

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company)	
for Certification of Conesville Station)	Case No. 09-1860-EL-REN
Unit 3 as an Eligible Ohio Renewable)	
Energy Resource Generating Facility)	

**COLUMBUS SOUTHERN POWER COMPANY’S RESPONSE TO OCC’S
AND OEC’S INTERVENTION REQUESTS AND REPLY COMMENTS
IN RESPONSE TO OCC’S COMMENTS**

Columbus Southern Power Company (CSP or the “Company”) filed an application to initiate these cases on October 26, 2009. CSP filed responses to Staff data requests in the record on December 22, 2009 to further support its application. On December 30, 2009 (after the comment deadline based on Ohio Admin. Code 4901:1-40-04(F) and, indeed, after the Commission’s automatic approval deadline established by that rule), the Ohio Consumers’ Counsel (OCC) filed a motion to intervene and comments. Even later, on January 6, 2010, the Ohio Environmental Council (OEC) filed a motion to intervene. CSP filed its applications in an effort to facilitate compliance with the alternative energy requirements of Am. Sub. S.B. 221, found in R.C. 4928.64. The application raised matters that need to be timely addressed. The Commission has recognized the urgency of such matters when it adopted Rule 4901:1-40-04(F) and imposed strict time limits on the parties and on itself (60-day automatic approval deadline). Even though the Rule 4901:1-40-04 was not effective at the time the application was filed, the fact that OCC and OEC have waited more than two months to intervene demonstrates that the requests are untimely. There is no good cause demonstrated for such delay. The Commission should not reward these late comers by granting intervention. In case the Commission does consider the OCC’s comments, CSP would like to offer a brief response.

OCC's intervention request and comments are dominated by concerns about rate impacts of CSP's proposal. In particular, OCC expresses concern about paying "extra costs", "paying a premium" and the possibility that CSP will "commence with costly modifications" (OCC Comments at 1-3, 6.) CSP has not raised any issues concerning cost recovery in its application and the Commission need not address cost recovery issues as part of this certification case. Such matters are beyond the scope of this case and have not been addressed in any other renewable energy resource certification (REN) decision. Thus, OCC's concerns about rate impacts cannot form the basis for any ruling by the Commission and are simply not germane to this certification case.

OCC also raises three substantive (albeit misguided) concerns about CSP's application. First, OCC claims that a combustion facility cannot be a renewable resource. (OCC Comments at 5.) There is no basis in RC 4928.01 or 4928.64 supporting OCC's position. On the contrary, RC 4928.01(A)(35) specifically includes fuels in the statutory definition of "renewable energy resource": fuel derived from solid wastes, biologically derived methane gas, energy from nontreated by-products of the pulping process or wood manufacturing process. The Commission's rules specifically contemplate using co-firing of renewable and non-renewable fuels and provide that "the proportion of energy input comprised of a renewable energy resource shall dictate the proportion of electricity output from the facility that can be considered a renewable energy resource." Thus, the Commission has already contemplated and provided for the situation (such as here) where a utility is employing a fuel switching strategy to help meet the statutory mandates for renewable energy. Co-firing obviously involves a combustion facility.

OCC has made similar arguments in Case Nos. 09-891-EL-REN and 09-892-EL-REN (DP&L's Killen Station) and Case No. 09-1878-EL-REN (Zimmer Station operated by Duke).

Ultimately, in the Killen Station case, OCC's position on reply was that "DP&L's applications for certifications as an eligible Ohio renewable energy resource generating facilities should be approved for only the percentage of btus the biomass fuel produces at Killen." (OCC November 11, 2009 Reply Comments in Case Nos. 09-891 and 892, at 4.) This approach is exactly what CSP is proposing in this case [*i.e.*, producing RECs based on the proportion of energy input comprised of renewable energy resource]. CSP included the formula it will use to achieve this purpose, consistent with Ohio Admin. Code 4901:1-40-01(G), in Section G.10 of its application. CSP's intent is to create RECs from the renewable fuel burned, not from the entire output of the combustion unit. Thus, OCC's argument should be rejected and CSP's application should be granted.

Second, OCC argues that a combustion facility should not be certified unless the Applicant is able to demonstrate that it has sustainable access to the fuel necessary to produce renewable energy. (OCC Comments at 5.) CSP's fuel procurement activity, including renewable fuels, is not an issue for this certification case. Further, the precise fuel specifications and the resulting procurement solution are not reasonably known or determined at this point in time. As stated in Section G.10(a) of the application:

Solid biomass fuel including but not limited to Torrefied biomass, raw wood chips, sawdust, wood pellets, herbaceous crops, agricultural waste will be co-fired with coal and/or natural gas in proportions up to 100% of total heat input.

Initially a testing period will be required to determine the optimal percentage of biomass that can be consumed.

The long range goal will depend on the results of the initial tests as well as fuel availability and market economics. For the test burns, efforts have been made to minimize modifications that may be required for long term fuel consumption.

CSP is seeking to qualify the output of Conesville Plant based on Btu input that is produced from renewable fuels. Due to issues with fuel availability and market conditions CSP does not intend to certify a fixed percentage.

Thus, the details concerning the precise fuel specifications and the resulting procurement solution to be developed by CSP is not presently known and is not relevant to this certification case. CSP's FAC proceeding would be a more appropriate case to address such issues, after they are ripe for review.

Finally, OCC questions the Conesville Unit 3 fuel switching plan as not involving a retrofit and because the Conesville Unit 3 does not have an in-service date on or after January 1, 1998. (OCC Comments at 6.) CSP's application in Section I.1 states:

In-Service date for unit 3 as required above refers to the date in which the renewable fuel will be consumed at the Plant. Depending on fuel availability and market conditions, the date above may extend. As required, the date in which the renewable fuel will be consumed is after January 1, 1998.

The consumption of the renewable fuel at the facility – the modification in fuel type – is the modification. CSP is working to minimize capital expenditure to incorporate biomass into the fuel supply and S.B. 221 sets benchmarks for renewable energy generation from renewable fuels, not capital modifications at the plant. The primary benefit of several of the processed fuels is that they can be integrated into the fuel supply with essentially little or no plant modifications. After the test burns, CSP may end up making more permanent physical modifications to the facility for fuel handling, treatment or storage.

CONCLUSION

AEP Ohio submits that OCC's objections should be overruled and AEP Ohio's application should be approved.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy Columbus Southern Power Company's Reply Comments was served by electronic mail upon the individuals listed below this 12th day of January, 2010.

/s/Steven T. Nourse

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Summary: Response by CSP to OCC's and OEC's Intervention Requests and Reply
Comments in Response to OCC's Comments electronically filed by Mr. Steven T Nourse on
behalf of Columbus Southern Power Company