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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review )  
of the Capacity Charges of Ohio Power )  
Company and Columbus Southern Power )  
Company )

Case No 10-2929-EL-UNC

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**OHIO POWER COMPANY'S  
AND COLUMBUS SOUTHERN POWER COMPANY'S  
REPLY COMMENTS**

By Entry dated December 8, 2010 (Entry), the Commission invited comments regarding the review of the capacity charges of Ohio Power Company ("OPCo") and Columbus Southern Power Company ("CSP"), collectively AEP Ohio or the Companies. The Commission invited Initial Comments within 30 days and Reply Comments within 45 days of its Entry. On January 21, 2011, the Companies' motion for extension was granted and the due date for reply comments was changed to February 7, 2011. On January 7, 2011, eight parties, in addition to the Companies, filed Initial Comments with the Commission. The Companies have reviewed the Initial Comments filed by these various parties and provide the following Reply Comments. No inference should be made as to Initial Comments of other parties not addressed herein. AEP Ohio maintains the position of its Initial Comments, although some not specifically updated in these Reply Comments.

Review of the Initial Comments shows that there are material differences in how the parties view the facts underlying this case. The Companies do not believe that Initial Comments and Reply Comments alone will provide an adequate evidential record in this

case for the Commission to make a fully informed decision to establish an ongoing state compensation mechanism for the cost of capacity. The outcome of this case will have significant ramifications for the Companies, our customers, competitive retail electric service ("CRES") providers and investment in the State of Ohio. As such, the Companies believe that it would be more appropriate for the Commission to move forward with an evidentiary hearing process<sup>1</sup>.

### **GENERAL COMMENTS**

The various comments submitted in this case are largely based upon two fundamental misunderstandings; the first misunderstanding is that POLR charges include recovery of capacity charges and the second misunderstanding is that the Commission, in approving the Companies' POLR charges, in some way set a level of capacity charges that the Companies could charge CRES providers in the wholesale market. In order to understand the Companies' positions on these matters it is important to first understand that there is a distinct difference between the elements of the projected market price that were used to determine an appropriate level of POLR charges and the option costs that are actually being recovered through the POLR charges. Although these appear very similar on their face, they are in fact very different. Projected market prices for energy and capacity, among other items, were used to develop an all-in projected market price. This projected market price was then used as only one element<sup>2</sup> in the calculation of the cost of the POLR risk that the Companies were likely to incur during the ESP period.

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<sup>1</sup> See Columbus Southern Power Company's and Ohio Power Company's Motion to Stay the Reply Comment Period and Establish a Procedural Schedule for Hearing and Expedited Ruling dated January 20, 2011.

<sup>2</sup> The five inputs are 1) Competitive Benchmark Price (Forecasted Market Price), 2) Proposed ESP Price (Strike Price), 3) Volatility of Competitive Benchmark Prices (Volatility of Market Prices), 4) Length of the Proposed ESP Period (Term), and 5) Risk Free Interest Rate. (Page 17 of Witness Laura Thomas testimony in PUCO Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM)

The specific capacity price included in the projected market prices was not a guarantee by the Companies that capacity would be available at those prices, just like the projected energy price included in the projected market prices did not guarantee that energy would be available at those prices.

Furthermore, the concern with the Reliability Pricing Model (“RPM”) and how it does not sufficiently recognize long-term capacity costs is not only recognized by the Companies. The State of New Jersey has recently recognized the RPM is not a reliable indicator of the true long-term cost of capacity. Recently, the legislature of the State of New Jersey found and declared:

...the reliability pricing model has not resulted in large additions of peaking facilities or any additions of intermediate or base load resources available to the region and the State.<sup>3</sup>

Throughout the balance of these Reply Comments, the Companies will provide clear evidence to demonstrate that 1) the Companies are entitled to charge CRES providers for use of the Companies’ capacity based upon the Companies’ costs and 2) POLR charges do not include recovery of capacity charges.

## **SPECIFIC COMMENTS**

### **Discussion of the Capacity Compensation Formula**

Although various parties<sup>4</sup> in this case comment that the interim state compensation mechanism should be continued, the Companies believe that the rates produced by the Capacity Compensation Formulas (included in Attachment 1 to the Companies’ Initial Comments) are appropriate to determine the Companies’ Fixed

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<sup>3</sup> Senate No. 2381, fourth reprint, State of New Jersey 214<sup>th</sup> Legislature. Approved by New Jersey Assembly and the Senate on January 28, 2011.

<sup>4</sup> Ohio Partners for Affordable Energy, Industrial Energy Users-Ohio, Direct Energy Services, LLC, FirstEnergy Solutions Corporation, the Ohio Manufacturers’ Association, and the Ohio Energy Group.

Resource Requirement ("FRR") capacity charges to Ohio CRES providers. As a result of the recent ruling by FERC in Docket No. ER11-2183-000, the Companies are providing to the Commission for inclusion as part of the record in this case a complete set of Capacity Compensation Formulas for OPCo and CSP, as Attachment 1. Also included herein are Attachment 2, which compares OPCo's and CSP's actual compensation under the current rates to the compensation that OPCo and CSP would each receive under the applicable Capacity Compensation Formulas; and Attachment 3, the supporting workpapers used to populate the Capacity Compensation Formulas.

AEP Ohio's proposed Capacity Compensation Formulas are designed to recover from Ohio CRES providers the appropriate share of the AEP Ohio Companies' respective total generation capacity revenue requirements through annually-adjusting formulas that track actual capacity costs. The formulas are standard cost-of-service mechanisms and are consistent with formulas utilized for other wholesale sales. Similarly, CRES providers currently compensate the Companies for their use of the Companies' transmission capacity, through a formula-based rate.

One significant difference, however, is that AEP Ohio is not proposing the typical two-step formula rate process used before the Federal Energy Regulatory Commission ("FERC"), under which the utility initially projects the next year's costs and then, several months after the end of that rate year, makes a true-up calculation based on actual costs. Instead, the Capacity Compensation Formulas are based on actual data from the prior year, as shown on the most current FERC Forms 1 submitted by OPCo and CSP. The rates will adjust each June 1 and remain in effect through the following May 31, consistent with the PJM planning year. For example, during January through May 2011,

the daily capacity charges will be based on 2009 costs, as set out in the Forms 1 filed in 2010. Beginning in June 2011, the Companies' capacity charges will reflect 2010 costs, as set out in the Companies' Forms 1 filed in 2011. This methodology is particularly appropriate for the FRR capacity market, as it provides the Ohio CRES providers with certainty as to the daily capacity charges; *i.e.*, they will not be subject to potential subsequent surcharges or surcredits due to a true-up process.

For OPCo and CSP to determine their respective annual net production revenue requirements, the formulas use year-end plant balances, including construction work in progress ("CWIP"). The formulas do not recover costs related to energy or fuel, because those are separate products that are not included within the RPM capacity obligations. Nor do the formulas include transmission costs; those costs are recovered under the PJM open access transmission tariff.

The formula templates consist of several sheets that set out the underlying calculations that produce the \$/MW-Day charge that will be assessed to the Ohio CRES providers. These sheets show the source of the input data, which in most cases are FERC Form 1 data (identified as "FF1" in the formula, with page and line referenced), but in certain cases the data are derived from referenced workpapers (Attachment 3). The templates are virtually identical for OPCo and CSP, so the following discussion describes the OPCo formula rate template, but that discussion equally applies to CSP. Once the Companies are merged, the OPCo formula rate template will apply, resulting in a single merged rate.

Attachment 1, Page 1 to the OPCo Capacity Compensation Formula shows the hourly capacity charge; and Attachment 1, Page 2 shows that the charge is derived by

dividing the annual production fixed cost by OPCo's five coincident peak demands ("5-CP") divided by 365. Attachment 1, Page 3 shows the calculation of the costs for generator step-up transformers and associated equipment. The derivation of the annual production fixed cost (consisting of return on rate base, operation and maintenance ("O&M") expenses, depreciation expenses, taxes other than income taxes, and income taxes) is shown on Attachment 1, Page 4. Attachment 1, Page 5 through Page 19 shows the calculation of the various other cost components that feed into the annual production fixed cost, including return on rate base, accumulated depreciation and accumulated deferred income taxes, general plant allocations, administrative and general expense allocations, cash working capital requirements, production-related materials and supplies, the composite cost of capital (long-term debt, preferred stock, and common stock – each of which has a separate schedule), fixed production O&M costs, depreciation, and taxes (income taxes and production-related taxes other than income taxes).

The Companies propose to make an annual filing, by June 1 of each year, to update the Capacity Compensation Formulas. In the annual update, AEP Ohio will adjust the Companies' respective production invested capital each year to ensure that the formulas will not include a charge for capitalized Allowance for Funds Used During Construction ("AFUDC") and corresponding amounts of CWIP included in rate base. Furthermore, in each annual update the Companies will submit supporting workpapers showing the derivation of the CWIP expenditures. The Capacity Compensation Formulas are intended to permit the Companies to recover carrying costs for 100% of CWIP expenditures for pollution control facilities and fuel conversion facilities and 50% of all other CWIP expenditures.

The Capacity Compensation Formulas include an initial rate of return on common equity ("ROE") of 11.1%. The Companies expect to file for an ROE of 11.15% in the AEP Ohio Distribution Rate Cases<sup>5</sup> and the ROE in the Capacity Compensation Formulas could be updated to reflect the Commission's decision in that case.

Various commenters<sup>6</sup> argue that elements of AEP Ohio's proposed formula rates either were insufficiently supported or, for various reasons, produced unjust and unreasonable rates. AEP Ohio proposed a standard cost-of-service formula with a reasonable equity component. Fully populated formulas were filed in the Companies' case at FERC, again included in the Companies' Initial Comments in this proceeding and, to provide a complete record, have also been included herein as Attachment 1. The populated formulas include annotations to CSP's and OPCo's 2009 FERC Form 1 costs so that the parties could readily understand how the formulas work. Additionally, the Companies have included a complete set of supporting workpapers as Attachment 3. While the parties may disagree that the formulas appropriately capture the cost of meeting the Companies' FRR capacity obligation, sufficient information has been provided to fully evaluate the formulas and provide evidence that the subsequent results equate to rates that are just and reasonable.

