

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE APPLICATION
OF OHIO POWER COMPANY TO UPDATE
ITS GRIDSMART RIDER RATES.**

CASE NO. 15-240-EL-RDR

**IN THE MATTER OF THE APPLICATION
OF OHIO POWER COMPANY TO UPDATE
ITS GRIDSMART RIDER RATES.**

CASE NO. 15-1513-EL-RDR

FINDING AND ORDER

Entered in the Journal on April 19, 2017

I. SUMMARY

{¶ 1} The Commission finds that the applications of Ohio Power Company d/b/a AEP Ohio to update and reconcile its gridSMART Phase 1 rider rates should be approved, with modifications.

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. 08-917-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for a first ESP, including the Company's proposal to establish a gridSMART rider and initiate Phase 1 of its gridSMART program, which would focus on

advanced metering infrastructure (AMI), distribution automation, and home area network initiatives. *In re Columbus Southern Power Co.*, Case No. 08-917-EL-SSO, et al. (*ESP 1 Case*), Opinion and Order (Mar. 18, 2009) at 37-38, Entry on Rehearing (July 23, 2009) at 18-24.

{¶ 5} On August 8, 2012, the Commission approved, with certain modifications, AEP Ohio's application for a second ESP, effective with the first billing cycle of September 2012 through May 31, 2015. Among other provisions of the ESP, the Commission approved AEP Ohio's request to continue the gridSMART Phase 1 project, as well as the gridSMART Phase 1 rider, which enables the Company to recover its prudently incurred costs associated with Phase 1 and is subject to an annual true-up and reconciliation. The Commission also directed AEP Ohio to file an application addressing Phase 2 of the gridSMART program. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al. (*ESP 2 Case*), Opinion and Order (Aug. 8, 2012) at 62-63, Entry on Rehearing (Jan. 30, 2013) at 53.

{¶ 6} On February 2, 2015, in Case No. 15-240-EL-RDR (*2014 gridSMART Case*), AEP Ohio filed an application to update its gridSMART rider for Phase 1 costs. The application includes actual gridSMART project spending and revenue recovery during 2014 and projected spending and revenue requirements through 2015, with a total requested revenue requirement of approximately \$25.7 million. According to AEP Ohio, the application also includes amounts for 2013, which, as of the filing date of the application, had not yet been addressed by the Commission in the Company's prior gridSMART case, Case No. 14-192-EL-RDR.

{¶ 7} In Case No. 13-2385-EL-SSO, et al., the Commission approved, pursuant to R.C. 4928.143, AEP Ohio's application for a third ESP for the period of June 1, 2015, through May 31, 2018. Among other matters, the Commission approved AEP Ohio's proposal to extend the gridSMART program. The Commission also noted that, consistent

with its directive in the *ESP 2 Case*, AEP Ohio should file, within 90 days after the expiration of ESP 2, an application for review and reconciliation of the gridSMART Phase 1 rider. The Commission found that, after the review and reconciliation of the gridSMART Phase 1 costs, AEP Ohio should be authorized to transfer the approved capital cost balance into its distribution investment rider (DIR), which would not be subject to the DIR caps, and should also transfer any unrecovered operations and maintenance (O&M) balance into the gridSMART Phase 2 rider. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al. (*ESP 3 Case*), Opinion and Order (Feb. 25, 2015) at 51-52.

{¶ 8} On March 18, 2015, the Commission modified and approved AEP Ohio's application to update its gridSMART rider rates to recover 2013 costs. *In re Ohio Power Co.*, Case No. 14-192-EL-RDR, Finding and Order (Mar. 18, 2015). The Commission directed that the approved gridSMART rider rate should continue with the commencement of the new ESP term on June 1, 2015, until otherwise ordered by the Commission.

{¶ 9} On August 28, 2015, in Case No. 15-1513-EL-RDR (2015 *gridSMART Case*), AEP Ohio filed its final application for review and reconciliation of its gridSMART Phase 1 rider. The application includes actual gridSMART project spending and revenue recovery from January through May 2015 and capital carrying costs from June through December 2015. In collaboration with Staff, AEP Ohio filed revised schedules on October 28, 2015, to correct an error in the carrying charge rate. As shown in the corrected schedules, AEP Ohio requests a total revenue requirement of approximately \$19.0 million and proposes new gridSMART rider rates of \$0.78 per month for residential customers and \$3.16 per month for non-residential customers.

