

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|--|---|------------------------|
| In the Matter of the Application of |) | |
| Columbus Southern Power Company and |) | Case No. 11-351-EL-AIR |
| Ohio Power Company, Individually and, if |) | Case No. 11-352-EL-AIR |
| Their Proposed Merger is Approved, as a |) | |
| Merged Company (collectively, AEP |) | |
| Ohio) for an Increase in Electric |) | |
| Distribution Rates. |) | |

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| In the Matter of the Application of |) | |
| Columbus Southern Power Company and |) | |
| Ohio Power Company, Individually and, if |) | Case No. 11-353-EL-ATA |
| Their Proposed Merger is Approved, as a |) | Case No. 11-354-EL-ATA |
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| Ohio) for Tariff Approval. |) | |

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| In the Matter of the Application of |) | |
| Columbus Southern Power Company and |) | |
| Ohio Power Company, Individually and, if |) | Case No. 11-356-EL-AAM |
| Their Proposed Merger is Approved, as a |) | Case No. 11-358-EL-AAM |
| Merged Company (collectively, AEP |) | |
| Ohio) for Approval to Change Accounting |) | |
| Methods. |) | |

PUCO

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**MOTION TO COMPEL RESPONSES TO DISCOVERY
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL

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Michael E. Idzkowski
Assistant Consumers' Counsel

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June 17, 2011

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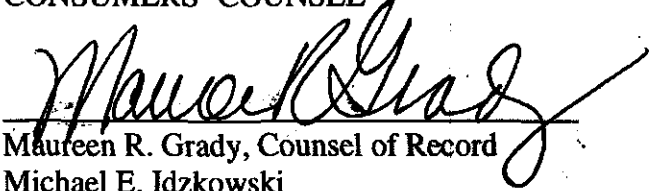
The Office of the Ohio Consumers' Counsel ("OCC"), on behalf of the 1.2 million residential utility consumers of Columbus Southern Power Company ("CSP") and Ohio Power Company ("OP") (collectively "Companies" or "AEP Ohio") moves¹ for an order compelling the Companies to fully and specifically respond to OCC Interrogatories 80 and 81, which are attached hereto as OCC Exhibits 2 and 3. AEP is required under

¹ See Ohio Adm. Code 4901-1-12 and 4901-1-23.

law and rule to provide this information, and OCC needs the information to prepare its case presentation on behalf of residential customers whose rates would be increased under AEP Ohio's proposal. The reasons supporting this motion are set forth in the attached Memorandum in Support.

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL



Maureen R. Grady, Counsel of Record
Michael E. Idzkowski
Assistant Consumers' Counsel

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MEMORANDUM IN SUPPORT

I. BACKGROUND

On March 14, 2011, the Companies filed an application that proposed to increase electric distribution rates, to its nearly 1.2 million residential customers by \$93 million, on a total AEP Ohio basis. In analyzing the Companies' needs to increase rates, OCC served discovery upon the Companies, including a Fourth Set of Discovery, that was directed to discovering the provider of last resort revenues billed² and expenses incurred

² OCC INT-80.

during the test period.³ Instead of answering OCC's two interrogatories, the Companies objected to the requests, stating that the request(s) sought "information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence." OCC moves to compel the Companies to respond to OCC Interrogatories 80 and 81, for the reasons set forth below.

II. STANDARD OF REVIEW

According to the Commission, "the policy of discovery is to allow the parties to prepare cases and to encourage them to prepare thoroughly without taking undue advantage of the other side's industry or efforts."⁴ The Commission's rules on discovery "do not create an additional field of combat to delay trials or to appropriate the Commission's time and resources; they are designed to confine discovery procedures to counsel and to expedite the administration of the Commission proceedings."⁵ These rules are intended to assure full and reasonable discovery, consistent with the statutory discovery rights of parties under R.C. 4903.082.

Specifically, R.C. 4903.082 states that the OCC and "[a]ll parties and intervenors shall be granted ample rights of discovery." Therefore the OCC, a party and intervenor, is entitled to timely and complete responses to its discovery inquiries. Additionally, R.C. 4903.082 directs the Commission to ensure that parties are allowed "full and reasonable discovery" under its rules.