#### **Reply to Comments of Industrial Energy Users – Ohio ("IEU-Ohio")**

In its Initial Comments, IEU-Ohio states that "the Commission provided a mechanism to compensate AEP-Ohio for the capacity which AEP-Ohio claimed is

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<sup>5</sup> PUCO Case Nos.: 11-351-EL-AIR and 11-352-EL-AIR

<sup>6</sup> Ohio Partners for Affordable Energy, Industrial Energy Users-Ohio, Direct Energy Services, LLC, FirstEnergy Solutions Corporation, the Ohio Manufacturers' Association, Constellation Energy, the Office of Consumers' Council and the Ohio Energy Group.

required to stand ready to serve customers in Ohio”, and that this mechanism is the POLR charge. However, there is no capacity cost included in the Companies’ POLR charges.

The Commission has made it clear in its Entry on Rehearing in Case No. 09-119-EL-AEC (a Unique Arrangement for Ormet Primary Aluminum Corp.) that POLR charges compensate the Companies for the risk that customers may shop and subsequently return to standard service offer rates and, in cases where there is no shopping risk, the Companies should not be compensated for that risk in the form of POLR charges:

The Commission finds that rehearing on this assignment of error should be granted in order to clarify that the relevant period when Ormet cannot shop is the duration of AEP-Ohio's current approved electric security plan (ESP). It is not necessary to reach the question of whether Ormet can shop beyond the duration of the current ESP because no determination has been made whether future standard services offers will include a comparable POLR charge. Under the terms of the unique arrangement as approved by the Commission, AEP-Ohio will be the exclusive supplier to Ormet for ten years, commencing January 1, 2009 (Tr. I at 37-38; Tr. IV at 484). Accordingly, in the Opinion and Order the Commission determined that AEP-Ohio would not be subject to POLR risk (i.e., the risk that Ormet may shop and subsequently seek to return to AEP-Ohio's standard service offer) and, therefore, that AEP-Ohio should not be compensated for bearing this risk. Although AEP-Ohio argues that there is a risk of Ormet shopping and then returning to AEP-Ohio's standard service offer because the unique arrangement remains under the Commission continuing jurisdiction, the Commission notes that any modification to the unique arrangement would take place only after notice and an opportunity for hearing for any party affected by such modification, including AEP-Ohio. *Commission Entry on Rehearing in Case No. 09-119-EL-AEC dated September 15, 2009 at page 8 (emphasis added).*

IEU-Ohio's assertion that POLR charges include recovery of capacity costs is inaccurate. Unlike IEU, the Commission has tied the POLR charge to the risk of the



ability of a customer to shop for generation and the resulting risk/cost borne by AEP Ohio – not to the cost of providing capacity to retail customers.<sup>7</sup>

IEU-Ohio also alleges in their Initial Comments that “In addition to the POLR charge AEP-Ohio collects other rates and charges from customers that clearly include compensation for capacity related costs. For example, both OPCo and CSP have in place an Environmental Investment Carrying Cost Rider.” While it is true that the Companies currently do recover some capacity-related costs through the Environmental Investment Carrying Cost Rider (“EICCR”), it is important to note that this cost is only recovered from customers taking standard offer generation service from the Companies. Customers that choose to take generation service from a CRES provider are not charged under the current EICCR<sup>8</sup>, but they still rely on the Companies’ capacity since AEP Ohio is an FRR entity and no CRES providers have taken advantage of the opportunity to self-supply capacity. Additionally, the capacity cost that qualifies to be recovered through the EICCR is far dwarfed by the total capacity cost AEP Ohio incurs.

IEU-Ohio, in its Initial Comments indicates that “the prevailing auction prices under PJM’s RPM were used as a proxy for the capacity component built into the POLR charge because there was no explicit charge for capacity under the FRR option selected by AEP-Ohio.” (at Page 7) The very words chosen by IEU-Ohio make it abundantly clear that the FRR capacity price is not the same as the auction price under PJM’s RPM – it was only used as a proxy in the absence of an explicit charge under the FRR option.

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<sup>7</sup> AEP Ohio has challenged the Ornet decision before the Supreme Court of Ohio in Case No. 2009-2060, based in part on a dispute as to whether Ohio will necessarily be the exclusive supplier of generation service to the contract customer during the entire term of the agreement. However, this dispute has no bearing on IEU’s erroneous claim that the POLR charge recovers capacity costs.

<sup>8</sup> In the Companies’ proposed ESP (Case Nos. 11-346-EL-SSO, 11-348-EL-SSO, 11-349-EL-AAM, and 11-350-EL-AAM), the EICCR is non-bypassable.

AEP Ohio's capacity, related to its FRR obligation, was not included in those auction prices.

### **Reply to Comments of First Energy Solutions Corp. ("FES")**

Based on FES' own admission, the only reason that a CRES provider would be required to pay for use of the Companies' capacity is if the CRES provider made a decision not to self-supply capacity. FES also points out in their Initial Comments that "Retail providers also have the option to self-supply their own capacity – to become their own FRR Entity – if they do not want to pay AEP's rates." (at Page 3) FES goes on to contradict itself by stating that "CRES Providers are locked-in to AEP's program and have no way under the PJM tariff to self-supply out of the rate." (at Page 7) CRES providers have always had the risk under the Reliability Assurance Agreement ("RAA") that the Companies could seek a cost-based compensation mechanism for capacity and they have also had a mechanism to eliminate that risk by self-supplying capacity.

Similar to other parties<sup>9</sup>, FES incorrectly claims that the Companies' POLR rider provides compensation for capacity costs. (at Page 8) Similar to its order in the above-described Ormet case, the Commission, in Case No. 09-516-EL-AEC (a Unique Arrangement with Eramet Marietta, Inc.), clearly documented that POLR charges are intended to recover costs related to the risk of customer shopping and in no way compensate the Companies for the cost of capacity to serve shopping or non-shopping customers.

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<sup>9</sup> Comments Submitted by FirstEnergy Solution Corporation, Ohio Partners for Affordable Energy, Ohio Energy Group, Office of the Ohio Consumer's Council, Ohio Manufacturer's Association, and Industrial Energy Users-Ohio.

Section 4905.31, Revised Code, allows for the recovery of "costs incurred." We have determined that there is no risk that Eramet will shop for a competitive supplier during CSP's current approved ESP. If there is no risk of Eramet shopping and returning to standard offer service during CSP's ESP, CSP will incur no costs for providing POLR service that can be recovered under Section 4905.31, Revised Code. Accordingly, the Commission finds that CSP should credit any POLR charges paid by Eramet to its economic development rider in order to reduce the amount of delta revenues recovered from other ratepayers. *Commission Opinion and Order in Case No. 09-516-EL-AEC dated October 15, 2009 at pages 8 and 9*

(13) The Commission finds that CSP has not raised any new arguments under this assignment of error. Our continued jurisdiction over the matter does not create a risk of shopping that necessitates a POLR charge, as CSP suggests. Therefore, rehearing should be denied on CSP's fourth assignment of error. *Commission Entry on Rehearing in Case No. 09-516-EL-AEC dated March 24, 2010 at page 5*

(15) The Commission notes that CSP repeats in its application for rehearing the arguments it presented on this topic in its hearing briefs. Consequently, we find that CSP has not raised any new arguments under this assignment of error. We reiterate the analysis set forth in our Order, wherein we conclude that "the recovery of delta revenues is a matter for the Commission's discretion," and that because CSP will incur no costs for providing POLR service that can be recovered under Section 4905.31, Revised Code, "CSP should credit any POLR charges paid by Eramet to its economic development rider in order to reduce the amount of delta revenues recovered from other ratepayers." Order at 8-9. Rehearing should be denied on these assignments of error. *Commission Entry on Rehearing in Case No. 09-516-EL-AEC dated March 24, 2010 at pages 5 and 6 (emphasis added).*

FES, in relying on its false premise that the POLR rider includes recovery of capacity costs, states that "the POLR is the state capacity compensation mechanism" and that as a result the Companies are not entitled to any wholesale compensation for capacity – not based upon the Companies costs or the PJM RPM auction price. FES' own comments provide evidence contrary to this assertion and would create a result in which customers could entirely avoid paying for any capacity – either from a CRES provider or

from AEP Ohio. FES states that “a customer can avoid paying the [POLR] charge only if it agrees that if it returns to AEP-Ohio, it will pay market rates.” If the Commission were to adopt FES’ recommendation, a customer that agrees to return to AEP Ohio at market rates would avoid the POLR charge which FES claims to be the state capacity compensation mechanism for capacity. Essentially, these customers would never pay capacity costs to anyone – not to AEP Ohio and not to a CRES provider. In summary, as with the Ormet decision discussed above, the Commission’s decision in Eramet also confirmed that the approved POLR charge is tied to shopping risk – not to capacity costs.

It is important to fully understand how AEP Ohio’s POLR charge does not represent the cost of capacity to serve customers. The POLR charge reflects the cost of providing a customer only with switching options, not the cost of capacity nor the cost of energy to serve the customer. Payment of the POLR charge provides the customer a benefit by having a fixed price option for default generation service instead of market-based pricing for default generation service. However, the customer has the choice of not paying the POLR charge which then entitles the customer to only market-based default generation service.

In addition, the Companies’ ESP generation rates are the rates that the Companies will charge for capacity and energy to a customer served by the Companies. If a customer selects a CRES provider, then the customer no longer pays the Companies for capacity and energy, but pays the CRES provider for these services instead.

