NC

10

RECEIVED-DOCKETING DIV
2010 FEB -8 PM 5:20
PUCO

FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Establish Environmental Investment Carrying Cost Riders	)))))	**Case No. 10-155 EL-RDR**

APPLICATION

1. Columbus Southern Power Company (CSP) and Ohio Power Company (OPCo), collectively referred as "the Companies" or "AEP Ohio," are electric light companies, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.

2. In the Companies' Electric Security Plan (ESP) proceeding (Case Nos. 08-917-EL-SSO and 08-918-EL-SSO) the Commission authorized the Companies to recover the incremental capital carrying costs associated with environmental investments made during the three-year ESP period. (ESP Opinion and Order, March 18, 2009, p. 30).

3. In its July 23, 2009 Entry on Rehearing, the Commission confirmed that the Companies should file an application to request recovery of actual environmental investment expenditures after those expenditures have been incurred. (Entry on Rehearing, p. 14, ¶42). In doing so, the Commission cited its Staff's example of how these annual recovery requests would be

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 Bmm Date Processed 02-08-10

made. The Staff "envisioned an application in 2010 for recovery of 2009 actual environmental investment costs and annually thereafter for each succeeding year to reflect the actual expenditures." (*Id.*)

4. In conformance with the Commission's authorization of such annual filings to recover carrying costs related to actual environmental investment in the prior year, the Companies seek authority to each establish an Environmental Investment Carrying Cost Rider (EICCR). The EICCRs, with the initial level of each Company's EICCR, are attached to this application as CSP Schedule 6 and OPCo Schedule 6. CSP's proposed initial EICCR is 4.31451% of Non-FAC Generation charges and OPCo's proposed initial EICCR is 4.18938% of Non-FAC Generation charges.

5. The Companies propose to adjust their respective EICCR by filing an application in the first quarter of 2011 based upon environmental investments made in 2010, and in the first quarter of 2012 based upon environmental investments made in 2011.

6. Each Company's proposed initial EICCR is supported by their own set of Schedules 1-5. Each Company's Schedule 3 is a copy of the respective page of Exhibit PJN-10 from the Direct Testimony of Philip Nelson in the Companies' ESP proceeding.

7. Schedule 2 lists the month-by-month environmental capital additions in 2009 for each of the major environmental projects identified on that Schedule.

8. As shown on Schedule 1 for both Companies, their proposed initial EICCRs reflect the recovery over an 18-month period (July 2010-December 2011) of carrying costs on the 2009 environmental capital investment. Using CSP's Schedule 1 as an example, the revenue requirement for recovery of 2009 capital costs is shown on Line 9 as $5,757,000. The additional revenue requirement over 2010 and 2011 ($23,520,000) is determined by multiplying the Ongoing 2010-2011 revenue requirement ($980,000) by 24 (months). The total revenue requirement of $29,277,000 ($5,757,000 + $23,520,000) is to be recovered by applying the EICCR to the projected Non-FAC Generation charges over the 18-month period ($678,569,900).

9. The Companies propose that their EICCRs become effective with the first billing cycle of July 2010. This effective date coincides with the Fuel Adjustment Clause Rider modification scheduled for the first billing cycle of July 2010. It is important that these dates coincide because the EICCR is within the rate increase caps authorized by the Commission in the Companies' ESP proceeding. Therefore, the implementation of the EICCR will impact the FAC level and the ESP Phase-In Plan deferrals associated with the FAC.

10. Because the authority to make this filing results from the Commission's orders in the Companies' ESP proceeding, and the schedules supporting the

request, which are attached to the application, can be verified by the Commission's Staff, the Companies do not believe that a hearing in this matter is required. Instead, the Companies request that the Commission establish an opportunity for the filing of comments and reply comments, setting a reasonable schedule which would permit the Companies' EICCRs to become effective with the first billing cycle of July 2010.

11. The Companies' proposed EICCRs are just and reasonable and are authorized as part of their ESPs. Therefore, the Companies request that the Commission approve this application.

