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**Case No. 11-4920-EL-RDR**

**Case No. 11-4921-EL-RDR**

Columbus Southern Power Company (CSP) and Ohio Power Company (OPCo), collectively the “Companies” or “AEP Ohio,” submit this application to seek approval of a mechanism to recover the fuel costs ordered to be deferred for later collection by the Commission as part of the phase-in of rate changes ordered by the Commission in the Companies’ ESP cases, 08-917-EL-SSO and 08-918-EL-SSO (*Initial ESP cases*).

1. The Companies are electric light companies, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.
2. In the Companies' *Initial ESP cases*, the Commission ordered AEP Ohio to mitigate the rate impacts of fuel adjustment clause increases by deferring the portions of their FAC costs in excess of the allowable total bill increase percentage levels. As part of the cost deferral requirement, the Commission authorized the Companies also to record and defer carrying costs on the fuel cost deferrals, both during the three-year term of the ESP and during the

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subsequent seven-year amortization and collection period. The Commission ordered that any remaining deferred fuel expenses, including associated carrying costs, remaining at the end of 2011 “shall be recovered via an unavoidable surcharge.” *Initial ESP cases* at 22-23. R.C. 4928.144 authorizes the Commission to approve a reasonable phase-in of any electric utility rate or price established pursuant to 4928.143, Revised Code, with carrying charges through the creation of regulatory assets and collected through an unavoidable surcharge. The Commission ordered such a phase-in of the increases in AEP Ohio’s *Initial ESP cases* in its March 18, 2009 Opinion and Order (*Initial ESP cases* O&O at 22.)

3. The Commission already approved the Companies’ proposed carrying charges in the *Initial ESP cases* finding that the “carrying cost rate calculated based on the WACC is reasonable as proposed by the Companies.” *Id.* at 23. Intervenors in the *Initial ESP cases* raised arguments challenging the Companies’ methodology including the usage of the WACC for the carrying charges. Some intervenors also unsuccessfully challenged the level of the deferral based on tax savings. *Id.* The Commission denied intervenors’ attempts to reflect the deferrals on a net-of-tax basis, instead finding that it should be calculated on a gross-of-tax basis to ensure the Companies recover their actual fuel expense. *Id.* at 24. The Commission rejected the intervenors’ concerns and noted the scope of its discretion to approve the Companies’ request in the manner expressed based on its broad authority under R.C. 4928.144. The Commission also recognized that it was approving the

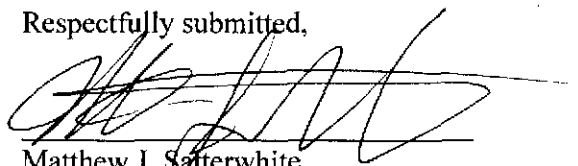
Companies' requested methodology for the cost deferrals and subsequent amortization and recovery in light of the facts that it had substantially reduced the Companies' proposed caps on price increases and required the Companies to defer a significantly higher percentage of costs than they had proposed in their application. *Id.* The issues raised on rehearing regarding this aspect of the Companies' ESP were denied, and no party appealed any of these issues.

4. Based on the reasons stated above, the Companies request the creation of a recovery mechanism to ensure recovery of the their accumulated deferred fuel costs, including carrying costs, that were the direct result of the Commission's phase-in decision in the *Initial ESP cases*. The Companies submit as Exhibit A their nonbypassable Phase-In Recovery Rider (PIRR) to be effective with the first billing cycle of January 2012. Page 3 sums the current deferrals as of this FAC filing with estimates for the remainder of 2011, then calculates per-kWh rates based on estimated energy consumption at the different voltage levels. Page 4 provides the recovery and amortization schedule of the total OPCo deferral over the period beginning January 2012 and ending December 2018, utilizing the WACC rate of 11.15% as approved in the Initial ESP cases. CSP's forecasted over-recovery will be returned in the March 1, 2012 FAC filing with FAC rates effective with the first billing cycle of April 2012.
5. The Companies plan to make annual filings by December 1 of each year (beginning with 2012) during the planned collection period, if necessary, to adjust the rate to recover the actual balance over the remaining term of the recovery period. Subsequent to the end of the collection period, the

Companies will make a final true-up filing. The Companies will file new schedules if necessary upon action on the proposed merger of the Companies.

