

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company for)	Case No. 09-1089-EL-POR
Approval of its Program Portfolio Plan and)	
Request for Expedited Consideration.)	

In the Matter of the Application of)	
Ohio Power Company for Approval of its)	Case No. 09-1090-EL-POR
Program Portfolio Plan and Request for)	
Expedited Consideration.)	

**REPLY MEMORANDUM OF
COLUMBUS SOUTHERN POWER AND OHIO POWER COMPANY**

I. INTRODUCTION

On November 18, 2010, Columbus Southern Power Company and Ohio Power Company (collectively "AEP Ohio") filed a motion seeking continuation of a previous Commission determination while recognizing an opportunity to take advantage of a planned utility filing to streamline a matter already subject to Commission consideration. The Industrial Energy Users-Ohio (IEU) filed a Memorandum Contra challenging AEP Ohio's motion. Ohio Consumers' Counsel, the Natural Resources Defense Council, the Sierra Club of Ohio, and Ohio Environmental Council (collectively "Signatory Parties") also filed a Memorandum Contra, but that memorandum is supportive of the continuation of lost revenue recovery based on two stated conditions.

AEP Ohio's goal was to recognize the underlying issues under consideration by the Commission and provide the best available proceeding to fully consider the matters in

as an efficient manner as possible. AEP Ohio is still committed to presenting the Commission with the most efficient docket to consider the broader issues at stake related to the collection of lost revenues as part of its energy efficiency and peak demand reduction programs. AEP Ohio filed its motion keeping both the Standard Service Offer and distribution rate case options open in order to ensure the ability of the Commission to issue the orders needed to effectuate whatever result it ultimately finds.

II. ARGUMENT

AEP Ohio's Motion is an Appropriate Continuation of the Commission's Efforts in its May 13, 2010 Opinion and Order.

IEU incorrectly characterizes AEP Ohio's motion as an untimely Application for Rehearing, that AEP Ohio failed to comply with the prior Opinion, and that AEP Ohio has not provided any showing of inadequate compensation. IEU's arguments are misplaced. IEU fails to recognize the focus of the motion that addresses the Commission's underlying concern and IEU also seeks to reargue points it is currently making on appeal before the Supreme Court of Ohio in case number 2010-1533.

The motion is not an Application for Rehearing and does not violate the prior Opinion. The Commission invited a future filing to consider this subject matter in its Opinion and Order. (Opinion and Order at 26.) The Commission also expressed a desire to consider a mechanism in the context of knowing AEP Ohio's actual cost of service and expressly indicated that it would consider extending the status quo in that context. In light of pending developments within AEP Ohio, it is the belief that such a case will soon be filed that will provide that context desired by the Commission. That is the focus of

AEP Ohio's motion. That changed circumstance provided reason to file a motion to make the Commission's adjudication of issues as efficient as possible.

The Commission has been vested with authority to organize its dockets and conduct business as it sees fit. When considering the Commission's decision whether or not to hold a hearing the Supreme Court of Ohio stated, "[I]t is well-settled that pursuant to R.C. 4901.13, the commission has the discretion to decide how, in light of its internal organization and docket considerations, it may best proceed to manage and expedite the orderly flow of its business, avoid undue delay and eliminate unnecessary duplication of effort." *Weiss v Pub Util Comm.* (2000), 90 Ohio St. 3d 15, 19. AEP Ohio's motion is an attempt to be responsive to the Commission's underlying concern to ensure the cost of service is considered and to recognize the potential to avoid a duplication of efforts. IEU's argument ignores the Commission's power to organize its docket and promotes inefficient use of Commission resources.

IEU also seeks to reargue the argument currently on appeal to the Supreme Court of Ohio, concerning a demonstration of the revenue necessary to provide AEP Ohio an opportunity to recover its costs. In its appeal of the initial Opinion and Order in the case, IEU argued to the Court this same issue for the initial period where the mechanism was already approved. The Commission already found on rehearing that it had the authority to implement such a recovery as evidenced by the interim approval. The pending request is nothing more than a motion to continue the action already approved by the Commission. There is no further authority needed. In light of AEP Ohio's representation that it will be able to address the Commission's underlying concerns in a pending filing

there is justification for continuing the Commission's current approach to deal with the issue in the context of the appropriate information.

Some of the Signatory Parties to the original Stipulation also recognize the value of dealing with the Commission's questions in the context of an upcoming case. The Signatory Parties filed comments in support of the motion provided that AEP Ohio file for "decoupling" only in a distribution rate case and that AEP Ohio be encouraged or required to implement a collaborative process.

AEP Ohio is appreciative of the Signatory Parties' support to continue the current mechanism, already approved by the Commission, pending the consideration of a distribution rate case. It is AEP Ohio's intent to address the underlying issues concerning quantification of fixed costs. Limiting the available option to solely a distribution rate case could risk limiting the Commission's tool box to rule on "decoupling" issues. AEP Ohio does not want to agree to limit the Commission's purview of the issue and retain the ability for the appropriate Commission rulings in the appropriate setting. It also bears pointing out that different parties sometimes have different definitions of the term decoupling. The exact makeup of AEP Ohio's proposal is not yet known and should not be defined by this filing beyond what was already sought by the Commission in the Opinion and Order.

