART Phase 2 AMI meter deployment following the approval of the gridSMART Phase 2 Stipulation depends on several factors, AEP Ohio cannot know precisely how long this “gap” will be; due to necessary AMI infrastructure deployment that must precede installation of AMI meters, the gap may be as little as one to two months. But *any* gap – even a gap of one or two months – between the beginning of Phase 2 AMI meter installation and AEP Ohio’s ability to charge opt-out fees could undermine customer incentives to accept the initial AMI meter installation. Without the incentives provided by opt-out fees, customers may decline AMI meters, thus potentially

creating unnecessary gaps or holes in AEP Ohio's Phase 2 AMI deployment. On a given circuit, for example, such gaps could be significant if a neighborhood association or civics group undertakes a concerted effort to resist deployment for whatever reason.

Even if opt-out customers in the Phase 2 rollout will later be subject to opt-out fees when AEP Ohio implements an operational credit, it is far better to give customers incentives *up front* to ensure that the deployment will proceed without gaps or holes. It would potentially increase AEP Ohio's deployment costs to have to make follow up deployment trips to "fill in" any holes that are created because the opt-out fee incentives are not in place in the beginning. Moreover, some AMI customer benefits (e.g., outage detection) are dependent on a thorough deployment of AMI meters in a particular territory. Thus, the Commission should reverse its modification to the stipulation to eliminate the gap and hold that AEP Ohio may assess opt-out fees immediately.<sup>1</sup>

**C. The Commission should reverse its modification to the Stipulation to avoid customer confusion when opt-out fees "kick in" in the gridSMART Phase 2 territory.**

Relatedly, the Commission should reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately because the modification will create significant customer confusion in the gridSMART Phase 2 territory when opt-out charges "kick in." As noted above, by prohibiting AEP Ohio from assessing opt-out charges until it "implements [a] mechanism to return the operational savings of the gridSMART Program to customers," Opinion and Order at 10, the Commission's modification to the Stipulation will create a gap between the

---

<sup>1</sup> As further discussed below in Section I.D, AEP Ohio believes that the Commission should allow AEP Ohio to implement its opt-out tariff charges immediately in order to comply with the directive of O.A.C. 4901:1-10-05(J) that opt-out service costs be borne solely by opt-out customers. However, at the very minimum, the Commission should permit AEP Ohio to assess opt-out fees upon the approval of the gridSMART Phase 2 Stipulation, in order to ensure that incentives to adopt AMI technology are in place on the first day of the Phase 2 AMI deployment..

between the beginning of the Phase 2 AMI rollout and when AEP Ohio can begin assessing opt-out charges. Thus, Phase 2 customers in the initial rollout may decline AMI meters essentially “free of charge.” But then, at a later time, when AEP Ohio’s proposed operational credit begins, these customers suddenly will see opt-out charges appearing on their bills.

No matter AEP Ohio’s efforts to educate these customers at the time of installation concerning future opt-out fees (*see infra* Section II.B for AEP Ohio’s requested clarification on this notification issue), the sudden appearance of opt-out charges on bills will likely surprise and confuse Phase 2 opt-out customers. Among other things, this could lead to customer complaint calls both to AEP Ohio’s service center and to the Commission. Springing opt-out charges on these customers at a later time will send confusing and inconsistent messages. This confusion could be particularly acute if, due to Phase 2 infrastructure deployment timelines, the gap between the beginning of Phase 2 AMI meter installation and AEP Ohio’s ability to charge opt-out fees is only one or two months. Customers will not understand why the first one or two months of opt-out service is “free” but then fees kick in after that. Through no fault of its own, AEP Ohio could be accused of a bait-and-switch tactic by allowing free opt outs and then beginning to charge for the opt-out service a few months later. To avoid these problems, the Commission should reverse its modification to the stipulation and hold that AEP Ohio may assess opt-out fees immediately, so that Phase 2 customers fully grasp the financial implications of their choice to decline advanced meters from the first month they elect opt-out service.