{¶ 10} On March 25, 2015, and October 6, 2015, the Ohio Consumers' Counsel (OCC) filed motions to intervene in the 2014 *gridSMART Case* and the 2015 *gridSMART*

Case, respectively. No memoranda contra were filed. The Commission finds that OCC's motions are reasonable and should be granted.

{¶ 11} On January 21, 2016, Staff filed its review and recommendations in response to AEP Ohio's applications. AEP Ohio filed reply comments on April 19, 2016. Staff filed an updated review and recommendations on June 20, 2016.

{¶ 12} By Entry dated February 9, 2017, a procedural schedule was established, in order to assist the Commission in its review of AEP Ohio's applications to update its gridSMART rider for Phase 1 costs.

{¶ 13} In accordance with the established procedural schedule, AEP Ohio and OCC filed comments on March 6, 2017. Reply comments were filed by AEP Ohio on March 20, 2017.

A. *Summary of Staff Reports and AEP Ohio's Response*

1. AEP SERVICE CENTER CHARGES

{¶ 14} In its review and recommendations, Staff notes that AEP Ohio included charges from the AEP Service Center that were billed to gridSMART projects. Staff further notes that these charges are part of base rates and that, if the charges are also included in the gridSMART rider, it would result in a double recovery. Staff, therefore, recommends that the gridSMART rider be reduced by the amount of the AEP Service Center charges.

{¶ 15} In its reply comments, AEP Ohio responds that Staff appears to have recommended that all AEP Service Center charges be excluded, without completing a review of the underlying data. AEP Ohio asserts that a portion of Staff's recommended adjustment was already excluded by the Company from its filing. Further, according to AEP Ohio, all of the remaining charges, which are primarily related to equipment and

server leases that support the gridSMART program, are incremental and, therefore, do not amount to a double recovery, as claimed by Staff. AEP Ohio notes that there were no charges for these items prior to the test year in the Company's most recent distribution rate case.

{¶ 16} In its updated review and recommendations, Staff states that, after further analysis, it agrees with AEP Ohio's position and, therefore, recommends no adjustment to the gridSMART rider for the AEP Service Center charges.

2. MARKETING CHARGES

{¶ 17} Staff notes that AEP Ohio included charges related to several invoices from the Building Industry Association, Event Marketing Strategies, and Meijer that are primarily related to marketing, such as shirts for employees. Staff recommends that these marketing charges be excluded from the gridSMART rider.

{¶ 18} AEP Ohio replies that the charges in question in the 2014 *gridSMART Case* relate to the Company's participation in the Parade of Homes and the Ohio State Fair, which provided the means for the Company to display its Distribution Automation Trailer and other gridSMART demonstration items and to educate customers regarding the technology and benefits of the equipment. AEP Ohio explains that the charges at issue in the 2015 *gridSMART Case* relate primarily to the storage of the gridSMART Mobile Unit and Distribution Automation Trailer. AEP Ohio notes that, in a prior gridSMART case, the Commission stated that customer education is vital to the success of Phase 1 of the gridSMART program. *In re Columbus Southern Power Co.*, Case No. 10-164-EL-RDR, Finding and Order (Aug. 11, 2010) at 7. AEP Ohio concludes that all of the charges, including the cost associated with the shirts worn by its employees at the Parade of Homes, are related to customer outreach and education and should, therefore, be included in the gridSMART rider.

{¶ 19} Staff responds that, after further investigation, it agrees with AEP Ohio that most of the charges in question in the 2014 *gridSMART Case* were prudent expenses for the gridSMART project, with the exception of charges for tickets for admission, parking, and concerts associated with the events that were given to employees and family members. Staff states that such charges should not be paid by customers and, therefore, recommends that \$61,162 be deducted and not recovered in the gridSMART rider. With respect to the 2015 *gridSMART Case*, Staff states that it agrees with AEP Ohio's position and recommends no adjustment for the storage charges in question.

3. MEALS AND OTHER MISCELLANEOUS CHARGES

{¶ 20} Staff states that AEP Ohio's proposed revenue requirement includes charges for meals and other miscellaneous charges that are not appropriate for recovery. Staff asserts that charges for group lunches and food and refreshments for meetings should not be paid by customers and should, therefore, be excluded from the gridSMART rider.

