

**BEFORE THE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

|   |   |                        |
|---|---|------------------------|
| In the Matter of the Application of       | ) |                        |
| Columbus Southern Power Company and       | ) |                        |
| Ohio Power Company for Authority to       | ) | Case No. 11-346-EL-SSO |
| Establish a Standard Service Offer        | ) | Case No. 11-348-EL-SSO |
| Pursuant to §4928.143, Ohio Revs. Code,   | ) |                        |
| in the Form of an Electric Security Plan. | ) |                        |
|   |   |                        |
| In the Matter of the Application of       | ) |                        |
| Columbus Southern Power Company and       | ) | Case No. 11-349-EL-AAM |
| Ohio Power Company for Approval of        | ) | Case No. 11-350-EL-AAM |
| Certain Accounting Authority              | ) |                        |

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**JOINT MEMORANDUM CONTRA OHIO POWER COMPANY’S MOTION FOR  
AMENDMENT TO THE PROCEDURAL SCHEDULE  
BY FIRSTENERGY SOLUTIONS CORP.,  
INDUSTRIAL ENERGY USERS-OHIO,  
THE OFFICE OF THE OHIO CONSUMERS’ COUNSEL AND  
THE APPALACHIAN PEACE AND JUSTICE NETWORK**

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Ohio Power Company’s (“AEP Ohio”) Motion to amend the procedural schedule in this proceeding should be denied. If any adjustments are appropriate, the adjustments should be made to extend the schedule, not to further contract it. AEP Ohio’s Motion is based on its unilateral and arbitrary wish “to get closer to a decision by June 1, 2012.” Motion, p. 1. With this “goal” in mind, AEP Ohio seeks to further decrease the time for Intervenors to prepare testimony and almost eliminate the time in which the parties can brief the issues for the Commission’s full consideration of AEP Ohio’s proposed three-year electric security plan (“ESP”). If the previous AEP Ohio ESP proceeding serves as any example, there should be no rush to explore the impact of AEP Ohio’s proposed ESP on all customers and the competitive market properly and thoroughly, so that the Commission has a full and complete record for its consideration. AEP Ohio’s suggested financial need to rush to decision is also undercut by its CEO’s representations that if its 2009-2011 ESP continued, as it has pursuant to the

Commission's February 23, 2012 Entry on Rehearing, AEP Ohio will "just continue on with where we are and that's not a bad news story for us at all."<sup>1</sup> Thus, there is no basis on which to compress the already-tight procedural schedule in this matter -- particularly when many of the same parties are already constrained by the need to analyze and respond to AEP Ohio's separate capacity charge proceeding (*see* Case No. 10-2929-EL-UNC) and Dayton Power & Light Company's application for approval of a market-rate offer SSO ("DP&L's MRO," *see* Case No. 12-426-EL-SSO *et al.*).

AEP Ohio's proposed amendments to the procedural schedule would further narrow the amount of time Intervenor would have to prepare testimony. While AEP Ohio argues that Intervenor have had "months" to prepare their testimony and suggests the issues are duplicative of the previous proceeding, this is not true. AEP Ohio's proposed ESP contains different terms and conditions than its previous proposal, including a markedly different (and more expensive) two-tiered capacity pricing system for non-SSO customers. The "package" that is the proposed ESP must be analyzed essentially anew to try to assess the impact on customers and competition -- and how that analysis might need to change in response to AEP Ohio's "supplemental" testimony is anyone's guess. If AEP Ohio seeks additional time for discovery after Intervenor testimony is filed, the schedule should be *extended* to allow for it. A two-week extension of the subsequent dates for discovery and the hearing would respond to AEP Ohio's concerns, avoid prejudice to Intervenor, and also remove the likely conflict between the hearing in this proceeding and the hearing for DP&L's MRO.

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<sup>1</sup> AEP-Q2 2011 American Electric Power Earnings Conference Call, July 29, 2011, transcript available from SeekingAlpha, at <http://seekingalpha.com/article/283262-american-electric-power-s-ceo-discusses-q2-2011-results-earnings-call-transcript?part=qanda> (last accessed Sept. 27, 2011) (the cited portion of which is attached hereto as Exhibit 1).

AEP Ohio's proposed amendments to the procedural schedule also seek to shorten the time before oral arguments are made to the Commission after the hearing. Under the current schedule, the hearing is set to begin on Monday, May 14th. In the previous proceeding, in which only a few non-Signatory Parties challenged the proposed Partial Stipulation, the hearing spanned 13 business days -- nearly 3 weeks. This time, numerous additional parties have intervened and no stipulation has been reached. Thus, it should be expected that the hearing could last much longer. Moreover, AEP Ohio has expressly reserved the right to file rebuttal testimony after this hearing, which could further delay the start of briefing. *See* AEP Ohio Motion, p. 2. Even assuming another 3-week hearing, the parties would not begin briefing until the week of June 4th. AEP Ohio's proposal would schedule oral arguments just one week later, on June 13th. There is no reasonable way that the parties could properly and effectively brief the issues for the Commission's consideration in one week. As a result, AEP Ohio's proposal would have the Commission receive oral arguments on issues that have not been fully briefed. This is neither effective nor appropriate. The terms and conditions of AEP Ohio's proposed ESP will affect hundreds of thousands of customers in its service territory for three years. The issues warrant a reasoned and thorough analysis that could not be accomplished in the amended schedule proposed by AEP Ohio.

For the reasons set forth above, the undersigned respectfully request that AEP Ohio's Motion be denied and that the procedural schedule be amended as follows:

- (1) Testimony on behalf of AEP-Ohio should be filed by April 27, 2012 (per April 2, Entry).
- (2) Discovery requests, except for notices of deposition, served by May 25, 2012.
- (3) Testimony on behalf of the intervenors and Commission Staff filed by June 1, 2012.