**WHEREFORE**, based on the reasons stated above, the Commission should expeditiously approve the Companies' application and grant any other relief deemed appropriate to facilitate approval of the application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matthew J. Satterwhite', is written over a horizontal line.

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OHIO POWER COMPANY  
AND  
COLUMBUS SOUTHERN POWER COMPANY  
  
EXHIBIT A  
  
PHASE-IN RECOVERY RIDER

Filed Pursuant to Orders 08-917-EL-SSO and 08-918-EL-SSO

**AEP Ohio**  
**Calculation of Phase-In Recovery Rider (PIRR)**

| Line                          | Description                            | CSP             | OPCo           |
|-------------------------------|----------------------------------------|-----------------|----------------|
| 1                             | Deferral Balance as of June 30, 2011   | \$ 28,169,051   | \$ 568,977,369 |
| 2                             | 3rd Quarter 2011                       | \$ (24,700,536) | \$ 11,885,366  |
| 3                             | 4th Quarter 2011                       | \$ (7,364,555)  | \$ 47,210,590  |
| 4                             | Balance Estimated at December 31, 2011 | \$ (3,896,041)  | \$ 628,073,325 |
| 5                             | Annual Revenue Requirement             | \$ -            | \$ 129,644,938 |
| Estimated Annual kWh at Meter |                                        |                 |                |
| 6                             | Secondary                              | 2,554,627,733   | 3,185,067,104  |
| 7                             | Primary                                | 16,389,320,942  | 13,809,307,053 |
| 8                             | Tran/Sub                               | 2,519,265,114   | 9,699,213,482  |
| 9                             | Total                                  | 21,463,213,789  | 26,693,587,639 |
| Loss Factor                   |                                        |                 |                |
| 10                            | Secondary                              | 1.0578          | 1.0662         |
| 11                            | Primary                                | 1.0233          | 1.028          |
| 12                            | Tran/Sub                               | 1.0039          | 1.0033         |
| Estimated kWh at Generator    |                                        |                 |                |
| 13                            | Secondary                              | 2,702,285,216   | 3,395,918,546  |
| 14                            | Primary                                | 16,771,192,120  | 14,195,967,650 |
| 15                            | Tran/Sub                               | 2,529,090,248   | 9,731,220,886  |
| 16                            | Total                                  | 22,002,567,584  | 27,323,107,083 |
| 17                            | Rate at Generator                      | -               | 0.004744883    |
| Rate at Meter (\$ / kWh)      |                                        |                 |                |
| 18                            | Secondary                              | -               | 0.005059       |
| 19                            | Primary                                | -               | 0.004878       |
| 20                            | Tran/Sub                               | -               | 0.004761       |

Line 1 - (Over) / Under Recovery Balance from FAC 4th quarter filing  
Line 2 - Forecast  
Line 3 - Forecast  
Line 4 - Sum of Lines 1, 2, and 3  
Line 5 - Schedule 2  
Line 6 - Forecast  
Line 7 - Forecast  
Line 8 - Forecast  
Line 9 - Sum of Lines 6, 7, and 8  
Line 10 - Voltage Loss Factor

Line 11 - Voltage Loss Factor  
Line 12 - Voltage Loss Factor  
Line 13 - Line 6 Multiplied by Line 10  
Line 14 - Line 7 Multiplied by Line 11  
Line 15 - Line 8 Multiplied by Line 12  
Line 16 - Sum of Lines 13, 14, and 15  
Line 17 - Line 5 Divided by Line 16  
Line 18 - Line 17 Multiplied by Line 10  
Line 19 - Line 17 Multiplied by Line 11  
Line 20 - Line 17 Multiplied by Line 12

## OPCo FAC Deferral Amortization Schedule

|               | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Principal     | \$ 62,757.69  | \$ 70,124.08  | \$ 78,355.13  | \$ 87,552.32  | \$ 97,829.07  | \$ 109,312.08 | \$ 122,043.49 |
| Carrying Cost | \$ 66,887.25  | \$ 69,520.85  | \$ 51,289.81  | \$ 42,092.62  | \$ 31,815.87  | \$ 20,332.85  | \$ 7,501.98   |
| Total         | \$ 129,644.94 | \$ 129,644.94 | \$ 129,644.94 | \$ 129,644.94 | \$ 129,644.94 | \$ 129,644.94 | \$ 129,545.48 |

