

FILE

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Fuel Adjustment</b>	)	
<b>Clauses for Columbus Southern Power</b>	)	<b>Case No. 09-872-EL-FAC</b>
<b>Company and Ohio Power Company</b>	)	<b>Case No. 09-873-EL-FAC</b>
	)	
	)	
<b>In the Matter of the Application of</b>	)	
<b>Columbus Southern Power Company</b>	)	<b>Case No. 09-1906-EL-ATA</b>
<b>and Ohio Power Company to Modify</b>	)	
<b>Their Standard Service Offer Rates</b>	)	

**COLUMBUS SOUTHERN POWER COMPANY'S  
AND OHIO POWER COMPANY'S  
MEMORANDUM CONTRA  
ORMET PRIMARY ALUMINUM CORPORATION'S  
MOTION FOR HEARING**

PUCO

2009 DEC 15 PM 3:10

RECEIVED-DOCUMENTS DIV

On December 2, 2009 Ormet Primary Aluminum Corporation (Ormet) filed comments in Case No. 09-1095-EL-UNC, AEP Ohio's application to adjust its Economic Development Cost Recovery Rider (EDR). In those comments Ormet raised its concern that based on the proposed EDR rates it believed that the rate increases AEP Ohio was proposing "appear to be higher than the rate increase permitted under the ESP Case Order." (Ormet's December 2, 2009 Comments, p. 1).

In its reply to those comments, AEP Ohio stated that:

To the extent Ormet's concern is that it might experience a percentage rate increase that exceeds the percentage increase authorized for its customer class, that concern has no merit. The rate increases authorized by the Commission are based on a customer class basis. The unique usage patterns of each customer may well result in individual customers experiencing an increase greater than or less than the increase authorized for the customer class as a whole.

On December 10, 2009, Staff's Review and Recommendation regarding Case Nos. 09-872 and 873-EL-FAC and 09-1906-EL-ATA was filed. In those comments, Staff offered the following recommendations:

It is staff's understanding that the limitations in rate increases ordered by the Commission are to be applied on a customer class basis. In, other words, individual customers, depending on their load and usage, may see increases in their bills which are greater than or less than the 6 percent cap for CSP and the 7 percent cap for OP. However, the annual increases in revenues, per customer class, must not exceed those caps.

It is also important to note that the adjusted FAC rates (from Case Nos. 09-872 and 09-873) must be viewed in conjunction with the adjusted non-FAC generation rates (from Case No. 09-1906-EL-ATA) in order to determine whether the proposed rates comply with the Commission's ESP orders.

...

The staff finds that the rates proposed in the applications provide for increases no greater than those authorized by the Commission and recommends that the applications be approved and the proposed rates be effective on a bills rendered basis beginning the first billing cycle of 2010.

On December 14, 2009, Ormet filed a motion to intervene in these proceedings (which AEP Ohio does not oppose) and a motion to set the above-captioned matters for hearing. AEP Ohio does oppose that motion.<sup>1</sup> The underlying basis for Ormet's request for a hearing is that AEP Ohio's proposed rates, which Staff has concluded "provide for increases no greater than those authorized by the Commission," (Staff Review and Recommendation) produce a rate increase for Ormet "well above the 6% CSP increase and 7% OP increase allowed under the Commission's orders in AEP's Electric Security Plan Case." (Ormet's Motion, p. 3).

Of course, Ormet is not even going to pay its GS-4 rate. Instead, this year, based on information provided by Ormet, it will pay rates which reflect a \$60 million discount.

---

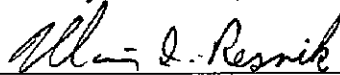
<sup>1</sup> A copy of Ormet's motion was faxed to the Commission on December 11, 2009 shortly prior to 5:00.

In any event, Ormet misses the point that clearly is set out by the Staff – “In, other words, individual customers, depending on their load and usage, may see increases in their bills which are greater than or less than the 6 percent cap for CSP and the 7 percent cap for OP. However, the annual increases in revenues, per customer class, must not exceed those caps.” (Staff’s Review and Recommendation).

Ormet is served as a special contract customer -- fifty percent by Columbus Southern Power Company and fifty percent by Ohio Power Company. As a special contract customer, Ormet’s load is not included in calculating the overall increase to each Company’s GS4 tariff rates. The amounts disputed by Ormet in Case Nos. 09-872-EL-FAC and 09-873-EL-FAC on Workpaper to Schedule 4, line 19, should in fact be the fuel rate that the special contract requires AEP Ohio to charge Ormet, that is, the GS-4 FAC rate. That approach being used by the Companies in Case Nos. 09-872-EL-FAC and 09-873-FAC was used by the Companies and approved by the Commission in Case Nos. 08-917-EL-SSO and 08-918-EL-SSO.

AEP Ohio requests that the Commission deny Ormet’s motion for hearing.

Respectfully submitted,



Marvin I. Resnik, Counsel of Record

Steven T. Nourse

American Electric Power Service Corporation

1 Riverside Plaza, 29<sup>th</sup> Floor

Columbus, Ohio 43215

Telephone: (614) 716-1606

Fax: (614) 716-2950

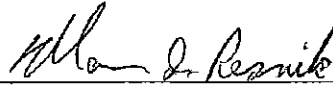
Email: [miresnik@aep.com](mailto:miresnik@aep.com)

[stnourse@aep.com](mailto:stnourse@aep.com)

Counsel for Columbus Southern Power Company  
and Ohio Power Company

## CERTIFICATION OF SERVICE

I hereby certify that a copy of Columbus Southern Power Company's and Ohio Power Company's Memorandum Contra Ormet Primary Aluminum Corporation's Motion for Hearing was served by U.S. Mail upon the individuals listed below this 15<sup>th</sup> day of December 2009.



Marvin I. Resnik

Clinton Vince  
Douglas Bonner  
Daniel Barnowski  
Emma Hand  
Keith Nusbaum  
Sonnenschein Nath & Rosenthal LLP  
1301 K Street NW  
Suite 600, East Tower  
Washington, DC 20005

Samuel C. Randazzo  
Lisa G. McAlister  
Joseph M. Clark  
McNees Wallace & Nurick, LLC  
Fifth Third Center  
21 East State Street, 17<sup>th</sup> Floor  
Columbus, Ohio 43215-4228

Michael Idzkowski  
Ohio Consumers' Counsel  
10 W. Broad Street Suite 1800  
Columbus OH 43215-3485