

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO ADJUST ITS
ECONOMIC DEVELOPMENT RIDER RATE.

CASE NO. 19-1537-EL-RDR

FINDING AND ORDER

Entered in the Journal on September 26, 2019

I. SUMMARY

{¶ 1} The Commission approves the amended application of Ohio Power Company d/b/a AEP Ohio to adjust its economic development rider rate.

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} R.C. 4905.31 authorizes the Commission to approve schedules or reasonable arrangements between a public utility and one or more of its customers. The statute provides that every such schedule or reasonable arrangement shall be under the supervision and regulation of the Commission, and is subject to change, alteration, or modification by the 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 economic development rider (EDR) through which AEP Ohio recovers foregone revenues associated with reasonable arrangements approved by the Commission under R.C. 4905.31. *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al. (*ESP 4 Case*), Opinion and Order (Apr. 25, 2018) at ¶ 105.

{¶ 6} Under Ohio Adm.Code 4901:1-38-08(A)(5), the Commission requires that an electric utility’s EDR rate be updated and reconciled semiannually. Ohio Adm.Code 4901:1-38-08(C) permits affected persons to file a motion to intervene, as well as comments and objections to the electric utility’s application, within 20 days of the date on which the application is filed. Additionally, the Commission has previously directed AEP Ohio to file an application to adjust its EDR rate to allow the Commission sufficient time to review the filing and perform due diligence with regard to the application in order to facilitate implementation of the adjusted EDR rate with the first billing cycle of April and October. *In re Columbus Southern Power Co. and Ohio Power Co.*, Case No. 09-1095-EL-RDR, Finding and Order (Jan. 7, 2010) at 12.

{¶ 7} On August 1, 2019, in the above-captioned case, AEP Ohio filed an application to adjust its EDR rate. Subsequently, on August 27, 2019, AEP Ohio amended its application. In the application, as amended, AEP Ohio proposes to decrease the EDR rate from 1.97966 percent of base distribution rates to 1.35371 percent, effective with the first billing cycle in October 2019, as shown below:

Current Rate	Proposed Rate	Proposed Decrease
1.97966 percent	1.35371 percent	0.62595 percent

*The EDR is determined by multiplying the customer’s base distribution charges by the percentage EDR rate described in the chart above.

{¶ 8} On September 5, 2019, Staff filed its review and recommendations regarding AEP Ohio’s amended application to adjust the EDR rate. The amended application and Staff’s review and recommendations are summarized below.

A. Procedural Issues

{¶ 9} On August 1, 2019, AEP Ohio filed a motion for protective treatment of customer-specific load information of TimkenSteel Corp. (TimkenSteel), Eramet Marietta, Inc. (Eramet), and JSW Steel Ohio, Inc. (JSW Steel), which is contained in certain schedules, and was filed under seal in accordance with Ohio Adm.Code 4901-1-24.¹ While AEP Ohio takes no position as to the confidential and proprietary nature of the information under Ohio law, the Company notes that it filed the motion to permit its customers a timely opportunity to seek protective treatment.

{¶ 10} On various dates, JSW Steel, PRO-TEC, Eramet, and TimkenSteel filed motions for a protective order, as well as motions to intervene. In their respective motions to intervene, JSW Steel, PRO-TEC, Eramet, and TimkenSteel state that they are each served by AEP Ohio, pursuant to a Commission-approved reasonable arrangement, and each also notes that its customer-specific information is part of the Company's EDR application. JSW Steel, PRO-TEC, Eramet, and TimkenSteel assert that they may be affected by AEP Ohio's proposed adjustment to its EDR rate and, therefore, each claims a direct, real, and substantial interest in this case that cannot be adequately represented by any other party to the proceeding. For these reasons, JSW Steel, PRO-TEC, Eramet, and TimkenSteel request that the Commission grant their respective motions for intervention. No memoranda contra the motions to intervene were filed.

{¶ 11} In their motions for protective treatment, JSW Steel, PRO-TEC, Eramet, and TimkenSteel state that AEP Ohio's EDR application includes certain customer-specific information related to electric usage and pricing that is confidential, sensitive, and proprietary trade secret information, as defined in R.C. 1333.61(D), and, as recognized by Ohio Adm.Code 4901-1-24(A)(7). According to JSW Steel, PRO-TEC, Eramet, and TimkenSteel, if the customer-specific information is released to the public, it would compromise their business position and ability to compete, by disclosing actual customer usage and pricing terms that are not generally

¹ AEP Ohio's motion does not specifically mention the customer-specific load information of PRO-TEC Coating Company, LLC (PRO-TEC), although the schedule containing PRO-TEC's information was also filed under seal by the Company.

known or readily ascertainable by their competitors. JSW Steel, PRO-TEC, Eramet, and TimkenSteel assert that non-disclosure of the customer-specific information is not inconsistent with the purposes of R.C. Title 49. No memoranda contra the motions for protective treatment were filed.

