

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Fuel Adjustment)
Clauses for Columbus Southern Power) Case No. 10-3042-EL-FAC
Company and Ohio Power Company.) Case No. 10-3043-EL-FAC

In the Matter of the Fuel Adjustment)
Clauses for Columbus Southern Power) Case No. 11-281-EL-FAC
Company and Ohio Power Company and)
Related Matters.)

FINDING AND ORDER

The Commission finds:

- (1) Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (collectively, AEP-Ohio or the Companies) are public utilities as defined in Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) By Order issued March 18, 2009, as clarified by the entry on rehearing issued July 23, 2009, the Commission approved fuel adjustment clauses (FAC) for the CSP and OP in the Companies' Electric Security Plan (ESP) adopted in Case Nos. 09-917-EL-SSO and 09-918-EL-SSO, *In the Matter of the Application of Columbus Southern Power Company for Approval of an Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets; and In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan*. In the Order modifying and approving AEP-Ohio's ESP, the Commission also approved an annual audit of the accounting of the FAC costs in the ESP and authorized 2011 rate increases of six percent for CSP and eight percent for OP.
- (3) Consistent with the Commission's ESP orders, AEP-Ohio filed its quarterly FAC filing on December 16, 2010, in Case Nos. 10-3042-EL-FAC and 10-3043-EL-FAC, to adjust the FAC rates for the first quarter of 2011. The quarterly filing, which includes actual fuel data for July through September of 2010 and forecasted information for the first quarter of 2011, proposes revised FAC rates for OP, to be effective beginning with the

January 2011 billing cycle, to reflect the percentage increase authorized in the Companies' ESP. The Companies are not proposing a change in the FAC rates for CSP.

- (4) The Commission finds that the Companies' application to revise the FAC component of its tariff rates is consistent with the Commission's Orders in the ESP case and does not appear to be unjust, unreasonable, or inconsistent with the Commission's prior orders. Therefore, the Commission finds that the applications should be approved and that it is unnecessary to hold a hearing in this matter. Accordingly, the revised tariffs should be effective with bills rendered beginning with the next billing cycle of 2011.
- (5) Notwithstanding the approval of the proposed tariff filings to establish new rates beginning with bills rendered for the next billing cycle of 2011, which includes the adjusted FAC rates, all fuel adjustment clause costs are subject to an annual audit and reconciliation.
- (6) To better facilitate the audit of AEP-Ohio's FAC filings, beginning with those filed for 2011, a new process will be established. A new case will be opened each year in which AEP-Ohio will be required to file its FAC adjustments and quarterly reports and the audit for that year. To that end, Case No. 11-281-EL-FAC (2011 FAC Case) has been opened.
- (7) AEP-Ohio should file its quarterly filings in the 2011 FAC Case, beginning with the next filing due for calendar year 2011, on or before March 1, 2011. The due dates for the subsequent quarterly reports shall be June 1, 2011, September 1, 2011 and December 1, 2011.

It is, therefore,

ORDERED, That the revised tariffs filed by AEP-Ohio on December 16, 2010, be approved and become effective for bills rendered beginning with the next billing cycle of 2011. It is, further,

ORDERED, That OP is authorized to file, in final form, four complete copies of the tariffs, consistent with this finding and order. OP shall file one copy in its TRF docket (or make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy in this case docket. The remaining two copies shall be designated for distribution to the

Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

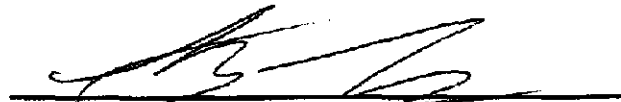
ORDERED, That AEP-Ohio adhere to the process set forth in findings (7) and (8). It is, further,

ORDERED, That OP notify all customers of the changes to the tariffs via a bill message or bill insert within 45 days of the effective date of the tariffs. A copy of this customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That nothing in this finding and order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this finding and order be served upon each company and all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Steven D. Lesser, Chairman

Paul A. Centolella

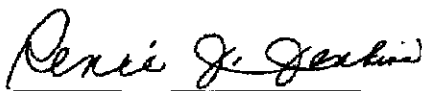

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Entered in the Journal

JAN 19 2011



Renee J. Jenkins
Secretary