

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION
OF OHIO POWER COMPANY TO ADJUST
ITS 2012 AND 2013 BASELINES FOR
COMPLIANCE WITH R.C. 4928.64.

CASE NO. 14-559-EL-ACP

FINDING AND ORDER

Entered in the Journal on February 20, 2019

I. SUMMARY

{¶ 1} The Commission approves the application of Ohio Power Company d/b/a AEP Ohio to adjust the 2012 and 2013 baselines used to determine its annual alternative energy portfolio benchmarks.

II. DISCUSSION

{¶ 2} Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company) is an electric distribution utility as defined in R.C. 4928.01(A)(6), an electric utility as defined in R.C. 4928.01(A)(11), and a public utility as defined in R.C. 4905.02.¹ As such, AEP Ohio is subject to the jurisdiction of this Commission.

{¶ 3} In 2008, the General Assembly enacted Amended Substitute Senate Bill 221 (SB 221), which created an alternative energy portfolio standard (AEPS), as outlined in R.C. 4928.64. Specifically, R.C. 4928.64(B) establishes benchmarks for electric distribution utilities to acquire a portion of their electricity supply for retail customers in Ohio from renewable energy resources. The statute provides that the baseline for determining an electric distribution utility's compliance with the benchmarks shall be the average of such total kilowatt hours that the utility sold in the preceding three calendar years, except that the Commission may reduce the utility's baseline to adjust for new economic growth in

¹ References to the Revised Code or to the Administrative Code throughout this Finding and Order pertain to the version of the statute or rule in effect at the time of the filing of AEP Ohio's application in this case.

the utility's certified territory. In addition to the AEPS, SB 221 adopted a new energy efficiency/peak demand reduction (EE/PDR) mandate, as found in R.C. 4928.66.

{¶ 4} With respect to the baseline for determining compliance with the renewable energy resource requirements, Ohio Adm.Code 4901:1-40-03(B)(3) provides that an electric utility may file an application requesting a reduced baseline to reflect new economic growth in its service territory or service area. The rule requires that any such application include a justification indicating why timely compliance based on the unadjusted baseline is not feasible, a schedule for achieving compliance based on its unadjusted baseline, quantification of a new change in the rate of economic growth, and a methodology for measuring economic activity, including objective measurement parameters and quantification methodologies.

{¶ 5} On April 14, 2014, AEP Ohio filed an application to adjust its baselines for 2012 and 2013, as used to calculate the Company's annual alternative energy portfolio benchmarks, and set forth in Exhibit A attached to the application. Specifically, AEP Ohio seeks approval to reduce the 2012 and 2013 baselines by excluding the portion of its load associated with the economic development rider (EDR). AEP Ohio acknowledges that, in Case No. 10-486-EL-ACP, et al., the Commission modified a stipulation and recommendation between Staff and the Company, determining that an economic development load baseline adjustment should only be extended from 2009 through 2011, in order to coincide with the term of the Company's first electric security plan (ESP). *In re Columbus Southern Power Co.*, Case No. 10-486-EL-ACP, et al., Opinion and Order (Aug. 21, 2013) at 5. In support of its application in the present case, AEP Ohio asserts that the same baseline calculation methodology has been approved with respect to its 2012-2014 EE/PDR Action Plan, which extends well beyond the term of the first ESP. *In re Columbus Southern Power Co.*, Case No. 11-5568-EL-POR, et al., Opinion and Order (Mar. 21, 2012).

{¶ 6} AEP Ohio contends that there is no substantive or logical distinction between the EE/PDR baseline and the AEPS baseline and that the same rationale for excluding new economic growth load applies to both the EE/PDR and AEPS requirements. AEP Ohio emphasizes that both the AEPS and EE/PDR mandates became effective with calendar year 2009; involve calculations of annual benchmark requirements based on the average retail sales from the preceding three years; and allow the Commission to reduce the baseline and benchmark requirements for new economic growth. AEP Ohio asserts that both R.C. 4928.64 and R.C. 4928.66 contain the same baseline adjustment concept and further the goal of avoiding the adverse side effects of promoting economic development in Ohio, such as more burdensome and costly EE/PDR and AEPS mandates. According to AEP Ohio, approval of its requested baseline adjustment will reduce projected compliance costs to the benefit of customers, as reflected in Exhibit B attached to the application.

{¶ 7} Additionally, AEP Ohio submits that, because economic development is beneficial for Ohio, reducing the AEPS baseline for the portion of the load associated with the EDR would be a benefit to the public. AEP Ohio points out that, in approving rate discounts for certain customers under R.C. 4905.31 based on economic development considerations, the Commission has already determined that such discounts attract and retain new load growth that promotes the public interest and advances economic development in the state. AEP Ohio adds that its EE/PDR baselines and its AEPS baselines for 2009, 2010, and 2011 used substantially the same set of economic development criteria, which currently track with the load associated with the discounts recovered from all customers through the EDR.

