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June 14, 2007

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

In re: Case No. 07-333-EL-UNC

Dear Sir/Madam:

Please find attached the Brief of The Ohio Energy Group to be deemed filed today in the above-referenced matter. The original and 12 copies will be sent via overnight mail.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,



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Encl.

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CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) and regular mail, this 14th day of June, 2007 to the following:

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**BEFORE THE
PUBLIC UTILITY COMMISSION OF OHIO**

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**In The Matter Of The Application Of Columbus
Southern Power Company To Adjust Its Power
Acquisition Rider Pursuant To Its Post-Market
Development Period Rate Stabilization Plan**

Case No. 07-333-EL-UNC

PUCO

BRIEF OF THE OHIO ENERGY GROUP

I. INTRODUCTION

The Ohio Energy Group ("OEG") submits this Brief on the issue of the allocation of the Power Acquisition Rider ("PAR").

II. ARGUMENT

1. The Power Acquisition Rider Should Be Allocated To Customers On The Same Basis As The Costs Are Incurred.

The Power Acquisition Rider is a mechanism that allows Columbus Southern Power Company ("CSP") to recover the incremental costs of providing service to the former Monongahela Power ("Mon Power") customers. CSP proposes to collect these costs from its customers entirely through a kWh/energy charge. However, the power acquisition costs that are recovered through the Rider have energy and demand components. The collection of PAR costs from customers should reflect these energy and demand components.

The PAR is calculated by subtracting the costs that CSP will recover from the former Mon Power ratepayers at CSP tariff rates from an amount calculated as the "cost to purchase" the same amount of electric power at market rates.¹ All of CSP's tariffs either contain actual demand and energy charges or for customers such as the Residential class that do not have demand meters installed, demand costs are factored into the energy


¹ Direct Testimony of David M. Roush, DMR Exhibit 1.

charge. Likewise, the "cost to purchase" at market which is the used in the calculation of the PAR contains energy and demand components.

Given the fact that the costs recovered through the PAR are both energy and demand related, it is unreasonable to collect 100% of the PAR through a straight kWh (energy) charge. Costs should be allocated to customers on the same basis as they are incurred. Arbitrarily assigning demand and energy costs solely to an energy charge will over-recover PAR costs from higher-load factor customers that use electric power relatively efficiently to subsidize lower load factor customers, while under-recovering PAR costs from customers with lower-load factor customers that place a high demand on the system relative to energy usage.

For these reasons, OEG supports IEU's recommendation to allocate PAR costs using a uniform percentage applied to current base generation rates as articulated in the Direct Testimony of IEU witness Joseph G. Bowser. This proposal preserves the relationship between energy and demand costs that is found in current rates.

Respectfully submitted,



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June 14, 2007

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