

## BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the Application :  
of Columbus Southern Power :  
Company and Ohio Power Company : Case Nos.  
for Approval of an Additional : 07-1132-EL-UNC  
Generation Service Rate Increase : 07-1191-EL-UNC  
Pursuant to Their Post-Market : 07-1278-EL-UNC  
Development Period Rate :  
Stabilization Plans :

In the Matter of the Application :  
of Columbus Southern Power : Case No.  
Company and Ohio Power Company : 07-1156-EL-UNC  
to Update Each Company's :  
Transmission Cost Recovery Rider :

- - -

## PROCEEDINGS

Before Greta M. See, Esq., Hearing Examiner, at the  
Public Utilities Commission of Ohio, 180 East Broad  
Street, Room 11-C, Columbus, Ohio, called at 4:10 p.m.  
on Thursday, January 17, 2008.

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**ORIGINAL**

1 APPEARANCES:

2 Marc Dann, Ohio Attorney General  
3 By Thomas W. McNamee, Esq.  
4 Assistant Attorney General  
5 180 East Broad Street, 9th Floor  
6 Columbus, Ohio 43215

7 On behalf of the Public Utilities  
8 Commission of Ohio.

9 American Electric Power  
10 By Marvin I. Resnik, Esq.  
11 1 Riverside Plaza  
12 Columbus, Ohio 43215-2373

13 On behalf of Columbus Southern Power Co.,  
14 Ohio Power Co.

15 McNees, Wallace & Nurick, LLC  
16 By Lisa McAlister, Esq.  
17 21 East State Street, 17th Floor  
18 Columbus, Ohio 43215-4288

19 On behalf of Industrial Energy Users Ohio.

20 Ohio Hospital Association  
21 By Richard L. Sites, Esq.  
22 155 East Broad Street, 15th Floor  
23 Columbus, Ohio 43215-3620

24 On behalf of the Ohio Hospital Association.

Ohio Consumers' Counsel  
By Ann M. Hotz, Esq.  
10 West Broad Street, Suite 1800  
Columbus, Ohio 43215

On behalf of the Ohio Consumers' Counsel.

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1 Thursday Afternoon Session,  
2 January 17, 2008.

3 - - -

4 THE EXAMINER: Scheduled for hearing today  
5 on Case No. 07-1132, 07-1191, and 07-1278 in the Matter  
6 of the Applications of Columbus Southern Power Company  
7 and Ohio Power Company for Approval of an Additional  
8 Generation Service Rate Increase Pursuant to Their  
9 Post-Market Development Period Rate Stabilization  
10 Plans. My name is Greta See. I am one of the Attorney  
11 Examiners assigned by the Commission to hear this  
12 case. I'd like to take appearances of the parties. On  
13 behalf the companies.

14 MR. RESNIK: Thank you, Your Honor.  
15 Appearing on behalf of Columbus Southern Power Company  
16 and Ohio Power Company, my name is Marvin I. Resnik,  
17 with the American Electric --

18 THE EXAMINER: I'm sorry, Mr. Resnik,  
19 there is a case I forgot, Case No. 07-1156-EL-UNC, in  
20 the Matter of the Application of Columbus Southern  
21 Power Company and Ohio Power Company to Update Each  
22 Company's Transmission Cost Recovery Rider.

23 Now (indicating) --

24 MR. RESNIK: Thank you. I'm the same

1 person, American Electric Service Corporation, One  
2 Riverside Plaza, Columbus, Ohio 43215.

3 THE EXAMINER: On behalf of the Ohio  
4 Hospital Association.

5 MR. SITES: Richard or Rick Sites on  
6 behalf of the Ohio Hospital Association. We're here to  
7 support the Stipulation.

8 THE EXAMINER: On behalf of the Industrial  
9 Energy Users.

10 MS. McALISTER: Thank you, Your Honor. On  
11 behalf of the Industrial Energy Users Ohio, McNees,  
12 Wallace & Nurick, I'm Lisa McAlister, 21 East State  
13 Street, Columbus, Ohio 43215.

14 THE EXAMINER: On behalf of Ohio  
15 Consumers' Counsel.

16 MS. HOTZ: On behalf of the residential  
17 customers of the American Electric Power Company, the  
18 Ohio Consumers' Counsel, Janine Migden-Ostrander, 10  
19 West Broad Street, Columbus, Ohio, by Ann M. Hotz.  
20 Thank you.

