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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

In the Matter of the Application of Ohio)
Power Company for Approval of its) Case No. 08-918-EL-SSO
Electric Security Plan; and an Amendment)
to its Corporate Separation Plan.)

**MEMORANDUM CONTRA COLUMBUS SOUTHERN POWER COMPANY'S
APPLICATION FOR REHEARING
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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August 10, 2009

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**MEMORANDUM CONTRA COLUMBUS SOUTHERN POWER COMPANY'S
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BY
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The Office of the Ohio Consumers' Counsel ("OCC"), on behalf of the residential electric customers of the Columbus Southern Power Company ("CSP" or "Company") files this memorandum contra CSP's Application for Rehearing of the July 23, 2009 Entry on Rehearing ("Rehearing Entry") of the Public Utilities Commission of Ohio ("Commission" or "PUCO") in this proceeding.

On July 23, 2009, the Commission issued an Entry on Rehearing ("Rehearing Entry") which changed a few provisions of its original March 18, 2009 ESP Opinion and Order. On July 31, 2009, the Columbus Southern Power Company ("CSP" or "Company") applied for rehearing on that Entry.

The Company applies for rehearing seeking indirectly for the Commission to undo the finding of the Entry whereby it appropriately determined that AEP should

remove the annual recovery of \$51 million of expenses, including carrying charges related to the Waterford Energy Center and the Darby Electric Generation Station. The Company asks that the Commission concurrently exercise its authority to authorize CSP to sell or transfer these two facilities.¹

Under R.C. 4903.10, the Commission has the authority to abrogate or modify its order on rehearing. The Commission properly did so here. The Commission determined that the Company had not demonstrated that its current revenue was inadequate to cover the costs associated with the generating facilities.² Additionally the Commission found that the Company also failed to show that those costs should be recoverable through the non-FAC portion of the generation rate. The Commission's Entry merely recognized that under R.C. 4928.143(C)(1), the Company properly bears the burden of proof in this case and has failed to meet that burden of proof.

The Company's request to blanketly authorize it to sell or transfer these two facilities at some future date, without filing or complying with the applicable rules that govern such a transfer, is inappropriate. If and when the Company has developed a plan to sell and transfer, rather than just a request for pre-approval, it should file the plan. Such a filing will then be governed by the rules the Commission has enacted on this very issue. Following the Commission's enacted rules will give interested parties, including the OCC, the opportunity to fully explore the implications of the transfer. Then the Company's request can be considered on its merits and will be accorded the full scrutiny which it deserves. An application for rehearing is not the appropriate forum to obtain a

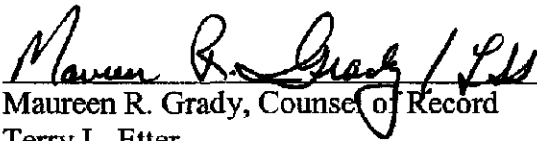
¹CSP Application for Rehearing at 1 (July 31, 2009).

² Entry on Rehearing at 35 (July 23, 2009).

dispositive ruling on this issue, which is not ripe at this time. The Company's application for rehearing should be denied.

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL

A handwritten signature in dark ink, appearing to read "Maureen R. Grady / L.L.", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Memorandum Contra Columbus Southern Power Company's Application for Rehearing was served electronically to the persons listed below, on this 10th day of August, 2009.


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