

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)
 Columbus Southern Power Company and)
 Ohio Power Company, Individually and, if) Case No. 11-351-EL-AIR
 Their Proposed Merger is Approved, as a) Case No. 11-352-EL-AIR
 Merged Company (collectively, AEP Ohio))
 for an Increase in Electric Distribution Rates)

In the Matter of the Application of)
 Columbus Southern Power Company and)
 Ohio Power Company, Individually and, if) Case No. 11-353-EL-ATA
 Their Proposed Merger is Approved, as a) Case No. 11-354-EL-ATA
 Merged Company (collectively AEP Ohio))
 for Tariff Approval)

In the Matter of the Application of)
 Columbus Southern Power Company and)
 Ohio Power Company, Individually and, if) Case No. 11-356-EL-AAM
 Their Proposed Merger is Approved, as a) Case No. 11-358-EL-AAM
 Merged Company (collectively AEP Ohio))
 for Approval to Change Accounting Methods)

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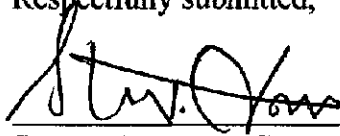
**MOTION OF COLUMBUS SOUTHERN POWER COMPANY AND
OHIO POWER COMPANY TO ESTABLISH TEST PERIOD DATES AND FOR
WAIVER OF CERTAIN FILING REQUIREMENTS**

Pursuant to Section 4909.15(C), Revised Code, Columbus Southern Power Company (CSP) and Ohio Power Company (OPCo) (collectively, "AEP Ohio" or "the Companies") hereby move to establish a date certain of August 31, 2010, and a test period of June 1, 2010, to May 31, 2011, for their forthcoming application for an increase in their electric distribution rates.

Pursuant to Rule 4901-7-01, Ohio Administrative Code, the Companies further request that the Commission waive certain of the Commission's standard filing requirements, as set forth in the attached Memorandum in Support.

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Respectfully submitted,



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MEMORANDUM IN SUPPORT

I. INTRODUCTION

On or about February 28, 2011, Columbus Southern Power Company and Ohio Power Company (collectively, "the Companies") intend to file an application for an increase in their electric distribution rates, pursuant to Section 4909.18, Ohio Rev. Code. Absent a waiver, applications for an increase in rates under Section 4909.18 must conform to the standard filing requirements (also referred to as "SFRs") set forth in Appendix A to Rule 4901:1-07, Ohio Admin. Code. Under Rule 4901-7-01, Appendix A, Chapter II(A)(4)(d) and (e), Ohio Admin. Code, the Commission may upon timely motion, waive specific provisions of the SFRs. Those same statutes and rules also govern the establishment of test year and date certain for an application for rate increase. The purposes of this filing are: (1) to establish a "date certain" for this rate case; (2) to set a test period for this case that differs from the default test period prescribed by Section 4909.15(C), Ohio Revised Code; and (3) to waive certain standard filing requirements that would require the Companies to provide information that is either unavailable or irrelevant to the Companies' electric distribution rate case. For the reasons stated below, the Commission should grant each of the Companies' requests.

II. TEST PERIOD AND DATE CERTAIN

"[W]hen fixing and determining just and reasonable rates" for a public utility service, the Commission must determine a number of things. First, the Commission must determine "[t]he valuation as of the *date certain* of the property of the public utility used and useful in rendering the public utility service for which rates are to be fixed and determined." Section 4909.15(A)(1), Ohio Rev. Code (emphasis added). The "date certain" cannot be later than the date on which the utility files the application for an increase in rates. Section 4909.15(C), Ohio Rev. Code. The Commission also must determine "[t]he cost to the utility of rendering the public utility service

for the *test period* less the total of any interest on cash or credit refunds paid * * * by the utility during the test period.” Section 4909.15(A)(4), Ohio Rev. Code. The default “test period” set by statute is “the twelve-month period beginning six months prior to the date the application is filed and ending six months subsequent to that date.” Section 4909.15(C), Ohio Rev. Code.