**D. The Commission should reverse its modification to the Stipulation because it violates O.A.C. 4901:1-10-05(J)(1) and (5).**

In addition to the significant practical and policy problems with the Commission’s modification of the Stipulation described above, the Commission’s modification also is unreasonable and unlawful because it violates the Commission’s own regulations concerning

advanced meter opt-out service. Although the Commission has expertise in interpreting its own regulations, where, as here, the Commission orders a result that cannot be reconciled with *any* reasonable interpretation of its regulations, the Commission’s order is unreasonable and unlawful. *See, e.g., Salem v. Koncelik*, 2005-Ohio-5537, ¶ 17 (agency’s interpretation of its own regulation was “unreasonable” where another interpretation was “inescapable” based on the “plain language” of the regulation) (Ct. App., 10th Dist. 2005); *Brooks v. Ohio Bd. of Embalmers & Funeral Directors*, 69 Ohio App. 3d 568, 572-73 (Ct. App., 10th Dist. 1990) (“[A]n agency is required to comply with the substantive requirements of its own regulations.”); *Clark v. Ohio Dep’t of Mental Retardation & Developmental Disabilities*, 562 N.E.2d 497, 499-500 (Ct. App., 6th Dist. 1988) (agency is “bound by any rules it promulgates” (citing cases)); *State ex rel. Consumers League of Ohio v. Ratchford*, 8 Ohio App. 3d 420, 422 (Ct. App., 10th Dist. 1982) (“It is well-settled that an agency is required to follow its own regulations.” (citing, *inter alia*, *Kroger Grocery & Baking Co. v. Glander*, 149 Ohio St. 120, 126 (1948))). That is the case here, because the Commission’s modification of the Stipulation cannot be reconciled with any interpretation O.A.C. 4901:1-10-05(J)(1) and (5).

In promulgating advanced meter opt-out rules, the Commission expressly rejected OCC’s argument that opt-out charges should be reduced by operational savings. Specifically, the Commission “denied OCC’s request to decrease opt-out service costs by the avoided cost because by choosing opt-out service, those customers’ actually decrease the effectiveness of the smart grid and thus raise costs on the rest of customers.” *In re Review of Chapter 4901:1-10*, Case No. 12-2050-EL-ORD, Finding & Order ¶ 28 (Oct. 16, 2013). Instead, the Commission held that advanced meter opt-out charges should be assessed as separate, cost-based charges to opt-out customers. *See* O.A.C. 4901:1-10-05(J)(1). And the Commission established

unequivocally in its rules that “[c]osts incurred by an electric utility to provide advanced meter opt-out service shall be borne *only* by customers who elect to receive advanced meter opt-out service.” O.A.C. 4901:1-10-05(J)(5)(e) (emphasis added)

The Commission’s modification to the Stipulation constitutes an unreasonable and unlawful violation of those rules. By holding that AEP Ohio cannot assess opt-out charges until it “implements [a] mechanism to return the operational savings of the gridSMART Program to customers,” Opinion and Order at 10, the Commission backtracked, without explanation, on its previous determination that a utility should assess cost-based opt-out charges regardless of the utility’s treatment of advanced meter operational savings. *See* O.A.C. 4901:1-10-05(J)(1), (5).

Critically, moreover, the Commission’s modification of the Stipulation violates O.A.C. 4901:1-10-05(J)(5)(e), because under the modification, “[c]osts incurred by an electric utility to provide advanced meter opt-out service” will *not* “be borne only by customers who elect to receive advanced meter opt-out service.” O.A.C. 4901:1-10-05(J)(5)(e) (emphasis added). Instead, until AEP Ohio is able to begin assessing opt-out fees, AEP Ohio must provide opt-out service and will unquestionably incur costs to provide that service, but those costs will be socialized to *all* customers as they pay generally for AEP Ohio’s cost of service. There is no way to reconcile that outcome with O.A.C. 4901:1-10-05(J)(5)(e)’s clear edict that the cost of opt-out service must “be borne *only* by” opt-out customers. As a result, the Commission’s modification to the Stipulation is unlawful because it violates O.A.C. 4901:1-10-05(J). The modification should be reversed on rehearing.

