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November 7, 2018

PUCO

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

RE: *In the Matter of the gridSMART Phase 2 Rider for Ohio Power Company, Case No. 17-1156-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's Revised Review and Recommendations in regard to the gridSMART Phase 2 Rider for Ohio Power Company in Case No. 17-1156-EL-RDR.


Tamara S. Turkenton
Director, Regulatory Services Division
Public Utilities Commission of Ohio


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

Enclosure

Cc: Parties of Record

This is to certify that the enclosed document is a
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**Ohio Power Company
Case No. 17-1156-EL-RDR**

SUMMARY

On January 29, 2018, Ohio Power Company (Ohio Power or Company) filed its gridSMART Phase 2 rider update for the fourth quarter 2017 initiating the annual review of its smart grid deployment program (gridSMART Phase 2). During the course of the audit, Staff reviewed capital, Operations and Maintenance (O&M) expenses, revenues, and associated carrying charges from June 2015 through December 2017.

On July 3, 2018, Staff filed its Review and Recommendation letter recommending adjustments totaling \$67,152. Upon further review, Staff has reconsidered its position regarding some of its proposed adjustments. Detailed below are Staff's revised recommendations.

STAFF REVISED RECOMMENDATION

Employee Memberships

Staff initially recommended an adjustment of \$451 for the removal of certain employee memberships. The Company acknowledged that the memberships were not appropriate to include for recovery. However, Staff was made aware that \$301 of the membership fees were already embedded in Staff's recommended disallowance of \$6,522 associated with meals and miscellaneous charges, of which \$4,068 the Company has identified should be removed from rider recovery. Therefore, Staff recommends that its adjustment be revised to reflect the remaining difference of \$150.

Fleet Services

Staff initially recommended an adjustment of \$59,556 for the removal of expenses related to fleet services. Staff's position was that the associated fleet expenses were not incremental and are currently being recovered through base rates. The Company has worked with Staff to provide additional clarifying documentation and information. Based on conversations with the Company, Staff has evidence supporting the \$59,556 fleet service expenditure as incremental and deems it appropriate for recovery. However, Staff recommends that the Company continue to work with Staff in developing documentation supporting fleet services as being incremental to base rates in order to aid in Staff's annual review.

CONCLUSION

Staff's Review and Recommendation letter filed on July 3, 2018 recommended a total adjustment of \$67,152. After working with the Company and obtaining additional information, Staff has revised its position with regard to the employee memberships and fleet services adjustments. Taking into account Staff's revised adjustments, Staff recommends adjustments of \$6,522 for meals, \$150 for employee memberships, and \$623 associated with Ohio use tax as outlined in its July 3rd, 2018 Staff Review and Recommendation letter. Staff recommends to the Commission that they direct the Company to reflect in its next quarterly filing the revised adjustment totaling \$7,295 noted by Staff in this letter.