



An AEP Company

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Legal Department

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February 28, 2018

Attorney Examiner Greta See
Attorney Examiner Sarah Parrot
Public Utilities Commission of Ohio
180 East Broad Street
Columbus Ohio 43215-3793

Re: *In the Matter of the Application Seeking Approval of Ohio Power Company's Proposal to Enter into an Affiliate Power Purchase Agreement for Inclusion in the Power Purchase Agreement Rider, Case No. 14-1693-EL-RDR; In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority, Case No. 14-1694-EL-AAM*

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Dear Attorney Examiners:

On May 15, 2014, Ohio Power Company (AEP Ohio) filed its Amended Application in this proceeding. On December 14, 2015, AEP Ohio, the Staff and other intervenors filed a Joint Stipulation and Recommendation to resolve the issues presented in the Amended Application and other matters (Stipulation). Pursuant to the Commission's March 31, 2016 Opinion and Order in this proceeding (Opinion and Order), the Company's Amended Application was approved and modified, consistent with the terms of the Stipulation and the modifications made in the Opinion and Order.

In accordance with the directives in the Opinion and Order, AEP Ohio previously submitted its compliance tariff relating to the Power Purchase Agreement (PPA) Rider effective on April 5, 2016. On May 2, 2016, the Company filed an application for rehearing that, among other things, contemplated a modified PPA Rider based on certain conditions and discussed that the rider could potentially be converted to being bypassable.

On November 3, 2016 the Commission issued its Second Entry on Rehearing granting the Company's rehearing request to further modify the PPA Rider and Stipulation to exclude the Affiliate PPA and confirming the ongoing inclusion of net costs in the PPA Rider. In the Second Entry on Rehearing, the Commission directed AEP Ohio to defer, "without carrying charges, any OVEC costs incurred for the period of June 2016 through December 2016, with recovery of such costs to occur beginning with the first billing cycle of January 2017 and continue over the 12 months of calendar years 2017. The Commission also directed that the rider remain nonbypassable.

Accordingly, the Company submits its updated PPA Rider to be effective with the first Billing Cycle 1 of April 2018. The updated PPA reflects the actual OVEC-only nonbypassable charges for the period of June through December 2016 and forecast costs for April through June 2018. In accordance with the Second Entry on Rehearing the Company included the balance of the revised 2016 costs commencing with the first billing cycle of January 2017 and for the 12 months of calendar year 2017. In the December 1, 2018 filing, the Company requested that the forecasted under recovery of the 2016 costs be collected from January through March 2018. The Company will include the final true-up of the 2016 costs with the June 1, 2018 filing. The filings include a FAC-style rate reflecting both the prior quarter reconciliation to actual results and projections for the next/future quarter.

Pursuant to the process established in the Opinion and Order (at pages 89-90), the updated PPA Rider rates will become effective unless the Staff raises issue prior to the billing cycle during which the quarterly adjustments are to become effective.

Thank you for your attention to this matter.

Respectfully Submitted,

//s/ Steven T. Nourse

cc: Parties of Record

OHIO POWER COMPANY
Calculation of Quarterly PPA For Billing During
January through March 2018

Schedule 1

| PPA April - June 2018 | | | | | | | |
|-----------------------|--------------------|----------------------|------------------|----------------|-----------------|-----------------|--------------|
| | <u>Residential</u> | <u>GS Non-Demand</u> | <u>Secondary</u> | <u>Primary</u> | <u>Sub/Tran</u> | <u>Lighting</u> | <u>Total</u> |
| 2017 5CP | 3,394 | 132 | 2,097 | 888 | 1,147 | - | 7,658 |
| Allocation | 44% | 2% | 27% | 12% | 15% | 0% | |
| Revenue Requirement | \$ 2,811,715.86 | \$ 109,630 | \$ 1,736,907 | \$ 735,174 | \$ 950,169 | \$ - | \$ 6,343,596 |
| Forecasted kWh | 2,903,972,303 | 186,648,419 | 2,920,450,993 | 1,490,253,110 | 2,500,998,015 | 46,791,898 | |
| Rate (\$/kWh) | 0.0009682 | 0.0005874 | 0.0005947 | 0.0004933 | 0.0003799 | 0.0000000 | |
| Gross Up Factor | 1.00938 | 1.00938 | 1.00938 | 1.00938 | 1.00938 | 1.00938 | |
| Final Rate (\$/kWh) | 0.0009773 | 0.0005929 | 0.0006003 | 0.0004979 | 0.0003835 | 0 | |

OHIO POWER COMPANY
Calculation of Quarterly PPA For Billing During
January through March 2018
FC Component

| Line | Description | January | February | March | Total |
|-----------------------------|------------------------------|--------------|--------------|--------------|---------------|
| <u>TOTAL COMPANY</u> | | | | | |
| 1 | PPA Charge/(Credit) Forecast | \$ 3,486,516 | \$ 3,738,279 | \$ 3,427,450 | \$ 10,652,245 |

| | Forecast Load | 2018 |
|---|---------------------------------|----------------|
| | All kWh (non-bypassable) | Jan-Mar |
| 2 | Residential | 2,903,972,303 |
| 3 | GS Non-Demand | 186,648,419 |
| 4 | Secondary | 2,920,450,993 |
| 5 | Primary | 1,490,253,110 |
| 6 | Sub/Tran | 2,500,998,015 |
| 7 | Lighting | 46,791,898 |
| 8 | Total | 10,049,114,738 |

