

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Ohio Power Company for Authority to)
Establish a Standard Service Offer) Case No. 23-23-EL-SSO
Pursuant to Section 4928.143, Revised Code,)
in the Form of an Electric Security Plan)

In the Matter of the Application of)
Ohio Power Company for Approval of) Case No. 23-24-EL-AAM
Certain Accounting Authority)

**OHIO POWER COMPANY'S APPLICATION
FOR AN ELECTRIC SECURITY PLAN**

I. AEP Ohio’s current Standard Service Offer rates

On April 25, 2018, the Commission approved and modified the Joint Stipulation and Recommendation in Case No. 16-1852-EL-SSO that set forth the terms and conditions of Ohio Power Company’s (“AEP Ohio” or “the Company”) Fourth Electric Security Plan (“ESP IV”) to be in effect for Ohio Power Company (“AEP Ohio” or “the Company”) from June 1, 2018 through May 31, 2024. As relevant to this application, AEP Ohio is an “electric distribution utility,” “electric light company,” “electric supplier” and “electric utility” as those terms are defined in §4928.01 (A) (6), (7), (10) and (11), Ohio Rev. Code, respectively. By its Application in this proceeding, AEP Ohio seeks approval of an electric security plan (also referred to as the “ESP” or the “proposed ESP” or “ESP V”) that will commence upon the expiration of the current ESP IV (June 1, 2024) and continue through May 31, 2030.

II. Proposed Electric Security Plan and requested relief

An electric distribution utility (“EDU”) may comply with §4928.141(A)’s standard service offer (“SSO”) requirement through either a market rate offer (“MRO”), pursuant to § 4928.142, Ohio Rev. Code, or an electric security plan (“ESP”), pursuant to 4928.143, Ohio Rev.

Code. Pursuant to § 4928.143, Ohio Rev. Code, and as set forth in greater detail below, AEP Ohio is proposing ESP V to fulfill its obligation to provide an SSO under §4928.141, Ohio Rev. Code. The Applicant seeks the Commission’s approval of ESP V based on §4928.143, Ohio Rev. Code, and Rule 4901:1-35, Ohio Admin. Code.

The Company has approached the proposed ESP in a manner that is consistent with S.B. 221. For example, the proposed ESP V addresses a range of issues that are broader than simply focusing on the SSO for competitive retail electric services. The Company’s proposed ESP, as described in this Application and in supporting Company testimony, also addresses provisions regarding its distribution service (See §4928.143 (B) (2) (h) and (i), Ohio Rev. Code), including the continuation of numerous riders (with some modifications), such as the Distribution Investment Rider and Enhanced Service Stability Rider that will facilitate improvements to the distribution network and reliability; new riders such as the Customer Experience Rider, the Ohio First Rider, and the Rural Access Rider, that facilitate the deployment of a variety of technologies and infrastructure that will further modernize and improve the distribution system for the benefit of customers; provisions that promote retail electric competition; economic development and job retention (See §§4928.02(N), 4928.143 (B) (2) (i) and 4905.31 (E), Ohio Rev. Code); the alternative energy resource requirements of §4928.64, Ohio Rev. Code; energy efficiency proposals consistent with §§4928.143 (B) (2) (i) and 4905.70, Ohio Rev. Code; preserving competition for retail electric services in its territory in accordance with §4928.02(B) and (C), Ohio Rev. Code; and other important matters.

The proposed ESP will have the effect of stabilizing and providing certainty regarding retail electric service (§4928.143(B)(2)(d), Ohio Rev. Code). As demonstrated in the testimony of Company witness Mayhan, the proposed Amended ESP is “more favorable in the aggregate as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code” (§4928.143(C) Ohio Rev. Code). The terms of the proposed ESP offer AEP

Ohio customers reasonable and stable electricity rates and innovative infrastructure improvements while offering investors some measure of financial stability. Each of the components of the proposed ESP V is critical to AEP Ohio's ability to reliably serve its customers in the future and need to be addressed. If there are new tax laws, major statutory or regulatory rule changes at the state or federal level (including changes to Chapter 4928, Ohio Revised Code), significant changes in the operation of regional power markets or other material changes in circumstances affecting the proposed ESP (or other existing conditions that the proposal is currently based upon), the Company will be entitled to amend the ESP to achieve equivalent value or otherwise terminate the ESP.