The Commission may order that another test period be used, but it may not select a test period that ends “more than nine months subsequent to the date the application is filed.” *Id.* The statutory requirements are incorporated into the Commission's SFRs for large utilities, set forth in Appendix A to Chapter 4901-7, Ohio Admin. Code. In particular, Section A(5)(a) of the General Instructions to the Commission's standard filing requirements provides that, “in accordance with the requirements of the Ohio Revised Code, the test period, unless otherwise ordered by the commission shall be the twelve-month period beginning six months prior to the date the application is filed and ending six months subsequent to the application filing date. . . . The date certain shall not be later than the date of the filing.”

The Companies intend to file their application on February 28, 2011. Accordingly, the default test period would be August 28, 2010, to August 28, 2011. The Companies request the Commission’s authorize the Companies to use, instead, an alternate test period of June 1, 2010, to May 31, 2011. One reason for this more historical test year (versus a fully projected test year) is to avoid the need to do an update of the filing, thereby enabling the case to be evaluated and proceed more expeditiously. The proposed test year, is well within the range of test years granted to other electric utilities in distribution rate cases. The Companies also request authority to use a “date certain” of August 31, 2010. That date is prior to the expected filing date for the Companies’ rate increase application and, therefore, complies with Section 4909.15(C), Ohio Rev. Code.

III. REQUESTS FOR WAIVERS

The Companies also respectfully request that the Commission waive certain aspects of the Standard Filing Requirements for rate increase applications, contained in Appendix A of Rule 4901-7-01, Ohio Admin. Code. To obtain a waiver, the utility must file the waiver request at least thirty days before filing its rate increase application and “must set forth the specific reasons in support of the request.” Rule 4901-7-01, Appendix A, Chapter II(A)(4)(d) and (e), Ohio Admin. Code. The Commission will grant the request if “good cause [is] shown by the utility.” *Id.* To determine whether good cause has been shown for a request for waiver, the Commission will consider, “among other things,” three factors:

- (i) Whether other information, which the utility would provide if the waiver is granted, is sufficient so that the commission staff can effectively and efficiently review the rate application.
- (ii) Whether the information, which is the subject of the waiver request, is normally maintained by the utility or reasonably available to it from the information which it maintains.
- (iii) The expense to the utility in providing the information, which is the subject of the waiver request.

Appendix A, Chapter II(A)(4)(d). The Companies respectfully submit that this Memorandum in Support demonstrates good cause for the following requests for waivers.

A. **Chapter II(C): Supplemental Information Provided at Filing**

Chapter II(C) sets forth twenty-four categories of supplemental information that the applicant utility “must deliver . . . , if applicable, to the utilities department, office of the rate case manager, at the time of the filing of the application.” Standard Filing Requirements, Chapter II(C). The Companies seek a waiver of any requirements to provide generation and transmission data and to provide federal income tax return information, for the reasons explained below.

1. Waiver of Any Requirement to File Generation and Transmission-Related Information

The Companies intend to request in this proceeding to increase only their distribution service rates. Thus, information related to their generation or transmission functions is not relevant. Consequently, to the extent that any of the standard filing requirements in Chapter II(C) would include generation or transmission-related data, the Companies seek a waiver from those requirements. The Commission has previously waived the requirements to provide generation and transmission data in electric distribution rate cases. *See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices and for Tariff Approvals*, Case No. 07-551-EL-AIR (“*In re FirstEnergy Rate Increase*”), Entry, at ¶ 7 (May 30, 2007); *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Electric Distribution Rates*, Case No. 08-709-EL-AIR (“*In re Duke Rate Increase*”), Entry, at ¶ 6 (July 23, 2008). For the same reasons, the Companies ask the Commission to provide a general waiver of any requirements that Chapter II(C) contains to provide information relating to their generation and transmission functions, including but not necessarily limited to the following:

- Supplemental Filing Requirements (B)(2)&(3): Waive data in the five-year financial forecast pertaining to the generation and transmission.
- Supplemental Filing Data (C)(13): Waive materials and supplies data for generation & transmission.
- Supplemental Filing Data (C)(23): Waive data requirement for surviving dollars by vintage year of placement. related to generation and transmission plant
- Schedule D-5, page 1 of 4: Waiver of CWIP by property groupings.