| Enter Values        |               | Loan Summary        |               |
|---------------------|---------------|---------------------|---------------|
| Deferral Balance    | \$ 628,073.32 | Monthly Recovery    | \$ 10,603.74  |
| Pre Tax WACC        | 11.15 %       | Est Months          | 84            |
| Period in Years     | 7             | Actual Months       | 84            |
| Payments Per Year   | 12            | Total Adjustments   | \$ -          |
| Recovery Start Date | 1/1/2012      | Total Carrying Cost | \$ 279,441.24 |

| Pmt No. | Payment Date | Beginning Balance | Scheduled Payment | Total Payment | Principal | Interest | Ending Balance | Cumulative Interest |
|---------|--------------|-------------------|-------------------|---------------|-----------|----------|----------------|---------------------|
| 1       | 2/1/2012     | 628,073.32        | 10,803.74         | 10,803.74     | 4,967.90  | 5,835.85 | 623,105.43     | 5,835.85            |
| 2       | 3/1/2012     | 623,105.43        | 10,803.74         | 10,803.74     | 5,014.06  | 5,789.69 | 618,091.37     | 11,625.54           |
| 3       | 4/1/2012     | 618,091.37        | 10,803.74         | 10,803.74     | 5,060.65  | 5,743.10 | 613,030.73     | 17,368.63           |
| 4       | 5/1/2012     | 613,030.73        | 10,803.74         | 10,803.74     | 5,107.57  | 5,696.08 | 607,923.06     | 23,064.71           |
| 5       | 6/1/2012     | 607,923.06        | 10,803.74         | 10,803.74     | 5,155.13  | 5,648.62 | 602,767.93     | 28,713.33           |
| 6       | 7/1/2012     | 602,767.93        | 10,803.74         | 10,803.74     | 5,203.03  | 5,600.72 | 597,564.90     | 34,314.05           |
| 7       | 8/1/2012     | 597,564.90        | 10,803.74         | 10,803.74     | 5,251.37  | 5,552.37 | 592,313.53     | 39,866.42           |
| 8       | 9/1/2012     | 592,313.53        | 10,803.74         | 10,803.74     | 5,300.16  | 5,503.58 | 587,013.37     | 45,370.00           |
| 9       | 10/1/2012    | 587,013.37        | 10,803.74         | 10,803.74     | 5,348.41  | 5,454.33 | 581,663.96     | 50,824.34           |
| 10      | 11/1/2012    | 581,663.96        | 10,803.74         | 10,803.74     | 5,396.12  | 5,404.63 | 576,264.84     | 56,228.96           |
| 11      | 12/1/2012    | 576,264.84        | 10,803.74         | 10,803.74     | 5,443.28  | 5,354.46 | 570,815.56     | 61,583.42           |
| 12      | 1/1/2013     | 570,815.56        | 10,803.74         | 10,803.74     | 5,489.92  | 5,303.83 | 565,315.64     | 66,887.25           |
| 13      | 2/1/2013     | 565,315.64        | 10,803.74         | 10,803.74     | 5,535.02  | 5,252.72 | 559,764.62     | 72,139.98           |
| 14      | 3/1/2013     | 559,764.62        | 10,803.74         | 10,803.74     | 5,579.60  | 5,201.15 | 554,162.02     | 77,341.12           |
| 15      | 4/1/2013     | 554,162.02        | 10,803.74         | 10,803.74     | 5,624.66  | 5,148.09 | 548,507.36     | 82,490.21           |
| 16      | 5/1/2013     | 548,507.36        | 10,803.74         | 10,803.74     | 5,670.23  | 5,096.55 | 542,800.17     | 87,586.76           |
| 17      | 6/1/2013     | 542,800.17        | 10,803.74         | 10,803.74     | 5,716.23  | 5,043.52 | 537,039.94     | 92,630.28           |
| 18      | 7/1/2013     | 537,039.94        | 10,803.74         | 10,803.74     | 5,762.75  | 4,990.00 | 531,226.19     | 97,620.27           |
| 19      | 8/1/2013     | 531,226.19        | 10,803.74         | 10,803.74     | 5,809.88  | 4,935.86 | 525,358.42     | 102,556.25          |
| 20      | 9/1/2013     | 525,358.42        | 10,803.74         | 10,803.74     | 5,857.29  | 4,881.46 | 519,436.13     | 107,437.71          |
| 21      | 10/1/2013    | 519,436.13        | 10,803.74         | 10,803.74     | 5,905.32  | 4,826.43 | 513,458.82     | 112,264.13          |
| 22      | 11/1/2013    | 513,458.82        | 10,803.74         | 10,803.74     | 5,953.86  | 4,770.89 | 507,425.96     | 117,035.02          |
| 23      | 12/1/2013    | 507,425.96        | 10,803.74         | 10,803.74     | 6,002.91  | 4,714.83 | 501,337.05     | 121,749.85          |
| 24      | 1/1/2014     | 501,337.05        | 10,803.74         | 10,803.74     | 6,052.49  | 4,658.26 | 495,191.56     | 126,408.11          |
