BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company.	))))	Case No. 10-2929-EL-UNC

DIRECT TESTIMONY OF KEVIN M. MURRAY ON BEHALF OF INDUSTRIAL ENERGY USERS-OHIO

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April 4, 2012

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I. INTRODUCTION

Q1. Please state your name and business address.

A1. My name is Kevin M. Murray. My business address is 21 East State Street, 17th Floor, Columbus, Ohio 43215-4228.

Q2. By whom are you employed and in what position?

A2. I am a Technical Specialist for McNees Wallace & Nurick LLC ("McNees") and the Executive Director of the Industrial Energy Users-Ohio ("IEU-Ohio"). I am providing testimony on behalf of IEU-Ohio.

Q3. Please describe your educational background.

A3. I graduated from the University of Cincinnati in 1982 with a Bachelor of Science degree in Metallurgical Engineering.

Q4. Please describe your professional experience.

A4. I have been employed by McNees for 14 years where I focus on helping IEU-Ohio members address issues that affect the price and availability of utility services. I have also been actively involved, on behalf of commercial and industrial customers, in the formation of regional transmission operators ("RTOs") and the organization of regional electricity markets from both the supply-side and demand-side perspective. I serve as an end-use customer sector representative on the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO" or "MISO") Advisory Committee and I have been actively involved in MISO working groups that focus on various issues since 1999. Prior to joining McNees, I was employed by the law firm of Kegler, Brown, Hill & Ritter ("KBH&R") in a similar capacity. Prior to joining KBH&R, I spent 12 years with The Timken Company, a specialty steel and roller bearing manufacturer. While at The Timken Company, I worked within a group that focused on meeting the electricity and natural gas requirements for facilities in the United States. I also spent several years in supervisory positions within The Timken Company's steelmaking operations.

Q5. Have you previously testified before the Public Utilities Commission of Ohio ("Commission")?

A5. Yes. The proceedings before the Commission in which I have submitted expert testimony are identified in Exhibit KMM-1.

Q6. What is the purpose of your testimony?

A6. The purpose of my testimony is to address whether it would be appropriate to establish a cost-based charge for capacity to be paid by competitive retail electric service ("CRES") providers that acquire retail customers that receive distribution service from Ohio Power Company ("OP") and Columbus Southern Power Company ("CSP"), now both merged as Ohio Power Company and doing business as AEP-Ohio. For the reasons discussed in my testimony, based upon both policy and legal considerations, the Commission should not approve AEP-Ohio's request to charge a cost-based rate for capacity. I also address an incorrect characterization of how the downward sloping demand curve operates in PJM Interconnection LLC's ("PJM") Reliability Pricing Model ("RPM") contained within the testimony of Dana E. Horton. Finally, I describe the type of information I recommend the Commission require AEP-Ohio to provide so that it is possible for consumers and CRES providers to identify if the capacity charge billing determinants are correct. These billing determinants are necessary to verify the accuracy of the amount of any capacity charge bill that a customer or CRES provider may incur regardless of the level of the capacity charge.

Q7. How do the issues raised by AEP-Ohio in this proceeding relate to efforts to develop competitive markets for electricity?

A7. The significance of the issues raised by AEP-Ohio's application in this proceeding can be better understood by looking more broadly at what has happened at the state and federal level to restructure the electric industry to address the anticompetitive structure of the industry and to allow competitive markets to serve the public interest in reasonable rates and reliable service. This

broader history includes background information on determinations that have been made by the Federal Energy Regulatory Commission ("FERC").

FERC has increasingly relied upon competitive market forces to establish "just and reasonable" prices at the wholesale level in both the gas and electric sectors. As part of FERC's effort to remedy the anticompetitive electric industry structure which was dominated by vertically integrated investor-owned electric utilities, FERC required electric utilities to move to open access, comparable and non-discriminatory transmission service and encouraged vertically integrated electric utilities that owned generating plants to transfer operational control of their high voltage transmission facilities to independent RTOs such as PJM. When Ohio enacted its electric restructuring legislation in 1999, the legislation similarly included a requirement that owners of transmission facilities transfer control of such facilities to an RTO.[1] Again, FERC's directives and policy announcements were part of FERC's effort to remedy undue discrimination in the operation of transmission facilities that occurred because vertically integrated utilities used their operation and control of their transmission facilities to favor their generation assets.

Over time, the role of RTOs has expanded, subject to FERC's supervision and regulation, beyond the operation and control of transmission assets to remedy the anticompetitive industry structure. Today, RTOs are responsible for maintaining real time reliability of the electric grid and do so in coordination with

[1] Section 4928.12, Revised Code.

regional electricity markets. Under FERC's supervision, they have managed the operation of regional electricity markets with independent market-monitoring oversight to determine if and when RTO or FERC intervention is needed to address anticompetitive behavior or circumstances where competition is not adequate to produce just and reasonable rates. For example, PJM began operating a regional electricity market in 1997. Currently, PJM coordinates the movement of wholesale electricity in all or parts of thirteen states and the District of Columbia.

These regional electricity markets typically include a number of products associated with the generation of electricity. Within PJM, its market structure includes separate products for capacity and energy as well as various ancillary services.

The development and operation of regional electricity markets has also evolved over time with corresponding changes in the market rules established by the RTOs. Various stakeholders affected by changes in market rules often disagree as to whether market rule changes are appropriate, with FERC acting as the arbiter when disagreements arise. The capacity market rules in PJM have been a source of significant and frequent stakeholder disagreement.

Q8. Why does PJM operate a capacity market?

A8. PJM's capacity market is intended to ensure the adequate availability of necessary resources that can be called upon to ensure the reliability of the grid. In PJM, the capacity market structure provides transparent information to enable

forward capacity market signals to support infrastructure investment. The capacity market design provides a forward mechanism to evaluate the ongoing reliability requirements in a transparent way to provide opportunity for generation, demand response, energy efficiency, and transmission solutions.

Within the PJM region, the basis for the capacity market design is RPM. The goal of RPM is to align capacity pricing with system reliability requirements and to provide transparent information to all market participants far enough in advance for actionable response to the information. In RPM, the fundamental elements to achieve this are:

- Locational capacity pricing to recognize and quantify the locational value of capacity;
- A variable resource requirement mechanism to adjust price based on the level of resources procured;
- Forward commitment of supply by generation, demand resources and qualified transmission upgrades cleared in a multi-auction structure; and
- A reliability backstop mechanism to ensure that sufficient generation, transmission and demand response solutions will be available to preserve system reliability.

Q9. Is one of the functions of RPM providing forward prices for capacity?

A9. Yes. RPM is intended to provide a forward price signal for capacity resources and load serving entity ("LSE") obligations that also reflects PJM's regional transmission expansion planning process. RPM can also have a locational

nature to the pricing signal. RPM relies upon a multi-auction structure designed to procure resource commitments to satisfy the region's unforced capacity obligation through a base residual auction ("BRA"), incremental auctions and bilateral market transactions.

Q10. How does RPM operate?

A10. BRAs are held each May three years in advance of a delivery year, which runs from June 1 through the following May 31. Subsequent to the BRA, up to three incremental auctions are held to procure additional resources, if necessary, and to adjust commitments to reflect known changes in market requirements prior to the delivery year. The auction results produce locational capacity charges that are allocated among LSEs through a locational reliability charge.

For each delivery year, PJM determines a peak load forecast. PJM then calculates an installed reserve margin for the PJM region. The installed reserve margin is defined to be the level of installed reserves in excess of the forecast peak load needed to maintain the desired reliability index of ten years, on average, per occurrence (loss of load expectation of one occurrence every ten years) after emergency procedures to invoke load management. The installed reserve margin is calculated based upon probabilistic studies. PJM then calculates the forecast pool requirement which represents the quantity of unforced capacity resources needed recognizing the pool-wide equivalent average forced outage rate and the expected performance of demand response resources.

Prior to conducting BRAs, PJM assesses the need to create locational deliverability areas ("LDAs"). LDAs are load pockets in which transmission import capacity is constrained, therefore requiring the use of internal capacity resources within the LDAs to satisfy the reliability objective. The areas within PJM that are not LDAs are referred to as the balance of the RTO zone. Depending on supply and demand conditions, price separation may occur for LDAs from the balance of the RTO zone when the BRA is conducted.

The BRA is structured to obtain sufficient capacity resources to satisfy the forecast pool requirement scaled to reflect normal weather. The BRA relies upon a downward sloping demand curve called the variable resource requirement curve. The use of the variable resource requirement curve may result in the procurement of capacity resources in excess of the reliability objective if the total cost of resource procurement for the LDAs or balance of the RTO zone is lower at the higher level of reliability than it would be at the target reliability objective. After the BRA and prior to the delivery year, PJM conducts three incremental auctions. The incremental auctions are conducted to allow for replacement resource procurement and increases and decreases in the reliability objective resulting from, for example, a change in load forecast. The results from all of the auctions are mathematically weighted to determine a final zonal capacity price.

Once all auctions have been concluded, the final zonal capacity obligation is determined. This is done through the use of a final zonal scaling factor that is used to determine an LSE's daily unforced capacity obligation.

Q11. How are capacity charges billed under RPM?

A11. For settlement purposes, each PJM electric distribution company ("EDC") is responsible for allocating its normalized previous summer's peak to each customer in the zone (both wholesale and retail). According to PJM's business practice manuals, the process used by an EDC to allocate peak load contributions to its customers is supposed to be based upon rules negotiated with the EDC's regulators. To assist in performing these allocations, PJM publishes information known as the five coincident peaks or 5CP for each summer, typically by mid-October. The 5CP reflects the five highest non-holiday weekday RTO unrestricted daily peaks from the summer. An individual customer's usage during those five hours is known as the peak load contribution or PLC.

Q12. Do LSEs have options other than participation in the periodic capacity auctions conducted by PJM?

A12. Yes. PJM's capacity market also allows an alternative method of participation, known as the Fixed Resource Requirement ("FRR") alternative. FRR permits an LSE the option to submit an FRR capacity plan (to be reviewed and approved by PJM) and meet a fixed capacity resource requirement as an alternative to the requirement to participate in RPM auctions, which feature a variable capacity resource requirement. AEP-Ohio is an FRR entity.

Q13. How was PJM's capacity market created?

A13. RPM and the FRR option are byproducts of a FERC-approved settlement negotiated by many parties in a case in which PJM proposed changes to its market rules. That settlement, which was signed by American Electric Power Service Corporation ("AEPSC"), on behalf of all the AEP operating companies in PJM, was accepted by FERC on December 22, 2006. *PJM Interconnection, L.L.C.,* 117 FERC ¶ 61,331 (2006).

Q14. Has AEP-Ohio supported RPM as reasonable?

A14. Yes. AEP-Ohio operated pursuant to the RPM rules for a number of years without objection. Indeed, AEP-Ohio strongly defended the PJM market rules and RPM in proceedings before this Commission. For example, in 2007, AEP-Ohio argued that Ohio was part of a robust regional energy market and urged the Commission to move forward with a competitive bidding process for the provision of SSO generation service:

> The competitive significance of RTOs is well recognized. In *New PURPA Section 210(m) Regulations Applicable to Small Power Production and Cogeneration Facilities*, Docket No. RM06-10-000, FERC Statutes and Regulations ¶31,233 (October 20, 2006) ("*Order 688*"), the FERC found that both MISO and PJM are independently administered, auction-based day-ahead and real-time wholesale markets for the sale of electric energy. The FERC also found that the existence of wholesale markets for long-term sales of capacity and electric energy is satisfied by the existence of long-term bilateral contracts for sales of capacity and energy and is a sufficient indication of a market. *Order 688* ¶117.
>
> The PJM energy market provides substantial benefits to the region based on its ability for utilities and customers to access a larger number of generation resources to fulfill load requirements while utilizing a robust transmission system. PJM's methodology results in the least cost generating units serving the load requirements, subject to any transmission constraints. This method is similar to the one performed by AEP for its system prior to joining PJM. PJM,

> however, provides access to additional generating units and the capability of importing generation from MISO without paying additional transmission rates. The resulting dispatch price provides transparent economic signals that guide short- and long-run decisions by participants and regulators.

Case No 07-796-EL-ATA, *et al.*, *Reply Comments of Columbus Southern Power Company and Ohio Power Company* at 4-5 (October 12, 2007). In fact, in its initial comments in that proceeding, AEP-Ohio indicated that if a competitive bidding process were held to obtain SSO generation for AEP-Ohio's load, given AEP-Ohio's FRR status, AEP-Ohio would sell capacity to winning bidders at the RPM clearing price until such time as AEP-Ohio could terminate its FRR status. Case No 07-796-EL-ATA, *et al.*, *Comments of Columbus Southern Power Company and Ohio Power Company* at 5 (September 5, 2007).

Q15. Has AEP-Ohio modified its opinion on the reasonableness of RPM?

A15. Yes. On November 1, 2010, AEPSC, on behalf of OP and CSP, submitted an application with FERC in Docket No. ER11-1995-000 and subsequently re-submitted an application in Docket No. ER11-2183-000 seeking to establish what AEPSC characterized as a cost-based charge for capacity supplied to CRES providers that provide competitive generation service to retail load within the AEP-Ohio service area. In its FERC application, AEPSC asserted that its sudden proposal to change the basis for establishing prices for capacity is consistent with Section D.8 of Schedule 8.1 of the PJM Reliability Assurance Agreement ("RAA") which AEP-Ohio signed when it became a transmission-owner member of PJM. Section D.8 of the RAA provides, in relevant part:

> In a state regulatory jurisdiction that has implemented retail choice, the FRR Entity must include in its FRR Capacity Plan all load, including expected load growth, in the FRR Service Area, notwithstanding the loss of any such load to or among alternative retail LSEs. In the case of load reflected in the FRR Capacity Plan that switches to an alternative retail LSE, **where the state regulatory jurisdiction requires switching customers or the LSE to compensate the FRR Entity for its FRR capacity obligations, such state compensation mechanism will prevail**. In the absence of a state compensation mechanism, the applicable alternative retail LSE shall compensate the FRR Entity at the capacity price in the unconstrained portions of the PJM Region, as determined in accordance with Attachment DD to the PJM Tariff, provided that the FRR Entity may, at any time, make a filing with FERC under Sections 205 of the Federal Power Act proposing to change the basis for compensation to a method based on the FRR Entity's cost or such other basis shown to be just and reasonable, and a retail LSE may at any time exercise its rights under Section 206 of the FPA.[2]

On December 8, 2010, the Commission issued an entry in this proceeding confirming capacity supplied to CRES providers serving customers in the AEP-Ohio service area would be priced based upon prevailing RPM market prices, the status quo at that time. The entry directed interested parties to file comments on an appropriate state compensation mechanism. The Commission subsequently established a procedural schedule for an evidentiary hearing commencing on October 4, 2011.

Q16. What occurred after the Commission established a schedule for an evidentiary hearing commencing on October 4, 2011?

A16. On September 7, 2011, a strongly contested stipulation and recommendation ("Stipulation") was submitted in this case and a number of other AEP-Ohio

[2] Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, Schedule 8.1, § D.8 ("Fixed Resource Requirement Alternative") (emphasis added).

related proceedings. The Stipulation provided for a two-tiered structure to price capacity for CRES providers, with some capacity priced at prevailing market prices and any remaining capacity priced at $255 per megawatt-day ("MW-day"). The Commission adopted the Stipulation with modifications on December 14, 2011.

However, in response to applications for rehearing, the Commission subsequently granted the rehearing requests on the December 14, 2011 Order and then rejected the Stipulation on February 23, 2012 finding that it was not consistent with the public interest. The Commission's rejection of the Stipulation resulted in capacity prices for CRES providers serving customers in AEP-Ohio's service area reverting to the state compensation mechanism (i.e., RPM-based prices). Subsequently, the Commission granted a motion by AEP-Ohio in this proceeding to re-establish, on an interim basis, a two-tiered pricing structure for capacity, but only through May 31, 2012, with capacity prices thereafter reverting to RPM-based prices. The re-established two-tiered capacity charge retained opportunities for RPM-based pricing to remain in cases where CRES providers served customers (including "mercantile customers") through eligible community aggregation programs.

II. APPROPRIATE CHARGES FOR CAPACITY

Q17. Do you believe that AEP-Ohio's application in this proceeding to establish a so-called cost-based price for capacity utilized by CRES providers to serve retail load within the AEP-Ohio service area is reasonable?

A17. No. There are multiple reasons why approval of AEP-Ohio's application in this proceeding would result in unreasonable if not unlawful outcomes and, more broadly speaking, go against the structural reforms and policy objectives that are part and parcel of the effort to remedy an anticompetitive electric industry structure.

First, establishing a cost-based rate for capacity would be contrary to the state's policies and would uniquely provide an unwarranted subsidy to AEP-Ohio, to the detriment of its competitors and shopping and non-shopping customers alike.

Second, charging CRES providers the proposed cost-based rate for capacity would not result in the generation capacity service and price applied to CRES providers being comparable to the charge for capacity embedded in the default generation supply price embedded in the standard service offer ("SSO"). I would also note that in prior Commission proceedings involving the establishment of default generation supply prices for AEP-Ohio, AEP-Ohio has successfully asserted that the establishment of such prices has nothing to do with cost-based ratemaking. For example, in its first electric security plan ("ESP") AEP-Ohio proposed automatic annual increases in the non-fuel base generation rates and argued such increases did not have to be based upon actual costs:

> Section II. B. of the Companies' Application makes clear that there are two parts to their proposal to increase non-FAC generation rates. (Application, p. 5). First, the Companies propose increases related to carrying charges which will be incurred in 2009-2011 on a portion of environmental investments made during 2001-2008. Those increases, which are related to specific, calculated carrying charges, are not part of the support for the second part of the non-FAC generation rate increase, i.e. the 2009-2011, 3 percent and 7 percent automatic annual non-FAC generation rate increases. This

> second part includes as part of its support carrying charges on environmental investments to be made during the 2009-2011 ESP period. This second part is not cost-based and that is the focus of the opposition to the annual 3 percent and 7 percent increases.

Case No. 08-917-EL-SSO, *et al.*, *Columbus Southern Power Company's and Ohio Power Company's Reply Brief* at 47 (January 14, 2009) (emphasis added) (footnotes omitted).

During the period when electric prices were very volatile and at times high as a result of things like the Enron fiasco, the lack of maturity in the electric market, natural gas supply constraints, and high natural gas prices influenced, at times, by improper market manipulation, AEP-Ohio used the increases in market-based electric prices to significantly and repeatedly push for higher default generation supply prices. It may be a coincidence, but AEP-Ohio's desire to obtain a cost-based capacity price comes at a time when the same market-pricing mechanisms that AEP-Ohio previously relied upon to support rate increases suggest that its current default generation supply prices are excessive. It also appears that the proposed CRES capacity price is designed to allow AEP-Ohio to capture most of the bill reduction benefits that consumers would see by switching to a competitive supplier, including the affiliated CRES provider AEP-Retail Energy.

Third, as IEU-Ohio witness J. Edward Hess explains in his testimony, AEP-Ohio's application in this proceeding is really a belated, and as I understand it based on the advice of counsel, illegal request to obtain "transition revenue" well after the opportunity to submit such a claim expired. I also understand that this

"transition revenue" claim was submitted by AEP-Ohio long after it surrendered its right to submit such a claim and to impose a transition charge on shopping customers. Finally, as discussed later in my testimony, based upon discussions with counsel, it is my understanding that the Commission no longer has the authority to subject generation service to cost-based regulation regardless of the form of the cost-based ratemaking methodology.

Q18. Is the proposed cost-based rate for capacity a request for additional transition revenues?

A18. Yes. It may be helpful to provide some additional context to help explain my answer.

Ohio made the move to "customer choice" in 1999 with the passage of Amended Substitute Senate Bill 3 ("SB3"). At the time, there were parallel federal efforts to restructure the wholesale electric market and address the anticompetitive electric industry structure. These initiatives were rooted in the view that competitive markets could do a better job of advancing the public interest in reasonable prices, reliable service and innovation than traditional regulation.