³ OCC INT 81.

⁴ *In the Matter of the Investigation into the Perry Nuclear Power Plant*, Case No. 85-521-EL-COI, Entry at 23 (Mar. 17, 1987).

⁵ *Id.*, citing *Penn Central Transportation Co. v. Armco Steel Corp.* (C.P. 1971), 27 Ohio Misc. 76.

Accordingly, the Commission has adopted Ohio Adm. Code 4901-1-16(B) that provides:

any party to a commission proceeding may obtain discovery of any matter, not privileged, which is relevant to the subject matter of the proceeding. It is not a ground for objection that the information sought would be inadmissible at the hearing, if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

The PUCO's discovery rule is similar to Ohio Civ. R.26(B)(1), which governs the scope of discovery in civil cases. Civ. R. 26(B) has been liberally construed to allow for broad discovery of any unprivileged matter relevant to the subject matter of the pending proceeding.⁶

This scope of discovery is applicable to written interrogatories. Written interrogatories may elicit facts, data, or other information known or readily available to the party upon whom the discovery is served, under Ohio Adm. Code 4901-1-19. Each interrogatory must be answered "separately and fully, in writing and under oath, unless objected to, in which case the reasons for the objection shall be stated in lieu of an answer. The answer shall be signed by the person making them, and the objections shall be signed by the attorney or other person making them."

In Ohio Adm. Code 4901-1-23, the PUCO provided the procedure for parties to obtain the enforcement of these discovery rights, guaranteed by law and rule. Ohio Adm. Code 4901-1-23(A) and (B) provide for the PUCO to compel a party to answer discovery when the party has failed to do so, including when answers are evasive or incomplete.

⁶ *Ohio Consumers' Counsel v. Pub. Util. Comm.* (2006), 111 Ohio St.3d 300, ¶83, citing to *Moskovitz v. Mt. Sinai Med. Ctr.* (1994), 69 Ohio St.3d 638, 661 and *Disciplinary Counsel v. O'Neill* (1996), 75 Ohio St. 3d 1479.

Ohio Adm. Code Rule 23(C) details the technical requirements for a motion to compel, all of which are met in this OCC pleading.

The motion to compel is to be accompanied by a memorandum in support setting forth the basis of the motion and authorities relied upon; a brief explanation of how the information sought is relevant; and responses to objections raised by the party from whom the discovery is sought.⁷ Copies of the discovery requests and the responses are to be attached.⁸ Finally, Rule 4901-1-23, subsection (C) also requires the party seeking discovery to file an affidavit explaining how it has exhausted all other reasonable means of resolving the differences with the party from whom the discovery is sought.

The OCC has detailed in the attached affidavit, consistent with Rule 4901-1-23(C)(3), the efforts which have been made to resolve differences between it and the Companies. At this point it is clear that there can be no resolution worked out. OCC seeks responses to its discovery requests and is unable to obtain the responses without the Commission compelling such a result.

III. ARGUMENT

A. The Companies' Objections To Discovery Of Information That Is Reasonably Calculated To Lead To The Discovery Of Admissible Evidence Should Be Overruled And The Companies Should Be Ordered To Respond To Interrogatories 80 and 81.

OCC submitted its Fourth Set of Discovery to the Companies on May 18, 2011, which was served by electronic message as well as first class mail, postage prepaid, consistent with Ohio Adm. Code 4901:1-1-05(C)(4). On June 8, 2011, the Companies

⁷ See Ohio Adm. Code 4901-1-23(C)(1).

