

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF OHIO POWER COMPANY TO UPDATE
ITS BASIC TRANSMISSION COST RIDER.

CASE NO. 16-1409-EL-RDR

FINDING AND ORDER

Entered in the Journal on January 18, 2017

I. SUMMARY

{¶ 1} The Commission approves the application of Ohio Power Company d/b/a AEP Ohio to update its basic transmission cost rider.

II. DISCUSSION

{¶ 2} 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.

{¶ 3} 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.

{¶ 4} In Case No. 13-2385-EL-SSO, et al., the Commission modified and approved an ESP for AEP Ohio, including approval of the Company's proposed basic transmission cost rider (BTCR), for the period of June 1, 2015, through May 31, 2018. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 67-68, Entry (May 28, 2015) at 4-5. The BTCR recovers the non-market-based transmission costs assessed to AEP Ohio by PJM Interconnection, LLC.

{¶ 5} On June 15, 2016, in the above-captioned case, AEP Ohio filed an application to update the BTCR, pursuant to Ohio Adm.Code Chapter 4901:1-36, and to revise its tariffs. In the application, AEP Ohio proposes an approximately \$29.1 million increase in the BTCR revenue requirement, which, according to the Company, represents an average increase in the BTCR of approximately 6.53 percent.

{¶ 6} 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. Additionally, pursuant to Ohio Adm.Code 4901:1-36-03(F), affected parties may file a motion to intervene and detailed comments on any issues concerning the application within 40 days of the date of the filing of the application.

{¶ 7} No comments were filed in this proceeding.

{¶ 8} By Entry dated August 23, 2016, the attorney examiner suspended the 75-day time period set forth in Ohio Adm.Code 4901:1-36-05, in order to enable Staff to conduct a sufficient review of AEP Ohio's application.

{¶ 9} On December 30, 2016, Staff filed its review and recommendations for the Commission's consideration. Staff recommends that the Commission approve AEP Ohio's application, such that the proposed BTCR rates take effect on a bills-rendered basis beginning with the first day of the February 2017 billing cycle. Additionally, Staff notes that it has been working with AEP Ohio to minimize the potential for over- and under-recovery balances that are factored into the annual revenue requirement for the BTCR. Staff further notes that, in AEP Ohio's next annual update filing, modifications to the Company's forecasting methodology will be made, such that the annual forecast period will be aligned with the timeframe in which the rates are to be in effect (September through August). Additionally, Staff explains that the over- or under-recovery balance

included in the annual revenue requirement for the proposed rates will include the actual balance as of April 30 and the forecasted monthly over- and under-recovery amounts for May through August. Staff concludes that these modifications to AEP Ohio's annual update filing will result in more accurate forecasts and ensure consistency in forecasting methodologies among the regulated electric utilities in Ohio.

{¶ 10} The Commission finds that AEP Ohio's application to update the BTCR is consistent with Ohio Adm.Code Chapter 4901:1-36, does not appear to be unjust or unreasonable, and should be approved. We also find that it is unnecessary to hold a hearing in this matter. As recommended by Staff, AEP Ohio's proposed BTCR rates should be approved, subject to audit, and become effective with the first day of the February 2017 billing cycle. The Commission notes that all BTCR costs and recoveries may be subject to further adjustments following the audit in AEP Ohio's next BTCR update proceeding.

III. ORDER

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That AEP Ohio's application be approved. It is, further,

{¶ 13} ORDERED, That AEP Ohio is authorized to file tariffs, in final form, consistent with this Finding and Order. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,

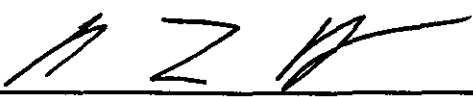

{¶ 14} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the February 2017 billing cycle, and the date upon which the final tariff pages are filed with the Commission. The new tariffs shall be effective for bills rendered on or after such effective date. It is, further,

{¶ 15} 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,

{¶ 16} 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,

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

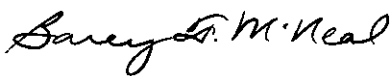
THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman
Lynn Slaby
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Thomas W. Johnson

SJP/sc

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JAN 18 2017


Barcy F. McNeal
Secretary