| 25      | 2/1/2014     | 495,191.56        | 10,803.74         | 10,803.74     | 6,102.59  | 4,601.15 | 488,988.97     | 131,009.27          |
| 26      | 3/1/2014     | 488,988.97        | 10,803.74         | 10,803.74     | 6,153.22  | 4,543.52 | 482,728.75     | 135,552.79          |
| 27      | 4/1/2014     | 482,728.75        | 10,803.74         | 10,803.74     | 6,204.39  | 4,485.35 | 476,410.36     | 140,038.14          |
| 28      | 5/1/2014     | 476,410.36        | 10,803.74         | 10,803.74     | 6,256.10  | 4,426.65 | 470,033.26     | 144,464.79          |
| 29      | 6/1/2014     | 470,033.26        | 10,803.74         | 10,803.74     | 6,308.35  | 4,367.39 | 463,596.91     | 148,832.18          |
| 30      | 7/1/2014     | 463,596.91        | 10,803.74         | 10,803.74     | 6,361.16  | 4,307.59 | 457,100.75     | 153,139.77          |
| 31      | 8/1/2014     | 457,100.75        | 10,803.74         | 10,803.74     | 6,414.52  | 4,247.23 | 450,544.23     | 157,387.00          |
| 32      | 9/1/2014     | 450,544.23        | 10,803.74         | 10,803.74     | 6,468.44  | 4,186.31 | 443,926.79     | 161,573.30          |
| 33      | 10/1/2014    | 443,926.79        | 10,803.74         | 10,803.74     | 6,522.93  | 4,124.82 | 437,247.87     | 165,698.12          |
| 34      | 11/1/2014    | 437,247.87        | 10,803.74         | 10,803.74     | 6,578.08  | 4,062.76 | 430,506.88     | 169,760.88          |
| 35      | 12/1/2014    | 430,506.88        | 10,803.74         | 10,803.74     | 6,633.82  | 4,000.13 | 423,703.27     | 173,761.01          |
| 36      | 1/1/2015     | 423,703.27        | 10,803.74         | 10,803.74     | 6,689.16  | 3,936.91 | 416,836.43     | 177,697.92          |
| 37      | 2/1/2015     | 416,836.43        | 10,803.74         | 10,803.74     | 6,745.08  | 3,873.11 | 409,905.79     | 181,571.03          |
| 38      | 3/1/2015     | 409,905.79        | 10,803.74         | 10,803.74     | 6,800.60  | 3,808.71 | 402,910.75     | 185,379.73          |
| 39      | 4/1/2015     | 402,910.75        | 10,803.74         | 10,803.74     | 6,856.73  | 3,743.71 | 395,850.72     | 189,123.45          |
| 40      | 5/1/2015     | 395,850.72        | 10,803.74         | 10,803.74     | 6,913.48  | 3,678.11 | 388,725.09     | 192,801.56          |
| 41      | 6/1/2015     | 388,725.09        | 10,803.74         | 10,803.74     | 6,970.84  | 3,611.90 | 381,533.25     | 196,413.46          |
| 42      | 7/1/2015     | 381,533.25        | 10,803.74         | 10,803.74     | 7,028.87  | 3,545.08 | 374,274.58     | 199,958.54          |
| 43      | 8/1/2015     | 374,274.58        | 10,803.74         | 10,803.74     | 7,087.57  | 3,477.63 | 366,948.47     | 203,438.18          |
| 44      | 9/1/2015     | 366,948.47        | 10,803.74         | 10,803.74     | 7,146.93  | 3,409.56 | 359,554.29     | 206,845.74          |
| 45      | 10/1/2015    | 359,554.29        | 10,803.74         | 10,803.74     | 7,206.96  | 3,340.86 | 352,091.41     | 210,186.60          |
| 46      | 11/1/2015    | 352,091.41        | 10,803.74         | 10,803.74     | 7,267.67  | 3,271.52 | 344,559.18     | 213,458.12          |
| 47      | 12/1/2015    | 344,559.18        | 10,803.74         | 10,803.74     | 7,328.99  | 3,201.53 | 336,956.96     | 216,659.64          |
| 48      | 1/1/2016     | 336,956.96        | 10,803.74         | 10,803.74     | 7,390.85  | 3,130.89 | 329,284.11     | 219,790.54          |
| 49      | 2/1/2016     | 329,284.11        | 10,803.74         | 10,803.74     | 7,453.28  | 3,059.60 | 321,539.96     | 222,850.13          |
| 50      | 3/1/2016     | 321,539.96        | 10,803.74         | 10,803.74     | 7,516.29  | 2,987.64 | 313,723.86     | 225,837.78          |
| 51      | 4/1/2016     | 313,723.86        | 10,803.74         | 10,803.74     | 7,579.88  | 2,915.02 | 305,835.13     | 228,752.79          |
| 52      | 5/1/2016     | 305,835.13        | 10,803.74         | 10,803.74     | 7,643.99  | 2,841.72 | 297,873.10     | 231,594.51          |
| 53      | 6/1/2016     | 297,873.10        | 10,803.74         | 10,803.74     | 7,708.63  | 2,767.74 | 289,837.10     | 234,362.25          |
| 54      | 7/1/2016     | 289,837.10        | 10,803.74         | 10,803.74     | 7,773.82  | 2,693.07 | 281,726.42     | 237,055.32          |