{¶ 21} AEP Ohio responds that it provided Staff with full expense reports that included expenses that were not included for recovery in the gridSMART rider. AEP Ohio asserts that, with respect to the 2014 *gridSMART Case*, Staff incorrectly eliminated \$824 in expenses that were not charged by the Company to the gridSMART project. Accordingly, AEP Ohio requests that Staff's recommended adjustment of \$2,060 be reduced to \$1,236. Regarding the 2015 *gridSMART Case*, AEP Ohio argues that Staff's reduction of \$210 should be rejected, because the associated food expenses were provided during meetings or training events related to the gridSMART project and, therefore, were prudent business expenses.

{¶ 22} In response, Staff notes that it agrees with AEP Ohio's position regarding the 2014 *gridSMART Case* and, therefore, recommends an adjustment of \$1,236. With

respect to the 2015 *gridSMART Case*, Staff reiterates that \$210 in meal expenses should be excluded from the gridSMART rider.

4. COLLECTION PERIOD AND TOTAL RECOMMENDED ADJUSTMENT

{¶ 23} In its reply comments, AEP Ohio notes that Staff recommends a monthly rate that would spread the recovery of the final gridSMART Phase 1 costs over a one-year period. AEP Ohio requests authorization to maintain the current rates until the gridSMART regulatory asset is reduced to near zero and to expire and eliminate the gridSMART Phase 1 rider at that point, which, according to the Company, would significantly shorten the remaining duration of the rider. Further, AEP Ohio notes that, in the month following the Commission's decision in these two cases, the Company will no longer apply carrying charges to the gridSMART assets through the rider calculation. AEP Ohio also notes that it will begin to collect the return on the gridSMART assets through the DIR and that the DIR revenue requirement will no longer be decreased by the net book value of the Phase 1 assets.

{¶ 24} In its updated review and recommendations, Staff concludes that AEP Ohio has appropriately included in the gridSMART rider only those costs, with the exceptions noted, that were incurred as a result of serving its retail customers in Ohio. Staff, therefore, recommends that AEP Ohio's applications, as amended, be approved, subject to Staff's recommendations, and that rates become effective on a bills-rendered basis. Staff notes that its recommended total adjustment for both cases is \$62,608.

{¶ 25} By letter dated March 6, 2017, AEP Ohio stated that, while the Company does not agree with all of the statements and recommendations in Staff's updated review and recommendations, the Company is willing to accept Staff's updated position as a reasonable resolution of these cases.

B. Summary of OCC's Comments and AEP Ohio's Response

{¶ 26} In its comments, OCC requests, in order to ensure that customer charges are just and reasonable under R.C. 4905.22, that a prudency review be conducted of the gridSMART Phase 1 project costs before AEP Ohio is permitted to continue to charge customers for the gridSMART Phase 1 program through the DIR and the gridSMART Phase 2 rider. In support of its request, OCC first argues that customers should not be required, through the DIR, to continue to pay for gridSMART Phase 1 investments that have not been found to be used and useful in providing service, consistent with R.C. 4909.15(A)(1). OCC adds that gridSMART Phase 1 costs must also be shown to be necessary for providing service to customers, pursuant to R.C. 4909.15(A)(4), as well as cost effective under R.C. 4928.02. OCC argues that AEP Ohio's gridSMART Phase 1 investments have not been examined in accordance with these legal standards. OCC further argues that the gridSMART Phase 1 program has failed to meet the Commission's expectation that advanced technologies will provide customers with the ability to better manage their energy usage and reduce their energy costs. *ESP 1 Case*, Opinion and Order (Mar. 18, 2009) at 37. OCC claims that there has been no showing that AMI has resulted in cost savings for customers or otherwise helped customers to reduce their bills. Asserting that AEP Ohio's reliability performance has declined, OCC also claims that distribution automation deployment has not resulted in improved reliability.

