

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
of Columbus Southern Power)	Case No. 10-343-EL-ATA
Company to Amend its Emergency)	
Curtailment Service Riders)	

In the Matter of the Application)	
of Ohio Power Company to Amend)	Case No. 10-344-EL-ATA
its Emergency Curtailment Service Riders)	

AMENDED APPLICATION

On March 19, 2010, Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (collectively, the "Companies" or "AEP Ohio") submitted an application for approval of the Companies' Emergency Curtailment Service (ECS) Riders and a second demand response program involving conditional approval of retail participation in PJM Demand Response Programs.

In support thereof, the Companies proposed two options for demand reduction. The first was an enhanced tariff program described in the Companies' application (at para. 8) as follows:

The first customer option AEP Ohio is proposing is to amend its Emergency Curtable Service (ECS) Rider, as reflected in Exhibit A (for CSP) and Exhibit B (for OP), which are attached to this application. The amended ECS Rider incorporates terms and conditions designed to make the program more competitive with the PJM DRPs. Subject to performance and participation conditions, the customer would receive: (i) an energy credit based on a negotiated amount of not less than 80% of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP), including congestion and marginal losses, and (ii) a demand credit based on a negotiated amount of not less than 80% of the Reliability Pricing Model (RPM) auction price established by PJM in its Base Residual capacity auction for the current delivery year. As reflected in full detail in Exhibit A (for CSP) and Exhibit B (for OP), the Companies submit that the proposed ECS Rider tariff program is reasonably designed to achieve peak demand reductions and will help the Companies satisfy the EE/PDR mandates within SB 221.

Subsequently, in FERC Docket No. ER11-2183-000, the Companies submitted tariff sheets to revise the amounts that CSP and OP could recover for meeting capacity requirements

associated with retail loads served by alternative load service entities; specifically in Ohio, these charges are recovered from Competitive Electric Service Providers. AEP Ohio proposed a cost-based method of compensation under Section D of the PJM Reliability Assurance Agreement (RAA).¹ In light of that filing, AEP Ohio is amending its proposed ECS Rider to specify that Noncompliance Demand Charges and Curtailment Demand Credits under customer option one will be calculated in accordance with the cost of AEP's capacity obligation under the PJM RAA, rather than basing such charges and credits on the Reliability Pricing Model auction price established by PJM in its Base Residual capacity auction. In Case Nos. 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, and 11-0350-EL-AAM (the "AEP Ohio SSO proceedings"), currently pending before this Commission, Company witness David Roush sponsors the revised ECS tariffs in Exhibit DMR-5 and DMR-6 to his testimony, along with a brief explanation of the proposed changes requested by AEP Ohio in this proceeding.

In light of the foregoing filings, AEP Ohio submits this amended application with revised ECS tariffs for CSP and OP, attached hereto at Exhibits A and B, respectively.²

Respectfully submitted,

//s/Anne M. Vogel

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Company and Ohio Power Company

¹ On January 20, 2011, the FERC denied AEP Ohio's request, finding that this Commission had recently adopted a compensation mechanism for capacity sales, which now controls the allocation of capacity costs to retail load service entities. (FERC Docket ER11-2183-000 Order at 8).

² For clarity, the newly revised language is highlighted on the redlined exhibits.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Columbus Southern Power Company's and Ohio Power Company's Amended Application has been served upon the below-named counsel via First Class mail, postage prepaid, this 1st day of February, 2011.

//s/Anne M. Vogel

Anne M. Vogel

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EMERGENCY CURTAILABLE SERVICE RIDER

EXHIBIT A

Availability of Service

~~This rider shall be available for Emergency Curtailable Service (ECS) to customers normally taking firm service under Schedules GS-2, GS-2-TOD, GS-3 and GS-4. The Company reserves the right to limit the amount of ECS capacity contracted under this Rider. The Company will accept ECS requests in the order received, for their total capacity requirements from the Company. The customer must have an on-peak curtailable demand not less than 1 MW and will be compensated for KWH curtailed under the provisions of this Rider.~~

OPTION ONE: Company Peak Demand Reduction ProgramConditions of Service

- ~~1.~~ The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.
- ~~42.~~ The Company reserves the right to call for (request) customers to curtail service to use of the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan for generation capacity deficiencies or if PJM issues and Emergency Notice.
- ~~23.~~ The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 30 minutes 2 hours if so requested.
- ~~34.~~ In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than 50-60 hours during any season delivery year or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April. For purposes of this Rider, seasons are defined as follows:

Winter	November 15 through March 15
Summer	May 15 through September 15

No curtailments under this Rider shall occur on other days of the year, with the exception of test curtailments as specified under Item 6 below.
- ~~45.~~ The Company will inform and the eCustomer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., the Company's customer regarding the communication system, telephone, pager) and shall designate the customer's representatives to receive said notification process of notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.

