

AEP OHIO EX. NO. _____

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Ohio Power Company for Authority to)	Case No. 13-2385-EL-SSO
Establish a Standard Service Offer)	
Pursuant to §4928.143, Revised Code,)	
in the Form of an Electric Security Plan)	
In the Matter of the Application of)	
Ohio Power Company for Approval of)	Case No. 13-2386-EL-AAM
Certain Accounting Authority)	

REBUTTAL TESTIMONY OF
WILLIAM A. ALLEN
IN SUPPORT OF AEP OHIO'S
ELECTRIC SECURITY PLAN

Filed: June 20, 2014

INDEX TO REBUTTAL TESTIMONY OF
WILLIAM A. ALLEN

Personal Data	1
Purpose of Testimony	1
Power Purchase Agreement Rider	2
Storm Damage Recovery Rider	10
Carrying Costs on Regulatory Assets	13

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
REBUTTAL TESTIMONY OF
WILLIAM A. ALLEN
ON BEHALF OF
OHIO POWER COMPANY

PERSONAL DATA

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is William A. Allen, and my business address is 1 Riverside Plaza, Columbus, Ohio 43215.

Q. DID YOU PRESENT DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to rebut certain claims made by various parties in this case related to the Power Purchase Agreement (PPA) rider, the Storm Damage Recovery Rider (SDRR), and carrying costs on regulatory assets. Specifically, I will show that 1) the most appropriate estimate of the PPA rider shows a net customer benefit of \$8 million over the ESP term; 2) the PPA rider provides a price stabilizing tool for all customers that is not available through other mechanisms; 3) the proposed modifications to the Company's SDRR are inappropriate and inconsistent with historical rate making treatment and 4) the weighted average cost of capital is the most appropriate carrying cost to apply to regulatory assets that have deferrals longer than a year.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. I am sponsoring the following exhibits:

1 Exhibit WAA-R1 Impact of Staggered and Laddered SSO Auctions
2 Exhibit WAA-R2 PPA Rider Mitigation of Market Price Changes
3 Exhibit WAA-R3 Summary of CRES Offer Terms
4 Exhibit WAA-R4 Summary of CRES Offer Price Changes
5 Exhibit WAA-R5 Upper Arlington Governmental Aggregation Price Changes
6 Exhibit WAA-R6 Response to Staff Data Request 6-010
7 Exhibit WAA-R7 Response to Staff Data Request 6-008

8 **POWER PURCHASE AGREEMENT RIDER**

9 **Q. STAFF WITNESS DR. CHOEIKI STATES ON PAGE 10, LINE 16, THROUGH**
10 **PAGE 11, LINE 3, THAT MARKET PRICE VOLATILITY CAN BE**
11 **MITIGATED BY STAGGERING AUCTIONS FOR SSO PROCUREMENTS AND**
12 **LADDERING MULTIPLE AUCTION PRODUCTS FOR SSO PROCUREMENTS**
13 **MORE EFFECTIVELY THAN THE PPA RIDER. HE ALSO MAINTAINED**
14 **THE POSITION DURING CROSS EXAMINATION THAT THESE TWO TOOLS**
15 **ALONE ADEQUATELY MANAGE MARKET PRICE VOLATILITY (TR. XII**
16 **AT 2924, 2933-34, 2936). DO YOU AGREE WITH THESE CONCLUSIONS?**

17 A. No. First, it is important to recognize that staggering and laddering only impacts the SSO
18 price and does not impact the price paid by shopping customers. Second, staggering and
19 laddering only smooth the impact of price changes for SSO customers and cannot
20 mitigate fundamental changes in market prices. I do agree that staggering auctions for
21 SSO procurements can address some of the risk of market volatility resulting from short
22 term changes in forward market prices for a comparable product. Exhibit WAA-R1, page
23 1, shows that for the FirstEnergy SSO auctions the blending of October 2013 auctions

1 with January 2014 auctions mitigated half of the auction price increase of \$4.92/MWh
2 and \$8.32/MWh that occurred in January of 2014 for the two products procured in those
3 auctions. Laddering auction products has the effect of mitigating short-term changes in
4 market prices for SSO customers. But as AEP Ohio witness Dr. McDermott testifies in
5 his testimony, the SSO laddering only addresses short-term volatility and has no
6 mitigating impacts on long-term volatility. In addition, the use of this auction design
7 method can also have unintended consequences that should be carefully considered. As
8 an example, laddering auction products essentially averages capacity clearing prices
9 across multiple planning years. If a this laddering averages a high near term capacity
10 price with lower future capacity prices, CRES providers may not be able to offer
11 competitive one year products that include that high capacity price. Because the SSO
12 determines the price to compare that drives shopping decisions by retail customers, this
13 kind of price impact could affect CRES providers' ability to compete with the SSO
14 during a particular period. Finally, to the extent there are some benefits of staggering and
15 laddering, that strategy should not be used to the exclusion of further efforts that can
16 provide an additional rate stabilization impact for all customers.

17 By contrast, the PPA rider is fundamentally different and unique from the
18 staggering and laddering options that Staff witness Dr. Choueiki supports. The PPA rider
19 by design moves in a manner counter to market prices. Exhibit WAA-R2 provides an
20 example of how the PPA rider can mitigate the impact of market price changes for both
21 SSO and shopping customers. This exhibit demonstrates that a PPA rider, including only
22 the OVEC entitlement, would mitigate \$0.35/MWh of a \$5/MWh change in market prices
23 or 7% of that change. In addition, this exhibit demonstrates that an expanded PPA rider

1 including 3,000 MW of generating capacity would mitigate \$2.39/MWh of a \$5/MWh
2 change in market prices or 48% of that change. Moreover, because the PPA rider would
3 not affect the price to compare, it would not adversely affect the competitive retail
4 market.

5 Staff witness Dr. Choueiki states that there are two tools that the Commission
6 currently can use to mitigate price volatility and that these tools should be used
7 exclusively (Tr. XII at 2924). The PPA rider is another tool that the Commission should
8 recognize as beneficial to providing added price stability for customers. Given the
9 importance of rate stability to retail customers there is no good reason to exclude such
10 effective tools from the Commissions regulatory tool box.

11 **Q. EXELON WITNESS CAMPBELL STATES AT PAGE 15 LINE 23 THROUGH**
12 **PAGE 16 LINE 2 OF HIS DIRECT TESTIMONY “IN CONTRAST, ABSENT**
13 **THE RIDER PPA CHARGE, A COMPETITIVE SUPPLIER CAN OFFER A**
14 **CUSTOMER A STABLE, LONG TERM, FIXED PRICE AT A MUCH LOWER**
15 **RATE THAT IS REFLECTIVE OF MARKET PRICES.” DO YOU AGREE?**

16 **A.** No. While it is theoretically possible that a competitive supplier could offer long term
17 stable offers, the fact is that they do not currently do so. I have used data from the
18 Commission’s Apples-to-Apples web page to review the current Competitive Retail
19 Electric Service (CRES) offerings to residential customers across all six Ohio Electric
20 Distribution Utilities (EDUs). This data demonstrates that CRES providers are not
21 offering long term stable offers. In fact, the vast majority of offers (72.4%) are for terms
22 of 12 months or less and there are no offers in the AEP Ohio service territory exceeding
23 36 months. I have included a summary of this data in Exhibit WAA-R3. The short-term

1 nature of these contracts results in customers needing to sign new contracts on a regular
2 basis which creates volatility for customers as they transition from one contract to
3 another. Based upon a review of CRES offerings of comparable terms one can see that
4 this transition can result in significant volatility in the form of generation rate changes of
5 at least 9.7% and up to 48.4% over the most recent 12-month period. I have included a
6 summary of this data in Exhibit WAA-R4. The same phenomenon can occur for
7 customers served by CRES providers through governmental aggregation. As shown in
8 Exhibit WAA-R5, the CRES pricing for customers served under the Upper Arlington
9 governmental aggregation program will see their price increase from 5.545 ¢/kWh to 7.84
10 ¢/kWh, or just over 41%, this year.