21 THE EXAMINER: And on behalf of the  
22 Commission Staff.

23 MR. McNAMEE: On behalf of the Staff of  
24 the Public Utilities Commission of Ohio, Marc Dann,

1 Attorney General of the State of Ohio, I am Thomas W.  
2 McNamee, Assistant Attorney General. The address is  
3 180 East Broad Street, Columbus, Ohio.

4 THE EXAMINER: Thank you.

5 Mr. Resnik.

6 MR. RESNIK: Thank you, Your Honor. If I  
7 could have marked as Joint Exhibit 1 the document which  
8 is a Stipulation and Recommendation with the four  
9 docket numbers that you identified.

10 THE EXAMINER: The document should be so  
11 marked.

12 (EXHIBIT HEREBY MARKED FOR IDENTIFICATION  
13 PURPOSES.)

14 MR. RESNIK: Just a couple of things I  
15 would like to indicate concerning -- well, first, I'll  
16 identify what Joint Exhibit 1 is. It's a Stipulation  
17 and Recommendation in those four dockets and has been  
18 signed by or on behalf of all the parties that are  
19 Intervenorors in those various cases. You will note that  
20 attached to the settlement are a set of tariffs that  
21 would be the result of this settlement, assuming it is  
22 fully adopted by the Commission. One set assuming that  
23 the order would be issued in time to implement the  
24 agreed upon rates at the beginning of our February

1 billing cycle and the other assuming that the rates  
2 would become effective in time for our March billing  
3 cycle; so we have them both in there, but I think that  
4 it is the preference of the parties to have as much  
5 possibility as there is to get an order in time for the  
6 February billing cycle, recognizing that there isn't a  
7 lot of time. So I'm reluctant to say that, but I did  
8 want to convey those wishes.

9 THE EXAMINER: Okay.

10 MR. RESNIK: We also have -- anyone else,  
11 the parties here, want to say anything concerning the  
12 settlement documents, Joint Exhibit 1?

13 We have prefiled testimony in dockets  
14 07-1132, 07-1191, and 07-1278, and what I -- well, the  
15 witnesses are the same four witnesses in each of those  
16 three cases; so pretty much your preference, I could  
17 mark these as -- have them marked as Exhibits 1 through  
18 4 in each of the three dockets or we can do them 1  
19 through 12. Do you have any particular preference?

20 THE EXAMINER: One through four on each  
21 docket.

22 MR. RESNIK: Okay. And I have provided a  
23 set of these to the court reporter. Do you need  
24 another set of the exhibits?

1 THE EXAMINER: Yes. Let me have one set.

2 MR. RESNIK: I didn't mark the exhibit  
3 number on them.

4 THE EXAMINER: No problem. That's fine.

5 MR. RESNIK: And I would move for the  
6 admission of Joint Exhibit 1 and Exhibits 1 through 4  
7 in each of the dockets 07-1132, 07-1191, and 07-1278.

8 THE EXAMINER: Is there any rhyme or  
9 reason as to who is going to be Exhibit 1, Mr. Resnik?

10 MR. RESNIK: Well, in the order -- Exhibit  
11 1 should be Mr. Dias. Exhibit 2 should be Mr.  
12 McManus. Exhibit 3 would be Mr. Nelson, and Exhibit 4  
13 Mr. Roush in each of these three cases. And that's  
14 more rhyme than reason.

15 THE EXAMINER: Okay. Are there any  
16 objections to the admission of Joint Exhibit 1 --

17 MR. SITES: No objection.

18 THE EXAMINER: -- the Stipulation and  
19 Recommendation? I'd appreciate it if each of you would  
20 say whether or not there was or not for the record.

21 Mr. Sites.

22 MR. SITES: I'm sorry?

23 THE EXAMINER: Are there any objections to  
24 the admission of the exhibits?



1 MR. SITES: No, I have no objection.

2 THE EXAMINER: Miss McAlister.

3 MS. McALISTER: I have no objection.

4 THE EXAMINER: Ms. Hotz.

5 MS. HOTZ: No objection.

6 THE EXAMINER: Mr. McNamee.

7 MR. McNAMEE: No objection at all.

8 MR. RESNIK: And I would note that those  
9 parties who aren't here, that I signed on their  
10 behalf. It's with their authorization and they agree  
11 with the Stipulation.

12 THE EXAMINER: Thank you. Overall, are  
13 there any objections to the admission of Exhibits 1  
14 through 4 in Case No. 07-1132, 07-1191, and 1278 by any  
15 party?

16 MS. HOTZ: No.

17 MR. McNAMEE: No.

18 MS. McALISTER: No, Your Honor.

19 THE EXAMINER: Hearing no objection, the  
20 12 exhibits and the Stipulation and Recommendation  
21 shall be admitted into the record.