SB3 contained policy objectives and established the process by which the evolution to reliance upon competitive markets would occur for competitive services such as generation supply. The process included the unbundling or separation of the three major functions (generation or production, transmission and distribution) associated with retail electric service into separate competitive

and non-competitive service components with separate prices for such unbundled components.

SB3 established a "transition period" beginning on January 1, 2001 and ending on December 31, 2010. Within the transition period, SB3 created a five-year market development period ("MDP") during which incumbent investor-owned utilities and customers had the opportunity to prepare for and transition to a competitive market. SB3 directed the Commission to structure transition plans with the objective of obtaining at least 20% customer switching by the mid-point of the MDP which could end no later than December 31, 2005.

The evolutionary approach to restructuring the retail investor-owned electric industry in Ohio, accompanied by the completion of the transitional tasks, served two important objectives. The first objective was to provide customers with certain price protections from the dysfunction that is often associated with new and immature markets until such time as the retail market was mature enough to produce "reasonable" prices. The General Assembly protected customers by specifying that the total price of electricity in effect in October 1999 would define the total price envelope within which the individual or unbundled generation, transmission and distribution prices would be established through the transition plan process.[3] SB3 also provided residential customers an immediate benefit in the form of a 5% discount.

[3] The total bundled price for each electric rate schedule established the total rate cap, which is then divided between the functional components (generation, transmission, and distribution). Ohio provided, in Section 4928.34(A)(6), Revised Code, that such rate cap was subject to adjustment for changes in taxes, costs related to the establishment of a universal service fund ("USF"), and a temporary rider established

The second consequence of the SB3 structure protected incumbent electric distribution utilities ("EDUs") during the MDP (and the balance of the transition period) from potential revenue loss that might otherwise be caused by an abrupt exposure to a new and immature market. In 2001, price offers for competitive retail service were relatively low and the transition structure protected EDUs from revenue and earnings erosion. Each EDU was also provided an opportunity to protect itself in the event the EDU judged its unbundled generation rates to be in excess or above the generation service prices that would result from the forces of effective competition. The right to pursue this protection required an EDU to file a claim with the Commission for "transition revenue" (i.e., the positive difference between existing unbundled generation prices and the unbundled prices attributed by the utility to effective competition—sometimes called "stranded costs") as part of the electric transition plan ("ETP") filings. All transition costs were required to be collected by December 31, 2010. OP's and CSP's ETP cases were ultimately resolved through stipulations approved by the Commission. In the stipulations, OP and CSP agreed to forego claims for recovery of above-market generation costs (generation transition costs or "GTC"). *In the Matter of the Applications of Columbus Southern Power Company and Ohio Power Company for Approval of Their Electric Transition Plans and for Receipt of Transition Revenues*, Case Nos. 99-1729-EL-ETP and 99-1730-EL-ETP, Opinion and Order at 16 (September 28, 2000). IEU-Ohio witness Hess also discusses this history.

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by Section 4928.61, Revised Code. Thus, the rate cap was not an absolute cap on the total charges paid by customers during the MDP.

Shortly after the Stipulation was filed on September 7, 2011 in Case Nos. 11-346-EL-SSO, *et al.*, AEP-Ohio issued a press release that described the effect of the settlement as follows:

> After a decade of legislative and regulatory changes to Ohio's market for electricity, this agreement allows an appropriate transition to a fully competitive electricity generation environment for AEP in the state.[4]

AEP-Ohio has continued to maintain that it is seeking an additional transition period in this case as well. After the Stipulation was rejected by the Commission on February 23, 2012, AEP-Ohio filed a motion seeking to re-impose the two-tiered capacity pricing scheme contained in the Stipulation. In the motion, AEP-Ohio asserted that it was seeking an additional "transition period" until it could establish even higher formula-based rates.[5] So, in addition to the transition provided by SB3, this proceeding, according to AEP-Ohio, is designed to provide more time for AEP-Ohio to transition to a fully competitive retail electric generation market. During this additional transition that I understand has no basis in law, if the Commission approves AEP-Ohio's application, customers will be economically blocked from obtaining competitive retail electric services (such as generation supply) from CRES providers, thereby allowing AEP-Ohio to collect, largely on a non-bypassable basis, the revenues produced by its SSO rates.

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[4] The press release is available *via* the Internet at http://www.aep.com/newsroom/newsreleases/?id=1712 (last accessed March 28, 2012).

[5] Motion for Relief and Request for Expedited Ruling at 5 (February 27, 2012).

Q19. Are there differences between the transition in SB3 and the second transition proposed by AEP-Ohio?

A19. Yes. Broadly speaking, the SB3 transition provided customers with electric bill predictability and certainty while giving customers the opportunity to do better by shopping. Residential customers were given a 5% discount off of the unbundled generation price. The fuel adjustment clause ("FAC") was eliminated. SB3's transition did not shift revenue responsibility within or between rate groups.

In contrast, the transition resulting from AEP-Ohio's formula-based capacity rates will limit shopping. So, the transition clearly protects AEP-Ohio but it does not contain the balanced, pro "customer choice" transition that was created in SB3.

Q20. How would a cost-based price for capacity subsidize generation service for AEP-Ohio?

A20. It would allow AEP-Ohio to impose and collect revenues from a currently higher than market charge on competitors who seek to serve load in the AEP-Ohio service area, when various AEP affiliates are actively acquiring load at both the wholesale and retail level in other electric utility service areas while relying upon market-based priced capacity in order to do so. This is fundamentally unfair -- to customers throughout Ohio, the broader PJM region and to CRES providers.

Q21. Have AEP-Ohio affiliates participated in recent auctions to acquire generation to serve SSO load in Ohio?

A21. Yes, several times, including on two recent occasions. Most recently, AEP-Ohio affiliates participated in an auction held December 14, 2011 to acquire SSO generation supply for Duke Energy Ohio ("Duke") customers and in a January 24, 2012 auction to acquire SSO generation supply for customers of FirstEnergy's EDUs, which are The Cleveland Electric Illuminating Company, the Ohio Edison Company and The Toledo Edison Company. Both auctions required bidders to supply energy, capacity, losses and ancillary services necessary to provide SSO generation supply.

Q22. What were the results of those auctions?

A22. The December 14, 2011 auction produced a clearing price of $49.72 per megawatt-hour ("MWh") for the January 1, 2012 to May 31, 2013 delivery year, $51.10 per MWh for the January 1, 2012 to May 31, 2014 delivery year, and $57.08 per MWh for the January 1, 2012 to May 31, 2015 delivery year. A summary of the auction results is included as Exhibit KMM-2. The January 24, 2012 auction produced a clearing price of $44.76 per MWh for the June 1, 2012 to May 31, 2014 delivery year.

Q23. Did AEP-Ohio affiliates participate in these auctions?

A23. Yes. As shown on Exhibit KMM-2, in the December 14, 2011 auction, AEP Energy Partners, Inc. won a total of 5 tranches and AEPSC won 6 tranches. As shown on Exhibit KMM-3, in the January 24, 2012 auction, AEP Energy Partners, Inc. won 2 tranches and AEPSC won 2 tranches.

Q24. How do bidders in the Duke and FirstEnergy SSO auctions acquire and pay for capacity and reflect those costs in their bids?

A24. Both FirstEnergy and Duke are presently FRR entities in PJM. As a result, bidders were required to obtain and pay for capacity from the FirstEnergy operating companies or Duke for their respective auctions.

The FirstEnergy EDUs do not own any electric generation so their FRR election was executed differently than how AEP-Ohio participates in FRR. When FirstEnergy made the commitment to join PJM, the BRAs for the 2011-2012 and 2012-2013 delivery years had already occurred. Thus, it was necessary to establish a transition mechanism for FirstEnergy.

The transition plan developed for FirstEnergy established a two-year FRR to allow FirstEnergy to synchronize with PJM's normal RPM cycle. FirstEnergy's transition plan to enter PJM required it to obtain the necessary capacity resources for the 2011-2012 and 2012-2013 delivery years and include those capacity resources in an FRR plan submitted to PJM prior to each delivery year. The transition plan provided that FirstEnergy would participate in the BRA for the 2013-2014 delivery year. The BRA for the 2013-2014 delivery year ("RTO locational deliverability area" or "RTO LDA") cleared at a price of $27.73 per MW-day.

Because FirstEnergy's Ohio EDUs do not own generating assets, two integration auctions were conducted to obtain capacity resources for the 2011-2012 and 2012-2013 delivery years. The 2011-2012 FRR integration auction cleared

12,583.2 MW of unforced capacity in the RTO at a resource clearing price of $108.89 per MW-day. The 2012-2013 FRR integration auction cleared 13,038.7 MW of unforced capacity in the RTO at a resource clearing price of $20.46 per MW-day. These capacity prices are very close to capacity prices from the larger BRA for the same delivery years. Bidders in the auctions to obtain SSO generation supply for FirstEnergy were required to rely upon capacity secured in the two integration auctions and reflect this in their offer prices for the 2011-2012 and 2012-2013 delivery years. For the 2013-2014 delivery year, bidders in the auctions to obtain SSO generation supply for FirstEnergy will use capacity secured through PJM's capacity auctions. Thus, the clearing price of $44.76 per MWh in the January 24, 2012 auction reflects bidders paying the FirstEnergy EDUs $20.46 per MW-day for capacity in the 2012-2013 delivery year, and paying the BRA clearing price for capacity of $27.73 per MW-day for the 2013-2014 delivery year.

Duke also is operating under an FRR election but, similar to AEP-Ohio, it owns generating assets. Duke designated the capacity resources held to serve SSO load under its FRR plan submitted to PJM. Bidders participating in the Duke SSO auctions acquire capacity and pay Duke at prevailing market prices for capacity, the final clearing price established under RPM. The bid prices from the December 14, 2011 auction reflect BRA capacity costs of $110.00 per MW-day for the 2011-2012 delivery year, $16.46 per MW-day for the 2012-2013 delivery year, $27.73 per MW-day for 2013-2014 delivery year, and $125.99 per MW-day for the 2014-2015 delivery year. Thus, when AEP-Ohio affiliates compete at the

wholesale level to serve customers in other areas of Ohio, they rely upon capacity priced at prevailing market prices, or RPM.

Q25. Are AEP-Ohio affiliates competing to serve retail customers throughout Ohio?

A25. Yes. AEP Retail Energy, a non-regulated affiliate, is currently offering to serve customers throughout Ohio in regions open to retail customer choice. I have included, as Exhibit KMM-4, supply offers and the associated terms and conditions for residential customers as of March 15, 2012. AEP Retail Energy is also offering to supply commercial and industrial customers.

Q26. When AEP Retail Energy acquires retail load, how do PJM's rules require AEP Retail Energy to obtain and pay for capacity?

A26. The answer varies slightly depending on service areas due to FRR status and prior decisions of this Commission. For customers provided distribution service by the FirstEnergy EDUs or Duke, the process is very similar to how capacity is supplied to bidders in the SSO auction. As CRES providers acquire load in these service areas, they compensate the FRR entity for capacity at the same prices discussed earlier in my testimony that were relied upon by SSO bidders.

Dayton Power and Light ("DP&L") is not operating under an FRR plan. For EDUs in retail access states not under an FRR plan, CRES providers acquire and/or release capacity as they gain or lose load and pay for capacity at prevailing market prices - RPM. Thus, other than in AEP-Ohio's service area, when its

affiliate AEP Retail Energy competes to serve customers, it obtains and pays for capacity based upon market-based rates, or RPM, and other generation suppliers receive market-based, rather than some form of cost-based compensation for capacity.

When AEP Retail Energy serves customers in AEP-Ohio's service territory, the price for capacity will differ on an interim basis under the two-tiered pricing structure for capacity discussed earlier in my testimony. The price for capacity will be either market-based or $255 per MW-day, based upon the Commission's March 7, 2012 entry in this proceeding.

It is fundamentally unfair and contrary to Ohio's pro-competition policies to allow AEP-Ohio's affiliates to serve non AEP-Ohio EDU customers in other areas of Ohio while paying market-based prices for capacity, but require CRES providers attempting to serve AEP-Ohio EDU customers to pay cost-based rates for capacity. The cost-based rate for capacity also amounts to a subsidy to AEP-Ohio's supposedly corporately separated generation business as it is significantly higher than prevailing market prices.

Q27. Are there other indicators that RPM clearing prices are representative of prevailing market prices for capacity?

A27. Yes. As previously mentioned, FirstEnergy's integration into PJM involved a transition plan to synchronize with the regular schedule developed to establish prices through the RPM mechanism. These capacity clearing prices from the FirstEnergy transitional auctions are very similar to the prevailing capacity prices

in the BRA for the unconstrained region of PJM for the same delivery year, which were $110.00 per MW-day for the 2011-2012 delivery year and $16.46 per MW-day for the 2012-2013 delivery year. AEP-Ohio provides service within this unconstrained PJM region. Thus, the transitional FRR integration auctions conducted for FirstEnergy are representative of the broader relevant market conditions and pricing outcomes in the unconstrained region of PJM, which includes AEP-Ohio. [BEGIN CONFIDENTIAL TESTIMONY]

[END CONFIDENTIAL TESTIMONY].

Q28. Has American Electric Power, through its other operating companies, recognized RPM prices as an appropriate market-based rate for capacity in other jurisdictions?

A28. Yes, in addition to my earlier discussion of AEP-Ohio's use of and reliance upon PJM's RPM to support its pricing proposals and policy advocacy here in Ohio, it is also relying on RPM in several adjoining or nearby states to identify appropriate capacity compensation. A number of American Electric Power EDUs in other states in the PJM region offer retail customers experimental rates or rates under pilot programs that reflect PJM real-time prices. For example, Kentucky Power offers customers an experimental real-time pricing rate, Tariff R.T.P., a copy of which is attached to my testimony as Exhibit KMM-6. Under this Kentucky Power rate schedule, the price charged to customers includes a component for capacity. The price reflected for capacity in the rates charged to Kentucky Power customers is based upon the prevailing RPM prices.

Indiana Michigan Power ("I&M") offers a similar experimental real-time pricing, Tariff R.T.P. in both its Indiana and Michigan rate zones. I have attached a copy of I&M's Tariff R.T.P. for the Indiana rate zone to my testimony as Exhibit KMM-7 and a copy of the I&M Tariff R.T.P. for the Michigan rate zone to my testimony as Exhibit KMM-8. In both instances, the capacity component of the rate charged to I&M customers is based upon the prevailing RPM prices.

Appalachian Power Company offers its customers in Virginia two dynamic pricing pilot rates, Schedule DP-1 and Schedule DP-2, which are attached to my

testimony as Exhibit KMM-9. Schedule DP-1 allows eligible customers to have usage for the generation component of their bills charged based upon prices established in PJM's market. The capacity component of the rate is based on prevailing RPM prices.

Schedule DP-2 is perhaps more interesting in that it allows customers with eligible qualifying facilities to sell electricity energy and capacity to Appalachian Power Company, with the rates based upon PJM's market. In other words, when Appalachian Power Company is purchasing capacity, the appropriate price is based upon prevailing RPM prices.

Thus, even in other states like Michigan that have adopted some form of "customer choice", or states that continue to rely upon rate base, rate of return economic regulation to establish retail electric prices, the AEP operating companies are using PJM's RPM to establish capacity related prices.

Q29. What is your understanding of the Commission's authority to approve a cost-based charge for capacity as requested by AEP-Ohio?

A29. Based upon discussions with counsel, it is my understanding that with the enactment of SB3 in 1999, the Ohio legislature modified the law such that electric generation service is no longer subject to traditional Commission economic regulation except as otherwise provided in Chapter 4928, Ohio Revised Code. The Commission has affirmed this several times, most recently in its order denying OP's request for approval to recover shutdown costs associated with Unit 5 of the Sporn Generating Station. *In the Matter of the Application of Ohio*

Power Company for Approval of the Shutdown of Unit 5 of the Philip Sporn Generating Station and to Establish a Plant Shutdown Rider, Case No. 10-1454-EL-RDR, Finding and Order at 16 (January 11, 2012).

Q30. Is AEP-Ohio's proposed cost-based charge comparable to the charge for capacity embedded in the default generation supply SSO prices?

A30. No. As acknowledged by AEP-Ohio witness Richard E. Munczinski on page 10 of his direct testimony, there is no explicit capacity charge in the SSO rates. Further, as shown on Exhibit KMM-10, when specifically requested to identify the capacity component of its SSO rates, AEP-Ohio could not or chose not to do so. Thus, it is impossible to identify whether the proposed cost-based capacity charge that AEP-Ohio wants to impose on CRES providers is comparable to the capacity-related charge embedded in the default generation supply portion of the SSO prices.

Q31. Why does comparability between the capacity-related charge that AEP-Ohio wants to impose on CRES providers and the capacity-related charge embedded in the default generation supply portion of the SSO prices matter?

A31. AEP-Ohio has said repeatedly that it just wants to charge CRES providers the capacity charge that is embedded in its default generation supply price and that this will avoid non-shopping customers and AEP shareholders from subsidizing CRES providers or shopping customers. At the same time, AEP-Ohio has continued to maintain that the default generation supply prices are not based on

cost and are not subject to examination on a cost-based methodology. What AEP-Ohio really seems to be doing is seeking a capacity charge that allows AEP-Ohio to avoid erosion to its non-cost based SSO revenue stream that would otherwise occur if RPM pricing is used, as AEP-Ohio has supported in the past, to set the capacity price paid by CRES providers. Because the proposed capacity charge applicable to CRES providers is a formula rate (changes per the formula), it would also be non-comparable to the structure of the SSO rate.

Also, even if AEP-Ohio's default generation supply price was determined based on the same cost-based formula that AEP-Ohio proposes to use to set the capacity price charged to CRES providers, the structure of the default generation supply rate is very different than the unbundled per megawatt day rate design that applies to a CRES provider. In other words, the rate design between the two is not comparable and the structural differences make it impossible for a customer to develop a meaningful comparison, on an apples to apples basis, between the default generation supply price and pricing offers available from competitive suppliers.

Q32. With regard to the non-comparable rate structures between the SSO pricing and the proposed capacity price for CRES providers, how could the structural non-comparability be remedied?

A32. Assume the SSO residential rate totals $0.08 per kWh and that the embedded capacity portion of this rate was $0.02 per kWh. If the wholesale capacity price to CRES providers serving residential load in AEP-Ohio's service area was

unbundled to show a separate and comparable capacity charge within the SSO structure, AEP-Ohio would be economically indifferent to shopping from a capacity revenue standpoint. In other words, it would obtain the same ("comparable") compensation for providing capacity generation service to a non-shopping customer as when the same customer elects to obtain service from a CRES provider.

However, under this same example, if the embedded capacity portion of the default generation supply price within the SSO was $0.02 per kWh and the wholesale capacity price charged to CRES providers was set at $0.04 per kWh, the results would not be comparable and the comparability violation would allow AEP-Ohio to bias customer choice in favor of decisions that favor the generation assets under its ownership or control, the structural problem that electric industry restructuring was designed to remedy. Thus, if the Commission did have authority to establish a cost-based rate, which I understand it does not, it is also my understanding that the rate levels and rate structures as between the default service option and the capacity pricing that applies to CRES providers must be comparable and non-discriminatory. In this proceeding, AEP-Ohio has presented no evidence to demonstrate that its proposed cost-based rate to be charged CRES providers is comparable to the default generation supply service and price of the SSO. Indeed, the combination of AEP-Ohio's positions that it can, on the one hand, establish non-cost based default generation supply prices (which have historically been justified based on market price estimates) and, on the other hand, contemporaneously impose a cost-based capacity price formula on CRES

providers defies the purpose of the concepts of comparability and non-discrimination; concepts that are key to successfully restructuring the electricity industry to allow competition to serve the public interest in reasonable prices and reliable service.

III. DEMAND CURVE OPERATION

Q33. Do you agree with the statements in Dana E. Horton's testimony that AEP-Ohio saved $25 million annually between 2007-2008 and 2014-2015 by selecting the FRR option?

A33. No. The conclusions in Mr. Horton's testimony are based upon an incorrect characterization of how the downward sloping demand curve operates in PJM. Mr. Horton's calculations assume that the reserve margin for AEP would have increased from approximately 15.5% to 19% over this time period and this would have resulted in higher costs to AEP-Ohio that would have been passed on to customers. There are two fundamental errors in Mr. Horton's analysis.