⁸ Ohio Adm. Code 4901-1-23(C)(2).

served their responses to OCC's Fourth Set of discovery by electronic message, including "responses" to OCC INT 80 and 81. See Attachment 1, 2 and 3. That very day, OCC Counsel contacted Company Counsel to advise that she needed to discuss the Companies' response to OCC's Fourth Set of Discovery. On June 9, at OCC's request, OCC and the Companies held a conference call to discuss the Companies' objections to OCC's Fourth Set of Discovery. OCC explained to Company Counsel, Mr. Satterwhite, the reasons for seeking the information and discussed how OCC considered POLR revenues and expenses relevant to the Companies' need for a distribution rate increase. OCC also explored with Mr. Satterwhite the Companies' objections to the discovery. At the end of the conference call Mr. Satterwhite advised that he would reconsider the objections in light of the discussion that occurred.

On June 12, 2011, the next business day, after inquiry by OCC Counsel, Mr. Satterwhite advised that the Companies would continue to object to providing responses to OCC Interrogatories 80 and 81. OCC moves to compel the Companies to respond to these Interrogatories, as discussed below.

B. Interrogatory 80 and 81(Attachments 2, 3)

These interrogatories seek to discover the test year expenses and revenues associated with the provider of last resort ("POLR") rider, approved by the PUCO in the Companies' last electric security plan proceeding, Case No. 08-917-EL-SSO et. al. The Companies object to providing this information because it seeks "information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence."

C. The Companies Have Failed To Establish That The Requested Information Would Not Reasonably Lead To The Discovery Of Admissible Evidence.

The party opposing the discovery request has the burden to establish that the requested information would not reasonably lead to the discovery of admissible evidence.⁹ In this regard, the Companies have indicated their new-found belief that the provider of last resort rider is unrelated to distribution service¹⁰ despite the fact that the Commission approved the POLR rider as a non-bypassable distribution rider in the ESP case.¹¹

Indeed, up until May 19, 2010, the Companies accepted POLR revenues as distribution revenues, and booked such revenues in their distribution ledger accounts.¹² But, at an Ohio planning meeting that AEP held on May 19, 2010, members of AEP Legal, AEP Ohio Regulatory Case Management, Regulatory Strategy, and Accounting decided to reclassify the ESP POLR revenues from the Distribution ledger to the Generation ledger. In doing so, the decision was made to reopen the ledgers for March 2009 to April 2010 and reverse earlier entries.

The Companies now claim that because *they* deem the POLR revenues to be generation related and not distribution related, such revenues (and the accompanying expenses) have nothing to do with the distribution case and the need for a distribution rate

⁹ *State ex rel. Fisher v. Rose Chevrolet, Inc.* (C.A. 1992), 82 Ohio App.3d 520, 523.

¹⁰ See for example, Companies' response to OCC INT 82, 84.

¹¹ See *In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; and Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generation Assets*, PUCO Case No. 08-917-EL-SSO 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*, PUCO Case NO. 08-918-EL-SSO, Opinion and Order at 38-40 (Mar. 18, 2009).

¹² See Companies' Response to OCC INT 86, Attachment 1.

increase. The Companies seem to believe that, despite the law and the PUCO's rules, they can define the scope of information to be discovered by other parties and they can limit thereby the evidence the PUCO will hear in adjudicating the rates that AEP will collect and that customers will pay. They believe that because they have unilaterally (and quite conveniently) decided that POLR revenues are not distribution revenues for purposes of determining distribution rate increases, no other party may explore this potential source of revenue. They are wrong.

The Companies fail to comprehend the broad scope of discovery permitted in Ohio in PUCO proceedings. Under the statute, R.C. 4903.082 parties are to be granted "ample rights of discovery." Under the rules enacted to enable ample discovery rights, a party may obtain discovery of any matter, not privileged, which is relevant to the subject matter of the proceeding. See Ohio Admin. Code 4901-1-16. The rule also provides for discovery of information reasonably calculated to lead to the discovery of admissible evidence. This discovery rule is nearly identical to Ohio Civ. R. 26(B)(1).

