FILE

## PUCO EXHIBIT FILING

Date of Hearing: 11/24/08

Case No. 08-917-EL-SSO / 08-918-EL-SSO

PUCO Case Caption: In the Matter of
Columbus Southern Power Company
Ohio Power Company

List of exhibits being filed:
Volume II
OCC Ex. 10A

Reporter's Signature: Maria DiPaolo Jones
Date Submitted: 12/9/08

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

| | | |
|---|---|---|
| In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets. | : | Case No. 08-917-EL-SSO |
| In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan. | : | Case No. 08-918-EL-SSO |

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PROCEEDINGS

before Ms. Kimberly W. Bojko and Ms. Greta See, Hearing Examiners, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-C, Columbus, Ohio, called at 9:00 a.m. on Monday, November 24, 2008.

12/9/08 Transcript docketed electronically

VOLUME VI

- - -

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OCC Ex. 10A

ERRATA TO THE TESTIMONY OF LEE SMITH
ON BEHALF OF
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
PUCO CASE NO. 08-917-EL-SSO ET AL.

P. 15, Line 13

**Add new paragraph:**

"There also appears to have been a misallocation of capacity costs between classes, resulting in an overstatement of residential market prices and an understatement of industrial market prices in the tables on p. 13 in Mr. Baker's testimony. The cost of power acquired through a competitive solicitation will be allocated between rate classes, unless the Companies solicit power for separate rate classes. The Companies have not provided adequate information as to how such computations would be performed, but these computation scould have a significant impact on class costs."

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P. 23, Line 4

After "...if it hedges its obligations"

**Add:**

"A rough but conservative estimate of this risk would be less than $2/MWH. This estimate is based on a potential variation in actual bidder quantities of plus or minus 5% of the quantity bid, and a potential variability in market prices of 50 %. In other words, the bidder might have to pay 50% more than planned for 5% of the bid quantity. This would be a potential variation in total cost of 50% multiplied by 5%, or 2.5%. At an energy plus capacity market plus loss price of roughly $64, the commodity risk price would be $1.60/MWH."

P. 28, Line 22

"...the SSO correct"

**Corrected should read:**

"the SSO correctly

P.37, Line 1

The phrase "result in an approximate 2.94% distribution increase to CSP"

**Corrected should read:**

"according to the response to OCC-3-94, should result in an approximate 2.94% to CSP. However, the incremental cost for 2009 for the GridSMART less the incremental cost of the HAN program appears to be about 5% of current distribution rates."

P. 39, Line 9

"increase for CSPCO in 2009 will be 10.5%, 10.9% in 2010, and 11.1% in 2011."

**Corrected should read:**

"increase for CSPCO in 2009 will be 10.8%, 11.4% in 2010, and 11.5% in 2011."

P. 39, Lines 14-15

Delete "They could also be lower if the FAC costs for 2009 have been overstated."

P. 40, Line 5

After ..."cost of long-term debt"

**Add the phrase:**

"... and should specify how a single price resulting from a competitive solicitation would be reflected in the FAC paid by different rate classes."

**Corrected Exhibits LS-2 and LS-3 attached**

Errata workpaper

## CALCULATION OF OCC RECOMMENDED CSPCO DISTRIBUTION INCREASE

**Incremental revenue requirement from Roush**

| | 2009 | 2010 | 2011 | Total | |
|---|---|---|---|---|---|
| **GridSmart** | | | | | |
| O&M | $9,195,608 | -$3,146,108 | -$1,600,000 | $4,449,500 | 1 |
| Capital | $7,426,283 | $9,824,987 | $2,943,165 | $20,194,435 | 2 |
| Total | $16,621,891 | $6,678,879 | $1,343,165 | | |
| **Annual** | $16,621,891 | $23,300,770 | $24,643,935 | **$64,566,596** | |