First, a key feature of the downward sloping demand curve that is an integral part of RPM is that additional reserves will be procured and, in theory, increase reliability (a benefit) if the increased reserves can be obtained at a lower overall cost to customers. The slope of the demand curve is designed to ensure this result as a mathematical example helps to illustrate. Based upon Figure 2, page six, of Mr. Horton's testimony, the price at the intersection of the demand curve at a 15% reserve margin is approximately $190 per MW-day. Procuring 22,000 MW of capacity (15% reserves for all of the AEP EDUs in PJM) would cost

$4,180,000 a day or $1,525,700,000 annually. However, procuring 22,925 MW (22,000 MW plus the 925 MW identified in Mr. Horton's testimony to achieve a 19.2% reserve) would result in a clearing price of $40 per MW-day as illustrated in Figure 2. At this price, the total cost of the higher level of the reserve is only $917,000 a day or $334,705,000 annually. Thus, Mr. Horton's characterization that the higher reserve level through the use of the downward sloping demand curve results in a higher cost is incorrect.

Second, irrespective of what capacity costs are incurred by AEP-Ohio and as already discussed, SSO rates in Ohio have not been based upon cost since the implementation of SB3. As previously noted, when specifically requested to identify the capacity component of its SSO rates, AEP-Ohio could not or chose not to do so.

IV. CAPACITY BILLING

Q34. Should the Commission require AEP-Ohio to provide customers and CRES providers additional information to verify they are being billed appropriately for capacity?

A34. Yes. As previously noted, each PJM EDC is responsible for allocating its normalized previous summer's peak to each customer in the zone (both retail and wholesale). To assure that capacity resources are appropriately allocated to shopping and non-shopping customers and that the allocation process does not discriminate, a transparent process is necessary.

The Commission should require AEP-Ohio to document to customers and CRES providers that the PLC factor it is assigning to customers corresponds with the customers' PLC value recognized by PJM.[6]

V. CONCLUSION

Q35. What are your conclusions regarding AEP-Ohio's request for a cost-based capacity charge?

A35. A cost-based capacity charge would subsidize AEP-Ohio's generation to the detriment of customers and competitors and is inconsistent with the state's policies of the electric industry restructuring required to enable competitive markets for electricity generation service. As IEU-Ohio witness Hess' testimony explains, AEP-Ohio's proposal for pricing CRES provider capacity amounts to an untimely attempt to seek "transition revenue" in circumstances where AEP-Ohio previously agreed that it would not do so.

A cost-based capacity charge that uniquely applies to CRES providers is also inconsistent with how AEP-Ohio has, for its benefit, historically determined CRES provider capacity prices and how other affiliated AEP operating companies are establishing the capacity price for ratemaking purposes.

It is my understanding that the Commission does not have authority to economically regulate wholesale generation services and where the Commission

[6] Each PJM EDC is responsible for allocating the previous summer's weather normalized peak to end-use customers in the zone (both retail and wholesale) and providing this information to PJM by December 31 prior to the start of the delivery year.

does retain jurisdiction to establish generation supply prices, it must do so as part of the SSO process.

Additionally, it is my understanding that whatever prices the Commission may establish for services provided to consumers as well as CRES providers, they must be comparable and non-discriminatory.

Therefore, I recommend that the Commission reject AEP-Ohio's application and promptly direct AEP-Ohio to restore the use of RPM-based capacity pricing in all cases where a CRES provider is serving a retail consumer within AEP-Ohio's service area. I would also suggest that the protracted debate that has occurred on the subject of this proceeding has, itself, stymied the ability for consumers to identify options to reduce their electric bills through "customer choice" and that the experience in this case strongly suggests that the Commission should turn to a competitive bidding process to establish default generation supply prices.

Q36. In your answer to question 35, you suggest that the Commission should use a competitive bidding process to establish default generation supply prices. AEP-Ohio has claimed that it cannot move to a competitive bidding process to set default generation supply prices until the current pool agreements are modified, corporate separation is complete, AEP-Ohio discontinues its FRR status and, perhaps, other things happen. Do you agree that competitive bidding must be put off as AEP-Ohio has claimed?

A36. No, I do not agree.

First, it is my understanding that the FRR option provides AEP-Ohio with the opportunity to accelerate termination of its FRR status as a result of regulatory determinations made by a state regulatory authority. Specifically, Section 8.1(C)(3) of PJM's RAA states "in the event of a State Regulatory Structural Change, a Party may elect, or terminate its election of, the FRR Alternative effective as to any Delivery Year by providing written notice of such election or termination to the Office of the Interconnection in good faith as soon as the Party becomes aware of such State Regulatory Structural Change but in any event no later than two months prior to the Base Residual Auction for such Delivery Year." Thus, there is an opportunity to accelerate termination of the FRR status. Additionally, as previously noted, AEP-Ohio has represented to the Commission its FRR status would not interfere with a state-directed competitive bidding process and in order to expeditiously proceed with a competitive bidding process AEP-Ohio would sell capacity to winning bidders at prevailing RPM prices.

Second, AEP-Ohio has previously used market-based prices and competitive bidding to establish default generation supply costs in the case of the pricing structure applicable to Ormet Primary Aluminum Corporation[7] and the former

[7] *Columbus Southern Power Company's and Ohio Power Company's Application to Set the 2007 Generation Market Price for Ormet's Hannibal Facilities*, PUCO Case No. 06-1504-EL-UNC, Columbus Southern Power Company's and Ohio Power Company's Ormet-Related 2007 Generation Market Price Submission (December 26, 2006). See, also, *Columbus Southern Power Company's and Ohio Power Company's Application to Set the 2007 Generation Market Price for Ormet's Hannibal Facilities*, PUCO Case No. 06-1504-EL-UNC, Entry (June 27, 2007); and *Columbus Southern Power Company's and Ohio Power Company's Application to Set the 2008 Generation Market Price for Ormet's Hannibal Facilities*, PUCO Case No. 07-1317-EL-UNC, Columbus Southern Power Company's and Ohio Power Company's Ormet-Related 2008 Generation Market Price Submission (December 27, 2007).

Ohio customers of Monongahela Power Company.[8] And, in its first proposed ESP, AEP-Ohio also proposed to use a competitive bidding process to establish an escalating portion of the default generation supply price. As I described earlier, AEP-Ohio's comments in Commission Case No. 07-796-EL-ATA, *et al.*, strongly endorsed the use of a competitive bidding process to set default generation supply prices. These actual or proposed AEP-Ohio uses of competitive bidding to set default generation supply prices demonstrate that AEP-Ohio's position regarding the alleged barriers to the use of competitive bidding is very different than the position AEP-Ohio took in prior Commission proceedings.

With regard to corporate separation, it is my understanding that corporate separation has been a requirement since SB3 was enacted.

If, as AEP-Ohio now claims, a competitive bidding process has to be ignored as an obvious and, I believe, preferred answer to the question of how to set default generation supply prices, then I believe it is even more imperative to set CRES provider capacity prices based on RPM because an RPM-based capacity price will allow the competitive bidding process used to establish the RPM capacity prices to impose a market-based check on AEP-Ohio's non cost-based default generation supply prices.

[8] *In the Matter of the Transfer of Monongahela Power Company's Certified Territory in Ohio to the Columbus Southern Power Company*, PUCO Case No. 05-765-EL-UNC, Opinion and Order (November 9, 2005).

Q37. Does this conclude your testimony?

A37. Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Direct Testimony of Kevin M. Murray on Behalf of Industrial Energy Users-Ohio* was served upon the following parties of record this 4th day of April 2012, *via* electronic transmission, hand-delivery or first class U.S. mail, postage prepaid.

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KMM-1

EXHIBIT KMM-1

In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan, and the Sale or Transfer of Certain Generating Assets. PUCO Case No. 08-917-EL-SSO et al

In the matter of the application of Columbus Southern Power for approval of its program portfolio plan and request for expedited consideration, PUCO Case No. 09-1089-EL-POR.

In the matter of the application of Ohio Power Company for approval of its program portfolio plan and request for expedited consideration, PUCO Case No. 09-1090-EL-POR.

In the matter of the application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for approval of a market rate offer to conduct a competitive bidding process for standard service offer electric generation supply, accounting modifications associated with reconciliation mechanism, and tariffs for generation service, PUCO Case No. 09-906-EL-SSO.

In the matter of the application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for authority to establish a standard service offer pursuant to R.C. 4928.143 in the form of an electric security plan, PUCO Case No. 08-935-EL-SSO.

In the matter of the application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for approval of a market rate offer to conduct a competitive bidding process for standard service offer electric generation supply, accounting modifications associated with reconciliation mechanism, and tariffs for generation service, PUCO Case No. 08-936-EL-SSO.

In the matter of the application of Columbus Southern Power Company for approval of its Electric Security Plan; an amendment to its Corporate Separation Plan; and the sale or transfer of certain generating assets, PUCO Case Nos. 08-917-EL-SSO.

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.

In the matter of the application of Duke Energy Ohio for approval of an Electric Security Plan, PUCO Case No. 08-920-EL-SSO.

In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan, PUCO Case No. 08-1094-EL-SSO.

EXHIBIT KMM-2

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International

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CRA No. D16035-00

January 5, 2012

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Duke Energy Business Services
139 E. Fourth Street, 1303-Main
Cincinnati, Ohio 45202
Re: Text

Dear Ms. Spiller:

Pursuant to the requirements of paragraph 9 of the December 15, 2011 Finding and Order of the Public Utility Commission of Ohio ("PUCO" or "Commission"), please find attached a redacted version of the post-auction letter addressed to you (and cc'd to others) that the Auction Manager, CRA International, submitted on December 14, 2011 following the conclusion of the Duke Energy Ohio Inc. ("DEO") Competitive Bidding Process Auction to procure supply for Standard Service Offer customers of DEO.

Other than an update to the redactions pursuant to paragraph 9 of the Finding and Order cited above, the attached redacted letter is no different than the letter sent to you on December 14, 2011.

Sincerely yours,

CRA INTERNATIONAL, INC.

Robert Lee
Principal

cc:

Eric Weldele, Public Utilities Commission of Ohio
Ray Strom, Public Utilities Commission of Ohio

Attachment

John Hancock Tower 200 Clarendon Street, T-33 Boston, Massachusetts 02116-5092 617-425-3000 617-425-3132 fax

CRA International

DELIVERED BY EMAIL

CRA No. D16035

December 14, 2011

Amy Spiller
Deputy General Counsel
Duke Energy Business Services
139 E. Fourth Street, 1303-Main
Cincinnati, Ohio 45202

Re: Notification of CBP Auction Results

Dear Ms. Spiller:

This is to inform you that we have confirmed the results of Duke Energy Ohio, Inc.'s Competitive Bidding Process Auction ("Auction") to procure supply for Standard Service Offer (SSO) customers for the Duke Energy Ohio. The Auction began on Wednesday, December 14, 2011 and concluded the same day.

There are three tables attached to this letter.

- Table 1 summarizes the results of the Auction.
- Table 2 shows, for each winning bidder, the number of tranches won for each contract in the auction.
- Table 3 provides the Auction Manager's assessment of the conduct of the auction.

In accordance with the Bidding Rules, winning bidders will be contacted directly by Duke Energy Ohio, Inc. to execute the Master SSO Supply Agreement no later than three (3) business days following the close of the auction.

John Hancock Tower 200 Clarendon Street, T-33 Boston, Massachusetts 02116-5092 617-425-3000 Fax 617-425-3132

CRA International

Sincerely yours,

CRA INTERNATIONAL, INC.

Robert Lee
Principal

cc:
Todd A. Snitchler, Public Utilities Commission of Ohio
Paul A. Centolella, Public Utilities Commission of Ohio
Cheryl L. Roberto, Public Utilities Commission of Ohio
Steven D. Lesser, Public Utilities Commission of Ohio
Andre Porter, Public Utilities Commission of Ohio
Eric Weldele, Public Utilities Commission of Ohio
Ray Strom, Public Utilities Commission of Ohio
Frank Mossburg, Boston Pacific Company

CRA International

Table 1. Summary of SSO Auction Results

		Delivery Period		
		Jan 1, 2012 to May 31, 2013	Jan 1, 2012 to May 31, 2014	Jan 1, 2012 to May 31, 2015
Number of Registered Bidders	13			
Total initial eligibility of Registered Bidders (# tranches)	[redacted]			
Total initial eligibility divided by tranche target	[redacted]			
Number of bidders that submitted bids in round 1	[redacted]			
Number of tranches bid in round 1	421	194	136	91
Number of tranches bid in round 1 divided by tranche target	4.21	5.88	4.12	2.68
Number of tranches to procure in auction (tranche target)	100	33	33	34
Number of tranches procured in auction	100	33	33	34
Number of rounds in the auction	14			
Number of winning bidders	7	6	7	4
Starting price range ($/MWh)		$70.00-$90.00	$70.00-$90.00	$70.00-$90.00
Starting price ($/MWh)		[redacted]		
Clearing price ($/MWh)		$49.72	$51.10	$57.08

CRA International

Table 2. Winning Bidders and Tranches Won

Winning Bidder	Number of Winning Tranches			
	Total	Delivery Period		
		Jan 1, 2012 to May 31, 2013	Jan 1, 2012 to May 31, 2014	Jan 1, 2012 to May 31, 2015
AEP Energy Partners, Inc.	5	2	3	
American Electric Power Service Corp.	6	5	1	
Constellation Energy Commodities Group, Inc.	16	5	6	5
DTE Energy Trading, Inc.	9	4	3	2
Duke Energy Commercial Asset Management, Inc.	16	6	7	3
FirstEnergy Solutions Corp.	47	11	12	24
The Dayton Power and Light Company	1		1	
TOTAL	**100**	**33**	**33**	**34**

CRA International

Table 3. Auction Manager's Assessment of the Conduct of the Auction

	Question	
1	Were the competitive bidding rules violated?	No
2	Does the Auction Manager believe the auction was open, fair, transparent, and competitive?	Yes
3	Did bidders have sufficient information to prepare for the auction?	Yes. Bidders received information from the competitive bidding process documents, the Information Website, questions-and-answers posted to the Information Website, and bidder information sessions.
4	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes
5	Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?	We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.
6	Were there any procedural problems or errors with the auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the Auction Manager?	No
7	Were protocols for communication between bidders and the Auction Manager adhered to?	Yes
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	No
9	Were there any unanticipated delays during the auction?	No
10	Did unanticipated delays appear to adversely affect bidding in the auction?	No
11	Were appropriate data back-up procedures planned and carried out?	Yes

CRA International

	Question	
12	Were any security breaches observed with the auction process?	No
13	Were protocols followed for communications among Duke Energy Ohio, the Auction Manager, the PUCO, and the PUCO's consultant during the auction?	Yes
14	Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?	Yes
15	Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the Auction Manager?	Yes
16	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No
17	Were the communications between the Auction Manager and bidders timely and effective?	Yes
18	Was there evidence that bidders felt unduly rushed during the process?	No
19	Was there any evidence of collusion or improper coordination among bidders?	No
20	Was there any evidence of anti-competitive behavior in the auction?	No
21	Was information made public appropriately? Was confidential and sensitive information treated appropriately?	Yes
22	Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?	No, not that we are aware of.

EXHIBIT KMM-3

CRA
International

DELIVERED BY EMAIL

CRA No. D14673

February 16, 2012

James W. Burk
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

Pursuant to the requirements of paragraph 10 of the January 26, 2012 Finding and Order of the Public Utility Commission of Ohio ("PUCO" or "Commission"), please find attached a redacted version of the post-auction letter addressed to you (and cc'd to others) that the CBP Manager, CRA International, submitted on January 24, 2012 following the conclusion of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction to procure supply for Standard Service Offer customers for the FirstEnergy Ohio Utilities.

Please note that the attached redacted letter has two differences from the redacted letter sent to you on January 24, 2012. First, the attached letter has fewer redactions pursuant to paragraph 10 of the Finding and Order cited above. Second, the redacted letter sent to you on January 24 inadvertently used the term "Auction Monitor" in item 13 on page 6. In the attached letter here, that has been corrected to "PUCO's consultant" consistent with the confidential version of the letter sent to you on January 24.

Sincerely yours,

CRA INTERNATIONAL, INC.

Bradley A. Miller

Bradley A. Miller
Vice President

cc:

Eric Weldele, Chief of Staff, Public Utilities Commission of Ohio
Ray Strom, Public Utilities Commission of Ohio

Attachment

John Hancock Tower 200 Clarendon Street, T-33 Boston, Massachusetts 02116-5092 617-425-3000 Fax 617-425-3132

CRA International

DELIVERED BY EMAIL

CRA No. D14673

January 24, 2012

James W. Burk
FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

Re: Notification of CBP Auction Results

Dear Mr. Burk:

This is to inform you that we have confirmed the results of the FirstEnergy Ohio Utilities' Competitive Bidding Process Auction ("Auction") to procure supply for Standard Service Offer (SSO) customers for the FirstEnergy Ohio Utilities. The Auction began on Tuesday, January 24, 2012 and concluded the same day.

There are three tables attached to this letter.

- Table 1 summarizes the results of the Auction.
- Table 2 shows, for each winning bidder, the number of tranches won and the tranche-weighted average price to be paid.
- Table 3 provides the CBP Manager's assessment of the conduct of the auction.

In accordance with the Bidding Rules, winning bidders will be contacted directly by the FirstEnergy Ohio Utilities to execute the Master SSO Supply Agreement no later than three (3) business days following the close of the auction.

John Hancock Tower 200 Clarendon Street, T-33 Boston, Massachusetts 02116-5092 617-425-3000 Fax 617-425-3132

CRA International

Sincerely yours,

CRA INTERNATIONAL, INC.

Bradley A. Miller

Bradley A. Miller
Vice President

cc:
Todd A. Snitchler, Chairman, Public Utilities Commission of Ohio
Paul A. Centolella, Commissioner, Public Utilities Commission of Ohio
Cheryl L. Roberto, Commissioner, Public Utilities Commission of Ohio
Steven D. Lesser, Commissioner, Public Utilities Commission of Ohio
Andre Porter, Commissioner, Public Utilities Commission of Ohio
Eric Weldele, Chief of Staff, Public Utilities Commission of Ohio
Charles E. Jones, Senior Vice President and President, FirstEnergy Utilities
Dennis M. Chack, President, Ohio Operations
Trent A. Smith, Regional President, The Cleveland Electric Illuminating Company
Donald A. Moul, Regional President, Ohio Edison Company
Randall A. Frame, Regional President, The Toledo Edison Company
Frank Mossburg, Boston Pacific Company

CRA International

Table 1. Summary of SSO Auction Results

Period of Delivery	June 1, 2012 - May 31, 2014
Number of Registered Bidders	8
Total initial eligibility of Registered Bidders	[redacted]
Total initial eligibility divided by tranche target	[redacted]
Number of bidders that submitted bids in round 1	[redacted]
Number of tranches bid in round 1	84
Number of tranches bid in round 1 divided by tranche target	4.94
Number of tranches to procure in auction (tranche target)	17 tranches
Number of tranches procured in auction	17 tranches
Number of rounds in clock phase	16
Was there a sealed-bid round?	No
Number of winning bidders	6
Starting price range	$65.00-$85.00 per MWh
Starting price	[redacted]
Tranche-weighted average price of winning bids	$44.76 per MWh

CRA International

Table 2. Winning Bidders and Tranches Won

Winning Bidder	Number of Winning Tranches	Tranche-Weighted Average Price to be Paid ($/MWh)
AEP Energy Partners, Inc.	2	$44.75
American Electric Power Service Corporation	2	$44.75
Buckeye Power Inc.	1	$44.75
Constellation Energy Commodities Group, Inc.	5	$44.75
DTE Energy Trading, Inc.	6	$44.77
Duke Energy Commercial Asset Management, Inc.	1	$44.75
TOTAL	**17**	**$44.76**

CRA International

Table 3. CBP Manager's Assessment of the Conduct of the Auction

	Question	
1	Were the competitive bidding rules violated?	No
2	Does the CBP Manager believe the auction was open, fair, transparent, and competitive?	Yes
3	Did bidders have sufficient information to prepare for the auction?	Yes. Bidders received information from the competitive bidding process documents, the Information Website, questions-and-answers posted to the Information Website, and bidder information sessions.
4	Was the information generally provided to bidders in accordance with the published timetable? Was the timetable updated appropriately as needed?	Yes
5	Were there any issues and questions left unresolved prior to the auction that created material uncertainty for bidders?	We do not believe that there were any unresolved issues or questions that created material uncertainty for bidders.
6	Were there any procedural problems or errors with the auction, including the electronic bidding process, the back-up bidding process, and communications between bidders and the CBP Manager?	No
7	Were protocols for communication between bidders and the CBP Manager adhered to?	Yes
8	Were there any hardware or software problems or errors, either with the auction system or with its associated communications systems?	No
9	Were there any unanticipated delays during the auction?	No
10	Did unanticipated delays appear to adversely affect bidding in the auction?	No
11	Were appropriate data back-up procedures planned and carried out?	Yes

CRA International

	Question	
12	Were any security breaches observed with the auction process?	No
13	Were protocols followed for communications among FirstEnergy Ohio Utilities, the CBP Manager, the PUCO, and the PUCO's consultant during the auction?	Yes
14	Were the protocols followed for decisions regarding changes in auction parameters (e.g., volume adjustments and price decrements)?	Yes
15	Were the calculations (e.g., for price decrements or bidder eligibility) produced by the auction software double-checked or reproduced off-line by the CBP Manager?	Yes
16	Was there evidence of confusion or misunderstanding on the part of bidders that delayed or impaired the auction?	No
17	Were the communications between the CBP Manager and bidders timely and effective?	Yes
18	Was there evidence that bidders felt unduly rushed during the process?	No
19	Was there any evidence of collusion or improper coordination among bidders?	No
20	Was there any evidence of anti-competitive behavior in the auction?	No
21	Was information made public appropriately? Was confidential and sensitive information treated appropriately?	Yes
22	Were there factors exogenous to the auction (e.g., changes in market environment) that materially affected the auction in unanticipated ways?	No, not that we are aware of.

