

Date: Thursday, November 10 2016 01:07 PM
Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables
From: Rita R. Beale

To: [Redacted] <[Redacted]@api.org>; Erica Bowman <[Redacted]@api.org>; [Redacted] <[Redacted]@api.org>; Amy Farrell <[Redacted]@api.org>;
[Redacted] <[Redacted]@api.org>;
CC: Marty Durbin <[Redacted]@api.org>; [Redacted] <[Redacted]@api.org>;
Attachments: Ohio_esp_ppa_filing_F0C7E91BD636545463_2016nov3.pdf

Redacted

From: [Redacted]
Sent: Thursday, November 10, 2016 12:56 PM
To: Rita R. Beale; [Redacted] Amy Farrell; Erica Bowman; [Redacted]
Cc: Marty Durbin; [Redacted]
Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

All:

Redacted

[Redacted]

From: Rita R. Beale
Sent: Wednesday, November 09, 2016 9:17 AM
To: [Redacted]; [Redacted] Amy Farrell; Erica Bowman; [Redacted]; [Redacted]

Cc: Marty Durbin; [REDACTED]

Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Good morning --

Redacted

Thank you, Rita

From: [REDACTED]

Sent: Friday, November 04, 2016 1:20 PM

To: Rita R. Beale; [REDACTED] Amy Farrell; Erica Bowman; [REDACTED]

Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

Have a weekend as well and welcome to API!

Christina Polesovsky
API Ohio

From: Rita R. Beale

Sent: Friday, November 04, 2016 1:18 PM

To: [REDACTED]; [REDACTED] Amy Farrell; Erica Bowman; [REDACTED]

Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

Have a good weekend. Rita

From: Christina Polesovsky

Sent: Friday, November 04, 2016 1:16 PM

To: Rita R. Beale; [REDACTED] Amy Farrell; Erica Bowman; [REDACTED]

Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Rita:

Redacted

Redacted

Christina Polesovsky
API Ohio

From: Rita R. Beale
Sent: Friday, November 04, 2016 1:02 PM
To: [REDACTED]; [Redacted] Amy Farrell; Erica Bowman; [REDACTED]
Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

Thanks, Rita

From: [REDACTED]
Sent: Friday, November 04, 2016 12:29 PM
To: Rita R. Beale; [Redacted] Amy Farrell; Erica Bowman; [REDACTED]
Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

Thanks all.

[REDACTED]

From: Rita R. Beale

Sent: Friday, November 04, 2016 11:30 AM

To: Redacted Amy Farrell; Erica Bowman; [REDACTED]

Subject: RE: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

Thanks,
Rita

From: Redacted

Sent: Friday, November 04, 2016 10:39 AM

To: Amy Farrell; Rita R. Beale; Erica Bowman; [REDACTED]

Subject: AEP granted cost recovery for 400 MW of coal and 450 MW of renewables

Redacted

See article below.

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<http://www.dispatch.com/content/stories/business/2016/11/03/aep-profit-guarantee.html>

AEP wins profit guarantee sought in coal-fired power case

American Electric Power's bid for profit guarantees for coal-fired power-plants has been approved by state utility regulators, although in a slimmed-down fashion.

But the decision in that case, issued Thursday, more significantly gives AEP the right to own up to half of 900 megawatts of potentially-lucrative, new renewable-energy projects.

The ownership by the utility is a departure from state policy, and means AEP consumers would bear the risks associated with the projects as opposed to private investors.

This renewable-energy element has long been part of a multifaceted plan that has been debated for the better part of three years.

"This case has been pending for almost the entirety of my time on the commission," said Asim Haque, the Public Utilities Commission of Ohio chairman, in a statement. "It's time to move forward."

The profit-guarantee portion of the decision by the PUCO Thursday applies to AEP's share of Ohio Valley Electric Corp., which has two coal-fired power plants.

The company is still reviewing the decisions and wasn't able to immediately estimate of the effect on consumer bills, AEP spokeswoman Terri Flora said.

AEP sought the profit guarantee for its share of the two plants as a fallback option after federal regulators rejected a version of the profit plan that covered four additional coal-fired plants in Ohio. The federal action took place in April, soon after the PUCO had approved the larger version of the proposal.

For Columbus-based AEP, this is a conclusion of sorts for a case that was submitted in 2013. It has been revised several times and faced strong opposition from consumer advocates and some environmental groups.

AEP said it needed the profit plan to help maintain power plants that otherwise may need to close. The company said the plants are important sources of jobs and reliable electricity.

During the long debate over the proposal, AEP reached a settlement with some of its opponents, which included concessions to the Sierra Club, an environmental group.

This is when the 900 megawatts of renewable energy became part of the plan, including up to 500 megawatts of wind energy and up to 400 megawatts of solar energy. A megawatt can provide for the electricity needs of about 1,000 houses, although sources such as wind and solar are often

operating at less than full capacity.

AEP would be able to own up to half of the wind and solar projects, with the costs passed on to the utility's customers in the state. This is different from recent state policy that has said new electricity generation should be built by private investors in a competitive market.

Haque said he is well aware of this shift.

"I have asked myself many times, by allowing AEP cost recovery for utility-scale renewable development, (will we) actually hinder overall development as this is not a fully market-based solution," he said in his statement. "Eventually, would the large-scale projects being contemplated by AEP be constructed through purely competitive forces? Perhaps."

At the same time, he said the renewable energy projects would be closely monitored by the commission. Any specific wind farms or solar arrays would be subject to PUCO approval, which would include scrutiny of whether the plans are a good investment for consumers.

Consumer advocates, such as the Office of the Ohio Consumers' Counsel, fought the renewable energy proposal, describing it in filings as a deal that favors AEP at the expense of customers.

For some perspective, 900 megawatts would be a huge increase from the wind and solar power that now exists in Ohio. The state has 444 megawatts of wind farms and 119 megawatts of solar arrays, according to trade organizations for each power source.

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