| 55      | 8/1/2016     | 281,726.42        | 10,803.74         | 10,803.74     | 7,839.57  | 2,617.71 | 273,540.39     | 239,673.03          |
| 56      | 9/1/2016     | 273,540.39        | 10,803.74         | 10,803.74     | 7,905.88  | 2,541.65 | 265,278.29     | 242,214.67          |
| 57      | 10/1/2016    | 265,278.29        | 10,803.74         | 10,803.74     | 7,972.75  | 2,464.89 | 256,939.42     | 244,679.55          |
| 58      | 11/1/2016    | 256,939.42        | 10,803.74         | 10,803.74     | 8,040.18  | 2,387.40 | 248,523.07     | 247,066.95          |
| 59      | 12/1/2016    | 248,523.07        | 10,803.74         | 10,803.74     | 8,108.18  | 2,309.19 | 240,028.52     | 249,376.14          |
| 60      | 1/1/2017     | 240,028.52        | 10,803.74         | 10,803.74     | 8,176.75  | 2,230.26 | 231,455.04     | 251,606.40          |
| 61      | 2/1/2017     | 231,455.04        | 10,803.74         | 10,803.74     | 8,245.88  | 2,150.60 | 222,801.90     | 253,757.01          |
| 62      | 3/1/2017     | 222,801.90        | 10,803.74         | 10,803.74     | 8,315.57  | 2,070.20 | 214,068.35     | 255,827.21          |
| 63      | 4/1/2017     | 214,068.35        | 10,803.74         | 10,803.74     | 8,385.82  | 1,989.05 | 205,253.66     | 257,816.26          |
| 64      | 5/1/2017     | 205,253.66        | 10,803.74         | 10,803.74     | 8,456.63  | 1,907.15 | 196,357.06     | 259,723.41          |
| 65      | 6/1/2017     | 196,357.06        | 10,803.74         | 10,803.74     | 8,528.00  | 1,824.48 | 187,377.80     | 261,547.89          |
| 66      | 7/1/2017     | 187,377.80        | 10,803.74         | 10,803.74     | 8,599.93  | 1,741.05 | 178,315.11     | 263,288.95          |
| 67      | 8/1/2017     | 178,315.11        | 10,803.74         | 10,803.74     | 8,672.43  | 1,656.84 | 169,168.21     | 264,945.79          |
| 68      | 9/1/2017     | 169,168.21        | 10,803.74         | 10,803.74     | 8,745.50  | 1,571.85 | 159,936.32     | 266,517.64          |
| 69      | 10/1/2017    | 159,936.32        | 10,803.74         | 10,803.74     | 8,819.14  | 1,486.07 | 150,618.65     | 268,003.72          |
| 70      | 11/1/2017    | 150,618.65        | 10,803.74         | 10,803.74     | 8,893.35  | 1,399.50 | 141,214.40     | 269,403.22          |
| 71      | 12/1/2017    | 141,214.40        | 10,803.74         | 10,803.74     | 8,968.12  | 1,312.12 | 131,722.78     | 270,715.34          |
| 72      | 1/1/2018     | 131,722.78        | 10,803.74         | 10,803.74     | 9,043.45  | 1,223.92 | 122,142.95     | 271,939.26          |
| 73      | 2/1/2018     | 122,142.95        | 10,803.74         | 10,803.74     | 9,119.35  | 1,134.91 | 112,474.12     | 273,074.17          |
| 74      | 3/1/2018     | 112,474.12        | 10,803.74         | 10,803.74     | 9,195.80  | 1,045.07 | 102,715.45     | 274,119.24          |
| 75      | 4/1/2018     | 102,715.45        | 10,803.74         | 10,803.74     | 9,272.89  | 954.40   | 92,866.10      | 275,073.64          |
| 76      | 5/1/2018     | 92,866.10         | 10,803.74         | 10,803.74     | 9,350.52  | 862.88   | 82,925.24      | 275,936.52          |
| 77      | 6/1/2018     | 82,925.24         | 10,803.74         | 10,803.74     | 9,428.70  | 770.51   | 72,892.01      | 276,707.04          |
| 78      | 7/1/2018     | 72,892.01         | 10,803.74         | 10,803.74     | 9,507.43  | 677.29   | 62,765.55      | 277,384.32          |
| 79      | 8/1/2018     | 62,765.55         | 10,803.74         | 10,803.74     | 9,586.70  | 583.20   | 52,545.00      | 277,967.52          |
| 80      | 9/1/2018     | 52,545.00         | 10,803.74         | 10,803.74     | 9,666.52  | 488.23   | 42,229.49      | 278,455.75          |
| 81      | 10/1/2018    | 42,229.49         | 10,803.74         | 10,803.74     | 9,746.89  | 392.38   | 31,818.12      | 278,848.13          |
| 82      | 11/1/2018    | 31,818.12         | 10,803.74         | 10,803.74     | 9,827.81  | 295.64   | 21,310.02      | 279,143.78          |
| 83      | 12/1/2018    | 21,310.02         | 10,803.74         | 10,803.74     | 9,909.28  | 198.01   | 10,704.28      | 279,341.78          |
| 84      | 1/1/2019     | 10,704.28         | 10,803.74         | 10,704.28     | 10,604.82 | 99.46    | 0.00           | 279,441.24          |