Accordingly, as set forth below in greater detail, AEP Ohio requests that the Commission:

1. Approve the proposed ESP without modification, including all accounting authority needed to implement the proposed riders and other aspects of the ESP V as proposed;
2. Approve new rates and riders under the proposed ESP V (described in this Application and in supporting testimony) commencing with the first billing cycle of June 2024 and continuing through the last billing cycle of May 2030;
3. Issue a procedural entry to facilitate a timely interim order that enables a reasonable opportunity for potential settlement or litigation and ultimately an orderly SSO auction schedule and reasonable transition from ESP IV to ESP V; and
4. Grant any waivers or other relief needed to accept the proposed ESP.

III. Filing requirements of Rule 4901:1-35-03(C), Ohio Admin. Code

A. Description of Supporting Testimony

A description of and support for the proposed ESP is supplemented through the testimony of the Company witnesses listed in the following table:

| Witness | Subject Area | Description of Testimony |
|----------------|--|--|
| Jaime Mayhan | Overview of ESP Rider Continuation / Modification / Addition Ohio First Rider Government Aggregation Standby Rider Advancement of State Objectives MRO Test | <ul style="list-style-type: none"> • Overview of ESP • AEP Ohio objectives • ESP components • Continuation / Modification of Existing Riders • Proposal of Ohio First Rider • Proposal of Government Aggregation Standby Rider • How the ESP Advances State Policies • MRO Test analysis |
| Mark Berndt | Vegetation Management | <ul style="list-style-type: none"> • Needs for and benefits of the Enhanced Service Reliability Rider |
| Brian Billing | Energy Efficiency Plan | <ul style="list-style-type: none"> • Energy Efficiency Plan and associated Energy Efficiency Rider to recover the cost of the Plan |
| Reid Newman | AEP Ohio Customer Count Trends Economic Benefits of Distribution Investments | <ul style="list-style-type: none"> • Provide overview of customer count trends in the AEP Ohio service territory • Economic benefits associated with the Company's proposed distribution investment plan. |
| Ryan Forbes | Distribution Investment Rider | <ul style="list-style-type: none"> • Need to continue and modify the Distribution Investment Rider to maintain and improve reliability and customer experience |
| Stacey Gabbard | Customer Information System ("CIS") | <ul style="list-style-type: none"> • Need for and benefits of the Company's CIS system replacement |
| Jay Garrett | Community Grid Resiliency Pilot Program | <ul style="list-style-type: none"> • Pilot Program projects in economically challenged areas in the service territory |

| Witness | Subject Area | Description of Testimony |
|------------------|--|--|
| Curtis Heitkamp | Rate Design and Revenue Requirements Customer Rate Impacts Tariffs Rate Design and Tariffs for Proposed EV Programs | <ul style="list-style-type: none"> • Rate design, rate terms and conditions • Tariffs • Rate recovery design for continuation of certain riders, proposed changes or additions to current riders, and/or recovery of new riders • Bill impacts |
| Adriane Jaynes | Electric Vehicles / Electric Transportation Plan | <ul style="list-style-type: none"> • Electric Transportation Plan |
| Thomas Kratt | Distribution Investment Needs | <ul style="list-style-type: none"> • Needs for and benefits of the Distribution Investment Rider and Enhanced Service Reliability Rider |
| Adrien McKenzie | Return on Equity (ROE) | <ul style="list-style-type: none"> • Recommended ROE |
| Michael McCulty | Supplier Terms and Conditions Competitive Auction Schedule Government Aggregation | <ul style="list-style-type: none"> • Updates to the CRES provider contract • Updates to the Supplier Terms & Conditions • Updated Auction Rules • Government Aggregation |
| Christine Minton | Financial Forecasts Adjusted Weighted Average Cost of Capital (“WACC”) | <ul style="list-style-type: none"> • Forecast methodology • Forecast assumptions and results • Adjusted WACC |
| Scott Osterholt | Distribution Station Fiber Installation and Rural Broadband | <ul style="list-style-type: none"> • Deployment of fiber to connect the Company’s distribution substations • Rural broadband projects in AEP Ohio’s service territory |
| Angie Rybalt | Customer Communication Plan Economic Development Plan | <ul style="list-style-type: none"> • The Company’s proposed Reliability and Infrastructure Communication Plan (“RICP”) • The Company’s proposed Economic Development Plan |
| Chris Schafer | Advanced Distribution Management System (“ADMS”) | <ul style="list-style-type: none"> • Need for and benefits of the Company’s ADMS upgrade |
| Stephen Swick | Physical Security | <ul style="list-style-type: none"> • Distribution station physical security upgrade project |
| Jason Yoder | Accounting | <ul style="list-style-type: none"> • Regulatory accounting for certain riders |

B. *Pro Forma* Financial Projections of the Effect of the Proposed ESP

Pro forma financial projections of the effect of the Amended ESP for the duration of the Amended ESP are presented in the testimony of Company witness Minton as part of Exhibit CMM-2 and the assumptions made and methodologies used in deriving the *pro forma* projections are listed in Exhibit CMM-1.