- E. The Commission should reverse its modification to the Stipulation because AEP Ohio has *already* begun to credit customers for gridSMART operational savings, given that significant advanced meter deployment had already occurred by the time of AEP Ohio's last distribution base case test year.**

Lastly, the Commission's modification to the Stipulation is unreasonable and unlawful because the factual predicate on which it is based – that AEP Ohio has *not* begun to credit customers for gridSMART operational savings – is erroneous. By the time of the test year for AEP Ohio's last distribution base case, the gridSMART Phase 1 AMI deployment had been completed for eleven months, and AEP Ohio had also installed numerous additional AMR meters throughout its territory during the test year. (*See, e.g.*, Hearing Tr. at 78.) Accordingly, although AEP Ohio's last distribution base case resulted in a so-called "black box" settlement, there can be no doubt that the starting point for the rates approved in that case incorporated existing operational savings from a substantial advanced meter deployment that had occurred by the test year. Moreover, because the Phase 1 AMI deployment was complete, the rates approved in AEP Ohio's last distribution base case included a 7% reduction for meter reconnection charges related to gridSMART operational savings. *See* Case No. 11-0351-EL-AIR, Report by the Staff of the Public Utilities Commission of Ohio at 24 (Sept. 15, 2011); *see also* Case No. 11-0351-EL-AIR, Joint Stipulation and Recommendation at 10, Attachment TC (reflecting the lower charge) (Nov. 23, 2011); Case No. 11-0351-EL-AIR, Opinion and Order (Dec. 14, 2011) (adopting the stipulation).

For those reasons, the factual predicate of the Commission's modification of the stipulation is incorrect. The gridSMART Phase 2 stipulation does not present the first time that operational savings have been passed through to customers. Operational savings have been included in AEP Ohio's base distribution rates for some time. Thus, the Commission should

reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately.

**II. At a minimum, if the Commission were to retain its modification to the Stipulation, it should clarify aspects of its Opinion and Order on rehearing.**

As described above, the Commission should reverse its modification to the Stipulation and permit AEP Ohio to assess opt-out fees immediately. At a minimum, however, the Commission should clarify two points on rehearing, as follows.

**A. The Commission should clarify that the Opinion and Order’s reference to a “mechanism” to return operational savings includes the \$400,000 per quarter credit contemplated by the gridSMART Phase 2 Stipulation.**

The Opinion and Order holds that AEP Ohio may not assess the opt-out charges contemplated in the Stipulation “until AEP Ohio has received Commission approval and implemented a mechanism that will return the operational savings of AEP Ohio’s advanced meter deployment to customers.” Opinion and Order at 10. In so holding, the Opinion and Order “note[s] that on April 7, 2016, a Stipulation and Recommendation was filed in Case No. 13-1939-EL-RDR to implement AEP Ohio’s gridSMART Phase 2 Program, including a credit reflecting projected operational cost savings to offset the costs otherwise recovered through the rider.” *Id.* (citing *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR, Stipulation (April 7, 2016) at 10).

In the gridSMART Phase 2 Stipulation referred to by the Opinion and Order, the stipulating parties propose a two-step process for crediting customers for operational savings. The Stipulation first proposes that a “credit reflecting projected operational savings will be incorporated so that it offsets the costs otherwise recovered through the rider” at an amount stipulated to be “\$400,000 per quarter starting in the fourth quarter of the first year.” *See* gridSMART Phase 2 Stipulation at 10. The stipulating parties propose that this \$400,000 per

quarter credit “will extend until the Commission adopts a new operational cost savings credit as described below.” *Id.* The Stipulation then describes a method for the Commission to determine a second, superseding operational credit, involving a process by which Staff may select a consultant to assess AEP Ohio’s actual operational savings. *See id.*

