

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Ohio Power Company)	Case No. 20-1099-EL-ATA
for Approval of a Decoupling Mechanism)	

In the Matter of the Application of)	
Ohio Power Company for Approval)	Case No. 20-1100-EL-AAM
to Change Accounting Methods.)	

**APPLICATION OF OHIO POWER COMPANY FOR APPROVAL OF A
NEW DECOUPLING MECHANISM**

1. Ohio Power Company (AEP Ohio) is an electric light company, as that term is defined in Section 4905.03 and 4928.01(A)(7) of the Ohio Revised Code (R.C.), and is subject to the jurisdiction of the Public Utilities Commission of Ohio (Commission).
2. AEP Ohio is an electric utility operating company subsidiary of American Electric Power Company, Inc.
3. Through the Opinion and Order issued December 14, 2011 in Case Nos. 11-351-EL-AIR *et al.*, the Commission modified and approved the establishment of the Pilot Throughput Balancing Adjustment Rider (PTBAR) for residential and GS-1 tariff customers in both the CSP and OP rate zones.
4. R.C. 4928.471 was enacted as part of Am. Sub. H. B. 6 (HB 6), which was signed into law on July 23, 2019 and went into effect on October 22, 2019. R.C. 4928.471

authorizes an electric distribution utility (EDU), on or after November 21, 2019, to file an application to implement a decoupling mechanism.

5. R.C. 4928.471 provides that an EDU may file an application to implement a decoupling mechanism for the 2019 calendar year and each calendar year thereafter. R.C. 4928.471 further provides that for an EDU that applies for a decoupling mechanism under this section, the base distribution rates shall be decoupled to the base distribution revenue and revenue resulting from implementation of R.C. 4928.66, excluding program costs and shared savings, and recovered pursuant to an approved electric security plan as of the twelve-month period ending on December 31, 2018. This calculation, for purposes of the proposed decoupling mechanism, will be an annual comparison of Annual Revenue to 2018 Base Revenue (both of which relate only to other commercial customers, as explained below).
6. AEP Ohio requests approval of a HB 6 decoupling mechanism pursuant to R.C. 4928.471 initially for calendar year 2019 with subsequent annual updates until the date when new rates are effective as a result of Case No. 20-585-EL-AIR. More specifically, this request is designed to establish a supplemental decoupling mechanism under R.C. 4928.471 in addition to, and distinct from, the PTBAR – without altering or otherwise overlapping with the existing PTBAR.
7. The HB 6 decoupling mechanism proposed in this Application only applies to other commercial customers, since the PTBAR already covers residential and small commercial (*i.e.*, GS-1) customers. The phrase “other commercial customers” in this Application refers to AEP Ohio customers that are classified as commercial customers and taking service under GS-2, GS-3 or GS-4 tariffs, except EHG

customers (Electric Heating General). The proposed decoupling mechanism has no impact on customers classified as residential and small commercial (who are subject to the PTBAR and unaffected) or industrial customers (who are not subject to either the PTBAR or the proposed HB 6 decoupling mechanism).

8. The illustrative calculation of the proposed decoupling mechanism is attached to this Application as Exhibit A. The proposed tariff for the decoupling mechanism, referred to as the Conservation Rider (Conservation Rider), is attached to this Application as Exhibit B.
9. Because the Company does not have any revenue resulting from implementation of R.C. 4928.66, excluding program costs and shared savings, and recovered pursuant to an approved ESP under R.C. 4928.143, the required offset is zero for AEP Ohio.
10. The proposed Conservation Rider is designed to true up the Company's distribution revenue base for other commercial customers, to the corresponding base distribution revenue from 2018. The resulting mechanism will ensure that the Company collects from other commercial customers no more than their share of the 2018 Base Distribution Revenue in each year, initially for calendar year 2019 with subsequent annual updates until the date when new rates are effective as a result of Case No. 20-585-EL-AIR.
11. Regarding R.C. 4928.471(B), the decoupling rate design is aligned with the rate design of the electric distribution utility's existing base distribution rates because it is charged on a \$/kW basis to other commercial customers.

