

THE PUBLIC UTILITIES COMMISSION OF OHIO

**IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY FOR AUTHORITY
TO ESTABLISH A STANDARD SERVICE
OFFER PURSUANT TO R.C. 4928.143, IN
THE FORM OF AN ELECTRIC SECURITY
PLAN.**

CASE NO. 16-1852-EL-SSO

**IN THE MATTER OF THE APPLICATION OF
OHIO POWER COMPANY FOR APPROVAL
OF CERTAIN ACCOUNTING AUTHORITY.**

CASE NO. 16-1853-EL-AAM

ENTRY

Entered in the Journal on January 10, 2018

I. SUMMARY

{¶ 1} The Commission grants the motion for interim relief, consistent with this Entry, and authorizes Ohio Power Company d/b/a AEP Ohio to conduct a competitive auction in March 2018 to procure generation supply for standard service offer customers.

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, pursuant to R.C. 4928.143, AEP Ohio's application for an ESP, including a competitive auction-based SSO format, as well as a competitive bid procurement (CBP) process for the Company's auctions, for the period beginning 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 31.

{¶ 5} On November 23, 2016, in the above-captioned cases, AEP Ohio filed an application that, if approved, would modify the ESP and extend its term through May 31, 2024.

{¶ 6} By Entry dated February 7, 2017, an evidentiary hearing in these matters was scheduled to commence on June 6, 2017. Subsequently, on June 6, 2017, the evidentiary hearing was rescheduled to commence on August 8, 2017, in order to afford the parties sufficient time to fully explore the possibility of reaching a resolution of some or all of the issues raised in these proceedings. On August 3, 2017, the attorney examiner granted a motion for continuance filed by Staff, such that the evidentiary hearing was continued to a date to be determined in the future.

{¶ 7} On August 25, 2017, AEP Ohio filed a joint stipulation and recommendation (stipulation) for the Commission's consideration, which, if approved, would resolve all of the issues raised in these proceedings.

{¶ 8} In order to assist the Commission in its review of the stipulation, the attorney examiner established a procedural schedule on September 5, 2017, including an evidentiary hearing to commence on November 1, 2017.

{¶ 9} On September 18, 2017, AEP Ohio filed a motion for interim relief seeking authority to conduct an SSO auction in November 2017. AEP Ohio explained that its ESP application sets forth a recommended auction schedule for the term of the extended ESP, including an auction that would occur in November 2017. Because the evidentiary hearing

on the stipulation was scheduled to commence on November 1, 2017, AEP Ohio noted that a final Commission order would not be issued in time to conduct the SSO auction proposed to occur in November 2017. AEP Ohio, therefore, requested that the Commission issue an interim order authorizing the Company to conduct the SSO auction in November 2017, as proposed in the Company's application and the direct testimony of David B. Weiss, and as modified by the stipulation.

{¶ 10} By Entry issued on September 27, 2017, the Commission granted AEP Ohio's unopposed motion for interim relief, in accordance with the Entry, and authorized the Company to conduct an SSO auction in November 2017.

{¶ 11} On December 21, 2017, AEP Ohio filed, pursuant to Ohio Adm.Code 4901-1-12, a motion for interim relief seeking authority to conduct an SSO auction in March 2018, along with a request for an expedited ruling. Consistent with its earlier motion, AEP Ohio explains that, in order to ensure that its SSO obligation is met on and after June 1, 2018, the Company proposed, in its extended ESP application, to conduct an auction in March 2018, which would seek to procure 50 tranches through three separate products: 16 tranches of a 36-month product, 17 tranches of a 24-month product, and 17 tranches of a 12-month product. AEP Ohio further explains that the signatory parties to the stipulation recommend that the Company's application be modified and approved, including the Company's SSO auction related proposals. AEP Ohio notes that, although a Commission decision may be issued in these proceedings before the Company's proposed auction is to be held in March 2018, the pre-notice and other activities leading up to the auction will need to commence in mid-January. AEP Ohio, therefore, requests that the Commission issue an interim order authorizing the Company to conduct the SSO auction in March 2018, as proposed in the Company's application and the direct testimony of David B. Weiss, and as modified by the stipulation.

{¶ 12} In support of the motion for interim relief, AEP Ohio states that its proposal will avoid the procurement of all tranches in one auction, capture any favorable market conditions that may presently exist, and maintain consistency with the Company's previous schedule with auctions occurring in March and November, which will minimize rate volatility for SSO customers and provide certainty for auction participants. According to AEP Ohio, its proposal is preferable to waiting until after the issuance of the Commission's order on the stipulation to procure all of the Company's SSO supply. Additionally, AEP Ohio asserts that the Ohio Consumers' Counsel (OCC), which the Company notes is the only party opposed to the stipulation, will not be prejudiced if the Company's motion for interim relief is granted, because OCC is not expected to challenge any of the Company's SSO auction proposals. AEP Ohio also represents that OCC does not oppose the motion for interim relief, provided that OCC maintains the right to contest the stipulation.

{¶ 13} Finally, pursuant to Ohio Adm.Code 4901-1-12(C), AEP Ohio requests an expedited ruling on its motion by no later than January 10, 2018, in order to facilitate the March 2018 SSO auction and comply with pre-auction notice requirements. AEP Ohio states that it contacted all of the parties on December 19, 2017, regarding the motion and request for an expedited ruling. AEP Ohio notes that no party indicated that it opposes the Company's request.

{¶ 14} No memoranda contra AEP Ohio's motion for interim relief were filed.

{¶ 15} Upon review, the Commission finds that AEP Ohio's motion for interim relief is reasonable under the circumstances and should be granted, in order to ensure that the Company has sufficient time to conduct multiple auctions to procure generation supply and meet its SSO obligation on and after June 1, 2018, as well as to maintain consistency in the Company's SSO auction schedule for the benefit of all potential auction participants. Accordingly, AEP Ohio is authorized to conduct an SSO auction in March 2018, as proposed in the Company's application and as modified by the stipulation. We note, however, that

our approval of AEP Ohio's request to conduct an SSO auction in March 2018 should not be construed as pre-approval of the Company's application or the stipulation filed by the signatory parties. Further, nothing in this Entry should be construed as limiting or restricting the right of any party to these proceedings to oppose the stipulation.

{¶ 16} As a final matter, the Commission notes that we reserve the right to review and modify any feature of the CBP process, as the Commission deems necessary based upon our continuing oversight of the process, including any reports on the auctions provided to the Commission by the independent auction manager, AEP Ohio, Staff, or any consultant retained by the Commission. Although AEP Ohio's application addresses specific situations in which the Commission may reject the results of an auction, we note that this provision of the CBP proposal does not circumscribe the Commission's authority to oversee the CBP process.

III. ORDER

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That AEP Ohio's motion for interim relief be granted, consistent with this Entry. It is, further,

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{¶ 19} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

AZH
Asim Z. Haque, Chairman

M. Beth Trombold
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Entered in the Journal

JAN 10 2018

Barcy F. McNeal

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Secretary