

NC FILE

17

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application )  
of Columbus Southern Power )  
Company and Ohio Power Company )  
to Update Their Enhanced Service )  
Reliability Riders )

Case No. 10-163-EL-RDR

RECEIVED-DOCKETING DIV  
2010 FEB 11 PM 1:43  
PUCO

APPLICATION

1. Columbus Southern Power Company (CSP) and Ohio Power Company (OP), 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), AEP Ohio proposed four major programs relating to service reliability. The Commission found that the Companies' enhanced vegetation initiative, with Staff's additional recommendations, is a reasonable program that will advance state policy, while deferring inclusion of the remaining programs for potential future adoption. (Opinion and Order, March 18, 2009, p. 34). The Commission approved the Enhanced Service Reliability (ESR) incremental spending plan presented in the ESP Cases as being \$31.5 million in year one of the program, \$34.8 million in year two and \$38.1 million in year three. (*Id.* at 33.) Accordingly, the Commission approved the ESR Rider, subject to annual reconciliation based on the Companies' prudently-incurred costs.

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 JMM Date Processed FEB 11 2010

3. In its Entry on Rehearing, the Commission clarified that it created the ESR Rider as a mechanism to recover the actual costs incurred so that the expenditures could be tracked, reviewed to determine that they were prudent and incremental to costs included in base rates, and reconciled annually. (Entry on Rehearing, July 23, 2009, p. 17.) In doing so, the Commission indicated that it fully expects the Companies to work with Staff to strike the correct balance within the cost level established by its Order, which is based on the Companies' proposed ESRP program. (*Id.* at 18.)
4. In accordance with the Commission's orders, the Companies have worked with the Staff in finalizing its enhanced vegetation management initiative plan during the ESP and confirming the baseline level of spending that will define the incremental costs to be included in the ESR Rider. AEP Ohio's common understanding with Staff for resolving these matters is as follows:
  - a) As contemplated in the Commission's ESP Orders, the Companies will move to a four-year full cycle circuit vegetation program, after a transition period of five years to allow end-to-end clearing of all circuits and gathering of necessary data to implement an effective four-year program;
  - b) In 2008, AEP Ohio began a program to clear vegetation in circuit breaker zones (the section of distribution line from the circuit breaker in the substation downstream to the circuit's first automatic sectionalizing device), in order to reduce tree-related circuit breaker lockouts and improve reliability and customer satisfaction. AEP Ohio

and Staff have developed a common understanding of the schedule for end-to-end clearing of circuits during the five-year preparatory period, prioritized in part based on the breaker zone circuits already cleared under the existing program. This circuit clearing schedule is:

	YEAR CLEARING IS COMPLETED - NUMBER OF CIRCUITS							
	2009		2010		2011		2012	2013
2008 Breaker Zone Circuits (342 Total)	250		92					
2009 Breaker Zone Circuits (400 Total)			158		242			
Remaining Circuits (745 Total)					73		315	357
<b>TOTAL CIRCUITS</b>	<b>250</b>		<b>250</b>		<b>315</b>		<b>315</b>	<b>357</b>

;and

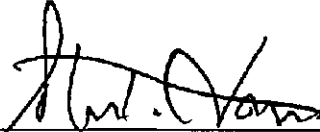
c) During the ESP cases, AEP Ohio based its baseline vegetation spending, on a four-year cash flow basis, on the period from 2004-2007. AEP Ohio and Staff have agreed that the Companies should update their calculation of baseline spending to cover the period 2005-2008 (equal to approximately \$23 million) and then reflect an additional measure of baseline spending so that the total of \$24.2 million will be used as the baseline vegetation spending for purposes of calculating the incremental vegetation spending to be recovered under the ESR Rider.

5. In conformance with the Commission's authorization of such annual filings to recover incremental vegetation spending subject to reconciliation, the Companies seek authority to each establish new ESR Riders. The proposed ESR Riders, with supporting calculations, are attached to this application as CSP Schedule 1 and OP Schedule 1. CSP's proposed ESR Rider is 3.34395%

of Distribution charges and OP's proposed ESR Rider is 5.59907% of Distribution charges.

6. The Companies propose to adjust their respective ESR Riders by filing an application in the first quarter of 2011 based upon actual incremental vegetation spending in 2010 and projected spending for 2011, and in the first quarter of 2012 based upon actual incremental vegetation spending in 2011.
7. The Companies propose that their ESR Riders 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 ESR Riders are within the rate increase caps authorized by the Commission in the Companies' ESP proceeding. Therefore, the implementation of the ESR Riders will impact the FAC level and the ESP Phase-In Plan deferrals associated with the FAC.
8. 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 that would permit the Companies' proposed ESR Riders to become effective with the first billing cycle of July 2010.

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



---

Respectfully submitted,  
Steven T. Nourse, Counsel of Record  
Marvin I. Resnik  
American Electric Power Corporation  
1 Riverside Plaza, 29<sup>th</sup> Floor  
Columbus, Ohio 43215-2373  
Telephone: (614) 716-1608  
Facsimile: (614) 716-2950  
[stnourse@aep.com](mailto:stnourse@aep.com)  
[miresnik@aep.com](mailto:miresnik@aep.com)

