

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application Seeking)	
Approval of Ohio Power Company's)	
Proposal to Enter Into Renewable Energy)	Case No. 18-1392-EL-RDR
Purchase Agreements for Inclusion in the)	
Renewable Generation Rider.)	
In the Matter of the Application of Ohio)	Case No. 18-1393-EL-ATA
Power Company to Amend its Tariffs.)	

APPLICATION

Ohio Power Company (“AEP Ohio” or the “Company”) submits this Application for an order approving: (1) the inclusion of two solar energy resources totaling 400 MW of nameplate capacity solar energy in the Company’s Renewable Generation Rider (RGR); (2) the creation of a new Green Power Tariff (Green Tariff) under which customers may purchase renewable energy certificates (RECs) for the solar energy resources’ environmental attributes; and (3) all other relief the Commission deems appropriate to facilitate the approval of this Application.

1. In Case No. 16-1852-EL-SSO, *et al.* (*ESP IV* Case), the Public Utilities Commission of Ohio (Commission) approved the creation of a placeholder RGR to recover costs associated with new renewable energy resources, including at least 400 MW nameplate capacity of solar energy resources and 500 MW nameplate capacity of wind energy resources that AEP Ohio and its affiliates have committed to develop in Ohio.¹

2. Consistent with the Company’s commitments and the Commission’s orders in Case Nos. 14-1693-EL-RDR, *et al.* and the *ESP IV* Case, AEP Ohio now seeks Commission approval to include two solar energy projects proposed to be constructed in Highland County,

¹*ESP IV* Case., Opinion and Order at 20-22, 104-105 (Apr. 25, 2018); Case No. 14-1693-EL-RDR, *et al.*, Opinion and Order at 42-44, 82-83 (Mar. 31, 2016).

Ohio – one 300 MW nameplate capacity solar facility (Highland Solar) and one 100 MW nameplate capacity solar facility (Willowbrook Solar) – in the RGR. To facilitate the development of the Highland Solar and Willowbrook Solar resources, AEP Ohio has executed 20-year renewable energy purchase agreements (REPA) for the projects’ energy, capacity, and environmental attributes. The facilities will be operated on AEP Ohio’s behalf, and AEP Ohio will be responsible for operating the resources’ dispatch in the PJM Interconnection LLC (PJM) markets. The Company also requests that the Commission find that it is reasonable and prudent for the Company to enter into the Highland Solar and Willowbrook Solar REPAs. In sum, the Company is seeking recovery through the RGR of a nonbypassable charge under R.C. 4928.143(B)(2)(c) (inclusive of REPA costs and debt equivalency costs) for the life of the facility.

3. Approval of the Highland Solar and Willowbrook Solar REPAS will benefit AEP Ohio’s customers and the State of Ohio in a number of significant ways. Including the long-term, fixed, non-escalating price REPAs in the rider is projected to save customers approximately \$218 million compared to market over the REPAs’ 20-year terms. As the market price of energy in PJM fluctuates over time, the fixed-price REPAs also will act as a hedge against energy price volatility and provide stability and certainty relative to a portion of AEP Ohio customers’ energy costs.

4. In addition to the retail cost-related and rate-related benefits associated with approval of the REPAs, the Highland Solar and Willowbrook Solar projects will help to meet customers’ demonstrated need and demand for in-state renewable energy. As reflected in a formal economic impact study submitted with this filing, the projects will also provide significant and critical economic development benefits to the state, and specifically to

Appalachian Ohio, by creating of more than 3,900 new jobs, growing Ohio workers' earnings by more than \$250 million, growing economic output by over \$700 million, and growing Ohio's GDP by more than \$400 million. Under the Highland Solar REPA, the Seller is also guaranteeing that there will be at least 113 additional full-time, permanent jobs related to solar manufacturing as well as installing and servicing solar equipment – above and beyond the jobs encompassed in the economic impact study. Adding Ohio-based renewable generation also will increase fuel diversity, curb the trend of Ohio being a net importer of energy, promote innovation, make the state more attractive to new business, and advance numerous other of the state policies set forth in R.C. 4928.02.

5. The Company also requests approval of a new Green Tariff under R.C. 4909.18 as an application not for an increase, which will give all customer classes the opportunity to purchase RECs to cover some or all of their usage – whether served by AEP Ohio's standard service offer or by a competitive retail electric service provider. The Green Tariff enables customers to support the development of in-state renewable energy resources in another way, by giving them the option to purchase green power that reflects some, all, or more than all of their load. Customers' participation in the Green Tariff will produce revenues that will offset a portion of the net cost of the Highland Solar and Willowbrook Solar REPAs (*i.e.*, the net cost after liquidating the output of the facilities into the PJM markets). The Green Tariff also promotes economic development for commercial and industrial customers interested in maintaining or expanding operations in the Company's service territory while supporting sustainability and carbon emissions reduction goals.

6. The Commission approved the RGR in the *ESP IV* Case. Costs associated with the RGR will be updated quarterly and rates for the rider will be automatically approved 30 days

after the filing unless suspended. All costs in the RGR will be subject to an annual audit for prudence. The RGR's rate design will be uniform per-kWh charge or credit for all monthly consumption up to 833,000 kWh per customer account for the life of each project included in the rider. And the Company may propose that some or all of the output from a project included in the RGR be purchased through a bilateral contract with a retail customer, conditioned upon the Commission's approval as a reasonable arrangement under R.C. 4905.31. The purpose of this proceeding is to build upon the foundation laid in the *ESP IV* Case and to demonstrate that it is reasonable, prudent, and beneficial to customers, and also consistent with R.C.