A customer receiving generation service from the Companies pays only once for capacity and energy – through the ESP generation rates. A customer receiving service from a CRES provider does not pay the Companies for capacity and energy because they

do not pay the Companies' ESP generation rates. A customer receiving generation service from a CRES provider pays only once for capacity and energy – through the generation rates charged by the CRES provider. All customers pay a POLR charge in order to maintain the option to receive standard offer generation service. However, if a customer chooses a CRES provider, they have the opportunity to waive paying the POLR charge which eliminates that option in exchange for being subject to market-based rates upon any return to service from the Companies.

#### **Reply to Comments of the Ohio Energy Group (“OEG”)**

OEG claims that “there are at least three ways that AEP-Ohio is being compensated for the capacity costs of retail shopping: 1) RPM; 2) POLR; and 3) the capacity equalization mechanism in the AEP Interconnection Agreement.” This claim is incorrect in many ways. The Companies agree that they are being partially compensated by CRES providers for use of the Companies' capacity by retail shopping customers through the RPM rate. However, the Companies have demonstrated in this filing that the RPM rate is not sufficient to cover the Companies' costs for providing that capacity. In this proceeding, OEG claims that “the POLR is designed to recover at least some of the capacity costs associated with retail choice.” As previously discussed, POLR charges are not designed to recover capacity costs but instead are intended to cover the risk of providing all customers with the option of standard offer generation service. In addition, this is in sharp contrast to the comments of OEG before this same Commission in 2009 in the Ormet case (Case No. 09-119-EL-AEC) when they claimed that the Companies were not entitled to recovery of POLR charges from customers that would not shop for

competitive generation during a specified contract term and OEG admitted that POLR charges are related to financial risks and are not capacity compensation.

Under the terms of the unique arrangement proposed by Ormet, AEP is the exclusive electric supplier to the Hannibal, Ohio smelting operation. If the Commission approves the unique arrangement, there is no risk to AEP that Ormet would shop for competitive generation while the contract is in effect. Therefore, there is no risk that AEP will have to serve as Ormet's Provider of Last Resort. Thus, a POLR charge should not be assessed to Ormet and the other customers should not pay any discount which compensates AEP for POLR risk.

AEP requested and received approval of the POLR charge as part of the Electric Security Plan filing that was approved in January, 2009, and was recently approved by the Commission. The POLR charge is intended to compensate AEP for the financial risk that customers will purchase their generation from a competitive electric supplier when their price is lower and then later decide to return to AEP for generation service whenever the ESP rates are lower than market. This creates a cost to AEP that the POLR charge is designed to correct. Ormet has agreed to forfeit the right to shop in this case and AEP should not be granted a windfall in the form of POLR charges as a result of the exclusive provider provision in the agreement. *Post Hearing Brief by The Office of the Ohio Consumers' Council and the Ohio Energy Group in Case No 09-119-EL-AEC dated July 1, 2009 at pages 19 and 20 (emphasis added).*

Similarly, the capacity equalization payments mentioned by OEG do not compensate CSP and OPCo for the capacity provided by the Companies to CRES providers for service to switched load. As stated in the comments of the OEG on page 4:

"Because the MLRs of Columbus Southern and Ohio Power do not change no matter how much load is lost to customers switching to CRES providers, the capacity equalization payments received by Ohio Power (a surplus company) and paid by Columbus Southern (a deficit Member) do not change no matter how much load shops. This means that Ohio Power and Columbus Southern continue to be made whole for their capacity costs through the Interconnection Agreement no matter how much load shops."

OEG contradicts itself in the same paragraph. Since the MLRs will not change, CSP and OPCo will retain their same capacity obligations in the Agreement, as OEG states. This means that CSP will still be forced to pay the same amount in capacity equalization payments and OPCo will still receive only the same amount in capacity equalization payments regardless of the amount of shopping. Consequently, neither of the Companies will receive any relief from their capacity obligations due to switching customers, despite losing the associated customer revenues. As a result, there is no capacity offset as OEG implies. The requested FRR reimbursement rates for CRES providers are the sole capacity offset for capacity used to serve switching customers.

**Reply to Comments of Direct Energy Services, LLC and Direct Energy Business, LLC (“Direct Energy”)**

Direct Energy claims that the capacity rate charged to CRES providers “is designed to compensate AEP Ohio for the market value of the capacity.” Direct Energy makes this claim without any supporting evidence. A market-based approach (using existing RPM rates) is just one of the options that the Companies have to price capacity under the RAA. AEP Ohio, as an FRR entity, does in fact have a right under the RAA to charge CRES providers for use of its capacity by using a cost-based method under FERC’s jurisdiction. Although FERC has recently ruled in Docket No. ER11-2183 that a state compensation mechanism prevails over a cost-based filing at FERC, there is no requirement that a state mechanism must be market-based. Direct Energy also states that “AEP Ohio in its ESP application did not discuss, let alone reserve, the right to increase its revenues by increasing what it would charge CRES for capacity over the FRR price.”

They also state that “the FRR rate was in place during the hearing on the electric security plan.” These statements give the false impression that capacity prices under the PJM RPM auction have been frozen over this period. As the Companies have shown in their Initial Comments, PJM RPM auction rates have varied significantly since 2008.

Direct Energy states that “it appears that the increases sought would ultimately only apply to shopping customers, and ... the proposed capacity increase would impede shopping.” First, the Companies’ capacity charge is billed to CRES providers, not to customers. Next, the Companies’ requested capacity charge for CRES providers is based upon the Companies’ costs for the capacity used by CRES providers. For non-shopping customers, the Companies receive compensation for capacity through bypassable generation rates which are not affected by the issues in this proceeding. As a CRES provider, Direct Energy has the option under the RAA to self-supply capacity to serve their shopping load. To date, they have always chosen to purchase capacity from the Companies based upon the provisions of the RAA.

Section 4928.02(H), Ohio Revised Code, states that the policy of the State is to “ensure effective competition in the provision of retail electric service by avoiding anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service or to a product or service other than retail electric service, and vice versa, including by prohibiting the recovery of any generation-related costs through distribution or transmission rates.” If AEP Ohio is required to supply capacity to CRES providers (competitive retail electric service providers) below its cost, at RPM auction prices, CRES providers would be provided an anticompetitive subsidy for a component of competitive generation service that would violate state policy. CRES



providers using the Companies' capacity would be receiving an anticompetitive subsidy that CRES providers who self-supply capacity would not receive. This is the same state policy that ensures that AEP Ohio does not provide subsidies to its affiliated CRES provider.

#### **Reply to Comments of The Office of the Ohio Consumers Council ("OCC")**

The OCC begins its comments by discussing the proceedings before FERC in Docket No. ER11-2183 noting some of the arguments raised by various parties. The OCC then goes on to state that "concerns about the potential for AEP Ohio to double recover or over-recover its capacity costs should be addressed by the Commission." The Companies agree that it is appropriate for the Commission to ensure that the Companies are not double or over-recovering generation-related capacity costs from shopping customers through retail rates. As discussed at length in our Initial Comments and elsewhere in these Reply Comments, the Companies do not recover generation-related capacity costs from shopping customers through retail rates; the Companies recover capacity costs only from those who use its capacity – non-shopping retail customers and CRES providers who do not self supply. Allowing CRES providers to receive an anticompetitive subsidy from AEP Ohio means that AEP Ohio would only be allowed to recover the remainder of its capacity costs, including the subsidy to CRES providers, from non-shopping customers. Clearly, this would not be appropriate.

#### **Reply to Comments of Ohio Partners for Affordable Energy ("OPAE")**

OPAE claims that the current default PJM RPM clearing prices "of \$102/MW-

day will adequately compensate AEP as it is roughly equal to the 2011/2012 RPM auction price of \$110/MW-day.” This claim is incorrect and made without any factual support as to what is adequate compensation. This level of compensation, as demonstrated by the rates resulting from the Capacity Compensation Formulas, is not adequate. In addition, as discussed in the Companies’ Initial Comments, the resulting clearing prices for the unconstrained Locational Deliverability Area which the Commission has adopted as the interim “state compensation mechanism” are in no way related to AEP Ohio’s capacity obligation in PJM. AEP Ohio’s Load Serving Entity (“LSE”) FRR capacity obligation is not used by PJM for establishing the demand curves that clear the RPM base residual and incremental auctions and result in the RPM capacity market prices. OPAE also states that “in regions where utilities remain vertically integrated or where there is no capacity market comparable to that in PJM, there is no market proxy for the value of capacity. In this situation, cost-based rates can be used as a proxy for market based rates.” AEP Ohio continues to be a vertically integrated utility and, as discussed previously, the PJM RPM capacity market is separate and distinct from the Companies’ FRR capacity requirements and associated costs. Since there is no market which reflects the Companies’ capacity or associated costs, cost-based rates must be applied, not rates from a separate and distinct capacity market.

OPAE also states in their comments that “there is no argument that AEP is not being adequately compensated.” (at Page 4) Contrary to OPAE’s statement, there is certainly a disagreement concerning whether the Companies are being adequately compensated for the Companies’ capacity being utilized by CRES providers.

OPAE states that “after the expiration of the current electric security plan, a more

explicit approach to compensation for PJM capacity charges may well be appropriate.” The approach to compensation for capacity purchased by CRES providers from the Companies is already explicitly stated in the RAA.

**Reply to Comments of the Ohio Manufacturers’ Association (“OMA”)<sup>10</sup>**

OMA discusses four mechanisms by which they believe AEP Ohio recovers capacity costs: 1) charges to CRES providers for shopping load; 2) the EICCR rider; 3) the POLR charge; and 4) revenue received under the AEP Interconnection Agreement.

Each of these mechanisms has been discussed at length in response to comments of other parties. As more fully discussed in response to the comments of IEU-Ohio, the EICCR rider is bypassable and its specific costs are not recovered from shopping customers. The Companies have provided extensive comments throughout that describe how the POLR charge does not recover capacity costs – POLR charges compensate the Companies for the risk of providing all customers with the option to take standard offer service. As more fully discussed in response to the comments of OEG, capacity revenues or charges under the Interconnection Agreement are not impacted by customer shopping, e.g. CSP will still incur the same capacity-related costs through the Interconnection Agreement regardless of how many customers choose a CRES provider. Further, these revenues and charges are accounted for in the Capacity Compensation Formulas used to develop the capacity rate that the Companies are supporting in this proceeding.

