



Legal Department

May 15, 2017

Barcy F. McNeal
Docketing Division Chief
Public Utilities Commission of Ohio
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Steven T. Nourse
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Re: *In the Matter of the Application of Ohio Power Company for
Administration of the Significantly Excessive Earnings Test for 2016 under
Section 4928.143(F), Revised Code, and Rule 4901:1-35-10, Ohio
Administrative Code; Case No.17-1230-EL-UNC*

Dear Ms. McNeal:

Rule 4901:1-35-10, Ohio Administrative Code, provides that an electric utility operating under an Electric Security Plan is to make a separate annual filing with the Commission demonstrating whether or not any rate adjustments authorized by the Commission as part of the electric utility's Electric Security Plan resulted in significantly excessive earnings during the review period as measured by division (F) of section 4928.143 of the Revised Code (referred to as the Significantly Excessive Earnings Test or "SEET"). With this letter, Ohio Power Company ("AEP Ohio" or "the Company") is filing the supporting testimony of Andrea E. Moore, AEP Ohio Director – Regulatory Services, William A. Allen, Managing Director of Regulatory Case Management, and Tyler H. Ross, Director of Regulatory Accounting Services for American Electric Power Service Corporation.

Regarding the requirement that an electric utility must also provide the latest Securities and Exchange Commission Form 10-K in its entirety and the Federal Energy Regulatory Commission Form 1 in its entirety for the period under review, the testimony of Andrea E. Moore references the website links that suffice to meet those filing requirements.

The information (including testimony) that AEP Ohio has included in its filing demonstrates that its 2016 earnings are not significantly excessive. Using a methodology based on the Commission's guidelines established in Case No. 09-786-EL-UNC, AEP Ohio's SEET threshold for 2016 would be 17.69% (10.69% mean earned ROE for the comparable group plus an adder of 7.00% based on 1.64 standard deviations). Through this filing, AEP Ohio submits that it has met its burden of proving that its 2016 return on equity is not significantly excessive under the statute.

Accordingly, the Company should not be required to issue a customer refund as a result of this proceeding.

Respectfully,

//s/ Steven T. Nourse

Counsel for Ohio Power Company

cc: M. Howard Petricoff, Chief of Staff
Patrick Donlon, Director, Rates and Analysis
Doris McCarter, Chief, Forecasting, Markets & Corporate Oversight Division

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Case No(s). 17-1230-EL-UNC

Summary: Correspondence submitted by Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company