Counsel for Columbus Southern Power  
Company and Ohio Power Company

## 2009 Columbus Southern Power Company ESR Rider True-Up

	Base Vegetation		2009 Actual Spending	2009 Actual		2009 Vegetation Revenue Requirement*
	2009 Over/(Under) Recovery	Spend		Incremental	Revenue Requirement	
O&M	\$	9,194,144	\$	19,464,922	\$	10,270,778
January	\$	65,809	\$	104,724	\$	38,915
February	\$	66,398	\$	114,757	\$	48,359
March	\$	97,710	\$	185,456	\$	87,746
April	\$	138,973	\$	149,513	\$	10,540
May	\$	229,935	\$	300,530	\$	70,595
June	\$	79,621	\$	231,571	\$	151,950
July	\$	132,439	\$	244,585	\$	112,148
August	\$	107,287	\$	187,440	\$	107,379
September	\$	16,309	\$	456,658	\$	171,131
October	\$	60,780	\$	688,453	\$	394,878
November	\$	95,587	\$	998,822	\$	590,866
December	\$	116,810	\$	3,874,205	\$	882,012
Capital - 40 Year Life	\$	1,207,669	\$		\$	2,866,536
<b>Total</b>	\$	<b>10,401,813</b>			\$	<b>10,347,872</b>
					\$	<b>9,283,913</b>
					\$	<b>(1,053,959)</b>

	Base Vegetation		Original ESP 2010	Updated 2010		Carrying Charge Rate	2010 Vegetation Revenue Requirement		
	2010 Incremental Investment	Spend		Estimated Vegetation Spend	Vegetation Spend				
O&M	\$	9,194,144	\$	9,800,000	\$	9,331,520	\$	9,331,520	
Capital - 40 Year Life	\$	1,207,669	\$	2,300,000	\$	2,238,464	13.62%	\$	151,320 (a)
<b>Total</b>	\$	<b>10,401,813</b>	\$	<b>12,100,000</b>	\$	<b>11,569,984</b>		\$	<b>9,482,840</b>

2009 Investment Carrying Costs	\$	360,516 (b)
Over/(Under) Recovery (From Above)	\$	(1,053,959)
Total Revenue Requirement	\$	10,897,314
Base Distribution Revenues	\$	326,881,559
2010 ESR Rider		3,343,955%
Current ESR Rider		2,829,765%
Change in ESR Rider		0.51419%

\* The 2009 carrying charges were based on the actual 2009 monthly long-term debt rate and actual depreciation expense.

(a) Annual carrying charge rate times updated 2010 capital spending times one-half year

(b) Annual carrying charge rate times 2009 actual capital spending

### 2009 Ohio Power Company ESR Rider True-Up

	2009 Actual		2009 Vegetation	
	Incremental	Revenue Requirement*	Incremental	Revenue Requirement*
<b>OPCo - Distribution Vegetation</b>				
<b>2009 Over/(Under) Recovery</b>				
	Base Vegetation		Base Vegetation	
	Spend		Spend	
O&M	\$ 11,376,298	\$ 27,071,329	\$ 15,695,081	\$ 15,695,081
January	\$ 135,655	\$ 187,059	\$ 50,403	\$ -
February	\$ 116,653	\$ 181,141	\$ 64,478	\$ 821
March	\$ 208,231	\$ 325,258	\$ 119,038	\$ 1,393
April	\$ 255,896	\$ 418,705	\$ 162,809	\$ 2,864
May	\$ 289,474	\$ 746,872	\$ 457,398	\$ 4,751
June	\$ 224,182	\$ 386,671	\$ 162,479	\$ 10,460
July	\$ 184,069	\$ 541,455	\$ 357,388	\$ 12,396
August	\$ 216,113	\$ 180,036	\$ (36,077)	\$ 18,669
September	\$ 226,225	\$ 290,979	\$ 64,754	\$ 15,962
October	\$ 184,145	\$ 822,415	\$ 636,270	\$ 13,503
November	\$ 139,913	\$ 578,379	\$ 438,466	\$ 24,656
December	\$ 242,341	\$ 582,985	\$ 340,644	\$ 29,934
Capital - 30 Year Life	\$ 2,421,919	\$ 5,241,956	\$ 2,820,047	\$ 133,210
<b>Total</b>	<b>\$ 13,798,187</b>			<b>\$ 15,828,271</b>
				<b>\$ 16,757,740</b>
				<b>\$ 829,468</b>
				<b>\$ 15,928,271</b>
				<b>\$ 16,757,740</b>
				<b>\$ 829,468</b>

	Original ESP 2010		Updated 2010		Carrying Charge Rate	2010 Vegetation Revenue Requirement
	Estimated Vegetation Spend	Estimated ESP 2010	Updated 2010 Vegetation Spend	Updated 2010 ESP		
O&M	\$ 11,376,298	\$ 18,500,000	\$ 17,920,331	\$ 17,920,331		\$ 17,920,331
Capital - 30 Year Life	\$ 2,421,919	\$ 4,300,000	\$ 4,176,593	\$ 4,176,593	13.31%	\$ 277,952
<b>Total</b>	<b>\$ 13,798,187</b>	<b>\$ 22,800,000</b>	<b>\$ 22,096,924</b>	<b>\$ 22,096,924</b>		<b>\$ 18,198,283</b>

2009 Investment Carrying Costs	\$ 375,348
Over/(Under) Recovery (From Above)	\$ 929,468
Total Revenue Requirement	\$ 17,644,164
Base Distribution Revenues	\$ 315,126,553
2010 ESR Rider	\$ 5,589,076
Current ESR Rider	\$ 5,498,196
Change In ESR Rider	\$ 0.10089%

\* The 2009 carrying charges were based on the actual 2009 monthly long-term debt rate and actual depreciation expense.

(a) Annual carrying charge rate times updated 2010 capital spending times one-half year

(b) Annual carrying charge rate times 2009 actual capital spending