EXHIBIT KMM-4

Save For My Home

Avoid rising electricity costs and start saving on your bill today.

As Your Experts in Electricity Savings®, we can save you money. We generate or purchase our electricity at the most competitive price, which allows us to pass the savings on to you - our customer. That's why we make it easier than ever to enroll.

Search by Provider

Select Your Current Provider

AEP Ohio

Search by Location

Enter Your Zip Code

Search Again

Green Product

ECO-Advantage 100% Wind Product

100% Wind Product for a Greener Environment.

Offer Details

7.49¢ per kWh through 5/2014

Enroll Now

view full Terms and Conditions

Your Service Area is AEP Ohio

Enroll in the low price of 6.39 cents through April 2012 and then 6.99 cents per kWh through May 2014[1]

Save up to 18% on Your Electricity Bill!

Offer Details

6.39¢ per kWh through 4/2012
6.99¢ per kWh through 5/2014

Enroll Now

view full Terms and Conditions

Your Service Area is AEP Ohio

Enroll in the low price plan of 6.99 cents per kWh through May 2014[1]

Protect against rate changes with our low price plan of 6.99 cents per kWh through May 2014.

Offer Details

6.99¢ per kWh through 5/2014

Enroll Now

view full Terms and Conditions

We can let you know when offers are available in your area.

Simply sign up below and you will receive the most recent updates as soon as they are available.

Sign Up Now

Why Choose AEP Retail Energy?

AEP Retail Energy leads the way in providing consumers with competitive price plans, easy enrollment process, and customer service excellence.

How It Works

See how it is possible to receive the same reliable electricity service, but pay less for it.

Have Questions?

Contact our Customer Care Team at 1-866-823-6738 or via email at ohioretail@aep.com.

RESIDENTIAL TERMS & CONDITIONS ("AGREEMENT")

INITIAL TERM	GENERATION SERVICE CHARGES	CANCELLATION FEE	CONTRACT RENEWAL
Through the May 2014 billing cycle ("Initial Term").	6.39 cents per kWh for Generation and Transmission services through the April 2012 billing cycle and then 6.99 cents per kWh for Generation and Transmission services through the May 2014 billing cycle as Initial Term. Price excludes taxes, utility delivery charges and other utility charges and fees.	You may cancel within the 7- day rescission period without penalty. If you terminate after the rescission period there will be a $150 fee. **See Section 6** for details.	Your Agreement will automatically continue on a month-to-month basis with no termination fee. **See Section 8** for details.

CONDITIONS.
These Terms and Conditions together with the Enrollment Consent Form are your Agreement for electric generation service with AEP Retail Energy Partners LLC ("AEP Retail Energy"). Please keep a copy of this Agreement for your records. AEP Retail Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to offer and supply electric generation services in Ohio. As a Competitive Retail Electric Service ("CRES") provider, AEP Retail Energy will supply the electric generation and provide transmission services to your Electric Distribution Utility ("EDU") based on your usage. Your EDU then distributes or delivers the electricity to you. Your distribution service will remain with your current EDU, which is regulated by the PUCO.

DEFINITIONS.
"Competitive Retail Electric Service Provider" or "CRES" provider means, as defined by Chapter 4901:1-21 of the Substantive Rules applicable to electric service providers, an entity that sells electric energy to retail customers in Ohio. "Generation Service" means the production of electricity.

"Generation Related Charges" means those charges or costs associated with the production, procurement and supply of electricity. "Transmission Service" means moving high voltage electricity from a generation facility to the distribution lines of an EDU. "Distribution Service" means the physical delivery of electricity to customers by the EDU.

RIGHT OF RESCISSION.
Once you have been enrolled to receive generation service from AEP Retail Energy, your EDU will send you a confirmation letter. You have the right to rescind your enrollment without penalty within seven (7) calendar days following the postmark date of the confirmation letter by contacting your EDU and following the instructions contained in the letter. The Right of Rescission only applies when you initially switch to AEP Retail Energy and not upon renewal. Your EDU will not send a confirmation notice upon any renewal of this Agreement.

TERMS AND CONDITIONS OF SERVICE.

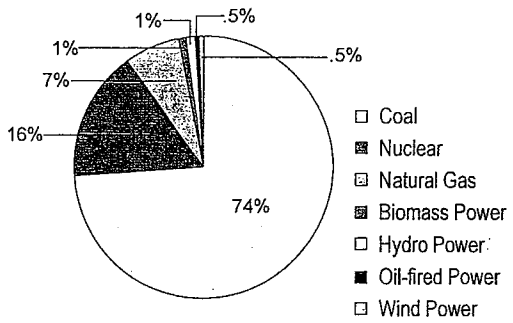
1. **Eligibility.** Residential customer accounts that are on residential rate codes and are not enrolled in the Percentage of Income Plan Program (PIPP) are eligible for this offer from AEP Retail Energy. AEP Retail Energy reserves the right to refuse enrollment to any residential customer with an outstanding, unpaid electric bill.
2. **Basic Service Prices.** During the term of this Contract, you agree to pay AEP Retail Energy a price for all applicable combined electric Transmission, Generation and Generation Related Charges as specified in Generation Service Charges listed above including any applicable taxes, if any. For the Initial Term listed above, all kilowatt-hours ("kWh") of electric energy metered by the EDU shall be billed at the rate per kWh specified above. In addition to AEP Retail Energy's charges, you will be charged by your EDU for distribution and other service charges. Also, AEP Retail Energy will charge you for any and all fees, costs, and obligations for transmission services imposed by a Regional Transmission Organization ("RTO"), such as PJM Interconnection, LLC, or an Independent System Operator (ISO), such as the Midwest Independent Transmission System Operator (MISO) or any successor organizations (collectively, referred to as the RTO), that are not otherwise reimbursed to AEP Retail Energy, regardless of whether such charges are greater than, less than, or equal to the charges the Customer currently pays for these services ("RTO/ Transmission and Ancillary Services Charges"). AEP Retail Energy will pass through to you any RTO/Transmission and Ancillary Services Charges, which may be variable, related to AEP Retail Energy's providing electricity to you and any additional or increased fees or charges that are beyond AEP Retail Energy's reasonable control. That could include, but not be limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, or transmission or transmission-related charges, that are imposed by law, rule, regulation or tariff, or Commission rule or order. These charges or fees will be passed through to you and added to your price. To the extent that your EDU is seeking regulatory authority to include Transmission Service charges in its regulated rates, AEP Retail Energy's price does not include such charges. In the event that your EDU does not receive regulatory approval to include Transmission Service charges in its regulated rates, AEP Retail Energy reserves the right to re-price the Price to include such Transmission Service charges.
3. **Length of Agreement.** Your service from AEP Retail Energy will begin with the next available meter reading following: a) the seven (7) day rescission period; b) the acceptance of the enrollment request by AEP Retail Energy (at its discretion and consistent with Paragraph 7 below), and c) processing of the enrollment by your EDU, and will continue for the term as specified on the Enrollment Consent Form from AEP Retail Energy, ending on the meter read for the last month of service.
4. **Billing.** You will continue to receive a single bill from your EDU that will contain both your EDU and AEP Retail Energy charges. AEP Retail Energy does not offer budget billing. If you do not pay your bill by the due date, AEP Retail Energy may cancel this Agreement after giving you a minimum of fourteen (14) days written notice. Upon cancellation you will be returned to your EDU as a customer. You will remain responsible to pay AEP Retail Energy for any electricity used before this Agreement is cancelled as well as any late payment charges. Further, your failure to pay EDU charges may result in your electric service being disconnected in accordance with the EDU tariff.
5. **Penalties, Fees and Exceptions.** Your EDU may charge you a switching fee. If you do not pay the full amount owed to AEP Retail Energy by the due date of the bill, AEP Retail Energy may charge a late payment fee up to one and one-half (1.5%) percent of the outstanding balance per month, or the maximum legally allowed interest rate, whichever is lower until such payment is received by AEP Retail Energy. AEP Retail Energy reserves the right to demand adequate assurances from you in the form of prepayment or other form of credit support in the event you fail to make payments in accordance with the terms herein. Customers requiring financial assurance will be required to post that assurance within 3 business days of notice.
6. **Cancellation/Termination Provisions.** If this Agreement is not rescinded during the rescission period, enrollment will be sent to your EDU. You may terminate this Agreement, without penalty, if you move outside AEP Retail Energy's service area or into an area where AEP Retail Energy charges a different price, by providing AEP Retail Energy with a thirty (30) day written notice prior to such move. There will be a charge if you terminate this Agreement for any other reason, except as expressly provided herein. Should you cancel service with AEP Retail Energy and return to standard offer service with your EDU, you may not be served under the same rates, terms, and conditions that apply to other EDU customers.
7. **Customer Consent and Information Release Authorization.** By accepting this offer from AEP Retail Energy, you understand and agree to the terms and conditions of this Agreement with AEP Retail Energy. You authorize AEP Retail Energy to obtain information from the EDU that includes, but is not limited to: billing history, payment history, historical and future electricity usage, meter-readings, and characteristics of electricity service. AEP Retail Energy reserves the right to determine if your credit standing is satisfactory before accepting your enrollment request. This Agreement shall be considered executed by AEP Retail Energy following: a) acceptance of your enrollment request by AEP Retail Energy; b) the end of the 7 day rescission period, and c) acceptance of enrollment by your EDU.
8. **Contract Renewal. Upon expiration of the Initial Term, this Agreement will automatically renew on a month-to-month basis** at a variable price per kWh, based upon the applicable RTO prevailing market and business conditions for electricity at the EDU load zone or equivalent market delivery point, plus an adder of up to $0.05 per kWh. Your price will include generation and transmission charges, but will not include charges for EDU service (generally, delivery charges and other utility service fees) and taxes. You may obtain next month's variable price by calling a AEP Retail Energy Service Representative at the toll-free telephone number set forth in Section 16. Pricing is generally available on the 15th business day of each month for the next billing cycle. **There is no fee for the termination of the month-to-month contract.** At any time after the Initial Term, Customer may contact AEP Retail Energy to enroll in the then current price plan.
9. **Dispute Procedures.** Contact AEP Retail Energy with any questions concerning the terms of service by phone at 1-866-823-6738 (toll-free) M-F 8AM – 5PM EST or in writing at AEP Retail Energy, PO BOX 1415, Columbus, OH 43216. Our web address is AEPRetailEnergy.com. If your complaint is not resolved after you have called AEP Retail Energy and/or your EDU, or for general utility information, residential and business customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686- 7826 (toll free) or TTY at 1-800-686-1570 (toll free) from 8:00 AM - 5:00 PM EST weekdays or at www. PUCO.ohio.gov. Residential customers may also contact the Ohio Consumers' Counsel for assistance with complaints and utility issues at 1-877-742-5622 (toll free) from 8:00 AM - 5:00 PM EST weekdays, or www.pickocc.org.
10. **Miscellaneous.** You have the right to request from AEP Retail Energy, twice within a 12-month period, up to 24 months of payment history, without charge. AEP Retail Energy is prohibited from disclosing a Customer's social security number and/or account number(s) without the Customer's affirmative written consent except for AEP Retail Energy's collections and reporting, participating in programs funded by the universal service fund pursuant to section 4928.54 of the Revised Code, or assigning a Customer's contract to another CRES provider. AEP Retail Energy assumes no responsibility or liability for the following items that are the responsibility of the EDU: operation and maintenance of the EDU's electrical system, any interruption of service, termination of service, or deterioration of the EDU's service. In the event of a power outage, you should contact your local EDU. Customer is responsible for providing AEP Retail Energy with accurate account information. If said information is incorrect, AEP Retail Energy reserves the right to re-price the applicable account(s). AEP Retail Energy reserves the right to re-price any account(s) or return a Customer to the EDU if the Customer's rate code or meter type is changed and/or the account is no longer eligible for this program. Customer authorizes, but does not obligate AEP Retail Energy, to exercise Customer's government aggregation opt-out rights. AEP Retail Energy's environmental disclosure statement is available for viewing on our website at AEPRetailEnergy.com. You agree that AEP Retail Energy will make the required quarterly updates to the statement electronically on our website. We will also provide the information to you upon request.
11. **Warranty and Force Majeure.** AEP Retail Energy warrants title and the right to all electricity sold hereunder. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. AEP Retail Energy will make commercially reasonable efforts to provide your electric service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of the reasonable control of AEP Retail Energy and may result in interruptions in service. AEP Retail Energy is not liable for damages caused by acts of God, changes in laws, rules or regulations or other acts of any governmental authority (including the Commission or RTO), accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by the EDU or any other cause beyond the control of AEP Retail Energy's reasonable control.
12. **REMEDIES.** UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, WHETHER IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISIONS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT. THE LIMITATIONS IMPOSED ON REMEDIES AND DAMAGE MEASUREMENT WILL BE WITHOUT REGARD TO CAUSE, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE; PROVIDED NO SUCH LIMITATION SHALL APPLY TO DAMAGES RESULTING FROM THE WILLFUL MISCONDUCT OF ANY PARTY.
13. **Customer Liability and Indemnification of AEP Retail Energy.** Customer assumes full responsibility for Power furnished to Customer at the Delivery Point(s) and on Customer's side of the Delivery Point(s), and agrees to and shall indemnify, defend, and hold harmless AEP Retail Energy, its parent company and all of its affiliates, and all of their respective managers, members, officers, directors, shareholders, associates, employees, servants, and agents (hereinafter collectively referred to as "AEP Retail Energy Group"), from and against all claims, losses, expenses, damages, demands, judgments, causes of action, and suits of any kind (hereinafter collectively referred to "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on Customer's side of the delivery point and upon the premise(s), arising out of or related to the electricity and/or customer's performance under the Agreement.
14. **Assignment.** Customer shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Retail Energy, which consent shall not be unreasonably withheld. AEP Retail Energy may, without the consent of Customer, assign this Agreement to another CRES provider, including any successor, in accordance with the rules and regulations of the PUCO.
15. **Choice of Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without giving effect to any conflicts of law principles which otherwise might be applicable.
16. **Contact Information.** AEP Retail Energy, PO Box 1415, Columbus, Ohio 43216. For more information, call (866) 823-6738 or visit AEPRetailEnergy.com.

PLEASE KEEP A COPY FOR YOUR RECORDS.

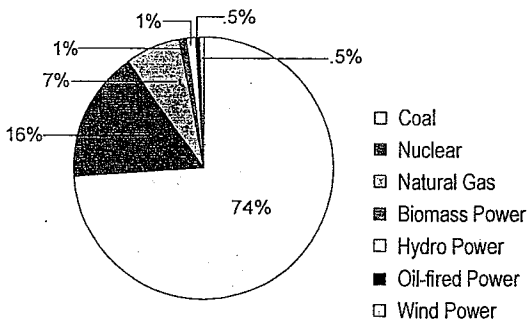
Environmental Disclosure Information
AEP Retail Energy
Projected Data for the 2012 Calendar Year

Generation Resource Mix - A comparison between the sources of generation used to produce this product and the historic regional average supply mix.

AEP Retail Energy's Product



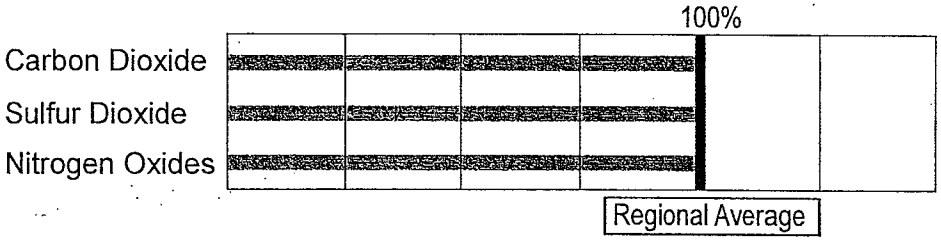
Regional



Environmental Characteristics - A description of the characteristics associated with each possible generation resource.

Biomass Power	Air Emissions and Solid Waste
Coal Power	Air Emissions and Solid Waste
Hydro Power	Wildlife Impacts
Natural Gas Power	Air Emissions and Solid Waste
Nuclear Power	Radioactive Waste
Oil Power	Air Emissions and Solid Waste
Other Sources	Unknown Impacts
Solar Power	No Significant Impacts
Unknown Purchased Resources	Unknown Impacts
Wind Power	Wildlife Impacts

Air Emissions - A comparison between the air emissions related to this product and regional average air emissions.



Radioactive Waste - Radioactive waste associated with the product.

Type:	Quantity:	
High-Level Radioactive Waste		LBs./1,000 kWh
Low-Level Radioactive Waste		Ft.^{3}/1,000 kWh

AEP Retail Energy purchases all of its electric energy from the wholesale market. The above generation resource mix is based on EIA reporting of regional generation sources. AEP Retail Energy does not have access to information regarding the radioactive waste produced by nuclear generation in the region.

With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, visit us online at AEPRetailEnergy.com or contact AEP Retail Energy at 1-866-823-6738.

Version: 11.12.27OH_ED

Save For My Home

Avoid rising electricity costs and start saving on your bill today.

As Your Experts in Electricity Savings®, we can save you money. We generate or purchase our electricity at the most competitive price, which allows us to pass the savings on to you - our customer. That's why we make it easier than ever to enroll.

Search by Provider

Select Your Current Provider

Duke Energy Ohio

Search by Location

Enter Your Zip Code

Search Again

Your Service Area is Duke Energy Ohio

5.99 cents per kWh

Take control of your energy costs and enroll in our low price plan of 5.99 cents per kWh for 12 months.

Offer Details

5.99¢ per kWh for 12 monthly billing cycles

Enroll Now

view full Terms and Conditions

Your Service Area is Duke Energy Ohio

5.79 cents per kWh

Enroll in our low price plan of 5.79 cents per kWh through the May 2014 billing cycle. Our prices are stable and can give you the peace of mind you deserve.