Civ. R. 26(B)(1) grants broad discovery powers to parties. The test for relevancy under Civ. R. 26(B)(1) "is much broader than the test to be utilized at trial. [Evidence] is only irrelevant by the discovery test when the information sought will not reasonably lead to the discovery of admissible evidence."¹³ As noted by the U.S. Supreme Court, "in the interests of fair trial, eliminating surprise, and achieving justice"¹⁴ relevancy, construed

¹³ *Tschantz v. Ferguson* (C.A. 1994), 97 Ohio App.3d 693, 715, citing *Icenhower v. Icenhower*, 1975 Ohio App. Lexis 8452 (Aug. 14, 1975) Franklin App. No. 75AP-93, unreported.

¹⁴ *United States v. Purdome* (W.D.Mo. 1962), 30 F.R.D. 338,340; *Stonybrook Tenants Association, Inc. v. Alpert*, 29 F.R.D. 165, 168 (D. Conn. 1961).

liberally, creates a broad vista for discovery¹⁵...and makes trial 'less of a blind man's bluff' and more a fair contest with the basic issues and facts disclosed to the fullest practicable extent."¹⁶

If it is likely that the information sought may be relevant to the subject matter of the action it should be allowed, unless it is clear that the information sought can have no possible bearing upon the action.¹⁷ Applying this standard to OCC's Interrogatories 80 and 81, the PUCO should conclude that OCC's discovery is allowed by law and rule—and answers should be compelled.

The information that is calculated to lead to the discovery of admissible evidence relates to the very essence of the distribution rate case filing—Have the Companies established a need for a distribution rate increase? As the Companies would be well aware, if POLR revenues are recognized as distribution revenues, consistent with the PUCO's approval of the POLR rider as a non-bypassable distribution rider, then to a large extent the need for a distribution rate increase will be gone.¹⁸

This means that OCC's discovery relates to whether customers should be paying a rate increase at all. In fact a distribution rate reduction could be in order for certain of the AEP Ohio customers.

¹⁵ *Oppenheimer Fund, Inc. v. Sanders* (1978), 437 U.S.340, 351; *Schlagenhauf v. Holder* (1964), 379 U.S. 104, 121; *Hickman v. Taylor* (1947), 329 U.S. 495, 507.

¹⁶ *United State v. Proctor & Gamble Co* (1958), 356 U.S. 677, 682.

¹⁷ *Miller v. Doctor's General Hospital* (W.D. Okl. 1977), 76 F.R.D. 136, 138-139; *In re Folding Carton Anti-Trust Litigation*, 83 F.R.D. at 254; *United States v. IBM Corp.* (S.D.N.Y.1974), 66 F.R.D. 215, 218; *Cleo Wrap Corp. v. Elsner Engineering Works* (M.D. Pa. 1972), 59 F.R.D. 386, 388.

¹⁸ On a yearly basis, a POLR rider was approved that allowed the collection of approximately \$150 million per calendar year on a total AEP Ohio basis.

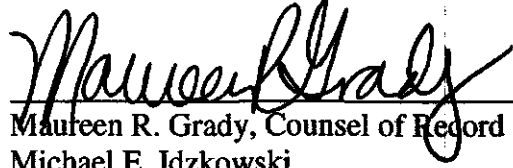
Clearly, distribution revenues received during the test period, as well as any offsetting POLR expenses, are relevant to determining whether AEP's Ohio's request to collect \$93 million from OP and CSP customers is just and reasonable. Thus, the information is reasonably calculated to lead to the discovery of admissible evidence. The Companies should be ordered to answer the discovery.

IV. CONCLUSION

Pursuant to R.C. 4903.082 and Ohio Adm. Code 4901-1-16 and other authority and reasons stated above, OCC's Motion to Compel should be granted, and the Companies should be ordered to respond to the discovery immediately so that OCC can prepare its case. The Companies have failed to bear their burden of proving that the discovery in question will not lead to the discovery of admissible evidence. As such, it is appropriate and fitting that the PUCO, consistent with its rules and statutes discussed herein, grant OCC's Motion to Compel. Granting OCC's motion to compel will further the interests of consumers by requiring information be produced pertaining to POLR revenues (and expenses) which could mitigate, and perhaps eliminate the need for a distribution rate increase. And such information furthers the interest of the PUCO in making fair decisions for the Ohio public under R.C. 4903.09, whereby the PUCO shall file "findings of fact and written opinions setting forth the reasons prompting the decisions arrived at, based upon said findings of fact."

