

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application)
of Ohio Power Company) Case No. 17-1156-EL-RDR
to update its gridSMART Phase 2)
Rider rates.)**

APPLICATION

1. Ohio Power Company (“AEP Ohio” or the “Company”) is an electric light company, as that term is defined in §§4905.03 and 4928.01(A) (7), Ohio Rev. Code.
2. In AEP Ohio’s 2008 Electric Security Plan proceedings (*ESP I*) the Company proposed and was granted approval for gridSMART Phase I, a smart grid deployment program within AEP Ohio’s service territory. In its Opinion and Order in the *ESP I* case, the Commission authorized AEP Ohio to establish a gridSMART rider, subject to annual reconciliation.¹
3. By Order issued on August 8, 2012, the Commission approved, with certain modifications, AEP Ohio's modified *ESP II* application which included the continuation of the current gridSMART rider mechanism, subject to annual true-up and reconciliation based on the Company's prudently incurred costs.²

¹ *In re AEP Ohio ESP I*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Opinion and Order (March 18, 2009), at 37-38. A complete recounting of the gridSMART rider approval process was included in AEP Ohio’s initial application to update its gridSMART rider, filed in Case No. 10-164-EL-RDR on February 11, 2010, and a subsequent amendment filed on July 21, 2010. On August 11, 2010, the Commission issued its Finding and Order in that case approving the gridSMART rider as a fixed monthly, per-bill charge.

² *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section*

4. On February 2, 2015, AEP Ohio filed an application to update its gridSMART rider rates in Case No. 15-240-EL-RDR.
5. By Order issued in the ESP III (Case No. 13-2385-EL-SSO et al. February 25-2015 Opinion and Order at 50-52) the Commission granted the Company's request to continue the gridSMART rider with certain modifications as proposed by the Company. Consistent with the Commission's directive in the ESP II (Case No. 11-346-EL-SSO Jan. 30, 2013 Entry on Rehearing at 53.), the Company, within 90 days after the expiration of ESP II, was required to file an application for review and reconciliation of the final year of the gridSMART Phase 1 rider. Additionally, in the ESP III Order the Commission approved AEP Ohio's request to transfer the approved capital cost balance into the DIR, and to also transfer any unrecovered O&M balance into the gridSMART Phase 2 rider, after the Commission has reviewed and reconciled gridSMART Phase 1 costs.
6. On August 28, 2015 AEP Ohio filed its Final application in to update its gridSMART rider rates in Case No. 15-1513-EL-RDR. The filing reflected actual project spending and recovery from January through May 2015 and capital carrying costs from June through December 2015.
7. On February 1, 2017 the Commission issued an Opinion and Order in gridSMART Case No. 13-1939-EL-RDR (*Phase 2 Order*) granting approval of the collections of costs incurred for the gridSMART Phase 2 project through the Phase 2 rider. The Phase 2 Order directed that upon Commission

4928.143, Revised Code, in the Form of an Electric Security Plan, Case No. 11-346-EL-SSO et al., Opinion and Order (August 8, 2012) at 61-63.

approval of the gridSMART Phase 2 Stipulation, the Company will move the approved Phase 1 assets to the DIR and file for any unrecovered O&M expenses in a gridSMART Phase 2 rider application.

8. On April 19, 2017 the Commission issued a Finding and Order in Case Nos. 15-240-EL-RDR and 15-1513-EL-RDR (*Phase 1 Order*). The Order modified and approved actual gridSMART Phase 1 O&M through May of 2015, and Capital through December 2015. The new rates commenced on April 28, 2017.
9. The Company hereby submits its gridSMART Phase 2 rider updated application for the first quarter 2017. In accordance with the Phase 2 Order the Company will move the approved Phase 1 assets to the DIR as of April 1, 2017. Attachment 1 reflects the actual Phase 1 O&M spending from June 2015 through March 2017 and the allocation between the Residential and Non-Residential classes as Ordered in the Global Settlement (Case No. 10-2929-EL-RDR et.al). Attachment 2 reflects the actual capital carrying costs from January through December of 2016 and January through March of 2017. Schedule 2 also removes the actual recovery from January 2016 through March 2017 from the revenue requirement and is allocated to the classes under the Phase I allocation methodology. The table below outlines the Phase 1 changes made as a result of the Phase 1 and Phase 2 orders:

Phase 1 Order- Compliance	Phase 2 Order– 1st Quarter 2017 Update
<ul style="list-style-type: none"> • O&M through May 2015 	<ul style="list-style-type: none"> • Ongoing O&M June 2015 through March 2017
<ul style="list-style-type: none"> • Capital Carrying Charges through December 2015 	<ul style="list-style-type: none"> • Capital Carrying Charges from January 2016 through March

	2017
<ul style="list-style-type: none"> Rider Collection through December 2015 	<ul style="list-style-type: none"> Rider Collections January 2016 through March 2017

10. Attached as Attachment 3 are revised tariff sheets 485-1 and 485-1D, reflecting the revised gridSMART Phase 2 Rider rates.
11. The Phase 2 Order also required quarterly filings with automatic approval 30 days after the filing unless otherwise determined by the Commission. Therefore, absent Commission intervention the Company requests the rate from this filing be effective Cycle 1 June 2017.
12. Because the authority to make this filing stems from the Commission's directives in the ESP II and III proceedings, AEP Ohio does not believe a hearing in this matter is necessary.
13. AEP Ohio's gridSMART rider has been previously approved as just and reasonable and is authorized as part of its ESP. Therefore, AEP Ohio respectfully requests that the Commission approve this application.

Respectfully submitted,

/s/Steven T. Nourse
Steven T. Nourse
American Electric Power Service
Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Telephone: (614) 716-1608
Facsimile: (614) 716-2950
Email: stnourse@aep.com

Counsel for Ohio Power Company

Ohio Power Company gridSMART Phase 2 1st Quarter 2017 True-up

Line No.	gridSMART Incremental Investment	Estimated gridSMART Spending	Annual Carrying Charge	gridSMART Revenue Requirement
1	Jun 2015 - Mar 2017:			
2	Phase 1: O&M (AMI, VVO, DACR)	\$ 4,594,326		\$ 4,594,326
3	Jan - Mar 2017:			
4	Phase 2: O&M (AMI, VVO, DACR)	\$ -		\$ -
5	Total	<u>\$ 4,594,326</u>		<u>\$ 4,594,326</u>
	Phase 2: Incremental Investment Jan - Mar 2017	gridSMART Spending	Annual Carrying Charge	gridSMART Revenue Requirement
6	Capital - 15 Year Life- AMI		\$ -	\$ -
7	Capital - 30 Year Life - VVO		\$ -	\$ -
8	Capital - 30 Year Life - DACR		\$ -	\$ -
9	Misc. Capital		\$ -	\$ -
10	Total Capital			<u>\$ -</u>
11			Total	\$ 4,594,326
12			Tax Gross Up Rate	<u>100.881%</u>
13			Total Revenue Requirement	<u><u>\$ 4,634,800.0</u></u>
14	Residential Allocation	45%	Residential Revenue Requirement	\$ 2,085,660
15	Non-Res Base Allocation	55%	Non-Res Revenue Requirement	\$ 2,549,140
16			Residential Customers	1,278,483
17			Non-Residential Customers	189,247
18	Attachment 1		Residential Customers	Monthly Rate \$ 0.14
19	Attachment 1		Non-Residential Customers	Monthly Rate \$ 1.12
20	Attachment 2		Residential Customers	Monthly Rate \$ (0.77)
21	Attachment 2		Non-Residential Customers	Monthly Rate <u>\$ (3.25)</u>
22	Total		Residential Customers	Monthly Rate \$ (0.63)
23	Total		Non-Residential Customers	Monthly Rate \$ (2.13)