{¶ 27} In its reply to OCC, AEP Ohio contends that the premise of OCC's argument is incorrect. AEP Ohio maintains that, because the gridSMART Phase 1 and Phase 2 riders, as well as the DIR, were established in ESP cases pursuant to R.C. 4928.143(B)(2)(h), the traditional ratemaking statute, R.C. 4909.15, has no application in the present proceedings. Further, AEP Ohio argues that OCC's position amounts to an untimely and improper request for rehearing of the Commission's decision in the *ESP 3 Case* to approve the Company's proposal to transfer the approved capital cost balance to the DIR for final recovery and to transfer any unrecovered O&M balance to the

gridSMART Phase 2 rider, following the review and reconciliation of the Phase 1 costs. Finally, AEP Ohio disputes OCC's claim that the gridSMART Phase 1 investments have not been shown to be cost effective or used and useful. AEP Ohio contends that OCC's position is misguided from a factual standpoint, given that the Phase 1 investments have been installed and thoroughly examined through the Commission's audit process for the past eight years. AEP Ohio also asserts that it provided to Staff and OCC the details necessary to support its entire gridSMART Phase 1 project through a technical report that was submitted to the United States Department of Energy in June 2014.

{¶ 28} Next, OCC asserts that an examination of the reliability benefits that customers receive from gridSMART Phase 1 is necessary to determine whether customers should continue paying for distribution automation capabilities through the DIR. Specifically, OCC contends that customers should not be required to pay for distribution automation circuit reconfiguration (DACR) costs that have not improved reliability. OCC maintains that the gridSMART Phase 1 project included the deployment of DACR capabilities on 70 circuits, with capital costs of approximately \$27.3 million and annual O&M costs of around \$800,000. OCC argues that, despite AEP Ohio's claim that DACR technology improves reliability, the Company has proposed, in Case No. 16-1511-EL-ESS, to loosen its electric reliability standards to allow longer outages and more interruptions of service. OCC emphasizes that AEP Ohio's system average interruption frequency index (SAIFI) performance declined from 0.85 in 2013 to 1.36 in 2015 for the 70 circuits where DACR technology was installed as part of the gridSMART Phase 1 project.

{¶ 29} AEP Ohio responds that only about eight percent of its customer base is located in the gridSMART Phase 1 territory and that customers in this area have experienced a reliability benefit due to the installation of DACR technology. AEP Ohio asserts that the fact that DACR impacts such a small group of customers indicates that there is no significant relationship between the Company's proposed reliability standards

and the actual reliability improvement for customers benefiting from DACR technology. AEP Ohio argues that OCC inappropriately emphasizes the SAIFI data for the Company's entire system, despite the fact that the circuit-specific data shows that DACR tends to make SAIFI performance better than it would have been without DACR. AEP Ohio adds that the true reliability benefit of the DACR technology is evidenced by the substantial number of customer minutes of interruption avoided in each year through 2015.

{¶ 30} Finally, OCC asserts that an examination of the costs and benefits of the meters that AEP Ohio purchased under the gridSMART Phase 1 program is necessary to justify charging customers for those costs through the DIR. OCC maintains that the gridSMART Phase 1 project included the installation of approximately 132,000 meters at a total capital cost of \$27.7 million, plus substantial investment in communications infrastructure. According to OCC, the actual quantifiable savings associated with the AMI deployment is approximately \$858,000 annually. OCC contends that a full examination of the AMI deployment is necessary to determine whether the benefits that customers receive from the meters support the costs. OCC adds that the review should ensure that AEP Ohio does not profit from the remote disconnection or remote reconnection of customers with advanced meters by not reflecting the associated cost savings in base rates.

{¶ 31} AEP Ohio replies that the benefits of the AMI deployment in Phase 1 were outlined in the final technical report provided to Staff and OCC. Additionally, AEP Ohio emphasizes that, because the Phase 1 AMI deployment was complete prior to the test year in the Company's last distribution rate case, the rates approved in that case included a reduction for meter reconnection charges related to gridSMART operational savings. AEP Ohio explains that its reconnection fee was discounted for all customers to reflect the cost savings associated with AMI deployment in Phase 1.

C. Commission Conclusion

{¶ 32} Upon review of AEP Ohio's applications to reconcile its gridSMART Phase 1 rider and Staff's updated recommendations, the Commission finds that the applications do not appear to be unjust or unreasonable and that they should be approved, with modifications. The Commission adopts Staff's total recommended adjustment of \$62,608 for both cases, as set forth in Staff's updated review and recommendations filed on June 20, 2016, with the new rates shown below:

	Current Rate	Approved Rate	Approved Decrease
Residential Customers	\$1.01/month	\$0.18/month	(\$0.83)/month
Non-Residential Customers	\$4.22/month	\$0.73/month	(\$3.49)/month

With respect to the 2014 *gridSMART Case*, the Commission agrees with Staff's recommendation to exclude \$61,162 from the gridSMART Phase 1 rider for the expenses associated with tickets for admission, parking, and concerts that were provided by AEP Ohio to employees and family members that attended the Parade of Homes or the Ohio State Fair. We also agree with Staff's recommendation to exclude meal expenses of \$1,236 and \$210 for the 2014 *gridSMART Case* and the 2015 *gridSMART Case*, respectively. AEP Ohio has not shown that these expenditures relate to the types of expenses that are properly recoverable through the gridSMART rider. The expenses do not appear to offer any direct and primary customer benefit and, therefore, should not be borne by ratepayers.