Respectfully submitted,

JANINE L. MIGDEN-OSTRANDER
CONSUMERS' COUNSEL

A handwritten signature in black ink, appearing to read "Maureen R. Grady", is written over a horizontal line.

Maureen R. Grady, Counsel of Record
Michael E. Idzkowski
Assistant Consumers' Counsel

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AFFIDAVIT OF MAUREEN R. GRADY

I, Maureen R. Grady, attorney for the Office of the Ohio Consumers' Counsel ("OCC") in the above captioned case, being first duly sworn, depose and state that the following efforts have been made to resolve the differences with the Companies (CSP and OP) as to the motion to compel responses to OCC Interrogatories 80 and 81:

1. OCC submitted its Fourth Set of Discovery to the Companies on May 18, 2011, which was served by electronic message as well as first class mail, postage prepaid.

On June 8, 2011, the Companies served their responses to OCC's Fourth Set of discovery, by electronic message. See Attachment 1.

2. On June 8, 2011, OCC contacted Company Counsel alerting Counsel that it needed to discuss the Companies' responses to OCC's Fourth Set of Discovery. On June 9, 2011, at OCC's request, OCC and the Companies held a discovery conference call to discuss the Companies' objections to OCC's Fourth Set of Discovery, including its objections to Interrogatories 80 and 81. OCC explained to the Companies' Counsel, Mr. Satterwhite, the reasons for seeking the information, and explored with Mr. Satterwhite the objections the Companies had been made. At the end of the conference call, Companies' Counsel advised they would reconsider the objections in light of the discussion that had occurred.

3. On June 12, 2011, the next business day, after inquiry by OCC Counsel, Counsel for the Companies advised that they would continue to object to providing responses to OCC Interrogatories 80 and 81.

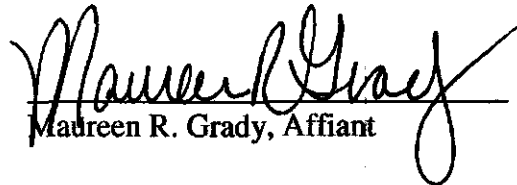
4. It being clear that all reasonable means of resolving differences with the Companies had been exhausted, OCC indicated to Companies' Counsel that it would be moving to compel answers to Interrogatories 80 and 81. See Attachments 2 and 3.

STATE OF OHIO)
) SS:
COUNTY OF FRANKLIN)

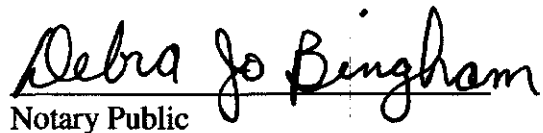
The undersigned, being of lawful age and duly sworn on oath, hereby certifies,
deposes and state the following:

I have caused to be prepared the attached written affidavit for OCC in the above
referenced docket. This affidavit is true and correct to the best of my knowledge,
information and belief.

Further affiant sayeth naught.


Maureen R. Grady, Affiant

Subscribed and sworn to before me this 17th day of June, 2011.


Notary Public



Debra Jo Bingham, Notary Public
Union County, State of Ohio
My Commission Expires June 13, 2015

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL IN
PUCO CASE NOS. 11-351-EL-AIR AND 11-352-EL-AIR
FOURTH SET**

INT-80. Please identify on a monthly basis for the test period the provider of last resort surcharges as billed for Ohio Power and CSP, by customer class. If actual billings are not available for the later months of the test year, please identify an estimated billing for those months.

RESPONSE:

The Companies object to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Prepared by Counsel.

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
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FOURTH SET**

INT-81. Please identify the corresponding provider of last resort expenses incurred, on a monthly basis for Ohio Power and CSP, by customer class for the test period. Please identify these expenses by individual accounts, amounts, and classifications.

RESPONSE:

The Companies object to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Prepared by Counsel.

