

FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of)
Columbus Southern Power Company)
for Approval of its Renewable Energy)
Credit Purchase Offer Program)

Case No. 09-1874-EL-ACP

In the Matter of the Application of)
Ohio Power Company for Approval)
of its Renewable Energy Credit)
Purchase Offer Program)

✓
Case No. 09-1873-EL-ACP

APPLICATION
AND REQUEST FOR EXPEDITED CONSIDERATION

Columbus Southern Power Company (CSP) and Ohio Power Company (OPCO), collectively the "Companies" or "AEP Ohio," submit this application to seek approval of the Companies' Renewable Energy Credit Purchase Program. In support of their application, CSP and OPCO state the following:

1. The Companies are both an "electric distribution utility" as that term is defined in Section 4928.01 (A) (6), Ohio Rev. Code, and as that term is used in Chapter 4928, Ohio Rev. Code.
2. Am. Sub S.B. No. 221 (SB 221) adopted alternative energy resource portfolio standards found in §4928.64, Ohio Rev. Code (AER standards).
3. The Commission has conducted a rulemaking proceeding in Case No. 08-888-EL-ORD that has recently resulted in the adoption of rules concerning the AER standards. The rules adopted in Case No. 08-888-EL-ORD are not yet effective.

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Technician SM Date Processed NOV 30 2009

4. The Companies have undertaken efforts to comply with the AER standards, including the purchase of renewable energy credits (RECs) as permitted by §4928.65, Ohio Rev. Code, and the Commission's rules.
5. In Paragraph V.3 of the Stipulation and Recommendation pending before the Commission in Case Nos. 09-1089-EL-POR and 09-1090-EL-POR, the Companies agreed to file a solar photovoltaic and small wind REC purchase program for residential and non-residential customers with existing renewable energy resource facilities effective for 2010-2011, subject to Commission approval of design and cost recovery.
6. The Companies have discussed the key features of their proposed programs with the Commission Staff, the Ohio Partners for Affordable Energy and the Ohio Consumers and Environmental Advocates prior to making this filing, in accordance with Paragraph V.3. of the Stipulation and Recommendation that is pending before the Commission in Case Nos. 09-1089-EL-POR and 09-1090-EL-POR.
7. In Paragraph V.4 of the Stipulation and Recommendation pending before the Commission in Case Nos. 09-1089-EL-POR and 09-1090-EL-POR, the Signatory Parties agreed that the Companies' prudently-incurred costs associated with the proposed programs should be recovered through the Companies' fuel adjustment clauses. Approval of the recovery of prudently-incurred costs through the Companies fuel adjustment clauses is also consistent with the Commission's final order in the Companies' Electric Security Plan cases, Case Nos. 09-917-EL-SSO

and 09-918-EL-SSO. This application is being submitted contingent upon such cost recovery.

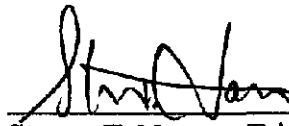
8. The features of the proposed REC Purchase Offer programs are as follows:
 - a) The solar photovoltaic (PV) or small wind electric generating facility must be in the State of Ohio and interconnected with AEP Ohio's electric grid.
 - b) According to State of Ohio legislation, only systems placed into service on or after January 1, 1998 qualify as REC resources. In addition, only energy generated since July 31, 2008 may qualify for REC calculation.
 - c) An agreement will be executed for the sale of RECs to AEP Ohio.
 - d) The owner of each PV or small wind facility must apply and receive approval from the Commission as a certified Ohio renewable energy resource generating facility.
 - e) Each facility must be registered with a REC tracking system where it is assigned a generation ID number. AEP Ohio can take care of this registration on the owner's behalf.
 - f) The system requires a utility grade meter to measure the output, if equal to or greater than 6 kW. If the system is less than 6 kW, the current method for metering the energy produced must be approved by the Commission; otherwise, they do not qualify for this offer.
 - g) A REC Purchase Agreement must provide a minimum of 1,000 KWH (1 REC) per year. For example, a 3 kilowatt-dc PV system may produce approximately 3,510 KWH per year, which equals 3 solar RECs per year.
 - h) Only whole RECs will be purchased at the end of each calendar year with any fractional part reserved for the next calendar year's REC calculation.
 - i) The REC Purchase Agreement term is two (2) calendar years (*i.e.*, 2010 & 2011).
 - j) To qualify for the following pricing, a REC Purchase Agreement must be secured.
 - o \$260 for solar RECs generated from July 31, 2008 through December 31, 2011.
 - o \$29 for small wind RECs generated from July 31, 2008 through December 31, 2011.