11 The risk of shopping customers seeing significant price volatility is exacerbated
12 by the fact that many CRES contracts for residential customers include a rollover
13 provision that automatically enrolls the customer in a new market based variable rate plan
14 or a fixed rate plan unless the customer the customer takes action. Unless the customer
15 takes proactive action, a new and potentially higher rate unilaterally charged by the
16 CRES provider will automatically apply.

17 **Q. DOES THE APPROACH RECOMMENDED BY STAFF WITNESS DR.**
18 **CHOUEIKI ADDRESS MARKET VOLATILITY ASSOCIATED WITH CRES**
19 **OFFERS OR GOVERNMENTAL AGGREGATION?**

20 A. No. The exclusive use of SSO auction laddering/staggering recommended by Staff does
21 nothing to address this market volatility.

22 **Q. OCC WITNESS WILSON TESTIFIED THAT THE COST OF THE PPA RIDER**
23 **WOULD BE \$116 MILLION (DIRECT TESTIMONY PAGE 9, LINE 5) OVER**

1 **THE THREE YEAR TERM OF THE ESP. IEU WITNESS MURRAY INDICATES**
2 **IN HIS DIRECT TESTIMONY (IEU EX. 1A AT 12) THAT HE BELIEVES THE**
3 **PPA RIDER IMPACT DURING THE ESP TERM WILL BE \$82 MILLION.**
4 **HAVE YOU REVIEWED THE ANALYSIS THAT OCC WITNESS WILSON**
5 **USED TO COME TO THIS CONCLUSION?**

6 A. Yes. In reviewing OCC witness Wilson's analysis that was provided in response to a
7 discovery request I determined that his analysis was fundamentally flawed in a number of
8 ways that make his results unreliable.

9 **Q. CAN YOU DESCRIBE THE FLAWS THAT YOU IDENTIFIED?**

10 A. Yes, OCC witness Wilson's analysis included the following flaws:

- 11 1. It failed to use the most current forecast data for the OVEC costs;
- 12 2. It failed to redispatch the units based upon the updated market prices included in
13 his analysis;
- 14 3. The market prices used in the analysis are not shaped by hour during the day and
15 instead use a single price for all on-peak hours and a single price for all off-peak
16 hours and inappropriately combines this with the company's dispatch that
17 included shaped prices; and
- 18 4. It arbitrarily reduced the projected output of the units based upon an overly
19 selective set of historical data.

20 **Q. EXPLAIN HOW OCC WITNESS WILSON FAILED TO USE THE MOST**
21 **CURRENT COST ESTIMATE.**

22 The failure to use the most current OVEC cost estimate results in a significantly
23 overstated and incorrect estimate of the PPA rider over the term of the ESP. On page 6,

1 line 18, through page 7, line 1, of OCC witness Wilson's testimony he states that he
2 "revised the projected Demand Charges to use the actual forecasts provided by OVEC."
3 He also states on page 12, lines 8 through 10, that \$10 million in annual demand charge
4 savings estimated by the Company does not appear to be sufficiently supported. He fails
5 to recognize that the current forecast of OVEC costs (provided by OVEC) which was
6 provided to the parties, including OCC, in response to OEG INT-2-004 (IEU Exhibit 8)
7 demonstrated that expected demand charge savings exceeded those estimated by the
8 Company. Recognition of data available to OCC at the time of the preparation of their
9 testimony demonstrates that the \$30.4 million adjustment included on Table 3 of his
10 testimony is inappropriate. IEU witness Murray also fails to account for the updated
11 OVEC cost data in his estimate of the PPA rider.

12 **Q. EXPLAIN HOW OCC WITNESS WILSON FAILED TO REDISPATCH THE**
13 **UNITS BASED ON THE UPDATED MARKET PRICES.**

14 A. The failure to redispatch the units based upon the updated market prices included in his
15 analysis results in revenues that do not align with the market prices that create the
16 revenues. As an example, in the first month of his forecast there are hours where the
17 market price in his forecast exceeds the variable cost of production for the OVEC units
18 by approximately \$15/MWh and yet his model recognizes no revenue for that hour. See
19 AEP Ohio Exhibit 22 (hours 1 through 7; hour 24). Based on a margin of \$15/MWh and
20 a maximum output of 437MW, for every hour that his model fails to reflect appropriate
21 dispatch revenues are understated by over \$6,500. In the first month of his forecast this
22 occurred 61 times which understated revenues by approximately \$400,000. Similarly, in
23 the second month of his forecast there are 37 hours where the market price in his forecast

1 exceeds the variable cost of production for the OVEC units by approximately \$28/MWh
2 and yet his model recognizes no revenue for that hour resulting in an understatement of
3 revenues of over \$450,000. In January of 2016, his analysis has a similar problem but in
4 this case both the on and off-peak prices exceed the variable cost of the OVEC units by a
5 considerable amount and there are 102 of 744 hours in the month where the units should
6 be economically dispatched and his model fails to do so. These same errors persist
7 throughout his analysis, over 10% of the total hours in the three year forecast period, to
8 such a degree as to make the analysis unreliable and unusable.

9 **Q EXPLAIN HOW OCC WITNESS WILSON FAILED TO USE SHAPED HOURLY**
10 **MARKET PRICES USED IN HIS ANALYSIS.**

11 A. The market prices used in the analysis are not shaped¹ by hour during the day and instead
12 use a single price for all on-peak hours and a single price for all off-peak hours and
13 inappropriately combines this with the company's dispatch that included shaped prices.
14 To the extent that his forecast shows the OVEC units not dispatching at the beginning of
15 a peak period in a given day, his analysis understates the revenues associated with the
16 generation during the higher priced peak hours that a shaped price would produce. An
17 example of this flaw in his analysis shows up in the 0700, 0800 and 2200 hours of June 1,
18 2015 – the first day in his analysis – and persists throughout. While I've observed that
19 this is a flaw in his analysis I have not attempted to quantify the magnitude of the impact.
20 This provides another example of the substantive flaws underlying OCC witness
21 Wilson's testimony provided to the Commission.

¹ Forward prices typically include a single price for the on-peak period and a single price for the off-peak period for each month. The shaping of prices by hour recognizes that prices change in a gradual manner throughout the hours of the day and do not make a step change at the dividing line between on-peak and off-peak. As an example, while 10 AM and 4 PM on a weekday are both peak hours, the projected price using shaped prices would show a lower price for 10 AM and a higher price for 4 PM.

1 **Q. EXPLAIN HOW OCC WITNESS WILSON ARBITRARILY REDUCED THE**
2 **PROJECTED OUTPUT OF THE UNITS USING A SELECTIVE SET OF**
3 **HISTORICAL DATA.**

4 A. OCC witness Wilson's analysis reduced the projected output of the units based upon an
5 overly selective set of historical data. His reduction in the output of the units by
6 approximately 25% relies on only two years' worth of data - 2012 and 2013. His analysis
7 assumes a projected capacity factor of approximately 50%. Other than in 2012 and 2013
8 when the OVEC units had environmental tie in outages and dispatched in a more limited
9 fashion due to extremely low market prices the OVEC units have historically had
10 capacity factors of approximately 75%. The use of capacity factors that are well below
11 those that would be expected for these units based upon projected market prices results in
12 a significantly overstated cost of the PPA rider. As such, the Commission should not rely
13 upon the quantification of the "Impact of updated generation quantities" provided in
14 Table 3 of OCC witness Wilson's testimony.

15 Lastly, OCC witness Wilson provides as estimate of the "Impact of Updated AD
16 Hub prices" in Table 3 of his testimony. While I am not disputing (or agreeing with) the
17 accuracy of the AD Hub prices that are included in the analysis, the impact of his updated
18 prices was calculated using the same flawed approach that I have previously described
19 and as such cannot be relied upon.

