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April 12, 2013

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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. 13-0881-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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Technician HN Date Processed APR 12 2013

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of Border Energy Electric Services, Inc. Annual Alternative Energy Portfolio Status Report and Plan for Compliance with Future Renewable Energy Benchmarks	))))	Case No. 13 - 0881 - EL - ACP

I. INTRODUCTION

Border Energy Electric Services, Inc. ("Border") hereby submits its Annual Alternative Energy Portfolio Status Report for calendar year 2012 and its plan for compliance with future renewable energy benchmarks, pursuant to Ohio Adm.Code 4901:1-40-05(A) and 4901:1-40-03(C), respectively. As demonstrated herein, Border is in compliance with Ohio's statutory solar and non-solar Alternative Energy Portfolio Standard Requirements for calendar year 2012.

II. COMPLIANCE WITH 2012 BENCHMARKS

. Pursuant to Ohio Adm.Code 4901:1-40-05(A), each electric utility and electric services company must submit, by April fifteenth of each year, an annual alternative energy portfolio status report "analyzing all activities undertaken in the previous calendar year to demonstrate how the applicable alternative energy portfolio benchmarks and planning requirements have or will be met." For calendar year 2012, electric services companies were required to supply one and one-half percent (1.5%) of their retail electricity sales from renewable energy resources, including 0.06% of their retail electricity sales from solar resources. Ohio Adm.Code 4901:1-40-03(A)(2). At least half of such renewable energy requirement and half of such solar energy requirement must be met through electricity generated by facilities located in Ohio. *Id.*

A. Border's Baseline for Calendar Year 2012

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.

Border commenced making retail electric sales in Ohio in June 2011. Accordingly, Border did not make any retail electric sales in Ohio during two of the three preceding calendar years (2009 and 2010). Based on correspondence with PUCO Staff, Border has calculated its baseline as the average of its actual retail sales in Ohio during calendar years 2011 and 2012, i.e. 366,053 MWh.

B. Compliance with 2012 Benchmarks

With a baseline of 366,053 MWh, Border calculates that it was required to obtain one and one-half percent (1.5%) of such baseline, i.e. 5,491 MWh, from renewable energy resources, including solar resources, with 0.06% of such baseline, i.e. 220 MWh, from solar resources. Half of such required amounts (i.e. 2,746 MWh of total renewable energy resources, with 110 MWh of solar resources) were to be obtained from facilities located in Ohio.

Border met its 2012 renewable energy resource benchmarks by procuring a total of 5,491 renewable energy credits ("RECs"), of which 2,746 were sourced from Ohio facilities. Border met its solar resource benchmark by procuring 220 of such 5,491 total RECs from solar

resources ("S-RECs"), of which 110 were sourced from Ohio facilities. Border maintains a PJM Interconnection, L.L.C. ("PJM") Generation Attribute Tracking System ("GATS") Account, and has retired all of the RECs and S-RECs used to meet its 2012 renewable energy resource benchmarks in the PJM Environmental Information Services ("EIS") system. Accordingly, Border is in compliance with the 2012 renewable energy benchmark and the 2012 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 2013 through 2015. These projections are set forth in Table 1 below:

TABLE 1					
Calendar Year	Projected Baseline	Renewable Energy Benchmark	Total Renewable Energy RECs Required	Solar Energy Benchmark	Solar RECs Required
2013	**[Redacted]**	2%	**[Redacted]**	0.090%	**[Redacted]**
2014	**[Redacted]**	2.5%	**[Redacted]**	0.12%	**[Redacted]**
2015	**[Redacted]**	3.5%	**[Redacted]**	0.15%	**[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 2012 alternative energy benchmarks.

Respectfully submitted,

BORDER ENERGY ELECTRIC SERVICES, INC.

By: _____

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