CSP FAC Deferral

|               | 2012 | 2013 | 2014 |
|---------------|------|------|------|
| Principal     | \$ - | \$ - | \$ - |
| Carrying Cost | \$ - | \$ - | \$ - |
| Total         | \$ - | \$ - | \$ - |

| Enter Values        |               |
|---------------------|---------------|
| Deferral Balance    | \$ (3,896.04) |
| Pre Tax WACC        | 11.15 %       |
| Period in Years     | 7             |
| Payments Per Year   | 12            |
| Recovery Start Date | 1/1/2012      |
| Adjustments         | \$ -          |

| Loan Summary        |  |
|---------------------|--|
| Monthly Recovery    |  |
| Est Months          |  |
| Actual Months       |  |
| Total Adjustments   |  |
| Total Carrying Cost |  |

Lender Name:

| Pmt No. | Payment Date | Beginning Balance | Scheduled Payment | Extra Payment | Total Payment | Principal | Interest | Ending Balance | Cumulative Interest |
|---------|--------------|-------------------|-------------------|---------------|---------------|-----------|----------|----------------|---------------------|
|---------|--------------|-------------------|-------------------|---------------|---------------|-----------|----------|----------------|---------------------|

OHIO POWER COMPANY

Original Sheet No. 79-1

P.U.C.O. NO. 7

## PHASE-IN RECOVERY RIDER

Effective Cycle 1 January 2012, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Phase-In Recovery charge per KWH as follows:

| Secondary | Primary | Subtransmission/<br>Transmission |
|-----------|---------|----------------------------------|
| (¢/KWH)   | (¢/KWH) | (¢/KWH)                          |
| 0.5059    | 0.4878  | 0.4761                           |