22 (EXHIBITS ADMITTED INTO EVIDENCE.)

23 MR. RESNIK: The only other thing I would  
24 like to indicate on the record is to thank the parties

1 for their cooperation, including those who aren't here,  
2 and the Bench for their indulgence as we worked our way  
3 through this.

4 THE EXAMINER: Is there anything further?

5 MS. McALISTER: I'd like to thank everyone  
6 for being flexible enough to change the time.

7 MR. RESNIK: Sure thing.

8 THE EXAMINER: If there's nothing further,  
9 this hearing is adjourned.

10 (EXHIBITS HEREBY MARKED FOR IDENTIFICATION  
11 PURPOSES.)

12 (Thereupon, the hearing was concluded at  
13 4:15 p.m.)

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CERTIFICATE

I do hereby certify that the foregoing is  
a true and correct transcript of the proceedings taken  
by me in this matter on Thursday, January 17, 2008, and  
carefully compared with my original stenographic notes.

Valerie J. Sloas (Kst)

Valerie J. Sloas, Registered  
Professional Reporter and Notary  
Public in and for the State of  
Ohio.

My commission expires June 8, 2011.

(VJS-360)

<p><b>A</b></p> <p>Additional 1:4 4:7 address 6:2 adjourned 10:9 admission 8:6,16 8:24 9:13 admitted 9:21,22 adopted 6:22 Afternoon 4:1 agree 9:10 agreed 6:24 American 2:6 4:17 5:1,17 Ann 2:18 5:19 another 7:24 anyone 7:10 anything 7:11 10:4 appearances 2:1 4:12 Appearing 4:15 Application 1:3 1:8 4:20 Applications 4:6 appreciate 8:19 Approval 1:4 4:7 ARMSTRONG 1:21 assigned 4:11 Assistant 2:3 6:2 Association 2:14 2:16 5:4,6 assuming 6:21,22 7:1 attached 6:20 Attorney 2:2,3 4:10 6:1,2 authorization 9:10</p>	<p>called 1:15 carefully 11:5 case 1:4,8 4:5 4:12,19,19 9:14 cases 6:19 7:16 8:13 CERTIFICATE 11:1 certify 11:2 change 10:6 Co 2:9,9 Columbus 1:3,8 1:15,22 2:4,8 2:9,12,15,19 4:6,15,20 5:2 5:13,19 6:3 commission 1:1 1:14 2:5 4:11 5:22,24 6:22 11:11 companies 4:13 Company 1:4,4,9 1:9 3:5 4:6,7 4:15,16,21,21 5:17 Company's 1:9 4:22 compared 11:5 concerning 6:15 7:11 concluded 10:12 Consumers 2:17 2:20 5:15,18 convey 7:8 cooperation 10:1 Corporation 5:1 correct 11:3 Cost 1:10 4:22 Counsel 2:17,20 5:15,18 couple 6:14 court 7:23 customers 5:17 cycle 7:1,3,6</p>	<p>each 1:9 4:21 7:15,18,20 8:7 8:13,19 East 1:14 2:3,11 2:15 5:12 6:3 effective 7:2 Electric 2:6 4:17 5:1,17 Energy 2:13 5:9 5:11 enough 10:6 Esq 1:13 2:2,7 2:11,14,18 everyone 10:5 EVIDENCE 9:22 Examiner 1:13 4:4,18 5:3,8 5:14,21 6:4,10 7:9,20 8:1,4,8 8:15,18,23 9:2 9:4,6,12,19 10:4,8 Examiners 4:11 exhibit 6:7,12 6:16 7:12 8:2 8:6,9,10,11,12 8:12,16 exhibits 3:3,5 7:17,24 8:6,24 9:13,20,22 10:10 expires 11:11</p>	<p>hearing 1:13 4:4 9:19 10:9,12 Honor 4:14 5:10 6:6 9:18 Hospital 2:14,16 5:4,6 Hotz 2:18 5:16 5:19 9:4,5,16</p>	<p>5:10,12 9:2,3 9:18 10:5 McManus 3:7 8:12 McNamee 2:2 5:23 6:2 9:6,7,17 McNees 2:10 5:11 Migden-Ostrander 5:18 Miss 9:2 more 8:14 move 8:5 much 7:4,16</p>
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EXHIBIT

Case Number 07-1132-EL-UNC, 07-1191-EL-UNC,  
07-1278-EL-UNC

The following exhibit(s) were prefiled and can be located with the pleadings:

COMPANY EXHIBITS

Date Filed

1 - Direct Testimony, Mr. Dias,  
07-1132, 07-1191, 07-1278

10/24/07

2 - Direct Testimony, Mr. McManus,  
07-1132, 07-1191, 07-1278

10/24/07

3 - Direct Testimony, Mr. Nelson,  
07-1132, 07-1191, 07-1278

10/24/07

4 - Direct Testimony, Mr. Roush,  
07-1132, 07-1191, 07-1278

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11/16/07

3 - Direct Testimony, Mr. Nelson,  
07-1132, 07-1191, 07-1278

11/16/07

4 - Direct Testimony, Mr. Roush,  
07-1132, 07-1191, 07-1278

11/16/07

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12/19/07

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07-1132, 07-1191, 07-1278

12/19/07

3 - Direct Testimony, Mr. Nelson,  
07-1132, 07-1191, 07-1278

12/19/07

4 - Direct Testimony, Mr. Roush,  
07-1132, 07-1191, 07-1278

12/19/07

*Joint Ex. 1*

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of )  
Columbus Southern Power Company and )  
Ohio Power Company for Approval of an )  
Additional Generation Service Rate Increase )  
Pursuant to Their Post-Market Development )  
Period Rate Stabilization Plans )

Case No. 07-1132-EL-UNC

In the Matter of the Application of )  
Columbus Southern Power Company and )  
Ohio Power Company for Approval of an )  
Additional Generation Service Rate Increase )  
Pursuant to Their Post-Market Development )  
Period Rate Stabilization Plans )

Case No. 07-1191-EL-UNC

In the Matter of the Application of )  
Columbus Southern Power Company and )  
Ohio Power Company for Approval of an )  
Additional Generation Service Rate Increase )  
Pursuant to Their Post-Market Development )  
Period Rate Stabilization Plans )

Case No. 07-1278-EL-UNC

In the Matter of the Application of )  
Columbus Southern Power Company and )  
Ohio Power Company to Update Each )  
Company's Transmission Cost )  
Recovery Rider )

Case No. 07-1156-EL-UNC

**STIPULATION AND RECOMMENDATION**

Pursuant to Ohio Administrative Code Rule 4901-1-30, Ohio Power Company (OP) and Columbus Southern Power Company (CSP) (collectively the Companies), the Staff of the Public Utilities Commission of Ohio (Staff),<sup>1</sup> Office of the Ohio Consumers' Counsel, Ohio Energy Group, Industrial Energy Users-Ohio, Ohio Partners for Affordable Energy, Ohio Hospital Association and Appalachian Peoples Action Coalition (collectively the Signatory Parties), do hereby stipulate and agree to resolve all issues in the instant proceedings.

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<sup>1</sup> Staff is considered a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(c).



While the Signatory Parties hereto recognize that this Stipulation and Recommendation (Stipulation) is not binding upon the Commission, it is the position of the Signatory Parties hereto that the Stipulation is an agreement among them; that the Stipulation is supported by adequate data and information; that it represents a just and reasonable resolution of all issues in these proceedings; that it violates no regulatory principle or precedent; and that, accordingly, the Stipulation is entitled to careful consideration and should be adopted in its entirety by the Commission. This Stipulation shall not be cited as precedent for or against any Signatory Party, or the Commission itself, if it approves the Stipulation, in any future proceeding. This Stipulation is a compromise involving a balancing of competing positions. It does not necessarily reflect the position which any of the Signatory Parties might have taken if these issues had been fully litigated.

The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests. Should the Commission reject this Stipulation or impose conditions or requirements which modify all or any part of this Stipulation, the Signatory Parties agree to convene immediately to work in good faith to attempt to formulate an alternative proposal that satisfies the intent of the Stipulation, or represents a reasonable equivalent thereto, to be submitted to the Commission. If the Signatory Parties do not reach unanimous agreement with respect to such an alternative proposal, no alternative proposal shall be submitted. Any Signatory Parties shall have the right, within thirty (30) days of the issuance of the Commission's order, to file an application for rehearing. Signatory Parties agree they will not oppose or argue against any other Signatory Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without modification, any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of

the Commission's entry on rehearing. Upon notice of termination or withdrawal by any Signatory Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Signatory Parties will be afforded the full opportunity to present evidence through witnesses, to cross examine all witnesses, to present rebuttal testimony, and to brief all issues which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

Subject to the terms and conditions set forth in this Stipulation, the Signatory Parties hereto agree, stipulate and recommend that the Commission find as follows:

WHEREAS, in Case No. 04-169-EL-UNC the Commission approved, with certain modifications, the Rate Stabilization Plans (RSP) proposed by the Companies in that proceeding. (Opinion and Order, January 26, 2005). Section 3 of the RSP permitted the Companies to increase their generation service rates in an amount additional to the 3 percent (for CSP) and 7 percent (for OP) annual increases in 2006, 2007 and 2008 that Section 2 of the RSP allows. The permitted additional increase has been determined by the Commission to be an average 4 percent in each of those years, resulting in an average increase each year for CSP of 7 percent and for OP of 11 percent. The additional adjustment to the generation rates may be based on:

increased expenditures (whether capitalized or expensed) incurred either directly, or indirectly through an affiliated pooling arrangement, for complying with changes in laws, rules or regulations, related to environmental requirements, security, taxes and any new generation-related regulatory requirement imposed by statute, rule, regulation or administrative or court order.

WHEREAS, in Case No. 07-63-EL-UNC, the Commission's October 3, 2007 Opinion and Order authorized CSP and OP to implement a Generation Cost Recovery Rider (GCRR) pursuant to Section 3 of the Companies' RSP. The approved GCRR was set to recover about \$32.8 million (for CSP) and \$6.0 million (for OP) for the period May 2007 through December

2008. In Case No. 07-63-EL-UNC the Commission authorized the recovery of carrying costs on a portion of the Companies' capitalized investment in environmental facilities which the Commission judged to be reasonable for the Companies to comply with the Clean Air Interstate Rule and Clean Air Mercury Rule (the CAIR and CAMR rules). In particular the allowed carrying costs were based on May 2007 through December 2008 carrying costs associated with a portion of their CAIR and CAMR related capital investments as of the end of February 2007. Further, the Companies' weighted average cost of capital used in the carrying cost calculation was adjusted by the Commission to reflect its ruling concerning the relationship between §199 of the Internal Revenue Code and the Companies' weighted average cost of capital, i.e., the "§199 issue."

WHEREAS, on October 24, 2007 the Companies filed an application, docketed in Case No. 07-1132-EL-UNC, seeking approval of additional generation service rate increases pursuant to Section 3 of their RSP. In their application the Companies, in an effort to minimize controversy, reflected the Commission's treatment of the "§199 issue," while noting their disagreement with the Commission's prior treatment of the "§199 issue."

Further, the Companies sought the recovery of certain additional CAIR and CAMR related carrying costs. In addition, OP sought approval of recovery of carrying costs associated with capital to be invested in the Mitchell Plant to comply with a new wastewater "end-of-pipe" discharge limit of mercury under the National Pollution Discharge Elimination System (NPDES).

An additional category of cost recovery relates to the net cost of marginal losses resulting from a change, effective June 1, 2007, in the manner PJM Interconnection L.L.C. (PJM) administers transmission line losses. The Companies proposed recovering these costs through the end of September 2007. The Companies noted, however, that

should the Commission view these costs as more appropriately included in the Companies' TCRR [Transmission Cost Recovery Rider], the Companies request that upon such a determination, the Companies would be permitted to adjust the actual over/under recovery under the TCRR to recognize the costs resulting from FERC's Order since June 1, 2007 and to immediately file to adjust the going-forward TCRR rates.

Finally, in order to obviate the Companies' need to file new applications each month as the additional carrying costs and net cost of marginal losses is determined for the just-ended month, the Companies proposed a monthly adjustment mechanism to reflect the additional costs for each month after September 2007.

WHEREAS, on November 16, 2007 and December 19, 2007 the Companies filed applications docketed as Case Nos. 07-1191-EL-UNC and 07-1278-EL-UNC, respectively, requesting recovery of carrying costs and the net cost of marginal losses for October and November 2007, respectively.

WHEREAS, on October 31, 2007 the Companies filed an application, docketed as Case No. 07-1156-EL-UNC seeking authority to adjust their Transmission Cost Recovery Rider (TCRR) for 2008. By Finding and Order dated December 19, 2007 the Commission approved the Companies' proposed TCRR rates. Those new rates became effective with the start of the January 2008 billing cycle. The Commission's Finding and Order reserved consideration of whether the net cost of marginal losses should be included in the TCRR, and if they should, whether the TCRR rates it was approving should be revised to reflect these increased costs.