- Schedule D-5, page 4 of 4: Waive request for mix of fuel data.

2. Confidential Sharing of Tax Returns

The Commission's standard filing requirements also require electric utilities to provide copies of certain specified federal income tax information when the companies file their rate increase applications. *See* Standard Filing Requirements, Chapter II(C)(15). To insure that the information in these returns remains confidential, the Companies ask that it be permitted instead to make this federal income tax information available to the Staff on a coincidental basis during the Staff's field audit, when it also will be making available to the Staff, on a confidential basis, copies of its state income tax returns. *See* Standard Filing Requirements, Chapter II(D)(19). The Commission has previously granted such requests. *See In re First Energy Rate Increase*, Entry, at ¶ 14 (May 30, 2007); *In re Duke Rate Increase*, Entry, at ¶ 9 (July 23, 2008).

B. Chapter II, Section B: Rate Base

1. Waiver of Pre-1999 Data Requirement for Depreciation Reserve Accruals, Retirements, and Transfers

Chapter II, Section B(C)(4) of the Commission's standard filing requirements requires electric utilities to "[p]rovide in the level of detail maintained by the utility, the total company balances, depreciation/amortization expense accruals, salvage, cost of removal, and transfers in the format indicated on Schedule B-3.3 which occurred in the interim period from the date certain of the last rate case to the date certain in the current case." Standard Filing Requirements, Chapter II, Section B(C)(4).

The dates certain for Columbus Southern Power Company's and Ohio Power Company's last base rate increase proceedings, in Case Nos. 91-418-EL-AIR and 94-996-EL-AIR, were

March 31, 1991 and June 30, 1994 respectively. For years prior to 1999, the Companies do not have the requested information at the level of detail requested in Schedule B-3.3. The Companies can provide the total company net changes from the dates certain of the last rate cases to January 1, 1999. The Companies note that Section (B)(C)(4) requires an electric utility to provide the requested information only "in the level of detail maintained by the utility." Accordingly, the Companies respectfully request that to the extent that Chapter II, Section B(C)(4) requires information from periods prior to 1999 in a greater level of detail than what the Companies have available, the requirement be waived for those years.

2. Waiver of Construction Work in Progress Information Requirement

Chapter II, Section B(D) of the Commission's standard filing requirements requires electric utilities to "[p]rovide a list of all construction projects in progress at the date certain which have been included in the proposed rate base" and certain information about those projects. See Standard Filing Requirements, Chapter II, Section B(D). The Companies are not including any Construction Work in Progress (CWIP) balances in the rate base they are proposing in this proceeding. In addition, no CWIP allowances were included in the Companies' rate bases in their most recent prior rate increase cases, Case Nos. 91-418-EL-AIR and Case No. 94-996-EL-AIR. Consequently, the Companies believe that the information requested in Schedules B-4, B-4.1, and B-4.2 (CWIP), B-9 (Mirror CWIP), and Supplemental Information Due at Filing (C)(22) are not applicable to them. In addition, the supplemental information that Chapter II (C)(9) requires, regarding CWIP included in the utility's rate base in its prior rate case, is also inapplicable to the Companies. Accordingly, to the extent it is necessary for the Companies to obtain waivers from submitting the CWIP-related information that those provisions of the standard filing requirements require, the Companies request that the Commission grant such a waiver.