Filed pursuant to Order dated March 19 and March 30, 2009 in Case No. 09-017-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

56. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
67. ~~If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the~~ The Company reserves the right to test and verify the customer's ability to curtail as required by the PJM RTO. ~~The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charges for failure to curtail during a test.~~

(Continued on Revised Sheet No. 71-2)

Filed pursuant to Orders dated March 18 and March 30, 2009 in Case No. 08-017-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

P.U.C.O. NO. 7

EMERGENCY CURTAILABLE SERVICE RIDER

Conditions of Service (Cont'd)

78. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances ~~twice during a 12-month period~~ as requested by the Company.

~~8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.~~

Curtailment Options

~~The customer shall select one of the following ECS Curtailment Options under this Rider:~~

	<u>Maximum Duration</u>
Curtailment Option A	4 hours
Curtailment Option B	8 hours

~~The Maximum Duration is the maximum number of hours per curtailment event which may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.~~

ECS Contract Capacity

~~Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For purposes of this Rider, the on-peak billing period is defined as 7 a.m. to 11 p.m., local time, for all weekdays, Monday through Friday.~~

~~The customer may modify the amount of ECS Contract Capacity and/or the Curtailment Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.~~

Curtailed Demand

~~For each curtailment period, The customer's -Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM, be defined as the difference between the customer's typical on-peak demand and the maximum 30-minute integrated demand during that curtailment period.~~

Filed pursuant to Orders dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

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(Continued on Sheet No. 71-3)

Guaranteed Load Drop (GLD) MethodGuaranteed Load Drop (GLD)

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

Customer Baseline Load Calculation

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

Curtailed Energy

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

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Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

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Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Period ECS Energy

~~Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. For customers with KVA demands, Period ECS Energy shall be multiplied by the customer's average monthly power factor.~~

Curtailment Credits

The Curtailment Energy Credit ~~shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each~~ will be quoted to the customer upon notice of a curtailment event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities, expressed in \$/MW-day.

(Continued on Revised Sheet No. 71-3)

Filed pursuant to Order ~~s~~ dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Monthly Demand Credit

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365. ECS Energy and the applicable ECS Curtailment Option Credit, less any charges computed for failure to curtail. The Monthly Demand Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identity of this cost is preserved. shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

Monthly Event Credit

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

Noncompliance Charge

There is no charge for noncompliance under this Rider. However, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

Filed pursuant to Order~~s~~ dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities (\$/MW-day) times 365. (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<u>Annual Payment Reduction Percentages for Non-compliance</u>					
<u>Missed Events</u>	<u>Number of Events Called Annually</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>
<u>1</u>	<u>100%</u>	<u>50%</u>	<u>33%</u>	<u>25%</u>	<u>20%</u>
<u>2</u>		<u>100%</u>	<u>67%</u>	<u>50%</u>	<u>40%</u>
<u>3</u>			<u>100%</u>	<u>75%</u>	<u>60%</u>
<u>4</u>				<u>100%</u>	<u>100%</u>

(Continued on Original Sheet No. 71-4)

Filed pursuant to Order ~~s~~ dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Noncompliance Charge (Cont'd)

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

Firm Service Level (FSL) MethodPeak Load Contribution

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

Available Curtailable Demand (ACD)

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

Customer Baseline Load Calculation

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

Curtailed Energy

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

Curtailment Credits

The **Curtailment Energy Credit** shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The **Curtailment Demand Credit** shall be a negotiated amount not less than 80 percent of the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

Filed pursuant to Orders dated March 18 and March 30, 2009 _____ in Case No. 08-917-EL-SSO _____

