

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbus)
Southern Power Company and Ohio Power)
Company for Authority to Modify Their) Case No. 08-1301-EL-AAM
Accounting Procedure for Certain Storm-)
Related Services Restoration Costs.)

ENTRY ON REHEARING

The Commission finds:

- (1) Columbus Southern Power Company and Ohio Power Company (collectively, AEP) are public utilities as defined in Sections 4905.02 and 4905.03(A)(4), Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) On December 15, 2008, AEP filed an application for authority to defer a portion of their operation and maintenance (O&M) expenses in the aftermath of Hurricane Ike's destructive wind storm of September 14, 2008. The application did not, however, request recovery of O&M expenses associated with repair or replacement of the distribution facilities damaged by Hurricane Ike. Rather, the application requested deferral of the related O&M expenses, with carrying costs, for future recovery under their approved rate stabilization plan from all customers, over a 12-month period, beginning at a date determined by the Commission in a future proceeding, but no later than the first billing cycle of January 2011; or if deferral was denied by this Commission, AEP requested authority to begin recovery of the O&M expenses over 12 months beginning February 2009.
- (3) On December 19, 2008, the Commission issued a finding and order approving, with modifications, AEP's request to modify its accounting procedures to defer incremental O&M expenses associated with the September 14, 2008, wind storm, with carrying costs. The Commission also granted intervention to Industrial Energy Users-Ohio and Ohio Consumers' Counsel (OCC). In the finding and order, the Commission expressly reserved for future determination the reasonableness and recovery of the deferred amounts.

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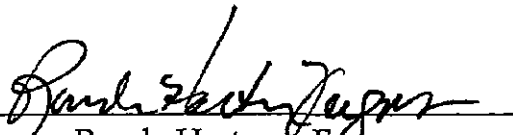
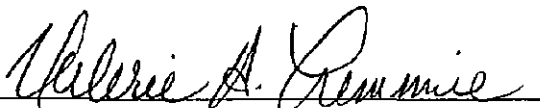
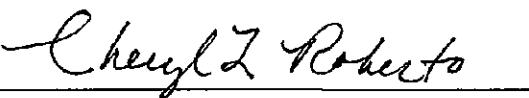
- (4) Section 4903.10, Revised Code, states that any party to a Commission proceeding may apply for rehearing with respect to any matters determined by the Commission, within 30 days of the entry of the order upon the Commission's journal.
- (5) On January 20, 2009, an application for rehearing was filed by OCC with a single assignment of error. OCC argues that the order should have expressly stated that the future recovery of these deferrals must be made within the context of a distribution rate case under Sections 4909.18 and 4909.15, Revised Code, and related statutes. In support of its argument, OCC references this Commission's December 19, 2008, order in Case No. 08-935-EL-SSO, which approved a rider for recovery of the FirstEnergy companies' deferred distribution costs, stating that such approval was inappropriate without a detailed examination. OCC then notes that the FirstEnergy companies withdrew their application in that case so that the Commission-approved distribution increases were not implemented (Application for Rehearing at 2). OCC further asserts that only a distribution rate case, as opposed to an electric security plan case under Section 4928.143, Revised Code, provides the appropriate procedural setting for examination of the O&M deferrals authorized in this case.
- (6) A memorandum contra OCC's application for rehearing was filed by AEP on January 20, 2009. AEP argues that it would be premature for the Commission to address the type of proceedings in which AEP may seek recovery of the expenses authorized for deferral in the instant case.
- (7) The Commission agrees with AEP and finds that the concerns raised in OCC's application for rehearing are premature. The Commission shares OCC's concerns regarding verification and review of authorized deferred expenses before recovery, but we believe that this proceeding is an inappropriate forum for OCC's attack on our order in Case No. 08-935-EL-SSO. If OCC has specific objections to the recovery of authorized deferrals or the forum under which such recovery is sought, it may raise its objections at the time AEP seeks to recover these costs from ratepayers. Accordingly, the Commission finds that OCC's application for rehearing is denied.

It is, therefore,

ORDERED, That OCC's application for rehearing be denied. It is, further,

ORDERED, That a copy of this entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Alan R. Schriber, Chairman
Paul A. Centolella
Ronda Hartman Fergus
Valerie A. Lemmie
Cheryl L. Roberto

RMB;geb

Entered in the Journal

FEB 11 2009



Renee J. Jenkins
Secretary