Respectfully submitted,
Marvin I. Resnik, Counsel of Record
Steven T. Nourse
American Electric Power Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215-2373
Telephone: (614) 716-1606
Facsimile: (614) 716-2950
miresnik@aep.com
stnourse@aep.com

Counsel for Columbus Southern Power
Company and Ohio Power Co

COLUMBUS SOUTHERN POWER COMPANY
CARRYING COSTS INCURRED
BASED ON INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2009 THROUGH DECEMBER 2009
$000

Ln. No.	Description	Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ongoing 2010/2011***	Total
1	2009 Cumulative Environmental Spend	From Ln. 20	$ 7,178	$ 15,974	$ 24,725	$ 31,859	$ 40,062	$ 45,158	$ 51,764	$ 58,414	$ 62,430	$ 66,143	$ 73,038	$ 79,278	$ 79,278	
2	Carrying Cost Rate 25 Yr Property	14.94% / 12 (Sch. 3)		1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
3	Environmental Carrying Costs	Prior Month Ln. 1 x Ln. 3	$ -	$ 89	$ 199	$ 308	$ 397	$ 499	$ 562	$ 644	$ 727	$ 777	$ 823	$ 909	$ 987	
4	Pool Capacity Allocation Factors	Schedule 4	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%	99%	
5	Carrying Costs Internal Load	Ln. 3 x Ln. 4	$ -	$ 89	$ 197	$ 306	$ 394	$ 495	$ 558	$ 640	$ 722	$ 772	$ 818	$ 903	$ 980	
6	Jurisdictional Allocation Factor	Schedule 5	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	100.0%	
7	Juris. Rev. Requirement (RR) 2009	Ln. 5 x Ln. 6	$ -	$ 87	$ 192	$ 299	$ 385	$ 484	$ 545	$ 625	$ 705	$ 754	$ 799	$ 882	$ 980	
8																
9	2009 Revenue Requirement	Sum of Jan - Dec												$ 5,757		
10																
11	2010 & 2011 RR on 2009 Actual Investment	Ongoing RR (Ln.7) x 24													$ 23,520	
12																
13	Total Revenue Requirement	Ln. 9 + Ln. 11													$ 29,277	
14																
15	Non-FAC Revenue (18 Months)*	Exhibit DMR-1 **													678,569,900	
16	EICCR	Ln. 13 Divided by Ln. 15													4.31451%	
17	**Capital Spend**															
18	CSP Monthly Environmental Capital Spend	Schedule 2	$ 7,178	$ 8,709	$ 8,559	$ 6,835	$ 7,818	$ 4,612	$ 6,061	$ 6,025	$ 3,311	$ 2,959	$ 6,096	$ 5,358		$ 73,521
19	Prior Months Carrying Cost	Ln. 7	$ -	$ 67	$ 192	$ 299	$ 385	$ 484	$ 545	$ 625	$ 705	$ 754	$ 799	$ 882		$ 5,757
20	CSP Cumulative Environmental Capital Spend	Ln. 18 + Ln. 19	$ 7,178	$ 15,974	$ 24,725	$ 31,859	$ 40,062	$ 45,158	$ 51,764	$ 58,414	$ 62,430	$ 66,143	$ 73,038	$ 79,278		$ 79,278

*Generation Revenue Used represents 18 months from ESP filing. This % of G will recover the 2009 Environmental carrying costs over 18 Months from July 2010 through December 2011.

** Exhibit DMR-1 was updated to comply with the July 23, 2009 Entry on Rehearing for the ESP (Case Nos. 08-917 and 08-918).

***Jurisdictional Allocation Factor Ongoing 2010/2011 represents the expiration of the City of Westerville Wholesale Contract.

COLUMBUS SOUTHERN POWER COMPANY
INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2009 THROUGH DECEMBER 2009

$ in thousands

Major Project	2009												Cumulative
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	for 2009
Conesville Unit 4 FGD	4,122	8,332	7,003	4,715	5,322	1,540	40	842	721	143	306	(25)	33,061
Conesville Unit 4 SCR	525	(815)	(39)	1,047	720	190	1,523	254	150	97	11	36	3,699
Conesville Unit 5 FGD	866	126	244	213	337	680	1,410	1,225	1,960	1,202	4,286	1,713	14,262
Conesville Unit 6 FGD	104	18	30	7	3	2	2	6	1	3	1	1,514	1,691
Stuart Units 1-4 FGD	225	709	634	121	383	833	1,033	2,150	(1,015)	153	57	162	5,445
Associated SO2 Landfill	321	23	147	322	543	650	907	689	835	630	289	188	5,544
Mercury	233	106	75	68	137	295	661	404	611	277	669	1,037	4,573
NOx Assoc	104	35	136	79	179	265	212	150	(76)	1	104	488	1,677
Other FGD	290	23	8	4	3		1	15	8	26	13	64	455
Other Environmental	388	152	321	259	191	157	272	290	116	427	360	181	3,114
Total Incremental Environmental	**$7,178**	**$8,709**	**$8,559**	**$6,835**	**$7,818**	**$4,612**	**$6,061**	**$6,025**	**$3,311**	**$2,959**	**$6,096**	**$5,358**	**$73,521**