**Reply to Comments related to Components of the Capacity Compensation Formula**

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<sup>10</sup> The Ohio Hospital Association supported and adopted the comments of the OMA in their Motion to Intervene and Initial Comments filed January 7, 2011.

Several of the parties that filed comments in this case<sup>11</sup>, and particularly FES, make various arguments regarding the components of the capacity rate filed at FERC in Docket No. ER11-2183. Those comments show a genuine lack of review of AEP Ohio's FERC filing or FERC tariff. This same information was included as Attachment 1 to the Companies' Initial Comments to support the Companies' view of an appropriately designed state compensation mechanism. To clarify that the Companies are being fairly compensated under our proposed rate, the Companies address several of the arguments in the table below:

**1. AEP Ohio never mentioned the interstate pooling agreements that it has between its affiliates and how capacity charges under these agreements and off-system sales would affect the rates at issue here.**

AEP Ohio does take into consideration its interstate pooling arrangements and off-system sales as these are accounted for in the AEP Ohio FERC Form 1 and AEP Ohio incorporated that cost data in its populated capacity compensation formulas filed herein with the Commission. Specifically identified on Attachment 1, page 14, line 11 is purchased power demand and energy expense which reconciles to the FERC Form 1, pg. 321, line 76; and off-system sales and ancillary service revenues are specifically identified as credits in the formula calculations as shown and footnoted on Attachment 1, page 4, lines 6 and line 7, with associated, clarifying Note A.

**2. AEP Ohio made no showing that it was only charging CRES providers for the FRR capacity required in Ohio.**

AEP Ohio included in these Reply Comments Attachment 2 which provides a comparison by operating company of the aggregated, actual September 2010 load served by each CRES provider with the current FRR capacity price compared to AEP Ohio's proposed cost-based rate. For confidentiality reasons, AEP did not specifically name each CRES provider.

**3. AEP Ohio made no showing that the capacity rates at issue would also be applied to customers who do not choose a CRES provider and to its own merchant affiliate (i.e. that CRES providers would only pay their pro rata share of AEP Ohio's capacity costs).**

Ohio retail customers taking standard offer generation service from AEP Ohio take service at rates established in accordance with Ohio law. AEP's own CRES provider

<sup>11</sup> Ohio Partners for Affordable Energy, Industrial Energy Users-Ohio, Direct Energy Services, FirstEnergy Solutions Corporation, the Ohio Manufacturers' Association, Constellation Energy, the Office of Consumers' Council and the Ohio Energy Group.

would pay the capacity rates at issue and their load is indeed included in the aggregated total shown on Attachment 2. As clearly shown in Attachments 1 and 2 of these Reply Comments, wholesale purchasers of capacity from AEP Ohio only pay their pro rata share of total capacity costs.

**4. AEP Ohio did not demonstrate how it was treating other PJM market revenues and opportunity costs.**

PJM market revenues and opportunity costs (*i.e.*, sales for resale to nonaffiliated customers) are included as an offset to any costs included in the calculation of the capacity fixed charge component of the formula.

**5. AEP Ohio failed to explain its attempt to apply discriminatory pricing for its retail choice customers in Ohio while all other AEP customers that are located in PJM but outside of Ohio would pay lower costs.**

Since AEP has no customers who have elected to take service from a competitive service provider except in Ohio, AEP elected to file a formula rate for its Ohio operating companies first. However, AEP plans to request comparable Capacity Compensation Formulas for its other operating companies that permit retail choice.

**6. AEP Ohio failed to justify its formula inputs, only highlighting a handful of the inputs and citing largely irrelevant precedent from non-controversial FERC cases with much less at stake.**

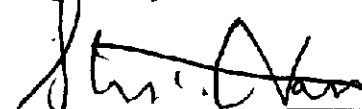
AEP Ohio proposed a standard cost-of-service formula that develops OPCo's and CSP's embedded fixed costs of generation. The attachments to these Reply Comments include extensive worksheets that fully populate the formulas with annotations and footnotes to help parties fully understand how the formulas work. The template that was used as a model in this case was carefully reviewed in another proceeding by FERC Trial Staff who offered many helpful suggestions to make the formulas more transparent and user friendly. All the footnotes and clarifying annotations have been included in AEP Ohio's filing. The FERC Form 1 reports for year end 2009, accessible from the FERC website, are the basis for all rate base and expense components included in the formulas as is the case with any standard cost-of-service formula – these formulas are no different. For instance, one does not need to dig deeply to discover that in Attachment 1 (using Ohio Power Company's formula) page 6, line 2, gross plant in service is derived from the FERC Form 1, p. 204-207, L. 100 – \$9,657,361,614, net of ARO (explained in Note A) – which also is identified in the FERC Form 1, pgs. 205-207 on lines 15, 34, 57 and 98 and totals \$33,854,332.

To provide additional details on inputs to the populated formulas, AEP Ohio has included all associated workpapers in Attachment 3 of these Reply Comments.

## CONCLUSION

The question before this Commission should be, "What is the appropriate level of compensation that the Companies should receive from CRES providers for the use of the Companies' capacity?" The Companies' Initial Comments and these Reply Comments have provided significant information supporting the position that the Companies are entitled to charge CRES providers for capacity based upon the Companies' costs. Further, in order to ensure that anticompetitive subsidies are not being provided to some CRES providers, the Companies should be required to charge CRES providers for capacity based upon the Companies' costs. The Companies submit that it is appropriate to conduct an evidentiary hearing in order to establish a permanent rate to replace the interim state compensation rate established in this docket on December 8, 2010.

Respectfully submitted,



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Counsel for Columbus Southern Power  
Company and Ohio Power Company

## **Attachment 1, Part 1**

**Populated Capacity Compensation Formulas with 2009 OPCo FERC Form 1 cost data to illustrate the implementation of the formulas**

**CAPACITY (FIXED) CHARGE CALCULATION**  
**12 Months Ending 12/31/2009 (actuals)**

OPC  
Page 1

	RATE \$/MW/Day (1)	CAPACITY MW (2)	Amount \$ (1) x (2) (3)
Capacity Daily Charge:			
1. Reference	P.2		Col (1) x (2)
2. Amount	\$387.77897	0	\$0.00



DETERMINATION OF RATES APPLICABLE TO  
OPC'S CAPACITY REQUIREMENTS  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 2

1. Capacity Daily Rates

$$$/MW = \frac{\text{Annual Production Fixed Cost}}{(\text{OPC 5 CP Demand}/365) (\text{Note A})}$$

$$\frac{649,778,730}{4,590.8 / 365} = \$387.77897$$

Where: Annual Production Fixed Cost, P.4

Note A: Average of demand at time of PJM five highest daily peaks.

		Reference	
1.	GSU & Associated Investment	Note A	40,703,527
2.	Total Transmission Investment	FF1, P.207, L.58, Col.g	1,164,348,564
3.	Percent (GSU to Total Trans. Investment)	L.1 / L.2	3.50%
4.	Transmission Depreciation Expense	FF1, P.336, L.7, Col.b	25,505,773
5.	GSU Related Depreciation Expense	L.3 x L.4	891,636
6.	Station Equipment Acct. 353 Investment	FF1, P.207, L.50, Col.g	618,945,996
7.	Percent (GSU to Acct. 353)	L.1 / L.6	6.58%
8.	Transmission O&M (Accts 562 & 570)	FF1,P.321, L. 93, Col.b, and L.107, Col.b	5,406,295
9.	GSU & Associated Investment O&M	L.7 x L.8	355,532

Note A: Workpapers – tab WP-16

**ANNUAL PRODUCTION FIXED COST**  
**12 Months Ending 12/31/2009 (actuals)**

OPC  
Page 4

	Reference	PRODUCTION Amount
1. Return on Rate Base	P.5, L.19, Col.(2)	\$297,934,517
2. Operation & Maintenance Expense	P.14, L.15, Col.(2)	\$315,740,096
3. Depreciation Expense	P.16, L.11, Col.(2)	\$228,619,407
4. Taxes Other Than Income Taxes	P.17, L.6, Col.(2)	\$81,746,087
5. Income Tax	P.18, L.5, Col.(2)	\$121,398,986
6. Sales for Resale	Note A	\$395,417,383
7. Ancillary Service Revenue	Note B	\$242,979
8. Annual Production Fixed Cost	Sum (L.1 : L.5) - (L.6 + L.7)	\$649,778,730

Note A: Capacity related revenues associated with sales as reported in Account 447 (includes pool capacity demand).