Offer Details

5.79¢ per kWh through 5/2014

Enroll Now

view full Terms and Conditions

Your Service Area is Duke Energy Ohio

5.79 cents per kWh

Enjoy savings of up to 27% off! Enroll in our current variable price of 5.79 cents per kWh. There are no fees to enroll or any cancellation fees

Offer Details

5.79¢ per kWh (variable) ongoing

Enroll Now

view full Terms and Conditions

We can let you know when offers are available in your area.

Simply sign up below and you will receive the most recent updates as soon as they are available.

Sign Up Now

Why Choose AEP Retail Energy?

AEP Retail Energy leads the way in providing consumers with competitive price plans, easy enrollment process, and customer service excellence.

How It Works

See how it is possible to receive the same reliable electricity service, but pay less for it.

Have Questions?

Contact our Customer Care Team at 1-866-823-6738 or via email at ohioretail@aep.com.

RESIDENTIAL TERMS & CONDITIONS ("Agreement")

INITIAL TERM	GENERATION SERVICE CHARGES	CANCELLATION FEE	CONTRACT RENEWAL
Through the May 2014 billing cycle ("Initial Term").	5.79 cents per kWh for Generation services for the Initial Term. Price excludes taxes, utility delivery charges and other utility charges and fees.	You may cancel within the 7- day rescission period without penalty. If you terminate after the rescission period there will be a $150 fee. See **Section 6** for details.	Your Agreement will automatically continue on a month-to-month basis. See **Section 8** for details.

CONDITIONS. These Terms and Conditions are your Agreement for electric generation and applicable transmission services with AEP Retail Energy Partners LLC ("AEP Retail Energy"). Please keep a copy of this Agreement for your records. AEP Retail Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to offer and supply electric generation services in Ohio. As a Competitive Retail Electric Service ("CRES") provider, AEP Retail Energy will supply the electric generation and provide applicable transmission services to your Electric Distribution Utility ("EDU") based on your usage. Your EDU then distributes or delivers the electricity to you. Your distribution service will remain with your current EDU, which is regulated by the PUCO.

DEFINITIONS: "Competitive Retail Electric Service Provider" or "CRES" provider means, as defined by Chapter 4901:1-21 of the Substantive Rules applicable to electric service providers, an entity that sells electric energy to retail customers in Ohio. "Generation Service" means the production of electricity. "Generation Related Charges" means those charges or costs associated with the production, procurement and supply of electricity. "Distribution Service" means the physical delivery of electricity to customers by the EDU.

RIGHT OF RESCISSION. Once you have been enrolled to receive generation service from AEP Retail Energy, your EDU will send you a confirmation letter. You have the right to rescind your enrollment without penalty within seven (7) calendar days following the postmark date of the confirmation letter by contacting your EDU and following the instructions contained in the letter. The Right of Rescission only applies when you initially switch to AEP Retail Energy and not upon renewal. Your EDU will not send a confirmation notice upon any renewal of this Agreement.

TERMS AND CONDITIONS OF SERVICE

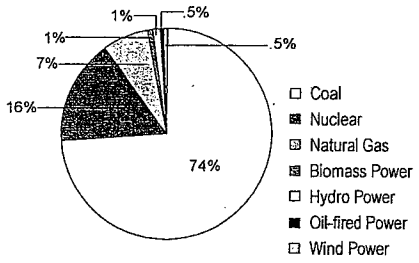
1. **Eligibility.** Residential customer accounts that are on residential rates codes and are not enrolled in the Percentage of Income Plan Program (PIPP) are eligible for this offer from AEP Retail Energy. AEP Retail Energy reserves the right to refuse enrollment to any residential customer with an outstanding, unpaid electric bill.
2. **Basic Service Prices.** During the term of this Contract, you agree to pay AEP Retail Energy a price for all applicable combined electric Generation and Generation-Related Charges as specified in Generation Service Charges listed above including any applicable taxes, if any. For the Initial Term listed above, all kilowatt-hours ("kWh") of electric energy metered by the EDU shall be billed at the rate per kWh specified above. In addition to AEP Retail Energy's charges, you will be charged by your EDU for transmission, distribution and other service charges. Also, AEP Retail Energy will charge you for any and all fees, costs, and obligations for transmission services imposed by a Regional Transmission Organization ("RTO"), such as PJM Interconnection, LLC, or an Independent System Operator (ISO), such as the Midwest Independent Transmission System Operator (MISO) or any successor organizations (collectively, referred to as the RTO), that are not otherwise reimbursed to AEP Retail Energy, regardless of whether such charges are greater than, less than, or equal to the charges the Customer currently pays for these services ("RTO/ Transmission and Ancillary Services Charges"). AEP Retail Energy will pass through to you any RTO/Transmission and Ancillary Services Charges, which may be variable, related to AEP Retail Energy's providing electricity to you and any additional or increased fees or charges that are beyond AEP Retail Energy's reasonable control. That could include, but not be limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, or transmission or transmission-related charges, that are imposed by law, rule, regulation or tariff, or Commission rule or order. These charges or fees will be passed through to you and added to your price.
3. **Length of Agreement.** Your service from AEP Retail Energy will begin with the next available meter-reading following: a) the seven (7) day rescission period; b) the acceptance of the enrollment request by AEP Retail Energy (at its discretion and consistent with Paragraph 7 below), and c) processing of the enrollment by your EDU, and will continue for the term as specified from AEP Retail Energy, ending on the meter read for the last month of service.
4. **Billing.** You will continue to receive a single bill from your EDU that will contain both your EDU and AEP Retail Energy charges. AEP Retail Energy does not offer budget billing. If you do not pay your bill by the due date, AEP Retail Energy may cancel this Agreement after giving you a minimum of fourteen (14) days written notice. Upon cancellation you will be returned to your EDU as a customer. You will remain responsible to pay AEP Retail Energy for any electricity used before this Agreement is cancelled as well as any late payment charges. Further, your failure to pay EDU charges may result in your electric service being disconnected in accordance with the EDU tariff.
5. **Penalties, Fees and Exceptions.** Your EDU may charge you a switching fee. If you do not pay the full amount owed to AEP Retail Energy by the due date of the bill, AEP Retail Energy may charge a late payment fee up to one and one-half (1.5%) percent of the outstanding balance per month, or the maximum legally allowed interest rate, whichever is lower until such payment is received by AEP Retail Energy.
6. **Cancellation/Termination Provisions.** If this Agreement is not rescinded during the rescission period, enrollment will be sent to your EDU. You may terminate this Agreement, without penalty, if you move outside AEP Retail Energy's service area or into an area where AEP Retail Energy charges a different price, by providing AEP Retail Energy with a thirty (30) day written notice prior to such move. There will be a charge if you terminate this Agreement for any other reason, except as expressly provided herein. Should you cancel service with AEP Retail Energy and return to standard offer service with your EDU, you may not be served under the same rates, terms, and conditions that apply to other EDU customers.
7. **Customer Consent and Information Release Authorization.** By accepting this offer from AEP Retail Energy, you understand and agree to the terms and conditions of this Agreement with AEP Retail Energy. You authorize AEP Retail Energy to obtain information from the EDU that includes, but is not limited to: billing history, payment history, historical and future electricity usage, meter-readings, and characteristics of electricity service. AEP Retail Energy reserves the right to determine if your credit standing is satisfactory before accepting your enrollment request. This Agreement shall be considered executed by AEP Retail Energy following: a) acceptance of your enrollment request by AEP Retail Energy; b) the end of the 7 day rescission period, and c) acceptance of enrollment by your EDU.
8. **Contract Renewal.** Upon expiration of the Initial Term, this Agreement will automatically renew on a month-to-month basis at a variable price per kWh, based upon the applicable RTO prevailing market and business conditions for electricity at the Duke Energy load zone or equivalent market delivery point, plus an adder of up to $0.05 per kWh. Your price will include generation charges, but will not include charges for EDU service and taxes. You may obtain next month's variable price by calling a AEP Retail Energy Service Representative at the toll-free telephone number set forth in Section 16. Pricing is generally available on the 15th business day of each month for the next billing cycle.
9. **Dispute Procedures.** Contact AEP Retail Energy with any questions concerning the terms of service by phone at 1-866-823-6738 (toll-free) M-F 8AM – 5PM EST or in writing at AEP Retail Energy, PO BOX 1415, Columbus, OH 43216. Our web address is AEPRetailEnergy.com. If your complaint is not resolved after you have called AEP Retail Energy and/or your EDU, or for general utility information, residential and business customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686-7826 (toll free) or TTY at 1-800-686-1570 (toll free) from 8:00 AM - 5:00 PM EST weekdays or at www.PUCO.ohio.gov. Residential customers may also contact the Ohio Consumers' Counsel for assistance with complaints and utility issues at 1-877-742-5622 (toll free) from 8:00 AM - 5:00 PM EST weekdays, or www.pickocc.org.
10. **Miscellaneous.** You have the right to request from AEP Retail Energy, twice within a 12-month period, up to 24 months of payment history, without charge. AEP Retail Energy is prohibited from disclosing a Customer's social security number and/or account number(s) without the Customer's affirmative written consent except for AEP Retail Energy's collections and reporting, participating in programs funded by the universal service fund pursuant to section 4928.54 of the Revised Code, or assigning a Customer's contract to another CRES provider. AEP Retail Energy assumes no responsibility or liability for the following items that are the responsibility of the EDU: operation and maintenance of the EDU's electrical system, any interruption of service, termination of service, or deterioration of the EDU's service. In the event of a power outage, you should contact your local EDU. Customer is responsible for providing AEP Retail Energy with accurate account information. If said information is incorrect, AEP Retail Energy reserves the right to re-price the applicable account(s). AEP Retail Energy reserves the right to re-price any account(s) or return a Customer to the EDU if the Customer's rate code or meter type is changed and/or the account is no longer eligible for this program. Customer authorizes, but does not obligate AEP Retail Energy, to exercise Customer's government aggregation opt-out rights. AEP Retail Energy's environmental disclosure statement is available for viewing on our website at AEPRetailEnergy.com. You agree that AEP Retail Energy will make the required quarterly updates to the statement electronically on our website. We will also provide the information to you upon request.
11. **Warranty and Force Majeure.** AEP Retail Energy warrants title and the right to all electricity sold hereunder. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. AEP Retail Energy will make commercially reasonable efforts to provide your electric service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of the reasonable control of AEP Retail Energy and may result in interruptions in service. AEP Retail Energy is not liable for damages caused by acts of God, changes in laws, rules or regulations or other acts of any governmental authority (including the Commission or RTO), accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by the EDU or any other cause beyond the control of AEP Retail Energy's reasonable control.
12. **REMEDIES.** UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, WHETHER IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISIONS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT. THE LIMITATIONS IMPOSED ON REMEDIES AND DAMAGE MEASUREMENT WILL BE WITHOUT REGARD TO CAUSE, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE; PROVIDED NO SUCH LIMITATION SHALL APPLY TO DAMAGES RESULTING FROM THE WILLFUL MISCONDUCT OF ANY PARTY.
13. **Customer Liability and Indemnification of AEP Retail Energy.** Customer assumes full responsibility for Power furnished to Customer at the Delivery Point(s) and on Customer's side of the Delivery Point(s), and agrees to and shall indemnify, defend, and hold harmless AEP Retail Energy, its parent company and all of its affiliates, and all of their respective managers, members, officers, directors, shareholders, associates, employees, servants, and agents (hereinafter collectively referred to as "AEP Retail Energy Group"), from and against all claims, losses, expenses, damages, demands, judgments, causes of action, and suits of any kind (hereinafter collectively referred to "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on Customer's side of the delivery point and upon the premise(s), arising out of or related to the electricity and/or customer's performance under the Agreement.
14. **Assignment.** Customer shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Retail Energy, which consent shall not be unreasonably withheld. AEP Retail Energy may, without the consent of Customer, assign this Agreement to another CRES provider, including any successor, in accordance with the rules and regulations of the PUCO.
15. **Choice of Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without giving effect to any conflicts of law principles which otherwise might be applicable.
16. **Contact Information.** AEP Retail Energy, PO Box 1415, Columbus, Ohio 43216. For more information, call (866) 823-6738 or visit AEPRetailEnergy.com

PLEASE KEEP A COPY FOR YOUR RECORDS.

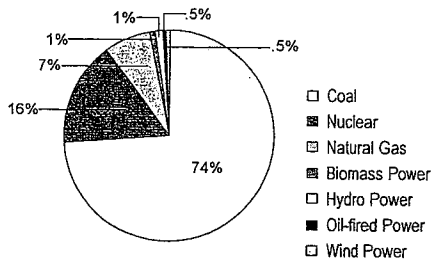
Environmental Disclosure Information
AEP Retail Energy
Projected Data for the 2012 Calendar Year

Generation Resource Mix - A comparison between the sources of generation used to produce this product and the historic regional average supply mix.

AEP Retail Energy's Product



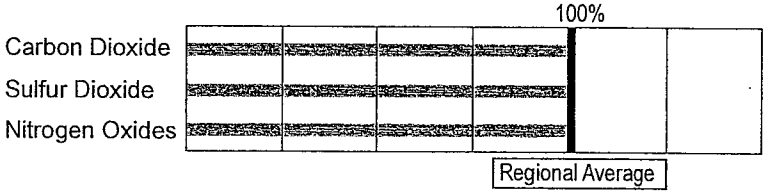
Regional



Environmental Characteristics - A description of the characteristics associated with each possible generation resource.

Biomass Power	Air Emissions and Solid Waste
Coal Power	Air Emissions and Solid Waste
Hydro Power	Wildlife Impacts
Natural Gas Power	Air Emissions and Solid Waste
Nuclear Power	Radioactive Waste
Oil Power	Air Emissions and Solid Waste
Other Sources	Unknown Impacts
Solar Power	No Significant Impacts
Unknown Purchased Resources	Unknown Impacts
Wind Power	Wildlife Impacts

Air Emissions - A comparison between the air emissions related to this product and regional average air emissions.



Radioactive Waste - Radioactive waste associated with the product.

Type:	Quantity:	
High-Level Radioactive Waste		LBs./1,000 kWh
Low-Level Radioactive Waste		Ft.³/1,000 kWh

AEP Retail Energy purchases all of its electric energy from the wholesale market. The above generation resource mix is based on EIA reporting of regional generation sources. AEP Retail Energy does not have access to information regarding the radioactive waste produced by nuclear generation in the region.

With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, visit us online at AEPRetailEnergy.com or contact AEP Retail Energy at 1-866-823-6738.

Save For My Home

Avoid rising electricity costs and start saving on your bill today.

As Your Experts in Electricity Savings®, we can save you money. We generate or purchase our electricity at the most competitive price, which allows us to pass the savings on to you - our customer. That's why we make it easier than ever to enroll.

Search by Provider

Select Your Current Provider

FirstEnergy

Search by Location

Enter Your Zip Code

Search Again

Your Service Area is FirstEnergy

Enroll in the low price plan of 6.49 cents per kWh for 24 months

Save up to 7% and avoid rising utility electricity rates with our price plan for customers in the Ohio Edison, Toledo Edison, and The Illuminating Company service territories.

Offer Details

6.49¢ per kWh for 24 monthly billing cycles

Enroll Now

view full Terms and Conditions

We can let you know when offers are available in your area.

Simply sign up below and you will receive the most recent updates as soon as they are available.

Sign Up Now

Why Choose AEP Retail Energy?

AEP Retail Energy leads the way in providing consumers with competitive price plans, easy enrollment process, and customer service excellence.

How It Works

See how it is possible to receive the same reliable electricity service, but pay less for it.

Have Questions?

Contact our Customer Care Team at 1-866-823-6738 or via email at ohioretail@aep.com.

AEP RETAIL ENERGY℠

RESIDENTIAL TERMS & CONDITIONS ("Agreement")

INITIAL TERM	GENERATION SERVICE CHARGES	CANCELLATION FEE	CONTRACT RENEWAL
24 monthly billing cycles ("Initial Term")	**6.49** cents per kWh for Generation and Transmission services for the Initial Term. Price excludes taxes, the Generation Rider and utility delivery charges and other utility charges and fees.	You may cancel within the 7- day rescission period without penalty. If you terminate after the rescission period there will be a $150 fee. **See Section 6** for details.	Your Agreement will automatically continue on a month-to-month basis with no termination fee. **See Section 8** for details.

CONDITIONS. These Terms and Conditions together with the Enrollment Consent Form are your Agreement for electric generation service with AEP Retail Energy Partners LLC ("AEP Retail Energy"). Please keep a copy of this Agreement for your records. AEP Retail Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to offer and supply electric generation services in Ohio. As a Competitive Retail Electric Service ("CRES") provider, AEP Retail Energy will supply the electric generation and provide transmission services to your Electric Distribution Utility ("EDU") based on your usage. Your EDU then distributes or delivers the electricity to you. Your distribution service will remain with your current EDU, which is regulated by the PUCO.

DEFINITIONS: "Competitive Retail Electric Service Provider" or "CRES" provider means, as defined by Chapter 4901:1-21 of the Substantive Rules applicable to electric service providers, an entity that sells electric energy to retail customers in Ohio. "Generation Service" means the production of electricity. "Generation Related Charges" means those charges or costs associated with the production, procurement and supply of electricity. "Transmission Service" means moving high voltage electricity from a generation facility to the distribution lines of an EDU. "Distribution Service" means the physical delivery of electricity to customers by the EDU.

RIGHT OF RESCISSION. Once you have been enrolled to receive generation service from AEP Retail Energy, your EDU will send you a confirmation letter. You have the right to rescind your enrollment without penalty within seven (7) calendar days following the postmark date of the confirmation letter by contacting your EDU and following the instructions contained in the letter. The Right of Rescission only applies when you initially switch to AEP Retail Energy and not upon renewal. Your EDU will not send a confirmation notice upon any renewal of this Agreement.

