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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)
of Columbus Southern Power)
Company and Ohio Power Company)
to Recover Commission-Authorized)
Deferrals Through Each Company's)
Fuel Adjustment Clause.)

Case No. 09- 1094-EL-FA

PUCO

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**SURREPLY TO AEP'S REPLY TO OCC AND OEG'S OBJECTIONS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL AND
THE OHIO ENERGY GROUP**

Contemporaneously with this filing, OCC and OEG sought leave, through a motion filed at the PUCO, to file this pleading. OCC and OEG note that the schedules detailing OCC and OEG's calculation of delta revenues are not being contested by AEP other than on the principle of the theory behind the schedules. Thus, if the Commission determines the theory espoused by OCC and OEG is reasonable and lawful, it can adopt OCC's mathematical calculations since they are not contested.

Additionally, in response to the Companies' arguments supporting a market delta revenue calculation, it should be noted that even prior to the recent rules¹ being implemented, the PUCO has generally disfavored use of market delta, as was seen in the

¹ In particular, OCC and OEG are referring to Ohio Admin. Code §4901:1-38-01(C), which defines delta revenues as the difference between tariff rate and the rate actually paid by the customer. As noted by AEP these rules were effective April 2, 2009.

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PUCO's decision on the Solsil application.² There the Commission rejected implementing a market delta to compensate AEP.³ Instead, the Commission set the delta revenue as the difference between the administratively determined rate paid by Solsil and AEP's standard service offer tariff rate.⁴ The Solsil decision illustrates that the promulgation of Ohio Admin. Code §4901:1-38-01(C) merely codified the Commission's position that market based delta revenues are not appropriate.

As expressed in OCC and OEG's Objections to AEP's application, the Commission should find that AEP's application is unjust and unreasonable and should reject it. AEP seeks to collect approximately \$66 million in deferrals and carrying costs from customers based on a market delta concept. The Commission should determine instead that the maximum collection permitted from customers for the nine months of delta revenues related to Ormet should be no more than \$2.7 million in delta revenue and carrying cost.

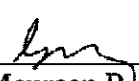
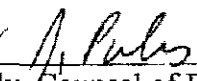
² *In the Matter of the Application for Approval of a Contract for Electric Service Between Columbus Southern Power Company and Solsil, Inc.*, Case No. 08-883-EL-AEC, Opinion and Order at ¶10 (July 31, 2008).

³ *Id.*

⁴ *Id.*

Respectfully submitted,

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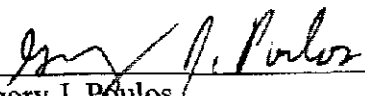
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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Surreply of OCC and OEG to AEP's Reply to OCC and OEG's Objections was served on the persons stated below via first class U.S. Mail, postage prepaid, this 8th day of January, 2010.


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