

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company and)	Case No. 05-376-EL-UNC
Ohio Power Company for Authority to)	
Recover Costs Associated with the)	
Ultimate Construction and Operation of an)	
Integrated Gasification Combined Cycle)	
Electric Generation Facility.)	

**REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

AEP Ohio Power Company (“AEP Ohio” or “the Utility”) submitted very limited Initial Comments that chiefly focused on the procedural history of this case where the Utility seeks to unlawfully retain nearly \$21 million of customer money that it has held for more than seven years. Rather than addressing the issue of refunding this money to customers, AEP Ohio chose instead to incorporate its June 29, 2011 Statement Regarding the Status of Construction of the Integrated Gasification Combined Cycle Electric (“IGCC”) Generation Facility at Great Bend in Meigs County, Ohio (“2011 Statement”) by reference.¹ AEP Ohio states that any refund should be limited to no more than \$3.166 million.² This represents the difference between the amounts charged to and collected from customers during Phase I (“IGCC collections”) and the amount spent on Phase I activities at the Great Bend IGCC site. In the 2011 Statement, AEP Ohio also opines that any refund of the IGCC costs already collected from consumers should be done

¹ Initial Comments of Ohio Power Company at 8 (September 5, 2014).

² AEP Ohio 2011 Statement at 3 (June 29, 2011).

through the standard service offer (“SSO”) rates on a kWh basis in the same manner in which they were collected.³

First and foremost, as discussed at length in the joint comments of OCC and IEU, AEP Ohio is wrong in its belief that customers’ refunds of the IGCC collections should be limited to \$3.166 million.⁴ Instead the entire amount collected from customers (\$24.24 million) should be refunded, with interest.

Second, while OCC supports the concept of refunding the IGCC collections in the same manner (rate design/allocation) in which it was collected, it would be inequitable to refund the IGCC charges only to current SSO customers, as AEP Ohio proposes. When customers were charged for the IGCC from July 1, 2006 through July 2, 2007, very few (if any) AEP Ohio customers were shopping.⁵ For instance, not a single Ohio Power customer (residential, commercial, or industrial) began shopping until the second quarter of 2010, and at that time only 706 commercial customers (0.144 percent) chose a competitive retail electric service (“CRES”) supplier.⁶ Similarly, Columbus Southern Power had less than five percent commercial shopping and zero percent industrial and residential shopping until the second quarter of 2010.⁷ And only 12,898 (1.750 percent) of the commercial customers of Columbus Southern Power were

³ Statement of Columbus Southern Power Company and Ohio Power Company Regarding the Status of Construction of the Integrated Gasification Combined Cycle Electric Generation Facility at Great Bend in Meigs County, Ohio (“AEP Ohio 2011 Statement”) at 4 (June 29, 2011).

⁴ Joint Comments of Industrial Energy Users’ Ohio and OCC at 13-18 (Sept. 5, 2014).

⁵ At the time the IGCC costs were charged to customers, AEP Ohio consisted of 2 separate companies – Columbus Southern Power Company and Ohio Power Company.

⁶ PUCO, Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales For the Month Ending June 30, 2010, available at <http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/SWITCH%20RATES%20SALES/2010/2Q2010.pdf>

⁷ Id.

shopping by the end of 2008.⁸ Seven years later, however, over 66 percent of AEP Ohio customers are shopping and receive their electric generation supply from a CRES supplier.⁹ Thus, exclusively refunding the IGCC charges to current SSO customers is not the most accurate and equitable way to refund the money to the customers who actually paid the IGCC Rider. For that reason, the disallowance should be returned to all current AEP Ohio customers (those on the SSO and those that are shopping) in the form of a credit on their utility bill, as explained in the Joint Comments filed by OCC and the Industrial Users-Ohio.¹⁰