{¶ 8} Accordingly, AEP Ohio requests that the Commission approve its application and confirm that the adjusted AEPS baselines used by the Company in its 2012 and 2013 alternative energy portfolio status reports filed in Case No. 13-880-EL-ACP and 14-520-EL-ACP are consistent with R.C. 4928.64(B).

{¶ 9} On June 3, 2014, AEP Ohio filed a revised Exhibit A, in order to correct inadvertent errors contained in the original exhibit.

{¶ 10} On June 4, 2014, Staff filed findings and recommendations regarding AEP Ohio's application. Staff recommends that the Commission approve AEP Ohio's request to adjust its 2012 baseline for economic development customers receiving discounts through the Company's EDR, as well as customers that have a separate economic development arrangement with the Company. With respect to 2013, Staff recommends that AEP Ohio be authorized to adjust the baseline for economic development customers receiving discounts through the Company's EDR, as proposed by the Company.

{¶ 11} On June 11, 2014, Staff filed a correction to its findings and recommendations. Specifically, Staff explains that the corrections contained in AEP Ohio's revised Exhibit A reflect the fact that the Company is requesting that the baselines for 2012 and 2013 be adjusted only for customers receiving discounts through the Company's EDR and not for customers that have a separate economic development arrangement with the Company. Staff finds that AEP Ohio's proposal is reasonable, in light of the Commission's review and approval of EDR cases. Staff, therefore, revises its previous recommendations, such that Staff proposes that AEP Ohio be authorized to adjust its 2012 and 2013 baselines to account for economic development customers receiving discounts through the Company's EDR.

{¶ 12} Upon review of AEP Ohio's application, as revised on June 3, 2014, and Staff's findings and recommendations, as corrected on June 11, 2014, the Commission finds that the Company's request to adjust its baselines for 2012 and 2013 should be approved. Further, to the extent that the application does not provide all of the information designated in Ohio Adm.Code 4901:1-40-03(B)(3), we find that the rule should be waived. The Commission notes that, with respect to any similar baseline adjustment requests for later compliance years, AEP Ohio should ensure that its

application is filed consistent with Ohio Adm.Code 4901:1-40-03(B)(3) and seek a waiver to the extent necessary.

III. ORDER

{¶ 13} It is, therefore,

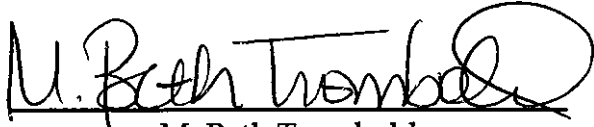
{¶ 14} ORDERED, That AEP Ohio's application, as revised on June 3, 2014, be approved. It is, further,

{¶ 15} ORDERED, That a copy of this Finding and Order be served upon all parties and interested persons of record.

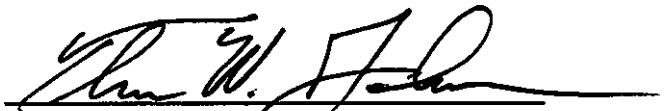
THE PUBLIC UTILITIES COMMISSION OF OHIO



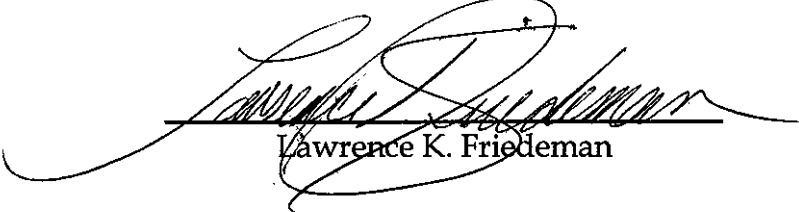
Asim Z. Haque, Chairman



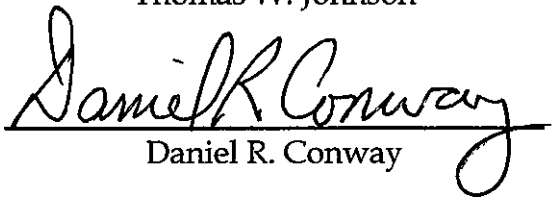
M. Beth Trombold



Thomas W. Johnson



Lawrence K. Friedeman



Daniel R. Conway

SJP/sc

Entered in the Journal FEB 20 2019



Tanowa M. Troupe
Secretary