C. Projected Rate Impacts of the Proposed ESP V

Projected rate impacts by customer class/rate schedules during the term of the proposed ESP are contained in the testimony of Company witness Heitkamp and Exhibit CMH-2.

D. Description of the Corporate Separation Plan and Demonstration that the Plan Complies with §4928.17, Ohio Rev. Code and Rule 4901:1-37, Ohio Admin. Code

AEP Ohio provides a description of its corporate separation plan, adopted pursuant to §4928.17, Ohio Rev. Code, as set forth in the separate application filed on March 30, 2012 in Case No. 12-1126-EL-UNC, which the Commission approved by its October 17, 2012 Finding and Order and April 24, 2013 Entry on Rehearing.

E. Status of the Operational Support Plan

Pursuant to Rule 4901:1-35-03(C)(5), Ohio Admin. Code, AEP Ohio states that its Operational Support Plan has been implemented and that it is not aware of any outstanding problems with its implementation.

F. Description of How the Company Addresses Governmental Aggregation and Implementation of Divisions (I), (J), and (K) of §4928.20, Ohio Rev. Code and the Effect on Large-Scale Governmental Aggregation of Unavoidable Generation Charges

For the proposed ESP, the Company's plan for addressing governmental aggregation programs and the implementation of divisions (I), (J), and (K) of §4928.20, Ohio Rev. Code, and the effect on large-scale governmental aggregation of any unavoidable generation charges, is to preserve and expand retail competition opportunities through a competitive, auction-based SSO

structure. To address recent events related to large-scale aggregations in volatile energy markets, as explained in the testimony of Company witness Mayhan, the Company proposes a placeholder (zero) standby charge for aggregators that wish to pay an “insurance premium” in order for customers to be returned to the SSO if the aggregator should drop the customers prior to the end of the contract period. If approved in a subsequent proceeding for a non-zero rate, this standby charge would be charged to customers in an aggregation that elects to subscribe to standby service, with the revenues remitted to the auction winners in order to compensate the SSO suppliers for the right of such aggregation customers to return to the SSO during the term of the aggregation program. As described by Company witness McCulty, if a government aggregation program elects not to subscribe to standby service, customers dropped back to SSO service during the term of the aggregation program will be served at then-market prices for a minimum period of two years, with the Company recovering its full cost of such market procurement, including administrative costs, from those dropped customers. The Company’s proposal will help ensure that governmental aggregation interests are aligned with the requirements of R.C. 4928.20 without unnecessarily impacting the SSO customers and competitive providers.

G. State Policies Enumerated in §4928.02, Ohio Rev. Code, Are Advanced by the Proposed ESP

A detailed account of how the Proposed ESP V is consistent with and advances the policies of this state enumerated in §4928.02(A) through (N), Ohio Rev. Code, is provided by Company witness Mayhan.

H. Statement Regarding Qualifying Transmission Entity

AEP Ohio and its affiliate, AEP Ohio Transmission Company, Inc., are members of PJM Interconnection, which is a qualifying transmission entity, as that term is used in §4928.12, Ohio Rev. Code.

I. Executive Summary

An overview of the proposed ESP V is included in in this Application as well as the testimony of Company witness Mayhan.

IV. Standard Service Offer Rate Provisions of the Proposed ESP

A. Generation Rates

1. Competitive Bid Process and Procurement of Generation Services for SSO Load

The Company's proposal will continue to utilize auction-based pricing for the Company's SSO customers through the full term of the proposed ESP. This procurement plan increases diversity of electricity supplies and suppliers, which supports reasonably priced retail electric service. The testimony of Company witness McCulty provides additional detail regarding the Competitive Bid Process and the procurement of generation services through the auction process for the Company's non-shopping SSO load. Mr. McCulty's testimony also explains certain modifications to the competitive auction rules and documentation, including a new market procurement process for customers prematurely dropped to SSO from aggregation programs during the term of the aggregation where the aggregator elects not to subscribe to the standby service charge.