**Incremental HAN costs calculated**

| | | | | |
|---|---|---|---|---|
| Capital | $77,988 | $467,930 | $779,884 | 3 |
| O&M | $162,000 | $0 | $0 | 4 |
| Incentives/Edu. | $808,000 | $907,000 | $0 | 5 |
| Total | $1,047,988 | $1,374,930 | $779,884 | |
| **Annual** | $1,047,988 | $2,422,918 | $3,202,802 | |

**Roush Incremental Total costs less HAN incremental costs equal GridSmart only**

| | | | | |
|---|---|---|---|---|
| **OCC allowed** | **$15,573,903** | **$20,877,852** | **$21,441,133** | **$57,892,888** |

Footnotes

1 DMR-4
2 DMR-4 incremental revenue requirement
3 DMR-4 Capital 15 yr life, incremental rev. req.
4 KLS-1 p.4 year to to year change
5 KLS-1 p.4 year to year change

REVISED LS Exhibit 2

COMPARISON OF REVISED MROS AND ESPS INCLUDING UPDATED FUEL PRICES

| | Columbus Southern Power Company | | | | Ohio Power Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | Total | 2009 | 2010 | 2011 | Total |
| **Estimated Cost of Market Rate Option** | | | | | | | | |
| MWH Load to be Purchased under 10%/20%/30% MRO | 2,271,512 | 4,543,023 | 6,814,535 | | 2,815,095 | 5,630,189 | 8,445,284 | |
| Estimated Market Price ($/MWH) | $73.94 | $73.94 | $73.94 | | $71.07 | $71.07 | $71.07 | |
| Estimated Purchase Cost of 10%/20%/30% | $168 | $336 | $504 | $1,008 | $200 | $400 | $600 | $1,200 |
| 2001 - 2008 Incremental Environmental (90%/80%/70%) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| POLR (90%/80%/70%) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Estimated Cost of 10%/20%/30% Market Rate Option** | **$168** | **$336** | **$504** | **$1,008** | **$200** | **$400** | **$600** | **$1,200** |
| **Estimated Other Costs for 90%, 80%,70% load** | | | | | | | | |
| Base Non-FAC Costs | $445 | $409 | $371 | $1,226 | $512 | $470 | $427 | $1,408 |
| Base FAC Costs | $477 | $516 | $461 | $1,454 | $380 | $491 | $494 | $1,365 |
| FAC Increase | $246 | $220 | $225 | $692 | $348 | $326 | $196 | $870 |
| **Estimated Total Cost of Companies's MRO** | $1,337 | $1,482 | $1,561 | $4,379 | $1,439 | $1,687 | $1,717 | $4,844 |
| **Estimated Cost of Companies' ESP** | | | | | | | | |
| Estimated Purchase Cost of 5%/10%/15% | $84 | $168 | $252 | $504 | $100 | $200 | $300 | $600 |
| 2001 - 2008 Incremental Environmental | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| POLR | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Annual non-FAC Increase | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Annual Distribution Increase | $16 | $21 | $21 | $58 | $0 | $0 | $0 | $0 |
| **Estimated Cost of Companies' ESP** | $100 | $189 | $273 | $562 | $100 | $200 | $300 | $600 |
| **Estimated Other Costs for 95%,90%, 85% load** | | | | | | | | |
| Base Non-FAC Costs | $470 | $460 | $451 | $1,381 | $540 | $529 | $518 | $1,587 |
| Base FAC Costs | $504 | $580 | $559 | $1,644 | $401 | $552 | $600 | $1,553 |
| FAC Increase | $260 | $248 | $273 | $781 | $367 | $367 | $238 | $972 |
| **Estimated Total Cost of Companies's ESP** | $1,334 | $1,478 | $1,556 | $4,368 | $1,408 | $1,648 | $1,656 | $4,712 |
| **Estimated Benefit of Companies' ESP** | **$3** | **$4** | **$5** | **$11** | **$31** | **$39** | **$61** | **$131** |
| Sales | 22,715,116,000 | | | | 28,150,945,000 | | | |