9. Regarding the proposed purchase pricing, the Companies have already tentatively secured means to meet applicable in-state solar PV benchmarks in 2010 and 2011. Without actual plans to purchase solar RECs from the market, AEP Ohio believes it would be counter-productive to conduct such market solicitations. Consequently, the Companies have no plans to seek RFPs for solar RECs or otherwise conduct market solicitations during that period of time for solar RECs. In the absence of readily available market pricing data, the Companies believe that for RECs purchased in 2010 and 2011 a value at 65% of the applicable statutory alternative compliance penalty is reasonable and appropriate. The pricing is also consistent with the pricing being proposed by the Companies in connection with their Renewable Energy Technology Program that is the subject of a separate application being filed contemporaneously (the pricing for the Companies' proposed RET Program is explained in the application filed to initiate Case Nos. 9-1871-EL-ACP and 09-1872-EL-ACP). In the alternative to the above-described pricing for the REC Purchase Offer programs, the Companies would not object if the Commission prefers to adopt another administrative mechanism to establish REC purchase pricing under the program without conducting a market-based solicitation.
10. The Companies submit that it is reasonable and prudent to implement the proposed REC purchase offer program and seek approval from the Commission to implement the tariff-based programs.
11. Proposed tariff riders are attached as Exhibit A to this application in order for CSP and OP to implement the proposed programs.

12. A standard contract is attached as Exhibit B to this application in order for CSP and OP to implement the proposed programs.
13. The Companies request any necessary and appropriate accounting authority to implement the proposed programs.

WHEREFORE, based on the reasons stated above, the Commission should expeditiously approve the Companies' application and grant any other relief deemed appropriate to facilitate approval of the application.

Respectfully submitted,



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Counsel for Columbus Southern Power Company
and Ohio Power Company

ATTACHMENT A

P.U.C.O. NO. 7

RENEWABLE ENERGY CREDIT PURCHASE OFFER RIDER

Availability of Service

Available to customers taking electric service under the Company's standard service schedules that own solar photovoltaic or small wind energy systems. Such systems must be located in the Company's service territory and have been certified as an Ohio Renewable Energy Resource Generating Facility by the Public Utilities Commission of Ohio.

This Rider shall remain in effect until December 31, 2011.

Definitions

"Solar Photovoltaic" means energy from devices which generate electricity directly from sunlight through the movement of electrons.

"Small Wind Energy" means electricity generated from wind turbines, windmills, or other technology that converts wind into electricity having a total nameplate capacity of 100 kW or less.

"Renewable Energy Credit" ("REC") means a tradable unit that represents the commodity formed by unbundling the environmental attributes of a unit of renewable energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.

REC Purchase

Customers taking service under this rider shall enter into a REC Purchase Agreement with the Company which contains all terms and conditions related to the Company's purchase of RECs. Copies of the Company's REC Purchase Agreement are available upon request or on the Company's website.

Pursuant to the REC Purchase Agreement, the Company will purchase qualifying RECs that are created from a solar photovoltaic or small wind energy system during the period August 1, 2008 through December 31, 2011. For each REC, the Company will pay the customer as follows:

| Facility Type | \$/REC |
|--------------------|----------|
| Solar Photovoltaic | \$260.00 |
| Small Wind | \$29.00 |

This Rider will not modify the customer's bill for electric service under the applicable standard service schedule.

Special Terms and Conditions

This Rider is subject to the Company's Terms and Conditions of Service and all provisions of the standard service schedule under which the customer takes service.

Filed pursuant to Order dated _____ in Case No. _____

Issued: _____

Issued by
Joseph Hamrock, President
AEP Ohio

Effective: _____

P.U.C.O. NO. 19

RENEWABLE ENERGY CREDIT PURCHASE OFFER RIDER

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Filed pursuant to Order dated _____ in Case No. _____

Issued: _____

Effective: _____

Issued by
Joseph Hamrock, President
AEP Ohio

ATTACHMENT B

THIS RENEWABLE ENERGY CREDIT PURCHASE OFFER AGREEMENT

("Agreement") is made and entered into by and between either Columbus Southern Power Company or Ohio Power Company (the appropriate Company is indicated as part of the signature below), hereinafter called the "Company," and

_____, hereinafter called the "Customer,"
(collectively the "Parties" or individually the "Party"), and is effective as of
_____, 20__.

WITNESSETH

WHEREAS, the Company is an electric distribution utility and electric light company, as defined in R.C. §4928.01(A); and

WHEREAS, the Customer is currently taking retail electric service for the premises located at _____, under the Company's Schedules of Rates for Electric Service.