20 **Q. DO YOU BELIEVE THAT THE COMMISSION SHOULD RELY ON THE**
21 **ANALYSIS REGARDING THE QUANTITATIVE IMPACT OF THE PPA**
22 **RIDER PRESENTED BY IEU WITNESS MURRAY OR OCC WITNESS**
23 **WILSON?**

1 A. No. I've previously discussed the flaws in each of their analysis which renders each
2 unreliable for use by the Commission. The most appropriate estimate of the PPA rider
3 over the ESP period is the estimate provided as AEP Exhibit 8A which showed a net
4 credit of \$8 million over the three year period.

5 **STORM DAMAGE RECOVERY RIDER**

6 **Q. IN STAFF EXHIBIT 12 AND DURING CROSS-EXAMINATION, STAFF**
7 **WITNESS LIPTHRATT RECOMMENDED CONSIDERATION OF EXPENSES**
8 **AND REVENUES ASSOCIATED WITH MUTUAL ASSISTANCE SERVICES**
9 **BEING PROVIDED TO OTHER UTILITIES AS AN OFFSET TO THE**
10 **PROPOSED STORM RIDER RECOVERY. HOWEVER, STAFF WITNESS**
11 **LIPTHRATT INDICATED HE WAS UNAWARE IF MUTUAL ASSISTANCE**
12 **COSTS AND EXPENSES WERE ALREADY INCLUDED RATES, WILL YOU**
13 **PLEASE EXPLAIN?**

14 A. Yes, Staff witness Lipthrott's assumptions about Ohio Power's rates are incorrect.
15 Revenues and expenses associated with mutual assistance provided to other utilities are
16 not included in rates or in the storm threshold baseline established by the Commission, as
17 proposed by Staff in prior cases.

18 First and foremost the expenses and revenues associated with providing mutual
19 assistance to peer utilities in emergencies are not included in base rates. Staff witness
20 Lipthrott had that information available to him in this case in the response to Staff Data
21 Request 6-010, where the Company indicated that these mutual assistance expenses and
22 revenues are included in Account 186. (See Exhibit WAA-R6) Account 186 is not
23 included in base rates. Staff witness Lipthrott's recommendation is based entirely on a

1 false premise that costs associated with providing mutual assistance for peer utilities,
2 such as food, travel, lodging, etc., are included in base rates. The costs associated with
3 providing mutual assistance to peer utilities are not included in base rates and as such it
4 would be improper to credit the revenues that offset the cost of providing mutual
5 assistance in the SDRR.

6 **Q. STAFF WITNESS LIPTHRATT STATES ON PAGE 5, LINES 1 THROUGH 3,**
7 **“THE FIRST 40 HOURS THAT THE EMPLOYEE WORKS IN A WEEK IS**
8 **CONSIDERED TO BE IN BASE RATES AND SHOULD NOT BE INCLUDED IN**
9 **THE SDRR REVENUE REQUIREMENT.” DO YOU AGREE WITH HIS**
10 **RECOMMENDATION?**

11 A. No. Staff witness Lipthrott’s recommendation is based upon the false premise that the
12 first 40 hours that an employee works in a week is included in base rates. When Staff
13 witness Hecker recommended the \$5 million baseline for major storm expenses, his
14 analysis was based upon the Company’s policy to categorize incremental storm cost.
15 Staff witness Lipthrott supports his recommendation with the following statement on
16 page 5, lines 9 through 13, of his testimony:

17 “When rates are calculated in a base rate case, Staff determines the
18 number of employees that typically work in a week and multiplies it by 40
19 hours and the wage rates to arrive to an amount of labor to be included in
20 base rates. Therefore, theoretically, the pay for the first 40 hours in a
21 week for management and union employees is included in base rates.”
22

23 This statement does not reflect how base rates were determined in the Company’s most
24 recent base rate case, Case No 11-351-EL-AIR, et al. The Staff analysis that was the
25 basis of the revenue requirement determined in that case used actual expenses for the test
26 year and did not include a projected level of labor as indicated by Staff witness Lipthrott.

1 **Q. WHAT WAS YOUR INVOLVEMENT IN CASE NO. 11-351-EL-AIR, ET AL?**

2 A. At the time, my position was Director of Regulatory Case Management and my group
3 was responsible for the preparation of that case as well as the review of the Staff Report
4 that was filed in that case. I personally reviewed or directed the review of the
5 recommendations included in the Staff Report. I also participated in the settlement
6 discussions that lead to resolution of the proceeding.

7 **Q. STAFF WITNESS LIPTHRATT INDICATED THAT HE DID NOT REVIEW**
8 **ANY COMPANY UNION CONTRACTS OR EXEMPT EMPLOYEE POLICIES**
9 **(TR. VOLUME VII AT 1699 AND 1702) TO DETERMINE THE RIGHTS AND**
10 **RESPONSIBILITIES OF THE COMPANY IN PAYMENT OF EMPLOYEES**
11 **FOR MAJOR STORM RESTORATION EFFORTS FOR HIS**
12 **RECOMMENDATION PROPOSED IN STAFF EXHIBIT 11. DOES HIS**
13 **RECOMMENDATION ON OVERTIME PAYMENT PROPERLY REFLECT**
14 **THE EXISTING CONTRACTS OF OHIO POWER?**

15 A. No, Staff witness Lipthtratt again ignored the information available to him in Staff DR 6-
16 008 (see Exhibit WAA-R7) that discussed the incremental nature of labor and overtime
17 and where to look for more information. Staff DR 6-008 discussed the unique accounting
18 codes for major storms and the accounting of storms consistent with the Staff witness
19 Hecker's approach in Case Nos. 11-346-EL-SSO and Company Mitchell's Exhibit TEM-
20 2 in Case No. 12-3255-EL-RDR (the 2012 storm case Staff witness Lipthtratt relies upon
21 exclusively in cross examination). As indicated in the response provided Staff witness
22 Lipthtratt, all applicable incremental major storm O&M expenses including Company
23 overtime are paid in accordance with its policies and contract labor are included in the

1 monthly determination of the over/under deferral calculation compared to the \$5 million
2 major storm threshold.

3 However, Staff witness Lipthratt failed to review those contracts and policies of
4 Ohio Power in making his recommendation that the Commission simply start storm
5 damage recovery for labor at the forty-first hour of every employee. Storm restoration
6 response is different than the normal work day. Major storm restoration personnel work
7 16 hour days, sometimes in extreme conditions, to restore power as quickly and safely as
8 possible. Employees can be reassigned away from home to other parts of the state to
9 assist in the effort and the Company labor contracts all recognize the heightened nature of
10 major storm restoration response and adjust the overtime in a non-discretionary manner
11 in reaction to the major storm. Staff witness Lipthratt's broad recommendation ignores
12 the realities and intricacies of the Ohio Power contracts and policies while minimizing
13 the restoration efforts of our dedicated staff and field workers.

14 In addition, the historical \$5 million average has been approved by the PUCO and
15 it included all Company personnel overtime. If Staff now recommends in this
16 proceeding, converting incurred Company paid overtime to straight time, it must
17 recommend a comparable decrease in the \$5 million threshold.

18 **CARRYING COSTS ON REGULATORY ASSETS**

19 **Q. STAFF WITNESS LIPTHRATT STATES AT PAGE 3 LINES 18 THROUGH 21**
20 **“STAFF BELIEVES A CARRYING CHARGE BASED ON THE LATEST**
21 **APPROVED COST OF LONG-TERM DEBT SHOULD BE APPLIED TO ANY**
22 **DIFFERENCE BETWEEN THE TOTAL MAJOR STORM COST AND THE \$5**
23 **MILLION BASELINE AT THE END OF THE PREVIOUS CALENDAR YEAR.”**

1 **DO YOU BELIEVE THAT IT IS APPROPRIATE TO USE A LONG-TERM**
2 **DEBT RATE TO CALCULATE CARRYING COSTS ON REGULATORY**
3 **ASSETS LIKE THOSE ASSOCIATED WITH THE SDRR IF RECOVERY IS**
4 **EXTENDED BEYOND ONE YEAR?**

5 A. No. The Company's assets are financed with a combination of debt and equity. To the
6 extent that the company carries additional assets, a regulatory asset in this case, for a
7 period of greater than one year it is appropriate that the carrying costs reflect the
8 Company's weighted average cost of capital (WACC). The WACC reflects the cost of
9 financing the entire Company, including regulatory assets. To assign a long-term debt
10 rate to a regulatory asset fails to recognize that the debt component of the Company's
11 capital structure has already been used to fund other investments. Staff witness
12 Lipthrott's proposal would effectively use the same dollar of debt to finance two
13 investments simultaneously which is a financial impossibility. If the Commission were
14 to adopt the Staff proposal, it would be necessary to remove the value of all regulatory
15 assets that accrue a carrying cost based upon a long-term debt rate from the long-term
16 debt component of the WACC which would have the impact of increasing the WACC for
17 all other investments.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes.