**COLUMBUS SOUTHERN POWER COMPANY'S
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INT-82. Did the Companies recognize any test year provider of last resort revenues in its operating revenues presented in this case? If so, please identify the amount, account, and schedules where these revenues can be found. If not, why were these revenues not included in the filing?

RESPONSE:

No. POLR Revenues are not included in the provision of distribution service.

Prepared by Thomas Zelina.

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
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FOURTH SET**

INT-83. Did the Companies recognize any provider of last resort expenses in its operating expenses presented in this case? If so, please identify the amount, account, and schedules where these expenses can be found. If not, why were these expenses not included in the filing?

RESPONSE:

No. POLR expenses are not included in the provision of distribution service.

Prepared by Thomas E. Mitchell and Teresa A. Caudill.

**COLUMBUS SOUTHERN POWER COMPANY'S
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INT-84. Do the Companies consider the provider of last resort surcharge revenues to be distribution revenues? If so, please identify the specific account such revenues are booked to, and include the actual booking entries for this account from January 1, 2009 forward, up to and including the test period. Also identify the basis or authority for treating those surcharge revenues as distribution revenues.

RESPONSE:

No.

Prepared by Selwyn Dias.

**COLUMBUS SOUTHERN POWER COMPANY'S
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INT-85. Do the Companies consider the provider of last resort surcharge revenues to be generation revenues? Is so, please identify the specific account such revenues are booked to, and include the actual booking entries for this account from January 1, 2009 forward, up to and including the test period. Also identify the basis or authority for treating those surcharge revenues as generation revenues.

RESPONSE:

The Companies consider POLR revenues to be related to the provision of provider of last resort service.

Prepared by Selwyn Dias.

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FOURTH SET**

INT-86. From January 1, 2009, up until present, please identify the specific accounts that POLR revenues have been booked to and include the actual booking entries to this account, including any reclassification or reversals that have occurred since January 1, 2009. Please provide an explanation or basis for any reclassification or reversals, and indicate the authority for such reclassification or reversal.

RESPONSE:

See the response and attachments to data request Staff 83-001 for POLR revenues identified by tariff code.

See OCC Set 4 INT-086 Attachment 1 for a copy of an accounting memo describing the accounting for POLR revenues.

Prepared by Thomas E. Mitchell.

**COLUMBUS SOUTHERN POWER COMPANY'S
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THE OFFICE OF THE OHIO CONSUMERS' COUNSEL IN
PUCO CASE NOS. 11-351-EL-AIR AND 11-352-EL-AIR
FOURTH SET**

RPD-50. Referring to Interrogatory No. 86, please provide all documents (internal and external) that form the basis for the booking of POLR revenues as either generation or distribution revenues. If the booking of the revenues as generation or distribution revenues has changed since January 1, 2009, please produce all documents that pertain to changes in treating these revenues or in reclassifying or reversing prior bookings of such revenues.

RESPONSE

See OCC Set 4, INT-086-001 Attachment 1.

Prepared by Thomas E. Mitchell.



Date: June 9, 2010

Subject: Accounting Implications Memo regarding the Proper Functional Ledger
Accounting for Columbus Southern Power's and Ohio Power Company's
Provider of Last Resort Revenues

From: Tom Mitchell/Jeff Brubaker and Jason Yoder

To: Chuck Oberlin, Dale Patterson, Mark Pyle, Greg Adams and John Scalzo

The purpose of this memo is to provide the proper accounting for Provider of Last Resort (POLR) revenues on Columbus Southern Power's (CSP) and Ohio Power Company's (OPCo) or (the Companies) functional ledgers.

Background

On March 18, 2009 the Public Utilities Commission of Ohio (PUCO) issued an Opinion and Order approving the Companies' ESP rates including the POLR rider in base rates without a true-up provision. POLR revenues compensate the Companies for the generation risk/capacity costs associated with customer migration. The Companies implemented the ESP rates effective with the first billing cycle of April 2009 on a bills rendered basis. In March 2009, the unbilled revenue was calculated based on the new ESP rates.