Filed pursuant to Order dated \_\_\_\_\_ in Case No. 11-281-EL-FAC

Issued: September 1, 2011

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 January 2012

OHIO POWER COMPANY

Original Sheet No. 79-1D

P.U.C.O. NO. 7

**OAD - PHASE-IN RECOVERY RIDER**  
(Open Access Distribution – Phase-In Recovery Rider)

Effective Cycle 1 January 2012, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Phase-In Recovery charge per KWH as follows:

| Secondary | Primary | Subtransmission/<br>Transmission |
|-----------|---------|----------------------------------|
| (¢/KWH)   | (¢/KWH) | (¢/KWH)                          |
| 0.5059    | 0.4878  | 0.4761                           |

Filed pursuant to Order dated \_\_\_\_\_ in Case No. 11-281-EL-FAC

Issued: September 1, 2011

Issued by  
Joseph Hamrock, President  
AEP Ohio

Effective: Cycle 1 January 2012

**Ohio Power Company**  
**2011 Typical Bill Comparison - Reflecting Phase-In Recovery Rider**

| <u>Tariff</u>     | <u>kWh</u> | <u>KW</u> | <u>Current</u> | <u>Proposed</u> | <u>\$</u><br><u>Difference</u> | <u>Difference</u> |
|-------------------|------------|-----------|----------------|-----------------|--------------------------------|-------------------|
| Residential       | 100        |           | \$15.31        | \$15.82         | \$0.51                         | 3.3%              |
|                   | 250        |           | \$31.69        | \$32.95         | \$1.26                         | 4.0%              |
|                   | 500        |           | \$59.03        | \$61.56         | \$2.53                         | 4.3%              |
|                   | 750        |           | \$86.33        | \$90.12         | \$3.79                         | 4.4%              |
|                   | 1,000      |           | \$111.24       | \$116.30        | \$5.06                         | 4.6%              |
|                   | 1,500      |           | \$159.82       | \$167.41        | \$7.59                         | 4.8%              |
|                   | 2,000      |           | \$208.41       | \$218.53        | \$10.12                        | 4.9%              |
| GS-1<br>Secondary | 375        | 3         | \$50.34        | \$52.24         | \$1.90                         | 3.8%              |
|                   | 1,000      | 3         | \$109.12       | \$114.18        | \$5.06                         | 4.6%              |
|                   | 750        | 6         | \$85.60        | \$89.39         | \$3.79                         | 4.4%              |
|                   | 2,000      | 6         | \$203.16       | \$213.28        | \$10.12                        | 5.0%              |
| GS-2<br>Secondary | 1,500      | 12        | \$197.00       | \$204.59        | \$7.59                         | 3.9%              |
|                   | 4,000      | 12        | \$384.95       | \$405.19        | \$20.24                        | 5.3%              |
|                   | 6,000      | 30        | \$621.39       | \$651.74        | \$30.35                        | 4.9%              |
|                   | 10,000     | 30        | \$921.74       | \$972.33        | \$50.59                        | 5.5%              |
|                   | 10,000     | 40        | \$969.66       | \$1,020.25      | \$50.59                        | 5.2%              |
|                   | 14,000     | 40        | \$1,270.02     | \$1,340.85      | \$70.83                        | 5.6%              |
|                   | 12,500     | 50        | \$1,205.33     | \$1,268.57      | \$63.24                        | 5.3%              |
|                   | 18,000     | 50        | \$1,616.63     | \$1,707.69      | \$91.06                        | 5.6%              |
|                   | 15,000     | 75        | \$1,512.85     | \$1,588.74      | \$75.89                        | 5.0%              |
|                   | 30,000     | 100       | \$2,763.68     | \$2,915.45      | \$151.77                       | 5.5%              |
|                   | 36,000     | 100       | \$3,210.83     | \$3,392.95      | \$182.12                       | 5.7%              |
|                   | 30,000     | 150       | \$3,007.65     | \$3,159.42      | \$151.77                       | 5.1%              |
|                   | 60,000     | 300       | \$5,979.78     | \$6,283.32      | \$303.54                       | 5.1%              |
|                   | 90,000     | 300       | \$8,215.64     | \$8,670.95      | \$455.31                       | 5.5%              |
|                   | 100,000    | 500       | \$9,941.20     | \$10,447.10     | \$505.90                       | 5.1%              |
|                   | 150,000    | 500       | \$13,667.64    | \$14,426.49     | \$758.85                       | 5.6%              |
|                   | 180,000    | 500       | \$15,903.48    | \$16,814.10     | \$910.62                       | 5.7%              |

