BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of	**)**	
Ohio Power Company to Update	**)**	**Case No. 19-571-EL-RDR**
Its Pilot Throughput Balancing	**)**	
Adjustment Rider	**)**	

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 May 1, 2019. As set forth below, the Public Utilities Commission of Ohio ("Commission") should disregard OCC's recommendations.

II. AEP Ohio's Reply Comments

A. Procedural History

The Commission initially approved the Company's Pilot Throughput Balancing Adjustment Rider (PTBAR), a revenue decoupling mechanism, in its December 14, 2011 Opinion and Order in Case Nos. 11-351-EL-AIR, *et al*. ("*Distribution Rate Case*").[1] The Commission further directed that the PTBAR, which the signatory parties to the *Distribution Rate Case* proposed terminate in 2015, continue until the Commission otherwise ordered. *Id.* at 10; *Distribution Rate Case*, Entry on Rehearing at 3-4 (Feb. 14, 2012). OCC was a signatory party to the settlement that the Commission approved in the *Distribution Rate Case* and did not withdraw after the Commission modified the PTBAR to make its term indefinite.

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[1] *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company, Individually and, if Their Proposed Merger is Approved, as a Merged Company (collectively, AEP Ohio) for an Increase in Electric Distribution Rates*, Case Nos. 11-351-EL-AIR, 11-352-EL-AIR, Opinion and Order at 7 (Dec. 14, 2011).

In May 2013, OCC recognized, in comments regarding AEP Ohio's 2013 PTBAR adjustment application, that "decoupling can * * * provide a benefit for utilities and customers by not discouraging the utility from engaging in energy efficiency programs that can save money for customers" and that it does so "by allowing the utility to collect its revenue requirement, no more and no less, regardless of fluctuations in its sales." Case No. 13-568-EL-RDR, OCC Comments at 1 (May 1, 2013).

In December 2013, the Company filed an application in Case No. 13-2385-EL-SSO, *et al.* for approval of its ESP III electric security plan, which included the continuation of the PTBAR from June 2015 through May 2018. In its February 25, 2015 Opinion and Order approving the Company's ESP III, the Commission reiterated that the PTBAR should be continued until otherwise ordered. Case No. 13-2385-EL-SSO, *et al.*, Opinion and Order at 63 (Mar. 25, 2015). The noted that, in Case No. 10-3126-EL-UNC, it "encouraged AEP Ohio and the other electric utilities to propose a straight fixed variable rate design in their next base rate cases." *Id.* It further directed that the PTBAR "will be evaluated once the [revenue decoupling pilot] program concludes and, at that time, the Commission will determine whether to adopt the program and PTBAR on a permanent basis, or whether a straight fixed variable rate design should be considered as an alternative." *Id*.

The signatory parties to the settlement of the Company's ESP IV proceeding, Case No. 16-1852-EL-SSO, *et al.*, agreed that, "[a]bsent an extension as part of the [next] AIR rate case order, the PTBAR will expire when new rates are effective in the next AIR case." Case No. 16-1852-EL-SSO, *et al.* ("*ESP IV*"), Opinion and Order at ¶ 104 (Apr. 25, 2018). The Commission approved the ESP IV stipulation, including that provision. *Id.* at ¶ 270. OCC, the only party that opposed the stipulation, did not challenge the PTBAR continuation provision. *See ESP IV*, OCC Brief (Nov. 29, 2017); *ESP IV*, OCC Reply Brief (Dec. 21, 2017).

B. OCC's Comments are Without Merit.

OCC's recommendation that the Commission conduct an evaluation of AEP Ohio's decoupling program pursuant to the terms of the stipulation in the Company's *Distribution Rate Case* (OCC Comments at 2-5, 8) ignores the Commission's subsequent decisions regarding that issue discussed above. The Commission made clear in Case No. 10-3126-EL-UNC that the program will be reviewed when it concludes. Case No. 13-2385-EL-SSO, *et al.*, Opinion and Order at 63. The program continues until at least the end of the Company's upcoming distribution rate case. *ESP IV*, Opinion and Order at ¶ 104, 270. It would be inappropriate and inconsistent with the Commission's prior orders to review it now, particularly when the Company's distribution rate case filing will be made in approximately 12 months. OCC will have the opportunity to address this issue then.

OCC's comments regarding charges to customers through the PTBAR compared to a lack of benefits over the rider's life (OCC Comments at 5-8) also are misplaced. The fact that the rider has not produced a credit merely reflects that annual per-customer kilowatt-hour (kWh) usage has been below the level assumed in the *Distribution Rate Case* test year for every year the rider has been in effect. The purpose of implementing the PTBAR was to remove any disincentive for AEP Ohio to execute energy efficiency programs,[2] the purpose of which are to lower customer usage. AEP Ohio has since included Volt Var optimization through its gridSMART initiatives, which also has an impact on lowering customers' kWh usage. Because the distribution system's fixed costs are collected through a variable rate, the PTBAR allows the Company to collect its fixed costs in lieu of lower usage from certain kWh-lowering initiatives.

[2] *In the Matter of the Application of the Ohio Power Company to Adjust Its Throughput Balancing Adjustment Rider*, Case No. 13-568-EL-RDR, Staff Comments at 2 (May 1, 2013).

OCC also incorrectly ignores the significant energy savings customers have enjoyed as a result of AEP Ohio's robust implementation of energy efficiency programs and Volt Var deployment. The following table shows both the annual PTBAR revenue requirement, as addressed in OCC's comments, and the GWh of savings to AEP Ohio customers through its energy efficiency programs and initiatives made possible by AEP Ohio's commitment to such programs.

Year	PTBAR Revenue Requirement	Accumulated Energy Savings (GWh)
2012	$15,256,058	593.0
2013	$21,623,919	1,172.8
2014	$22,506,303	1,788.9
2015	$24,180,553	2,289.6
2016	$24,273,893	2,863.4
2017	$20,731,136	3,364.9

As the above demonstrates, customers have received a significant cost reduction benefit based on lower kilowatt hours. While there are of course monetary savings associated with saved GWh, the Company did not quantify those savings for these comments.

III. Conclusion

OCC's comments ignore that the PTBAR was extended in the Company's ESP cases and remains in place until the conclusion of AEP Ohio's next distribution rate case or further Commission order. OCC's criticism of the fixed costs the Company has recovered through the PTBAR disregard how the rider functions and the significant energy savings that provide benefits to customers and make the PTBAR necessary. OCC's comments in this case are untimely attacks on previous orders as well as an attempt to circumvent the process already set out by the Commission, which provides that OCC and other interested parties may address these issues in the Company's next base distribution case. For all of these reasons, the Commission should disregard OCC's comments in their entirety.

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 the following parties. 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 17th day of May, 2019, via electronic transmission.

/s/ Christen M. Blend
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