

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO UPDATE ITS
BASIC TRANSMISSION COST RIDER.

CASE NO. 19-133-EL-RDR

FINDING AND ORDER

Entered in the Journal on March 27, 2019

I. SUMMARY

{¶ 1} The Commission approves the application of Ohio Power Company d/b/a AEP Ohio to update its basic transmission cost rider, as supplemented on March 20, 2019.

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. 13-2385-EL-SSO, et al., the Commission modified and approved an ESP for AEP Ohio, including approval of the Company's proposed basic transmission cost rider (BTCR), for the period of June 1, 2015, through May 31, 2018. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 67-68, Entry (May 28, 2015) at 4-5. The BTCR recovers the non-market-based transmission costs assessed to AEP Ohio by PJM Interconnection, LLC (PJM). Consistent with R.C. 4928.05, the BTCR is a reconcilable rider by which AEP Ohio passes through to customers the transmission and

transmission-related costs charged to the Company by PJM, as authorized by the Federal Energy Regulatory Commission.

{¶ 5} In Case No. 16-1852-EL-SSO, et al., the Commission modified and approved a stipulation and recommendation (Stipulation) filed by AEP Ohio, Staff, and numerous other signatory parties, which authorized the Company to implement an ESP for the period of June 1, 2018, through May 31, 2024. Among other provisions, the Stipulation provided for the continuation of the BTCR. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al. (*ESP 4 Case*), Opinion and Order (Apr. 25, 2018) at ¶ 94.

{¶ 6} On January 14, 2019, in the above-captioned case, AEP Ohio filed an application to update the BTCR, pursuant to Ohio Adm.Code Chapter 4901:1-36, and to revise its tariffs, effective with the first day of the April 2019 billing cycle. In the application, AEP Ohio proposed a decrease of approximately \$103.0 million in the BTCR revenue requirement, which, according to the Company, represents an average decrease in the BTCR of 16.55 percent. AEP Ohio noted that the proposed decrease reflects an over-recovery, including carrying charges, of approximately \$101.1 million. AEP Ohio also noted that its BTCR pilot program, as set forth in the Stipulation in the *ESP 4 Case*, has commenced and is reflected in the schedules provided with the Company's application.

{¶ 7} As another matter, AEP Ohio stated that its schedules did not include costs allocated to the Company by PJM as a result of the default of GreenHat Energy, LLC (GreenHat). According to AEP Ohio, the default fees appear to have been allocated based on transmission activity and should, therefore, be recovered through the BTCR. AEP Ohio noted, however, that it was expecting clarification from PJM regarding the allocation method, in order to determine whether a portion of the default fees is related to other activity that would be more appropriately recovered through another mechanism. AEP Ohio further noted that it was deferring the costs at issue and would file an update in this proceeding once the allocation was verified.

{¶ 8} Ohio Adm.Code 4901:1-36-05 provides that, unless otherwise ordered, the Commission shall approve the application or set the matter for hearing within 75 days after the filing of a complete application under Ohio Adm.Code Chapter 4901:1-36. Additionally, pursuant to Ohio Adm.Code 4901:1-36-03(F), affected parties may file a motion to intervene and detailed comments on any issues concerning the application within 40 days of the date of the filing of the application.

{¶ 9} On January 30, 2019, the Ohio Consumers' Counsel (OCC) filed a motion to intervene in this proceeding. No memoranda contra were filed. The Commission finds that OCC's motion for intervention is reasonable and should be granted.

{¶ 10} On March 15, 2019, Staff filed its review and recommendations for the Commission's consideration. Following its review, Staff notes that it is Staff's understanding that AEP Ohio has received clarification regarding the charges related to GreenHat's default in PJM. Staff, therefore, recommends that AEP Ohio be directed to amend its filing and include these charges in the current rates. Staff further recommends that these costs be subject to audit and true-up in the subsequent annual review. Subject to its recommendations, Staff concludes that the schedules in AEP Ohio's application should be approved, with the new rates to become effective with the first billing cycle of April 2019.

{¶ 11} On March 20, 2019, AEP Ohio supplemented its application. AEP Ohio notes that, consistent with Staff's recommendations, the Company has provided modified tariffs and schedules that incorporate the costs associated with GreenHat's default. The revised schedules reflect a decrease of approximately \$102.2 million in the BTCR revenue requirement, which represents an average decrease of 16.41 percent.

{¶ 12} The Commission finds that AEP Ohio's application to update the BTCR, as supplemented on March 20, 2019, is consistent with Ohio Adm.Code Chapter 4901:1-36, does not appear to be unjust or unreasonable, and should be approved. We also find that it is unnecessary to hold a hearing in this matter. As recommended by Staff, AEP Ohio's

proposed BTCR rates should be approved, subject to audit, and become effective with the first day of the April 2019 billing cycle. The Commission notes that all BTCR costs and recoveries, including costs associated with GreenHat's default, may be subject to further adjustments following the audit in AEP Ohio's next BTCR update proceeding.

III. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That OCC's motion to intervene in this proceeding be granted. It is, further,

{¶ 15} ORDERED, That AEP Ohio's application, as supplemented, be 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 first day of the April 2019 billing cycle, and the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 18} 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,

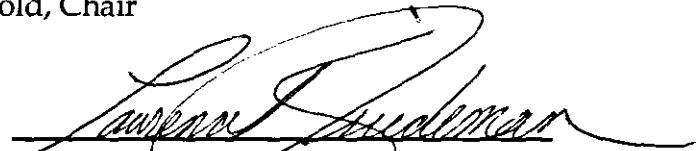
{¶ 19} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

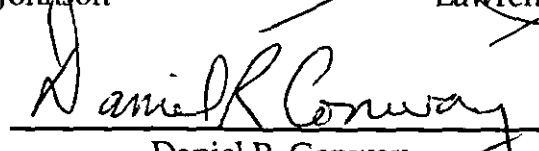
M. Beth Trombold, Chair



Thomas W. Johnson



Lawrence K. Friedman



Daniel R. Conway

SJP/hac/sc

Entered in the Journal **MAR 27 2019**



Tanowa M. Troupe
Secretary