

FILE

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application</b>	)	
<b>of Columbus Southern Power</b>	)	<b>Case No. 10-343-EL-ATA</b>
<b>Company to Amend its Emergency</b>	)	
<b>Curtailment Service Riders</b>	)	

<b>In the Matter of the Application</b>	)	
<b>of Ohio Power Company</b>	)	✓ <b>Case No. 10-344-EL-ATA</b>
<b>to Amend its Emergency Curtailment</b>	)	
<b>Service Riders</b>	)	

**APPLICATION**

Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (collectively, the "Companies" or "AEP Ohio") submit this application to seek approval of the Companies' Emergency Curtailment Service Riders and a Second demand response program involving conditional approval of retail participation in PJM Demand Response Programs. In support of their application, CSP and OP state the following:

1. CSP and OP are electric light companies, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.
2. AEP Ohio supports the appropriate development of demand response capabilities and has explained, on multiple occasions, its concerns based on SB 221 with retail participation in PJM Demand Response Programs (DRPs), initially as part of the AEP Ohio Electric Security Plan cases.<sup>1</sup>

<sup>1</sup> See *AEP Ohio Electric Security Plan Case*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO: AEP Ohio Post-Hearing Brief (December 30, 2008) at 115-126; AEP Ohio Reply Brief (January 14, 2009) at 97-115;

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3. While the Commission's decision in the *AEP Ohio ESP Cases* did not fully or permanently resolve the questions related to retail participation, the Commission did exercise its authority to impose an interim restriction on retail participation in the PJM DRPs for certain CSP customers:

In further consideration of the need to balance the potential benefits to PJM DRP participants and the costs to AEP-Ohio ratepayers, the Commission clarifies that *AEP-Ohio customers under reasonable arrangements with AEP-Ohio*, including, but not limited to, EE/EDR, economic development arrangements, unique arrangements, and other special tariff schedules that offer service discounts from the applicable tariff rates, *are prohibited from also participating in PJM DRP, unless and until the Commission decides otherwise in a subsequent proceeding.*

*AEP Ohio ESP Cases*, Entry on Rehearing (July 23, 2009) at ¶ 108 (emphasis added).

4. In addition, the Commission's Opinion and Order in the *AEP Ohio ESP Case* contained a detailed discussion (at 53-58) of the arguments and issues, demonstrating that the Commission is already aware of the major considerations and issues that surround this debate. Consequently, AEP Ohio will not repeat all of its arguments in detail here. AEP Ohio will, however, briefly reference its positions regarding retail participation in the PJM DRPs as it relates to the issues presented in this application.

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AEP Ohio Memo Contra Integrys Energy's Motion for Order (March 2, 2009) at 2-11; AEP Ohio Comments on Integrys Energy's Withdrawal of Motion (March 11, 2009) at 1-3; AEP Ohio Application for Rehearing (April 17, 2009) at 23-26. *See also* AEP Ohio March 3, 2010 Comments in response to Eramet Marietta's application in Case No. 10-188-EL-EEC.

5. As an initial distinction, AEP Ohio has not opposed customers participating in the PJM DRPs if those customers have switched from AEP Ohio's standard service offer to generation service at market-based rates from a CRES provider. AEP Ohio has opposed allowing its retail customers receiving regulated, standard service offer rates to independently resell utility power at market-based rates through PJM DRPs operated in the wholesale market. A primary concern is that the Companies must continue to count the load of PJM demand response participants as firm under the Fixed Resource Requirement (FRR) option and the cost of doing so will be reflected in AEP Ohio's retail rates – a cost that could be avoided if the customer participated in an AEP Ohio demand response program.
6. The mercantile provisions in SB 221 do allow customers to commit peak demand reduction resources toward an EDU's compliance with the statutory benchmarks, based upon a mutual agreement between the utility and one of its customers. AEP Ohio supports these innovative provisions and has actively worked with mercantile customers to develop hundreds of those agreements. Under that approach (and the design of SB 221), these "win-win" solutions between mercantile customers and EDUs can mutually be harvested and the benefits used within Ohio and in satisfaction of Ohio law.