Note B: Workpapers – tab WP-2

**RETURN ON PRODUCTION-RELATED INVESTMENT**  
**12 Months Ending 12/31/2009 (actuals)**

OPC  
Page 5

	Reference	Amount (1)	Demand (2)	Energy (3)
1. <b>ELECTRIC PLANT</b>				
2. Gross Plant in Service	P.6, L.4, Col.(2)	6,864,412,910	6,784,128,742	80,284,189
3. Less: Accumulated Depreciation	P.6, L.11, Col.(2)	2,364,441,811	2,319,865,818	44,575,993
4. Net Plant in Service	L.2 - L.3	4,499,971,299	4,464,283,123	35,708,176
5. Less: Accumulated Deferred Taxes	P.6, L.12, Col.(2)	951,311,415	832,516,843	118,794,567
6. Plant Held for Future Use (Note A)	FF1, P.214	0	0	0
7. Pollution Control CWIP	Note B	43,903,509	43,903,509	0
8. Non-Pollution Control CWIP (50%)	Note B	29,607,052	29,607,052	0
9. Subtotal - Electric Plant	L.4 - L.5 + L.6 + L.7 + L.8	3,622,170,446	3,705,256,836	(83,086,391)
10. <b>WORKING CAPITAL</b>				
11. Materials & Supplies				
12. Fuel	P.9, L.2, Col.(2)	327,108,625	0	327,108,625
13. Nonfuel	P.9, L.8, Col.(2)	79,263,930	79,263,930	0
14. Total M & S	L.12 + L.13	406,372,555	79,263,930	327,108,625
15a. Prepayments Nonlabor (Note C)		2,493,523	2,464,359	29,164
15b. Prepayments Labor (Note C)		99,194,239	50,576,880	48,617,359
15c. Prepayments Total (Note C)		101,687,762	53,041,240	48,646,522
16. Cash Working Capital	P.8, L.7, Col.(2)	60,432,542	39,414,563	21,017,979
17. Total Rate Base	L.9 + L.14 + L.15c + L.16	4,190,653,305	3,876,976,569	313,686,736
18. Weighted Cost of Capital	P.11, L.4, Col.(4)	7.68%	7.68%	7.68%
19. Return on Rate Base	L.17 x L.18	322,040,442	297,934,517	24,105,925

Note A: Workpaper (WP) 19

Note B: Workpapers – tab WP-3. CWIP balances in the formula cannot be changed absent an annual informational filing with the Commission.

Note C: Prepayments include amounts booked to Account 165. Nonlabor related prepayments allocated to the production function based on gross plant on P.6, L.6. Labor related prepayments allocated to production function based on wages and salaries on P.7, Note B.

**PRODUCTION-RELATED  
ELECTRIC PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND ADIT  
12 Months Ending 12/31/2009 (actuals)**

		System		Reference	PRODUCTION		
		Reference	Amount (1)		Amount (2)	Demand (3)	Energy (4)
1.	GROSS PLANT IN SERVICE (Note A)						
2.	Plant in Service (Note C)	FF1, P.204-207, L.100	9,623,507,282	P.7, Col(3), L.28	6,715,457,552	6,715,457,552	0
3.	Allocated General & Intangible Plant				148,955,358	68,671,190	80,284,169
4.	Total	L.2 + L.3	9,623,507,282		6,864,412,910	6,784,128,742	80,284,169
5.				Col.(2), L.4	6,864,412,910	6,784,128,742	80,284,169
6.			100.00%	Col.(1), L.4	9,623,507,282	9,623,507,282	9,623,507,282
7.					71.33%	70.50%	0.83%
8.	ACCUMULATED PROVISION FOR DEPRECIATION (Note A)						
9.	Plant in Service (Note D)		3,386,073,144	FF1, P.200, L.22	2,281,737,473	2,281,737,473	0
10.	Allocated General Plant		120,628,128	Note B	82,704,138	38,128,145	44,575,993
11.	Total	L.9 + L.10			2,364,441,611	2,319,865,618	44,575,993
12.	ACCUMULATED DEFERRED TAXES (Note A)	FF1, P.234 (Acct. 190), L.8, P.274- 275 (Acct.282), L.5, P.276-277 (Acct. 283), L.9	951,311,415	Exhibit B, P.6a	951,311,415	832,516,848	118,794,567

Note A: Excludes ARO amounts.

Note B: (% From P.7, Col.(3), L.29)

Note C: Includes Generator Step-Up Transformers and Other Generation related investments previously included in the transmission accounts

Note D: Includes Accumulated Depreciation associated with the Generator Step-Up Transformers and Other Generation investments.

PRODUCTION-RELATED ADIT  
For the Year Ending December 31, 2009

OPC  
Page 6a

	Account	Description	Year End Balance	Exclusions	100% Production (Energy Related)	100% Production (Demand Related)	Labor
1	190	Excluded Items	-	-	-	-	-
2	190	100% Production (Energy)	3,962,260	-	3,962,260	-	-
3	190	100% Production (Demand)	73,651,393	-	-	73,651,393	-
4	190	Labor Related	-	-	-	-	-
5	190	Total	77,613,653	-	3,962,260	73,651,393	-
6		Production Allocation	-	0.00%	100.00%	100.00%	66.35%
7		(Gross Plant or Wages/Salaries)	-	-	3,962,260	73,651,393	-
8		Demand Related	-	-	-	73,651,393	-
9		Energy Related	-	-	3,962,260	-	-
10		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
11	281	Excluded Items	-	-	-	-	-
12	281	100% Production (Energy)	-	-	-	-	-
13	281	100% Production (Demand)	(234,470,859)	-	-	(234,470,859)	-
14	281	Labor Related	-	-	-	-	-
15	281	Total	(234,470,859)	-	-	(234,470,859)	-
16		Production Allocation	-	0.00%	100.00%	100.00%	66.35%
17		(Gross Plant or Wages/Salaries)	-	-	-	(234,470,859)	-
18		Demand Related	-	-	-	(234,470,859)	-
19		Energy Related	-	-	-	-	-
20		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
21	282	Excluded Items	-	-	-	-	-
22	282	100% Production (Energy)	-	-	-	-	-
23	282	100% Production (Demand)	(550,453,396)	-	-	(550,453,396)	-
24	282	Labor Related	-	-	-	-	-
25	282	Total	(550,453,396)	-	-	(550,453,396)	-
26		Production Allocation	-	0.00%	100.00%	100.00%	66.35%
27		(Gross Plant or Wages/Salaries)	-	-	-	(550,453,396)	-
28		Demand Related	-	-	-	(550,453,396)	-
29		Energy Related	-	-	-	-	-
30		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
31	283	Excluded Items	-	-	-	-	-
32	283	100% Production (Energy)	(122,756,827)	-	(122,756,827)	-	-
33	283	100% Production (Demand)	(121,243,987)	-	-	(121,243,987)	-
34	283	Labor Related	-	-	-	-	-
35	283	Total	(244,000,813)	-	(122,756,827)	(121,243,987)	-
36	283	Production Allocation	-	0.00%	100.00%	100.00%	66.35%
37		(Gross Plant or Wages/Salaries)	-	-	(122,756,827)	(121,243,987)	-
38		Demand Related	-	-	-	(121,243,987)	0
39		Energy Related	-	-	(122,756,827)	0	0
40		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
41	Summary Production Related ADIT		Total	Demand	Energy		
42	P Plant (Energy Related)		(118,794,567)	-	(118,794,567)		
43	P Plant (Demand Related)		(832,516,848)	(832,516,848)	0		
44	Labor Related		0	0	0		
45	Total		(951,311,415)	(832,516,848)	(118,794,567)		

Source: Balances for Accounts 190, 281, 282 and 283 from WP-8a and 8ai.

PRODUCTION-RELATED GENERAL PLANT ALLOCATION  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 7

1 of 2

General Plant Accounts 101 and 106

	Total System (Note A) (1)	Allocation Factor (2)	Related to Production (1) x (2) (3)	Demand (4)	Energy (5)
1. GENERAL PLANT					
2					
3. Land	4,968,407	Note B	3,296,564	1,680,843	1,615,721
4. General Offices	0		0	0	0
5. Total Land	4,968,407		3,296,564	1,680,843	1,615,721
6					
7. Structures	66,461,163	Note B	44,097,331	22,484,223	21,613,108
8. General Offices	0		0	0	0
9. Total Structures	66,461,163		44,097,331	22,484,223	21,613,108
10					
11. Office Equipment	3,227,863	Note B	2,141,704	1,092,006	1,049,698
12. General Offices			0	0	0
13. Total Office Equipment	3,227,863		2,141,704	1,092,006	1,049,698
14. Transportation Equipment	31,743	Note B	21,062	10,739	10,323
15. Stores Equipment	269,697	Note B	178,945	91,240	87,705
16. Tools, Shop & Garage Equipment	16,023,187	Note B	10,631,469	5,420,744	5,210,725
17. Lab Equipment	570,347	Note B	378,428	192,952	185,476
18. Communications Equipment	33,062,228	Note B	21,936,962	11,185,157	10,751,805
19. Miscellaneous Equipment	2,059,713	Note B	1,366,630	696,813	669,817
20. Subtotal	126,674,348		84,049,095	42,854,717	41,194,378
21. PERCENT		Note C	66.35%	33.83%	32.52%
22. Other Tangible Property					
23. Fuel Exploration	14,273,536	Note D	14,273,536		14,273,536
24. Rail Car Facility	0	Note D	0		0
25. Total Other Tangible Property	14,273,536		14,273,536	0	14,273,536
26. TOTAL GENERAL PLANT FF1, P.207	140,947,884		98,322,631	42,854,717	55,467,914
27. INTANGIBLE PLANT	76,310,966	Note B	50,632,727	25,816,473	24,816,254
28. TOTAL GENERAL AND INTANGIBLE	217,258,850		148,955,358	68,671,190	80,284,169
29. PERCENT		Note E	68.56%	31.61%	36.95%
30. Total General and Intangible	217,258,850		148,955,358	68,671,190	80,284,169
31. Exclude Other Tangible (Railcar and Fuel Exploration)	(14,273,536)		(14,273,536)	0	(14,273,536)
32. Net General and Intangible	202,985,314		134,681,822	68,671,190	66,010,633
33. PERCENT			66.35%	33.83%	32.52%

PRODUCTION-RELATED GENERAL PLANT ALLOCATION  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 7  
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2 of 2

NOTE A: Data from OPC's Books excluding ARO amounts.

