BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Annual Portfolio Status Report Under Rule 4901:1-39-05(C), Ohio Administrative Code, by Columbus Southern Power Company	)	**Case No. 10-318-EL-EEC**
In the Matter of the Annual Portfolio Status Report Under Rule 4901:1-39-05(C), Ohio Administrative Code, by Ohio Power Company	)	**Case No. 10-321-EL-EEC**

AEP OHIO REPLY COMMENTS

Columbus Southern Power Company (CSP) and Ohio Power Company (OPCO), collectively the "Companies" or "AEP Ohio," initiated these cases by filing their annual Portfolio Status Report under Rule 4901:1-39-05(C), Ohio Administrative Code (OAC). Joint comments regarding three matters were filed by the Ohio Consumers' Counsel (OCC) and the Natural Resources Defense Council (NRDC). AEP Ohio will briefly respond to the three items addressed in the OCC/NRDC comments.

1. Mercantile Self Direct Program incentives

In Section II.A., the OCC/NRDC comments criticize the Self Direct incentive (at 2-3) as "simply too generous" and conclude that the program is "too expensive," suggesting that the incentive should be reduced from 75% to 50% and opting for more energy efficient appliance rebates for residential customers.

First, AEP Ohio submits that this annual Portfolio Status Report proceeding is not an appropriate venue to tinker with the Companies' program management and implementation. AEP Ohio's Program Portfolio Plan for 2009-2011 was presented as a broadly-supported Stipulation and Recommendation in Case Nos. 09-1089 and 09-1090-

EL-POR (which remains pending). Such matters are more appropriately addressed in those cases based on the more robust record developed in those proceedings. Indeed, this very subject was addressed in the Stipulation and Recommendation in those cases. As Signatory Parties to the Stipulation and Recommendation, both OCC and NRDC directly supported (through paragraph XII.3) the Companies' Self Direct program "as designed in the Plan to commit previously-installed EE/PDR resources." While OCC and NRDC (through paragraph XII.4) reserved their right to oppose individual Self Direct Program applications, that reservation does not apply here and cannot be used to undermine the explicit support for the Self Direct program as designed. These matters were addressed and bargained for as part of the settlement package presented in 09-1089 and 09-1090 – they should be addressed in those cases and the Signatory Parties held to their unequivocal agreements.

Even if the re-design of the Self Direct program were an appropriate issue for this case (which it is not), AEP Ohio disagrees with the solution proposed by OCC/NRDC. The Self Direct program is cost effective and a lower cost alternative to the Products Program. The Companies offered these programs according to the Plan and Stipulation filed for approval with the Commission and it was agreed to by both parties offering comments here. In the Plan, the Self Direct program had a 25% reduction in incentive payment or a second option of an exemption from the EE/PDR rider for a specific length of time. OCC/NRDC argue without empirical data or analysis that the Companies are placing too much emphasis on savings from "existing" (previously purchased and installed) measures when in reality the potential of the Commission ruling in favor of a part year reporting mechanism drove the Companies to place emphasis on those measures that could provide a full twelve months of impacts. Hence, the argument that the incentive structure is too generous for the Self Direct program doesn't consider that the Companies have by design (with the parties full opportunity for input throughout the Collaborative process) reduced the value of the incentive by 25%. Ultimately, the OCC/NRDC position fails to recognize that, although they may not favor the Self Direct program's approach of dedicating existing customer-sited energy efficiency resources instead of creating new energy savings, this approach was specifically sanctioned by the General Assembly in enacting R.C. 4928.66.

Moreover, AEP can only implement so much residential program activity at a given time, so AEP Ohio submits that the OCC/NRDC response of "just do more residential" is not a practical or effective solution. If such adjustments are made, there are probably other corollary adjustments that would be appropriate to simultaneously consider. In any case, such matters should be taken up in the AEP Ohio Collaborative. The Companies would consider further changes, but would prefer to handle such changes administratively and working with the Collaborative considering budgetary and total cost of compliance issues. Further, the Self Direct program is not taking funding from programs in the Consumer Sector such as the Efficient Products program. For the reasons described, the Companies do not agree to reduce the incentive for the Self Direct program from 75% to 50% for the reasons described and submit that there is not an adequate record basis in this case to adopt the OCC/NRDC position.

2. Expanding Energy Efficient Appliance Programs

In Section II.B., the OCC/NRDC comments again advocate (at 4-5) expanding the residential appliance programs.

The Companies have been working with the State of Ohio in 2010 on the promotion of energy efficient appliances through the American Recovery and Reinvestment Act, and therefore are following the Plan as filed. The Companies are simply promoting energy efficient appliances in a more cost effective manner than anticipated. The Companies are also not abandoning their promotion of appliances in 2011 and intend to add appliances according to Plan in that calendar year. It is more cost effective to promote compact fluorescent lighting. The significant savings for the cost will be reduced by adding appliances. Appliances are not particularly cost effective and will decrease the cost effectiveness of the Products program overall. Since the Companies have partnered with the State of Ohio on a significant appliance rebate program, the Companies feel they have met the Plan obligation to promote energy efficient appliances in 2010.

3. Mercantile Self Direct Program Reporting

In Section II.C., the OCC/NRDC comments suggest (at 5-6) that AEP Ohio's presentation of applicable benchmark savings "was not optimal" and that AEP Ohio should be required to amend its report.

The Companies have no particular objection to providing annual and part year savings by program once the reporting mechanism is finally determined by the Commission for future years Portfolio Status Reports. But there is no rule requirement to present the information in the manner advocated by OCC/NRDC and it would be inappropriate to retroactively require AEP Ohio to amend the existing report that was already filed. As the issue remains unsettled, and as OCC/NRDC point out, the

Companies plans to presently continue providing the reporting both ways to the Collaborative.

CONCLUSION

For the foregoing reasons, AEP Ohio requests that the Commission accept the Companies' annual Status Report.

Respectfully submitted,

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PROOF OF SERVICE

I certify that Columbus Southern Power Company's and Ohio Power Company's Reply Comments were served by electronic mail and U.S. Mail upon counsel for all parties of record identified below this 3rd day of May, 2010.

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