7. In a manner consistent with the General Assembly's unique design created through passage of SB 221, AEP Ohio's position is that retail customers should be eligible to either: (i) participate in demand response through AEP Ohio-sponsored, Commission-approved programs, or (ii) integrate their customer-sited resources toward the utility's compliance through commitment of such resources. To that end, AEP Ohio is proposing, subject to the terms and conditions described in this application, two demand response programs that will advance both the program participation option and resource commitment option for customers, in order to facilitate AEP Ohio's compliance with the statutory peak demand reduction mandates of SB 221.

**First Customer Option: Enhanced Tariff Program Equivalent to PJM DRPs**

8. The first customer option AEP Ohio is proposing is to amend its Emergency Curtailable Service (ECS) Rider, as reflected in Exhibit A (for CSP) and Exhibit B (for OP), which are attached to this application. The amended ECS Rider incorporates terms and conditions designed to make the program more competitive with the PJM DRPs. Subject to performance and participation conditions, the customer would receive: (i) an energy credit based on a negotiated amount of not less than 80% of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP), including congestion and marginal losses, and (ii) a demand credit based on a negotiated amount of not less than 80% of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current

delivery year. As reflected in full detail in Exhibit A (for CSP) and Exhibit B (for OP), the Companies submit that the proposed ECS Rider tariff program is reasonably designed to achieve peak demand reductions and will help the Companies satisfy the EE/PDR mandates within SB 221.

9. Upon approval of the ECS Rider amendment by the Commission and implementation by the Companies, AEP Ohio requests that the Commission find that all prudently-incurred costs associated with the ECS tariff program (including the negotiated amounts paid to customers) would constitute recoverable compliance program costs for purposes of the Companies' Energy Efficiency/Peak Demand Response (EE/PDR) Riders. Those costs would be subject to being reviewed for prudence as part of the EE/PDR Rider proceeding where the costs are being reconciled.

**Second Customer Option: Permitting Conditional Retail Participation in PJM DRPs Based on Direct Commitment of Registered Demand Response Load**

10. The second customer option being proposed by AEP Ohio is for the Commission to conditionally approve retail participation by CSP's and OP's retail customers served by tariffs GS-2, GS-TOD, GS-3 and GS-4, based on: (i) commitment of the customer's demand response load registered with PJM under the DRPs toward CSP's or OP's compliance with the PDR benchmarks, respectively, as described below; (ii) agreement by the customer to report curtailment information to AEP Ohio and cooperate in documenting related peak demand reductions and capabilities, (iii) the Commission's approval of

AEP Ohio's ability to count this committed peak demand reduction capability toward AEP Ohio's compliance with statutory demand reduction targets as required by R.C. §4928.66(A)(2) and Ohio Admin. Code 4901:1-39-05(E)(2); and (iv) the Commission's approval of the timely recovery of prudently-incurred implementation costs relating to this proposal through the Companies' EE/PDR Rider.

11. While commitment of customer-sited resources is a voluntary choice for mercantile customers, the Commission's approval of retail participation in the PJM DRPs is also discretionary and approval may be reasonably limited to those mercantile customers who have chosen to commit their DRP-registered load toward AEP Ohio's compliance with the statutory PDR benchmarks. As further explained below, such conditional approval is entirely reasonable given AEP Ohio's unique circumstances relating to the impact of retail PJM DRP participation on its FRR obligation and given the mandatory PDR benchmarks.
12. This Commission has the authority to restrict retail participation in the PJM DRPs. In addition to the other arguments already referenced in support of this conclusion, the FERC rules concerning the PJM demand response programs clarify that State commissions (such as the PUCO) get to decide whether their retail customers should participate in the programs. *Wholesale Competition in Regions with Organized Electric Markets* (Docket Nos. RM07-19-000 and

AD07-7-000), 125 FERC ¶ 61,071 (October 17, 2008) (“Final Rule”). The Final Rule is contained in 18 CFR Part 35. The FERC’s Final Rule explicitly only permitted participation by retail customers “unless the laws or regulations of the relevant electric retail regulatory authority do not permit a retail customer to participate.” Final Rule at ¶ 154. *See also* 18 CFR 35.28(g)(1)(B)(3)(iii).

