

FILE



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December 27, 2019

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

RE: *In the Matter of the Application of Ohio Power Company for Authority to Issue Phase-In-Recovery Bonds and Impose, Charge and Collect Phase-In-Recovery Charges and for Tariff and Bill Format Changes, Case No. 12-1969-EL-ATS*

Dear Docketing Division:

Enclosed please find the Staff Review and Recommendation regarding the final reconciliation of the Deferred Asset Recovery Rider in relation to the issuance of Phase-In-Recovery Bonds, Case No. 12-1969-EL-ATS.

Doris McCarter
Division Chief, Capital Recovery and Financial Analysis
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
Power Company for Authority to Issue)	
Phase-In-Recovery Bonds and Impose,)	Case No. 12-1969-EL-ATS
Charge and Collect Phase-In-Recovery)	
Charges and for Tariff and Bill Format)	
Changes)	

Staff Review and Recommendation

CASE BACKGROUND AND SUMMARY

In accordance with the Public Utilities Commission of Ohio's ("Commission") Order in Case No. 12-1969-EL-ATS on March 20, 2013, and as modified on April 10, 2013, (the "Financing Order"), Ohio Power Company ("AEP Ohio") has been collecting charges through the Deferred Asset Phase-In Rider ("DAPIR") subject to annual audits. On June 17, 2019, AEP Ohio filed a Notice in this case indicating that DAPIR rates had recently resulted in full recovery of the financing costs authorized under the Financing Order. Consequently, AEP Ohio changed all rates under the DAPIR tariffs to zero effective July 1, 2019. AEP Ohio also indicated that a final reconciliation needed to occur before the expiration of the DAPIR tariffs.

On November 19, 2019, AEP Ohio filed a letter with attachments ("Final Reconciliation") detailing the final reconciliation of the DAPIR. The Final Reconciliation indicated an over-recovery of funds that need to be refunded to customers along with a proposed methodology to credit customer's bills by amending the DAPIR tariffs to reflect a credit of 2.91 percent of the base distribution revenue for one month following Commission authorization to do so. Subsequent to issuing the credit over one month's billing cycle, AEP Ohio will reset the DAPIR tariff rate to zero. AEP Ohio states in the Final Reconciliation that it will request a further true up in a subsequent filing if there happens to be any remaining over- or under-recovery of the DAPIR after the proposed credit.

On December 16, 2019, AEP Ohio filed a copy of the Release and Termination Agreement ("Termination Agreement") between Ohio Phase-In-Recovery Funding LLC ("Ohio PIR Funding") and U.S. Bank National Association.

REVIEW AND RECOMMENDATION

Staff has reviewed the Final Reconciliation and the Termination Agreement. Staff was able to confirm the over-recovery amount and believes the proposed methodology of issuing a credit through the DAPIR is reasonable. The Termination Agreement is evidence of the satisfaction of the notes issued under the authority of the Financing Order and releases AEP Ohio and its special purpose entity, Ohio PIR Funding, of all liens created or incurred with respect to said notes.

Therefore, Staff recommends the Commission authorize AEP Ohio to issue the one-time bill credit through the DAPIR by accepting AEP Ohio's amended tariff sheets, as proposed in the Final Reconciliation. Staff further recommends the Commission to direct AEP Ohio to: a) file a notification in this case after the proposed credit is issued with an update on any remaining over- or under-recovery; b) file new DAPIR tariff sheets setting all rates to zero effective the billing cycle immediately following the issuance of the credit; and c) work with Staff to determine the best way to address any outstanding balance associated with the DAPIR.