CSP Schedule 3
(EXHIBIT PJN-10 - ESP Case 08-917 & 918)

Columbus Southern Power
Annual Investment Carrying Charges
For Economic Analyses
As of 12/31/2007

	Investment Life (Years)									
	7	8	10	15	20	25	30	33	40	50
Return (1)	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11
Depreciation (2)	12.12	10.31	7.81	4.59	3.07	2.23	1.71	1.48	1.12	0.81
FIT (3) (4)	2.67	2.59	1.49	1.79	1.86	1.64	1.50	1.44	1.34	1.24
Property Taxes, General & Admin Expenses	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95	2.95
	25.85	23.97	20.37	17.45	16.00	14.94	14.27	13.99	13.52	13.12

(1) See EXHIBIT PJN-11 *(Case Nos. 08-917 & 918)*
(2) Sinking Fund annuity with R1 Dispersion of Retirements
(3) Assuming MACRS Tax Depreciation
(4) @ 35% Federal Income Tax Rate

COLUMBUS SOUTHERN POWER COMPANY
AEP POOL CAPACITY SETTLEMENT RATIOS
JANUARY 2009 THROUGH DECEMBER 2009

	MEMBER PRIMARY CAPACITY kW (1)	MEMBER LOAD RATIO (2)	PRIMARY CAPACITY kW RESERVATION (3)
Jan	4,841,000	0.18660	4,880,100
Feb	4,841,000	0.18306	4,794,000
Mar	4,841,000	0.18306	4,799,800
Apr	4,841,000	0.18306	4,799,800
May	4,841,000	0.18306	4,799,800
Jun	4,841,000	0.18306	4,799,800
Jul	4,841,000	0.18455	4,838,900
Aug	4,841,000	0.18632	4,885,300
Sep	4,841,000	0.18632	4,885,300
Oct	4,841,000	0.18036	4,729,000
Nov	4,841,000	0.18036	4,729,000
Dec	4,849,000	0.18036	4,735,500
	58,100,000 (a)		57,676,300 (b)
Ratio (b)/(a)			99.3%

COLUMBUS SOUTHERN POWER COMPANY
Calculation of Jurisdiction Factors
January 2009 through December 2009

Monthly Jurisdictional Allocation Ratios

Line	Month	Jurisdictional Sales at Gen Level Kwh			Jurisdictional Ratios	
		Whlse (Wstville)	Retail	Total	Whlse (Wstville)	Retail
Actual						
1	January	49,419,743	2,131,771,120	2,181,190,864		
2	February	40,527,687	1,747,364,957	1,787,892,644		
3	March	39,783,813	1,868,586,317	1,908,370,130		
4	April	36,694,339	1,589,727,100	1,626,421,439		
5	May	38,787,691	1,666,097,746	1,704,885,438		
6	June	41,795,942	1,862,749,465	1,904,545,407		
7	July	41,132,368	1,838,103,377	1,879,235,745		
8	August	48,926,669	2,003,381,172	2,052,307,841		
9	September	42,033,480	1,604,110,502	1,646,143,982		
10	October	38,387,385	1,643,611,320	1,681,998,705		
11	November	37,165,102	1,575,606,737	1,612,771,838		
12	December	45,470,301	1,876,645,453	1,922,115,754		
10	Jan - Dec	500,124,520	21,407,755,267	21,907,879,787	0.02300	0.97700

P.U.C.O. NO. 7

ENVIRONMENTAL RIDER

Effective Cycle 1 July 2010, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Environmental Investment Carrying Cost Rider charge of 4.31451% of the customer's Non-Fuel generation charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

OHIO POWER COMPANY
CARRYING COSTS INCURRED
BASED ON INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2009 THROUGH DECEMBER 2009
$000