THEREFORE, it is agreed, stipulated and recommended that:

1. The net cost of marginal losses, as defined in the Companies' October 24, 2007 filing<sup>2</sup> in Case No. 07-1132-EL-UNC should be recovered through the TCRR, rather than through the GCRR. Therefore, the proposed GCRR will be adjusted to reflect the removal of those net costs. Further, the TCRR approved by the Commission in Case No. 07-1156-EL-UNC will be adjusted to reflect the inclusion of \$78 million of estimated net costs of marginal losses (\$38,873,715 for CSP and \$39,126,285 for OP). The \$78 million will be allocated among customer classes on a percentage of base generation revenue basis consistent with the Companies' application in Case No. 07-1132-EL-UNC. The estimated net marginal loss cost of \$78 million is less than the sum of the net costs of marginal losses that actually have been incurred and those projected by the Companies to be incurred through the end of 2008. Any over/under recovery of the actually incurred costs from June 2007 through December 2008 will be reflected in the 2009 TCRR through the over/under recovery mechanism of the TCRR and will reflect carrying charges on any such over/under recovery.
2. The TCRR approved by the Commission in Case No. 07-1156-EL-UNC will be adjusted to include an \$18 million credit associated with net congestion costs (\$8,427,549 for CSP and \$9,572,451 for OP). The net congestion cost credit is greater than the credit projected by the Companies to be received in 2008. Any over/under recovery of TCRR revenue resulting from this imputed credit will be reflected in the 2009 TCRR through the over/under recovery mechanism of the TCRR and will reflect carrying charges on such over/under recovery.

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<sup>2</sup> More specifically, the marginal line loss cost shall include the credits for overcollection and the embedded fuel cost for the amount of energy that would have continued to be required under the Average Loss methodology as discussed in the Direct Testimony of David M. Roush.

3. The net cost of marginal losses included in the 2008 TCRR, will be included in the determination of whether either CSP or OP exceed the amount of generation rate increases permitted under Section 3 of the RSP. The amount of the generation rate increases that will be permissible in 2008 under Section 3 of the RSP for CSP and OP, are \$89,393,208 and \$209,095,566, respectively. The Companies will submit to the Signatory Parties a monthly calculation of net cost of marginal losses, with credits separately identified, and the remaining amount of permissible generation rate increase recoveries. These calculations will be provided within a reasonable time after the data needed for the calculations becomes available.
4. The remaining portion of the proposed increase to the GCRR (i.e., the carrying costs associated with CAIR, CAMR and NPDES requirements) will be \$28,519,993 (for CSP) and \$4,900,481 (for OP), which reflects a \$10 million reduction in the Companies' total request for such costs.
5. For CSP, the GCRR and TCRR riders approved under this Stipulation (as referenced in Paragraph 8, below) result in a remaining \$21,999,500 of permissible generation rate increases in 2008 under Section 3 of the RSP.
6. For OP, the GCRR and TCRR riders approved under this Stipulation (as referenced in Paragraph 8, below) result in a remaining \$165,068,800 of permissible generation rate increases in 2008 under Section 3 of the RSP.
7. Once the Stipulation is approved by the Commission, the Companies will not make any other filings or collect additional revenues under Section 3 of the RSP related to compliance with CAIR, CAMR or the NPDES discharge limit at the Mitchell Plant. If, while this Stipulation is being considered by the Commission, the Companies make additional monthly filings related to these environmental requirements (such as those

filed in Case Nos. 07-1191-EL-UNC and 07-1278-EL-UNC), approval of the Stipulation will be deemed to resolve any such additional monthly filings.

8. Attached to this Stipulation for each CSP and OP are two sets of TCRR and GCRR rates for all customer classes. These rates reflect the provisions of this Stipulation, assuming Commission approval in time for these rates to become effective with the beginning of the February 2008 billing cycle (January 30, 2008) or alternatively, the beginning of the March 2008 billing cycle (February 28, 2008).

The undersigned hereby stipulate and agree and each represents that they are authorized to enter into this Stipulation and Recommendation this 17<sup>th</sup> day of January, 2008.