13. Based on the Commission’s ability to ban or restrict retail participation in the PJM DRPs in Ohio, AEP Ohio proposes that only customers who voluntarily commit their demand response load registered with PJM under the DRPs should be permitted to participate, beginning with the 2010-2011 PJM Planning Year (that starts on June 1, 2010).<sup>2</sup> In that way, customers can simultaneously participate in the PJM DRPs, receiving the payments for doing so from PJM, while participating in a State-approved utility program. AEP Ohio’s approach fulfills the unique provisions of SB 221 regarding commitment of customer-sited peak demand reduction resources and satisfies Rule 4901:1-39-05(E)(2), Ohio Administrative Code, which requires commitment of customer-sited resources prior to counting toward an electric utility’s compliance. By contrast, allowing retail participation in the PJM DR programs outside the context of a utility program would encourage mercantile customers to *export* Ohio’s limited demand response resources to the East

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<sup>2</sup> As noted above in Paragraph 5, AEP Ohio does not oppose participation in the PJM DRPs by customers participating who are shopping for generation service at the retail level and do not obtain their generation service as part of the default standard service offer from AEP Ohio. Thus, the proposed restriction on participation in the PJM DRPs refers to customers who do obtain their generation service as part of the default standard service offer from AEP Ohio

Coast by allowing them to leverage payments associated with the PJM DR programs against SB 221's design for operation of the innovative mercantile provisions.

14. As such, customers that do voluntarily commit their DRP-registered load toward AEP Ohio's compliance are already receiving full market payment for their demand response load and should not receive an additional payment from AEP Ohio or a corresponding exemption from the EE/PDR Rider (either of which would be funded by other customers), especially given the FRR-related costs that DRP-participating customers impose on AEP Ohio as described above. As a related matter, it would be unfair to enforce the aggressive targets found in SB 221 and simultaneously allow major demand response resources to leave the State of Ohio without any benefit to other Ohio ratepayers. To the extent a basis for distinction among Ohio utilities is needed, AEP Ohio submits that its unique circumstances, based on the impact of the DRPs on AEP Ohio's FRR obligation, form the basis for distinguishing this restriction on AEP Ohio's retail customers.
15. In order to facilitate Commission-approved commitment of customer-sited demand response resources in this manner, AEP Ohio requests Commission approval of: (i) the provisions within the latter portion of the proposed amendments to the ECS Rider attached as Exhibit A (for CSP) and Exhibit B (for OP); and (ii) a form contract to be used in conjunction with



implementation of this program. The form contract is attached as Exhibit C to the application. As such, upon approval of this application, CSP and OP would be able to enter into the form contract with mercantile customers, as reasonable arrangements approved by the Commission under R.C. 4905.31 and 4928.66, or enter into the form contract with any non-mercantile customers served under GS-2, GS-TOD, GS-3 and GS-4 customer as a retail consumer peak demand reduction program based on R.C. 4928.66. Any customer that does not agree to commit their DRP-registered load toward AEP Ohio's compliance with the PDR benchmarks would henceforth be prohibited from participating in the PJM DRPs.

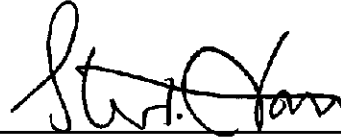
16. Despite AEP Ohio's proposed condition that customers committing DRP-registered load would not receive an additional payment or exemption from AEP Ohio, there will still be implementation costs, based on documentation and reporting activity associated with implementation of this second option. For example, AEP Ohio has to review and respond to every application to register for the PJM DRPs, create customer baseline load calculations for each registering customer and analyze variances from customer baseline load during "events" and customer claimed "Price Responsive" curtailments.
17. Thus, upon approval by the Commission of AEP Ohio's second proposed option regarding conditional retail participation in the PJM DRPs, AEP Ohio requests that the Commission find that prudently-incurred implementation

costs of the program would constitute recoverable compliance program costs for purposes of the Companies' Energy Efficiency/Peak Demand Response (EE/PDR) Riders. Those costs would be subject to being reviewed for prudence as part of the EE/PDR Rider proceeding where the costs are being reconciled.

