



# Public Utilities Commission

Mike DeWine, Governor  
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## Commissioners

M. Beth Trombold  
Lawrence K. Friedeman  
Dennis P. Deters  
Daniel R. Conway

July 20, 2020

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 an Increase in Electric Distribution Rates, Case No. 20-585-EL-AIR, 20-586-EL-ATA, and 20-587-EL-AAM.*

Dear Docketing Division:

Enclosed please find the Staff Recommendation in the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates, Case Nos. 20-585-EL-AIR, et al.

A handwritten signature in black ink, appearing to read "DL", written over a horizontal line.

David Lipthrott  
Chief, Finance and Accounting Division  
Public Utilities Commission of Ohio

Enclosure  
Cc: Parties of Record

**Ohio Power Company**  
**Case No. 20-0585-EL-AIR**  
**Case No. 20-586-EL-ATA**  
**Case No. 20-587-EL-AAM**

**BACKGROUND**

On April 9, 2020, Ohio Power Company d/b/a AEP Ohio (AEP Ohio or Company) filed a motion to set a test period and date certain for its subsequent application for an increase in its electric distribution rates. The Company requested that its test period begin December 1, 2019 and end November 30, 2020, and that the date certain for property valuation be December 31, 2019.

On April 29, 2020 AEP Ohio filed a notice of intent to file an application for an increase in its electric distribution rates, tariff modifications, and changes in accounting methods.

On June 1, 2020, AEP Ohio filed its Application to increase distribution rates.

**SUMMARY**

After reviewing the Application for completeness, Staff would like to bring to the Commission's attention a key issue relating to the Revenue Requirement and rate design.

In its Application, the Company calculated a revenue deficiency of \$42.3 million, as shown on Schedule A-1. The Company designed base distribution rates, excluding miscellaneous charges, to increase by \$39.2 million based on the assumption that miscellaneous charges would increase by \$3.05 million. This assumption that miscellaneous charges would increase by \$3.05 million was incorrect, as the Company ultimately proposed to *decrease* miscellaneous charges by \$3.05 million.<sup>1</sup> Consequently, the Company's proposed rate calculations produce a total revenue increase, including miscellaneous charges, of \$36.2 million, as described in Company witness testimony<sup>1</sup> and shown on Schedule E-4. As a result, if the Commission were to accept all revenue-related aspects of the Company's filing in its entirety, the revenue increase would be \$36.2 million, not the \$42.3 million shown on Schedule A-1. This would result in a total base distribution rate increase of 2.96 percent.

**RECOMMENDATION**

Staff recommends that the Commission take note of the issue as described above in light of the legal requirement for public notice.

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<sup>1</sup> See Testimony of David M. Roush, p. 12 (June 16, 2020)

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 20-0585-EL-AIR, 20-0586-EL-ATA, 20-0587-EL-AAM**

Summary: Staff Review and Recommendation in the Matter of the Application of Ohio Power Company for an Increase in Electric Distribution Rates electronically filed by Zee Molter on behalf of PUCO Staff