AEP Ohio's 2011 Statement also mentions refunding the IGCC charges over the course of one month of billing "and that any amounts by which the tariffs over- or under-refund the IGCC collections should be trued-up through the Companies' fuel adjustment clauses [(“FAC”)]." AEP Ohio offers no explanation for truing up the IGCC refund through the entirely separate FAC Rider. In fact, the FAC is a bypassable rider,¹¹ therefore, a true-up under the FAC Rider would only allow the refund to flow back to current SSO customers. As previously mentioned, the IGCC refund should be implemented on a non-bypassable basis so that all AEP Ohio customers who paid for IGCC Rider in 2006 and 2007 receive a portion of the refund.¹²

⁸ PUCO, Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales For the Month Ending December 31, 2008, available at <http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/SWITCH%20RATES%20SAL/ES/2008/4Q2008.pdf>

⁹ PUCO, Summary of Switch Rates from EDUs to CRES Providers in Terms of Sales For the Month Ending June 30, 2014, available at <http://www.puco.ohio.gov/emplibrary/files/util/MktMonitoringElecCustSwitchRates/SWITCH%20RATES%20SAL/ES/2014/2Q2014.pdf>

¹⁰ See, Industrial Energy Users-Ohio and The Office of the Ohio Consumers' Counsel's Joint Initial Comments at 16 (September 5, 2014).

¹¹ See, *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to 4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan (“ESP II”)*, Case No. 11-346-EL-SSO, Opinion and Order at 19 (August 8, 2012).

¹² See *supra*, at pp 2-3.

Furthermore, the FAC will end after May 31, 2015,¹³ and might not exist by the time the customer refund is implemented. Rather than needlessly complicating the refund, any true-up should be accomplished through this same docket under the same mechanism originally used for the IGCC collections.

Finally, as part of the Utility's Initial Comments filed on September 5, 2014, AEP Ohio set forth what it viewed as to the remaining issues for the PUCO's consideration.¹⁴ This list of issues, however, is not all-encompassing and does not honor the directives of the Supreme Court of Ohio ("Supreme Court"). To the contrary, AEP Ohio insists that addressing the Supreme Court decision about the PUCO's "authority to approve recovery of the costs of developing construction and operating the Great Bend IGCC facility . . . would be a hypothetical exercise."¹⁵ However, it would be improper to ignore the directives of the Supreme Court, which remanded the case for further consideration after finding that there was not sufficient evidence to support "permitting AEP to recover the costs associated with the research and development of the proposed generation facility."¹⁶

For the reasons listed above, and those set forth in the Joint Comments of Industrial Energy Users-Ohio and OCC, the PUCO has a number of additional issues upon which it should rule in order to fulfill the Supreme Court's remand instructions. Not the least of which is whether AEP Ohio should be permitted to keep \$24.24 million of customers' money that was used to fund pre-construction activities for a plant that never was built. The Great Bend IGCC plant never produced a single Mw of power. A refund of customers' money for a plant that was

¹³ See, *In the Matter of the Fuel Adjustment Clauses of Columbus Southern Power Company and Ohio Power Company and Related Matters*, Case No. 11-5906-EL-FAC, et al., Finding and Order at 2 (December 14, 2011).

¹⁴ Initial Comments of Ohio Power Company at 7 (September 5, 2014).

¹⁵ Initial Comments of Ohio Power Company at 7 (September 5, 2014).

¹⁶ *Industrial Energy Users-Ohio v. PUCO*, 117 Ohio St. 3d 486, 2008-Ohio-990, 885 N.E.2d 195, at ¶¶32-33.

not used and useful in providing service to customers should be ordered. Otherwise the PUCO will be violating numerous laws, including R.C. 4928.02, R.C. 4928.05 and R.C. 4909.15.

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the *Reply Comments* was served on the persons stated below *via* electronic transmission, this 19th day of September, 2014.

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Summary: Comments Reply Comments by the Office of the Ohio Consumers' Counsel
electronically filed by Patti Mallarnee on behalf of Grady, Maureen