Columbus Southern Power Company  
Ohio Power Company

By: Marvin I. Resnik  
Marvin I. Resnik  
Counsel for the Companies

Ohio Energy Group

By: Kurt Becker JMR  
Counsel for Ohio Energy Group

Staff of the Public Utilities  
Commission of Ohio

By: Thomas W. McNamee  
Thomas W. McNamee  
Assistant Attorney General, its Attorney

Ohio Hospital Association

By: [Signature]  
Counsel for Ohio Hospital Association

Industrial Energy Users-Ohio

By: [Signature]  
Counsel for Industrial Energy Users-Ohio

Ohio Consumers' Counsel

By: [Signature]  
Counsel for Ohio Consumers' Counsel

Ohio Partners for Affordable Energy

By: David Peraboli JMR  
Counsel for Ohio Partners for  
Affordable Energy

Appalachian Peoples Action Coalition

By: Michael Smalcz JMR  
Counsel for Appalachian Peoples  
Action Coalition

**Tariffs Assuming a  
February 2008 Billing Month  
Effective Date**



P.U.C.O. NO. 6

## TRANSMISSION COST RECOVERY RIDER

Effective Cycle 1 February 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Transmission Cost Recovery Rider per KW, KVA and/or KWH as follows:

Schedule	¢/KWH	\$/KW or \$/KVA
R-R, R-R-1, RLM, RS-ES, RS-TOD	0.97434	
GS-1	1.02496	
GS-2 Secondary	0.46694	1.416
GS-2-TOD and GS-2-LMTOD	1.00497	
GS-2 Primary	0.45173	1.370
GS-3 Secondary	0.37611	1.756
GS-3-LMTOD	0.77296	
GS-3 Primary	0.36386	1.699
GS-4, IRP-D Subtransmission and Transmission	0.24343	1.443
IRP-D Secondary	0.25652	1.521
IRP-D Primary	0.24816	1.471
SL	0.36949	
AL	0.36949	

Schedule SBS	¢/KWH	\$/KW					
		5%	10%	15%	20%	25%	30%
Backup - Secondary	0.53286	0.098	0.197	0.295	0.394	0.492	0.591
- Primary	0.51550	0.095	0.190	0.286	0.381	0.476	0.571
- Subtrans/Trans	0.50567	0.093	0.187	0.280	0.374	0.467	0.560
Backup < 100 KW Secondary		0.295					
Maintenance - Secondary	0.34614						
- Primary	0.33486						
- Subtrans/Trans	0.32848						
GS-2 and GS-3 Breakdown Service		0.295					

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Effective: Cycle 1 February 2008

Issued by  
Joseph Hamrock, President  
AEP Ohio

COLUMBUS SOUTHERN POWER COMPANY

2<sup>nd</sup> Revised Sheet No. 78-1  
Cancels 1<sup>st</sup> Revised Sheet No. 78-1

P.U.C.O. NO. 6

GENERATION COST RECOVERY RIDER

Effective Cycle 1 February 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Generation Cost Recovery Rider of 4.41588% of the customer's generation charges under the Company's Schedules, excluding charges under any applicable Riders.

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 February 2008

P.U.C.O. NO. 18

## TRANSMISSION COST RECOVERY RIDER

Effective Cycle 1 February 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Transmission Cost Recovery Rider per KW and/or KWH as follows:

Schedule	¢/KWH	\$/KW
RS, RS-ES, RS-TOD and RDMS	0.81751	
GS-1	0.78761	
GS-2 Secondary	0.34179	1.53
GS-2 Recreational Lighting, GS-TOD and GS-2-ES	0.93269	
GS-2 Primary	0.32953	1.48
GS-2 Subtransmission and Transmission	0.32161	1.44
GS-3 Secondary	0.30455	1.98
GS-3-ES	0.71128	
GS-3 Primary	0.29363	1.91
GS-3 Subtransmission and Transmission	0.28657	1.86
IRP-D Secondary	0.25984	1.25
GS-4 Primary, IRP-D Primary	0.25052	1.21
GS-4 Subtransmission and Transmission, IRP-D Subtransmission and Transmission	0.24450	1.18
EHG	0.71009	
EHS	0.63134	
SS	0.63134	
OL	0.39298	
\$L	0.39298	

Schedule SBS	¢/KWH	\$/KW					
		5%	10%	15%	20%	25%	30%
Backup - Secondary	0.71062	0.10	0.20	0.30	0.40	0.50	0.60
- Primary	0.68514	0.10	0.19	0.29	0.39	0.48	0.58
-Subtrans/Trans	0.66866	0.09	0.19	0.28	0.38	0.47	0.57
Backup < 100 KW Secondary		0.30					
Maintenance - Secondary	0.29324						
- Primary	0.28273						
- Subtrans/Trans	0.27594						

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 February 2008

OHIO POWER COMPANY

2<sup>nd</sup> Revised Sheet No. 78-1  
Cancels 1<sup>st</sup> Revised Sheet No. 78-1

P.U.C.O. NO. 18

GENERATION COST RECOVERY RIDER

Effective Cycle 1 February 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Generation Cost Recovery Rider of 0.52105% of the customer's generation charges under the Company's Schedules, excluding charges under any applicable Riders.