18. If the second option is approved by the Commission based on the terms and conditions described in paragraphs 10 through 17 of this application, the Companies agree that the issues initially raised by AEP Ohio regarding participation of retail customers in the PJM DRPs would be satisfactorily resolved, subject to reserving the ability to raise them again should the program be modified in the future without the Companies' consent. On that same basis, the Companies would further agree and recommend that such approval by the Commission should displace and supersede the restriction contained in ¶ 108 of the July 23, 2009 Entry on Rehearing in the *AEP Ohio ESP Cases*.

WHEREFORE, the Companies respectfully request that the proposed ECS Riders and the attached customer agreement be deemed just and reasonable and approved.

Respectfully submitted,



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Steven T. Nourse, Counsel of Record  
Marvin I. Resnik  
American Electric Power Corporation  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, Ohio 43215-2373  
Telephone: (614) 716-1608  
Facsimile: (614) 716-2950  
[stnourse@aep.com](mailto:stnourse@aep.com)  
[miresnik@aep.com](mailto:miresnik@aep.com)

Counsel for Columbus Southern Power  
Company and Ohio Power Company

**Exhibit A – Part 1**  
**Redlined Proposed Tariff for CSP**

## EMERGENCY CURTAILABLE SERVICE RIDER

**Availability of Service**

~~This rider shall be available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Schedules GS-2, GS-2-TOD, GS-3 and GS-4. The Company reserves the right to limit the amount of ECS capacity contracted under this Rider. The Company will accept ECS requests in the order received, for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 1 MW and will be compensated for KWH curtailed under the provisions of this Rider.~~

**OPTION ONE: Company Peak Demand Reduction Program****Conditions of Service**

1. ~~The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.~~
42. The Company reserves the right to call for (request) customers to curtail service to use of the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan for generation capacity deficiencies or if PJM issues and Emergency Notice.
23. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 30 minutes 2 hours if so requested.
34. In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than 50-60 hours during any season delivery year or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April. For purposes of this Rider, seasons are defined as follows:
 

Winter	November 15 through March 15
Summer	May 15 through September 15

~~No curtailments under this Rider shall occur on other days of the year, with the exception of test curtailments as specified under Item 6 below.~~
45. ~~The Company will inform and the eCustomer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., the Company's customer regarding the communication system, telephone, pager) and shall designate the customer's representatives to receive said notification process of notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.~~

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## EMERGENCY CURTAILABLE SERVICE RIDER

56. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
67. If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the ~~The Company reserves the right to test and verify the customer's ability to curtail as required by the PJM RTO. The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charges for failure to curtail during a test.~~

(Continued on Revised Sheet No. 71-2)

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

**Conditions of Service (Cont'd)**

78. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. ~~The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.~~

**Curtailment Options**

The customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Maximum Duration</u>
Curtailment Option A	4 hours
Curtailment Option B	8 hours

~~The Maximum Duration is the maximum number of hours per curtailment event which may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.~~

**ECS Contract Capacity**

~~Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For purposes of this Rider, the on-peak billing period is defined as 7 a.m. to 11 p.m., local time, for all weekdays, Monday through Friday.~~

~~The customer may modify the amount of ECS Contract Capacity and/or the Curtailment Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.~~

**Curtailed Demand**

~~For each curtailment period, The customer's Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM. be defined as the difference between the customer's typical on-peak demand and the maximum 30-minute integrated demand during that curtailment period.~~

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

(Continued on Sheet No. 71-3)

**Guaranteed Load Drop (GLD) Method****Guaranteed Load Drop (GLD)**

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

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AEP Ohio



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## EMERGENCY CURTAILABLE SERVICE RIDER

Period ECS Energy

~~Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. For customers with KVA demands, Period ECS Energy shall be multiplied by the customer's average monthly power factor.~~

Curtailment Credits

~~The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each will be quoted to the customer upon notice of a curtailment event hour.~~

~~The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the GLD MWs.~~

(Continued on Revised Sheet No. 71-3)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365 ECS Energy and the applicable ECS Curtailment Option Credit, less any charges computed for failure to curtail. The Monthly Demand Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identity of this cost is preserved shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

