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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company for Approval of An Amendment to Its Corporate Separation Plan.	))))	Case No. 11-5333-EL-UNC

REPLY COMMENTS OF DUKE ENERGY COMMERCIAL ASSET MANAGEMENT, INC.

I. INTRODUCTION

Comes now Duke Energy Commercial Asset Management, Inc. (DECAM), and for its reply comments hereby states as follows.

In submitting these reply comments, DECAM responds only to certain of the comments filed by parties on or about December 15, 2011, and its failure to address other comments is not intended as agreement with or opposition to said comments. Rather, DECAM focuses on those comments of most significance to it. In responding to the comments, DECAM organizes its reply comments consistent with the Public Utilities Commission of Ohio's (Commission) rules governing the transfer of generating assets.

II. COMMISSION RULES GOVERNING TRANSFER OF GENERATING ASSETS

A. An Application shall clearly set forth the object and purpose of the transfer, including all terms and conditions of same (O.A.C. 4901:1-37-09(C)(1)).

In their initial comments, Commission Staff, the Office of the Ohio Consumers' Counsel (OCC), FirstEnergy Solutions Corp. (FES), and Industrial Energy Users-Ohio (IEU) identify the lack of detail provided by Ohio Power Company (OPCo) in respect of the anticipated asset

transfer.[1] Indeed, Staff recommends that a separate application to transfer be filed, electing not to rely upon the record that exists to date with the Stipulation and Recommendation in Case No. 11-346-EL-SSO, *et al.*, and the within Application.[2] DECAM takes no position on whether another application should be filed, but agrees with these parties in that OPCo should provide sufficient detail as to all of the terms and conditions relative to the transfer of generating assets. Such information is necessary to ensure that there is both no unfair competitive advantage provided by OPCo, a regulated entity, to the affiliated transferee and compliance with the Commission's rules on corporate separation. In this regard, DECAM acknowledges the unanswered questions concerning undisputed transfer value, the specific assets and liabilities to be transferred,[3] and the agreements that may exist between OPCo and its affiliate upon transfer. On this latter point, DECAM notes that OPCo has not provided information sufficient to confirm that there will not be any improper financial entanglement between it and its affiliates, including the affiliate transferee, as required by Commission rule.

B. An Application shall demonstrate how the transfer will affect current and future standard service offers (O.A.C. 4901:1-37-09(C)(2)).

Both FES and IEU identify the scarce information provided by OPCo with regard to how the asset transfer will affect the current and future standard service offers (SSO). Of particular concern are the potential for bilateral agreements between OPCo and the affiliated transferee for which details are unknown and the modification or termination of the pooling agreement.[4] DECAM joins in these concerns that, if left unaddressed, could have a significant impact on the

[1] See, Comments and Recommendations Submitted on Behalf of the Staff of the Public Utilities Commission of Ohio, at pp. 4-5 (December 15, 2011)(hereinafter Staff Comments); Comments by the Office of the Ohio Consumers' Counsel, at pp. 6-10 (December 15, 2011)(hereinafter OCC Comments); FirstEnergy Solutions Corp.'s Initial Comments, at pp. 4-6 (December 15, 2011)(hereinafter FES Comments); and, Initial Comments of Industrial Energy Users-Ohio, at pp. 5-8 (December 15, 2011)(hereinafter IEU Comments).
[2] See, Staff Comments, at p. 4.
[3] See *In the Matter of the Application of Ohio Power Company for Approval of an Amendment to its Corporate Separation Plan,* at pg. 2 (September 30, 2011)(hereinafter Application).
[4] See FES Comments, at pp. 5-6. See also, IEU Comments, at pp. 6-7.

competitive markets in Ohio by enabling anti-competitive subsidies flowing from a regulated public utility to its non-regulate affiliate. In this regard, DECAM does not contest the separation of assets but only seeks to ensure that such a separation will not result in unfair advantages being provided to affiliates of OPCo.