**Ohio Power Company**  
**2011 Typical Bill Comparison - Reflecting Phase-In Recovery Rider**

| <u>Tariff</u>           | <u>kWh</u> | <u>KW</u> | <u>Current</u> | <u>Proposed</u> | <u>\$</u><br><u>Difference</u> | <u>Difference</u> |
|-------------------------|------------|-----------|----------------|-----------------|--------------------------------|-------------------|
| GS-3<br>Secondary       | 18,000     | 50        | \$1,633.74     | \$1,724.80      | \$91.06                        | 5.6%              |
|                         | 30,000     | 75        | \$2,557.78     | \$2,709.55      | \$151.77                       | 5.9%              |
|                         | 50,000     | 75        | \$3,390.40     | \$3,643.35      | \$252.95                       | 7.5%              |
|                         | 36,000     | 100       | \$3,245.08     | \$3,427.20      | \$182.12                       | 5.6%              |
|                         | 30,000     | 150       | \$3,848.54     | \$4,000.31      | \$151.77                       | 3.9%              |
|                         | 60,000     | 150       | \$5,097.46     | \$5,401.00      | \$303.54                       | 6.0%              |
|                         | 100,000    | 150       | \$6,762.73     | \$7,268.63      | \$505.90                       | 7.5%              |
|                         | 120,000    | 300       | \$10,159.45    | \$10,766.53     | \$607.08                       | 6.0%              |
|                         | 150,000    | 300       | \$11,408.40    | \$12,167.25     | \$758.85                       | 6.7%              |
|                         | 200,000    | 300       | \$13,489.97    | \$14,501.77     | \$1,011.80                     | 7.5%              |
|                         | 180,000    | 500       | \$16,074.67    | \$16,985.29     | \$910.62                       | 5.7%              |
|                         | 200,000    | 500       | \$16,907.29    | \$17,919.09     | \$1,011.80                     | 6.0%              |
|                         | 325,000    | 500       | \$22,111.24    | \$23,755.42     | \$1,644.18                     | 7.4%              |
|                         |            |           |                |                 |                                |                   |
| GS-2<br>Primary         | 200,000    | 1,000     | \$18,688.21    | \$19,663.81     | \$975.60                       | 5.2%              |
|                         | 300,000    | 1,000     | \$25,990.21    | \$27,453.61     | \$1,463.40                     | 5.6%              |
| GS-3<br>Primary         | 360,000    | 1,000     | \$30,703.94    | \$32,460.02     | \$1,756.08                     | 5.7%              |
|                         | 400,000    | 1,000     | \$32,353.03    | \$34,304.23     | \$1,951.20                     | 6.0%              |
|                         | 650,000    | 1,000     | \$42,659.86    | \$45,830.56     | \$3,170.70                     | 7.4%              |
| GS-2<br>Subtransmission |            |           |                |                 |                                |                   |
|                         | 1,500,000  | 5,000     | \$124,245.63   | \$131,387.13    | \$7,141.50                     | 5.8%              |
| GS-3<br>Subtransmission | 2,500,000  | 5,000     | \$173,531.80   | \$185,434.30    | \$11,902.50                    | 6.9%              |
|                         | 3,250,000  | 5,000     | \$202,416.46   | \$217,889.71    | \$15,473.25                    | 7.6%              |
| GS-4<br>Subtransmission | 3,000,000  | 10,000    | \$237,030.32   | \$251,313.32    | \$14,283.00                    | 6.0%              |
|                         | 5,000,000  | 10,000    | \$302,407.74   | \$326,212.74    | \$23,805.00                    | 7.9%              |
|                         | 6,500,000  | 10,000    | \$351,440.83   | \$382,387.33    | \$30,946.50                    | 8.8%              |
|                         | 10,000,000 | 20,000    | \$602,310.88   | \$649,920.88    | \$47,610.00                    | 7.9%              |
|                         | 13,000,000 | 20,000    | \$700,377.03   | \$762,270.03    | \$61,893.00                    | 8.8%              |
| GS-4<br>Transmission    | 25,000,000 | 50,000    | \$1,450,850.35 | \$1,569,875.35  | \$119,025.00                   | 8.2%              |
|                         | 32,500,000 | 50,000    | \$1,695,686.45 | \$1,850,418.95  | \$154,732.50                   | 9.1%              |