BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company to Update its Enhanced Service Reliability Rider for 2015.	))))	Case No. 16-2154-EL-RDR

OHIO POWER COMPANY'S REPLY COMMENTS

I. Introduction

Ohio Power Company ("AEP Ohio" or the "Company") files the following reply comments in response to the comments that the Office of the Ohio Consumers' Counsel (OCC) filed in this proceeding on September 21, 2018. As set forth below, the Public Utilities Commission of Ohio (Commission) should approve the Company's Application, as modified by the Company's April 16, 2018 correspondence in this docket, and deny OCC's inappropriate request for carrying charges on the Company's 2015 over-recovery.

II. Background

The Commission initially approved the Company's Enhanced Service Reliably Rider (ESRR) in Case No. 08-917-EL-SSO, *et al.* Case No. 08-917-EL-SSO, *et al.*, Opinion and Order at 30-34 (Mar. 18, 2009). It continued the ESRR in Case No. 11-346-EL-SSO, *et al.*, in Case No. 13-2385-EL-SSO, *et al.*, and again in Case No. 16-1852-EL-SSO, *et al. See* Case No. 11-346-EL-SSO, *et al.*, Opinion and Order at 64-65 (Aug. 8, 2012); Case No. 13-2385-EL-SSO, *et al.*, Opinion and Order at 47-49 (Feb. 25, 2015); Case No. 16-1852-EL-SSO, *et al.*, Opinion and Order at 87-90 (Apr. 25, 2018). In accordance with the Commission's orders in the foregoing cases, the ESRR is filed annually and subject to annual audit and reconciliation.

On November 1, 2016, AEP Ohio filed its 2016 application to update the ESRR (Application). The Application reflects actual vegetation management project spending and revenue recovery during 2015 and projected costs for 2016. On August, 10, 2017, Commission Staff filed its Review and Recommendation regarding the Company's Application. On October 6, 2017, the Company filed its initial reply comments to Staff's Review and Recommendation. On February 22, 2018, Staff filed an updated Review and Recommendation, and on March 20, 2018, Staff filed correspondence correcting two numerical errors in its February 22, 2018 Review and Recommendation. On April 16, 2018 the Company filed correspondence in this case stating that, "[w]hile the Company supports the facts and positions set forth in its Application and its October 6, 2017 comments and does not agree with all of the statements and recommendations supporting Staff's March 20 updated position, AEP Ohio can accept the Staff's updated position as a reasonable outcome to this case." On August 30, 2018, the Attorney Examiner issued a procedural schedule setting deadlines of September 21 and October 5, 2018 for initial and reply comments, respectively. OCC filed comments regarding the Company's Application on September 21, 2018.

III. AEP Ohio's Reply Comments

As an initial matter, OCC claims that AEP Ohio's outages were increasing from 2013 to 2015 despite the Company's collection of costs for enhanced vegetation management through the ESRR. (OCC Cmts. at 1.) OCC's position is flawed and ignores that the primary purpose of the enhanced vegetation management program is to trim or remove trees inside of the Company's right of ways. *See, e.g.* Case No. 08-917-

EL-SSO, *et al.*, Opinion and Order at 33 (Mar. 18, 2009). Contrary to OCC's assertion, the frequency of outages caused by trees inside of right of way actually decreased during 2013 to 2015 period.

SAIFI	
Year	Veg Inside ROW
2013	0.0249
2014	0.0239
2015	0.0116

OCC's primary request in its comments is that AEP Ohio should be required to pay interest on amounts to be returned to customers "equal to the carrying cost rate that AEP [Ohio] itself was charging customers." (OCC Cmts. at 3.) OCC's position is flawed and ignores the difference between appropriate carrying charges that the Company collects on capital investments recovered through the ESRR and those that OCC seeks to apply to over-recoveries. No carrying charges are approved to be paid or charged on either over- or under-recoveries in the ESRR. Indeed, the Company has under-recovered in previous years, and no carrying charges were applied. In each ESRR filing that the Company has made over nearly a decade since the rider was approved, any over- or under-collections are passed back to or collected from customers over the year immediately following the Commission's approval the ESRR application. In spite of this, OCC is now requesting that the Company pay interest on the over-collected amount in this case, which is contrary to the mechanics of no carrying charges on the over- or under-recoveries as already approved by the Commission. The Commission should deny OCC's request.

The Company's ESRR Application complies with and is consistent with the applicable Commission orders approving the creation and continuation of the rider, as well as consistent with the rider's operation and reconciliation since its implementation.

This proceeding should not be used to re-litigate the merits or mechanics of the rider. Accordingly, the Company respectfully requests that the Commission approve its Application, as modified by the Company's April 16, 2018 correspondence in this docket, and deny OCC's request to apply carrying charges to the 2015 over-recovery.

Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon all parties of record. In addition, 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 5th day of October, 2018.

/s/ Steven T. Nourse
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