There is no charge for noncompliance under this Rider. However, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the RPM auction price (\$/MW-day) times 365. (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b>Annual Payment Reduction Percentages for Non-compliance</b>					
<b>Missed Events</b>	<b>Number of Events Called Annually</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 or more</b>
<b>1</b>	<b>100%</b>	<b>50%</b>	<b>33%</b>	<b>25%</b>	<b>20%</b>
<b>2</b>		<b>100%</b>	<b>67%</b>	<b>50%</b>	<b>40%</b>
<b>3</b>			<b>100%</b>	<b>75%</b>	<b>60%</b>
<b>4</b>				<b>100%</b>	<b>100%</b>

(Continued on Original Sheet No. 71-4)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Firm Service Level (FSL) Method****Peak Load Contribution**

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

**Available Curtailable Demand (ACD)**

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b><u>Annual Payment Reduction Percentages for Non-compliance</u></b>					
<b><u>Missed Events</u></b>	<b><u>Number of Events Called Annually</u></b>				
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>5 or more</u></b>
<b><u>1</u></b>	<b><u>100%</u></b>	<b><u>50%</u></b>	<b><u>33%</u></b>	<b><u>25%</u></b>	<b><u>20%</u></b>
<b><u>2</u></b>		<b><u>100%</u></b>	<b><u>67%</u></b>	<b><u>50%</u></b>	<b><u>40%</u></b>
<b><u>3</u></b>			<b><u>100%</u></b>	<b><u>75%</u></b>	<b><u>60%</u></b>
<b><u>4</u></b>				<b><u>100%</u></b>	<b><u>100%</u></b>

(Continued on Original Sheet No. 71-6)

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AEP Ohio

## P.U.C.O. NO. 7

## EMERGENCY CURTAILABLE SERVICE RIDER

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Additional Provisions****Customer Credit**

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

**Equipment Charge**

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

**Term**

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and ~~1 season~~ and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year next season, of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

**Special Terms and Conditions**

Individual customer information, including, but not limited to, ECS Contract Capacity and Curtailment Option, shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of activity prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

**OPTION TWO: Conditional Participation in PJM Demand Response Programs****Conditions of Service**

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

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**Exhibit A – Part 2**  
**Clean Proposed Tariff for CSP**

## EMERGENCY CURTAILABLE SERVICE RIDER

**Availability of Service**

This rider shall be available for Emergency Curtailable Service (ECS) to customers taking firm service under Schedules GS-2, GS-2-TOD, GS-3 and GS-4. The Company reserves the right to limit the amount of ECS capacity contracted under this Rider. The Company will accept ECS requests in the order received.

**OPTION ONE: Company Peak Demand Reduction Program****Conditions of Service**

1. The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.
2. The Company reserves the right to call for (request) customers to curtail use of the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan or if PJM issues an Emergency Notice.
3. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 2 hours if so requested.
4. In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than 60 hours during any delivery year or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April.
5. The Company will inform the Customer regarding the communication process of notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
6. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
7. If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the customer's ability to curtail as required by the PJM RTO. The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year.

(Continued on Revised Sheet No. 71-2)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Conditions of Service (Cont'd)**

8. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances as requested by the Company.

**Curtailed Demand**

The customer's Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM.

**Guaranteed Load Drop (GLD) Method****Guaranteed Load Drop (GLD)**

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the GLD MWs.

(Continued on Revised Sheet No. 71-3)

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AEP Ohio

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b>Annual Payment Reduction Percentages for Non-compliance</b>					
<b>Missed Events</b>	<b>Number of Events Called Annually</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 or more</b>
<b>1</b>	<b>100%</b>	<b>50%</b>	<b>33%</b>	<b>25%</b>	<b>20%</b>
<b>2</b>		<b>100%</b>	<b>67%</b>	<b>50%</b>	<b>40%</b>
<b>3</b>			<b>100%</b>	<b>75%</b>	<b>60%</b>
<b>4</b>				<b>100%</b>	<b>100%</b>

(Continued on Original Sheet No. 71-4)

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**EMERGENCY CURTAILABLE SERVICE RIDER****Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Firm Service Level (FSL) Method****Peak Load Contribution**