Since the approval of the ESP, Management has been considering the proper functional presentation of POLR revenues and the related risks/capacity costs associated with those POLR revenues. Currently the POLR revenues are recorded on the Distribution ledger and risks of customer migration and any attendant capacity commitments and commercial and accounting hedges for the Ohio load are reflected on the Generation ledger. The decision to reclassify the ESP POLR revenues to the Generation ledger was made in an Ohio planning meeting on May 19, 2010 including representatives from Legal, AEP Ohio, Regulatory Case Management, Regulatory Strategy and Accounting.

The decision to reclassify the ESP POLR revenues from the Distribution ledger to Generation ledger will require the functional ledgers to be reopened for March 2009 to April 2010, which is planned for June 2010. Starting in May 2010, POLR revenues will be recorded monthly on the Generation Ledger.

Accounting Implications

Beginning with the March 2009 close, Revenue and Remittance Accounting (Chuck Oberlin, Manager) will modify the intercompany transaction journal entry (listed below)

between the Companies' Generation and Distribution ledgers to offset the POLR revenue on the Distribution ledger through affiliated purchased power in an amount equal to the POLR revenues for the month. This is necessary because the revenue report in MACSS used to record the monthly intercompany transaction currently includes only the Generation Base Rates and the Fuel Adjustment Clause Rider Rate and excludes the POLR Rider Rate. The POLR Rider Rate will be included prospectively in future transactions between Ohio Generation and Distribution.

To determine the additional monthly intercompany transaction journal entry, Revenue and Remittance Accounting (Chuck Oberlin, Manager) will identify the POLR Billed and Unbilled revenues for each month related to the ESP rates, beginning April 2009 (with recognition for the March 2009 unbilled revenue) through queries (Revenue Equation Code: Series SR 27) and add that amount to the portion of purchased power recorded on the Distribution ledger each month.

The monthly POLR Unbilled and Billed revenue for OPCo and CSP recorded as a result of the ESP rates is provided in the table below:

MONTHLY POLR REVENUES
Billed and Unbilled

| <u>OPCO</u> | | <u>CSP</u> | |
|--------------------|----------------------|--------------|-----------------------|
| <u>Month</u> | <u>\$</u> | <u>Month</u> | <u>\$</u> |
| March-09 | 2,835,443.39 * | March-09 | 3,174,224.91 * |
| April-09 | 4,941,474.30 | April-09 | 8,305,067.78 |
| May-09 | 5,365,965.24 | May-09 | 10,700,599.97 |
| June-09 | 5,772,417.13 | June-09 | 11,265,087.23 |
| July-09 | 5,256,842.12 | July-09 | 10,561,483.46 |
| August-09 | 6,328,834.71 | August-09 | 11,972,506.07 |
| September-09 | 5,167,055.51 | September-09 | 9,272,234.29 |
| October-09 | 5,646,255.67 | October-09 | 9,665,257.84 |
| November-09 | 5,065,149.73 | November-09 | 8,585,090.52 |
| December-09 | 6,540,057.37 | December-09 | 11,451,892.10 |
| Total 2009 | 52,919,495.17 | | 94,953,444.17 |
| January-10 | 4,248,313.13 | January-10 | 8,132,231.51 |
| February-10 | 4,433,326.34 | February-10 | 7,935,917.31 |
| March-10 | 4,434,044.09 | March-10 | 7,710,276.72 |
| April-10 | 3,819,003.58 | April-10 | 6,504,800.66 |
| Total 2010 | 16,934,687.14 | | 30,283,226.20 |
| Grand Total | 69,854,182.31 | | 125,236,670.37 |

* March 2009 only includes the unbilled revenue calculated at the new ESP rate. It is included as a reversal entry in the April 2009 amounts.