To avoid unnecessary challenges in the future, AEP Ohio requests that the Commission clarify on rehearing that the initial \$400,000 per quarter credit proposed by the gridSMART Phase 2 Stipulation, if approved, would count as the “mechanism to return the operational savings of the gridSMART Program to customers” referenced in the Opinion and Order here. *See* Opinion and Order at 10. That is, AEP Ohio asks the Commission to clarify that, if the operational credit provisions of the gridSMART Phase 2 Stipulation are approved, AEP Ohio may begin to assess opt-out charges in the fourth quarter following the approval of the gridSMART Phase 2 Stipulation.

This requested calcification is the most natural reading of the Commission’s Opinion and Order and is sound as a policy matter. The \$400,000 per quarter credit is a substantial credit that is designed to reflect “projected operational cost savings” until such time as actual savings can be assessed. *See* gridSMART Phase 2 Stipulation at 10. Thus, the \$400,000 per quarter credit fulfills the Commission’s requirement that AEP Ohio begin to credit customers for gridSMART operational savings before assessing opt-out fees, and the Commission should clarify this point on rehearing.

**B. The Commission should clarify how its Opinion and Order affects the opt-out charge notification requirements of O.A.C. 4901:1-10-05(J)(3)(a).**

Under O.A.C. 4901:1-10-05(J)(3)(a), AEP Ohio must “notify” any customer who “expresses interest in using a traditional meter” that the “customer will be required to pay the amount of the approved tariff charge.” As noted above, however, under the Commission’s



modification to the Stipulation, there will be a gap between the beginning of the gridSMART Phase 2 rollout and when AEP Ohio can begin assessing opt-out charges under the Opinion and Order.

During this “gap,” when AEP Ohio is deploying AMI meters in Phase 2 but cannot yet assess opt-out charges, AEP Ohio proposes to inform opt-out customers *at the time of their refusal of an AMI meter* that they *will* be required to pay AEP Ohio’s opt-out charges when they go into effect. It would be unreasonable, AEP Ohio submits, as well as contrary to O.A.C. 4901:1-10-05(J)(3)(a), to require AEP Ohio to inform these customer a *second time* when the opt-out charges later “kick in.”

Accordingly, AEP Ohio requests that the Commission clarify that, under the Opinion and Order and O.A.C. 4901:1-10-05(J)(3)(a), AEP Ohio need only inform customers *once*, at the time they begin opt-out service, that the customers will have to pay opt-out charges, even if those charges will not appear on their bills until AEP Ohio implements a customer savings credit.

### **CONCLUSION**

For the foregoing reasons, the Commission should grant AEP Ohio’s application for rehearing and reverse its modification to the Stipulation so that AEP Ohio may assess opt-out fees immediately. At a minimum, however, the Commission should clarify its Opinion and Order as set forth above.

Respectfully submitted,

/s/ Steven T. Nourse

Steven T. Nourse

Matthew S. McKenzie

American Electric Power Service Corporation

1 Riverside Plaza, 29th Floor

Columbus, Ohio 43215

Tel: (614) 716-1608

Fax: (614) 716-2950

stnourse@aep.com

msmckenzie@aep.com

*Counsel for Ohio Power Company*

## CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy of the foregoing Application for Rehearing was sent by, or on behalf of, the undersigned counsel to the following parties of record this 27th day of May 2016, via electronic transmission.

/s/ Steven T. Nourse

Steven T. Nourse

**Email Service List:**

cmooney@ohiopartners.org  
terry.etter@occ.ohio.gov  
dstinson@bricker.com  
john.jones@ohioattorneygeneral.gov  
natalia.messenger@ohioattorneygeneral.gov

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**5/27/2016 4:00:46 PM**

**in**

**Case No(s). 14-1158-EL-ATA**

Summary: Application - Ohio Power Company's Application for Rehearing electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company