Ln. No.	Description	Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ongoing 2010/2011	Total
1	2009 Cumulative Environmental Spend	From Ln. 21	$ 34,220	$ 59,961	$ 77,325	$ 92,659	$ 110,221	$ 120,329	$ 124,511	$ 129,031	$ 136,537	$ 145,686	$ 154,220	$ 159,676	$ 159,676	
2	Carrying Cost Rate 25 Yr Property	13.98% / 12 (Sch. 3)		1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	
3	Environmental Carrying Costs	Prior Month Ln. 1 x Ln. 3	$ -	$ 399	$ 699	$ 901	$ 1,079	$ 1,284	$ 1,402	$ 1,451	$ 1,503	$ 1,591	$ 1,697	$ 1,797	$ 1,860	
4	Pool Capacity Allocation Factors	Schedule 4	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	67.9%	
5	Carrying Costs Internal Load	Ln. 3 x Ln. 4	$ -	$ 271	$ 474	$ 612	$ 733	$ 872	$ 952	$ 985	$ 1,021	$ 1,080	$ 1,152	$ 1,220	$ 1,263	
6	Jurisdictional Allocation Factor	Schedule 5	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	
7	Juris. Rev. Requirement (RR) 2009	Ln. 5 x Ln. 6	$ -	$ 250	$ 438	$ 565	$ 677	$ 805	$ 879	$ 909	$ 942	$ 997	$ 1,063	$ 1,126	$ 1,166	
8																
9	2009 Revenue Requirement	Sum of Jan - Dec												$ 8,651		
10																
11	2010 & 2011 RR on 2009 Actual Investment	Ongoing RR (Ln.7) x 24													$ 27,984	
12																
13	Total Revenue Requirement	Ln. 9 + Ln. 11													$ 36,635	
14																
15	Non-FAC Revenue (18 Months)*	Exhibit DMR-1**													874,473,797	
16	EICCR	Ln. 13 Divided by Ln. 15													4.18938%	
17																
18	**Capital Spend**															
19	OPCo Monthly Environmental Capital Spend	Schedule 2	$ 34,220	$ 25,491	$ 16,926	$ 14,769	$ 16,865	$ 9,303	$ 3,303	$ 3,611	$ 8,564	$ 8,152	$ 7,471	$ 4,330		$ 151,025
20	Prior Months Carrying Cost	Ln. 7	$ -	$ 250	$ 438	$ 565	$ 677	$ 805	$ 879	$ 909	$ 942	$ 997	$ 1,063	$ 1,126		$ 8,651
21	OPCo Cumulative Environmental Capital Spend	Ln. 19 + Ln. 20	$ 34,220	$ 59,961	$ 77,325	$ 92,659	$ 110,221	$ 120,329	$ 124,511	$ 129,031	$ 136,537	$ 145,686	$ 154,220	$ 159,676		$ 159,676

*Generation Revenue Used represents 18 months from ESP filing. This % of G will recover the 2009 Environmental carrying costs over 18 Months from July 2010 through December 2011.

** Exhibit DMR-1 was updated to comply with the July 23, 2009 Entry on Rehearing for the ESP (Case Nos. 08-917 and 08-918).

OHIO POWER COMPANY
INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2009 THROUGH DECEMBER 2009

$ in thousands

Major Project	2009 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cumulative for 2009
Amos Unit 3 Precipitator	18,371	15,458	8,592	2,045	(713)	486	(252)	64	24	(55)	8	(113)	43,915
Amos Unit 3 Ash Disposal	(70)	829	471	608	2,792	1,240	537	960	1,265	1,567	1,215	5,442	16,856
Amos Unit 3 FGD	8,711	2,504	934	1,439	4,131	1,656	975	(1,421)	523	87	486	151	20,176
Amos Unit 3 SCR	20	24		(29)	(10)								5
Cardinal Unit 1 FGD	1,133	724	583	624	680	412	398	294	250	(83)	259	171	5,445
Kammer Units 1-3 Fuel Switch	4,139	3,697	1,802	2,787	2,575	2,749	1,018	2,186	3,126	2,013	1,114	(9,064)	18,142
Mitchell Unit 1 FGD	(138)	81	6	12	38	11	9	1	20	1,030	(57)	354	1,367
Mitchell Unit 2 FGD	131	133	98	2,598	3,764	209	69	89	23	449	883	580	9,026
Associated SO2 Landfill	128	105	69	37	100	175	86	145	(79)	428	748	713	2,655
Mercury	42	27	15	19	141	101	74	105	124	52	258	172	1,130
NOx Assoc	587	1,461	3,693	2,526	1,571	1,400	230	316	328	1,331	293	4,234	17,970
Other FGD	99	105	234	555	580	24	115	6	12	(6)	(3)		1,721
Other Environmental	1,067	343	429	1,548	1,236	840	44	866	948	1,339	2,267	1,690	12,617
	$34,220	$25,491	$16,926	$14,769	$16,885	$9,303	$3,303	$3,611	$6,564	$8,152	$7,471	$4,330	$151,025