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

**Available Curtailable Demand (ACD)**

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The **Curtailment Energy Credit** shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The **Curtailment Demand Credit** shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

Annual Payment Reduction Percentages for Non-compliance					
	Number of Events Called Annually				
Missed Events	1	2	3	4	5 or more
1	100%	50%	33%	25%	20%
2		100%	67%	50%	40%
3			100%	75%	60%
4				100%	100%

(Continued on Original Sheet No. 71-6)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Additional Provisions****Customer Credit**

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

**Equipment Charge**

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

**Term**

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

**Special Terms and Conditions**

Individual customer information, including, but not limited to, ECS Contract Capacity shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of activity prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

**OPTION TWO: Conditional Participation In PJM Demand Response Programs****Conditions of Service**

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

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**Exhibit B – Part 1**  
**Redlined Proposed Tariff for OP**

## EMERGENCY CURTAILABLE SERVICE RIDER

Availability of Service

~~This rider shall be Available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Schedules GS-2, GS-2-TOD, GS-3 and GS-4. The Company reserves the right to limit the amount of ECS capacity contracted under this Rider. The Company will accept ECS requests in the order received, for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 1 MW and will be compensated for KWH curtailed under the provisions of this Rider.~~

OPTION ONE: Company Peak Demand Reduction ProgramConditions of Service

1. ~~The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.~~
  42. The Company reserves the right to call for (request) customers to curtail service to use of the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan for generation capacity deficiencies or if PJM issues and Emergency Notice.
  23. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within ~~30 minutes~~ 2 hours if so requested.
  34. In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than ~~50-60 hours~~ during any season ~~delivery year~~ or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April. For purposes of this Rider, seasons are defined as follows:
 

Winter	November 15 through March 15
Summer	May 15 through September 15
- ~~No curtailments under this Rider shall occur on other days of the year, with the exception of test curtailments as specified under Item 6 below.~~
45. The Company will inform and the cCustomer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., the Company's customer regarding the communication system, telephone, pager) and shall designate the customer's representatives to receive said notification ~~process of notices to curtail~~. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

56. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
67. If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the ~~The Company reserves the right to test and verify the customer's ability to curtail as required by the PJM RTO. The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charges for failure to curtail during a test.~~

(Continued on Revised Sheet No. 71-2)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Conditions of Service (Cont'd)**

78. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances twice during a 12-month period as requested by the Company.
8. ~~The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.~~

**Curtailment Options**

The customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Maximum Duration</u>
Curtailment Option A	4 hours
Curtailment Option B	8 hours

~~The Maximum Duration is the maximum number of hours per curtailment event which may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.~~

**ECS Contract Capacity**

~~Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For purposes of this Rider, the on-peak billing period is defined as 7 a.m. to 11 p.m., local time, for all weekdays, Monday through Friday.~~

~~The customer may modify the amount of ECS Contract Capacity and/or the Curtailment Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.~~

**Curtailed Demand**

~~For each curtailment period, The customer's -Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM. be defined as the difference between the customer's typical on-peak demand and the maximum 30 minute integrated demand during that curtailment period.~~

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## EMERGENCY CURTAILABLE SERVICE RIDER

(Continued on Sheet No. 71-3)

**Guaranteed Load Drop (GLD) Method****Guaranteed Load Drop (GLD)**

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

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Issued by  
Joseph Hamrock, President  
AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

Period ECS Energy

~~Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. For customers with KVA demands, Period ECS Energy shall be multiplied by the customer's average monthly power factor.~~

Curtailment Credits

~~The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each will be quoted to the customer upon notice of a curtailment event hour.~~

~~The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the GLD MWs.~~

(Continued on Revised Sheet No. 71-3)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365. ECS Energy and the applicable ECS Curtailment Option Credit, less any charges computed for failure to curtail. The Monthly Demand Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identity of this cost is preserved shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

There is no charge for noncompliance under this Rider. However, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