{¶ 33} Turning to OCC's comments, the Commission notes that OCC has offered no recommendations regarding any particular gridSMART Phase 1 expenditures or any of Staff's adjustments. Instead, OCC raises general opposition to Phase 1 of the gridSMART program and essentially argues that customers should not continue to pay

for gridSMART Phase 1 investments through the DIR. The Commission has previously found that, after the review and reconciliation of gridSMART Phase 1 costs, AEP Ohio may transfer the approved capital cost balance into the DIR and may also transfer any unrecovered O&M balance into the gridSMART Phase 2 rider. *ESP 3 Case*, Opinion and Order (Feb. 25, 2015) at 52. No party, including OCC, sought rehearing on this issue in the *ESP 3 Case*. Neither did OCC oppose the continuation and completion of gridSMART Phase 1 at the time of the *ESP 2 Case*. *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 62. We find that OCC's comments amount to an untimely request for rehearing.

{¶ 34} Additionally, the Commission notes that, since the beginning of Phase 1 during the ESP 1 term and through the present, AEP Ohio's gridSMART program has been subject to an annual audit, including review of the prudence of expenditures and the reconciliation of investments placed in service with revenues collected. *ESP 1 Case*, Opinion and Order (Mar. 18, 2009) at 38; *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 62; *ESP 3 Case*, Opinion and Order (Feb. 25, 2015) at 52. As part of its annual investigation, Staff has examined the schedules filed by AEP Ohio to ensure consistency with the Commission's orders in the Company's prior gridSMART cases and to confirm that proper accounting and regulatory treatment was applied. Staff's audits have included a review of AEP Ohio's financial statements for completeness, occurrence, presentation, valuation, allocation, and accuracy through a combination of document review, interviews, data requests, and, in some cases, field inspections. Although OCC has waited until the end of Phase 1 to question the scope of Staff's review, the annual audit process has been open to stakeholder participation and, in the past, OCC has availed itself of the opportunity to review AEP Ohio's gridSMART applications and offer input and recommendations. On a going-forward basis, OCC will continue to have this opportunity, as the Phase 1 investments and remaining expenses sought to be recovered through the DIR or gridSMART Phase 2 rider will also be subject to an annual audit. *ESP 3 Case* at 46, 52; *In re Ohio Power Co.*, Case No. 13-1939-EL-RDR (*gridSMART Phase 2 Case*),

Opinion and Order (Feb. 1, 2017) at 15. We, therefore, do not agree with OCC's assertion that AEP Ohio's gridSMART Phase 1 costs have not been subject to sufficient prudence review by the Commission or Staff or that the costs have not been determined to be used and useful or necessary for providing service to customers. OCC has failed to explain how R.C. 4909.15(A)(1) or (A)(4) applies to the review and reconciliation of the gridSMART Phase 1 rider, which was approved pursuant to the alternative regulation provisions in R.C. 4928.143(B)(2)(h) rather than under the traditional ratemaking statute.

{¶ 35} We also reject OCC's claim that the benefits of distribution automation and AMI have not been sufficiently examined, given that both the costs and benefits of these technologies have been extensively considered by the Commission in numerous cases in which we have encouraged AEP Ohio's efforts to take reasonable steps to modernize its distribution infrastructure. *ESP 1 Case*, Opinion and Order (Mar. 18, 2009) at 37-38, Entry on Rehearing (July 23, 2009) at 22-24; *ESP 2 Case*, Opinion and Order (Aug. 8, 2012) at 62; *ESP 3 Case*, Opinion and Order (Feb. 25, 2015) at 51-52; *gridSMART Phase 2 Case*, Opinion and Order (Feb. 1, 2017) at 25, 28. OCC itself has supported AEP Ohio's deployment of smart technologies in the past. *See, e.g., In re Ohio Power Co.*, Case No. 13-345-EL-RDR (Feb. 19, 2014) at 4 (noting that OCC was encouraged that AEP Ohio had taken steps to improve its success rate in restoring power during outages impacting the 70 circuits with DACR capability). In addition, the Commission notes that, in the *gridSMART Phase 2 Case*, we adopted a number of measures intended to ensure that customers will receive the operational savings and other benefits of the gridSMART program, including the retention of an external consultant to evaluate the ongoing level of Phase 1 and Phase 2 operational benefits to be achieved and recognized in AEP Ohio's rates. *gridSMART Phase 2 Case* at 13-14, 26-27, 34.