12. Regarding R.C. 4928.471(C), the Company understands that the decoupling mechanism will expire upon the effective date for new rates under the Company's next base rate case (pending under Case Nos. 20-585-EL-AIR *et al.*).
13. Regarding R.C. 4928.471(D), because the proposed mechanism also ensures that there is no overlap between the Conservation Rider and the PTBAR, the Commission can be assured that there are no double recovery issues.
14. R.C. 4928.471 provides that the Commission shall issue an order approving an application for a decoupling mechanism not later than sixty days after the application is filed. In this case the sixtieth day is July 28, 2020. This would make the initial Conservation Rider rates effective with the first billing cycle of August, 2020 allows time for the Commission to issue its order before the rider rates go into effect.
15. As reflected in the rider formula in Exhibit A, if the Annual Revenue for other commercial customers in a given calendar year is greater than the 2018 Base Revenue, the Company will credit the difference to other commercial customers through Conservation Rider. If Annual Revenue for other commercial customers in a given calendar year is less than the 2018 Base Revenue, the Companies will recover the difference from customers through Conservation Rider. The credit or charge to customers through Conservation Rider will be grossed up for the Ohio Commercial Activity Tax.
16. AEP Ohio proposes that the Conservation Rider credit or charge to other commercial customers for a given calendar year will be applied in the following calendar year, subject to reconciliation. For instance, the Conservation Rider charge to other

commercial customers for the difference between Annual Revenue for calendar year 2019 and the 2018 Base Revenue will be billed in the second annual period.

17. Accordingly, the Company proposes to defer the difference between the Annual Revenue for other commercial customers and the 2018 Base Revenue on a monthly basis as the differences are incurred. If Annual Revenue for other commercial customers in a given year exceeds the 2018 Base Revenue, the incremental amount above the baseline will be deferred as a regulatory liability. If Annual Revenue for other commercial customers in a given year is less than the 2018 Base Revenue, the difference will be deferred as a regulatory asset. To the extent the actual Conservation Rider revenues are greater than or less than the difference between the Annual Revenue for other commercial customers and the 2018 Base Revenue, the Companies further propose to reconcile these differences as regulatory liabilities or assets on an ongoing basis. This deferral accounting will ensure that the Companies' actual annual base distribution and Conservation Rider revenue for other commercial customers is equal to the 2018 Base Revenue.
18. The Company proposes that Conservation Rider be adjusted annually to reconcile any over recovery or under recovery from the prior year. The Company will file updates to the Conservation Rider on or before June 1 of each year, and new Conservation Rider rates will go into effect on August 1 through July 31 of the following year. Each annual update will include actual Annual Revenue through December, a true up on any over/under recovery associated with the Conservation Rider of the previous year with actuals through April and a projection of over/under collection of the Conservation rider from May through July, and projected billing

determinants for the upcoming calendar year. Given the timing of this filing, the Company proposes the initial Conservation Rider rates to go into effect with the first billing cycle of August, 2020, with the difference between the calendar year 2019 Annual Revenue for other commercial customers and the 2018 Base Revenue flowing through Conservation Rider over the twelve-month period through the end of July 2021. Subsequently, all annual updates to Conservation Rider will go into effect on August 1.

WHEREFORE, the Company requests that the Commission to approve this Application.

Respectfully submitted,

/s/ Steven T. Nourse

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Counsel for Ohio Power Company

EXHIBIT A

Line No.		Rate GS- Commercial Primary and Secondary
1	2018 Base D Revenue	\$ 137,663,479
2	2019 Base D Revenue	\$ 134,558,216
3	Distribution Revenue Difference	<u>\$ 3,105,263</u>
4	Prior Period Reconciliation	\$ -
5	Distribution Revenue with Reconciliation	\$ 3,105,263
6	CAT Gross Up	\$ 3,113,358
7	Forecasted kW	34,018,514
8	Rate \$/kW	\$ 0.09