EXHIBIT WAA-R1

FirstEnergy Same Delivery Period Auction Results Comparison

Auction Date	Service Type	Term	Delivery Period	Tranche Target	Tranches Procured	Range Starting Price	Winning Price (\$/MWH)	+/- (-) same delivery period prior auction	Average
1/28/2014	Full Requirements	12	6/1/14-5/31/15	16	16	\$80-\$105	\$55.83		
10/1/2013	Full Requirements	12	6/1/14-5/31/15	16	16	\$80-\$105	\$50.91	\$4.92	\$53.37
1/28/2014	Full Requirements	24	6/1/14-5/31/16	17	17	\$80-\$105	\$68.31		
10/1/2013	Full Requirements	24	6/1/14-5/31/16	17	17	\$80-\$105	\$59.99	\$8.32	\$64.15
1/1/2013	Full Requirements	36	6/1/13-5/31/16	17	17	\$85-\$105	\$59.17		
10/1/2012	Full Requirements	36	6/1/13-5/31/16	17	17	\$80-\$105	\$60.89	(\$1.72)	\$60.03
1/1/2012	Full Requirements	24	6/1/12-5/31/14	17	17	\$65-\$85	\$44.76		
10/1/2011	Full Requirements	24	6/1/12-5/31/14	17	17	\$75-\$90	\$52.83	(\$8.07)	\$48.80
1/1/2011	Full Requirements	12	6/1/11-5/31/12	17	17	\$70-\$95	\$56.13		
10/1/2010	Full Requirements	12	6/1/11-5/31/12	17	17	\$65-\$90	\$54.55	\$1.58	\$55.34
1/1/2011	Full Requirements	24	6/1/11-5/31/13	17	17	\$70-\$95	\$54.92		
10/1/2010	Full Requirements	24	6/1/11-5/31/13	17	17	\$65-\$90	\$54.10	\$0.82	\$54.51
1/1/2011	Full Requirements	36	6/1/11-5/31/14	16	16	\$70-\$95	\$57.47		
10/1/2010	Full Requirements	36	6/1/11-5/31/14	16	16	\$65-\$90	\$56.58	\$0.89	\$57.03

FirstEnergy Auction Results

Delivery Period	Auction Date	Term	Delivery Period	Tranches Procured	Winning Price (\$/MWH)
6/1/11-5/31/12	1/1/2011	12	6/1/11-5/31/12	17	\$56.13
	10/1/2010	12	6/1/11-5/31/12	17	\$54.55
	1/1/2011	24	6/1/11-5/31/13	17	\$54.92
	10/1/2010	24	6/1/11-5/31/13	17	\$54.10
	1/1/2011	36	6/1/11-5/31/14	16	\$57.47
	10/1/2010	36	6/1/11-5/31/14	16	\$56.58
	Total			100	\$55.60
6/1/12-5/31/13	1/1/2011	24	6/1/11-5/31/13	17	\$54.92
	10/1/2010	24	6/1/11-5/31/13	17	\$54.10
	1/1/2011	36	6/1/11-5/31/14	16	\$57.47
	10/1/2010	36	6/1/11-5/31/14	16	\$56.58
	1/1/2012	24	6/1/12-5/31/14	17	\$44.76
	10/1/2011	24	6/1/12-5/31/14	17	\$52.83
	Total			100	\$53.37
6/1/13-5/31/14	1/1/2011	36	6/1/11-5/31/14	16	\$57.47
	10/1/2010	36	6/1/11-5/31/14	16	\$56.58
	1/1/2012	24	6/1/12-5/31/14	17	\$44.76
	10/1/2011	24	6/1/12-5/31/14	17	\$52.83
	1/1/2013	36	6/1/13-5/31/16	17	\$59.17
	10/1/2012	36	6/1/13-5/31/16	17	\$60.89
	Total			100	\$55.25
6/1/14-5/31/15	1/1/2013	36	6/1/13-5/31/16	17	\$59.17
	10/1/2012	36	6/1/13-5/31/16	17	\$60.89
	1/28/2014	24	6/1/14-5/31/16	17	\$68.31
	10/1/2013	24	6/1/14-5/31/16	17	\$59.99
	1/28/2014	12	6/1/14-5/31/15	16	\$55.83
	10/1/2013	12	6/1/14-5/31/15	16	\$50.91
	Total			100	\$59.30
6/1/15-5/31/16	1/1/2013	36	6/1/13-5/31/16	17	\$59.17
	10/1/2012	36	6/1/13-5/31/16	17	\$60.89
	1/28/2014	24	6/1/14-5/31/16	17	\$68.31
	10/1/2013	24	6/1/14-5/31/16	17	\$59.99
	Total			68	\$62.09

EXHIBIT WAA-R2

		OVEC	Expanded PPA
(1)	Capacity (MW)	437	3,000
(2)	Capacity Factor (%)	75%	75%
(3)	Hours/year	8,760	8,760
(1)*(2)*(3)=(4)	MWh Production	2,871,090	19,710,000
(5)	Change in Market Price (\$/MWh)	5.00	5.00
(4)*(5)=(6)	Change in PPA Rider (\$)	14,355,450	98,550,000
(7)	AEP Ohio Load (MWh)	41,250,000	41,250,000
(6)/(7)=(8)	Change in PPA Rider (\$/MWh)	(0.35)	(2.39)

EXHIBIT WAA-R3

Residential CRES Offer Terms as of June 13, 2014

Contract Term	EDU Service Territory							State Totals	
	AEP Ohio	DP&L	Duke	OE	CEI	TE	Number	Percent	
Up to 12 months	35	32	49	26	26	26	194	72.4%	
Greater than 12 months and up to 24 months	12	8	12	8	8	8	56	20.9%	
Greater than 24 months and up to 36 months	4	3	4	1	1	1	14	5.2%	
Greater than 36 months	0	0	1	1	1	1	4	1.5%	
Total Offers	51	43	66	36	36	36	268	100.0%	

Source: PUCO Apples to Apples Comparison Charts dated June 13, 2014

EXHIBIT WAA-R4

Residential CRES Offers by Date

CRES	EDU	Term	Rate Offered		
			June 10, 2013	June 13, 2014	Increase
AP Gas and Electric	AEP Ohio	12 months	\$ 0.0749 /kWh		
		12 months		\$ 0.0849 /kWh	13.4%
DP&L Energy	AEP Ohio	29 months	\$ 0.0679 /kWh		
		24 months		\$ 0.0819 /kWh	20.6%
IGS Energy	AEP Ohio	12 months	\$ 0.0625 /kWh		
		12 months		\$ 0.0779 /kWh	24.6%
Integrus Energy Services Inc	AEP Ohio	12 months	\$ 0.0644 /kWh		
		12 months		\$ 0.0824 /kWh	28.0%
Integrus Energy Services Inc	AEP Ohio	24 months	\$ 0.0744 /kWh		
		24 months		\$ 0.0824 /kWh	10.8%
AP Gas and Electric	Ohio Edison	12 months	\$ 0.0610 /kWh		
		12 months		\$ 0.0849 /kWh	39.2%
Border Energy Electric	Ohio Edison	12 months	\$ 0.0565 /kWh		
		12 months		\$ 0.0689 /kWh	21.9%
DP&L Energy	Ohio Edison	12 months	\$ 0.0579 /kWh		
		12 months		\$ 0.0859 /kWh	48.4%
Duke Energy Retail Sales	Ohio Edison	12 months	\$ 0.0599 /kWh		
		11 months		\$ 0.0779 /kWh	30.1%
FirstEnergy Solutions	Ohio Edison	12 months	\$ 0.0555 /kWh		
		14 months		\$ 0.0609 /kWh	9.7%

Source: PUCO Apples to Apples Comparison Charts dated June 10, 2013 and June 13, 2014

EXHIBIT WAA-R5



Electrical Aggregation Program with FirstEnergy Solutions Fact Sheet & FAQ

Updated June 10, 2014

Updates

- It was originally publicized that the letters would be mailed early June and that the opt out deadline would be Friday, June 27. However, there was a delay in the mailing pushing the mail out date to the week of June 16 and the new opt out date to Monday, July 7. The City apologizes for any confusion this may have caused.