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AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b>Annual Payment Reduction Percentages for Non-compliance</b>					
<b>Missed Events</b>	<b>Number of Events Called Annually</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 or more</b>
<b>1</b>	<b>100%</b>	<b>50%</b>	<b>33%</b>	<b>25%</b>	<b>20%</b>
<b>2</b>		<b>100%</b>	<b>67%</b>	<b>50%</b>	<b>40%</b>
<b>3</b>			<b>100%</b>	<b>75%</b>	<b>60%</b>
<b>4</b>				<b>100%</b>	<b>100%</b>

(Continued on Original Sheet No. 71-4)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Firm Service Level (FSL) Method****Peak Load Contribution**

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

**Available Curtailable Demand (ACD)**

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

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## P.U.C.O. NO. 19

## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b><u>Annual Payment Reduction Percentages for Non-compliance</u></b>					
<b><u>Missed Events</u></b>	<b><u>Number of Events Called Annually</u></b>				
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>5 or more</u></b>
<b><u>1</u></b>	<b><u>100%</u></b>	<b><u>50%</u></b>	<b><u>33%</u></b>	<b><u>25%</u></b>	<b><u>20%</u></b>
<b><u>2</u></b>		<b><u>100%</u></b>	<b><u>67%</u></b>	<b><u>50%</u></b>	<b><u>40%</u></b>
<b><u>3</u></b>			<b><u>100%</u></b>	<b><u>75%</u></b>	<b><u>60%</u></b>
<b><u>4</u></b>				<b><u>100%</u></b>	<b><u>100%</u></b>

(Continued on Original Sheet No. 71-6)

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## P.U.C.O. NO. 19

## EMERGENCY CURTAILABLE SERVICE RIDER

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Additional Provisions****Customer Credit**

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

**Equipment Charge**

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

**Term**

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and 1 season and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year next season, of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

**Special Terms and Conditions**

Individual customer information, including, but not limited to, ECS Contract Capacity and Curtailment Option, shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of actuality prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

**OPTION TWO: Conditional Participation in PJM Demand Response Programs****Conditions of Service**

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

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Joseph Hamrock, President  
AEP Ohio



**Exhibit B – Part 2**  
**Clean Proposed Tariff for OP**

## EMERGENCY CURTAILABLE SERVICE RIDER

**Availability of Service**

This rider shall be available for Emergency Curtailable Service (ECS) to customers taking firm service under Schedules GS-2, GS-2-TOD, GS-3 and GS-4. The Company reserves the right to limit the amount of ECS capacity contracted under this Rider. The Company will accept ECS requests in the order received.

**OPTION ONE: Company Peak Demand Reduction Program****Conditions of Service**

1. The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.
2. The Company reserves the right to call for (request) customers to curtail use of the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan or if PJM issues and Emergency Notice.
3. The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 2 hours if so requested.
4. In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than 60 hours during any delivery year or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April.
5. The Company will inform the Customer regarding the communication process of notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.
6. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
7. If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the customer's ability to curtail as required by the PJM RTO. The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year.

(Continued on Revised Sheet No. 71-2)

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Joseph Hamrock, President  
AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

**Conditions of Service (Cont'd)**

8. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances as requested by the Company.

**Curtailed Demand**

The customer's Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM.

**Guaranteed Load Drop (GLD) Method****Guaranteed Load Drop (GLD)**

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the GLD MWs.

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Joseph Hamrock, President  
AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

Annual Payment Reduction Percentages for Non-compliance					
Missed Events	Number of Events Called Annually				
	1	2	3	4	5 or more
1	100%	50%	33%	25%	20%
2		100%	67%	50%	40%
3			100%	75%	60%
4				100%	100%

(Continued on Original Sheet No. 71-4)

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Firm Service Level (FSL) Method****Peak Load Contribution**

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

**Available Curtailable Demand (ACD)**

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

**Customer Baseline Load Calculation**

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

**Curtailed Energy**

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

**Curtailment Credits**

The **Curtailment Energy Credit** shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The **Curtailment Demand Credit** shall be a negotiated amount not less than 80 percent of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

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Joseph Hamrock, President  
AEP Ohio