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 February 2008

**Tariffs Assuming a  
March 2008 Billing Month  
Effective Date**

## P.U.C.O. NO. 6

## TRANSMISSION COST RECOVERY RIDER

Effective Cycle 1 March 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Transmission Cost Recovery Rider per KW, KVA and/or KWH as follows:

Schedule	¢/KWH	\$/KW or \$/KVA
R-R, R-R-1, RLM, RS-ES, RS-TOD	0.98477	
GS-1	1.05032	
GS-2 Secondary	0.49185	1.416
GS-2-TOD and GS-2-LMTOD	1.02988	
GS-2 Primary	0.47583	1.370
GS-3 Secondary	0.39242	1.756
GS-3-LMTOD	0.78927	
GS-3 Primary	0.37963	1.699
GS-4, IRP-D Subtransmission and Transmission	0.24801	1.443
IRP-D Secondary	0.26134	1.521
IRP-D Primary	0.25282	1.471
SL	0.38504	
AL	0.38504	

Schedule SBS	¢/KWH	\$/KW					
		5%	10%	15%	20%	25%	30%
Backup - Secondary	0.56499	0.098	0.197	0.295	0.394	0.492	0.591
- Primary	0.54658	0.095	0.190	0.286	0.381	0.476	0.571
-Subtrans/Trans	0.53616	0.093	0.187	0.280	0.374	0.467	0.560
Backup < 100 KW Secondary		0.295					
Maintenance - Secondary	0.35527						
- Primary	0.34369						
- Subtrans/Trans	0.33714						
GS-2 and GS-3 Breakdown Service		0.295					

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Effective: Cycle 1 March 2008

Issued by  
Joseph Hamrock, President  
AEP Ohio

COLUMBUS SOUTHERN POWER COMPANY

2<sup>nd</sup> Revised Sheet No. 78-1  
Cancels 1<sup>st</sup> Revised Sheet No. 78-1

P.U.C.O. NO. 6

GENERATION COST RECOVERY RIDER

Effective Cycle 1 March 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Generation Cost Recovery Rider of 4.73018% of the customer's generation charges under the Company's Schedules, excluding charges under any applicable Riders.

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 March 2008

P.U.C.O. NO. 18

## TRANSMISSION COST RECOVERY RIDER

Effective Cycle 1 March 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Transmission Cost Recovery Rider per KW and/or KWH as follows:

Schedule	¢/KWH	\$/KW
RS, RS-ES, RS-TOD and RDMS	0.83401	
GS-1	0.80453	
GS-2 Secondary	0.35753	1.53
GS-2 Recreational Lighting, GS-TOD and GS-2-ES	0.94843	
GS-2 Primary	0.34471	1.48
GS-2 Subtransmission and Transmission	0.33642	1.44
GS-3 Secondary	0.31668	1.98
GS-3-ES	0.72341	
GS-3 Primary	0.30532	1.91
GS-3 Subtransmission and Transmission	0.29798	1.86
IRP-D Secondary	0.26744	1.25
GS-4 Primary, IRP-D Primary	0.25785	1.21
GS-4 Subtransmission and Transmission, IRP-D Subtransmission and Transmission	0.25165	1.18
EHG	0.72020	
EHS	0.64502	
SS	0.64502	
OL	0.41555	
SL	0.41555	

Schedule SBS	¢/KWH	\$/KW					
		5%	10%	15%	20%	25%	30%
Backup - Secondary	0.76243	0.10	0.20	0.30	0.40	0.50	0.60
- Primary	0.73509	0.10	0.19	0.29	0.39	0.48	0.58
-Subtrans/Trans	0.71741	0.09	0.19	0.28	0.38	0.47	0.57
Backup < 100 KW Secondary		0.30					
Maintenance - Secondary	0.29947						
- Primary	0.28874						
- Subtrans/Trans	0.28180						

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 March 2008



OHIO POWER COMPANY

2<sup>nd</sup> Revised Sheet No. 78-1  
Cancels 1<sup>st</sup> Revised Sheet No. 78-1

P.U.C.O. NO. 18

GENERATION COST RECOVERY RIDER

Effective Cycle 1 March 2008, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Generation Cost Recovery Rider of 0.57632% of the customer's generation charges under the Company's Schedules, excluding charges under any applicable Riders.

Filed pursuant to Order dated \_\_\_\_\_ in Case No. \_\_\_\_\_

Issued: \_\_\_\_\_

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 March 2008