Program Overview

- The City's 24-month Electric Aggregation contract with AEP Retail Energy will be ending this summer.
- After seeking proposals from electricity providers, the City has selected FirstEnergy Solutions to provide a new Electric Aggregation Program for eligible households and small businesses for a period of nine months. The term of the contract begins with the July/August 2014 billing cycle.
- The price secured by the City for this program is 7.84 cents per kWh.
- The electricity generation market is currently in a state of fluctuation as electricity providers transition to new competitive regulation. As a result, the rates and term lengths currently offered by electricity providers are not as favorable as they were in 2012 when the City first embarked on an electric aggregation program.
- The week of June 16, eligible households and small businesses in Upper Arlington will be sent a joint letter from the City of Upper Arlington and FirstEnergy Solutions that outlines the pricing and contract details for a nine-month period. To be automatically included on the eligibility list, one of the following criteria must be met:
 - The household or business is participating in the City's 2012-2014 electric aggregation program;
 - The household or business does not have a contract with an electrical provider and is receiving its supply directly from the AEP Ohio utility.
- This is an "opt-out" program therefore, if residents and businesses do nothing, they will automatically be enrolled. They must take action by Monday July 7, 2014 (not the previously publicized Friday, June 27, 2014) to be excluded from the program.
- The "opt-out" approach, which Upper Arlington voters approved, enables FirstEnergy Solutions to offer a lower group rate based on the community's size and estimated pool of program participants.
- There are no early termination penalties for participants who choose to leave the program within the nine-month contract period.

- The City has the ability to terminate the contract under certain circumstances, including if FirstEnergy Solutions proposes a price increase during the program that is unacceptable to the City.
- Once enrolled in the program, participants will continue to receive their local electric bill from AEP Ohio, which will include FirstEnergy Solutions' charges as a separate line item.
- Program participants should also continue to contact AEP Ohio for all service-related issues, such as outages, meter readings and billing questions.
- When the FirstEnergy Solutions contract draws to a close next spring, the City may choose to seek bids from other electricity providers in order to negotiate a new contract on behalf of eligible households and businesses.
- If the program has not produced an appropriate level of savings for participating customers, the City can choose to end the program, at which time participants would be notified of their options for continuing in another program with FirstEnergy Solutions, switching to another provider, or reverting back to AEP Ohio, the local utility.
- To determine if participating in the City's program is right for you, we encourage you to look at the Public Utilities Commission of Ohio's (PUCO) "Apples to Apples" chart for electricity providers, which can be accessed at www.puco.ohio.gov
- **The number to call at FirstEnergy Solutions for customer service is 866-686-3749, Monday to Friday, 8 a.m. to 5 p.m.**
- **For questions and concerns that cannot be addressed by this Fact Sheet, forward residents to the attention of Megan Hoffman, 583-5027 (mhoffman@uaoh.net), Bob Lamb, 583-5046 (rlamb@uaoh.net) or Emma Speight, 583-5045 (espeight@uaoh.net).**

Answers to Frequently Asked Questions

What is the City Electric Aggregation Program?

Under the City of Upper Arlington Electric Aggregation Program, the City has acted on behalf of certain of its electricity consumers to select an electricity provider who, through the power of volume buying, is able to secure electricity at competitive prices. The Public Utilities Commission of Ohio ("PUCO") has taken steps to ensure that Ohio's competitive electricity environment is consumer-friendly. Voters approved the City's ability to establish an electric aggregation program in 2000, and the City Council passed an ordinance adopting an Operation and Governance Plan for Electric Aggregation in 2001.

What is aggregation?

Under governmental aggregation, local officials bring citizens together to gain group buying power for the purchase of competitively priced electricity from a retail electric generation supplier certified by the Public Utilities Commission of Ohio.

How is my community able to choose a certified electric generation supplier on my behalf?

Residents voted in 2000 to allow the community to contract for an electric generation supplier on their behalf.

How will I know if I can save money under the electric governmental aggregation program?

You'll know you are saving money as long as your fixed price with FirstEnergy Solutions is lower than your Price to Compare.

What do I need to do if I *want* to be included in this governmental aggregation?

You do not need to do anything to receive the fixed price offered under this program. You may choose to remain in the aggregation group and begin receiving your discount by simply not returning the opt-out form.

If I join my community's governmental aggregation program, who will deliver my power, read my meter and respond to emergencies, such as power outages?

Your electric utility will be responsible for the delivery of power to your home or business. Since your electric utility still owns the wires and poles that deliver power to you, it will continue to read your meter and restore power after an outage.

Is your price for residential power fixed, or does it vary?

In this program, the price you will receive each month does not change – it is a fixed price.

What is my price?

The City of Upper Arlington has ensured that you will receive an electricity generation and transmission price of 7.84 cents per kWh for your electricity services beginning with the September 2014 billing cycle, for a period of nine (9) months.

How do I estimate my savings?

You can compare the price per kilowatt-hour (kWh) through this program with your local utility price by finding your 'Price to Compare' on your electricity bill. This is the price you currently pay for electric generation service from the utility. Take your Price to Compare and subtract the offer price. This equates to your savings per kWh. Multiply your savings per kWh by your monthly usage (kWh) to determine your savings per month.

What does "opt out" mean?

"Opt out" means that you can decide not to participate in your community's electric governmental aggregation program. By returning the opt-out form, which is included in this mailing, by the opt out deadline you will not be enrolled as an electric generation customer with FirstEnergy Solutions, your community's competitive electric generation supplier, and you will not receive the discount.

What happens if I do not send in the opt-out form?

If you do not return the opt-out form postmarked by the opt out deadline, you will be included in your community's governmental aggregation program and will receive competitively priced electricity from FirstEnergy Solutions.

Can I opt out over the phone?

No, if you want to opt out, you must mail in your completed opt-out form and it must be postmarked by the opt out deadline.

Can I opt out of the program at a later date?

Yes, you may cancel without penalty and switch to another provider or revert back to AEP Ohio, the local utility. Should you cancel your service with FirstEnergy Solutions and return to standard offer service with your local utility, you may not be served under the same rates, terms, and conditions that apply to other utility customers. In other words, the standard service offer available at the time you revert back to AEP Ohio would apply and may be at a different price to the standard service offer currently available to existing customers of AEP Ohio.

What are my energy supply choices if I decide to opt out?

You can stay with your current electric utility, which will continue to supply your electric generation as it always has, or you can shop for an alternative generation supplier. A list of competitive electric suppliers certified by the Public Utilities Commission of Ohio and their current prices are available by calling 1-800-686-PUCO (1-800-686-7826).

If I join the aggregation, can I stay on budget billing?

Yes, you can remain on budget billing. By joining the aggregation program, your supplier charges will automatically be budgeted along with your utility charges.

Can I still have my payment automatically deducted from my checking account as I do now?

Yes. How you pay your electric bill will not change.

Where do I send payment?

You will continue to receive one bill each month from your local utility. The amount that you owe to FirstEnergy Solutions will be stated separately on your bill and you will continue to send payments to your local utility only.

Who is FirstEnergy Solutions?

FirstEnergy Solutions Corp., a subsidiary of FirstEnergy Corp., offers a wide range of energy and related products and services, including the generation and sale of electricity and energy planning and procurement. FirstEnergy Solutions is a leading competitive supplier of energy to residential and commercial and industrial customers in Ohio, Pennsylvania, New Jersey, Maryland, Illinois and Michigan.