2. SSO Generation Service Riders

The Company's proposed ESP V will continue to provide transparency in AEP Ohio's SSO pricing, through continuation of the Generation Energy ("GENE") rider, a Generation Capacity ("GENC") rider, and an Auction Cost Reconciliation Rider ("ACRR"), which gives consumers a comparable price that they can use to compare information when determining whether to select an alternative supplier. The manner in which SSO generation service rates will be developed and updated are discussed in the testimony of Company witness Heitkamp, including a final reconciliation of riders at the end of the ESP V term. Moreover, GENE, GENC,

and BTCR tariffs have been updated to reflect the addition of the newly proposed Residential Senior Citizen tariff, Residential Plug-in Electric Vehicle tariff, and Public Transit & School Bus Plug-in Electric Vehicle tariff, as described in Section IV.D. of this Application.

3. Government Aggregation Standby Rider

The Government Aggregation Standby Rider (“GASR”) is an optional placeholder (zero) rider for governmental aggregators who elect to subscribe to standby service in order for customers in the aggregation program to have the right to be returned to the default SSO rate if the aggregator should drop the customers prior to the end of the aggregation program term or otherwise default. This charge would be remitted to the auction winners in order to compensate the SSO suppliers for the risk of aggregation customers returning to the SSO. The GASR will initially be set at \$0 and updated in a subsequent proceeding. Further detail about the GASR are described in Company witness Mayhan and Heitkamp’s testimony. Absent payment of the standby service charge, customers prematurely dropped from an aggregation will be served at then-market rates based on a supplemental procurement process, as further described in the testimony of Company witness McCulty.

4. Retail Reconciliation Rider and SSO Credit Rider

As set forth in the testimony of Company witness Mayan, the Company proposes to continue its placeholder Retail Reconciliation Rider (“RRR”) and SSO Credit Rider (“SSOCR”) consistent with the Commission’s decision to approve the riders as \$0 placeholders as set forth in the November 17, 2021 Opinion and Order in Case No. 20-585-EL-AIR.

5. Legacy Generation Resource Rider (Reservation)

The Company’s current ESP IV included a non-bypassable Power Purchase Agreement (“PPA”) Rider that included the ability to of the Ohio Valley Electric Corporation (“OVEC”). The PPA Rider was replaced by the non-bypassable Legacy Generation Resource (“LGR”) Rider as established by R.C. 4928.148, which is not part of the ESP. But AEP Ohio reserves the right

to amend its ESP to recover or refund the net costs of OVEC either: (1) if R.C. 4928.148 is repealed or substantially modified; or (2) upon issuance of any final decision, law or order by a court, legislative authority or administrative agency adversely affect the ongoing viability of the LGR Rider or cost recovery thereunder prior to the expiration of the proposed ESP V.

6. Alternative Energy Rider

The Company recovers Renewable Energy Credit (“REC”) expense through the bypassable Alternative Energy Rider (“AER”), which would continue through the term of the proposed ESP V, in part based on R.C. 4928.64 (through the end of 2026) and in part based on R.C. 4928.641 (2027 through the end of 2032). REC expense is the identified renewable value of costs associated with acquiring or creating renewable energy. Company witness Mayhan discusses how the AER supports Ohio energy policy.

B. Distribution Rates

A major focus of the proposed ESP V is an extension and modification of its comprehensive distribution reliability strategic plan to further improve grid resiliency and the customer experience. The foundation of this plan is a group of programs, supported by current riders, already approved by the Commission in ESP I, ESP II, ESP III, and ESP IV as well as the addition of new programs that will build upon and enhance existing efforts to maximize grid resiliency and the customer experience.

1. Continuation and Modification of Existing Programs and Riders

The existing programs, which AEP Ohio requests authority to continue and modify as part of the proposed ESP V, include the replacement of aging infrastructure through the Distribution Work Plan that includes updates to the Distribution Investment Rider (“DIR”) and the Enhanced Service Reliability Rider (“ESRR”). The Distribution Work Plan is necessary to ensure reliability as the AEP Ohio distribution network continues to grow as a result of customer retention, new customer growth, and adoption of innovative technologies that expand the need

for a robust distribution network. The Company also proposes continuation and modification to the Bad Debt Rider (“BDR”), and the Smart City Rider.

a. Distribution Investment Rider (“DIR”)

