

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
AND
THE OHIO ENERGY GROUP**

The Office of the Ohio Consumers' Counsel ("OCC") on behalf of the approximately 1.2 million residential electric distribution customers of Columbus Southern Power Company ("CSP") and Ohio Power Company ("OPC") (collectively, "Companies"), and the Ohio Energy Group (representing 22 of Ohio's most energy-intensive industries) (collectively "Customer Parties") file these joint comments. Such comments are filed in response to the February 9, 2011 Entry of the Public Utilities Commission of Ohio ("Commission" or "PUCO") which established a comment period in this proceeding in order for the Commission to "determine the scope and nature of its review and whether a hearing is necessary."¹

¹ February 9 Entry at 2.

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The Customer Parties urge the Commission to defer ruling on the merger application until after certain rate issues presented in the Electric Security Plan ("ESP") cases² are resolved, i.e., through the issuance of an ESP order adopting and possibly modifying the filed ESPs.³ This will allow the Commission to rightfully determine, among other things, if the merger will result in the provision of adequate service at a reasonable rate, rental, toll, or charge.⁴ In the context of the merger proceeding, one can only surmise what the impact of the merger will be on the rates, tolls, or charges, or blindly accept the Companies' assertion of the impact.

In contrast, there are proceedings in which these rates and reliability issues of the Companies will be front and center -- in the recently filed ESPs and the distribution cases.⁵ Their proposed ESP has been developed as a merged filing but also presents information for the ESP to be evaluated for OPC and CSP independently.⁶ Thus, once the ESP plan has been fully vetted, it should be easier to assess the established ESP rates on both an individual and merged basis, allowing parties to determine the impact of the merger on CSP and OPC rates. In the distribution cases, reliability of the Companies will be in issue and parties will be able to explore whether the merger will improve or diminish reliability for CSP and OP customers.

² The ESP cases filed by OPC and CSP are Case Nos. 11-346-EL-SSO, et al.

³ OCC has filed a protest before the Federal Energy Regulatory Commission related to the Companies' application seeking approval of its internal reorganization. See Docket No. EC11-37-000. Its protest is directed at the impact of the merger on wholesale/transmission rates at FERC. OCC preserves its rights at FERC, to continue protest the merger, notwithstanding comments filed here.

⁴ See Application (October 18, 2010) at 2. See also R.C. 4905.402(B).

⁵ The distribution rates of the Companies as well are under consideration in the distribution case filing, Case No. 11-351-EL-AIR, et al.

⁶ See Case Nos. 11-346-EL-SSO, et al., Direct Testimony of Hamrock (January 27, 2011) at 8-9.

Allowing these merger related issues to be explored through the ESP and distribution rate cases will allow interested parties the opportunity to fully develop a record on these important issues. Such a record cannot be developed here within the present time frame allotted to interested parties.⁷ Finally, if the Commission modifies the ESP as filed, then the Companies have the ability to refile a new ESP or seek an MRO. If the Commission conditions any merger approval on the Companies' acceptance of the Commission's ESP modifications, then the ESP and merger cases can be decided on a consistent basis.

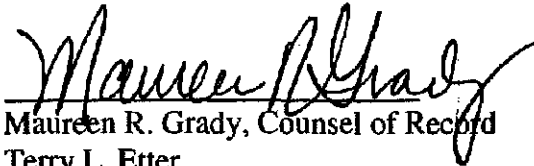
Because the proposed merger is intertwined with the Companies' ESP cases, there is no need for the Commission to act now in this proceeding. The Commission should therefore defer ruling on the merger application until it has addressed the Companies' ESP applications. Assuming, *arguendo*, the Commission does not defer ruling on the merger application, it should allow for a process, which should include ample discovery, opportunity to present testimony, and an opportunity for a hearing to evaluate the benefits to customers of the merger and review issues including cost allocation for economic development contracts, fuel costs, and the impact of the merger on reliability of the individual companies.⁸

⁷ A procedural schedule has been established in the ESP cases, with a hearing scheduled for July. See *id.*, Entry (February 9, 2011) at 2.

⁸ These issues would be subject to review in the ESP proceeding and distribution proceedings, hence, Customer Parties recommend for judicial economy purposes, as well as those purposes stated herein, that the ruling on the merger be deferred until these issues are worked out in the context of the pending ESP and distribution cases.

Respectfully submitted,

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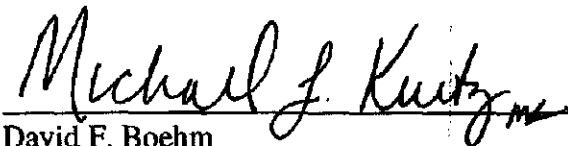
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CERTIFICATE OF SERVICE

I hereby certify that a copy of these Comments by the Office of the Ohio Consumers' Counsel and the Ohio Energy Group was served via Regular U.S. Mail Service, postage prepaid, upon the persons listed below, this 25th day of February, 2011.


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