What happens at the end of the nine-month period?

As the program draws to a close, the City can choose to seek bids from electricity providers in order to negotiate a new contract on behalf of eligible households and businesses. If at that time, the program has not produced the savings originally anticipated for customers, the City can also choose to end the program, which time participants would be notified of their options for continuing in a different program with AEP Retail Energy, switching to another provider, or reverting back to AEP Ohio.

Why did the City select FirstEnergy Solutions as its provider?

The City selected FirstEnergy Solutions as its provider following a competitive bidding process. FirstEnergy Solutions was able to propose a program that represented the best overall value for eligible households and businesses.

What happens if my family moves to another home or I move my business location?

If you move to another home or business location within Upper Arlington, you will be able to continue participating in the program. If you leave the City of Upper Arlington, you will no longer be eligible to participate.

FILE

5

RECEIVED-DOCKETING DIV

2012 JUN 26 PM 2: 03

PUCO

Andrew C. Emerson
aemerson@porterwright.com

Porter Wright
Morris & Arthur LLP
41 South High Street
Suites 2800-3200
Columbus, Ohio 43215-6194

Direct: 614-227-2104
Fax: 614-227-2100
Toll free: 800-533-2794

www.porterwright.com

porterwright

CINCINNATI
CLEVELAND
COLUMBUS
DAYTON
NAPLES
WASHINGTON, DC

June 26, 2012

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

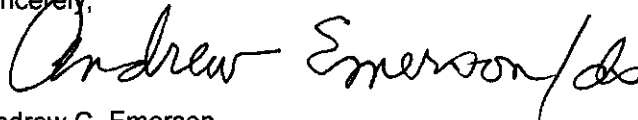
RE: Case No. 02-105-EL-GAG

Dear Ms. McNeal:

On May 30, 2012, I filed a corrected opt-out notice for use in the City of Upper Arlington/AEP Retail Energy government aggregation program. Due to an issue with the printer, that notice was not mailed. Accordingly, please find attached a copy of the opt-out notice that was mailed to all eligible customers today. The notice is identical to the corrected notice filed in this docket, except for a change in the relevant opt-out notice dates. The twenty-one day opt-out period will expire on July 17, 2012.

If you have any questions, please feel free to contact me.

Sincerely,



Andrew C. Emerson

ACE

cc: Bill Adams



CITY OF UPPER ARLINGTON



Your Experts in Electricity Savings.®

IMPORTANT INFORMATION FROM
The City of Upper Arlington and AEP Retail Energy
regarding your electricity service at
<S Address>

<Date>

<First> <Last>

<Mailing address>

<Mailing City>, <Mailing State> <Mailing Zip>

Dear <First> <Last>:

**The City of Upper Arlington secures an electric price of 5.545 cents per kWh
for a savings of up to 26%¹ off the AEP Ohio utility rate.**

We are pleased to announce that the City of Upper Arlington is providing you with an opportunity to save money on your electricity bill. Under this arrangement, AEP Retail Energy has been selected as your city's preferred electricity provider. This special offer is exclusive for eligible residents and businesses of the City of Upper Arlington because officials acted on behalf of their community to select an electricity provider who, through the power of volume buying, is able to secure electricity at competitive prices. AEP Retail Energy is an Ohio-based company and a subsidiary of American Electric Power.

Through your new City Electric Aggregation Program, eligible residents and businesses will receive the price of 5.545 cents per kWh for a period of twenty-four (24) months², starting with the July or August, 2012 billing cycle, depending on your meter-read date.

You will be automatically enrolled in the program unless you choose NOT to participate by "opting-out" by July 17, 2012. If you do NOT wish to participate in this program, you must follow the "opt-out" instructions.

The City Electric Aggregation Program is a Smart Choice:

- **It's Easy to Participate.** You don't have to do anything to enroll. All eligible residents and businesses will be automatically enrolled in the program unless you choose to "opt-out."
- **Save Money with a Low Price.** The City of Upper Arlington has ensured that you will receive a price of 5.545 cents per kWh for a period of twenty-four (24) months, for your electricity service beginning with the July or August 2012 billing cycle, depending on your meter-read date. There is no cost to enroll in this exclusive program.
- **Continue to Receive One Bill.** Your local utility will continue to send you one monthly electric bill. You can continue to remit one payment to your local utility for AEP Retail Energy charges. Also, your local utility will continue to provide service for any emergency or maintenance issues.
- **Sign up for a Budget Billing Plan.** Simply call the number below to sign up for AEP Retail Energy's Budget Billing Plan.

If you do not wish to participate in this program, you must "opt-out" by calling the AEP Retail Energy Customer Care Team at 1-877-726-0214, Monday – Friday from 8:00 am to 7:00 pm EST and Saturday from 9:00 am to 1:00 pm EST or completing the Electric Aggregation "Opt-Out" Election Form below. Your "Opt-Out" Election Form must be returned by July 17, 2012.

Learn more about the City of Upper Arlington Electric Aggregation Program by contacting the AEP Retail Energy Customer Care Team at 1-877-726-0214. If you have questions about the City's role as an aggregator, visit www.uaoh.net or call 614-583-5040 to speak with a City representative.

Thank you.

Respectfully,

Theodore J. Staton
Upper Arlington City Manager
The City of Upper Arlington

Jason M. Beck
Managing Director, Residential Business
AEP Retail Energy



The City of Upper Arlington Electric Aggregation Opt-Out Election Form

Please print clearly.

<First> <Last>

Account Number: <Account Number>

<Service Address>

<Service City>, <Service State> <Service Zip>

Account Holder's Name: (Print)

Phone: ()

Account Holder's Signature:

Date:

Email Address:

This form must be postmarked no later than July 17, 2012 for your "opt-out" to be effective.

☒ I elect **not** to participate in the City Electric
Aggregation Program with AEP Retail Energy.
<Promo Code>

IMPORTANT NOTICE: By returning this signed form, I affirmatively elect NOT to participate in the City Electric Aggregation Program. By electing not to participate, I understand from the accompanying materials that I will forego the benefits of this program. I understand that if I choose to "opt-out" of the City Electric Aggregation Program, I must complete this form and mail it to AEP Retail Energy or call AEP Retail Energy at 1-877-726-0214, to "opt-out" no later than July 17, 2012. I assume all responsibility to send the "Opt-Out" Election Form 21 days from the postmark date on this letter or to call AEP Retail Energy by July 17, 2012.

Complete form and mail to:
AEP Retail Energy
Attn: City Electric Aggregation Program
PO Box 1415
Columbus, OH 43216

Frequently Asked Questions

What is the City Electric Aggregation Program?

Under the City of Upper Arlington Electric Aggregation Program, the City acted on behalf of certain of its electricity consumers to select an electricity provider who, through the power of volume buying, is able to secure electricity at competitive prices. The Public Utilities Commission of Ohio ("PUCO") has taken steps to ensure that Ohio's competitive electricity environment is consumer-friendly. Voters in the City approved this aggregation program and the City Council passed an ordinance adopting this electric Aggregation Program.

The City has selected AEP Retail Energy as its preferred electricity provider to serve eligible households and businesses beginning with the July or August 2012 billing cycle, depending on your meter-read date, for a period of twenty-four (24) months.

Who is AEP Retail Energy?

AEP Retail Energy is a certified competitive retail electric service provider and a subsidiary of American Electric Power. AEP Retail Energy is headquartered in Columbus, Ohio and sells electricity to customers at market-based prices rather than regulated rates offered by your local utility.

How do I enroll?

You don't have to do anything to enroll. All eligible customers will be automatically included in the program unless you choose to "opt-out." If you "opt-out," you will continue to be served by your local electric utility's standard service offer, until you choose an alternative electric service provider. However, if you do not respond to this letter, the utility will complete the enrollment process. Once the utility completes your enrollment, you will be mailed an enrollment confirmation notice that your electric service will be provided by AEP Retail Energy. No deposits are required to enroll.

When will this program start?