4928.143(B)(2)(c) to include the Highland Solar and Willowbrook Solar REPA's in the RGR and appropriate to create the proposed Green Tariff. The Company's proposal also satisfies R.C.

4928.143(B)(2)(c) because it was competitively sourced, will be in service after January 1, 2009, and will be operated by the Company.

7. In support of this Application, the Company is filing the following direct testimony that should be admitted into the record, and upon which the Commission should rely in deciding this case:

Jon F. Williams, Director of Distribution Technology and Innovation, AEP Ohio – Mr. Williams provides an overview of this filing and introduces the witnesses, provides an overview of the solar projects that the Company proposes to develop, explains how the Highland Solar and Willowbrook Solar projects advance state policy, and discusses the Company's proposed Green Tariff.

William A. Allen, Managing Director of Regulatory Case Management, American Electric Power Service Corporation (AEPSC) – Mr. Allen discusses the background and procedural history leading to this filing, describes how the proposed projects meet the

Company's and customers' renewable objectives, addresses bill impacts and rate design, and describes how recovery of the projects' costs would change if one or more customers enters into a renewable arrangement for renewable energy and/or the RECs generated by the projects are liquidated in the market.

John F. Torpey, Managing Director of Resource Planning and Operational Analysis, AEPSC – Mr. Torpey identifies the projects' economic benefits to the Company's customers as compared to other products available in the market and describes how the REPAs for the projects will act as a hedge against market volatility.

Joseph A. Karrasch, Asset Investments Manager, AEPSC – Mr. Karrasch details the projects and the REPAs.

Daniel Bradley, Navigant Consulting – Mr. Bradley describes the competitive request for proposals process that the Company engaged Navigant to oversee, through which the bids for the Highland Solar and Willowbrook Solar projects were selected.

Dr. Stephen A. Buser, Emeritus Professor of Finance, Fisher College of Business at The Ohio State University – Dr. Buser demonstrates that the projects will benefit Ohio's economy, based on a formal economic impacts study.

Bill LaFayette, Owner, Regionomics LLC – Mr. LaFayette is jointly sponsoring the study that demonstrates the projects' favorable economic impacts and summarizes the model and data analysis employed in the study.

Steven M. Fetter, President, Regulation UnFettered – Mr. Fetter describes his review of the balance sheet impacts of the Company's debt equivalency cost recovery proposal and concludes that the proposal aligns with the public interest.

8. To satisfy the requirement that the Commission determine that there is a need for renewable energy resources, see R.C. 4928.143(B)(2)(c) and Ohio Adm.Code 4901:1-35-03(C)(9)(b)(i), the Company filed an Amendment to its 2018 Long-Term Forecast Report in Case No. 18-501-EL-FOR on September 19, 2018. Given the close interrelationship between that proceeding and this filing, the Company is filing a motion to consolidate both proceedings contemporaneously with this Application. In order for construction to begin in time to take full advantage of available investment tax credits and thereby enable customers to receive the full benefits associated with the Highland Solar and Willowbrook Solar projects, the Company is requesting that the Commission promptly issue decisions approving this Application and finding that the Company has made the requisite need showing in the 18-501-EL-FOR case.

9. Because this proceeding is related to the 14-1693-EL-RDR, *et al.* and 16-1852-EL-SSO, *et al.* dockets, AEP Ohio is providing a courtesy copy of this Application and the direct testimony supporting this filing to the parties to those cases. The Company will also make a complete set of workpapers readily available to any intervenor upon request. Confidential workpapers will only be made available directly to the parties that sign an acceptable protective agreement for this proceeding. Future filings in this case will be served in accordance with the requirements of Ohio Administrative Code Chapter 4901-1.

10. Based on the foregoing, the Company requests that an expedited procedural schedule be issued as follows:

- A. Motions to intervene be filed by October 7, 2018.
- B. Testimony on behalf of intervenors be filed by October 29, 2018.
- C. Discovery requests, except for notices of deposition, be served by November 12, 2018.

- D. Responses to discovery requests be due seven calendar days after requests are served. Discovery requests and responses be served by hand delivery or e-mail unless otherwise agreed by the parties.
- E. Testimony on behalf of Commission Staff be filed by November 12, 2018.
- F. A procedural conference be scheduled for November 20, 2018, at 10:00 a.m., at the offices of the Commission.
- G. The evidentiary hearing commence on November 28, 2018, at 10:00 a.m., at the offices of the Commission.

WHEREFORE, based on the reasons stated above and further supported in the testimony filed with this Application, the Commission should establish a procedural schedule that consolidates this case with Case No. 18-501-EL-FOR and that is designed to expeditiously consider the Company's Application. Upon providing such due process as the Commission deems appropriate, the Company requests that the Commission approve this Application and grant any other relief the Commission deems appropriate to facilitate approval of the Application.

Respectfully Submitted,

/s/ Steven T. Nourse

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Counsel for Ohio Power Company

CERTIFICATE OF SERVICE

I hereby certify that a service copy of the foregoing was sent by, or on behalf of, the undersigned counsel to the following parties of record this 27th day of September, 2018, via electronic transmission.

/s/ Steven T. Nourse

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