Issued: March 30, 2009 _____

Effective: Cycle 1 April 2009 _____

Issued by
Joseph Hamrock, President
AEP Ohio

P.U.C.O. NO. 7

EMERGENCY CURTAILABLE SERVICE RIDER

Monthly Demand Credit

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

Monthly Event Credit

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

Noncompliance Charge

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<u>Annual Payment Reduction Percentages for Non-compliance</u>					
<u>Missed Events</u>	<u>Number of Events Called Annually</u>				
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(Continued on Original Sheet No. 71-6)

Filed pursuant to Order ~~s~~ dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

COLUMBUS SOUTHERN POWER COMPANY

Original Sheet No. 71-35

P.U.C.O. NO. 7

EMERGENCY CURTAILABLE SERVICE RIDER

Filed pursuant to Order~~s~~ dated ~~March 18 and March 30, 2009~~ in Case No. 08-917-EL-SSO

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Effective: ~~Cycle 1 April 2009~~

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EMERGENCY CURTAILABLE SERVICE RIDER

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

Additional ProvisionsCustomer Credit

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

Equipment Charge

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

Term

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and 1 season and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year next season, of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

Special Terms and Conditions

Individual customer information, including, but not limited to, ECS Contract Capacity and Curtailment Option, shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of activity prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

OPTION TWO: Conditional Participation in PJM Demand Response ProgramsConditions of Service

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

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EMERGENCY CURTAILABLE SERVICE RIDER

EXHIBIT B

Availability of Service

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OPTION ONE: Company Peak Demand Reduction ProgramConditions of Service

- ~~1.~~ The provisions of this Rider qualify under the PJM Emergency Demand Response Program as of the effective date. If the PJM Tariff is subsequently revised, the Company reserves the right to make changes to this Rider in order to continue to qualify under the PJM Emergency Demand Response Program.
- ~~12.~~ The Company reserves the right to call for (request) customers to curtail ~~service to use of~~ the customer's ECS load when, in the sole judgment of the Company, an emergency condition exists on the American Electric Power (AEP) System or the PJM Interconnection, L.L.C. (PJM) RTO. The Company shall determine that an emergency condition exists if curtailment of load served under this Rider is necessary in order to maintain service to the Company's other firm service customers according to the AEP System Emergency Operating Plan ~~for generation capacity deficiencies or if PJM issues and Emergency Notice.~~
- ~~23.~~ The Company will endeavor to provide as much advance notice as possible of curtailments under this Rider including an estimate of the duration of such curtailments. However, the customer's ECS load shall be curtailed within 30 minutes-2 hours if so requested.
- ~~34.~~ In no event shall the customer be subject to ECS load curtailment under the provisions of this Rider for more than 50-60 hours during any season/delivery year or for more than 10 interruption events per delivery year. However, a customer must agree to be subject to ECS Curtailments of up to 6-hour duration for each curtailment event, on weekdays between 12 noon to 8 pm for the months May through September and between 2 pm to 10 pm for the months October through April. For purposes of this Rider, seasons are defined as follows:
Winter — November 15 through March 15
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~~No curtailments under this Rider shall occur on other days of the year, with the exception of test curtailments as specified under Item 6 below.~~
- ~~45.~~ The Company will inform and the eCustomer shall mutually agree upon the method which the Company shall use to notify the customer of a curtailment under the provisions of this Rider. The method shall specify the means of communicating such curtailment (e.g., the Company's customer regarding the communication system, telephone, pager) and shall designate the customer's representatives to receive said notification/process of notices to curtail. The customer is ultimately responsible for receiving and acting upon a curtailment notification from the Company.

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AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

56. No responsibility or liability of any kind shall attach to or be incurred by the Company or the AEP System for, or on account of, any loss, cost, expense or damage caused by or resulting from, either directly or indirectly, any curtailment of service under the provisions of this Rider.
67. ~~If no Emergency events are called during the summer of the delivery year, the Company will conduct a test and verify the~~ The Company reserves the right to test and verify the customer's ability to curtail as required by the PJM RTO. ~~The Company reserves the right to re-test the customer if the Company does not achieve the minimum 80% compliance testing standards for all of the Company's ECS customers as required by PJM. These tests must be conducted for one hour during the on-peak hours from June 1 through September 30 during the delivery year. Such test will be limited to one curtailment per contract term. Any failure of the customer to comply with a request to curtail load will entitle the Company to call for one additional test. The Company agrees to notify the customer as to the month in which the test will take place, and will consider avoiding tests on days which may cause a unique hardship to the customer's overall operation. There shall be no credits for test curtailments nor charges for failure to curtail during a test.~~

(Continued on Revised Sheet No. 71-2)

Filed pursuant to Orders dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Conditions of Service (Cont'd)

78. The Company reserves the right to discontinue service to the customer under this Rider if the customer fails to curtail under any circumstances ~~twice during a 12-month period~~ as requested by the Company.