TERMS AND CONDITIONS OF SERVICE

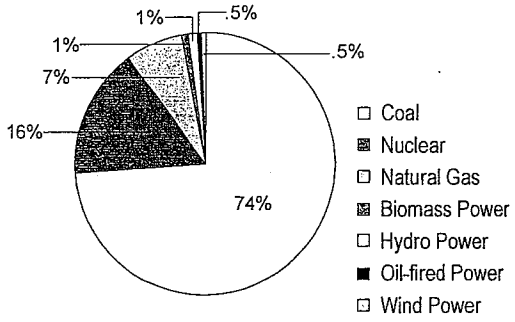
1. **Eligibility.** Residential customer accounts that are on rate code RS and are not enrolled in the Percentage of Income Plan Program (PIPP) are eligible for this offer from AEP Retail Energy. AEP Retail Energy reserves the right to refuse enrollment to any residential customer with an outstanding, unpaid electric bill.
2. **Basic Service Prices.** During the term of this Contract, you agree to pay AEP Retail Energy a price for all applicable combined electric Transmission, Generation and Generation Related Charges as specified in the Enrollment Consent Form including any applicable taxes, if any. Price: For the billing months listed on the Enrollment Consent Form, all kilowatt-hours ("kWh") of electric energy metered by the EDU shall be billed at the rate per kWh specified in the Enrollment Consent Form. In addition to AEP Retail Energy's charges, you will be charged by your EDU for distribution and other service charges. In addition to the price described above, AEP Retail Energy will charge you for any and all fees, costs, and obligations for transmission services imposed by a Regional Transmission Organization ("RTO"), such as PJM Interconnection, LLC, or an Independent System Operator (ISO), such as the Midwest Independent Transmission System Operator (MISO) or any successor organizations (collectively, referred to as the RTO), that are not otherwise reimbursed to AEP Retail Energy, regardless of whether such charges are greater than, less than, or equal to the charges Customer currently pays for these services ("RTO/ Transmission and Ancillary Services Charges"). AEP Retail Energy will pass through to you any RTO/ Transmission and Ancillary Services Charges, which may be variable, related to AEP Retail Energy's providing electricity to you and any additional or increased fees or charges that are beyond AEP Retail Energy's reasonable control. That could include, but not be limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, or transmission or transmission-related charges, that are imposed by law, rule, regulation or tariff, or Commission rule or order. These charges or fees will be passed through to you and added to your price. To the extent that your EDU is seeking regulatory authority to include Transmission Service charges in its regulated rates, AEP Retail Energy's price does not include such charges. In the event that your EDU does not receive regulatory approval to include Transmission Service charges in its regulated rates, AEP Retail Energy reserves the right to re-price the Price to include such Transmission Service charges.
3. **Length of Agreement.** Your service from AEP Retail Energy will begin with the next available meter-reading following: a) the seven (7) day rescission period; b) the acceptance of the enrollment request by AEP Retail Energy (at its discretion and consistent with Paragraph 7 below), and c) processing of the enrollment by your EDU, and will continue for the term as specified on the Enrollment Consent Form from AEP Retail Energy, ending on the meter read for the last month of service.
4. **Billing.** You will continue to receive a single bill from your EDU that will contain both your EDU and AEP Retail Energy charges. AEP Retail Energy does not offer budget billing. If you do not pay your bill by the due date, AEP Retail Energy may cancel this Agreement after giving you a minimum of fourteen (14) days written notice. Upon cancellation you will be returned to your EDU as a customer. You will remain responsible to pay AEP Retail Energy for any electricity used before this Agreement is cancelled as well as any late payment charges. Further, your failure to pay EDU charges may result in your electric service being disconnected in accordance with the EDU tariff.
5. **Penalties, Fees and Exceptions.** Your EDU may charge you a switching fee. If you do not pay the full amount owed to AEP Retail Energy by the due date of the bill, AEP Retail Energy may charge a late payment fee up to one and one-half (1.5%) percent of the outstanding balance per month, or the maximum legally allowed interest rate, whichever is lower until such payment is received by AEP Retail Energy. AEP Retail Energy reserves the right to demand adequate assurances from you in the form of prepayment or other form of credit support in the event you fail to make payments in accordance with the terms herein. Customers requiring financial assurance will be required to post that assurance within 3 business days of notice.
6. **Cancellation/Termination Provisions.** If this Agreement is not rescinded during the rescission period, enrollment will be sent to your EDU. You may terminate this Agreement, without penalty, if you move outside AEP Retail Energy's service area or into an area where AEP Retail Energy charges a different price, by providing AEP Retail Energy with a thirty (30) day written notice prior to such move. There will be a charge if you terminate this Agreement for any other reason, except as expressly provided herein. Should you cancel service with AEP Retail Energy and return to standard offer service with your EDU, you may not be served under the same rates, terms, and conditions that apply to other EDU customers.
7. **Customer Consent and Information Release Authorization.** By accepting this offer from AEP Retail Energy, you understand and agree to the terms and conditions of this Agreement with AEP Retail Energy. You authorize AEP Retail Energy to obtain information from the EDU that includes, but is not limited to: billing history, payment history, historical and future electricity usage, meter-readings, and characteristics of electricity service. AEP Retail Energy reserves the right to determine if your credit standing is satisfactory before accepting your enrollment request. This Agreement shall be considered executed by AEP Retail Energy following: a) acceptance of your enrollment request by AEP Retail Energy; b) the end of the 7 day rescission period, and c) acceptance of enrollment by your EDU.
8. **Contract Renewal. Upon expiration of the Initial Term, this Agreement will automatically renew on a month-to-month basis** at a variable price per kWh, based upon the applicable RTO prevailing market and business conditions for electricity at the EDU load zone or equivalent market delivery point, plus an adder of up to $0.05 per kWh. Your price will include generation and transmission charges, but will not include charges for EDU service (generally, delivery charges and other utility service fees) and taxes. You may obtain next month's variable price by calling a AEP Retail Energy Service Representative at the toll-free telephone number set forth in Section 16. Pricing is generally available on the 15th business day of each month for the next billing cycle. **There is no fee for the termination of the month-to-month contract.** At any time after the Initial Term, Customer may contact AEP Retail Energy to enroll in the then current fixed price plan.
9. **Dispute Procedures.** Contact AEP Retail Energy with any questions concerning the terms of service by phone at 1-866-823-6738 (toll-free) M-F 8AM – 5PM EST or in writing at AEP Retail Energy, PO BOX 1415, Columbus, OH 43216. Our web address is AEPRetailEnergy.com. If your complaint is not resolved after you have called AEP Retail Energy and/or your EDU, or for general utility information, residential and business customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686-7826 (toll free) or TTY at 1-800-686-1570 (toll free) from 8:00 AM - 5:00 PM EST weekdays or at www.PUCO.ohio.gov. Residential customers may also contact the Ohio Consumers' Counsel for assistance with complaints and utility issues at 1-877-742-5622 (toll free) from 8:00 AM - 5:00 PM EST weekdays, or www.pickocc.org.
10. **Miscellaneous.** You have the right to request from AEP Retail Energy, twice within a 12-month period, up to 24 months of payment history, without charge. AEP Retail Energy is prohibited from disclosing a Customer's social security number and/or account number(s) without the Customer's affirmative written consent except for AEP Retail Energy's collections and reporting, participating in programs funded by the universal service fund pursuant to section 4928.54 of the Revised Code, or assigning a Customer's contract to another CRES provider. AEP Retail Energy assumes no responsibility or liability for the following items that are the responsibility of the EDU: operation and maintenance of the EDU's electrical system, any interruption of service, termination of service, or deterioration of the EDU's service. In the event of a power outage, you should contact your local EDU. Customer is responsible for providing AEP Retail Energy with accurate account information. If said information is incorrect, AEP Retail Energy reserves the right to re-price the applicable account(s). AEP Retail Energy reserves the right to re-price any account(s) or return a Customer to the EDU if the Customer's rate code or meter type is changed and/or the account is no longer eligible for this program. Customer authorizes, but does not obligate AEP Retail Energy, to exercise Customer's government aggregation opt-out rights. AEP Retail Energy's environmental disclosure statement is available for viewing on our website at AEPRetailEnergy.com. You agree that AEP Retail Energy will make the required quarterly updates to the statement electronically on our website. We will also provide the information to you upon request.
11. **Warranty and Force Majeure.** AEP Retail Energy warrants title and the right to all electricity sold hereunder. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. AEP Retail Energy will make commercially reasonable efforts to provide your electric service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of the reasonable control of AEP Retail Energy and may result in interruptions in service. AEP Retail Energy is not liable for damages caused by acts of God, changes in laws, rules or regulations or other acts of any governmental authority (including the Commission or RTO), accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by the EDU or any other cause beyond the control of AEP Retail Energy's reasonable control.
12. **REMEDIES.** UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, WHETHER IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISIONS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT. THE LIMITATIONS IMPOSED ON REMEDIES AND DAMAGE MEASUREMENT WILL BE WITHOUT REGARD TO CAUSE, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE; PROVIDED NO SUCH LIMITATION SHALL APPLY TO DAMAGES RESULTING FROM THE WILLFUL MISCONDUCT OF ANY PARTY.
13. **Customer Liability and Indemnification of AEP Retail Energy.** Customer assumes full responsibility for Power furnished to Customer at the Delivery Point(s) and on Customer's side of the Delivery Point(s), and agrees to and shall indemnify, defend, and hold harmless AEP Retail Energy, its parent company and all of its affiliates, and all of their respective managers, members, officers, directors, shareholders, associates, employees, servants, and agents (hereinafter collectively referred to as "AEP Retail Energy Group"), from and against all claims, losses, expenses, damages, demands, judgments, causes of action, and suits of any kind (hereinafter collectively referred to "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on Customer's side of the delivery point and upon the premise(s), arising out of or related to the electricity and/or customer's performance under the Agreement.
14. **Assignment.** Customer shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Retail Energy, which consent shall not be unreasonably withheld. AEP Retail Energy may, without the consent of Customer, assign this Agreement to another CRES provider, including any successor, in accordance with the rules and regulations of the PUCO.
15. **Choice of Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without giving effect to any conflicts of law principles which otherwise might be applicable.
16. **Contact Information.** AEP Retail Energy, PO Box 1415, Columbus, Ohio 43216. For more information, call (866)-823-6738 or visit AEPRetailEnergy.com.

PLEASE KEEP A COPY FOR YOUR RECORDS.

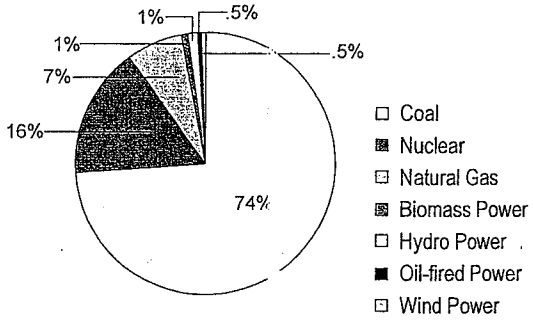
Environmental Disclosure Information
AEP Retail Energy
Projected Data for the 2012 Calendar Year

Generation Resource Mix - A comparison between the sources of generation used to produce this product and the historic regional average supply mix.

AEP Retail Energy's Product



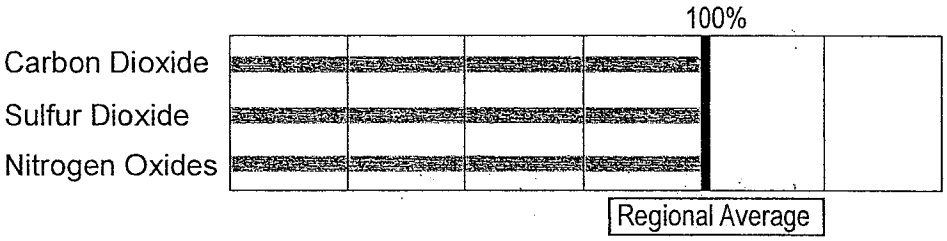
Regional



Environmental Characteristics - A description of the characteristics associated with each possible generation resource.

Biomass Power	Air Emissions and Solid Waste
Coal Power	Air Emissions and Solid Waste
Hydro Power	Wildlife Impacts
Natural Gas Power	Air Emissions and Solid Waste
Nuclear Power	Radioactive Waste
Oil Power	Air Emissions and Solid Waste
Other Sources	Unknown Impacts
Solar Power	No Significant Impacts
Unknown Purchased Resources	Unknown Impacts
Wind Power	Wildlife Impacts

Air Emissions - A comparison between the air emissions related to this product and regional average air emissions.



Radioactive Waste - Radioactive waste associated with the product.

Type:	Quantity:	
High-Level Radioactive Waste		LBs./1,000 kWh
Low-Level Radioactive Waste		Ft.^{3}/1,000 kWh

AEP Retail Energy purchases all of its electric energy from the wholesale market. The above generation resource mix is based on EIA reporting of regional generation sources. AEP Retail Energy does not have access to information regarding the radioactive waste produced by nuclear generation in the region.

With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, visit us online at AEPRetailEnergy.com or contact AEP Retail Energy at 1-866-823-6738.

Version: 11.12.27OH_ED

Save For My Home

Avoid rising electricity costs and start saving on your bill today.

As Your Experts in Electricity Savings®, we can save you money. We generate or purchase our electricity at the most competitive price, which allows us to pass the savings on to you - our customer. That's why we make it easier than ever to enroll.

Search by Provider

Select Your Current Provider

Dayton Power & Light

Search by Location

Enter Your Zip Code

Search Again

Your Service Area is DP&L

Receive our 24 month Price Plan of 6.89¢ per kWh in Your Area

Save up to 20% on your electricity bill.

Offer Details

6.89¢ per kWh for 24 monthly billing cycles

Enroll Now

view full Terms and Conditions

We can let you know when offers are available in your area.

Simply sign up below and you will receive the most recent updates as soon as they are available.

Sign Up Now

Why Choose AEP Retail Energy?

AEP Retail Energy leads the way in providing consumers

How It Works

See how it is possible to receive the same reliable

Have Questions?

with competitive price plans, easy enrollment process, and customer service excellence.

electricity service, but pay less for it.

Contact our Customer Care Team at 1-866-823-6738 or via email at ohioretail@aep.com.

AEP RETAIL ENERGY℠

RESIDENTIAL TERMS & CONDITIONS ("Agreement")

INITIAL TERM	GENERATION SERVICE CHARGES	CANCELLATION FEE	CONTRACT RENEWAL
24 monthly billing cycles ("Initial Term")	6.89 cents per kWh for Generation and Transmission services for the Initial Term. Price excludes taxes, the Generation Rider and utility delivery charges and other utility charges and fees.	You may cancel within the 7- day rescission period without penalty. If you terminate after the rescission period there will be a $150 fee. See Section 6 for details.	Your Agreement will automatically continue on a month-to-month basis with no termination fee. See Section 8 for details.

CONDITIONS. These Terms and Conditions are your Agreement for electric generation service with AEP Retail Energy Partners LLC ("AEP Retail Energy"). Please keep a copy of this Agreement for your records. AEP Retail Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to offer and supply electric generation services in Ohio. As a Competitive Retail Electric Service ("CRES") provider, AEP Retail Energy will supply the electric generation and provide transmission services to your Electric Distribution Utility ("EDU") based on your usage. Your EDU then distributes or delivers the electricity to you. Your distribution service will remain with your current EDU, which is regulated by the PUCO.

DEFINITIONS: "Competitive Retail Electric Service Provider" or "CRES" provider means, as defined by Chapter 4901:1-21 of the Substantive Rules applicable to electric service providers, an entity that sells electric energy to retail customers in Ohio. "Generation Service" means the production of electricity. "Generation Related Charges" means those charges or costs associated with the production, procurement and supply of electricity. "Transmission Service" means moving high voltage electricity from a generation facility to the distribution lines of an EDU. "Distribution Service" means the physical delivery of electricity to customers by the EDU.

RIGHT OF RESCISSION. Once you have been enrolled to receive generation service from AEP Retail Energy, your EDU will send you a confirmation letter. You have the right to rescind your enrollment without penalty within seven (7) calendar days following the postmark date of the confirmation letter by contacting your EDU and following the instructions contained in the letter. The Right of Rescission only applies when you initially switch to AEP Retail Energy and not upon renewal. Your EDU will not send a confirmation notice upon any renewal of this Agreement.

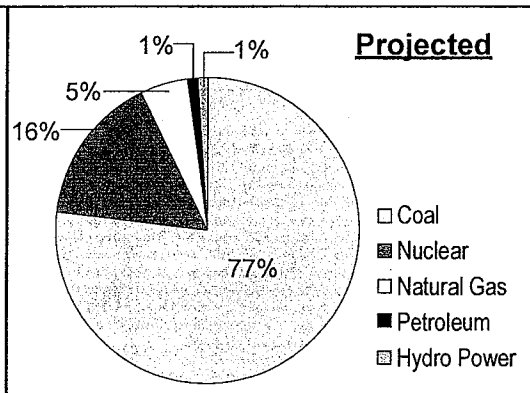
TERMS AND CONDITIONS OF SERVICE

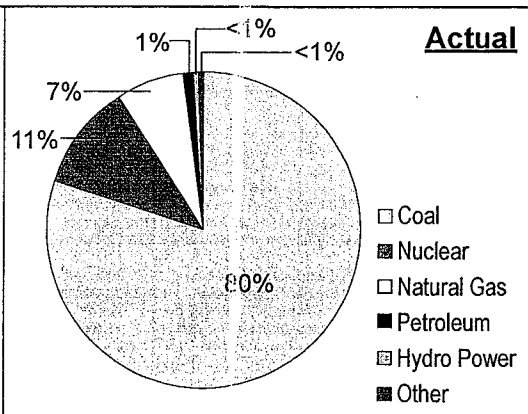
1. **Eligibility.** Residential customer accounts that are on residential rate codes and are not enrolled in the Percentage of Income Plan Program (PIPP) are eligible for this offer from AEP Retail Energy. AEP Retail Energy reserves the right to refuse enrollment to any residential customer with an outstanding, unpaid electric bill.
2. **Basic Service Prices.** During the term of this Contract, you agree to pay AEP Retail Energy a price for all applicable combined electric Transmission, Generation and Generation-Related Charges as specified in Generation Service Charges listed above including any applicable taxes, if any. For the Initial Term listed above, all kilowatt-hours ("kWh") of electric energy metered by the EDU shall be billed at the rate per kWh specified above. In addition to AEP Retail Energy's charges, you will be charged by your EDU for distribution and other service charges. Also, AEP Retail Energy will charge you for any and all fees, costs, and obligations for transmission services imposed by a Regional Transmission Organization ("RTO"), such as PJM Interconnection, LLC, or an Independent System Operator (ISO), such as the Midwest Independent Transmission System Operator (MISO) or any successor organizations (collectively, referred to as the RTO), that are not otherwise reimbursed to AEP Retail Energy, regardless of whether such charges are greater than, less than, or equal to the charges the Customer currently pays for these services ("RTO/ Transmission and Ancillary Services Charges"). AEP Retail Energy will pass through to you any RTO/ Transmission and Ancillary Services Charges, which may be variable, related to AEP Retail Energy's providing electricity to you and any additional or increased fees or charges that are beyond AEP Retail Energy's reasonable control. That could include, but not be limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, or transmission or transmission-related charges, that are imposed by law, rule, regulation or tariff, or Commission rule or order. These charges or fees will be passed through to you and added to your price. To the extent that your EDU is seeking regulatory authority to include Transmission Service charges in its regulated rates, AEP Retail Energy's price does not include such charges. In the event that your EDU does not receive regulatory approval to include Transmission Service charges in its regulated rates, AEP Retail Energy reserves the right to re-price the Price to include such Transmission Service charges.
3. **Length of Agreement.** Your service from AEP Retail Energy will begin with the next available meter-reading following: a) the seven (7) day rescission period; b) the acceptance of the enrollment request by AEP Retail Energy (at its discretion and consistent with Paragraph 7 below), and c) processing of the enrollment by your EDU, and will continue for the term as specified from AEP Retail Energy, ending on the meter read for the last month of service.
4. **Billing.** You will continue to receive a single bill from your EDU that will contain both your EDU and AEP Retail Energy charges. AEP Retail Energy does not offer budget billing. If you do not pay your bill by the due date, AEP Retail Energy may cancel this Agreement after giving you a minimum of fourteen (14) days written notice. Upon cancellation you will be returned to your EDU as a customer. You will remain responsible to pay AEP Retail Energy for any electricity used before this Agreement is cancelled as well as any late payment charges. Further, your failure to pay EDU charges may result in your electric service being disconnected in accordance with the EDU tariff.
5. **Penalties, Fees and Exceptions.** Your EDU may charge you a switching fee. If you do not pay the full amount owed to AEP Retail Energy by the due date of the bill, AEP Retail Energy may charge a late payment fee up to one and one-half (1.5%) percent of the outstanding balance per month, or the maximum legally allowed interest rate, whichever is lower until such payment is received by AEP Retail Energy. AEP Retail Energy reserves the right to demand adequate assurances from you in the form of prepayment or other form of credit support in the event you fail to make payments in accordance with the terms herein. Customers requiring financial assurance will be required to post that assurance within 3 business days of notice.
6. **Cancellation/Termination Provisions.** If this Agreement is not rescinded during the rescission period, enrollment will be sent to your EDU. You may terminate this Agreement, without penalty, if you move outside AEP Retail Energy's service area or into an area where AEP Retail Energy charges a different price, by providing AEP Retail Energy with a thirty (30) day written notice prior to such move. There will be a charge if you terminate this Agreement for any other reason, except as expressly provided herein. Should you cancel service with AEP Retail Energy and return to standard offer service with your EDU, you may not be served under the same rates, terms, and conditions that apply to other EDU customers.
7. **Customer Consent and Information Release Authorization.** By accepting this offer from AEP Retail Energy, you understand and agree to the terms and conditions of this Agreement with AEP Retail Energy. You authorize AEP Retail Energy to obtain information from the EDU that includes, but is not limited to: billing history, payment history, historical and future electricity usage, meter-readings, and characteristics of electricity service. AEP Retail Energy reserves the right to determine if your credit standing is satisfactory before accepting your enrollment request. This Agreement shall be considered executed by AEP Retail Energy following: a) acceptance of your enrollment request by AEP Retail Energy; b) the end of the 7 day rescission period, and c) acceptance of enrollment by your EDU.
8. **Contract Renewal. Upon expiration of the Initial Term, this Agreement will automatically renew on a month-to-month basis** at a variable price per kWh, based upon the applicable RTO prevailing market and business conditions for electricity at the EDU load zone or equivalent market delivery point, plus an adder of up to $0.05 per kWh. Your price will include generation and transmission charges, but will not include charges for EDU service (generally, delivery charges and other utility service fees) and taxes. You may obtain next month's variable price by calling a AEP Retail Energy Service Representative at the toll-free telephone number set forth in Section 16. Pricing is generally available on the 15th business day of each month for the next billing cycle. **There is no fee for the termination of the month-to-month contract.** At any time after the Initial Term, Customer may contact AEP Retail Energy to enroll in the then current fixed price plan.
9. **Dispute Procedures.** Contact AEP Retail Energy with any questions concerning the terms of service by phone at 1-866-823-6738 (toll-free) M-F 8AM – 5PM EST or in writing at AEP Retail Energy, PO BOX 1415, Columbus, OH 43216. Our web address is AEPRetailEnergy.com. If your complaint is not resolved after you have called AEP Retail Energy and/or your EDU, or for general utility information, residential and business customers may contact the Public Utilities Commission of Ohio for assistance at 1-800-686-7826 (toll free) or TTY at 1-800-686-1570 (toll free) from 8:00 AM - 5:00 PM EST weekdays or at www.PUCO.ohio.gov. Residential customers may also contact the Ohio Consumers' Counsel for assistance with complaints and utility issues at 1-877-742-5622 (toll free) from 8:00 AM - 5:00 PM EST weekdays, or www.pickocc.org.
10. **Miscellaneous.** You have the right to request from AEP Retail Energy, twice within a 12-month period, up to 24 months of payment history, without charge. AEP Retail Energy is prohibited from disclosing a Customer's social security number and/or account number(s) without the Customer's affirmative written consent except for AEP Retail Energy's collections and reporting, participating in programs funded by the universal service fund pursuant to section 4928.54 of the Revised Code, or assigning a Customer's contract to another CRES provider. AEP Retail Energy assumes no responsibility or liability for the following items that are the responsibility of the EDU: operation and maintenance of the EDU's electrical system, any interruption of service, termination of service, or deterioration of the EDU's service. In the event of a power outage, you should contact your local EDU. Customer is responsible for providing AEP Retail Energy with accurate account information. If said information is incorrect, AEP Retail Energy reserves the right to re-price the applicable account(s). AEP Retail Energy reserves the right to re-price any account(s) or return a Customer to the EDU if the Customer's rate code or meter type is changed and/or the account is no longer eligible for this program. Customer authorizes, but does not obligate AEP Retail Energy, to exercise Customer's government aggregation opt-out rights. AEP Retail Energy's environmental disclosure statement is available for viewing on our website at AEPRetailEnergy.com. You agree that AEP Retail Energy will make the required quarterly updates to the statement electronically on our website. We will also provide the information to you upon request.
11. **Warranty and Force Majeure.** AEP Retail Energy warrants title and the right to all electricity sold hereunder. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. AEP Retail Energy will make commercially reasonable efforts to provide your electric service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of the reasonable control of AEP Retail Energy and may result in interruptions in service. AEP Retail Energy is not liable for damages caused by acts of God, changes in laws, rules or regulations or other acts of any governmental authority (including the Commission or RTO), accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by the EDU or any other cause beyond the control of AEP Retail Energy's reasonable control.
12. **REMEDIES.** UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY LIABILITY UNDER THIS AGREEMENT WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES AS THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, WHETHER IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISIONS OR OTHERWISE IN CONNECTION WITH THIS AGREEMENT. THE LIMITATIONS IMPOSED ON REMEDIES AND DAMAGE MEASUREMENT WILL BE WITHOUT REGARD TO CAUSE, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE; PROVIDED NO SUCH LIMITATION SHALL APPLY TO DAMAGES RESULTING FROM THE WILLFUL MISCONDUCT OF ANY PARTY.
13. **Customer Liability and Indemnification of AEP Retail Energy.** Customer assumes full responsibility for Power furnished to Customer at the Delivery Point(s) and on Customer's side of the Delivery Point(s), and agrees to and shall indemnify, defend, and hold harmless AEP Retail Energy, its parent company and all of its affiliates, and all of their respective managers, members, officers, directors, shareholders, associates, employees, servants, and agents (hereinafter collectively referred to as "AEP Retail Energy Group"), from and against all claims, losses, expenses, damages, demands, judgments, causes of action, and suits of any kind (hereinafter collectively referred to "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on Customer's side of the delivery point and upon the premise(s), arising out of or related to the electricity and/or customer's performance under the Agreement.
14. **Assignment.** Customer shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Retail Energy, which consent shall not be unreasonably withheld. AEP Retail Energy may, without the consent of Customer, assign this Agreement to another CRES provider, including any successor, in accordance with the rules and regulations of the PUCO.
15. **Choice of Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio without giving effect to any conflicts of law principles which otherwise might be applicable.
16. **Contact Information.** AEP Retail Energy, PO Box 1415, Columbus, Ohio 43216. For more information, call (866) 823-6738 or visit AEPRetailEnergy.com.