The Company proposes to continue the DIR that has previously been approved in the Company’s prior ESPs, with modifications; namely, new annual revenue caps on spending to be established for the term of the proposed ESP V, which excludes “obligation to serve” customer investments. The DIR program supports the replacement of aging infrastructure and the improvement of system reliability. Established in ESP II and continued in ESP III and ESP IV, the DIR will continue under the proposed ESP V to provide capital funding for distribution assets needed to support distribution asset management programs, distribution capacity and infrastructure additions driven by customer demand. Company witness Kratt’s testimony explains the current state and functionality of AEP Ohio’s distribution system as well as the need for DIR including the need to excise any new customer/growth related distribution infrastructure investment from the DIR caps. Company witness Forbes’ testimony explains the planned investments supporting the Company’s proposed annual DIR. Company witness Swick explains the need and types of physical security investments proposed under the DIR Work Plan. Company witness Mayhan describes proposed revenue requirement caps for reliability investments from the June 2024 through May 2027 and that the Company will revisit revenue caps for reliability investments under the DIR Work Plan for the remaining years of ESP V (June 1, 2027 through May 31, 2030). Company witness Newman explains the economic benefits of the DIR Work Plan.

b. Enhanced Service Reliability Rider (“ESRR”)

The ESRR program reduces outages caused by trees in right-of-way and trees outside of right-of way; thereby, improving reliability for AEP Ohio’s customers. Established in ESP I and continued in ESP II, ESP III and ESP IV, the proposed ESP V would continue the ESRR

program. Company witness Berndt testimony explains additional enhanced practices as well as the funding level supporting the proposed ESRR during the period of the proposed ESP V.

c. Bad Debt Rider (“BDR”)

The Company proposes to continue the Bad Debt Rider (“BDR”) as it currently exists, except that AEP Ohio is proposing a change to the BDR to recover reduced base distribution revenues associated with the Company’s proposed Residential Service Senior Citizens tariff as discussed further in Section IV.D.1. of this Application and as set forth in the testimony of Company witness Mayhan.

d. Smart City Rider

The Company is requesting to extend and amend the existing Smart City Rider to collect funds for projects under the Electric Transportation Plan. The Electric Transportation Plan includes a suite of programs that encourage EV adoption and incentivizes optimized EV charging to reduce grid costs to the benefit of all customers. Further details about the Electric Transportation Plan are set forth by Company Witness Jaynes and Company Witnesses Mayhan and Heitkamp further describe the mechanics and rate design of the Smart City Rider.

2. Continuation of Other Existing Programs and Riders Without Material Modification

The Company is proposing to continue, without material change, the following riders through the end of the ESP V period:

- gridSMART
- Energy Efficiency and Peak Demand Reduction (“EE/PDR”) Rider (Final Reconciliation)
- Pilot Throughput Balancing Adjustment Rider (“PTBAR”) (Final Reconciliation)
- Economic Development Rider
- Pilot Demand Response Rider

- Auction Cost Reconciliation Rider
- Retail Reconciliation Rider
- Tax Savings Credit Rider
- Interruptible Power Rider – Expanded Service Discretionary Rider
- Automaker Credit Rider
- Underground Service Tariff
- Basic Transmission Cost Rider
- Basic Transmission Cost Rider Pilot
- Storm Damage Recovery Rider
- SSO Credit Rider
- Power Forward Rider

The Company reserves the opportunity to make additional rider filings during the ESP term that propose to deploy additional gridSMART technology for inclusion in the gridSMART rider.

The Company reserves the right to utilize the Tax Savings Credit Rider during the ESP term to reflect any significant increase in the federal tax rate applicable to AEP Ohio. The continued EE/PDR Rider and PTBAR are necessary for resolution of pending true-ups of over/under recovery of prior EE/PDR compliance efforts and decoupling calculations.

While the Company is not proposing any changes to the Economic Development Cost Recovery Rider (“EDR”), the proposed changes to the IRP-E and IRP-L, as described below, will necessarily result in a change in the EDR revenue requirement. Moreover, while many of the proposed riders and terms and conditions of the proposed Amended ESP are being submitted as part of a package, there is independent statutory authority for this rider and the Company reserves the right to pursue continued collection of this rider outside the context of an ESP, if necessary.