C. Chapter II, Section F: Integrated Resource Planning (IRP)

Chapter II, Section F of the Commission's standard filing requirements requires an electric company to provide certain data "for any costs in its rate base and/or operating income related to any supply-side or demand-side projects or programs considered in a commission-approved integrated resource plan or program (IRP)." SFR Chapter II, Section F(A). The Companies are not required to file a full IRP until April 2011. But the Companies did file a Supplement to the 2010 Long-Term Forecast Report in Case Nos. 10-501-EL-FOR and 10-502-EL-FOR on December 20, 2010 (Supplemental LTFR), which included as Appendix 2 the 2010 AEP-East Integrated Resource Plan; that filing will be fully litigated as an adjunct to the Companies' anticipated Electric Security Plan (ESP) filing and in parallel to this distribution rate case. That Supplemental LTFR filing supports a nonbypassable surcharge proposal for generation capacity that will be made in the Companies' ESP case pursuant to Section 4928.143(B)(2), Revised Code.

More to the point, the IRP filing requirement in SFR Chapter II, Section F(A) contemplates an integrated electric utility filing and electric utilities' rates have been unbundled in Ohio and corporate separation has been implemented. More specifically, at the time this distribution rate case is being adjudicated, AEP Ohio will have separate generation/ESP cases pending that will independently determine the Companies' generation and distribution rates on an unbundled basis. Further, other demand-side programs that may have been contemplated in SFR Chapter II, Section F(A) such as energy efficiency and peak demand reduction programs are also being addressed elsewhere either as part of the ESP cases (wherein the EE/PDR rider and nonbypassable generation capacity surcharge will be addressed) or as part of the POR case to be filed in 2011 that will establish a Program Portfolio Plan for AEP Ohio for 2012-2014. Thus, consistent with the separate waiver discussed above to avoid the unnecessary submittal of

transmission and generation information as part of this distribution rate case, the Companies request a waiver of SFR relating to the IRP.

In short, AEP Ohio is not generally seeking recovery in this case of IRP rate base, IRP project dollars or IRP expense dollars as contemplated in SFR Chapter II, Section F(A). And it should not be necessary for AEP Ohio to file the information required by SFR Chapter II, Section F(A). Accordingly, to the extent the filing requirement applies in the context described above, the Companies ask that the Commission waive the requirements of SFR Chapter II, Section F.

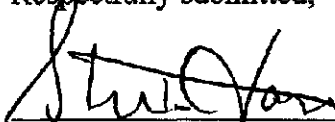
D. Additional Information Filed in Anticipation of Merger Approval Prior to Effective Date of New Distribution Rates

The Companies have proposed to merge CSP into OPCo through their pending application in Case No. 10-2376-EL-UNC and anticipate a merger closing in 2011 prior to the anticipated effective date of new distribution rates resulting from the application that is to be filed. In addition to complying with the SFRs for CSP and OPCo separately (excepting the matters addressed in this waiver request), the Companies plan to present additional information and schedules for the combined, post-merger company providing for a merger closing during the period when this case remains pending. In other words, the Companies essentially plan to provide additional information above and beyond the *minimum* SFRs in order to address the contingency of a merger closing after the application and before the new rates become effective. Thus, while the post-merger entity will be one of the applicants, namely OPCo, and the information supporting the rate requests will be presented both in a combined and separate fashion, the Companies are requesting any necessary waiver to address this unique situation. In particular, the Companies request that the Commission approve the above-described proposal for presenting supporting data and complying with the SFRs in this proceeding.

IV. CONCLUSION

For the reasons set forth above, Columbus Southern Power Company and Ohio Power Company respectfully request that the Commission establish a date certain of August 31, 2010, for their forthcoming application for an increase in their electric distribution rates; set a test period of June 1, 2010, to May 31, 2011, for their forthcoming application; and waive certain of the Commission's standard filing requirements that seek irrelevant or unavailable information, as described above.

Respectfully submitted,



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