PLEASE KEEP A COPY FOR YOUR RECORDS.

Environmental Disclosure - Quarterly Comparison
AEP Retail Energy
Projected Data for the Calendar Year 2011
Actual Data for the Period 01/01/11 to 12/31/11.*

Generation Resource Mix - A comparison between the sources of generation projected to be used to generate this product and the actual resources used during this period.

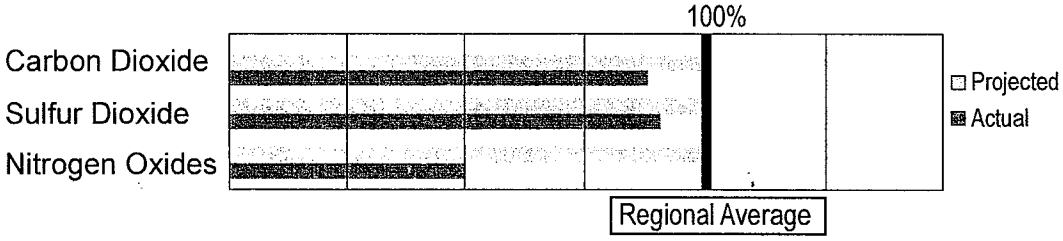




Environmental Characteristics - A description of the characteristics associated with each possible generation resource.

Biomass Power	Air Emissions and Solid Waste
Coal Power	Air Emissions and Solid Waste
Hydro Power	Wildlife Impacts
Natural Gas Power	Air Emissions and Solid Waste
Nuclear Power	Radioactive Waste
Oil Power	Air Emissions and Solid Waste
Other Sources	Unknown Impacts
Solar Power	No Significant Impacts
Unknown Purchased Resources	Unknown Impacts
Wind Power	Wildlife Impacts

Air Emissions - Product-specific projected and actual air emissions for this period compared to the regional average air emissions.



Radioactive Waste - Product-specific projected and actual radioactive waste for this period.

Type:	Quantity:	
High-Level Radioactive Waste		LBs./1,000 kWh
Low-Level Radioactive Waste		Ft.^{3}/1,000 kWh

AEP Retail Energy purchases all of its electric energy from the wholesale market. The above generation resource mix is based on EIA reporting of regional generation sources. AEP Retail Energy does not have access to information regarding the radioactive waste produced by nuclear generation in the region.

With in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, visit us online at AEPRetailEnergy.com or contact AEP Retail Energy at 1-866-823-6738.

Version: 12.03.03OH_ED

**Environmental Disclosure label is based on the most accurate data available to AEP Retail Energy as of March 1, 2012.*

EXHIBIT KMM-5

CONFIDENTIAL

CONFIDENTIAL

{Exhibit cover sheets: }

EXHIBIT KMM-6

TARIFF R.T.P.
(Experimental Real-Time Pricing Tariff)

AVAILABILITY OF SERVICE.

TARIFF CODES

Q P Tariff	CIP-TOD Tariff
366 Secondary	377 Primary
367 Primary	378 Sub transmission
368 Sub transmission	379 Transmission
369 Transmissions	

Available for Real-Time Pricing (RTP) service, on an experimental basis, to customers normally taking firm service under Tariffs Q.P. or C.I.P.-T.O.D. for their total capacity requirements from the Company. The customer will pay real-time prices for load in excess of an amount designated by the customer. This experimental tariff will be limited to a maximum of 10 customers. The incremental cost of any special metering or communications equipment required for service under this experimental tariff beyond that normally provided under the applicable standard Q.P. or C.I.P.-T.O.D. tariff shall be borne by the customer. The Company reserves the right to terminate this Tariff at any time after the end of the experiment.

PROGRAM DESCRIPTION.

The Experimental Real-Time Pricing Tariff is voluntary and will be offered on a pilot basis through June 2013. The RTP Tariff will offer customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. The experimental pilot will also offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices. The designated portion of the customer's load is billed under the Company's standard Q.P. or C.I.P.-T.O.D. tariff. The remainder of the customer's capacity and energy load is billed at prices established in the PJM Interconnection, L.L.C. (PJM) RTO market.

CONDITIONS OF SERVICE.

The customer must have a demand of not less than 1 MW and specify at least 100 kW as being subject to this Tariff. The customer designates the maximum amount of load to be supplied by Kentucky Power Company under the applicable Tariff Q.P. or Tariff C.I.P. – T.O.D. All usage equal to or less than the customer-designated level of load will be billed under the appropriate Tariff Q.P. or Tariff C.I.P. – T.O.D. All usage in excess of the customer-designated level will be billed under Tariff RTP. All reactive demand shall be billed in accordance with the appropriate Tariff Q.P. or Tariff C.I.P. – T.O.D.

RATE.

1. Capacity Charge.

The Capacity Charge, stated in $/kW, will be determined from the auction price set in the Reliability Pricing Model (RPM) auction held by PJM for each PJM planning year. The auction price will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the 5 highest coincident peaks established for the class at the time of the 5 highest PJM hourly values. The price will be further adjusted for demand losses (DL) and a factor to reflect the PJM-required reserve margin (RM).

Capacity Charge = RPM x DF x DL x RM

Where:

RPM =Results of the annual RPM auction price applicable to the AEP load zone = $3.346/kW-month (R)
DF = Diversity Factor
C.I.P. – T.O.D. = 0.75 (I)
Q.P. = 0.64 (R)
DL = Demand Loss Factor
RM = Reserve Margin = RPM clearing price reserve margin = 1.181 (I)

(Cont'd on Sheet No. 30-2)

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Brent Kirtley
EXECUTIVE
7/29/2011
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE June 30, 2011 DATE EFFECTIVE Service rendered on and after

ISSUED BY Lila P Munsey
LILA P MUNSEY (NAME) MANAGER REGULATORY SERVICES (TITLE) FRANKFORT, KENTUCKY (ADDRESS)

Issued by authority of an Order of the Public Service Commission in Case No. 2007-00166 dated February 1, 2008

TARIFF R.T.P.
(Experimental Real-Time Pricing Tariff)

RATE (continued).

2. Energy Charge.

The Energy Charge, stated in $/KWH, will be determined hourly using the AEP East Load Zone Real-Time Locational Marginal Price (LMP) established by PJM (including marginal losses), adjusted for energy losses (EL). The charge will be applied to the usage in excess of the customer-designated level for each billing period.

Energy Charge = LMP x EL

Where:
LMP = AEP East Load Zone Real-Time Locational Marginal Price
EL = Energy Loss Factor excluding marginal losses for transmission and subtransmission

3. Transmission Charge.

The Transmission Charge, stated in $/kW, will be determined from the Network Integration Transmission Service (NITS) rate for the AEP East Zone. The NITS rate will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the coincident peak established for the class at the time of the highest AEP East Zone hourly value. The price will be further adjusted for demand losses (DL).

Transmission Charge = NITS x DF x DL

Where:
NITS = NITS Rate for the AEP East Zone = $ 1.89230/kW (R)
DF = Diversity Factor
C.I.P. – T.O.D. = 0.79 (I)
Q.P. = 0.69 (I)
DL = Demand Loss Factor

4. Other Market Services Charge.

The Other Market Services Charge, stated in $/KWH is developed using all other PJM related market costs allocated to Kentucky Power Company from PJM not captured elsewhere. It is applied to all usage in excess of the customer-designated level for each billing period.

Secondary = $0.002499/KWH
Primary = $0.002404/KWH
Subtransmission = $0.002359/KWH
Transmission = $0.002337/KWH

5. Distribution Charge.

The Distribution Charge, stated in $/kW, is equivalent to the distribution portion of the current rates included in Tariff Q.P. and Tariff C.I.P. – T.O.D.

Secondary = $7.39/kW
Primary = $4.34/kW

(Cont'd on Sheet No. 30-3)

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
EFFECTIVE
7/29/2011
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE June 30, 2011 DATE EFFECTIVE Service rendered on and after Ju

ISSUED BY Lila P. Munsey LILA P MUNSEY MANAGER REGULATORY SERVICES FRANKFORT, KENTUCKY
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2007-00166 dated February 1, 2008.

TARIFF R.T.P.
(Experimental Real-Time Pricing Tariff)

RATE (continued).

6. Program Charge.

The Program Charge is $150 per month for billing, administration and communications required to implement and administer the Experimental Real-Time Pricing Tariff.

7. Riders.

Bills rendered under this Tariff for RTP usage shall be subject to any current or future non-generation related riders.

A customer's total bill shall equal the sum of the RTP bill for all usage in excess of the customer-designated level and the standard tariff bill for usage equal to or below the designated level.

DELAYED PAYMENT CHARGE.

This tariff is due and payable in full on or before the due date stated on the bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made. (T)

METERED VOLTAGE.

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered kWh and kW values will be adjusted for billing purposes. If the Company elects to adjust kWh and kW based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

MONTHLY BILLING DEMAND.

Billing demand in KW shall be taken each month as the highest single 15-minute integrated peak in KW as registered during the month by a demand meter. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity set forth on the contract for electric service or (b) the customer's highest previously established monthly billing demand during the past 11 months. The RTP monthly billing demand shall be the customer's monthly billing demand in excess of the customer-designated level.

TERM.

Customers who participate in this experimental tariff are required to enter into a written service agreement. Customers must enroll for a 12-month period and must stay with the service for an entire year. Customers who choose not to re-enroll in the program are ineligible to return to the program. No additional customers will be placed under this tariff after July 1, 2012. (T)

(Cont'd on Sheet No. 30-4)

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Brent Kirtley
EFFECTIVE
6/29/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE July 16, 2010 DATE EFFECTIVE Service rendered on and after J

ISSUED BY E.K. Wagner E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2009-00459 dated June 28, 2010

TARIFF R.T.P.
(Experimental Real-Time Pricing Tariff)

TRANSFORMER AND LINE LOSSES.

Demand losses will be applied to the Capacity and Transmission Charges using the following factors:

Secondary = 1.10221 (I)
Primary = 1.06570 (R)
Subtransmission = 1.04278 (R)
Transmission = 1.03211 (I)

Energy losses will be applied to the Energy Charge using the following factors:

Secondary = 1.06938 (I)
Primary = 1.02972 (R)
Subtransmission = 1.00954 (R)
Transmission = 1.00577 (R)

SPECIAL TERMS AND CONDITIONS.

This tariff is subject to the Company's Terms and Conditions of Service.

A customer's plant is considered as one or more buildings, which are served by a single electrical distribution system provided and operated by customer. When the size of the customer's load necessitates the delivery of energy to the customer's plant over more than one circuit, the Company may elect to connect its circuits to different points on the customer's system irrespective of contrary provisions in Terms and Conditions of Service.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP II or by special agreement with the Company.

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Bunt Kirtley
EFFECTIVE
6/29/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

DATE OF ISSUE July 16, 2010 DATE EFFECTIVE Service rendered on and after Ju

ISSUED BY E.K. Wagner E.K. WAGNER DIRECTOR OF REGULATORY SERVICES FRANKFORT, KENTUCKY
NAME TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission in Case No. 2009-00459 dated June 28, 2010

EXHIBIT KMM-7

TARIFF RTP
(Experimental Real-Time Pricing Tariff)

Availability of Service.

Available for Real-Time Pricing (RTP) service, on an experimental basis, to customers normally taking firm service under Tariff I.P. for their total capacity requirements from the Company. The customer will pay real-time prices for load in excess of an amount designated by the customer. This experimental tariff will be limited to a maximum of 10 customers. The incremental cost of any special metering or communications equipment required for service under this experimental tariff beyond that normally provided under Tariff I.P. shall be borne by the customer. The Company reserves the right to terminate this Tariff at any time after the end of the experiment.

Program Description.

The Experimental Real-Time Pricing Tariff is voluntary and will be offered on a pilot basis for a three-year period beginning June 1, 2009. The RTP Tariff will offer customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. The experimental pilot will also offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices. The designated portion of the customer's load is billed under the Company's Tariff I.P. The remainder of the customer's capacity and energy load is billed at prices established in the PJM Interconnection, L.L.C. (PJM) RTO market.

Conditions of Service.

The customer must specify at least 100 kVA as being subject to this Tariff. The customer designates the maximum amount of load in kVA to be supplied by the Company under Tariff I.P. All usage equal to or less than the customer-designated level of load will be billed under Tariff I.P. All usage in excess of the customer-designated level will be billed under Tariff R.T.P.

Rate. (Tariff Codes 371, 372, 373 and 374)

1. Capacity Charge.

   The Capacity Charge, stated in $/kVA, will be determined from the auction price set in the Reliability Pricing Model (RPM) auction held by PJM for each PJM planning year. The auction price will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the 5 highest coincident peaks established for the class at the time of the 5 highest PJM hourly values. The price will be further adjusted for demand losses (DL) and a factor to reflect the PJM-required reserve margin (RM).

(Cont'd on Sheet No. 29.1)

TARIFF RTP
(Experimental Real-Time Pricing Tariff)

(Cont'd from Sheet No. 29)

Capacity Charge = RPM x DF x DL x RM

Where:

RPM = Results of the annual RPM auction price applicable to the AEP load zone = $3.104 / kW-month
DF = Diversity Factor = 0.77
DL = Demand Loss Factor
RM = Reserve Margin = RPM clearing price reserve margin = 1.178

2. Energy Charge.

The Energy Charge, stated in $/kWh, will be determined hourly using the AEP East Load Zone Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses), adjusted for energy losses (EL). The charge will be applied to the usage in excess of the customer-designated level for each billing period. For purposes of this determination, the customer-designated level shall be assumed to be in kW.

Energy Charge = LMP x EL

Where:

LMP = AEP Zone Real-Time Locational Marginal Price
EL = Energy Loss Factor excluding marginal losses for transmission and subtransmission

3. Transmission Charge.

The Transmission Charge, stated in $/kVA, will be determined from the Network Integration Transmission Service (NITS) rate for the AEP East Zone. The NITS rate will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the coincident peak established for the class at the time of the highest AEP East Zone hourly value. The price will be further adjusted for demand losses (DL).

Transmission Charge = NITS x DF x DL

Where:

NITS = NITS Rate for the AEP East Zone = $2.01996 / kW
DF = Diversity Factor = 0.75
DL = Demand Loss Factor

(Cont'd on Sheet No. 29.2)

TARIFF RTP
(Experimental Real-Time Pricing Tariff)

(Cont'd from Sheet No. 29.1)

4. Other Market Services Charge.

   The Other Market Services Charge, stated in $/kWh is developed using all other PJM related market costs allocated to the Company from PJM not captured elsewhere. It is applied to all usage in excess of the customer-designated level for each billing period. The Other Market Services Charge shall be equal to the Tariff I.P. PJM Cost Rider.

5. Distribution Charge.

   The Distribution Charge, stated in $/kVA, is equivalent to the distribution portion of the current rates included in Tariff I.P.

   Secondary = $3.512 per kVA
   Primary = $2.294 per kVA

6. Program Charge.

   The Program Charge is $150 per month for billing, administration and communications required to implement and administer the Experimental Real-Time Pricing Tariff.

7. Riders.

   Bills rendered under this Tariff for RTP usage shall be subject to any current or future non-generation related riders.