- (4) Procedural conference scheduled for June 6, 2012, with AEP Ohio's discovery requests, except for notices of deposition, also served by June 6, 2012.
- (5) The evidentiary hearing shall commence on June 13, 2012.
- (6) Oral arguments before the Commission on AEP-Ohio's application shall commence following the Commission meeting on August 1, 2012.

Respectfully submitted,

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**On Behalf of the Appalachian Peace and  
Justice Network**

# FINAL TRANSCRIPT

**Thomson StreetEvents™**

## AEP - Q2 2011 American Electric Power Co Inc Earnings Conference Call

Event Date/Time: Jul. 29. 2011 / 2:00PM GMT



Jul. 29. 2011 / 2:00PM, AEP - Q2 2011 American Electric Power Co Inc Earnings Conference Call

**Mike Morris** - American Electric Power Co Inc - Chairman, CEO

No, I would think not. As we always do, we look at the assets and the opportunities that are in front of us. A couple of the jurisdictions continued to lag from what we would like to see them do but they're catching up in a hurry and we're encouraged by that. We're equally encouraged by the activities that we see from the FERC on their transmission final rule 1,000.

I don't want to take too much time on this call. But I must say that Susan Tamasky who has headed that transmission group for us for the last handful of years was instrumental in pulling together the comments that American Electric Power made to the FERC and a number of those comments were very much evident in the final rule as it was brought forth.

So, we're encouraged by what we see in transmission the opportunity to do that, Lisa Barden who has managed many of our negotiations with our joint venture partners with our transmission will take Susan's role. We'll miss Susan a great deal, but the whole notion of having her responsible for transmission during that period of time worked out exactly as we had hoped that it would. So we see a lot of investment opportunities with the assets that we have but we'll always look at monetizing anything if it seems better in the hands of another player.

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**Ali Agha** - SunTrust Robinson Humphrey - Analyst

Thank you.

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**Operator**

Steve Fleishman, Banc of America.

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**Steve Fleishman** - BofA Merrill Lynch - Analyst

First, I believe most of your states have fuel clauses that recover emission allowances so if Casper brings these back, are you able to pass through emission allowances in your fuel clauses?

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**Mike Morris** - American Electric Power Co Inc - Chairman, CEO

Every 1 of the states, yes, that's correct.

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**Steve Fleishman** - BofA Merrill Lynch - Analyst

Okay, and then secondly, in Ohio, I guess 1 potential outcome given that it seems like it's almost happened with Duke, is that they just don't get a plan done by the end of this year. What happens then and if you just kind of kept your current plan and had your fuel clause, et cetera? Is that really, how big a problem is that or not?

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**Mike Morris** - American Electric Power Co Inc - Chairman, CEO

I don't think that would be a big issue at all if that's the way it ends up. I appreciate the point you make about Duke, because they've kind of gone from 1 footprint, 1 approach to another and then kind of morphed in with a hybrid of the 2. And that may be a bit troubling, but we have every reason to believe that we'll come to some resolution before the end of the year.

I think you know, I think everyone knows that the executive administration in the State of Ohio is in different hands, very aggressive hands. Governor Kasik is a let's-get-it-done kind of person. I expect we'll see in order before the end of the year one



Jul. 29, 2011 / 2:00PM, AEP - Q2 2011 American Electric Power Co Inc Earnings Conference Call

way, shape or form. If that doesn't happen, we'll just continue on with where we are and that's not a bad news story for us at all.

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**Steve Fleishman** - BofA Merrill Lynch - Analyst

Okay, thank you.

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**Operator**

Justin McCann, Standard and Poors.

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**Justin McCann** - Standard & Poor's - Analyst

If after the 2012 election a political scenario plays out in which the climate bill was passed in say 2013 or '14, and you were able to get regulatory approval for CCS cost recovery, how long would it take to pick up from where you left off and complete the remaining 3 phases needed to realize commercial operation?

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**Mike Morris** - American Electric Power Co Inc - Chairman, CEO

Quite honestly not that long of a period of time because again, as I mentioned we're taking it to the original engineering design. Now that would have to be brought up-to-date. Alstom and around the world, there's still a couple of projects going forward. As you know, Southern Company is working on some of the Amian technology down in Mississippi I believe. We all continue to look at that as a constructive undertaking. You've asked a very important question. Having spent a great deal of time in the international dialogue on these issues through a number of facilities that American Electric Power is involved with, it would appear to me that a carbon intensity plan is about as far as you're going to see China or India go.

And so, if we had legislation that really was driven toward carbon intensity in the United States going forward, that may cause some of the carbon capture and storage projects to go forward. We always thought we could get the final design in about a year or less bid and construct in a year or more. So, it would stay on those kinds of timelines. What we thought originally was a 2014, '15 date if you had a piece of legislation by 2013 you may be looking more at 2017 or '18 timeline.

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**Justin McCann** - Standard & Poor's - Analyst

Okay, thank you.

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**Operator**

Ashar Khan, Visium Capital Management.

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**Ashar Khan** - Visium Capital Management - Analyst

I guess you mentioned, what would be the user proceeds? You said it would be all for debt reduction. Is that what I heard?



## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Joint Memorandum Contra Ohio Power Company's Motion for Amendment to the Procedural Schedule* was served this 5th day of April, 2012, via e-mail upon the parties below.

s/ James F. Lang

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Summary: Memorandum Contra Ohio Power Company's Motion for Amendment to the Procedural Schedule electronically filed by Mr. James F Lang on behalf of FirstEnergy Solutions Corp. and Industrial Energy Users-Ohio and The Office of the Ohio Consumers' Counsel and The Appalachian Peace and Justice Network