

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF OHIO POWER COMPANY FOR
APPROVAL OF FULL LEGAL CORPORATE
SEPARATION AND AMENDMENT TO ITS
CORPORATE SEPARATION PLAN.

CASE No. 12-1126-EL-UNC

ENTRY

Entered in the Journal on April 13, 2017

{¶ 1} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or Company) is an electric utility as defined in R.C. 4928.01(A)(11) 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. 4928.17 generally provides that no electric utility shall engage in this state, either directly or through an affiliate, in the businesses of supplying a noncompetitive retail electric service and supplying a competitive retail electric service, or in the businesses of supplying a noncompetitive retail electric service and supplying a product or service other than retail electric service, unless the utility implements and operates under a corporate separation plan that is approved by the Commission.

{¶ 3} On March 30, 2012, AEP Ohio filed an application for approval of full legal corporate separation and amendment to its corporate separation plan. In its application, AEP Ohio sought to transfer its existing generating units and contractual entitlements to AEP Generation Resources, Inc. (AEPGR). The contractual entitlements included the right to purchase power from generating resources owned by Ohio Valley Electric Corporation (OVEC), which AEP Ohio jointly owns.

{¶ 4} By Finding and Order issued on October 17, 2012, the Commission modified and approved AEP Ohio's application for structural corporate separation, and authorized the transfer of the Company's contractual entitlements to AEPGR.

{¶ 5} On October 4, 2013, AEP Ohio filed an application to amend its corporate separation plan. In support of its application, AEP Ohio explained that it has been unable to obtain the consent necessary to allow the Company to transfer the OVEC contractual entitlements to AEPGR. Consequently, AEP Ohio proposed to maintain the OVEC asset and requested that the Commission approve an amendment to the Company's corporate separation plan, exempting the OVEC contractual entitlements from the Company's then pending corporate separation.

{¶ 6} By Finding and Order issued on December 4, 2013, the Commission approved AEP Ohio's application to amend its corporate separation plan, subject to conditions requiring the Company to cause the energy from its OVEC contractual entitlements to be sold into the day-ahead or real-time PJM Interconnection, LLC (PJM) energy markets, or on a forward basis through a bilateral arrangement. The Commission found that AEP Ohio's proposal to retain the OVEC contractual entitlements, while liquidating the power delivered under the OVEC agreement through the PJM market, would ensure that the Company's corporate separation would be completed by December 31, 2013, as scheduled.

{¶ 7} On April 7, 2017, AEP Ohio filed an application to amend its corporate separation plan. In the application, AEP Ohio notes that it passes through to customers the net amount of its OVEC entitlement costs and revenues on a nonbypassable basis through the Company's power purchase agreement (PPA) rider. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015), Second Entry on Rehearing (May 28, 2015), Fourth Entry on Rehearing (Nov. 3, 2016), Seventh Entry on Rehearing (Apr. 5, 2017); *In re Ohio Power Co.*, Case No. 14-1693-EL-RDR, et al., Opinion and Order (Mar. 31, 2016), Second Entry on Rehearing (Nov. 3, 2016), Fifth Entry on Rehearing (Apr. 5, 2017). AEP Ohio further notes that, in its pending electric security plan (ESP) proceedings, Case No. 16-1852-EL-SSO, et al., the Company has proposed to transition from using the OVEC entitlements as the basis for a nonbypassable financial

hedging mechanism implemented through the PPA rider to using the OVEC entitlements to serve standard service offer (SSO) customers and recovering the associated costs through bypassable SSO rates. In the event that the Commission approves AEP Ohio's OVEC proposal in the pending ESP proceedings, the Company requests, in the present case, authority to amend its corporate separation plan by eliminating the conditions requiring the liquidation of the energy from the OVEC entitlements into the PJM energy markets or through a forward bilateral arrangement. Specifically, AEP Ohio requests that the Commission approve the amendment to the corporate separation plan before or contemporaneously with the Commission's decision in the pending ESP proceedings.

{¶ 8} Pursuant to Ohio Adm.Code 4901:1-37-06(B), a filing to revise and/or amend an electric utility's corporate separation plan shall be deemed approved if not acted on by the Commission within 60 days after it is filed.

{¶ 9} To allow the Commission to fully evaluate AEP Ohio's application to amend its corporate separation plan, the 60-day period for consideration of the application is suspended until the Commission specifically orders otherwise.

{¶ 10} In addition, the attorney examiner finds that the following procedural schedule should be established:

- (a) June 23, 2017 – deadline for the filing of comments on the application by the parties.
- (b) July 10, 2017 – deadline for the filing of reply comments by the parties.

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That the 60-day period for consideration of AEP Ohio's application to amend its corporate separation plan be suspended until the Commission specifically orders otherwise. It is, further,

{¶ 13} ORDERED, That the procedural schedule set forth in Paragraph 10 be adopted. It is, further,

{¶ 14} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

s/Sarah Parrot

By: Sarah J. Parrot
Attorney Examiner

JRJ/sc

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Case No(s). 12-1126-EL-UNC

Summary: Attorney Examiner Entry suspending the 60-day period for consideration of AEP Ohio's application to amend its corporate separation plan until the Commission orders otherwise and directing the procedural schedule set forth in Paragraph 10 be adopted. - electronically filed by Sandra Coffey on behalf of Sarah Parrot, Attorney Examiner, Public Utilities Commission of Ohio