The City Electric Aggregation Program will begin as early as the July or August 2012 billing cycle, depending on your meter-read date.

What is my price?

The City of Upper Arlington has ensured that you will receive an electricity generation and transmission price of 5.545 cents per kWh for your electricity services beginning with the July or August 2012 billing cycle, depending on your meter-read date, for a period of twenty-four (24) months.

How do I estimate my savings?

You can compare the price per kilowatt-hour (kWh) through this program with your local utility rate by finding your 'Price to Compare' on your electricity bill. This is the price you currently pay for electric generation service from the utility. Take your Price to Compare and subtract the offer price. This equates to your savings per kWh. Multiply your savings per kWh by your monthly usage (kWh) to determine your savings per month.

Where do I send payment?

You will continue to receive one bill each month from your local utility. The amount that you owe to AEP Retail Energy will be stated separately on your bill and you will continue to send payments to your local utility only.

Is Budget Billing available?

A Budget Billing Plan is now available for AEP Retail Energy's charges (generation and transmission charges). The Budget Billing Plan levels your monthly payments to even out the seasonal highs and lows of your monthly bills. You will have more certainty and can better manage your electricity expenses. Please visit www.aepretailenergy.com/bbplan for more information.

Can I cancel at any time?

Yes, you may cancel without penalty and switch to another provider or revert back to AEP Ohio, the local utility. Should you cancel your service with AEP Retail Energy and return to standard offer service with your local utility, you may not be served under the same rates, terms, and conditions that apply to other utility customers.

How does the City have the right to aggregate?

In 2000, the City received voter approval to become an electric aggregator on its citizens' behalf.

Why is this an "opt-out" program?

It enables AEP Retail Energy to offer a lower group rate based on the community's size.

Why did the City select AEP Retail Energy as its provider?

The City selected AEP Retail Energy as its provider following a competitive bidding process. AEP Retail Energy was able to propose a program that represented the best overall value for eligible households and businesses.

What happens at the end of the 24-month program?

As the program draws to a close, the City can choose to seek bids from electricity providers in order to negotiate a new contract on behalf of eligible households and businesses. If at that time, the program has not produced the savings originally anticipated for customers, the City can also choose to end the program, at which time participants would be notified of their options for continuing in a different program with AEP Retail Energy, switching to another provider, or reverting back to AEP Ohio, the local utility.

What happens if changes in the electricity utility market impact the program?

The City has the ability to terminate the contract under certain circumstances, including if AEP Retail Energy proposes a price increase that is unacceptable to the City, or the AEP Ohio tariff rate "price to compare" drops below the City's contract rate. Should this occur, all participating customers will be notified relative to their options moving forward, including continuing in a different program with AEP Retail Energy, switching to another provider, or reverting back to AEP Ohio, the local utility.

If I opt-out initially, can I choose to join the program at a later date?

If you opt-out initially, unfortunately, you will not be able to join the program at a later date.

What happens if my family moves to another home or I move my business location?

If you move to another home or business location within Upper Arlington, you will be able to continue participating in the program. If you leave the City of Upper Arlington, you will no longer be eligible to participate.

Unless you affirmatively "opt-out" by July 17, 2012, you will be automatically enrolled if you: a) have an eligible residence or business located in the specified city receiving electric service from AEP Ohio or AEP Retail Energy and b) are not enrolled in the PIPP program. Participation in the program is subject to the Terms & Conditions of the Agreement between the City and AEP Retail Energy. *Estimated percentage savings apply to the generation and transmission service portions of your electric bill and are based upon AEP Ohio's Price to Compare (PTC) rate of 7.46 cents per kWh as of May 2012 compared to our price of 5.545 cents per kWh. *AEP Retail Energy's price excludes utility distribution charges and other utility charges and fees. Estimated percentage savings apply to the generation and transmission service portions of your electric bill. Some business customers may be required to install an interval meter depending on peak demand if applicable. For more information, call 1-877-726-0214, write to: AEP Retail Energy, PO Box 1415, Columbus, OH 43216, or visit aepretailenergy.com.

AEP Retail Energy is a competitive retail electric service provider. While it is an affiliate of AEP Ohio, AEP Retail Energy is not soliciting on behalf of and is not an agent for AEP Ohio. AEP Ohio customers do not need to purchase any competitive retail electric service from AEP Retail Energy to receive or to continue to receive non-competitive retail electric service from AEP Ohio.

If you have any additional questions, please contact the AEP Retail Energy Customer Care team at 1-877-726-0214, Monday – Friday from 8:00 am to 7:00 pm EST and Saturday from 9:00 am to 1:00 pm EST.



RESIDENTIAL AND SMALL COMMERCIAL AGGREGATION TERMS & CONDITIONS ("AGREEMENT")

TERM	GENERATION SERVICE CHARGES	CANCELLATION FEE	CONTRACT RENEWAL
monthly billing cycles (term).	5.545 cents per kWh for Generation and Transmission Services. Price excludes utility Distribution Service Charges and other non-bypassable utility charges and fees.	You may cancel within the 7-day rescission period without penalty. If you terminate after the rescission period there is no fee. See Section 6 for details.	N/A - Your Agreement will terminate after the term.

NOTIONS. These Terms and Conditions (this "Agreement") are your agreement for Generation Service and applicable transmission services with AEP Retail Energy Partners LLC ("AEP Retail Energy"). Please keep a copy of this document for your records. AEP Retail Energy is certified by the Public Utilities Commission of Ohio ("PUCO") to generate and supply Generation Service 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 4911-21 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 all charges or costs associated with the production, procurement and supply of electricity. "Non-bypassable utility charges and fees" means those EDU charges and fees payable by you regardless of whether the EDU or a CRES provides Generation Service. "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 EDU.

RIGHT OF RESCISSION. Once you have been enrolled to receive Generation and Transmission Services 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 following the instructions contained in the letter.

TERMS AND CONDITIONS OF SERVICE

Eligibility. Residential customer accounts that are on residential rates codes and are not enrolled in the Percentage of Income Plan (PIP) are eligible for this offer from AEP Retail Energy.

Basic Service Prices. During the term of this Agreement, you agree to pay AEP Retail Energy a price for all applicable combined Transmission Service, Generation Service and Generation-Related Charges as specified in "Generation Service Charges" listed above, which includes all applicable taxes, if any. For the "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 Service and other EDU charges and fees. An average residential customer, using 750 kWh of electricity on a monthly basis, would incur approximately \$13 to \$42 per month in such EDU charges and fees. 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 is not limited to, fees for switching, disconnecting, reconnecting or maintaining electric service or equipment, changes to capacity related charges, transmission or transmission-related charges, or changes to retail electric customer access programs, that are imposed by law, rule, regulation or tariff, or PUCO rule or order. These charges or fees will be passed through to you and added to your price. AEP Retail Energy however, cannot increase the rate without approval of the City of Upper Arlington ("City") under terms and conditions in the agreement with the City. If the City does not approve the increase in its sole discretion, it may terminate this program before the end of the Term.

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, unless otherwise terminated, ending on the meter read for the last month of service.

Billing. You will continue to receive a single bill from your EDU that will contain both your EDU and AEP Retail Energy charges. 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.

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 assurance 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 assistance will be required to post that assistance within 3 business days of notice.

Cancellation/Termination Provisions/Failure to Pay. 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. Any failure to pay your bill shall be deemed a breach of this Agreement permitting AEP Retail Energy to terminate this Agreement upon fourteen (14) days advance written notice. 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 expected electricity usage, meter-readings, and characteristics of electricity service. 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 seven (7) day rescission period; and c) acceptance of enrollment by your EDU.

8. **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.pucoco.org.

9. **Miscellaneous.** You have the right to request from AEP Retail Energy, twice within a 12-month period, up to 34 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. You are 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 you to the EDU if your rate code or meter type is changed and/or the account is no longer eligible for this program. 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.

10. **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.

11. **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.

