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Via Hand Delivery

Barcy McNeal, Secretary
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

RE: In the Matter of Border Energy Electric Services, Inc. Annual Alternative Energy Portfolio Status Report and Plan for Compliance with Future Renewable Energy Benchmarks, PUCO Case No. 12-1237-EL-ACP

Dear Ms. McNeal:

✓ Enclosed are an original and ten (10) copies of an Annual Alternative Energy Portfolio Status Report and Plan for Compliance with Future Renewable Energy Benchmarks (the "Report"), to be filed on behalf of Border Energy Electric Services, Inc. in connection with the above-referenced matter.

In addition, supplied herewith in a sealed envelope are three (3) copies of page 4 of the Report, which includes confidential information. These documents are filed under seal in accordance with O.A.C. 4901-1-24(D) and should be treated as confidential.

A Motion for Protective Order and Memorandum in Support are attached hereto for filing as well.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Very truly yours,



Ann B. Zallocco

Enclosures

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I. INTRODUCTION

II. COMPLIANCE WITH 2011 BENCHMARKS

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A. Border's Baseline for Calendar Year 2011

Border is an "electric services company" as defined in Ohio Adm.Code 4901:1-40-01(O), and is therefore subject to the renewable energy benchmarks and annual reporting requirement. To analyze compliance with the annual alternative energy benchmarks, an electric services company must first establish its baseline electricity sales, to which baseline the applicable benchmark percentages are applied. Pursuant to Ohio Adm.Code 4901:1-40-03(B)(2), an electric services company's baseline for any calendar year is typically computed as the average of its total annual kilowatt-hours of electricity sold to retail consumers in Ohio during the three preceding calendar years. If an electric services company had no retail electric sales in Ohio during the three preceding calendar years, its initial baseline is to "consist of a reasonable projection of its retail electric sales in the state for a full calendar year." Ohio Adm.Code 4901:1-40-03(B)(2)(b).

Border commenced making retail electric sales in Ohio in June 2011. Accordingly, Border did not make any retail electric sales in Ohio during the three preceding calendar years (2008-2010), nor does it have a reasonable projection of its retail electric sales for a full calendar year, and therefore cannot determine its baseline based on those criteria. Instead, Border submits that its baseline for calendar year 2011 should be determined as its actual metered load for such year, 70,859 MWh.

B. Compliance with 2011 Benchmarks

With a baseline of 70,859 MWh, Border calculates that it was required to obtain one percent (1%) of such baseline, i.e. 708.59 MWh, from renewable energy resources, with 0.03% of such baseline, i.e. 21.26 MWh, from solar resources. Half of such required amounts (i.e. 354.3

MWh of renewable energy resources, with 10.63 MWh of solar resources) were to be obtained from facilities located in Ohio.

Border exceeded its 2011 renewable energy resource benchmarks by procuring a total of 732 renewable energy credits (“RECs”). Border met its solar resource benchmark by procuring 22 RECs from solar resources, and exceeded its renewable energy resource benchmark by procuring 710 RECs from non-solar renewable energy resources, 23 more RECs than required. All such solar and renewable energy RECs were generated by facilities located in Ohio. Accordingly, Border is in compliance with the 2011 renewable energy benchmark and the 2011 solar energy benchmark. Border’s compliance strategy was to purchase RECs on the open market as its renewable energy resource obligations were incurred.

III. PLAN FOR COMPLIANCE WITH FUTURE ANNUAL ADVANCED RENEWABLE ENERGY BENCHMARKS

Pursuant to Ohio Adm.Code 4901:1-40-03(C), each electric services company must file an annual plan for its compliance with future annual advanced and renewable energy benchmarks, including solar, with a ten-year planning horizon. The annual plan must include (1) the baseline for current and future calendar years; (2) a supply portfolio projection, including both generation fleet and power purchases; (3) a description of the methodology used by the company to evaluate its compliance options; and (4) a discussion of any perceived impediments to achieving compliance with required benchmarks, as well as suggestions for addressing any such impediments. Ohio Adm.Code 4901:1-40-03(C)(1)-(4).

As discussed above, Border did not commence retail electric supply in Ohio until June 2011. As a result of its abbreviated period of retail electric supply, Border cannot accurately project its baseline and its related compliance obligations for a period of ten years. Border can, however, reasonably project its forecasted sales volumes and corresponding alternative energy

benchmarks for a period of three years, calendar years 2012 through 2014. These projections are set forth in Table 1 below:

TABLE 1					
Calendar Year	Projected Baseline	Renewable Energy Benchmark	Renewable Energy RECs Required	Solar Energy Benchmark	Solar RECs Required
2012	[REDACTED]	1.5%	[REDACTED]	0.060%	[REDACTED]
2013	[REDACTED]	2%	[REDACTED]	0.090%	[REDACTED]
2014	[REDACTED]	2.5%	[REDACTED]	0.12%	[REDACTED]

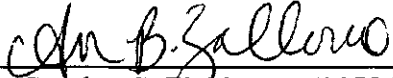
Border does not own any generation facilities, but obtains all of the power needed to serve its customers pursuant to bilateral agreements and from the market, and plans to continue such approach. Border will continue to meet its alternative energy benchmark compliance obligations through the purchase of RECs on the open market. At this time, Border does not foresee any impediments to achieving compliance with the required alternative energy benchmarks.

IV. CONCLUSION

As demonstrated above, Border achieved full compliance with the 2011 alternative energy benchmarks.

Respectfully submitted,

BORDER ENERGY ELECTRIC SERVICES, INC.

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