

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

5
RECEIVED-DOCKETING DIV
2007 JUN 18 PM 4:10
PUCO

**COLUMBUS SOUTHERN POWER COMPANY'S AND
OHIO POWER COMPANY'S
STATUS REPORT**

Columbus Southern Power Company (CSP) and Ohio Power Company (OPCO) (the Companies) submit this Status Report to the Commission and the parties to this case.

On April 10, 2006 the Public Utilities Commission of Ohio issued its Opinion and Order in Case No. 05-376-EL-UNC that approved the Companies' request to recover \$23.7M in pre-construction Phase I costs for a 629 MW IGCC generating facility to be built in Meigs County, Ohio. The Commission found that the Phase I costs of the IGCC generating facility are costs that the Companies will incur to assist them in meeting their provider of last resort obligation to all consumers in their certified territories. However, certain parties have appealed the Commission's Opinion and Order to the Supreme Court of Ohio.

In its April 10, 2006 Opinion and Order, the Commission also directed the Companies to address the level of cost recovery, rate design and other specific issues for the Commission's consideration in the next proceeding for Phase II cost recovery. Since then, the Companies have diligently advanced negotiations and development of the Front End Engineering Design (FEED) for its proposed Meigs County IGCC generating facility. AEP, as agent for CSP and OPCO, has received the FEED results from its intended IGCC generating facility suppliers.

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician _____ Date Processed 6-18-07

The appeals to the Supreme Court of Ohio resulting from the Commission's April 10, 2006 Opinion and Order in this proceeding have not been resolved and, therefore, the landscape for building new generation in Ohio remains uncertain. The Companies intend to make their Phase II cost recovery filing upon a favorable Supreme Court of Ohio opinion.

CSP and OPCO would also like to inform the Commission and parties to this case that on June 18, 2007 Appalachian Power Company (APCO), an affiliate of the Companies, filed testimony with the Public Service Commission of West Virginia in Case No. 06-0033-E-CN. That case involves APCO's application for a Certificate of Public Convenience and Necessity for a similar 629 MW Integrated Gasification Combined Cycle (IGCC) generating facility to be built in Mason County, West Virginia. APCO has estimated the total cost of this plant at approximately \$2.23 billion.

APCO has projected that its IGCC generating facility could be completed in mid-2012, at the earliest, if appropriate regulatory approvals are obtained in W. Virginia and Virginia without delays. The filing also projects that an IGCC generating facility could be owned by Columbus Southern Power Company with commercial operation by 2017.

It is important to recognize that these projections are based on a set of assumptions which differ from the basis upon which the Companies' filing in this proceeding was structured. For instance, APCO's filing, based on AEP's Integrated Resource Plan, assumes the continuation of the five-member AEP East Interconnection Agreement ("Pool") with CSP and OPCO maintaining their traditional Pool obligations. In contrast, the Companies' filing assumes that they will remove their generating capacity from the Pool. The projected 2017 in-service date for the Ohio plant in no way demonstrates a reduction in the Companies' commitment to the Ohio project. The 2017 in-service date recognizes the uncertainty of the Supreme Court of Ohio

opinion. The Company would plan to move up the 2017 date upon receiving a favorable Supreme Court of Ohio opinion and necessary cost recovery regulatory approvals in Ohio.

As AEP has consistently stated, it will not proceed with construction of an IGCC generating facility in any location in the absence of assurance of cost recovery. Therefore, the Companies believe that the prudent course is to postpone their next substantive filing in this proceeding until this uncertainty is sufficiently resolved.

Respectfully submitted,

Marvin I. Resnik *bts. Dies*
Marvin I. Resnik, Trial Attorney
American Electric Power Service
Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
(614) 716-1606
Fax: (614) 716-2950
E-mail: miresnik@aep.com

Daniel R. Conway
Porter, Wright, Morris & Arthur LLP
41 S. High Street
Columbus, OH 43215
Telephone: (614) 227-2270
Fax: (614) 227-2100
Email: dconway@porterwright.com

COUNSEL FOR COLUMBUS SOUTHERN
POWER COMPANY AND OHIO POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of Columbus Southern Power Company's and Ohio Power Company's Status Report was served by U.S. Mail and electronic mail upon counsel identified below for all parties of record this 18 day of June, 2007.

Marvin I. Resnik ^{by s. Dier}
Marvin I. Resnik

PARTIES OF RECORD

Thomas McNamee
Attorney General's Office
Public Utilities Commission of Ohio
180 East Broad Street, 9th Floor
Columbus, Ohio 43215-3793

Joseph Condo
Calpine Corporation
250 Parkway Drive, Suite 380
Lincolnshire, Illinois 60069

David Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowery
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

Thomas L. Rosenberg
Jessica L. Davis
Roetzel & Andress, LPA
National City Center
Twelfth Floor
155 East Broad Street
Columbus, Ohio 43215

Sally W. Bloomfield
Thomas J. O'Brien
BRICKER & ECKLER LLP
100 South Third Street
Columbus, Ohio 43215-4291

Jeffrey L. Small
Assistant Consumers' Counsel
Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

Kathy J. Kolich
FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308

Samuel C. Randazzo
Lisa McAlister
McNees, Wallace & Nurick
Fifth Third Center
21 East State Street, 17th Floor
Columbus, Ohio 43215

Thomas E. Lodge
Carolyn S. Flahive
Thompson Hine LLP
10 West Broad Street, Suite 700
Columbus, Ohio 43215-3435

M. Howard Petricoff
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008

Evelyn R. Robinson
Green Mountain Energy Company
5450 Frantz Road, Suite 200
Dublin, Ohio 43068

David C. Rinebolt
Ohio Partners for Affordable Energy
231 West Lima Street
P.O. Box 1793
Findlay, Ohio 45839-1793

John W. Bentine
Bobby Singh
Chester, Wilcox & Saxbe LLP
65 East State Street, Suite 1000
Columbus, Ohio 43215-4213

Dane Stinson
Bailey Cavalieri LLC
10 W. Broad St.
Suite 2100
Columbus OH 43215

Michael Dortch
Baker & Hostetler
65 E. State St.
Suite 2100
Columbus, OH 43215