



Public Utilities Commission

Asim Z. Haque, Chairman

Commissioners

M. Beth Trombold
Thomas W. Johnson
Lawrence K. Friedeman
Daniel R. Conway

FILE

June 8, 2018

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

RE: *In the Matter of the Review of the Auction Cost Reconciliation Rider contained in the tariffs of American Electric Power Company, Case No. 15-1052-EL-RDR*

Dear Docketing Division:

Enclosed please find Staff's Reply in support of Staff's Review and Recommendations in regard to the annual review of American Electric Power Company Auction Cost Reconciliation Rider, Case No. 15-1052-EL-RDR.

Tamara S. Turkenton
Director, Rates and Analysis Dept.
Public Utilities Commission of Ohio

David Lipthrott
Chief, Research and Policy Division
Public Utilities Commission of Ohio

This is to certify that the ~~enclosures~~ appearing are an accurate and complete copy of a case file document delivered in the course of business.
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**Ohio Power Company
Case No. 15-1052-EL-RDR (ACRR)**

Staff Reply to Parties' Comments

In Staff's review of the Comments in this case, there appears to be confusion regarding the nature of PUCO and OCC assessment fees (assessment fees). The assessment fees' sole purpose is to maintain and administer the respective agencies. Staff clarifies that there is no direct, causal relationship between the utility's assessment fees and revenues. Therefore, assessment fees are not generation related costs and are not prudently incurred CBP costs. AEP Ohio's (Company or AEP) base rates, which both SSO and shopping customers pay, include 100% of its assessment fees. This raises the issue of double recovery. It is not appropriate to include assessment fees in AEP's SSO riders.

The SSO Pricing section, read as a whole, supports Staff's position. In discussing AEP witness Roush's testimony on GENE and GENC riders, the Order states that these rider rates, "include a gross-up for taxes." Opinion and Order at 32. The Commission did not state that the riders include a gross-up for taxes and assessment fees. The Order also states that the proposed pricing methodology is consistent with other Ohio utilities. Opinion and Order at 33. Other Ohio utilities do not recover assessment fees through their respective SSO riders. Therefore, to be consistent with other Ohio utilities, assessment fees should be removed from AEP's SSO riders.

Staff reiterates its recommendation that the Commission direct AEP to credit to customers any assessment fees retained through the GENE, GENC, and ACRR gross-up factor. Staff reiterates that AEP should remove any charges related to Timer Road and Fowler Ridge wind projects.