{¶ 36} The Commission cannot conclude, as OCC implies, that DACR installed on 70 circuits serving approximately eight percent of AEP Ohio's customer base is sufficient

to affect the Company's SAIFI or other reliability performance standards for its entire system. As we addressed in the *gridSMART Phase 2 Case*, there are other dynamic factors, some of which are beyond AEP Ohio's control, that impact the reliability performance metrics for the Company's distribution system. *gridSMART Phase 2 Case*, Opinion and Order (Feb. 1, 2017) at 25. As AEP Ohio notes, OCC ignores the true reliability benefit provided by DACR, as confirmed by the significant number of customer minutes of interruption avoided in each year through 2015. Further, although they may be difficult to quantify, there are other benefits of DACR, such as avoided service calls and more efficient use of labor. Therefore, the Commission declines to find that DACR does not improve reliability or that the technology is not used and useful, as OCC claims. We likewise decline to find that it is necessary to conduct additional review of the costs and benefits of AMI deployment, as this issue has been thoroughly addressed through resolution of the *gridSMART Phase 2 Case*, including the use of advanced meters for remote disconnections. *gridSMART Phase 2 Case* at 30.

{¶ 37} The Commission recognizes that not all smart grid technologies will be as efficient as expected, while others may exceed expectations. However, the intent of the *gridSMART Phase 1* project has been to deploy smart grid technologies through a pilot program in a segment of AEP Ohio's service territory, in order to explore and evaluate the technologies, develop customer education, and determine customer preferences and concerns. *ESP 1 Case*, Opinion and Order (Mar. 18, 2009) at 37-38. The *gridSMART Phase 1* project has, from the beginning, provided the means to evaluate potential efficiencies for AEP Ohio and its customers and to consider the feasibility of each smart grid technology before it is further installed across the Company's service territory.

{¶ 38} Finally, the Commission finds that it is not necessary to hold a hearing in these matters. We authorize AEP Ohio to file revised tariffs to implement the updated *gridSMART Phase 1* rider rates, consistent with this Finding and Order. The *gridSMART*

Phase 1 rider rates should remain in effect until such time as AEP Ohio has transferred the approved capital cost balance into the DIR and transferred any remaining unrecovered O&M balance into the gridSMART Phase 2 rider. At that point, the gridSMART Phase 1 rider should be terminated.

III. ORDER

{¶ 39} It is, therefore,

{¶ 40} ORDERED, That OCC's motions to intervene be granted. It is, further,

{¶ 41} ORDERED, That AEP Ohio's applications be modified and approved. It is, further,

{¶ 42} 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 these case dockets and one copy in its TRF docket. It is, further,


{¶ 43} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 44} 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 ten days prior to its distribution to customers. It is, further,

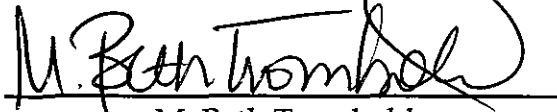
{¶ 45} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

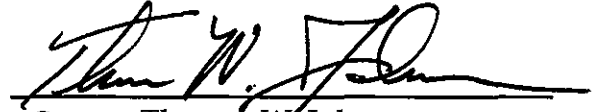
THE PUBLIC UTILITIES COMMISSION OF OHIO




Asim Z. Haque, Chairman



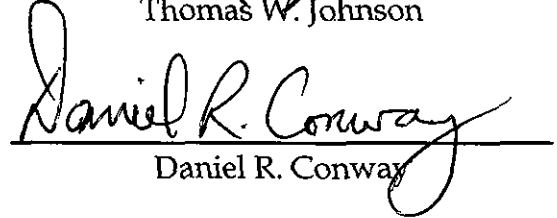
M. Beth Trombold



Thomas W. Johnson



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Secretary