FILE

Ohio | Public Utilities Commission
Asim Z. Haque, Chairman

February 23, 2018

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Application of Ohio Power Company to Update Its Enhanced Service Reliability Rider, Case No. 15-1549-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Updated Review and Recommendations in regard to the application filed by the Ohio Power Company for the update of its Enhanced Service Reliability Rider, in Case No. 15-1549-EL-RDR.

Tamara S. Turkenton	David Lipthratt
Director, Regulatory Services Division	Chief, Research and Policy Division
Public Utilities Commission of Ohio	Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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Ohio Power Company
Case No. 15-1549-EL-RDR (ESRR)

SUMMARY

On September 1, 2015, Ohio Power Company (Ohio Power or Company) filed an application in Case No. 15-1549-EL-RDR to update its Enhanced Service Reliability Rider ("ESRR") rate. This application was filed to recover the Operation and Maintenance (O&M) and capitalization costs that the Company incurred annually in the ESRR. The Company requested total recovery of $36,359,289, which includes carrying charges and an under-recovery to date as of the filing of $7.9 million. The Company requested a rate of 5.72422% of base distribution revenue for its ESRR, a decrease of 1.61697% from the current rate of 7.34119%

On April 7, 2016, a Staff Letter was filed detailing Staff's recommended audit adjustments. On April 21, 2016, the Company filed its Reply Comments, in which it disputed various adjustments that Staff recommended. These are summarized below, as well as Staff's response to the Company's comments.

Miscellaneous Charges

Staff disallowed several miscellaneous charges that totaled $147.36, because Staff did not view the expenses as being prudent. Staff also recommended removal of cell phone and pager expenses, totaling $9,071.63, because Staff's view was that these expenses were not incremental to base rates.

In the Reply Comments, the Company disputed the removal of the cell phone and pager expense. The Company states that the cell phones that are solely used in the vegetation program.

After further analysis, Staff agrees and recommends no adjustment for the cell phone and pager expenses totaling $9,071.63.

Meals

Staff recommended the disallowance of meals, totaling $3,948.26, that were expensed to the rider due to prudency given the excessive nature of the expenses.

The Company replied that the meals were necessary for safety meetings and training and as not being repetitive or excessive. The Company's reasoning behind the necessity of the meals was that some of the locations of the meetings did not have sufficient food-storage capabilities and that having food at the meetings allows the meetings to continue without a break. The Company also pointed out that three of the transactions consisted of gas expense for the vehicles and should be recovered.

In regards to the gas expense, Staff agrees that that expenses, totaling $185.15, should be recovered. As for the other meal expenses, Staff's position has not changed.

CONCLUSION

Staff recommends that the $9,071.63 in cell phone and pager expense be recoverable through the rider, along with $185.15 in gas expenses. This reduces Staff's recommended disallowance from the rider to $3,910.47, which results in a rate of 5.72360% of base distribution revenues.