The entry that follows is the monthly intercompany transaction entry to record Generation Billed and Unbilled Revenue, which will be modified to include the POLR Rider Rate revenues.

| <u>Business</u> | <u>BU</u> | <u>Account</u> | <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|-----------------|-----------|----------------|--------------------------------|--------------|---------------|
| 144 | CSP G | 1460001 | A/R Assoc Co – InterUnit G/L | x,xxx,xxx | |
| 181 | OPCo G | 1460001 | A/R Assoc Co – InterUnit G/L | x,xxx,xxx | |
| 144 | CSP G | 4470074 | Sale for Resale-Aff-Trmf Price | | x,xxx,xxx |
| 181 | OPCo G | 4470074 | Sale for Resale-Aff-Trmf Price | | x,xxx,xxx |
| 220 | CSP D | 5550029 | Purchased Power – Affiliate | x,xxx,xxx | |
| 250 | OPCo D | 5550029 | Purchased Power – Affiliate | x,xxx,xxx | |
| 220 | CSP D | 2340001 | A/P Assoc Co – InterUnit G/L | | x,xxx,xxx |
| 250 | OPCo D | 2340001 | A/P Assoc Co – InterUnit G/L | | x,xxx,xxx |

To record Generation Billed and Unbilled Revenue per MACSS (Purchased Power for Distribution) including an offset for Distribution POLR revenue beginning April 2009.

In June 2010 when the reclassification of POLR revenues to Generation from Distribution is recorded in the prior accounting periods, the functional tax expense including Federal and State will be impacted. The necessary tax entries will be recorded by the Tax Department (Mark Pyle, Vice President). The necessary elimination entries for the reclassifications will be recorded by Internal Financial Reporting (Greg Adams, Director) and the intercompany settlements and parent investment accounts will be recorded by Corporate Accounting (John Scalzo, Manager).

There is no net income effect on the consolidated Companies from these affiliate transactions.

Beginning with May 2010 close, Revenue and Remittance Accounting (Chuck Oberlin, Manager) should identify POLR revenues for inclusion in the monthly intercompany transaction to record Generation ledger revenue and Distribution ledger affiliated purchased power to include POLR. Although the POLR revenues will begin to be reported on the Generation ledger, MACSS will continue to bill the POLR Rider Rate to customers as non-by passable unless the customer who "shops" agrees to pay market rates upon returning to AEP as noted in the ESP order (page 40).

cc:

| | | |
|-----------------|----------------------|-----------------------|
| Rich Mueller | Nick Roger – D&T | Jennifer Miller – D&T |
| Tyler Ross | George Fackler – D&T | John Huneck |
| Brian Tierney | Rich Riley | Scott Travis |
| Rich Munczinski | Jennifer McLavy | Andy Reis |
| Joe Buonaiuto | Kellie Conklin | Jennifer Marshall |
| Joe Hamrock | Pam Fleming | Dorra Campbell |
| Selwyn Dias | Julie Sloat | Mike Baird |
| Matt Kyle | Phil Nelson | Jeff Bartsch |
| Lonnie Dieck | Janet Tully-Green | Greg Sohovich |

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL IN
PUCO CASE NOS. 11-351-EL-AIR AND 11-352-EL-AIR
FOURTH SET**

INT-80. Please identify on a monthly basis for the test period the provider of last resort surcharges as billed for Ohio Power and CSP, by customer class. If actual billings are not available for the later months of the test year, please identify an estimated billing for those months.

RESPONSE:

The Companies object to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Prepared by Counsel.

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL IN
PUCO CASE NOS. 11-351-EL-AIR AND 11-352-EL-AIR
FOURTH SET**

INT-81. Please identify the corresponding provider of last resort expenses incurred, on a monthly basis for Ohio Power and CSP, by customer class for the test period. Please identify these expenses by individual accounts, amounts, and classifications.

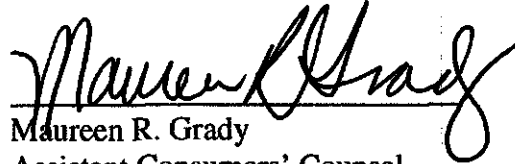
RESPONSE:

The Companies object to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

Prepared by Counsel.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Motion to Compel Responses to Discovery by the Office of the Ohio Consumers' Counsel was provided to the persons listed below via regular U.S. Mail service, postage prepaid, this 17th day of June, 2011.



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