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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Ohio Power Company and)	
Columbus Southern Power Company)	Case No. 10-2376-EL-UNC
for Authority to Merge and Related)	
Approvals)	

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**OHIO POWER COMPANY'S AND COLUMBUS SOUTHERN POWER COMPANY'S
MEMORANDUM IN RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL'S MOTION TO INTERVENE**

Ohio Power Company (OPCo) and Columbus Southern Power Company (CSP) (OPCo and CSP also referred to, together, as "the Companies") filed their Application on October 18, 2010 requesting the Commission to approve their proposed merger, grant any and all authority deemed necessary to consummate and fully implement their merger, and approve the continuation of each Company's rates, terms, and conditions. In response to that filing, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene. In addition to requesting intervention, OCC's motion also makes one procedural and several substantive arguments in support of its legal position. The Companies do not oppose OCC's intervention. However, they disagree with the arguments OCC makes in its motion to intervene and will briefly respond to them.

In its Memorandum in Support, OCC makes one procedural and several substantive arguments regarding the Companies' merger application. At page 2, OCC asserts that the Commission's jurisdiction over the merger arises not only through its supervisory authority under § 4905.04 through 4905.06, Ohio Rev. Code, but also under § 4905.402, Ohio Rev. Code. Division (B) of § 4905.02, in part, requires Commission approval before any person may acquire

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control, directly or indirectly, of a domestic electric utility or a holding company that controls a domestic electric utility. In order to obtain approval for a merger subject to § 4905.402, the person acquiring control must demonstrate that the acquisition will promote public convenience and result in the provision of adequate service for a reasonable rate, rental, toll or charge. In the case of CSP and OPCo, prior to their merger control of each of the Companies resides with their common parent, American Electric Power Company, Inc. (AEP), which owns all of the common stock of each Company. After their merger, control of the combined Companies will still reside with AEP, which will continue to own all of the combined Companies' stock. There will be no change in control, and thus no acquisition of control, directly or indirectly, as a result of the merger. Accordingly, the Companies believe that § 4905.402 is inapplicable to their merger. Nevertheless, the Companies also believe that their combination would meet the standard for approval of a merger under § 4905.402. Specifically, as their Application demonstrates, the merger will promote public convenience and result in the provision of adequate service for a reasonable rate, toll, or charge.

Next, OCC criticizes the merger as an apparent effort to avoid a finding, applicable to CSP, under the significantly excessive earnings test, that customers will be owed a refund for 2010. The Companies believe that the merger is appropriate, independent of its impact in the future on the application of the SEET. The Companies also believe that treating them separately for purposes of the SEET, when they are operated and managed on a combines basis, is fundamentally flawed, for the reasons that they have advanced consistently in every pertinent proceeding since the enactment of S.B. 221. Accordingly, while the Companies do not necessarily rely upon it as a basis for approving their merger, the correction of a serious flaw in how the SEET is applied to them is an additional benefit of their merger.

OCC's admonition, at pages 3-4, that the Commission should scrutinize the benefits of the merger in order to assure that they will offset a reduction in consumer protection that OCC presumes will result from applying the SEET to the combined Companies, is based on a false premise. There will be no reduction in the protections that the SEET provides to customers. The SEET will be applied precisely as the statute requires, and will continue to protect customers in the manner intended.

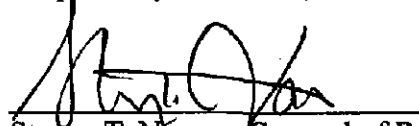
OCC also raises concerns, at page 4, about what rates the merged Companies might charge in the future, what impacts those future rates might have on customer shopping, and whether they might lead to a negative impact on customer choice in the future. These are non-issues in this proceeding. The Companies explained in their Application that rates will not change as a result of this proceeding. Any proposals to change rates in the future will be made in separate, future proceedings. Any such proposed rate changes will be subject to the Commission's review and approval, and OCC will have an opportunity to participate in those future proceedings. In short, OCC's hypothetical concerns regarding future rates are not relevant to this proceeding, and they are also premature.

OCC also contends, at page 4, that "the impact of the proposed merger on the AEP power pooling arrangement" should be of concern to the Commission. Yet, OCC acknowledges that there will be little impact on the pool agreement from the merger of CSP and OPCo. Rather, OCC explains that, while there might be little impact on the pool agreement from the merger itself, "there may be more significant long-term implications" because of possible future further modifications to the pool agreement. Again, OCC's concern is about a possible future development that might indirectly result in an impact on rates, not about anything that is

occurring in this case as part of the merger approval request. OCC's concern is not pertinent to this proceeding.

While the Companies do not oppose OCC's intervention, they strenuously disagree with the arguments that OCC has presented in its motion to intervene regarding the merits of the Companies' Application.

Respectfully submitted,



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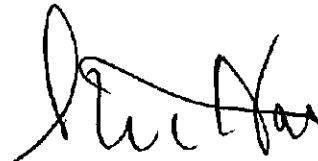
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**Counsel for Columbus Southern Power
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CERTIFICATE OF SERVICE

I hereby certify that a copy of Ohio Power Company's and Columbus Southern Power Company's Memorandum in Response to the Office of the Ohio Consumers' Counsel's Motion to Intervene was served by e-mail and regular mail on counsel for all parties of record in this case, on this 12th day of November, 2010.



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