

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY TO UPDATE ITS
BASIC TRANSMISSION COST RIDER.

CASE NO. 21-53-EL-RDR

FINDING AND ORDER

Entered in the Journal on March 24, 2021

I. SUMMARY

{¶ 1} The Commission approves, subject to Staff's recommendations, Ohio Power Company d/b/a AEP Ohio's application, as amended, to update its basic transmission cost rider.

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} In Case No. 13-2385-EL-SSO, et al., the Commission modified and approved an ESP for AEP Ohio, including approval of the Company's proposed basic transmission cost rider (BTCR), for the period of June 1, 2015, through May 31, 2018. *In re Ohio Power Co.*, Case No. 13-2385-EL-SSO, et al., Opinion and Order (Feb. 25, 2015) at 67-68, Entry (May 28, 2015) at 4-5. The BTCR recovers the non-market-based transmission costs assessed to AEP Ohio by PJM Interconnection, LLC (PJM). Consistent with R.C. 4928.05, the BTCR is a reconcilable rider by which AEP Ohio passes through to customers the transmission and

transmission-related costs charged to the Company by PJM, as authorized by the Federal Energy Regulatory 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 BTCR, as well as the BTCR pilot program.¹ *In re Ohio Power Co.*, Case No. 16-1852-EL-SSO, et al. (*ESP 4 Case*), Opinion and Order (Apr. 25, 2018) at ¶¶ 94-95.

{¶ 6} On January 15, 2021, in the above-captioned case, AEP Ohio filed an application to update the BTCR, pursuant to Ohio Adm.Code Chapter 4901:1-36, and to revise its tariffs, effective with the first day of the April 2021 billing cycle. In the application, AEP Ohio proposes an increase of approximately \$149.7 million in the BTCR revenue requirement, which, according to the Company, represents an average increase in the BTCR of 21.02 percent. AEP Ohio notes that the proposed increase reflects an over-recovery, including carrying charges, of approximately \$12.6 million.

{¶ 7} On February 16, 2021, AEP Ohio filed updated tariffs and schedules, in order to correct an error in the calculation of the proposed rate for BTCR pilot participants.

{¶ 8} In a letter agreement dated February 24, 2021, AEP Ohio provided an update on the status of its BTCR pilot program. AEP Ohio notes that, pursuant to the Stipulation in the *ESP 4 Case*, Staff and the parties have agreed that the participation cap for the BTCR pilot program should be increased from 500 megawatts (MW) to 700 MW for 2021. AEP Ohio further notes that implementation of the increased participation cap requires reallocation of costs only within the general service customer classes and does not increase the allocation of transmission costs to the residential customer class. Additionally, AEP

¹ A participant in the BTCR pilot program is billed for demand-related transmission costs based on its individual network service peak load.

Ohio reports that the parties have agreed to meet and discuss clarifications regarding the annual enrollment process and the reallocation rate design to accommodate enrollment above the cap level for future BTCR cases, but have agreed that those matters need not be modified or resolved as part of this proceeding. Finally, AEP Ohio states that it has been authorized to file the letter agreement on behalf of Ohio Energy Group (OEG), Industrial Energy Users-Ohio (IEU-Ohio), and Ohio Manufacturers' Association Energy Group (OMAEG), which have sought intervention in this proceeding, and to state that the letter reflects the comments of the Company and the intervenors in this case.

{¶ 9} In a separate filing on February 24, 2021, AEP Ohio provided updated schedules that implement the expanded participation cap.

{¶ 10} On March 4, 2021, AEP Ohio filed an updated rate proposal reflecting the final elections that were made after the expansion of the participation cap.

{¶ 11} Ohio Adm.Code 4901:1-36-05 provides that, unless otherwise ordered, the Commission shall approve the application or set the matter for hearing within 75 days after the filing of a complete application under Ohio Adm.Code Chapter 4901:1-36. Additionally, pursuant to Ohio Adm.Code 4901:1-36-03(F), affected parties may file a motion to intervene and detailed comments on any issues concerning the application within 40 days of the date of the filing of the application.

{¶ 12} As noted above, timely motions for intervention in this proceeding were filed on various dates by OEG, IEU-Ohio, and OMAEG. No memoranda contra were filed. The Commission finds that the motions filed by OEG, IEU-Ohio, and OMAEG are reasonable and should be granted.

{¶ 13} On March 10, 2021, Staff filed its review and recommendations. Initially, Staff reports that it confirmed that AEP Ohio appropriately removed certain PJM Transmission Loss Credits – LSE in March 2020, consistent with the Finding and Order issued in Case No. 20-95-EL-RDR. Following document review, interviews, and interrogatories related to the

current audit period of January through December 2020, Staff recommends that AEP Ohio remove from the BTCR certain costs that were billed to a third party in June and July 2020. Staff notes that it will further evaluate these costs if AEP Ohio engages in a bilateral adjustment and actually incurs the expense. Additionally, following its review of the letter agreement and associated schedules, Staff recommends approval of the proposed increase in the BTCR pilot program cap, as it will provide the opportunity for additional customers to participate in the program and encourage efficient use of the system. Finally, Staff recommends that the schedules in AEP Ohio's application, as amended, be approved, subject to Staff's recommendations, with the new rates to become effective with the first billing cycle of April 2021.

{¶ 14} On March 16, 2021, AEP Ohio filed correspondence in response to Staff's review and recommendations. AEP Ohio states that, without prejudice to future review and inclusion in the BTCR, the Company agrees to remove \$5,610 associated with certain costs that were billed to a third party in June and July 2020.

{¶ 15} The Commission finds that AEP Ohio's application to update the BTCR, as amended, is consistent with Ohio Adm.Code Chapter 4901:1-36, does not appear to be unjust or unreasonable, and should be approved, subject to Staff's recommendations. We also find that it is unnecessary to hold a hearing in this matter. In accordance with Staff's recommendations, AEP Ohio's proposed BTCR rates should be approved, subject to audit, and become effective with the first day of the April 2021 billing cycle. The Commission notes that all BTCR costs and recoveries may be subject to further adjustments following the audit in AEP Ohio's next BTCR update proceeding.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That the motions for intervention filed by OEG, IEU-Ohio, and OMAEG be granted. It is, further,

{¶ 18} ORDERED, That AEP Ohio's application, as amended, be approved, subject to Staff's recommendations. It is, further,

{¶ 19} 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,

{¶ 20} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the first day of the April 2021 billing cycle, and the date upon which the final tariff pages are filed with the Commission. It is, further,

{¶ 21} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

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

COMMISSIONERS:

Approving:

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

SJP/kck

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Case No(s). 21-0053-EL-RDR

Summary: Finding & Order approving, subject to Staff's recommendations, Ohio Power Company d/b/a AEP Ohio's application, as amended, to update its basic transmission cost rider. electronically filed by Kelli C. King on behalf of The Public Utilities Commission of Ohio