## EMERGENCY CURTAILABLE SERVICE RIDER

**Monthly Demand Credit**

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

**Monthly Event Credit**

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

**Noncompliance Charge**

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the RPM auction price (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<b>Annual Payment Reduction Percentages for Non-compliance</b>					
	<b>Number of Events Called Annually</b>				
<b>Missed Events</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 or more</b>
1	100%	50%	33%	25%	20%
2		100%	67%	50%	40%
3			100%	75%	60%
4				100%	100%

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## EMERGENCY CURTAILABLE SERVICE RIDER

**Noncompliance Charge (Cont'd)**

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

**Additional Provisions****Customer Credit**

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

**Equipment Charge**

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

**Term**

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

**Special Terms and Conditions**

Individual customer information, including, but not limited to, ECS Contract Capacity shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of activity prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

**OPTION TWO: Conditional Participation in PJM Demand Response Programs****Conditions of Service**

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

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

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

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: \_\_\_\_\_

**Exhibit C**  
**Customer Demand Response**  
**Resource Commitment Agreement**



**CUSTOMER DEMAND RESPONSE**  
**RESOURCE COMMITMENT AGREEMENT**

This Customer Demand Response Resource Commitment Agreement ("Agreement") is entered into by and between either Columbus Southern Power Company or Ohio Power Company ("AEP Ohio") and [REDACTED] ("Customer").

In consideration of the mutual covenants, terms and conditions set forth herein, AEP Ohio and Customer hereto agree as follows:

**1. CUSTOMER COMMITMENT.** Customer represents that it is a participant in the PJM Demand Response Programs (DRPs), and has an existing contract with a PJM-certified Curtailment Service Provider within AEP Ohio's service territory, for [REDACTED] MW of curtailable capacity. Through this Agreement, Customer commits its demand-response load to AEP Ohio in order to allow AEP Ohio to integrate this peak demand reduction capability into AEP Ohio's peak demand reduction programs. Customer agrees to report Customer's curtailment commitment as AEP Ohio deems necessary and agrees to comply with any reporting required by the PUCO. Customer further agrees to contact AEP Ohio within 24 hours when called upon by PJM to reduce load, and will notify AEP Ohio of its actual load reduction performed in response to PJM's directive. Customer also grants permission to AEP Ohio and the PUCO to measure and verify energy savings and/or peak-demand reductions resulting from customer-sited projects and resources. As its curtailment commitment through its AEP Ohio Contract, Customer has agreed to curtail in accordance with Customer's election in the PJM program upon request by PJM. AEP Ohio will base the Customer's demand response contribution on this amount.

**2. INCENTIVE.** Customer and AEP Ohio agree that Customer shall not receive any additional compensation or incentive from AEP Ohio in exchange for the Commission's approval of Customer's participation in the PJM DRP.

**3. TERM OF CONTRACT AND CANCELLATION.** Subject to cancellation upon 30 days notice by either party, this agreement shall be in effect for as long as Customer remains registered in the PJM DRP unless the Company's ECS Rider is cancelled, expired or amended without the consent of the Company.

**5. PENALTY.** In the event a curtailment event is called by PJM and Customer does not curtail load by the curtailable amount set forth in Customer's AEP Ohio Contract, Customer shall be responsible for payment of any payment or forfeiture assessed against AEP Ohio due to AEP Ohio's failure to comply with its yearly statutory demand reduction target as a result of Customer's failure to curtail, but not to exceed the PJM payment identified in Customer's Curtailment Service Provider Contract. The penalty provision set forth herein applies even if Customer would not face a penalty under Customer's Curtailment Service Provider Contract for failing to curtail load when called upon by PJM to do so.

**6. NOTICE.** All Notices relating to this contract must be effectuated in writing and sent by ordinary US mail, postage prepaid, to:

If to the Company at:

AEP Ohio Power Company  
Attn: AEP Ohio President  
850 Tech Center Drive  
Gahanna, Ohio 43230

If to the Customer at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. **MODIFICATION.** No modification of this Agreement is effective unless reduced to writing, signed by both parties.

8. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and/or assigns, but Customer shall not transfer or assign any of the rights hereby granted to any non-affiliated third-party without the prior written consent of AEP Ohio.

**COLUMBUS SOUTHERN POWER COMPANY or  
OHIO POWER COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CUSTOMER:** \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_