

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
OHIO POWER COMPANY TO UPDATE ITS  
STORM DAMAGE RECOVERY RIDER  
RATES.

CASE NO. 18-731-EL-RDR

## FINDING AND ORDER

Entered in the Journal on March 20, 2019

### I. SUMMARY

{¶ 1} The Commission finds that the application of Ohio Power Company d/b/a AEP Ohio to update its storm damage recovery rider rates should be approved, with modifications.

### 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) and a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric services to customers, including a firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} In Case No. 11-346-EL-SSO, et al., the Commission modified and approved AEP Ohio's application for a second ESP, effective with the first billing cycle of September 2012 through May 31, 2015. Among other proposals, the Commission approved AEP Ohio's request to establish a storm damage recovery rider (SDRR) to enable the Company to recover incremental expenses incurred due to major storm events. Specifically, AEP Ohio was authorized to defer incremental distribution expenses above or below an annual amount of \$5 million that are related to major events as defined in Ohio Adm.Code Chapter

4901:1-10. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 11-346-EL-SSO, et al., Opinion and Order (Aug. 8, 2012) at 68-69, Entry on Rehearing (Jan. 30, 2013) at 54-55.

{¶ 5} In Case No. 12-3255-EL-RDR, the Commission adopted a joint stipulation and recommendation filed by AEP Ohio, Staff, and several other parties and, thereby, approved the Company's request to establish initial SDRR rates to recover major storm restoration costs associated with the June 29, 2012 derecho, as well as two other major storm events that occurred in July 2012. *In re Ohio Power Co.*, Case No. 12-3255-EL-RDR, Opinion and Order (Apr. 2, 2014), Entry on Rehearing (May 28, 2014).

{¶ 6} In Case No. 13-2385-EL-SSO, et al., the Commission approved, pursuant to R.C. 4928.143, AEP Ohio's application for a third ESP for the period of June 1, 2015, through May 31, 2018. Among other matters, the Commission approved AEP Ohio's proposal to continue the SDRR, including the Company's request to file an annual true-up in April of each year. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 55-56.

{¶ 7} On April 19, 2018, in the above-captioned case, AEP Ohio filed an application to update its SDRR rates. In the application, AEP Ohio proposes to refund the net deferral of the over-recovered SDRR balance as of December 31, 2017. AEP Ohio also proposes to pass back the over-collection over a one-month period. AEP Ohio recommends a credit of \$0.72 for residential customers and \$3.09 for non-residential customers.

{¶ 8} Staff filed its review and recommendations on November 7, 2018. AEP Ohio filed reply comments on December 4, 2018, which were amended by the Company on that same date. On February 27, 2019, Staff filed a reply in response to AEP Ohio's reply comments. No other comments or motions for intervention were filed in this case.

**A. Summary of Staff Report and Reply Comments**

{¶ 9} In its review and recommendations, Staff notes that AEP Ohio's application to adjust the SDRR proposes to refund an over-collection of approximately \$1.5 million

for 2017. Following its review, Staff recommends that AEP Ohio's application be approved, subject to certain adjustments. Initially, Staff notes that it discovered that AEP Ohio included the prior period's under-recovery of \$8,382 twice in the revenue requirement calculation as set forth in the Company's supporting schedule. Staff further notes that it has corrected the error in its calculation of the monthly credit to be refunded to customers.

{¶ 10} Staff also recommends three adjustments to AEP Ohio's calculation of its storm damage expenses. First, Staff states that, during a storm in February 2017, AEP Ohio replaced an underground cable that was found to have multiple faults and then charged the associated expense of \$21,132.52 to the SDRR. Staff notes that this expense should be excluded, as the cable was not damaged as a result of the storm. Second, Staff notes that, through a data request, AEP Ohio confirmed that \$2,077.57 of an expense totaling \$6,883.51 should be excluded from the SDRR, as it was incorrectly charged to the Company rather than Southwestern Gas and Electric Company. Finally, Staff indicates that it discovered three expenses that were incorrectly coded as "major event" instead of "non-major event." Staff recommends an adjustment of \$115.23 for these expenses. Staff concludes that its total recommended adjustment is \$23,325.32, which would result in a credit of \$0.72 for residential customers and \$3.13 for non-residential customers for a one-month period.

{¶ 11} In its amended reply comments, AEP Ohio responds that it disagrees with Staff's recommended adjustment related to the underground cable, as the damage to the cable was determined to be the result of the storm. AEP Ohio states, however, that, upon further review, it discovered that the work should be classified as capital replacement rather than operations and maintenance expense. Accordingly, AEP Ohio notes that \$21,599.50 should be removed from the SDRR, which consists of \$21,132.52 for the cost of the cable replacement and \$466.98 for an associated fuse. AEP Ohio also states that, as represented by Staff, the Company has already agreed that expenses totaling \$2,077.57 and \$115.23

should be deducted from the SDRR. AEP Ohio adds that it agrees with Staff's correction to the Company's schedule. Finally, AEP Ohio notes that it has also agreed, through a data request, to remove \$160.57 for a partial invoice that was inadvertently charged to the SDRR. As a result of its adjustments, AEP Ohio recommends that residential and non-residential customers receive a credit of \$0.73 and \$3.13, respectively.

{¶ 12} In Staff's reply to AEP Ohio's reply comments, Staff states that it is satisfied with the treatment proposed by the Company and agrees with the amounts that are due to be credited to customers.

#### ***B. Commission Conclusion***

{¶ 13} Upon review of AEP Ohio's application to update its SDRR rates and Staff's recommendations, the Commission finds that the application does not appear to be unjust or unreasonable and that it should be approved, as modified by the Company's amended reply comments filed on December 4, 2018. Accordingly, the Commission authorizes AEP Ohio to file revised tariffs to implement the updated SDRR rates, consistent with this Finding and Order. The Commission further finds that it is unnecessary to hold a hearing in this matter.

### **III. ORDER**

{¶ 14} It is, therefore,

{¶ 15} ORDERED, That AEP Ohio's application be modified and approved. It is, further,

{¶ 16} ORDERED, That AEP Ohio be authorized to file tariffs, in final form, consistent with this Finding and Order. AEP Ohio shall file one copy in this case docket and one copy in its TRF docket. It is, further,

{¶ 17} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariff pages are filed with the Commission. It is, further,

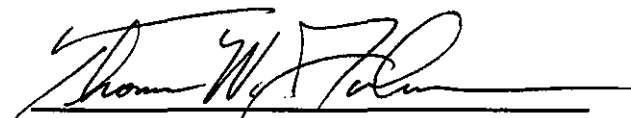
{¶ 18} ORDERED, That AEP Ohio shall notify all affected customers via a bill message or bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least ten days prior to its distribution to customers. It is, further,

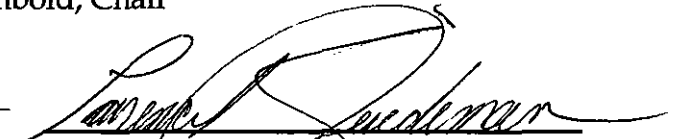
{¶ 19} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,


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

THE PUBLIC UTILITIES COMMISSION OF OHIO

  
M. Beth Trombold, Chair

  
Thomas W. Johnson

  
Lawrence K. Friedeman

  
Daniel R. Conway

SJP/sc

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MAR 20 2019



Tanowa M. Troupe  
Secretary