OPC Schedule 3
(EXHIBIT PJN-10 - ESP Case 08-917 & 918)

Ohio Power
Annual Investment Carrying Charges
For Economic Analyses
As of 12/31/2007

	Investment Life (Years)									
	7	8	10	15	20	25	30	33	40	50
Return (1)	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11
Depreciation (2)	12.12	10.31	7.81	4.59	3.08	2.23	1.71	1.48	1.12	0.81
FIT (3) (4)	2.67	2.59	1.49	1.79	1.86	1.64	1.50	1.44	1.34	1.24
Property Taxes, General & Admin Expenses	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	24.89	23.01	19.41	16.49	15.04	13.98	13.31	13.03	12.56	12.16

(1) See EXHIBIT PJN-11 *(Case Nos. 08-917 & 918)*

(2) Sinking Fund annuity with R1 Dispersion of Retirements

(3) Assuming MACRS Tax Depreciation

(4) @ 35% Federal Income Tax Rate

OHIO POWER COMPANY
AEP POOL CAPACITY SETTLEMENT RATIOS
JANUARY 2009 THROUGH DECEMBER 2009

	MEMBER PRIMARY CAPACITY kW (1)	MEMBER LOAD RATIO (2)	PRIMARY CAPACITY kW RESERVATION (3)
Jan	8,450,000	0.22937	5,998,700
Feb	8,450,000	0.22503	5,893,100
Mar	8,450,000	0.22503	5,900,300
Apr	8,450,000	0.22503	5,900,300
May	8,450,000	0.22503	5,900,300
Jun	8,450,000	0.22503	5,900,300
Jul	8,450,000	0.21833	5,724,600
Aug	8,450,000	0.21166	5,549,700
Sep	8,450,000	0.21166	5,549,700
Oct	8,450,000	0.21001	5,506,500
Nov	8,450,000	0.21001	5,506,500
Dec	8,458,000	0.21001	5,514,000
	101,408,000 (a)		68,844,000 (b)
Ratio (b)/(a)			67.9%

OHIO POWER COMPANY
Calculation of Jurisdiction Factors
January 2009 through December 2009

Monthly Jurisdictional Allocation Ratios

Line	Month	Jurisdictional Sales at Gen Level Kwh			Jurisdictional Ratios	
		Whlse (WPC)	Retail	Total	Whlse (WPC)	Retail
Actual						
1	January	209,456,700	2,665,312,146	2,874,768,846		
2	February	178,474,583	2,221,118,307	2,399,592,890		
3	March	175,396,483	2,333,667,220	2,509,063,703		
4	April	159,086,489	1,944,093,944	2,103,180,433		
5	May	172,114,063	1,862,711,307	2,034,825,371		
6	June	184,125,209	2,100,353,126	2,284,478,335		
7	July	172,721,436	2,053,983,048	2,226,704,484		
8	August	193,317,632	2,305,947,405	2,499,265,037		
9	September	184,106,881	1,968,209,148	2,152,316,029		
10	October	169,607,736	2,071,176,358	2,240,784,094		
11	November	176,092,035	1,952,041,637	2,128,133,672		
12	December	193,642,580	2,398,420,474	2,592,063,054		
10	Jan - Dec	2,168,141,827	25,877,034,120	28,045,175,948	0.07700	0.92300

P.U.C.O. NO. 7

ENVIRONMENTAL RIDER

Effective Cycle 1 July 2010, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Environmental Investment Carrying Cost Rider charge of 4.18938% of the customer's Non-Fuel generation charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.