NOTE B: Allocation factors based on wages and salaries in electric operations and maintenance expenses excluding administrative and general expenses:

a. Total wages and salaries in electric operation and maintenance expenses excluding administrative and general expense, FF1, P.354, Col.(b), Ln.28 - L.27 (see workpaper 9a).	149,923,567
b. Production wages and salaries in electric operation and maintenance expense, FF1, P.354, Col.(b), L.20.	99,475,075
c. Ratio (b / a)	66.351%

NOTE C: L.20, Col.(3) / L.20, Col.(1)

NOTE D: Directly assigned to Production

NOTE E: L.26, Col.(3) / L.26, Col.(1)



PRODUCTION-RELATED CASH REQUIREMENT  
12 Months Ending 12/31/2009 (actuals)

	Reference	Amount (1)	PRODUCTION Demand (2)	Energy (3)
1. Total Production Expense Excluding Fuel Used in Electric Generation	P. 14, L. 12	733,531,163	278,870,566	454,660,597
2. Less Fuel Handling / Sale of Fly Ash	P. 14, L. 1 thru 3	0	0	0
3. Less Purchased Power	P. 14, L. 11	(319,505,447)	(68,059)	(319,437,388)
4. Other Production O&M	Sum (L. 1 thru L. 3)	414,025,716	278,802,507	135,223,209
5. Allocated A&G	P. 10, L. 17	69,434,624	36,513,997	32,920,626
6. Total O&M for Cash Working Capital Calculation	L. 4 + L. 5	483,460,340	315,316,504	168,143,835
7. O&M Cash Requirements	=45 / 360 x L. 6	60,432,542	39,414,563	21,017,979

PRODUCTION-RELATED MATERIALS & SUPPLIES  
12 Months Ending 12/31/2009 (actuals)

SYSTEM		PRODUCTION				
	Reference	Amount (1)	Reference	Amount (2)	Demand (3)	Energy (4)
1. Material & Supplies (Note A)						
2. Fuel	FF1, P.227, L.1	327,108,625		327,108,625	0	327,108,625
3. Non-Fuel						
4. Production	Functional Breakdown	79,263,930	100% Col. 1	79,263,930	79,263,930	0
5. Transmission	Furnished from	14,263,625	0	0	0	0
6. Distribution	OPCs Books by	12,705,530	0	0	0	0
7. General	Accounting Dept.	0	Note B	0	0	0
8. Total	L.4 + L.5 + L.6 + L.7	106,233,085		79,263,930	79,263,930	0

Note A: Year end balance.

Note B: Column (1) times % from P.7, Col.(3), L.29.

PRODUCTION-RELATED  
ADMINISTRATIVE & GENERAL EXPENSE ALLOCATION  
12 Months Ending 12/31/2008 (actuals)

	Account	System		Allocation Factor % (2)	Production		
		Reference	Amount (1)		Amount (3)	Demand (4)	Energy (5)
1.	ADMINISTRATIVE & GENERAL EXPENSE						
2.	RELATED TO WAGES AND SALARIES						
3.	A&G Salaries	920 FF1, P.323	24,973,943				
4.	Outside Services	923 FF1, P.323	21,531,837				
5.	Employee Pensions & Benefits	926 FF1, P.323	39,643,136				
6.	Office Supplies	921 FF1, P.323	852,476				
7.	Injuries & Damages	925 FF1, P.323	8,594,719				
8.	Franchise Requirements	927 FF1, P.323	0				
9.	Duplicate Charges - Cr.	929 FF1, P.323	0				
10.	Total	Ls. 3 thru 9	95,596,111	Note A	83,428,522	32,340,757	31,087,765
11.	MISCELLANEOUS GENERAL EXPENSES	930 FF1, P.323	1,287,756	Note A, C & D	854,433	435,656	418,777
12.	ADM. EXPENSE TRANSFER - CR.	922 FF1, P.323	(2,821,096)	Note B	(1,934,176)	(391,692)	(1,042,486)
13.	PROPERTY INSURANCE	924 FF1, P.323	3,622,786	Note E	2,584,120	2,553,897	30,223
14.	REGULATORY COMM. EXPENSES	928 FF1, P.323	243,481	Note C	0	0	0
15.	RENTS	931 FF1, P.323	1,416,657	Note B	971,278	447,777	523,501
16.	MAINTENANCE OF GENERAL PLANT	935 FF1, P.323	5,149,337	Note B	3,530,449	1,627,603	1,902,846
17.	TOTAL A & G EXPENSE	L.10 thru 16	104,495,032		69,434,624	36,513,997	32,920,626

Note A: % from Note B, P.7

Note B: General Plant % from P.7, Col.(3), L.29

Note C: Excluding all items not related to wholesale service and also excludes FERC assessment of annual charges.

Note D: Excludes general advertising and company dues and memberships.

Note E: % Plant from P.6, L.7.

COMPOSITE COST OF CAPITAL  
12 Months Ending 12/31/2009 (actuals)

	Reference	Total Company Capitalization \$ (1)	Weighted Cost Ratios % (2)	Reference	Cost of Capital % (3)	Weighted Cost of Capital (2 x 3) (4)	
1.	Long Term Debt	Note A	3,248,580,000	49.08%	Note D	4.31%	2.11%
2.	Preferred Stock	Note B	55,422,793	0.84%	Note E	1.32%	0.01%
3.	Common Stock -	Note C	3,314,357,278	50.08%		11.10%	5.56%
4.	Total		6,618,380,071	100.00%			7.68%

Note A: P.12, L.5, Col.1.

Note B: P.13a, L.6(2).

Note C: P.13b, L.5.

Note D: P.12, L.16 (2).

Note E: P.13a, L.7.

LONG TERM DEBT  
12 Months Ending 12/31/2009 (actuals)

	Reference	Debt Balance (1)	Interest & Cost Booked (2)
<u>12 Months Ending 12/31/2009 (Actual)</u>			
1. Bonds (Acc 221)	FF1, 112.18.c.	0	
2. Less: Reacquired Bonds (Acc 222)	FF1, 112.19.c.	(303,000,000)	
3. Advances from Assoc Companies (Acc 223)	FF1, 112.20.c.	200,000,000	
4. Other Long Term Debt (Acc 224)	FF1, 112.21.c.	3,351,580,000	
5. Total Long Term Debt Balance		<u>3,248,580,000</u>	
<u>Costs and Expenses (actual)</u>			
6. Interest Expense (Acc 427)	FF1, 117.62.c.	119,078,894	
7. Amortization Debt Discount and Expense (Acc 428)	FF1, 117.63.c.	3,354,846	
8. Amortization Loss on Reacquired Debt (Acc 428.1)	FF1, 117.64.c.	626,793	
9. Less: Amortiz Premium on Reacquired Debt (Acc 429)	FF1, 117.65.c.	0	
10. Less: Amortiz Gain on Reacquired Debt (Acc 429.1)	FF1, 117.66.c.	0	
11. Interest on LTD Assoc Companies (portion Acc 430)	WP-13, L,7	10,500,000	
12. Sub-total Costs and Expense		<u>133,560,633</u>	
13. Less: Total Hedge (Gain) / Loss	P. 12a, L. 4, Col. (1)	(7,185,191)	
14. Plus: Allowed Hedge Recovery	P. 12a, L. 9, Col. (8)	(769,578)	
15. Total LTD Cost Amount	L 12 - L. 13 + L. 14	139,976,246	
16. Embedded Cost of Long Term Debt = L.15, Col.(2) / L.15, Col.(1)			4.31%

**LONG TERM DEBT**  
**Limit on Hedging (Gain)/Loss on Interest Rate Derivatives of LTD**  
**12 Months Ending 12/31/2009 (actuals)**

	(1)	(2)	(3)	(4)	(5)	(6)
HEDGE AMT BY ISSUANCE FERC Form 1, p. 256-257 (i)	Total Hedge (Gain) / Loss	Excludable Amounts (Note A)	Net Includable Hedge Amount Subject to Limit	Unamortized Balance	Amortization Period Beginning	Ending
1. SUN Cash Flow Hedge - 5.300%	138,641	-	138,641		Nov-05	Nov-10
2. SUN Cash Flow Hedge - 6.000%	(418,450)	-	(418,450)	(2,685,056)	Jun-06	Jun-16
3. SUN Cash Flow Hedge - 5.375%	(6,805,382)	(6,415,613)	(489,769)		Sep-09	Oct-21
4. Total Hedge Amortization	(7,185,191)	(6,415,613)	(769,578)			

5. <u>Limit on Hedging (G)/L on Interest Rate Derivatives of LTD</u> Hedge (Gain) / Loss prior to Application of Recovery Limit						(769,578)
Enter a hedge Gain as a negative value and a hedge Loss as a positive value						
6. Total Capitalization						
7. 5 basis point Limit on (G)/L Recovery			B-11, L-4, col.(1)		6,518,360,071	
8. Amount of (G)/L Recovery Limit			L-6 * L-7			0.0005 (3,309,160)
9. Hedge (Gain) / Loss Recovery (Lesser of Line 5 or Line 8)						(769,578)
To be subtracted or added to actual Interest Expenses on Exhibit B, Page 12, Line 14						

**Note A:** Annual amortization of net gains or net loss on interest rate derivative hedges on long term debt shall not cause the composite after-tax weighted average cost of capital to increase/decrease by more than 5 basis points. Hedge gains/losses shall be amortized over the life of the related debt issuance. The unamortized balance of the g/l shall remain in Acc 219 Other Comprehensive Income and shall not flow through the rate calculation. Hedge-related ADIT shall not flow through rate base. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this calculation and are to be recorded in the "Excludable" column below.

PREFERRED STOCK  
12 Months Ending 12/31/2009 (actuals)

	(1) Reference	(2) Amount
1. Preferred Stock Dividends	FF1, P. 118, L. 29	732,063
2. Preferred Stock Outstanding	Note A & B FF1, P. 251, L. 16 (f)	16,626,400
3. Plus: Premium on Preferred Stock	Note A FF1, P. 112, L. 6	727,834
4. Less: Discount on Pfd Stock	Note A FF1, P. 112, L. 9	0
5. Plus: Paid-in-Capital Pfd Stock	Note A	38,068,559
6. Total Preferred Stock	L. 2 + L. 3 - L. 4 + L. 5	55,422,793
7. Average Cost Rate	L. 1 / L. 6	1.32%

Note A: Workpaper -- tab WP-12b.

Note B: Preferred stock outstanding excludes pledged and reacquired (Treasury) preferred stock..

