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April 7, 2017

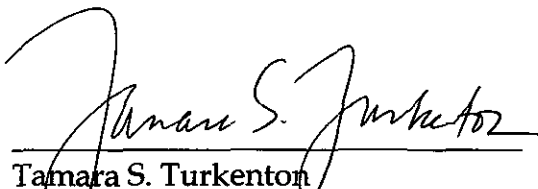
PUCO


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 Storm Damage Recovery Rider rates, Case Nos. 16-821-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Reply to the Reply Comments of Ohio Power Company for the Application to Update its Storm Damage Recovery Rider Rates, in Case Nos. 16-821-EL-RDR.


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


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

Enclosure

Cc: Parties of Record

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**Ohio Power Company
Case No. 16-821-EL-RDR (SDRR)**

STAFF REPLY TO COMPANY'S REPLY

SUMMARY

On April 16, 2016, Ohio Power Company ("Ohio Power" or "Company") filed its application (Application) for the review of costs attributable to major storms during the period from December 2012 to December 2015. The Company's Storm Damage Recovery Rider (SDRR) is a non-bypassable rider, approved by the Commission in Case No. 11-346-EL-SSO (ESP II) as the mechanism for recovery (or refund) of deferred incremental distribution expenses over or under \$5,000,000 annually relating to "Major Events" as defined by Rule 4901:1-10-10(B) of the Ohio Administrative Code beginning January 1, 2012.

Included in this Application is the under-recovered portion authorized for recovery in Case No. 12-3255-EL-RDR, which totals \$71,610, plus the amount of annual incremental storm repair expenses under \$5,000,000 dating back to December 2012, resulting in a total credit deferral of approximately \$1.2 million that the Company proposes to be credited to customers over a one-month period on a fixed customer charge basis.

On September 1, 2016, Staff filed Comments regarding the Company's Application, recommending an adjustment of \$426,617, including overheads, to the Company's SDRR application.

On October 24, 2016, the Company filed Reply Comments regarding Staff's recommendation. These Comments are Staff's responses to the Company's Reply Comments.

Response to Ohio Power's Reply Comments

In Ohio Power's Reply Comments, the Company disagrees with how Staff calculated the labor dollars associated with mutual assistance revenues. The Company states the hourly rate used to determine the calculation should be the same hourly used to develop base rates, rather than the current hourly rate. Also, the Company contends that the adjustment calculation needs to reflect O&M percent (59.84%) only, thus excluding the percent of labor charged to capital.

Recommendation

Staff agrees with the Company on these two issues, which when applied results in a revised recommended adjustment of \$240,390. Staff continues to support all other issues raised in its original Staff Comments.

Following is a breakdown of the calculation of Staff's recommended adjustment:

Total Hours	10,430.20
Wage Rate	\$ 28.32
Subtotal	<u>295,383</u>
Plus Overhead @36%	106,338
Total	<u>\$ 401,721</u>
O&M Percent	59.84%
Total Staff Revised Adjustment	\$ 240,390
Original Revenue Requirement (Payback)	<u>(1,197,903)</u>
Total Revised Staff Revenue Requirement	<u>\$ (1,438,293)</u>
Rates:	\$ (0.70) Residential
	\$ (2.92) Non Residential