OHIO POWER COMPANY
Calculation of Quarterly PPA For Billing During
January through March 2018
Reconciliation Component (Actuals)

| Line | Month | PPA Revenue | PPA Cost | PPA (Over)/Under Recovery |
|------|--------------------------|----------------|---------------|------------------------------|
| 1 | Beginning Balance | | \$ 21,763,059 | \$ - |
| 2 | Jan-Mar 2017 | \$ 6,259,371 | | \$ 15,503,688 |
| 3 | Apr-Jun 2017 | \$ 5,043,635 | | \$ 10,460,052 |
| 4 | Jul-Sep 2017 | \$ 3,579,119 | | \$ 6,880,933 |
| 5 | Oct-Dec 2017 | \$ 5,384,476 | | \$ 1,496,457 |
| 6 | Forecast Jan-Mar 2017 | \$ 3,301,814 | | \$ (1,805,357) |
| 7 | Ending Balance | \$ 23,568,415 | \$ 21,763,059 | \$ (1,805,357) |

| Line | Month | PPA Revenue | PPA Cost | PPA (Over)/Under Recovery |
|------|---|----------------|--------------|------------------------------|
| 8 | Beginning Balance (Jul-Sep 2017) | | | \$ (1,638,974) |
| 9 | Oct-17 | \$ 3,379,342 | \$ 4,257,282 | \$ 877,941 |
| 10 | Nov-17 | \$ 3,166,782 | \$ 3,312,048 | \$ 145,265 |
| 11 | Dec-17 | \$ 3,694,242 | \$ 1,806,719 | \$ (1,887,524) |
| 12 | Ending Balance | \$ 10,240,367 | \$ 9,376,049 | \$ (2,503,292) |

June 2016 - September 2017

| | | | | |
|----|-----------------------|--|--|----------------|
| 13 | Ending Balance | | | \$ (4,308,649) |
|----|-----------------------|--|--|----------------|

P.U.C.O. NO. 20

POWER PURCHASE AGREEMENT RIDER

Effective Cycle 1 ~~January~~April 2018 all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly Power Purchase Agreement charge as follows:

| Schedule | ¢/kWh |
|--|------------------------------------|
| Residential RS, RR, RR-1, RS-ES, RS-TOD, RLM, RS-TOD2, CPP, RTP, and RDMS | 0.102460 <u>0.09773</u> |
| Non Demand Metered GS-1, GS-1 TOD GS-2 Recreational Lighting, GS-TOD, GS-2-TOD, and GS-2-ES GS-3-ES EHS SS | 0.088530 <u>0.05929</u> |
| Demand Metered Secondary GS-2 GS-3 EHG | 0.101880 <u>0.06003</u> |
| Demand Metered Primary GS-2 GS-3 GS-4 | 0.084980 <u>0.04979</u> |
| Demand Metered Subtransmission/Transmission GS-2 GS-3 GS-4 | 0.066370 <u>0.03835</u> |
| Lighting AL SL | 0.00000 |

This Rider is subject to reconciliation, including, but not limited to, refunds to customers, based upon the results of audits ordered by the Commission in accordance with the February 25, 2015 Opinion and Order in Case Nos. 13-2385-EL-SSO, *et al.* and the March 31, 2016 Opinion and Order in Case No. 14-1693-EL-RDR.

Filed pursuant to Orders dated March 31, 2016 and November 3, 2016 in Case No. 14-1693-EL-RDR

Issued: ~~December~~March 1, 2017~~8~~

Effective: Cycle 1 ~~January~~April 2018

Issued by
 Julia Sloat, President
 AEP Ohio

P.U.C.O. NO. 20

OAD - POWER PURCHASE AGREEMENT RIDER
(Open Access Distribution – Power Purchase Agreement Rider)

Effective Cycle 1 ~~January~~April 2018 all customer bills subject to the provisions of this Rider, including any bills rendered under special contract shall be adjusted by the monthly Power Purchase Agreement charge as follows:

| Schedule | ¢/kWh |
|--|---------------------------|
| Residential RS, RR, RR-1, RS-ES, RS-TOD, RLM, RS-TOD2, CPP, RTP, and RDMS | 0.102460.09773 |
| Non Demand Metered GS-1, GS-1 TOD GS-2 Recreational Lighting, GS-TOD, GS-2-TOD, and GS-2-ES GS-3-ES EHS SS | 0.088530.05929 |
| Demand Metered Secondary GS-2 GS-3 EHG | 0.101880.06003 |
| Demand Metered Primary GS-2 GS-3 GS-4 | 0.084980.04979 |
| Demand Metered Subtransmission/Transmission GS-2 GS-3 GS-4 | 0.066370.03835 |
| Lighting AL SL | 0.00000 |

This Rider is subject to reconciliation, including, but not limited to, refunds to customers, based upon the results of audits ordered by the Commission in accordance with the February 25, 2015 Opinion and Order in Case Nos. 13-2385-EL-SSO, *et al.* and the March 31, 2016 Opinion and Order in Case No. 14-1693-EL-RDR.

Filed pursuant to Orders dated March 31, 2016 and November 3, 2016 in Case No. 14-1693-EL-RDR

Issued: ~~December~~March 1, 2017~~8~~

Effective: Cycle 1 ~~January~~April 2018

Issued by
Julia Sloat, President
AEP Ohio

This foregoing document was electronically filed with the Public Utilities

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Case No(s). 14-1693-EL-RDR, 14-1694-EL-AAM

Summary: Correspondence - Ohio Power Company submits its 2nd Quarter 2018 Update electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company