

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's	)	
Review of the Purchase of	)	Case No. 15-1507-EL-EDI
Receivables Implementation Plan	)	
For Ohio Power Company	)	

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APPLICATION FOR REHEARING OF OHIO POWER COMPANY

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Pursuant to Section 4903.10, Ohio Revised Code ("R.C."), and Rule 4901-1-35, Ohio Administrative Code ("O.A.C."), Ohio Power Company ("AEP Ohio" or the "Company") respectfully files this Application for Rehearing of the Commission's September 27, 2017 Finding and Order ("Order"). The Commission's Order is unreasonable and unlawful in the following respects:

- I. It was unreasonable and unlawful for the Commission to order AEP Ohio to implement a purchase of receivables program without clarifying the following important questions about the program and associated cost recovery:
  - A. The Commission should require each CRES provider that elects, once a good faith cost estimate is rendered by AEP Ohio and the number of participating CRES providers is determined, to opt into the purchase of receivables program to make a binding five-year commitment for participation and agree to pay their fair share of prudently-incurred program costs.
  - B. The Commission should clarify that the "per bill fee" methodology in paragraph 46 will result in an annual true-up of the per bill fee, that will consider among other things the current number of CRES providers and retail customers being served, as well as a final reconciliation of the fee that shall be paid by the participating CRES providers until the costs are fully recovered by the Company.
  - C. The Commission should clarify that any unrecovered costs that are not recovered from participating CRE providers will be deferred with a carrying charge and recovered from the Company's customers through rates.

A memorandum in support of this Application for Rehearing is attached.

Respectfully submitted,

/s/ Steven T. Nourse

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## MEMORANDUM IN SUPPORT

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**I. The Commission should clarify important questions about the program and associated cost recovery, in order to render the decision reasonable and lawful.**

The Company seeks rehearing for the purpose of clarifying a few items in the Commission's Order. The clarifications the Company seeks relate to paragraphs 25, 36, and 46. In paragraph 25 of the Order, the Commission affirms that CRES providers are able to opt out of participating in the purchase of receivables (POR) program, leaving the process for a future filing/docket. Paragraph 36 contains an evergreen provision and implements the POR program for a one-year term that will renew for a subsequent term from year to year unless the Company or Staff files a request to review or end the program 60 days prior to the end of the current program term. In paragraph 46 of the Order, the Commission orders, for suppliers that participate in the program, that "such suppliers should be assessed AEP Ohio's implementation costs, including carrying charges calculated based on the Company's long-term debt rate, through a monthly per-bill fee collected over a five-year period." Taken together, these portions of the Order create uncertainty about the Company's recovery of its costs. And it was unreasonable for the Commission to create such uncertainty about CRES participation during the five-year term of the program without providing certainty for the Company's cost recovery.

Several unanswered questions arise from these combined provisions in the Order:

- How will the cost of the system be recovered if the program ends prior to the five year collection period?

- How does the one-year term of the CRES contract of participation relate to the threshold decision to opt in or opt out of the POR program?
- Assuming a CRES Provider can elect to stay in or drop out at the end of each program year, how will participating CRES providers that remain in the program be affected when CRES provider(s) drops out during the five-year cost recovery period?
- Does the original decision by a supplier to opt out of the program eliminate that supplier's ability to participate in future years?
- If a supplier opts in, is there a minimum time period during which the supplier is required to stay in the program? For example, if a supplier chooses to opt in and only participates for three years, then opts out, the Company requests clarification as to whether or not that supplier is still responsible for the cost of the system over the five year period.
- Can suppliers select those who will participate in POR? Does the Commission intend to allow CRES providers to 'cherry-pick' and only enroll customers with less than perfect credit histories? Should AEP Ohio include that capability in its cost estimates?
- What if the Company's up-front estimate is wrong and the rate paid by participating CRES providers does not fully compensate the Company for the cost of the POR program?

In order to resolve this uncertainty and provide clarity for CRES participation rules and cost recovery by the Company of its costs, the Commission should make the following clarifications:

- A. The Commission should require each CRES provider that elects, once a good faith cost estimate is rendered by AEP Ohio and the number of participating CRES providers is determined, to opt into the purchase of receivables program to make a binding five-year commitment for participation and agree to pay their fair share of prudently-incurred program costs.
- B. The Commission should clarify that the “per bill fee” methodology in paragraph 46 will result in an annual true-up of the per bill fee, that will consider among other things the current number of CRES providers and retail customers being served, as well as a final reconciliation of the fee that shall be paid by the participating CRES providers until the costs are fully recovered by the Company.
- C. The Commission should clarify that any unrecovered costs that are not recovered from participating CRES providers will be deferred with a carrying charge and recovered from the Company’s customers through rates.

Alternatively, the Commission should commit, after the process set forth in paragraph 25 of the Order takes place, to issue another order that addresses and resolves all of these matters prior to AEP Ohio being required to undertake the obligation of moving forward with the POR program.

## **CONCLUSION**

It was unreasonable for the Commission to provide for such uncertainty about CRES participation during the five-year term of the program without providing certainty for the Company’s cost recovery. On rehearing, the Commission should adopt the clarifications requested by the Company.

Respectfully submitted,

/s/ Steven T. Nourse

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing *Application for Rehearing of Ohio Power Company* has been served upon the below-named counsel and Attorney Examiners via electronic mail this 27<sup>th</sup> day of October, 2017.

/s/ Steven T. Nourse

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**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/27/2017 11:15:52 AM**

**in**

**Case No(s). 15-1507-EL-EDI**

Summary: Application -Application for Rehearing of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company