B-13b  
COMMON EQUITY  
12 Months Ending 12/31/2009 (actuals)

	Source	Balances
1. Total Proprietary Capital	WP-12a, col. a	3,251,321,953
Less:		
2. Preferred Stock (Acc 204, pfd portion of Acc 207-213)	WP-12a, col. b+c+d	55,422,793
3. Unappropriated Undistributed Subsidiary Earnings (Acc 216.1)	WP-12a, col. e	0
4. Accumulated Comprehensive Other Income (Acc 219)	WP-12a, col. f	(118,458,118)
5. Total Balance of Common Equity	L.1-2-3-4	3,314,357,278



ANNUAL FIXED COSTS  
PRODUCTION O & M EXPENSE  
EXCLUDING FUEL USED IN ELECTRIC GENERATION  
12 Months Ending 12/31/2009 (actuals)

	Account No.	Total Company (1)	(Demand) Fixed (2)	(Energy) Variable (3)
1. Coal Handling	501.xx	0		0
2. Lignite Handling	501.xx	0		0
3. Sale of Fly Ash (Revenue & Expense)	501.xx	0		0
4. Rents	507	0		
5. Hydro O & M Expenses	535-545	0		
6. Other Production Expenses	557	9,065,135	9,065,135	
7. System Control of Load Dispatching	556	2,945,170	2,945,170	
8. Other Steam Expenses	Note A	402,015,411	266,792,202	135,223,209
9. Combustion Turbine	Note A	0		0
10. Nuclear Power Expense-Other	Note A	0		
11. Purchased Power	555	319,505,447	68,059	319,437,388
12. Total Production Expense Excluding Fuel Used In Electric Generation above		733,531,163	278,870,566	454,660,597
13. A & G Expense P.10, L.17		69,434,824	36,513,997	32,920,826
14. Generator Step Up related O&M	Note B	355,532	355,532	0
15. Total O & M		803,321,319	315,740,095	487,581,223

NOTE A: Amounts recorded in Accounts 500, 502-509, 510-514, 546, 548-550 and 551-554 classified into Fixed and Variable Components in accordance with P.15 and WP-14

NOTE B: FF1, P.321, L.93 & L.107 (ACCTS. 562 & 570) times GSU Investment to Account 353 ratio (See P.3, L.9)

CLASSIFICATION OF FIXED AND VARIABLE  
PRODUCTION EXPENSES

OPC  
Page 15

Line No.	Description	FERC Account No.	Energy Related	Demand Related
1	<b>POWER PRODUCTION EXPENSES</b>			
2	<b>Steam Power Generation</b>			
3	Operation supervision and engineering	500	-	xx
4	Fuel	501	xx	-
5	Steam expenses	502	-	xx
6	Steam from other sources	503	xx	-
7	Steam transferred-Cr.	504	xx	-
8	Electric expenses	505	-	xx
9	Miscellaneous steam power expenses	506	-	xx
10	Rents	507	-	xx
11	Allowances	509	xx	-
12	Maintenance supervision and engineering	510	xx	-
13	Maintenance of structures	511	-	xx
14	Maintenance of boiler plant	512	xx	-
15	Maintenance of electric plant	513	xx	-
16	Maintenance of miscellaneous steam plant	514	-	xx
17	Total steam power generation expenses			
18	<b>Hydraulic Power Generation</b>			
19	Operation supervision and engineering	535	-	xx
20	Water for power	536	-	xx
21	Hydraulic expenses	537	-	xx
22	Electric expenses	538	-	xx
23	Misc. hydraulic power generation expenses	539	-	xx
24	Rents	540	-	xx
25	Maintenance supervision and engineering	541	-	xx
26	Maintenance of structures	542	-	xx
27	Maintenance of reservoirs, dams and waterways	543	-	xx
28	Maintenance of electric plant	544	xx	-
29	Maintenance of miscellaneous hydraulic plant	545	-	xx
30	Total hydraulic power generation expenses			
31	<b>Other Power Generation</b>			
32	Operation supervision and engineering	546	-	xx
33	Fuel	547	xx	-
34	Generation expenses	548	-	xx
35	Miscellaneous other power generation expenses	549	-	xx
36	Rents	550	-	xx
37	Maintenance supervision and engineering	551	-	xx
38	Maintenance of structures	552	-	xx
39	Maintenance of generation and electric plant	553	-	xx
40	Maintenance of misc. other power generation plant	554	-	xx
41	Total other power generation expenses			
42	<b>Other Power Supply Expenses</b>			
43	Purchased power	555	xx	xx
44	System control and load dispatching	556	-	xx
45	Other expenses	557	-	xx
46	Station equipment operation expense (Note A)	562	-	xx
47	Station equipment maintenance expense (Note A)	570	-	xx

Note A: Restricted to expenses related to Generator Step-up Transformers and Other Generator related expenses.  
See Note D, Page 6

PRODUCTION-RELATED DEPRECIATION EXPENSE  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 16

		Depreciation Expense (1)	Demand (2)	Energy (3)
	PRODUCTION PLANT			
1.	Steam	217,078,035	217,078,035	0
2.	Nuclear	0	0	0
3.	Hydro	0	0	0
4.	Conventional	0	0	0
5.	Pump Storage	0	0	0
6.	Other Production	0	0	0
7.	Int. Comb.	0	0	0
8.	Other	2,998,687	2,998,687	0
9.	Production Related General & Intangible Plant	15,005,670	7,651,049	7,354,621
10.	Generator Step Up Related Depreciation (Note A)	891,636	891,636	0
11.	Total Production	235,974,027	228,619,407	7,354,621

Note: Lines 1 through 8 will be Depreciation Expense reported on P.336 of the FF1 excluding the amortization of acquisition adjustments.

Line 9 will be total General & Intangible Plant (from P.336 of the FF1, adjusted for amortization adjustments) times ratio of Production Related General Plant to total General Plant computed on P.7, L.33, Col.(3)

Depreciation expense excludes amounts associated with ARO.

\* Note A: Line 10, see P.3, L.5

PRODUCTION RELATED  
TAXES OTHER THAN INCOME TAXES  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 17

		SYSTEM		%	PRODUCTION
		REFERENCE	AMOUNT		AMOUNT
			(1)		(2)
PRODUCTION RELATED TAXES OTHER THAN INCOME					
1	Labor Related	Note A	7,986,075	Note B	2,701,739
2	Property Related	Note A	68,052,879	Note C	62,073,218
3	Other	Note A	(2,737,876)	Note C	(1,930,076)
4	Production	Note E	19,124,686	pg 6, col 3, line 4	18,901,207
5	Gross Receipts / Commission Assessments	Note A	81,010,982	Note D	0
6	TOTAL TAXES OTHER THAN INCOME TAXES	Sum L.1 : L.5	193,436,946		81,746,087

Note A: Taxes other than Income Taxes will be those reported in FERC-1, Pages 262 & 263.

Note B: Total (Col. (1), L.1) allocated on the basis of wages & salaries in Electric O & M Expenses (excl. A & G), P.354, Col.(b) and Services shown on Worksheets WP-9a and WP-9b.

	Amount	%
(1) Total W & S (excl. A & G)	149,923,567	100.00%
(2) Production W & S	99,475,075	66.35%
(3) Production Demand W & S	50,720,072	50.99%

Note C: Allocated on the basis of Gross Plant Investment from Schedule B-6, Ln.7

Note D: Not allocated to wholesale

Note E: Classified based on gross production plant in service

**PRODUCTION-RELATED INCOME TAX**  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 18

	Reference	Amount (1)	Demand (2)	Energy (3)
1. Return on Rate Base	P.5, L.19	322,040,442	297,934,517	24,105,925
2. Effective Income Tax Rate	P.19, L.2	40.9090%	40.9090%	40.9090%
3. Income Tax Calculated	L.1 x L.2	131,743,423	121,881,938	9,861,485
4. ITC Adjustment	P.19, L.13	(488,667)	(482,952)	(5,715)
5. Income Tax	L.3 + L.4	131,254,756	121,398,986	9,855,770

Note A: Classification based on Production Plant classification of P.19, L.20 and L.21.

COMPUTATION OF EFFECTIVE INCOME TAX RATE  
12 Months Ending 12/31/2009 (actuals)

OPC  
Page 19

1.	$T = 1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} \approx$		36.08%
2.	$\text{EIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{WACC})) =$		40.91%
3.	where WCLTD and WACC from Exhibit B-11 and FIT, SIT & p as shown below.		
4.	$\text{GRCF} = 1 / (1 - T)$		1.5644
5.	Federal Income Tax Rate	FIT	35.0000%
6.	State Income Tax Rate (Composite)	SIT	1.6600%
7.	Percent of FIT deductible for state purposes	p	0.0000%
8.	Weighted Cost of Long Term Debt	WCLTD	2.115%
9.	Weighted Average Cost of Capital	WACC	7.685%
10.	Amortized Investment Tax Credit (enter negative)	FF1, P.114, L.19, Col.c	(437,912)
11.	Gross Plant Allocation Factor	L.19	71.330%
12.	Production Plant Related ITC Amortization		(312,361)
13.	ITC Adjustment	L.12 x L.4	(488,667)
14.	<u>Gross Plant Allocator</u>		Total
15.	Gross Plant	P.6, L.6, Col.2	9,623,507,282
16.	Production Plant Gross	P.6, L.5, Col.2	6,864,412,910
17.	Demand Related Production Plant	P.6, L.5, Col.3	6,784,128,742
18.	Energy Related Production Plant	P.6, L.5, Col.4	80,284,169
19.	Production Plant Gross Plant Allocator	L.16 / L.15	71.330%
20.	Production Plant - Demand Related	L.17 / L.16	98.830%
21.	Production Plant - Energy Related	L.18 / L.16	1.170%

## **Attachment 1, Part 2**

**Populated Capacity Compensation Formulas with 2009 CSP FERC Form 1 cost  
data to illustrate the implementation of the formulas**

**CAPACITY (FIXED) CHARGE CALCULATION**  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 1

	RATE \$/MW/Day (1)	CAPACITY MW (2)	Amount \$ (1) x (2) (3)
Capacity Daily Charge:			
1. Reference	P.2		Col (1) x (2)
2. Amount	\$299.80517	0	\$0.00



DETERMINATION OF RATES APPLICABLE TO  
CSP'S CAPACITY REQUIREMENTS  
12 Months Ending 12/31/2009 (actuals)

1. Capacity Daily Rates

$$$/MW = \frac{\text{Annual Production Fixed Cost}}{(\text{CSP 5 CP Demand}/365) (\text{Note A})}$$

$$\frac{415,260,737}{3,794.8 / 365} = \$299.80517$$

Where: Annual Production Fixed Cost, P.4

Note A: Average of demand at time of PJM five highest daily peaks.