{¶ 12} The Commission finds that JSW Steel, PRO-TEC, Eramet, and TimkenSteel have set forth reasonable grounds for intervention and, therefore, their motions to intervene should be granted.

{¶ 13} With respect to the pending motions for protective orders, we note that the Commission has previously granted protective treatment for the same customer usage and pricing information that is the subject of the pending motions. *In re Ohio Power Co.*, Case No. 19-232-EL-RDR, Finding and Order (Mar. 20, 2019) at ¶ 13. The Commission again finds that the unopposed motions for protective treatment filed by AEP Ohio, JSW Steel, PRO-TEC, Eramet, and TimkenSteel are reasonable and should be granted. Pursuant to Ohio Adm.Code 4901-1-24(F), this protective order shall expire 24 months after the issuance of this Finding and Order, unless an appropriate motion seeking to continue protective treatment is filed at least 45 days in advance of the expiration date.

B. Summary of the Application

{¶ 14} In support of its amended application, AEP Ohio explains that the proposed EDR rate is based on estimated cost over-recoveries as evidenced by the projected 2019 delta revenues, as well as on the actual and projected delta revenues associated with the Company's reasonable arrangements with Eramet, TimkenSteel, JSW Steel, and PRO-TEC. Further, AEP Ohio notes that, consistent with the Stipulation approved by the Commission in the *ESP 4 Case*, the proposed EDR rate also reflects half of the energy efficiency and peak demand reduction program costs for transmission and sub-transmission customers, half of the interruptible power credit, and the entire automaker credit. *ESP 4 Case*, Opinion and Order (Apr. 25, 2018) at ¶¶ 82, 102, 105.

{¶ 15} AEP Ohio states that its calculation of the proposed EDR rate is based on the over-/under-recovery balance as of June 2019, the projected over-/under-recoveries from July through September 2019, and the forecasted delta revenues and rider revenue from October 2019 through March 2020, which is consistent with the approach approved by the Commission in the Company's prior EDR case. AEP Ohio also notes that its rate approach continues to include the accrual of carrying costs at the weighted average cost of long-term debt.

{¶ 16} In addition, AEP Ohio states that, if it determines during the EDR rate period that the EDR collections are or will be substantially different than anticipated or that the unrecovered costs based on delta revenues are or will be substantially different than anticipated, the Company will file an application to modify the EDR rate for the remainder of the rate period. AEP Ohio further states that it will continue to track the delta revenues and the EDR collections in order to reconcile any difference through subsequent EDR rate adjustments.

{¶ 17} Finally, AEP Ohio asserts that its proposed EDR rate is just and reasonable and that a hearing is not necessary. AEP Ohio requests that, at the conclusion of the 20-day comment period prescribed by Ohio Adm.Code 4901:1-38-08(C), the Commission approve the application in time for the new EDR rate to take effect with the first billing cycle of October 2019.

{¶ 18} In Staff's review and recommendations regarding AEP Ohio's amended application to adjust the EDR rate, Staff states that the proposed EDR rate of 1.35371 percent reflects the current and projected costs through March 31, 2020, which result from reasonable arrangements approved by the Commission, as well as certain provisions in the Commission-approved Stipulation in the *ESP 4 Case*. Staff, therefore, recommends approval of the amended application for rates to become effective with the first billing cycle of October 2019.

C. *Consideration of the Application*

{¶ 19} Upon review of AEP Ohio's amended application to adjust its EDR rate, as well as Staff's review and recommendations, the Commission finds that the application does not appear to be unjust or unreasonable and that it should be approved. Therefore, we find that it is unnecessary to hold a hearing in this matter.

{¶ 20} Specifically, the Commission finds that AEP Ohio's proposed EDR rate of 1.35371 percent is reasonable and should be approved. Our approval of AEP Ohio's amended application will ensure that the Company recovers the costs resulting from foregone revenues associated with the reasonable arrangements approved for JSW Steel, PRO-TEC, Eramet, and TimkenSteel, as well as certain costs associated with the Company's energy efficiency and peak demand reduction program, interruptible power credit, and automaker credit, as approved in the *ESP 4 Case*. Accordingly, the Commission authorizes AEP Ohio to file revised tariffs to implement the adjusted EDR rate.

III. ORDER

{¶ 21} It is, therefore,

{¶ 22} ORDERED, That the motions for intervention filed by JSW Steel, PRO-TEC, Eramet, and TimkenSteel be granted. It is, further,

{¶ 23} ORDERED, That the motions for protective treatment filed by AEP Ohio, JSW Steel, PRO-TEC, Eramet, and TimkenSteel be granted. It is, further,

{¶ 24} ORDERED, That AEP Ohio's amended application to adjust its EDR rate be approved. It is, further,

{¶ 25} 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,

{¶ 26} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the October 2019 billing cycle, and the date upon which the final tariff pages are filed with the Commission. It is, further,

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

COMMISSIONERS:

Approving:

Sam Randazzo, Chairman

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

SJP/mef

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9/26/2019 3:37:10 PM

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