A customer's total bill shall equal the sum of the RTP bill for all usage in excess of the customer-designated level and the standard tariff bill for usage equal to or below the designated level.

Delayed Payment Charge.

All bills under this schedule shall be rendered and due monthly. If not paid within 17 days after the bill is mailed, there shall be added to bills of $3 or less, 10 percent of the amount of the bill; and to bills in excess of $3, there shall be added 10 percent of the first $3, plus 3 percent of the amount of the bill in excess of $3.

(Cont'd on Sheet No. 29.3)

TARIFF RTP
(Experimental Real-Time Pricing Tariff)

(Cont'd from Sheet No. 29.2)

Metered Voltage.

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss-compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, the metered kWh and kVA values will be adjusted for billing purposes. If the Company elects to adjust kWh and kVA based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.

(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Monthly Billing Demand.

The billing demands in kVA for each plant shall be taken each month as the single-highest 15-minute integrated peak in kVA, as registered at such plant during the month by a demand meter or indicator, subject to the off-peak hour provision, but the monthly demand so established shall in no event be less than 60 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months. The Metered Voltage adjustment, as set forth below, shall not apply to the customer's minimum monthly billing demand.

Term.

Customers who participate in this experimental tariff are required to enter into a written service agreement. Customer participation will coincide with the PJM planning year which runs from June 1 through May 31. Customers must enroll by May 15 of each year to begin service on June 1 and must stay with the service for the entire planning year. Customers who choose not to re-enroll in the program are ineligible to return to the program. No additional customers will be placed under this tariff after June 1, 2011.

(Cont'd on Sheet No. 29.4)

TARIFF RTP
(Experimental Real-Time Pricing Tariff)

(Cont'd from Sheet No. 29.3)

Transformer and Line Losses.

Demand losses will be applied to the Capacity and Transmission Charges using the following factors:

Secondary = 1.096
Primary = 1.071
Subtransmission = 1.051
Transmission = 1.039

Energy losses will be applied to the Energy Charge using the following factors:

Secondary = 1.059
Primary = 1.032
Subtransmission = 1.014
Transmission = 1.011

Special Terms and Conditions.

This tariff is subject to the Company's Terms and Conditions of Service.

EXHIBIT KMM-8

Tariff RTP
(Experimental Real-Time Pricing Service)

Availability of Service

Available for Real-Time Pricing (RTP) service, on an experimental basis, to customers normally taking firm service under Tariff LP for their total capacity requirements from the Company. The customer will pay real-time prices for load in excess of an amount designated by the customer. This experimental tariff will be limited to a maximum of 10 customers. The Company reserves the right to terminate this Tariff at any time after the end of the experiment.

Program Description

The Experimental Real-Time Pricing Tariff is voluntary and will be offered on a pilot basis for a three-year period beginning June 1, 2011. The RTP Tariff will offer customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. The experimental pilot will also offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices. The designated portion of the customer's load is billed under the Company's Tariff LP. The remainder of the customer's capacity and energy load is billed at prices established in the PJM Interconnection, L.L.C. (PJM) RTO market.

Conditions of Service

The customer must specify at least 100 kW as being subject to this Tariff. The customer designates the maximum amount of load in kW to be supplied by the Company under Tariff LP. All usage equal to or less than the customer-designated level of load will be billed under Tariff LP. All usage in excess of the customer-designated level will be billed under Tariff RTP.

Rate

1. Capacity Charge

   The Capacity Charge, stated in $/kW, will be determined from the auction price set in the Reliability Pricing Model (RPM) auction held by PJM for each PJM planning year. The auction price will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the 5 highest coincident peaks established for the class at the time of the 5 highest PJM hourly values. The price will be further adjusted for demand losses (DL) and a factor to reflect the PJM-required reserve margin (RM).

(Continued on Sheet No. D-75.00)

Tariff RTP
(Experimental Real-Time Pricing Service)

(Continued From Sheet No. D-74.00)

Capacity Charge = RPM x DF x DL x RM

Where:

RPM = Results of the annual RPM auction price applicable to the AEP load zone = $5.301 / kW-month
DF = Diversity Factor = 0.76
DL = Demand Loss Factor
RM = Reserve Margin = RPM clearing price reserve margin = 1.165

2. Energy Charge

The Energy Charge, stated in $/kWh, will be determined hourly using the AEP East Load Zone Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses), adjusted for energy losses (EL). The charge will be applied to the usage in excess of the customer-designated level for each billing period.

Energy Charge = LMP x EL

Where:

LMP = AEP Zone Real-Time Locational Marginal Price
EL = Energy Loss Factor excluding marginal losses for transmission and subtransmission

3. Transmission Charge

The Transmission Charge, stated in $/kW, will be determined from the Network Integration Transmission Service (NITS) rate for the AEP East Zone. The NITS rate will be adjusted by the class average diversity factor (DF) derived from billing demands for the preceding year and the coincident peak established for the class at the time of the highest AEP East Zone hourly value. The price will be further adjusted for demand losses (DL).

Transmission Charge = NITS x DF x DL

Where:

NITS = NITS Rate for the AEP East Zone = $1.8940 / kW
DF = Diversity Factor = 0.66
DL = Demand Loss Factor

(Continued on Sheet No. D-76.00)

Tariff RTP
(Experimental Real-Time Pricing Service)

(Continued From Sheet No. D-75.00)

4. Other Market Services Charge

   The Other Market Services Charge, stated in $/kWh is developed using all other PJM related market costs allocated to the Company from PJM not captured elsewhere. It is applied to all usage in excess of the customer-designated level for each billing period. The Other Market Services Charge per kWh shall be:

   Secondary = $0.002462 per kWh
   Primary = $0.002393 per kWh
   Subtransmission = $0.002351 per kWh
   Transmission = $0.002326 per kWh

5. Distribution Charge

   The Distribution Charge, stated in $/kW, is equivalent to the distribution portion of the current rates included in Tariff I.P.

   Secondary = $4.28 per kW
   Primary = $2.60 per kW

6. Program Charge

   The Program Charge is $150 per month for billing, administration and communications required to implement and administer the Experimental Real-Time Pricing Tariff.

7. Applicable Riders

   Bills rendered under this Tariff for RTP usage shall be subject to any current or future non-generation related riders.

A customer's total bill shall equal the sum of the RTP bill for all usage in excess of the customer-designated level and the standard tariff bill for usage equal to or below the designated level.

Delayed Payment Charge

A delayed payment charge of 2% of the total net bill shall be added to any bill which is not paid on or before the due date shown thereon as set forth in Rule 460.3905 of the MPSC Rules. The due date shall be 22 days following the date of transmittal.

(Continued on Sheet No. D-77.00)

Tariff RTP
(Experimental Real-Time Pricing Service)

(Continued From Sheet No. D-76.00)

Monthly Billing Demand

The billing demand in kW shall be taken each month as the single highest 15-minute integrated peak in kW, as registered during the month by a demand meter or indicator, subject to off-peak hour provision, but the monthly billing demand so established shall, in no event, be less than 60% of the greater of (a) the customer's contract capacity, (b) the customer's highest previously established monthly billing demand during the past 11 months, or (c) 1,500 kW.

The Metered Voltage adjustment, as set forth below, shall not apply to the customer's minimum monthly billing demand.

Billing demands shall be rounded to the nearest whole kW.

Metered Voltage Adjustment

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss-compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, the metered kWh and kW values will be adjusted for billing purposes. If the Company elects to adjust kWh and kW based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.

(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Term.

Customers who participate in this experimental tariff are required to enter into a written service agreement. Customer participation will coincide with the PJM planning year which runs from June 1 through May 31. Customers must enroll by May 15 of each year to begin service on June 1 and must stay with the service for the entire planning year. Customers who choose not to re-enroll in the program are ineligible to return to the program. No additional customers will be placed under this tariff after June 1, 2013.

(Continued on Sheet No. D-78.00)

Tariff RTP
(Experimental Real-Time Pricing Service)

(Continued From Sheet No. D-77.00)

Transformer and Line Losses.

Demand losses will be applied to the Capacity and Transmission Charges using the following factors:

Secondary = 1.10282
Primary = 1.07401
Subtransmission = 1.05200
Transmission = 1.03950

Energy losses will be applied to the Energy Charge using the following factors:

Secondary = 1.06182
Primary = 1.03263
Subtransmission = 1.01272
Transmission = 1.01049

Special Terms and Conditions.

This tariff is subject to the Company's Terms and Conditions of Standard Service.

EXHIBIT KMM-9

VA. S.C.C. TARIFF NO. 24

SCHEDULE DP-1
(Dynamic Pricing Pilot 1)

AVAILABILITY OF SERVICE

Available on a voluntary basis to non-residential customers, other than customers taking service under Rider N.M.S., who have properly certificated renewable generation facilities connected on the customer's side of the meter. The Company reserves the right to limit the availability of this program to fifteen percent of eligible customers.

PROGRAM DESCRIPTION

Schedule DP-1 offers customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. Rather than billing usage at standard tariff rates for the generation component of the customer's bill, capacity and energy are billed at prices established in the PJM Interconnection, L.L.C. (PJM) market.

CONDITIONS OF SERVICE

The customer's renewable generation facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel as specified in the Company's Schedule D.I.R. (Distribution Interconnection Rider).

The customer's renewable generation facility shall be separately metered to allow the company to separately measure the customer's total load. The incremental cost of any interval metering, communications equipment or other facility construction or upgrades required for service under this Schedule beyond that normally provided under the applicable Standard Rate Schedules shall be borne by the customer.

RATE

1. Capacity Charge = RPM x DL x RM

The Capacity Charge applied to the billing demand, stated in $/kW-month, will be determined each PJM planning year from the auction price established in the PJM Reliability Pricing Model (RPM) Base Residual Auction. The price will be adjusted for demand losses (DL) and a factor to reflect the PJM-required reserve margin (RM).

Where:

RPM = Auction price established in the PJM Reliability Pricing Model (RPM) Base Residual Auction for each PJM planning year for the PJM Locational Delivery Area (LDA) comprising the AEP Load Zone.

DL= Demand Loss Factor = 1 + demand loss % associated with the respective delivery level

RM= Reserve Margin Factor = 1 + PJM's required Reserve Margin % for the LDA comprising the AEP Load Zone associated with the respective PJM Planning Year.

Demand Loss Factors by voltage are as follows:	**Reserve Margin Factors by PJM Planning Year are as follows:**
Secondary = 1.09582	PJM Year 2011/2012=1.181
Primary = 1.06391	PJM Year 2012/2013=1.209
Subtransmission = 1.04747	PJM Year 2013/2014=1.202
Transmission = 1.03315	

For illustrative purposes the Capacity Charges for secondary voltage customers through May 31, 2014, based upon all information available as of November 2011 are as follows:

PJM Planning Year	RPM Price ($/kW-month) (A)	Secondary Demand Loss (DL) Factor (B)	Reserve Margin (RM) Factor (C)	Capacity Charge ($/kW-month) (D)=(A)x(B)x(C)
June 1, 2011 to May 31, 2012	$3.346	1.09582	1.181	**$4.330**
June 1, 2012 to May 31, 2013	$0.501	1.09582	1.209	**$0.664**
June 1, 2013 to May 31, 2014	$0.843	1.09582	1.202	**$1.110**

VA. S.C.C. TARIFF NO. 24

SCHEDULE DP-1
(Dynamic Pricing Pilot 1)
(continued)

RATE (Cont'd)

2. Energy Charge.

The Energy Charge applied to total hourly energy used (excluding any behind the meter generation), stated in $/kWh, will be determined hourly using the AEP Load Zone Real-Time Locational Marginal Price (LMP) established by PJM, adjusted for energy losses (EL).

Energy Charge = LMP x EL

Where:
LMP = AEP Load Zone Real-Time LMP
EL = Energy Loss Factor, which excludes marginal losses for transmission and subtransmission

Energy losses will be applied using the following factors:
Secondary =1.07551
Primary = 1.03904
Subtransmission = 1.02204
Transmission = 1.01592

3. Other Market Services Charge / (Credit):

The Other Market Services Charge / (Credit), stated in $/kWh and applied to all energy used, is developed using PJM-related market costs / (credits) allocated to the Company as the customer's Load Serving Entity not included in other DP-1 charges. The charge / (credit) by voltage level will be as follows:

Secondary = ($0.000825) / kWh
Primary = ($0.000797) / kWh
Subtransmission = ($0.000784) / kWh
Transmission = ($0.000779) / kWh

4. Transmission and Distribution Service and Reactive Charges.

Transmission and Distribution Service and Reactive Charges will be provided under the terms and conditions of the Standard Schedule under which the customer would otherwise take service.

5. Program Charge.

The Program Charge is $25 per month for billing, administration, and communications required to implement and administer the pilot program.

6. Riders and Surcharges.

Bills rendered under this Schedule shall be subject to any current or future riders and surcharges under the terms and conditions of the Standard Schedule under which the customer would otherwise take service other than the Fuel Factor Rider.

PAYMENT

Bills are due upon presentation. Any amount due and not received by mail, checkless payment plan, electronic payment plan, or at authorized payment agents of the Company within twenty (20) days of the bill preparation date shall be subject to a delayed payment charge of 1½%. This charge shall not be applicable to local consumer utility taxes.

VA. S.C.C. TARIFF NO. 24

SCHEDULE DP-1
(Dynamic Pricing Pilot 1)
(continued)

MEASUREMENT AND DETERMINATION OF BILLING DEMAND

If historical interval metering data is available, the billing demand shall be the average of the 5 highest coincident peak demands in kW (5 CP) for the customer's total load (excluding any behind the meter generation) for the most recently completed PJM planning year. Otherwise, the billing demand shall be the customer's actual average monthly on-peak demand in kW for the PJM-defined on-peak period.

For accounts 300 kW or greater, the reactive demand in KVAR shall be taken each month as the single highest 15-minute peak in KVAR as registered during the month by a demand meter or indicator.

Billing demands shall be rounded to the nearest whole kW and KVAR.

METERED VOLTAGE

The rates set forth in this Schedule are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered kWh and kW values will be adjusted for billing purposes. If the Company elects to adjust kWh and kW based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

TERM

Customers who volunteer to participate in this pilot program are required to enter into a written service agreement. Initial enrollment shall be for a 12-month period. Customers who choose to discontinue participation in the pilot program are ineligible to return to the program. No additional customers will be placed under this Schedule after June 1, 2013. Service under this Schedule will be discontinued on May 31, 2014 unless otherwise ordered by the Commission.

SPECIAL TERMS AND CONDITIONS

This Schedule is subject to the Company's Terms and Conditions of Standard Service.

VA. S.C.C. TARIFF NO. 24

SCHEDULE DP-2
(Dynamic Pricing Pilot 2)

AVAILABILITY OF SERVICE

Available on a voluntary basis to non-residential customers, other than customers taking service under Rider N.M.S., who have renewable generation facilities with less than 15 MW of normal maximum generation connected on the customer's side of the meter, which have been designated by FERC as Qualifying Facilities (QF) under Section 210 of the Public Utilities Regulatory Policies Act of 1978. The customer agrees to sell the total energy produced by the renewable generation facilities to the Company, while agreeing to purchase its total load requirements from either the Company or a qualified electric service provider in accordance with Virginia Code §56-577, as determined by appropriate meters located at one delivery point. The Company reserves the right to limit the availability of this program to fifteen percent of eligible customers.

PROGRAM DESCRIPTION

Schedule DP-2 offers customers the opportunity to sell electricity to the Company at energy and capacity prices established in the PJM Interconnection, L.L.C. (PJM) market.

CONDITIONS OF SERVICE

The customer's renewable generation facilities shall be designed to operate properly in parallel with the Company's system without adversely affecting the operation of equipment and services of the Company and its customers, and without presenting safety hazards to the Company and customer personnel as specified in the Company's Schedule D.I.R. (Distribution Interconnection Rider).

The customer must provide the Company with documentation of QF status.

The incremental cost of any interval metering, communications equipment or other facility construction or upgrades required for service under this Schedule shall be borne by the customer.

METERING

When metering voltage for power produced by the customer's generation facility under this Schedule is the same as the Company's delivery voltage, the customer shall have the option to either route the totalized output leads through the metering point, or make available at the metering point for the use of the Company and, as specified by the Company, metering current leads which will enable the Company to measure adequately the total electrical energy produced by the customer's generation facility, as well as to measure the electrical energy consumption and capacity requirements of the customer's total load. When metering voltage for customer's generation facility is different from the Company's delivery voltage, metering requirements and charges shall be determined specifically for each case.

VA. S.C.C. TARIFF NO. 24

SCHEDULE DP-2
(Dynamic Pricing Pilot 2)
(continued)

MONTHLY PAYMENTS FOR ENERGY AND CAPACITY

1. Capacity Payment:

The price to be paid for the generation capacity provided to the Company during the billing month shall be equal to the auction price established in the PJM Reliability Pricing Model (RPM) Base Residual Auction for each PJM planning year for the Locational Delivery Area comprising the AEP Load Zone, stated in $/kW-month.

If historical interval metering data is available to determine the 5 highest coincident peak demands in kW (5 CP) for the most recently completed PJM planning year, then the generation capacity provided shall be the average of the 5 CP. Otherwise, the average monthly on-peak generation in kW (on-peak kWh divided by number of on-peak hours) in the billing month will be used until sufficient interval metering data is available. In any month in which the customer has not delivered energy to the Company, the Company reserves the right not to pay a capacity payment.

The RPM Base Residual Auction prices available as of November 2011 are as follows:

PJM Planning Year	RPM Price ($/kW-month)
June 1, 2011 to May 31, 2012	$3.346
June 1, 2012 to May 31, 2013	$0.501
June 1, 2013 to May 31, 2014	$0.843
June 1, 2014 to May 31, 2015	$3.832

Payments will be made to the customer by check for energy and capacity metered during a calendar month within 30 days after PJM publishes the hourly real-time energy prices for that calendar month. These payments will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in subaccounts so that the identity of this cost is preserved. The Company reserves the right to apply amounts owed to the customer to any unpaid balance owed to the Company for electric service provided.

2. Energy Payment:

The hourly price to be paid for the electrical energy delivered to the Company will be the AEP Generation Hub Real-Time Locational Marginal Price (LMP) established by PJM, stated in $/kWh.

3. Program Charge.

A Program Charge of $25 per month for billing, administration and communications required to implement and administer the pilot program will be deducted from the customer's monthly payment for energy and capacity.

TERM

Customers who volunteer to participate in this pilot program are required to enter into a written service agreement and commit to sell electricity to the Company for not less than a five-year period. No additional customers will be placed under this Schedule after June 1, 2013.

SPECIAL TERMS AND CONDITIONS

This Schedule is subject to the Company's Terms and Conditions of Standard Service.

Other than in instances where the Company has significant investment in local facilities or other special agreements with the customer, qualifying customers may elect to take service from a qualified Energy Service Provider pursuant to the terms and conditions of the applicable Open Access Distribution Schedule as specified in the Use of Energy by Customer provision of the Terms and Conditions of Standard Service.

EXHIBIT KMM-10

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S
DISCOVERY RESPONSES TO FIRSTENERGY SOLUTIONS CORP.'S
DISCOVERY REQUEST IN
PUCO CASE NO. 10-2929-EL-UNC
FIRST SET

INTERROGATORY

INT-1-009 Please identify, by rate schedule, the revenue requirement, on a MW-day or MWh basis, associated with capacity built into the rates currently charged to customers at OPC and CSP.

RESPONSE

The Companies' base rates were last established by the Commission in Case Nos. 91-418-EL-AIR for Columbus Southern Power Company and 94-996-EL-AIR for Ohio Power Company. The Companies' retail rates were unbundled effective in 2001 and the generation rates were subsequently adjusted by percentage increases. There has been no specific determination of the capacity costs included in the Company's currently effective generation rates.

Prepared by Counsel.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/4/2012 4:02:58 PM

in

Case No(s). 10-2929-EL-UNC

Summary: Testimony Public Version of Direct Testimony of Kevin M. Murray on behalf of Industrial Energy Users-Ohio electronically filed by Ms. Vicki L. Leach-Payne on behalf of Darr, Frank P. Mr.