3. New Programs and Riders

Additional beneficial program, which AEP Ohio requests authority to implement as part of the proposed ESP V include the following new riders and associated accounting authority:

a. Customer Experience Rider

AEP Ohio is seeking approval of a nonbypassable Customer Experience Rider, pursuant to R.C. 4928.143(B)(2)(h) and (B)(2)(i), to allow the Company to track and recover the capital and O&M costs associated with various customer experience enhancements that will be implemented during the ESP V terms. Specifically, the Customer Experience Rider is designed to recover:

- Capital investment and expenses associated with replacing the existing thirty-year-old CIS with a new system that will enable the full potential of grid modernization efforts. Company witness Gabbard further describes the need and benefits of the CIS upgrade to be recovered through the Customer Experience Rider;
- Capital investment and expenses for ADMS to address evolving needs on the Company's electric distribution network and to replace the Company's Outage Management System and Distribution Management System due to the vendor sunsetting the applications. Company witness Schafer further describes the need and benefits of the ADMS deployment;
- Capital investment and expenses associated with the Company's Community Grid Resiliency ("CGR") Pilot Program that consists of four components (portable distributed energy resources – small scale; portable distributed energy resources – small scale; onsite batteries and portable distributed energy resources – site specific; and community micro-grids) designed to test the

ability to limit the impact of power outages within socially vulnerable communities as further described by Company witness Garrett; and

- Costs associated with the Company's proposed Reliability and Infrastructure Communication Plan, which is designed to keep customers informed about reliability improvements and outage restoration times and the Economic Development Plan, which is designed to attract new investment and job growth throughout AEP Ohio's service territory particularly economically distressed areas, as further described by Company witness Rybalt.

The Company is requesting the Customer Experience Rider rate changes be automatically approved 30 days after filing unless otherwise ordered by the Commission, similar to many of the Company's other riders such as the gridSMART Rider. Company Witness Heitkamp describes the rate design and new tariff terms for the Customer Experience Rider.

b. Ohio First Rider

The Infrastructure Investment and Jobs Acts ("IIJA") has presented AEP Ohio with the opportunity to seek federal grants to be used to improve the reliability and resiliency of the grid. An established rider will increase AEP Ohio's chances of acquiring such federal grant funding and other types of governmental funding. Therefore, the Company proposes the Ohio First Rider, pursuant to R.C. 4928.143(B)(2)(h) and (B)(2)(i), to initially be set at \$0 and will be populated at a later date to the extent the Company initiates any eligible projects as a result of government awarded grant funding. Should the Company's application for a project be approved for governmental funding, the Company would make a filing with the Commission in a separate docket seeking approval to recover only net costs related to projects that are eligible for governmental funding, which will reflect governmental funds received less any taxes on the grant funding.

c. Rural Access Rider

The Rural Access Rider, pursuant to R.C. 4928.143(B)(2)(h) and (B)(2)(i), will recover investment and expenses for installing fiber optic cable in nine counties of AEP Ohio's service territory. The fiber investments serve two purposes: 1) interconnect the Company's distribution substations to facilitate utility service; and 2) provide middle-mile broadband service to Internet Service Providers to facilitate access to high-speed fiber optic cable service in under-served and unserved areas of the Company's service territory. Company witness Osterholt further describes the need and benefits of the investments to be recovered through the Rural Access Rider, potential offsetting revenues (*e.g.*, governmental grants or lease payments), as well as an employment pilot program that would be enabled as a result of the fiber investment.

d. Energy Efficiency Rider

The newly created Energy Efficiency Rider (not to be confused EE/PDR Rider), requested pursuant to R.C. 4928.143(B)(2)(h), (B)(2)(i), and R.C. 4905.70, is designed to recover costs associated with the Company's proposed Energy Efficiency Plan. Company's EE Plan includes a diverse suite of cost-effective programs to help customers reduce their energy usage and manage their peak energy demand through more efficient technology and education. The Company further proposes that AEP Ohio will earn a fee for cost-effective programs based upon the Utility Cost Test as well as decoupling of base rate charges that are impacted by volumetric fluctuations as a result of implementing energy efficiency measures. The Energy Efficiency Plan is further described by Company witness Billing.

To the extent the Commission does not approve the Energy Efficiency Plan set forth in Company witness Billing's testimony, the EE Rider should be and approved as a placeholder for any potential future programs implemented pursuant to existing laws and/or new laws implementing during the term of the proposed ESP V.

