

The Stipulation represents a just and reasonable resolution of the issues raised in this proceeding, violates no regulatory principle or precedent, and is the product of lengthy, serious bargaining among knowledgeable and capable Parties in a cooperative process, encouraged by this Commission and undertaken by the parties representing a wide range of interests, including the Commission's Staff, to resolve the aforementioned issues. Although this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving all issues raised by the proceeding, the Parties stipulate, agree and recommend as set forth below.

Except for purposes of enforcement of the terms of this Stipulation, the information and data contained therein or attached and any Commission rulings adopting it, shall not be cited as precedent in any future proceeding for or against any Party or the Commission itself. The Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to any isolated provision of this Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation shall be construed or applied to attribute the results set forth in this Stipulation as the results that any Party might support or seek, but for this Stipulation in these proceedings or in any other proceeding. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that one or more of the parties would have taken if these issues had been fully litigated.

This Stipulation is expressly conditioned upon its adoption by the Commission in its entirety and without material modification. Should the Commission reject or materi-

ally modify all or any part of this Stipulation, the Parties shall have the right within thirty days of issuance of the Commission's Order, to file an application for rehearing or to terminate and withdraw the Stipulation by filing a notice with the Commission. The Parties agree they will not oppose or argue against any other Party's notice of termination for rehearing that seeks to uphold the original unmodified Joint Stipulation and Recommendation. If, upon rehearing, the Commission does not adopt this Stipulation in its entirety and without material modification, any Party may terminate and withdraw from this Stipulation. Termination and withdrawal from the Stipulation shall be accomplished by filing a notice with the Commission, including service to all Parties, in this proceeding within thirty days of the Commission's Order or ruling on rehearing as applicable. Other Parties to this Stipulation agree to defend and shall not oppose the termination and withdrawal of the Stipulation by any other Party. Upon the filing of a notice of termination and withdrawal, the stipulation shall immediately become null and void.

Prior to filing of such a notice, the party wishing to terminate agrees to work in good faith with the other Parties to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached that includes the Party wishing to terminate, then the new agreement shall be filed for Commission review and approval. If the discussion is to achieve an outcome that substantially satisfies the intent of the Stipulation and, if a new agreement is reached then the new agreement shall be filed for Commission review and approval. If the discussions to achieve an outcome that substantially satisfies the intent of the Stipulation are unsuccessful in reaching a new agreement that includes all parties to the present Stipulation, the Commission will con-

vene an evidentiary hearing such that the parties will be afforded the opportunity to present evidence through witnesses and cross-examination, present rebuttal testimony, and brief all issues that the Commission shall decide based upon the record and briefs as if this Stipulation had never been executed.

All the Parties fully support this Stipulation in its entirety and urge the Commission to accept and approve the terms herein.

This Stipulation is the product of an open process in which all parties were represented by able counsel and technical experts. The Stipulation represents a comprehensive compromise of issues raised by parties with diverse interests. AEP Ohio and the Commission Staff have signed the Stipulation and adopted it as a reasonable resolution of all issues. The Parties believe that the stipulation they are recommending for Commission adoption presents a fair and reasonable result.

The Parties agree that the settlement and resulting Stipulation are a product of serious bargaining among capable, knowledgeable parties with diverse interests and that the settlement, as a package, benefits ratepayers and is in the public interest. The Parties agree that the settlement package does not violate any important regulatory principle or practice.

WHEREAS, all of the related issues and concerns raised by the parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the parties, and overall reasonable resolution of all such issues;

WHEREAS, this Stipulation is the product of the serious bargaining and negotiations between capable and knowledgeable Parties and is not intended to reflect the views or proposals that any individual party may have advanced acting unilaterally;

WHEREAS, this Stipulation represents an accommodation of the diverse interests represented by the parties and is entitled to careful consideration by the Commission;

WHEREAS, this stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the parties believe that the agreements herein represent a fair and reasonable solution to the issues raised in the case set forth above concerning AEP Ohio's proposed renewable energy credit (REC) purchase program.

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following finding and issue its Opinion and Order in these proceedings approving this Stipulation in accordance with the following:

1. Parties agree that this service is available to customers taking electric service under the Company's standard service or open access distribution schedules that own or lease solar photovoltaic or small wind energy systems.
2. Parties agree that the Rider shall remain in effect until December 31, 2011. The Companies agree to work with Commission Staff to propose a similar program with cost recovery to be filed with the Commission no later than August 31, 2011.
3. Parties agree to define the "solar photovoltaic" and "small wind energy" at issue in this program as generating or having a total nameplate capacity of 100kW or less.
4. Parties agree that pursuant to the REC Purchase Agreement, the Companies will purchase qualifying RECs that are created from a solar photovoltaic or small wind energy system during the period

August 1, 2008 through December 31, 2011. For each REC, the Company will pay the customer as follows:

| <u>Facility Type</u> | <u>\$/REC</u> |
|----------------------|---------------|
| Solar Photovoltaic | \$300.00 |
| Small Wind | \$34.00 |

5. Parties agree that the Companies shall recover the cost of purchased RECs from this program through the fuel adjustment clauses. Parties agree that the Companies shall recover the weighted average inventory cost of its total RECs retired as part of its compliance with the renewable portfolio standard in Senate Bill 221 for that year as part of the fuel adjustment clause.
6. Parties agree that Attachment 1 properly reflects the renewable energy credit purchase offer rider that should be approved by the Commission.
7. Parties agree to define the program as outlined in the Companies November 30, 2009 filing including:
 - a. The solar photovoltaic (PV) or small wind electric generating facility must be in the State of Ohio and interconnected with AEP Ohio's electric grid.
 - b. Each PV or small wind facility must be approved by the Commission as a certified Ohio renewable energy resource generating facility.
 - c. Each facility must be registered with a REC tracking system where it is assigned a generation ID number.
 - d. A qualifying system requires a utility grade meter to measure the output, if it is greater than 6 kW. If the system is 6 kW or below, the current method for metering the energy produced must be approved by the Commission; otherwise they do not qualify for this offer.
 - e. A REC purchase agreement must provide a minimum of 1,000 KWH (1REC) per year.

- f. Only whole RECs will be purchased at the end of each calendar year with any fractional part reserved for the next calendar year's REC calculation.

The undersigned Parties hereby stipulate and agree and each represents that it is authorized to enter into this Stipulation and Recommendation this 8th day of October 2010.

**On behalf of the Staff of
The Public Utilities Commission of Ohio**

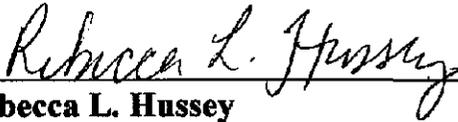
**On behalf of Columbus Southern Power
Company and Ohio Power Company**

By: Rebecca L. Hussey
Rebecca L. Hussey
Assistant Attorney General

By: Matthew J. Satterwhite by RLH
Matthew J. Satterwhite
Senior Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **Stipulation and Recommendation** was served via U.S. mail, postage repaid, and via electronic mail upon the parties listed below this 8th day of October, 2010.



Rebecca L. Hussey
Assistant Section Chief

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