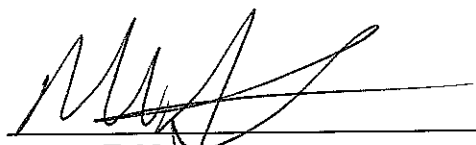
On a collaborative front, AEP Ohio can represent that it is already discussing options and issues with "willing stakeholders." The formation of a formal collaborative is not necessary and could lead to unnecessary delay of the ultimate filing. AEP Ohio stands ready to discuss the matter with any party ready to seriously exchange good ideas. The ultimate proposal will be offered after consideration of the input already gained and

that is still being provided. Regardless, AEP Ohio's filing will only be a proposal that any party with appropriate standing will be able to provide formal input.

III. CONCLUSION

AEP Ohio's November 18, 2010 motion is an appropriate filing that presents the Commission with the most efficient way to address its underlying questions while continuing its previous treatment of lost revenues. Another interim program that could change once the quantification of fixed costs is considered is not efficient. The motion represents the responsible usage of the Commission's time and docket to address pending issues. AEP Ohio does not think it is appropriate to limit the Commission's options by committing to address the issue solely in its expected 2011 distribution rate case filing as requested by the Signatory Parties. The goal of the motion is to empower the Commission and leave options open. AEP Ohio has been and continues to be available to discuss these issues with any willing party, but does not believe there is a need for a formal collaborative.

Respectfully submitted,

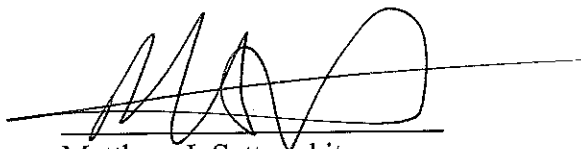


Steven T. Nourse
Matthew J. Satterwhite
American Electric Power Service Corp
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Telephone: (614) 716-1608
Fax: (614) 716-2950
Email: stnourse@aep.com
mjsatterwhite@aep.com

**Counsel for Columbus Southern Power
Company and Ohio Power Company**

PROOF OF SERVICE

I certify that Columbus Southern Power Company's and Ohio Power Company's Reply Memorandum was served by First-Class U.S. Mail upon counsel for all parties of record identified below this 10th day of December, 2010.



Matthew J. Satterwhite

Richard Cordray
William L. Wright
Thomas McNamee
Assistant Attorney General
Public Utilities Section
180 East Broad Street
Columbus, OH 43215
william.wright@puc.state.oh.us
thomas.mcnamee@puc.state.oh.us
ON BEHALF OF THE PUBLIC
UTILITIES COMMISSION OF OHIO

Henry W. Eckhart
50 W. Broad Street #2117
Columbus, OH 43215
henryeckhart@aol.com
ON BEHALF OF THE SIERRA CLUB
OF OHIO AND THE NATURAL
RESOURCES DEFENSE COUNCIL

David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@BKLawfirm.com
mkurtz@BKLawfirm.com
ON BEHALF OF OHIO ENERGY
GROUP
Clinton A. Vince
Douglas G. Bonner
Enuna F. Hand

Samuel C. Randazzo
Joseph M. Clark
McNees, Wallace & Nurick, LLC
21 East State Street
Columbus, Ohio 43215
ON BEHALF OF THE INDUSTRIAL
ENERGY USERS OF OHIO

Thomas O'Brien
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215
tobrien@bricker.com
ON BEHALF OF THE OHIO
MANUFACTURERS' ASSOCIATION
AND THE OHIO HOSPITAL
ASSOCIATION

Richard Sites
Ohio Hospital Association
155 E. Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org
ON BEHALF OF THE OHIO HOSPITAL
ASSOCIATION

Keith C. Nusbaum
Soimenschein Noth & Rosenthal LLP
1301 K Street, NW
Suite 600, East Tower
Washington, DC 20005
cvince@sormenschein.com
dbonner@soimenschein.com
ehand@sonnenschein.com
knusbaum@sonnenschein.com
ON BEHALF OF ORMET PRIMARY
ALUMINUM CORPORATION

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 West Lima Street
Findlay, OH 45839-1793
drinebolt@aol.com
cmooney2@columbus.rr.com
ON BEHALF OF OHIO PARTNERS
FOR AFFORDABLE ENERGY

Nolan Moser
Will Reisinger
The Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 43212
nmoser@theOEC.org
will@theOEC.org
ON BEHALF OF THE OHIO
ENVIRONMENTAL COUNCIL

Janine L. Migden-Ostrander
Ohio Consumers' Counsel
Christopher J. Allwein
Terry L. Etter
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215
allwein@occ.state.oh.us
etter@occ.state.oh.us
ON BEHALF OF THE OFFICE OF THE
OHIO CONSUMERS COUNSEL

Michael Smalz
Ohio Poverty Law Center
555 Buttles Avenue
Columbus, OH 43215
msmalz@ohiopovertylaw.org
ON BEHALF OF THE OHIO POVERTY
LAW CENTER

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

12/10/2010 2:22:59 PM

in

Case No(s). 09-1090-EL-POR

Summary: Memorandum Reply Memorandum of Columbus Southern Power and Ohio Power Company electronically filed by Mr. Matthew J Satterwhite on behalf of American Electric Power Service Corporation