C. Transmission Rates

Since approval of AEP Ohio's ESP III and as part of AEP Ohio's current ESP IV, the Commission approved the establishment of a nonbypassable Basic Transmission Cost Rider ("BTCR") through which the Company will recover non-market based transmission charges from all of its customers, both shopping and non-shopping. Certain market-based transmission charges are included as part of the auction product offering for SSO customers, and competitive retail electric service ("CRES") providers would be responsible for paying such transmission charges for their shopping customers. The Company proposes to continue the BTCR through the term of the proposed ESP V. In addition, the Company proposes to continue, as part of this ESP V, to include a pilot program that would give GS-3 and GS-4 customers with interval metering capability the opportunity to opt-in to a pilot mechanism under the BTCR based on each eligible customer's single annual transmission coincident peak demand. As part of its proposal in this regard, the Company reserves the right to modify the BTCR Pilot program during the term of the ESP through an EL-RDR application, based on any changes in federal or state law, regulations, or tariffs that affect transmission cost recovery. Company witness Mayhan further addresses the BTCR Pilot.

D. Tariff Changes

1. Residential Service-Senior Citizens

The Company is proposing a new Optional Residential Senior Citizen tariff (Schedule RS-SC). Under this new tariff, qualified participants will receive a reduced customer charge of \$5, the delta of which will be recovered through the BDR. The details of this new tariff provision is further described by Company witness Mayhan.

2. Residential Plugged-In Electric Vehicle

AEP Ohio is proposing a new tariff, available to qualifying residential customers, to encourage off-peak charging that is beneficial to the grid through two different tariff options.

The first is a whole house service option where all residential usage will be metered through one, multi-register meter with different rates for on-peak and off-peak times. The second tariff option requires a second meter dedicated to measuring EV usage only. The details of this new tariff are further explained by Company witness Heitkamp.

3. Public Transit and School Bus Plugged-In Electric Vehicle

AEP Ohio is proposing a new tariff, available to qualifying public transit and school bus customers, to encourage off-peak charging. Under the new tariff, qualifying customers will be assessed a flat energy rate rather than the demand and energy rates assessed under the standard GS schedule. The details of this new tariff are further explained by Company witness Heitkamp.

4. IRP-L and IRP-E

AEP Ohio is proposing a continuation and modification to the Interruptible Power-Discretionary- Legacy Rider (“Rider IRP-L”) and Interruptible Power- Discretionary – Expanded Rider (“Rider IRP-E”) tariffs. The IRP-L provides a \$/kW credit for interruptible power that is currently available to Legacy Customers for up to 200 MW of interruptible capacity and the IRP-E currently available for up to 160 MW of interruptible capacity to existing AEP Ohio customers with at least 1 MW of interruptible load. AEP Ohio is proposing a gradual reduction to the \$/kW credit of the IRP-L. The IRP-E will continue to be made available for existing with at least 1MW of but will only operate in the context of a reasonable arrangement for new customers. The specifics of the changes to the IRP-L and IRP-E are further described in the testimony of Witness Mayhan.

V. Accounting Deferrals and Recovery of Existing Regulatory Assets

The proposed ESP V requests authority to record regulatory liabilities and regulatory assets and, thus, to perform regulatory deferral over/under recovery true-up accounting for a number of riders as identified in Company witness Mayhan’s testimony, at Figure JLM-4 and JLM-5 and further supported by Company witness Yoder.

VI. Work Papers

Filed with this proposed ESP is a complete set of work papers, consistent with Rule 4901:1-35-03(G), Ohio Admin. Code. The work papers include all pertinent documents prepared by the Company for the Application and an explanation, narrative or other support of the assumptions used in the work papers. Parties are also being electronically served with the native files containing the work papers. Confidential workpapers will only be made available directly to the parties that sign an acceptable protective agreement.

VII. Waiver Requests

Under Rule 4901:1-35-02(B), Ohio Admin. Code, the Commission may grant requests to waive any requirement of Chapter 4901:1-35 for good cause shown. To the extent that the relief requested in this application requires a waiver of any filing requirements found in Chapter Rule 4901:1-35, Ohio Admin. Code, the Company requests such a waiver.

VIII. Service of the Application and Direct Testimony

Consistent with Rule 4901:1-35-04(A), Ohio Admin. Code, the Company is providing, concurrent with the filing of this Application and Direct Testimony, an electronic copy of the filing to each party in its most recent prior SSO proceeding, Case Nos. 16-1852-EL-SSO *et al.* In addition, the Company is serving an electronic copy of the filing to each party that intervened in this SSO proceeding. In a form consistent with Rule 4901:1-35-04(B), Ohio Admin. Code, attached as Attachment 1 to this Application is a proposed notice for newspaper publication that fully discloses the substance of the proposed ESP V, including projected rate impacts, and that prominently states that any person may request to become a party to the proceeding.