C. An Application shall demonstrate how the transfer will affect the public interest (O.A.C. 4901:1-37-09(C)(3)).

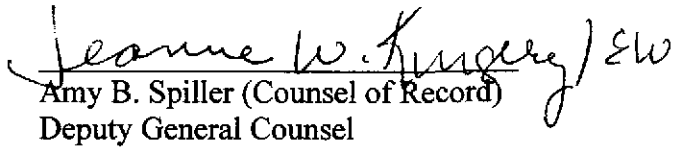
DECAM believes that if OPCo provides the necessary – and required – detail concerning the intended asset transfer, the public interest standard would be appropriately addressed. Such detail should be provided, consistent with the Commission's finding that "the corporate separation plan's details [will be] implemented in a manner that will be in the public and ratepayers best interests."[5]

III. CONCLUSION

DECAM appreciates the opportunity to provide comments and reply comments in connection with Ohio Power Company's anticipated transfer of generating assets. DECAM does not object to such transfer and, instead, seeks only to confirm that said transfer will be consistent with the Commission's rules on corporate separation, including the transfer of generating assets, and will not result in any unfair competitive advantages flowing to OPCo's affiliated companies.

[5] See, *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, *et al.*, Opinion and Order, at pg. 65 (December 14, 2011).

DUKE ENERGY COMMERICAL ASSET
MANAGEMENT, INC.



Amy B. Spiller (Counsel of Record)
Deputy General Counsel
Jeanne W. Kingery
Associate General Counsel
139 E. Fourth Street, 1303-Main
P.O. Box 961
Cincinnati, Ohio 45201-0960
(513) 287-4359 (telephone)
(513) 287-4385 (facsimile)
Amy.Spiller@duke-energy.com (e-mail)
Jeanne.Kingery@duke-energy.com (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was delivered via U.S. mail (postage prepaid), personal, or electronic mail delivery on this the 29th day of December, 2011, to the following:

Jeanne W. Kingery /EW

Jeanne W. Kingery

Steven T. Nourse
Matthew J. Satterwhite
American Electric Power
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
stnourse@aep.com
mjsatterwhite@aep.com

Counsel for Ohio Power Company

Kurt P. Helfrich
Ann B. Zallocco
Thompson Hine LLP
41 South High Street, Suite 1700
Columbus, Ohio 43215
Kurt.helfrich@thompsonhine.com
Ann.zallocco@thompsonhine.com

Counsel for Buckeye Power, Inc.

William Wright, Section Chief
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215
William.wright@puc.state.oh.us

Counsel for Staff, Public Utilities Commission of Ohio

M. Howard Petricoff
Lija Kaleps-Clark
Vorys, Sater, Seymour, and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
mhpetricoff@vorys.com

Counsel for Exelon Generation Company, LLC

Lisa G. McAlister
Matthew W. Warnock
Bricker & Eckler LLP
100 South Third Street
Columbus, Ohio 43215
lmcalister@bricker.com
mwarnock@bricker.com

Counsel for OMA Energy Group

Mark A. Hayden
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

Counsel for FirstEnergy Solutions Corporation

Thomas J. O'Brien
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291
tobrien@bricker.com

Counsel for The Ohio Hospital Association

Samuel C. Randazzo
Frank P. Darr
Joseph E. Oliker
McNees Wallace & Nurick LLC
21 E. State Street, 17th Floor
Columbus, Ohio 43215
sam@mwncmh.com
fdarr@mwncmh.com
joliker@mwncmh.com

Counsel for Industrial Energy Users-Ohio

James F. Lang
Laura C. McBride
N. Trevor Alexander
Calfee, Halter & Griswold LLP
1400 KeyBank Center
800 Superior Ave.
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com
talexander@calfee.com

Counsel for FirstEnergy Solutions Corporation

Bruce J Weston, Interim Consumers' Counsel
Maureen R. Grady, Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215
grady@occ.state.oh.us

Counsel for the Ohio Consumers' Counsel