NOW THEREFORE, in consideration of the mutual promise set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

1. Customer: Customer represents and warrants that Customer is a customer of Company, and that Customer owns a customer-sited renewable energy project in the state of Ohio, at the above premise, that has been certified as an Ohio Renewable Energy Resource Generation Facility by the Public Utilities Commission of Ohio (the "Project"). Customer further represents and warrants that Customer has signed and completed Company's Interconnection Agreement and currently participates in Company's Schedule NEMS, Net Energy Metering Service.

2. REC(s): Customer expects its Project will generate one or more REC(s), on an annual basis, and understands that the environmental attributes associated with one (1) megawatt-hour of electricity derived from Customer's Project is equivalent to one (1) REC. Customer shall be responsible for tracking and recording renewable energy that amounts to less than one (1) megawatt-hour, as provided in paragraph 6 below. Such renewable energy shall not be counted as one (1) REC until such time it accumulates to one (1) megawatt-hour of electricity derived from Customer's Project.

3. Purchase Price and Payment: Company hereby agrees to purchase whole REC(s) generated after July 31, 2008 through December 31, 2011 from Customer's Project. The fixed purchase price and purchase commitments are \$260.00 per solar REC(s) and \$29.00 per small wind REC(s). The Company will pay for actual generation of whole RECs for a calendar year period at the end of the generation period (i.e. December 31 of 2010 and 2011).

4. Project Criteria: Customer acknowledges and agrees that the Project must meet the following criteria:

1. Project must have a placed-in-service date of January 1, 1998, or after, and meet the definition of "Renewable Energy Resource" as defined in R.C. §4928.01(A).
2. Project must be able to generate at least one (1) megawatt-hour annually on the Company's energy delivery system. One (1) megawatt-hour is defined as one thousand (1,000) kilowatt-hours.
3. Customer must attach a copy of the Ohio Renewable Energy Resource Generation Facility certification for the Project as Attachment A.
4. A project greater than 6 kW must have a utility grade meter provided by Customer, at its own cost and expense, installed on the output of the inverter where kilowatt-hours can be measured and verified.
5. A project less than 6 kW must have a method for metering the energy produced that is approved by the Public Utilities Commission of Ohio.
6. Project must be attached as a permanent fixture at the Customer's property (service address) during the term of the contract.
7. Renewable energy delivered from the Project shall be calculated from the initial reading determined by the Customer and the Company and at a minimum, a subsequent reading at the end of each calendar year.

5. Term: The term of this Agreement is from the Effective Date through December 31, 2011.

6. Assignment/Transfer of REC(s): The energy generated from the Project will be registered with PJM Environmental Services, Inc.'s Generating Attributes Tracking System ("GATS"). If Customer has registered the Project in GATS, then Customer agrees to transfer the REC(s) from the Project to Company. Otherwise, Customer may grant authorization to Company via PJM Environmental Services, Inc.'s SCHEDULE A, "Generator Owner's Consent" (a copy of which is attached) in order for Company to directly enter the energy generated from the Project to Company's account in GATS.

7. Inspection and Audit: After providing reasonable notice, Company has the right to inspect and audit the performance of the Project. Company will provide Customer, upon written request, a copy of any report generated as a result of the inspection and audit. Notwithstanding the foregoing, it shall be the sole responsibility of Customer to operate, maintain, repair, and inspect the Project to ensure its proper working order during the entire term of the agreement.

8. Attestation: Customer shall complete the Affidavit of Performance, attached hereto as Attachment B. Customer hereby agrees to submit an Affidavit of Performance to the Company by January 15 for the Projects' previous year's generation, attesting to the current condition of the Project and the number of REC(s) the Project delivered. Company shall require and shall only accept REC(s) that Customer has created in the GATS or authorized Company to create in GATS. The REC(s) must be received and accepted in Company's GATS account in order to receive payment.

9. Termination: This Agreement shall immediately terminate upon the following occurrences: (i) Project ceases to be a permanent fixture on Customer-owned property; (ii) Project materially fails to function in such a manner as to produce renewable energy megawatt hours; (iii) the Public Utilities Commission of Ohio revokes the Project's certification; (iv) the Public Utilities Commission of Ohio disallows cost recovery for any REC(s) the Company purchased in connection with this Agreement; (v) a change in ownership of the Project occurs; or (vi) the expiration of the Agreement term.