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
OPCO 2018 D Revenue	\$ 4,860,895	\$ 4,717,787	\$ 4,693,279	\$ 4,537,838	\$ 5,025,365	\$ 5,337,257	\$ 5,449,312	\$ 5,425,858	\$ 5,580,003	\$ 5,485,971	\$ 4,869,022	\$ 4,581,361	\$ 60,563,949
CSP 2018 D Revenue	\$ 6,396,466	\$ 6,044,779	\$ 5,967,952	\$ 5,786,665	\$ 6,291,082	\$ 6,832,969	\$ 6,903,213	\$ 7,007,896	\$ 6,995,854	\$ 6,927,646	\$ 6,178,617	\$ 5,766,393	\$ 77,099,530
Total 2018 D Revenue	\$ 11,257,361	\$ 10,762,565	\$ 10,661,231	\$ 10,324,503	\$ 11,316,447	\$ 12,170,226	\$ 12,352,525	\$ 12,433,754	\$ 12,575,857	\$ 12,413,617	\$ 11,047,639	\$ 10,347,754	\$ 137,663,479

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year
OPCO 2019 D Revenue	\$ 4,559,662	\$ 4,802,188	\$ 4,682,993	\$ 4,539,967	\$ 4,841,709	\$ 4,961,893	\$ 5,319,870	\$ 5,386,484	\$ 5,302,556	\$ 5,264,771	\$ 4,731,250	\$ 4,489,617	\$ 58,882,960
CSP 2019 D Revenue	\$ 5,906,761	\$ 6,308,021	\$ 6,068,184	\$ 5,693,412	\$ 6,180,957	\$ 6,392,045	\$ 6,841,906	\$ 6,881,311	\$ 6,802,835	\$ 6,790,429	\$ 6,073,546	\$ 5,735,848	\$ 75,675,256
Total 2019 D Revenue	\$ 10,466,423	\$ 11,110,209	\$ 10,751,178	\$ 10,233,379	\$ 11,022,667	\$ 11,353,938	\$ 12,161,776	\$ 12,267,796	\$ 12,105,390	\$ 12,055,200	\$ 10,804,796	\$ 10,225,465	\$ 134,558,216

EXHIBIT B

P.U.C.O. NO. 20

CONSERVATION RIDER

Effective _____, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly Conservation Rider charge. This Rider shall be adjusted periodically to recover amounts authorized by the Commission. This rider is subject to reconciliation, including, but not limited to, refunds to customers, based upon the results of audits ordered by the Commission in accordance with the April 25, 2018 Opinion and Order in Case No. 16-1852-EL-SSO.

Commercial Customers**Demand Metered Primary & Secondary**

GS-2, GS-3, GS-4

\$0.09/kW

Filed pursuant to Order dated _____ in Case No. 20-_____-EL-_____

Issued: May 28, 2020

Issued by
Rajagopalan Sundararajan, President
AEP Ohio

Effective: _____

P.U.C.O. NO. 20

OAD-CONSERVATION RIDER
(Open Access Distribution – Conservation Rider)

Effective _____, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the monthly Conservation Rider charge. This Rider shall be adjusted periodically to recover amounts authorized by the Commission. This rider is subject to reconciliation, including, but not limited to, refunds to customers, based upon the results of audits ordered by the Commission in accordance with the April 25, 2018 Opinion and Order in Case No. 16-1852-EL-SSO.

Commercial Customers**Demand Metered Primary & Secondary**

GS-2, GS-3, GS-4

\$0.09/kW

Filed pursuant to Order dated _____ in Case No. 20-_____-EL-____

Issued: May 28, 2020

Issued by
Rajagopalan Sundararajan, President
AEP Ohio

Effective: _____

This foregoing document was electronically filed with the Public Utilities

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5/28/2020 2:56:55 PM

in

Case No(s). 20-1099-EL-ATA, 20-1100-EL-AAM

Summary: Application - In the Matter of the Application of Ohio Power Company for Approval of a New Decoupling Mechanism

electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company