12. **Customer Liability and Indemnification of AEP Retail Energy.** You assume full responsibility for Power furnished to you at the delivery point(s) and on your side of the delivery point(s), and agree 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 from and against all claims, losses, expenses, damages, demands, judgments, costs of action, and suits of any kind (hereinafter collectively referred to as "Claims"), including Claims for personal injury, death, or damages to property occurring at the delivery point(s) or on your side of the delivery point and upon the premises, arising out of or related to the electricity and/or your performance under the Agreement.

13. **Assignment.** Customer shall not assign this Agreement or its rights hereunder without the prior written consent of AEP Retail Energy. 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 and with the provisions of the agreement with the City.

14. **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.

15. **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 2012
Actual Data for the Period 01/01/12 to 03/31/12.*

<p>eneration esource Mix - comparison etween the sources eneration rojected to be used enerate this oduct and the actual sources used during is period.</p>	<p>Projected</p> <p>1% 1% 5% 16% 77%</p> <p>□ Coal ■ Nuclear □ Natural Gas ■ Petroleum ■ Hydro Power</p>	<p>Actual</p> <p>1% 1% 5% 16% 77%</p> <p>□ Coal ■ Nuclear □ Natural Gas ■ Petroleum ■ Hydro Power</p>																				
<p>Environmental Characteristics - description of the characteristics associated with each ossible generation esource.</p>	<table><tr><td>Biomass Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Coal Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Hydro Power</td><td>Wildlife Impacts</td></tr><tr><td>Natural Gas Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Nuclear Power</td><td>Radioactive Waste</td></tr><tr><td>Oil Power</td><td>Air Emissions and Solid Waste</td></tr><tr><td>Other Sources</td><td>Unknown Impacts</td></tr><tr><td>Solar Power</td><td>No Significant Impacts</td></tr><tr><td>Unknown Purchased Resources</td><td>Unknown Impacts</td></tr><tr><td>Wind Power</td><td>Wildlife Impacts</td></tr></table>	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	
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																					
<p>Air Emissions - Product-specific rojected and actual air emissions for this period compared to the regional average air emissions.</p>	<table><tr><td>Carbon Dioxide</td><td><p>100%</p></td><td rowspan="3">□ Projected ■ Actual</td></tr><tr><td>Sulfur Dioxide</td><td></td></tr><tr><td>Nitrogen Oxides</td><td></td></tr></table> <p>Regional Average</p>	Carbon Dioxide	<p>100%</p>	□ Projected ■ Actual	Sulfur Dioxide		Nitrogen Oxides															
Carbon Dioxide	<p>100%</p>	□ Projected ■ Actual																				
Sulfur Dioxide																						
Nitrogen Oxides																						
<p>Radioactive Waste - Product-specific rojected and actual radioactive waste for this period.</p>	<table><tr><td>Type:</td><td>Quantity:</td></tr><tr><td>High-Level Radioactive Waste</td><td>LBs./1,000 kWh</td></tr><tr><td>Low-Level Radioactive Waste</td><td>Ft.³/1,000 kWh</td></tr></table> <p>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.</p>	Type:	Quantity:	High-Level Radioactive Waste	LBs./1,000 kWh	Low-Level Radioactive Waste	Ft. ³ /1,000 kWh															
Type:	Quantity:																					
High-Level Radioactive Waste	LBs./1,000 kWh																					
Low-Level Radioactive Waste	Ft. ³ /1,000 kWh																					
<p>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.</p>																						

Version: 12.05.22OH_ED

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

EXHIBIT WAA-R6

**OHIO POWER COMPANY'S RESPONSE
TO THE PUBLIC UTILITIES COMMISSION OF OHIO'S
DATA REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
STAFF LIPTHRAT SET (6)**

DATA REQUEST

DR-6-010 How does the Company propose to address revenues associated with mutual assistance provided to other utilities regarding storm restoration?

RESPONSE

The Company is not proposing any changes to mutual assistance provided to other utilities, which is not included in the storm damage mechanism/rider. Expenses and revenues associated with mutual assistance provided to other utilities are included in account 186.

Prepared By: Andrea E. Moore

EXHIBIT WAA-R7

**OHIO POWER COMPANY'S RESPONSE
TO THE PUBLIC UTILITIES COMMISSION OF OHIO'S
DATA REQUEST
PUCO CASE NO. 13-2385-EL-SSO et al.
STAFF LIPTHRAT SET (6)**

DATA REQUEST

DR-6-008 How would the Company ensure the storm expenses reported within the true-up rider be incremental, both for company and contract labor (straight-time and over-time) and non-labor?

RESPONSE

The Company assigns unique accounting codes for each major storm. These unique accounting codes ensure all applicable major storm costs are properly assigned and can be attributed to a specific major storm. With respect to the monthly determination of whether major storm expenses are above or below the annual \$5 million major storm O&M threshold for deferral (provided in base distribution rates), the Company analyzes the cost components within the identified major storm O&M expenses and excludes non-incremental expenses from consideration consistent with Staff witness Hecker's approach in Case Nos. 11-346/348-EL-SSO. Also see Company witness Mitchell's Exhibit TEM-2 in Case No. 12-3255-EL-RDR which lists examples of the non-incremental cost components which are excluded from incremental major storm expenses.

All applicable incremental major storm O&M expenses including Company overtime paid in accordance with its policies and contract labor are included in the monthly determination of the over/under deferral calculation which records a regulatory liability or regulatory asset as appropriate in comparison to the annual \$5 million major storm O&M threshold .

The Company will file in April of each year, a true-up rider based on the incremental storm expense incurred in the previous calendar year including the design for the SDRR to collect or refund this regulatory asset or liability recorded at year-end.

Prepared by: Thomas E. Mitchell

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Rebuttal Testimony of William A. Allen was served by electronic mail upon the individuals listed below this 20th day of June, 2014.

/s// Steven T. Nourse

Steven T. Nourse

EMAIL SERVICE LIST

greta.see@puc.state.oh.us

sarah.parrot@puc.state.oh.us

campbell@whitt-sturtevant.com

BarthRoyer@aol.com

cloucas@ohiopartners.org

cmooney@ohiopartners.org

dconway@porterwright.com

dboehm@BKLawfirm.com

dwilliamson@spilmanlaw.com

dborchers@bricker.com

edmund.berger@occ.ohio.gov

fdarr@mwncmh.com

Gary.A.Jeffries@dom.com

gpoulos@enernoc.com

williams@whitt-sturtevant.com

glpetrucci@vorys.com

mhpetricoff@vorys.com

tsiwo@bricker.com

jmcdermott@firstenergycorp.com

jfinnigan@edf.org

jkylercohn@BKLawfirm.com

jfinnigan@edf.org

joseph.clark@directenergy.com

joliker@mwncmh.com

Joseph.serio@occ.ohio.gov

judi.sobecki@aes.com

Bojko@carpenterlipps.com

lfriedeman@igsenergy.com

lhawrot@spilmanlaw.com

Mohler@carpenterlipps.com

haydenm@firstenergycorp.com

mpritchard@mwncmh.com

whitt@whitt-sturtevant.com

myurick@taftlaw.com

mjsatterwhite@aep.com

mswhite@igsenergy.com

Maureen.Grady@occ.ohio.gov

mkurtz@BKLawfirm.com

msmalz@ohiopovertylaw.org

NMcDaniel@elpc.org

plee@oslsa.org

Philip.Sineneng@ThompsonHine.com

ricks@ohanet.org

Rocco.D'Ascenzo@duke-energy.com

sam@mwncmh.com

swilliams@nrdc.org

casto@firstenergycorp.com

sasloan@aep.com

Stephanie.Chmiel@ThompsonHine.com

Stephen.Chriss@walmart.com

stnourse@aep.com

tammy.turkenton@puc.state.oh.us

tshadick@spilmanlaw.com

tobrien@bricker.com

tdougherty@theOEC.org

vparisi@igsenergy.com

Werner.margard@puc.state.oh.us

zkraivitz@taftlaw.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/20/2014 4:03:23 PM

in

Case No(s). 13-2385-EL-SSO, 13-2386-EL-AAM

Summary: Testimony (Rebuttal) of William A. Allen electronically filed by Mr. Steven T Nourse
on behalf of Ohio Power Company