10. Limitation of Liability and Indemnification: Customer shall assume all liability for and shall indemnify Company for any claims, losses, costs, and expenses of any kind or character to the extent that they result from Customer's negligence in connection with the design, construction or operation of its Project. Such indemnity shall include, but is not limited to, financial responsibility for: (a) Company's monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third party; (c) damages related to the death or injury of a third party; (d) damages to the property of Company; (e) damages to the property of a third party; (f) damages for the disruption of the business of a third party. This paragraph does not create a liability on the part of the Customer to the Company or a third party, but requires indemnification where such liability exists. The limitations of liability provided in this paragraph do not apply in cases of gross negligence or intentional wrongdoing. Notwithstanding the foregoing, Customer shall reimburse the Company for any regulatory penalties assessed against the Company for non-compliance with alternative energy benchmarks due to the negligence of the Customer or the failure of the Project for which the Customer has control and responsibility.

11. Notices: Unless otherwise stated herein, all notices, demands, or requests required or permitted under this Agreement must be in writing and must be delivered or sent by overnight express mail, courier service, electronic mail, or facsimile transmission addressed as follows:

If to the Customer:

[Customer Name]
[Address]
[Telephone]

If to the Company:

AEP Ohio
850 Tech Center Drive
Gahanna, Ohio 43230
Attn: Mark A. Gundelfinger
Manager – Alternative Energy Resources
(614) 883 - 7891

or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the business day will be deemed received on the next business day by 5:00p.m., E.S.T., provided that notice by facsimile transmission will be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

12. Entire Agreement: This Agreement contains the Parties' entire understanding with respect to the matters addressed herein and there are no verbal or collateral representations, undertakings, or agreements not expressly set forth herein. No change in, addition to, or waiver of the terms of this Agreement shall be binding upon any of the Parties unless the same is set forth in writing and signed by an authorized representative of each of the Parties.

13. Assignment: Customer may not assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the Company. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.

14. Legal Jurisdiction and Interpretation: This Agreement in its entirety will be administered and subject to the laws of the state of Ohio.

15. Acceptance: The Parties hereby acknowledge their acceptance of the terms of this Agreement by signing below:

Customer Name (Print)

Company Representative (Print)

Customer (Signature)

Company Representative (Signature)

Address Line 1

Address Line 1

Address Line 2

Address Line 2

Phone Number

Phone Number

Attachment B

ANNUAL AFFIDAVIT OF PERFORMANCE

State of Ohio: _____

County of _____:

_____, Affiant, being duly sworn, affirmed according to law,
deposes and says that:

1. I am the duly authorized representative of [the Project].
2. I have personally examined and am familiar with all information contained in the foregoing Agreement, including any exhibits and attachments, and that based upon my inquiry of those persons immediately responsible for obtaining the information contained in the Agreement; I believe that the information is true, accurate and complete.
3. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

The Statement:

As of _____, _____ continued to be in
(Date) (Project)

good working order with no material corrective actions pertaining to safety and/or operation warranting attention. Further, [the Project] delivered [Quantity of REC(s)] and I now assign those RECs to the Company.

Meter Read Dates

Readings

Start: _____

End: _____

Sworn and subscribed before me this ____ day of _____, _____ Month/Year

Signature of Affiant & Title

Notary Signature

Print Name and Title

SCHEDULE A

Generator Owner's Consent

The undersigned on behalf of the Generator Owner, _____,¹
represents to PJM Environmental Information Services, Inc. ("EIS") that:

1. I/we am/are the Generator Owner who holds legal title to the Generating Unit(s) designated below.
2. I/we the Generator Owner hereby grant authority and permission to Account Holder, _____,² to create and trade all Certificates associated with the following Generating Unit(s), which Certificates shall also be registered to the GATS account(s) of the Account Holder.
3. I/we the Generator Owner further represents that I/we have not granted similar authority or permission to any other subscriber or account holder for use in the GATS or any similar system.

| Generating Unit Name and Address Optional: [Generating Unit Size/System Size] | PJM MSET ID or EIA Plant Code and Generator Identifier (as applicable) |
|--|--|
| | |
| | |
| | |

GENERATOR OWNER³

Name:
Title:
Address:
Date:

Directions for Generator Owner's Consent

All information on this Generator Owner's Consent must be typed or neatly printed in blue or black ink as follows:

1. Fill in the Generator Owner's full legal name, i.e. ABC Domestic Energy Company, Inc.
2. Fill in the Account Holder's full legal name, i.e. ABC Domestic Energy Company, Inc.
3. If Generator Owner is a corporation, partnership or other legal entity, this Consent must be executed by a company officer of the Generator Owner. If Generator Owner is an individual, this Consent must be executed by the individual.
4. Return the original, completed Consent to: GATS Administrator, c/o PJM Environmental Information Services, Inc., 955 Jefferson Avenue, Norristown, PA 19403-2497