REVISED LS Exhibit 3

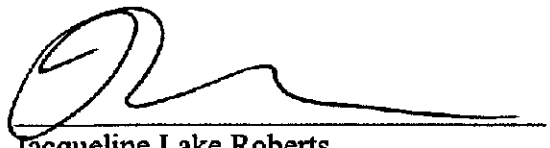
## Columbus Southern Power Company

Summary of Requested Rate Increase

| Description | Current Rates | 2009 Non-FAC Increase | 2009 FAC Increase | 2009 Total Increase | 2009 Total Bill % Increase | 2010 Non-FAC Increase | 2010 Maximum FAC Increase | 2010 Total Increase | 2010 Total Bill % Increase | 2011 Non-FAC Increase | 2011 Maximum FAC Increase | 2011 Total Increase | 2011 Total Bill % Increase |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FAC Components | $604,035,556 | | $147,939,677 | $147,939,677 | | | $247,612,870 | $247,612,870 | | | $273,242,516 | $273,242,516 | |
| Adjustment to FAC Base | | | | $0 | | | ($16,000,000) | ($16,000,000) | | | ($17,000,000) | ($17,000,000) | |
| Deferred FAC | | | $111,709,281 | $111,709,281 | | | $0 | $0 | | | $0 | $0 | |
| Reduced Market Cost Est. | | | ($16,000,000) | ($16,000,000) | | | ($32,000,000) | ($32,000,000) | | | ($48,000,000) | ($48,000,000) | |
| Total FAC Components | $604,035,556 | $0 | $243,648,958 | $243,648,958 | 13.70% | $0 | $199,612,870 | $199,612,870 | 12.56% | $0 | $208,242,516 | $208,242,516 | 9.48% |
| Non-FAC Components | | | | | | | | | | | | | |
| Adjustment to Non-FAC Base | | | | $0 | 0.00% | ($10,000,000) | | ($10,000,000) | -0.51% | ($9,000,000) | | ($9,000,000) | -0.41% |
| 2001 - 2006 Incremental Environmental Capital Investment | | $0 | | $0 | 0.00% | $0 | | $0 | 0.00% | $0 | | $0 | 0.00% |
| Annual 3% Non-FAC Generation Increase | | $0 | | $0 | 0.00% | $0 | | $0 | 0.00% | $0 | $0 | $0 | 0.00% |
| Subtotal Non-FAC | $447,847,871 | $0 | $0 | $0 | 0.00% | ($10,000,000) | $0 | ($10,000,000) | -0.51% | ($9,000,000) | $0 | ($9,000,000) | -0.41% |
| POLR | $14,580,921 | $0 | | $0 | 0.00% | $0 | | $0 | 0.00% | $0 | | $0 | 0.00% |
| Distribution | $340,137,828 | $15,573,903 | $0 | $15,573,903 | 0.88% | $20,877,852 | | $20,877,852 | 1.08% | $21,441,133 | | $21,441,133 | 0.98% |
| Energy Efficiency and Peak Demand Reduction | | $13,554,675 | | $13,554,675 | 0.76% | $14,843,325 | | $14,843,325 | 0.75% | $9,576,500 | | $9,576,500 | 0.44% |
| Transmission Cost Recovery | $181,192,902 | | | $0 | 0.00% | | | $0 | 0.00% | | | $0 | 0.00% |
| Other* | $191,037,658 | ($80,648,308) | | ($80,648,308) | -4.53% | | | $0 | 0.00% | $22,800,000 | | $22,800,000 | 1.04% |
| Total | $1,776,632,736 | ($51,519,730) | $243,648,958 | $192,129,228 | 10.80% | $25,721,177 | $199,612,870 | $225,334,047 | 11.43% | $44,817,633 | $208,242,516 | $253,060,149 | 11.52% |
| AS FILED | $1,776,632,736 | $90,549,167 | $147,939,677 | $238,488,844 | 13.41% | $54,955,368 | $247,612,870 | $302,568,237 | 15.00% | $74,710,957 | $273,242,516 | $347,953,473 | 15.00% |

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Errata to the Testimony of Lee Smith on Behalf of the Office of the Ohio Consumers' Counsel has been served upon those persons listed below via electronic transmission this 21st day of November, 2008.



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