



Public Utilities Commission

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March 3, 2020

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

RE: *In the Matter of the gridSMART Phase 2 Rider for Ohio Power Company, Case No. 18-783-EL-RDR.*

Dear Docketing Division:

Enclosed please find the Staff's revised Review and Recommendations in regard to the gridSMART Phase 2 Rider for Ohio Power Company in Case No. 18-783-EL-RDR.

Tamara S. Turkenton
Director, Rates & Analysis Department
Public Utilities Commission of Ohio

David Liphtratt
Chief, Research and Policy Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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**Ohio Power Company
Case No. 18-783-EL-RDR**

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SUMMARY

On January 29, 2019, Ohio Power Company (AEP Ohio or Company) filed its gridSMART Phase 2 update for the fourth quarter 2018, which initiated Staff's annual reconciliation review. During the course of the audit, Staff reviewed O&M expenses and revenues as well as the addition of capital assets from January 2018 through December 2018.

On October 31, 2019 the Staff filed its Review and Recommendation letter recommending adjustments totaling \$114,077. Upon further review, Staff has reconsidered its position regarding some of its proposed adjustments. Detailed below are Staff's revised recommendations.

STAFF REVISED RECOMMENDATION

Travel & Entertainment Expenses

Staff initially recommended an adjustment of \$9,062. The Company has agreed to accept Staff's position regarding the \$805 in meal expense as a reasonable outcome to the case. Regarding the \$7,389 in travel expenses and \$868 in flights, Staff has worked with the Company to better understand the purpose of the conferences and how they relate to gridSMART. Staff was also made aware of the Company's policy regarding the booking of flights and now understands why the flight was booked in the previous year. Therefore, Staff recommends recovery of both the \$7,389 in travel expenses and \$868 in flights. Staff recommends that its adjustment be revised to reflect the \$805 associated with meal expense.

Depreciation Rate for Communication Equipment

During its investigation, Staff discovered an error with a depreciation rate used in the Company's over/under calculation. The Company acknowledged the error and informed Staff that they had previously discovered the same error and have already made the correction in the Company's books and records. Staff agrees with the Company that since the correction has already been applied, no further action is required. Staff will review this correction in the 2019 gridSMART Phase 2 audit to ensure an accurate flow-through of the correction was made.

Other

Staff agrees with the Company that \$22 in advertising and marketing expense should be removed from the revenue requirement.

CONCLUSION

Staff's Review and Recommendation letter filed on October 31, 2019 recommended a total adjustment of \$114,077. Staff amends its recommendation and continues to recommend an adjustment of \$805 in meal expense, \$105,015 for maintenance of station equipment, \$22 for advertising and marketing, and the reclassification of servers as outlined in its October 31, 2019 Staff Review and Recommendation letter. Staff recommends to the Commission that they direct the Company to reflect in its next quarterly filing the revised adjustment totaling \$105,842 as noted by Staff in this letter.

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