~~8. The customer shall not receive credit for any curtailment periods in which the customer's curtailable load is already down for an extended period due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, or any event other than the customer's normal operating conditions.~~

Curtailment Options

The customer shall select one of the following ECS Curtailment Options under this Rider:

	<u>Maximum Duration</u>
Curtailment Option A	4 hours
Curtailment Option B	8 hours

~~The Maximum Duration is the maximum number of hours per curtailment event which may be curtailed under the provisions of this Rider. The Company, to the extent practical, will endeavor to minimize the curtailment duration. However, the customer shall receive a minimum of 2 hours credit per curtailment event.~~

ECS Contract Capacity

~~Each customer shall have an ECS Contract Capacity to be considered as emergency curtailable capacity under this Rider. The customer shall specify the Non-ECS Demand, which shall be the demand at or below which the customer will remain during curtailment periods. The ECS Contract Capacity shall be the difference between the customer's typical on-peak demand and the customer's specified Non-ECS Demand. The Company shall determine the customer's typical on-peak demand, as agreed upon by the Company and the customer. For purposes of this Rider, the on-peak billing period is defined as 7 a.m. to 11 p.m., local time, for all weekdays, Monday through Friday.~~

~~The customer may modify the amount of ECS Contract Capacity and/or the Curtailment Option no more than once prior to each season. Modifications must be received by the Company in writing no later than 30 days prior to the beginning of the season.~~

Curtailed Demand

~~For each curtailment period, The customer's -Curtailed Demand is determined based upon which method of measurement the customer chooses. The customer may choose one of two methods to measure the curtailed demand: 1) Guaranteed Load Drop (GLD) or 2) Firm Service Level (FSL). The method chosen shall remain in effect for an entire delivery year, June 1 through May 31 of the following year as defined by PJM, be defined as the difference between the customer's typical on-peak demand and the maximum 30-minute integrated demand during that curtailment period.~~

Filed pursuant to Order~~s~~ dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

~~(Continued on Sheet No. 71-3)~~Guaranteed Load Drop (GLD) MethodGuaranteed Load Drop (GLD)

Each customer must designate a Guaranteed Load Drop, which amount shall be the minimum demand reduction that the customer will provide for each hour during a curtailment event or during a curtailment test. The Guaranteed Load Drop shall also be the ECS Contract Capacity.

Customer Baseline Load Calculation

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

Curtailed Energy

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

Filed pursuant to Orders dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Period ECS Energy

~~Period ECS Energy shall be defined as the product of the Curtailed Demand and the number of hours for each curtailment period. For customers with KVA demands, Period ECS Energy shall be multiplied by the customer's average monthly power factor.~~

Curtailment Credits

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each will be quoted to the customer upon notice of a curtailment event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities, expressed in \$/MW-day multiplied by the GLD MWs.

(Continued on Revised Sheet No. 71-3)

Filed pursuant to Order~~s~~ dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Monthly Demand Credit

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Guaranteed Load Drop and the Curtailment Demand Credit times 365 ECS Energy and the applicable ECS Curtailment Option Credit, less any charges computed for failure to curtail. The Monthly Demand Credit will be provided to the customer by check within 30 days after the end of the month in which the curtailment occurred. This amount will be recorded in the Federal Energy Regulatory Commission's Uniform System of Accounts under Account 555, Purchased Power, and will be recorded in a subaccount so that the separate identity of this cost is preserved shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

Monthly Event Credit

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

Noncompliance Charge

There is no charge for noncompliance under this Rider. However, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer does not reduce load by the full GLD, a noncompliance charge shall apply. For this purpose, Actual Load Drop (ALD) is defined as the difference between the customer's CBL (Customer Baseline Load) and the customer's actual hourly load. If the ALD is less than the GLD, the customer will be in non-compliance.