Ohio Power Company
gridSMART Phase 2
1st Quarter 2017 True-up

Line Actual Phase 1:		gridSMART		
No.	Incremental Investment 2016	gridSMART Spending	Annual Carrying Charge	Revenue Requirement
1	Capital - 5 Year Life	\$	3,606,161	\$ 3,606,161
2	Capital - 7 Year Life	\$	3,788,302	\$ 3,788,302
3	Capital - 10 Year Life	\$	-	\$ -
4	Capital - 15 Year Life	\$	16,456	\$ 16,456
5	Capital - 30 Year Life	\$	1,921,830	\$ 1,921,830
6	Capital - 35 Year Life	\$	63,156	\$ 63,156
7	Capital - 40 Year Life	\$	236,409	\$ 236,409
8	Total Capital		2016 Actual Revenue Requirement	\$ 9,632,314
Actual Phase 1 Jan-Mar Actual		gridSMART		
No.	Incremental Investment Jan - Mar 2017	gridSMART Spending	Annual Carrying Charge	Revenue Requirement
9	Capital - 5 Year Life	\$	1,803,081	\$ 901,540
10	Capital - 7 Year Life	\$	1,894,151	\$ 947,076
11	Capital - 10 Year Life	\$	-	\$ -
12	Capital - 15 Year Life	\$	8,228	\$ 4,114
13	Capital - 30 Year Life	\$	960,915	\$ 480,457
14	Capital - 35 Year Life	\$	31,578	\$ 15,789
15	Capital - 40 Year Life	\$	118,205	\$ 59,102
16	Total Capital		2017 Actual Revenue Requirement	\$ 2,408,078
17			Total Revenue Requirement	\$ 12,040,392
18			gridSMART Rider Collections	\$ 31,281,251
				\$ (19,240,859)
		2016		
19	Residential Base Distribution	\$ 390,913,213	Residential Revenue Requirement	\$ (11,851,906)
20	Non-Res Base Distribution	\$ 243,710,958	Non-Res Revenue Requirement	\$ (7,388,953)
21			Residential Customers	2016 1,278,483 \$ (9.27)
22			Non-Residential Customers	189,247 \$ (39.04)
23			Residential Customers	Monthly Rate \$ (0.77)
24			Non-Residential Customers	Monthly Rate \$ (3.25)

OHIO POWER COMPANY

1st Revised Sheet 485-1
Cancels Original Sheet No. 485-1

P.U.C.O. NO. 20

gridSMART PHASE 2 RIDER

~~Effective June 1, 2015, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART Phase 2 charge of \$0.00.~~

~~Effective with the first billing cycle of June 2017 all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART Phase 2 charge. This rider shall be adjusted periodically to recover amounts authorized by the Commission.~~

Residential Customers	(\$0.63)
Non-Residential	(\$2.13)

Filed pursuant to Order dated February ~~25, 2015~~, 2017 in Case No. 13-2385-EL-SSO

Issued: ~~April 24, 2015~~ April 28, 2017

Effective: ~~June 1, 2015~~ Cycle 1 June 2017

Issued by
~~Pablo Vegas~~ Julia Sloat, President
AEP Ohio

OHIO POWER COMPANY

1st Revised Sheet 485-1D
Cancels Original Sheet No. 485-1D

P.U.C.O. NO. 20

OAD – gridSMART PHASE 2 RIDER
(Open Access Distribution – gridSMART Phase 2 Rider)

~~Effective June 1, 2015, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART Phase 2 charge of \$0.00. Effective with the first billing cycle of June 2017 all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly gridSMART Phase 2 charge. This rider shall be adjusted periodically to recover amounts authorized by the Commission.~~

Residential Customers	(\$0.63)
Non-Residential	(\$2.13)

Filed pursuant to Order dated February ~~25, 2015~~, 2017 in Case No. 13-2385-EL-SSO

Issued: ~~April 24, 2015~~April 28, 2017

Effective: ~~June 1, 2015~~Cycle 1 June 2017

Issued by
~~Pablo Vegas~~Julia Sloat, President
AEP Ohio

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/28/2017 12:09:19 PM

in

Case No(s). 17-1156-EL-RDR

Summary: Application of Ohio Power Company to update its gridSMART Phase 2 Rider rates electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company