IX. Procedural Schedule

Under §4928.143(C)(1), Ohio Rev. Code, the Commission is required to issue an order approving, or modifying and approving, an application for an ESP within 275 days. Consistent

with that requirement, the Company proposes, and requests that the Commission adopt, the following procedural schedule for reviewing and issuing its final order ruling upon the Company's proposed ESP V:

- a. A technical conference should be scheduled to allow interested persons the opportunity to better understand AEP Ohio's Application. The conference should be held on January 31, 2023 at 10:00 am, at the offices of the Commission.
- b. Motions to intervene shall be filed by March 31, 2023.
- c. Testimony on behalf of intervenors shall be filed by June 2, 2023.
- d. Discovery requests, except for notices of deposition, shall be served by June 16, 2023.
- e. Testimony on behalf of the Commission Staff shall be filed by June 30, 2023.
- f. A procedural conference shall be scheduled for June 26, 2023, at 10:00 a.m., at the offices of the Commission.
- g. The evidentiary hearing shall commence on July 10, 2023, at 10:00 a.m., at the offices of the Commission.
- h. The Commission should issue its Opinion and Order approving, or modifying and approving, the Application by October 4, 2023.

WHEREFORE, AEP Ohio requests that the Commission find and order as follows:

1. That the Company's proposed procedural schedule be adopted;
2. That the Company's proposed ESP V is more favorable in the aggregate as compared to the expected results that would otherwise apply under section 4928.142 of the Revised Code;
3. That the Company's proposed ESP V be approved, including all accounting authority needed to implement the proposed riders and other aspects of the ESP as proposed;
4. That the Company's proposed tariffs be approved; and
5. That the Commission issue such other orders as may be just and proper.

Respectfully submitted,



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Counsel for Ohio Power Company

Attachment 1

LEGAL NOTICE

Ohio Power Company (AEP Ohio) is a subsidiary electric utility operating company of American Electric Power Company, Inc. AEP Ohio conducts its business in Ohio as “AEP Ohio.” AEP Ohio has filed with the Public Utilities Commission of Ohio (PUCO) Case No. 22-23-EL-SSO, *In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan*, and Case No. 22-24-EL-AAM, *In the Matter of the Application of Ohio Power Company for Approval of Certain Accounting Authority*. In these cases, the Commission will consider AEP Ohio’s request for approval of an Electric Security Plan (“ESP”) that includes its standard service offer (“SSO”), that will become effective with the first billing cycle of June 2024, and would be modified and extended through the last billing cycle of May 2030, absent early termination of the rate plan. The ESP, which includes the SSO pricing for generation, also addresses provisions regarding distribution service, economic development, alternative energy resource requirements, energy efficiency requirements and other matters. Rates for some customer classes will increase and rates for other classes will decline, based on usage; however, on average for all customer classes, AEP Ohio customers are expected to see a 5.2% increase in the first year and rates to increase on average 1.8% annually for the remainder of the ESP V term, for a total average annual increase of 2.3%. AEP Ohio proposes to recover certain other costs through riders during the ESP period; however, those costs and the subsequent rate impacts are not known at this time.

Any person may request to become a party to the proceeding.

Further information, such as requesting a copy of the filing, may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, viewing the Commission’s web page at <http://www.puc.state.oh.us>, or contacting the Commission’s call center at 1-800-686-7826.

CERTIFICATE OF SERVICE

Consistent with Rule 4901:1-35-04(A), Ohio Admin. Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the parties. In addition, in accordance with Rule 4901-1-05, I hereby certify that a service copy of Ohio Power Company's Application and Supporting Direct Testimony, along with applicable workpapers, was sent by, or on behalf of, the undersigned counsel to the following parties of record this 6th day of January 2023, via electronic transmission.

/s/ Steven T. Nourse
Steven T. Nourse

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Case No(s). 23-0023-EL-SSO, 23-0024-EL-AAM

Summary: Application Application of Ohio Power Company for Authority to Establish a Standard Service Offer, and Application of Ohio Power Company for Approval of Certain Accounting Authority electronically filed by Mr. Steven T. Nourse on behalf of Ohio Power Company