Filed pursuant to Order~~s~~ dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

The Noncompliance Demand Charge will be calculated based on the number of events missed because the customer did not curtail and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the non-compliance load times the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<u>Annual Payment Reduction Percentages for Non-compliance</u>					
<u>Missed Events</u>	<u>Number of Events Called Annually</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>
<u>1</u>	<u>100%</u>	<u>50%</u>	<u>33%</u>	<u>25%</u>	<u>20%</u>
<u>2</u>		<u>100%</u>	<u>67%</u>	<u>50%</u>	<u>40%</u>
<u>3</u>			<u>100%</u>	<u>75%</u>	<u>60%</u>
<u>4</u>				<u>100%</u>	<u>100%</u>

(Continued on Original Sheet No. 71-4)

Filed pursuant to Order dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

EMERGENCY CURTAILABLE SERVICE RIDER

Noncompliance Charge (Cont'd)

If the customer misses four events, the customer will be charged 100% of the total annual payment amount. The Company and the customer will discuss methods to comply during future events, but ultimately the customer can be dismissed from the program if either party is not satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

Firm Service Level (FSL) MethodPeak Load Contribution

A Customer's Peak Load Contribution (PLC) will be calculated each year as the average of its load during PJM's five highest peak loads during the twelve month period ended October 31 of the previous year.

Available Curtailable Demand (ACD)

Each customer must designate an Available Curtailable Demand, defined as the difference between the PLC and the Firm Service Level (FSL). The Available Curtailable Demand shall also be the ECS Contract Capacity. The FSL demand is the level to which the customer agrees to reduce load to or below for each hour during a curtailment event.

Customer Baseline Load Calculation

A Customer Baseline Load (CBL) will be calculated for each hour corresponding to each event hour. Normally, the CBL will be calculated for each hour as the average corresponding hourly demands from the highest 4 out of the 5 most recent similar non-event days in the period preceding the relevant load reduction event. The highest load days are defined as the similar days (Weekday, Saturday, Sunday/Holiday) with the highest energy consumption spanning the event period hours. In cases where the normal calculation does not provide a reasonable representation of normal load conditions, the Company and customer may develop an alternative CBL calculation that more accurately reflects the customer's normal consumption pattern.

Curtailed Energy

The Curtailed Energy shall be determined for each event hour, defined as the difference between the customer's CBL for that hour and the customer's metered load for that hour.

Curtailment Credits

The Curtailment Energy Credit shall be a negotiated amount not less than 80 percent of the AEP East Load Zone hourly Real-Time Locational Marginal Price (LMP) established by PJM (including congestion and marginal losses) for each event hour.

The Curtailment Demand Credit shall be a negotiated amount not less than 80 percent of the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities, expressed in \$/MW-day multiplied by the Available Curtailable Demand.

Filed pursuant to Orders dated March 18 and March 30, 2009 _____ in Case No. 08-917-EL-SSO _____

Issued: March 30, 2009 _____

Effective: Cycle 1 April 2009 _____

Issued by
Joseph Hamrock, President
AEP Ohio

P.U.C.O. NO. 19

EMERGENCY CURTAILABLE SERVICE RIDER

Monthly Demand Credit

The Monthly Demand Credit shall be equal to one-twelfth of the product of the Available Curtailable Demand and the Curtailment Demand Credit (\$/MW-day) times 365. The Monthly Demand Credit shall be applicable to each month the customer is served under this Rider, regardless of whether or not there are any curtailment events during the month.

Monthly Event Credit

An Event Credit shall be calculated for each event hour equal to the product of the Curtailed Energy for that hour and the Curtailment Energy Credit for that hour. The Monthly Event Credit shall be the sum of the hourly event credits for all events occurring in the calendar month, but shall not exceed the customer's monthly energy charge under the applicable tariff. The customer shall not receive event credit for any curtailment periods to the extent that the customer's curtailable load is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions, or any event other than the customer's normal operating conditions.

Noncompliance Charge

If the customer fails to fully comply with a request for curtailment under the provisions of this Rider, then the Noncompliance Charge shall apply. If a customer is operating at or below their designated Firm Service Level during an event, it will be understood that they have no capacity available with which to comply and will not be charged a noncompliance penalty. If the customer's actual hourly load during the curtailment event is above the designated FSL, the customer will be considered non-compliant. The amount of non-compliance demand is equal to the difference between the customer's actual hourly load and the customer's designated FSL.

