

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

ENTRY ON REHEARING

Entered in the Journal on June 14, 2017

I. SUMMARY

{¶ 1} The Commission grants the application for rehearing of the April 19, 2017 Finding and Order filed by the Ohio Consumers' Counsel for the purpose of further consideration of the matters specified in the application for rehearing.

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, distribution automation, and home area network initiatives. *In re Columbus Southern Power Co.*, Case No. 08-917-EL-SSO, et al., 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, 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 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, 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 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.

{¶ 11} 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.

{¶ 12} In accordance with the established procedural schedule, AEP Ohio and the Ohio Consumers' Counsel (OCC) filed comments on March 6, 2017. Reply comments were filed by AEP Ohio on March 20, 2017.

{¶ 13} By Finding and Order dated April 19, 2017, the Commission modified and approved AEP Ohio's applications to update and reconcile its gridSMART Phase 1 rider rates. The Commission also granted OCC's motions to intervene in these proceedings.

{¶ 14} R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.

{¶ 15} On May 19, 2017, OCC filed an application for rehearing of the April 19, 2017 Finding and Order. AEP Ohio filed a memorandum contra OCC's application for rehearing on May 30, 2017.

{¶ 16} The Commission believes that sufficient reason has been set forth by OCC to warrant further consideration of the matters specified in the application for rehearing. Accordingly, the application for rehearing filed by OCC should be granted.

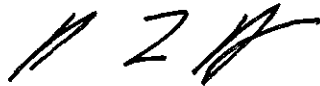
III. ORDER

{¶ 17} It is, therefore,

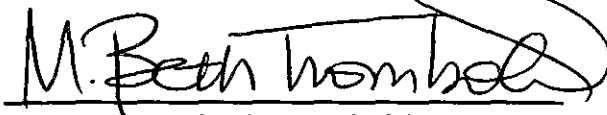
{¶ 18} ORDERED, That the application for rehearing filed by OCC be granted for further consideration of the matters specified in the application for rehearing. It is, further,

[¶ 19] ORDERED, That a copy of this Entry on Rehearing be served upon all parties of record.

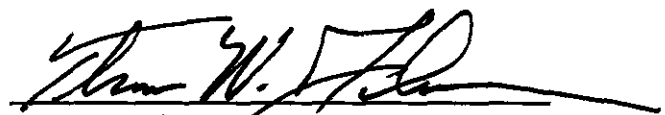
THE PUBLIC UTILITIES COMMISSION OF OHIO



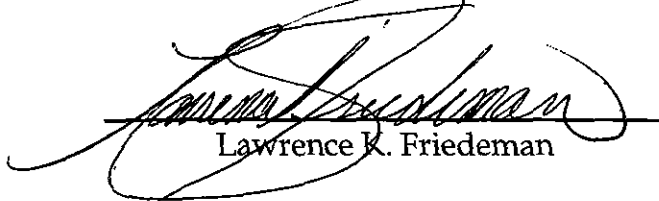
Asim Z. Haque, Chairman



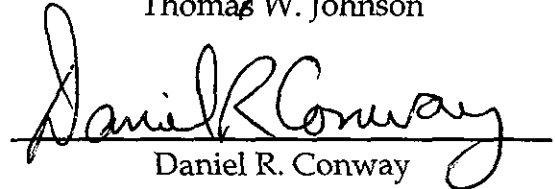
M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman



Daniel R. Conway

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Entered in the Journal
JUN 14 2017



Barcy F. McNeal
Secretary