The Noncompliance Demand Charge will be calculated based on the number of events during which the customer was noncompliant and the total number of events called by the Company to date for the delivery year. A penalty will be determined as the amount of non-compliance load times the Cost of AEP's capacity obligation in accordance with PJM's Reliability Assurance Agreement Among Load Serving Entities (\$/MW-day) times 365, (e.g. curtailment of only 80 MW of a 100 MW ECS load is non-compliance and counts as a missed event, but the customer's annual payment will be reduced only for the 20 MW non-compliance load times the appropriate percentage from the table below). The penalty will then be multiplied by the percentage of reduction based upon the number of non-compliance events for the customer compared to the number of events called. Below is a table of annual payment reduction percentages.

<u>Annual Payment Reduction Percentages for Non-compliance</u>					
<u>Missed Events</u>	<u>Number of Events Called Annually</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>
<u>1</u>	<u>100%</u>	<u>50%</u>	<u>33%</u>	<u>25%</u>	<u>20%</u>
<u>2</u>		<u>100%</u>	<u>67%</u>	<u>50%</u>	<u>40%</u>
<u>3</u>			<u>100%</u>	<u>75%</u>	<u>60%</u>
<u>4</u>				<u>100%</u>	<u>100%</u>

(Continued on Original Sheet No. 71-6)

Filed pursuant to Order dated ~~March 18 and March 30, 2009~~ in Case No. 08-917-EL-SSOIssued: ~~March 30, 2009~~Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

P.U.C.O. NO. 19

EMERGENCY CURTAILABLE SERVICE RIDER

Filed pursuant to Order~~s~~ dated ~~March 18 and March 30, 2009~~ in Case No. ~~08-917-EL-SSO~~

Issued: ~~March 30, 2009~~

Effective: ~~Cycle 1 April 2009~~

Issued by
Joseph Hamrock, President
AEP Ohio

P.U.C.O. NO. 19

EMERGENCY CURTAILABLE SERVICE RIDER

If the customer misses four events, the customer will be charged 100% of their total annual payment amount, will be dismissed from the program, and may not be eligible to participate in the program until both parties are satisfied that the compliance problem has been resolved. Further, the customer's service under this Rider may be discontinued pursuant to the Conditions of Service.

Additional ProvisionsCustomer Credit

The monthly credit(s) will be provided to the customer by check within 60 days after the end of the month. A customer may request aggregation of individual customer accounts into a single credit.

Equipment Charge

If a change in metering equipment or functionality is required, customers taking service under this Rider shall pay the additional cost of installation. The Company will make available to the customer the real time pulse metering data, if requested by the customer, for an additional fee.

Term

Contracts under this Rider shall be made for an initial period of one year, corresponding with the PJM planning/delivery year, and 1 season and shall remain in effect thereafter until either party provides at least 30-days written notice to the other, prior to the start of the registration period as provided for in the PJM Tariff for the next planning/delivery year next season, of its intention to discontinue service under the terms of this Rider (registration period ended March 1, 2010 for the 2010/2011 delivery year).

Special Terms and Conditions

Individual customer information, including, but not limited to, ECS Contract Capacity ~~and Curtailment Option,~~ shall remain confidential.

If a new peak demand is set by the customer in the hour following the curtailment, due to the customer resuming the level of activity prior to the curtailment, the customer's previous high demand will be adjusted to disregard that new peak.

OPTION TWO: Conditional Participation in PJM Demand Response ProgramsConditions of Service

1. Customers are prohibited from participating in Demand Response Programs offered by PJM, either directly or through Curtailment Service Providers, except as authorized in this Rider.
2. Customers that want to participate in PJM Demand Response Programs must agree to commit, at no charge to the Company, the load being registered under the PJM Demand Response Program toward the Company's compliance with Peak Demand Reduction benchmarks imposed by Ohio law and enter into the customer demand response resource commitment agreement approved by the Commission for this purpose and adhere to the terms and conditions within. Customers who do so are permitted to participate in the PJM Demand Response Programs.

Filed pursuant to Order s dated March 18 and March 30, 2009 in Case No. 08-917-EL-SSO

Issued: March 30, 2009

Effective: Cycle 1 April 2009

Issued by
Joseph Hamrock, President
AEP Ohio

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/2/2011 2:22:11 PM

in

Case No(s). 10-0343-EL-ATA, 10-0344-EL-ATA

Summary: Amended Application of CSP and OP Co electronically filed by Anne M Vogel on behalf of Columbus Southern Power Company and Ohio Power Company