Generator Step Up Transformer Workpaper  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 3

		Reference	
1.	GSU & Associated Investment	Note A	8,954,491
2.	Total Transmission Investment	FF1, P.207, L.58, Col.g	619,883,849
3.	Percent (GSU to Total Trans. Investment)	L.1 / L.2	1.44%
4.	Transmission Depreciation Expense	FF1, P.336, L.7, Col.b	12,769,913
5.	GSU Related Depreciation Expense	L.3 x L.4	184,467
6.	Station Equipment Acct. 353 Investment	FF1, P.207, L.50, Col.g	309,136,250
7.	Percent (GSU to Acct. 353)	L.1 / L.6	2.90%
8.	Transmission O&M (Accts 562 & 570)	FF1,P.321, L. 93, Col.b, and L.107, Col.b	2,561,238
9.	GSU & Associated Investment O&M	L.7 x L.8	74,189

Note A: Workpapers – tab WP-16

ANNUAL PRODUCTION FIXED COST  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 4

	Reference	PRODUCTION Amount
1. Return on Rate Base	P.5, L.19, Col.(2)	\$125,285,005
2. Operation & Maintenance Expense	P.14, L.15, Col.(2)	\$157,813,367
3. Depreciation Expense	P.16, L.11, Col.(2)	\$55,060,009
4. Taxes Other Than Income Taxes	P.17, L.5, Col.(2)	\$50,322,027
5. Income Tax	P.18, L.5, Col.(2)	\$43,014,129
6. Sales for Resale	Note A	\$16,031,652
7. Ancillary Service Revenue	Note B	\$202,147
8. Annual Production Fixed Cost	Sum (L.1 : L.5) - (L.6 + L.7)	\$415,260,737

Note A: Capacity related revenues associated with sales as reported in Account 447 (includes pool capacity payments).

Note B: Workpapers -- tab WP-2

RETURN ON PRODUCTION-RELATED INVESTMENT  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 5

	Reference	Amount (1)	Demand (2)	Energy (3)
1. ELECTRIC PLANT				
2. Gross Plant in Service	P.6, L.4, Col.(2)	2,763,563,767	2,738,296,895	25,266,872
3. Less: Accumulated Depreciation	P.6, L.11, Col.(2)	1,043,595,854	1,029,081,569	14,514,285
4. Net Plant in Service	L.2 - L.3	1,719,967,912	1,709,215,326	10,752,587
5. Less: Accumulated Deferred Taxes	P.6, L.12, Col.(2)	321,423,744	298,276,409	23,147,336
6. Plant Held for Future Use	Note A	5,366,165	5,366,165	0
7. Pollution Control CWIP	Note B	4,303,976	4,303,976	0
8. Non-Pollution Control CWIP (50%)	Note B	19,175,206	19,175,206	0
9. Subtotal - Electric Plant	L.4 - L.5 + L.6 + L.7 + L.8	1,427,389,515	1,439,784,264	(12,394,749)
10. WORKING CAPITAL				
11. Materials & Supplies				
12. Fuel	P.9, L.2, Col.(2)	72,012,385	0	72,012,385
13. Nonfuel	P.9, L.8, Col.(2)	29,561,203	29,561,203	0
14. Total M & S	L.12 + L.13	101,573,588	29,561,203	72,012,385
15a. Prepayments Nonlabor (Note C)		6,113,535	6,057,640	55,895
15b. Prepayments Labor (Note C)		58,219,536	35,368,378	22,851,158
15c. Prepayments Total (Note C)		64,333,071	41,426,018	22,907,053
16. Cash Working Capital	P.8, L.7, Col.(2)	22,757,391	12,364,628	10,392,764
17. Total Rate Base	L.9 + L.14 + L.15c + L.16	1,616,053,565	1,523,136,112	92,917,453
18. Weighted Cost of Capital	P.11, L.4, Col.(4)	8.23%	8.23%	8.23%
19. Return on Rate Base	L.17 x L.18	132,927,896	125,285,006	7,642,881

Note A: Workpaper (WP) 19

Note B: Workpapers – tab WP-3. CWIP balances in the formula cannot be changed absent an annual informational filing with the Commission.

Note C: Prepayments include amounts booked to Account 165. Nonlabor related prepayments allocated to the production function based on gross plant on P.6, L.7. Labor related prepayments allocated to production function based on wages and salaries on P.7, Note B.

PRODUCTION-RELATED  
ELECTRIC PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND ADIT  
12 Months Ending 12/31/2009 (actuals)

	System		Reference	PRODUCTION		
	Reference	Amount (1)		Amount (2)	Demand (3)	Energy (4)
1. GROSS PLANT IN SERVICE (Note A)						
2. Plant in Service (Note C)	FF1, P.204-207, L.100	5,203,969,164	P.7, Col(3), L.28	2,699,194,242	2,699,194,242	0
3. Allocated General & Intangible Plant				64,369,525	39,102,653	25,266,872
4. Total	L.2 + L.3	5,203,969,164		2,763,563,767	2,738,296,895	25,266,872
5. Total			Col.(2), L.4	2,763,563,767	2,738,296,895	25,266,872
6. Total			Col.(1), L.4	5,203,969,164	5,203,969,164	5,203,969,164
7. Total		100.00%		53.10%	52.62%	0.49%
8. ACCUMULATED PROVISION FOR DEPRECIATION (Note A)						
9. Plant in Service (Note D)		2,036,388,269	FF1, P.200, L.22	1,006,619,467	1,006,619,467	0
10. Allocated General Plant		86,877,538	Note B	36,976,387	22,462,102	14,514,285
11. Total	L.9 + L.10			1,043,595,854	1,029,081,569	14,514,285
12. ACCUMULATED DEFERRED TAXES (Note A)	FF1, P.234 (Acct. 190), L.8, P.274- 275 (Acct.282), L.5, P.276-277 (Acct. 283), L.9	321,423,744	Exhibit B, P.6a	321,423,744	298,276,409	23,147,336

Note A: Excludes ARO amounts.

Note B: (% From P.7, Col.(3), L.29)

Note C: Includes Generator Step-Up Transformers and Other Generation related investments previously included in the transmission accounts

Note D: Includes Accumulated Depreciation associated with the Generator Step-Up Transformers and Other Generation investments.

PRODUCTION-RELATED ADIT  
For the Year Ending December 31, 2009

CSP  
Page 6a

	Account	Description	Year End Balance	Exclusions	100% Production (Energy Related)	100% Production (Demand Related)	Labor
1	190	Excluded Items	-	-	-	-	-
2	190	100% Production (Energy)	(203,148)	-	(203,148)	-	-
3	190	100% Production (Demand)	26,852,105	-	-	26,852,105	-
4	190	Labor Related	-	-	-	-	-
5	190	Total	26,648,957	-	(203,148)	26,852,105	-
6		Production Allocation	-	0.00%	100.00%	100.00%	42.56%
7		(Gross Plant or Wages/Salaries)	-	-	(203,148)	26,852,105	-
8		Demand Related	-	-	-	26,852,105	-
9		Energy Related	-	-	(203,148)	-	-
10		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
11	281	Excluded Items	-	-	-	-	-
12	281	100% Production (Energy)	-	-	-	-	-
13	281	100% Production (Demand)	(19,682,408)	-	-	(19,682,408)	-
14	281	Labor Related	-	-	-	-	-
15	281	Total	(19,682,408)	-	-	(19,682,408)	-
16		Production Allocation	-	0.00%	100.00%	100.00%	42.56%
17		(Gross Plant or Wages/Salaries)	-	-	-	(19,682,408)	-
18		Demand Related	-	-	-	(19,682,408)	-
19		Energy Related	-	-	-	-	-
20		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
21	282	Excluded Items	-	-	-	-	-
22	282	100% Production (Energy)	-	-	-	-	-
23	282	100% Production (Demand)	(272,337,132)	-	-	(272,337,132)	-
24	282	Labor Related	-	-	-	-	-
25	282	Total	(272,337,132)	-	-	(272,337,132)	-
26		Production Allocation	-	0.00%	100.00%	100.00%	42.56%
27		(Gross Plant or Wages/Salaries)	-	-	-	(272,337,132)	-
28		Demand Related	-	-	-	(272,337,132)	-
29		Energy Related	-	-	-	-	-
30		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
31	283	Excluded Items	-	-	-	-	-
32	283	100% Production (Energy)	(22,944,187)	-	(22,944,187)	-	-
33	283	100% Production (Demand)	(33,108,974)	-	-	(33,108,974)	-
34	283	Labor Related	-	-	-	-	-
35	283	Total	(56,053,161)	-	(22,944,187)	(33,108,974)	-
36	283	Production Allocation	-	0.00%	100.00%	100.00%	42.56%
37		(Gross Plant or Wages/Salaries)	-	-	(22,944,187)	(33,108,974)	-
38		Demand Related	-	-	-	(33,108,974)	0
39		Energy Related	-	-	(22,944,187)	0	0
40		Allocation Basis	-	-	Direct	B-6, L. 7	B-7, Note B
41	Summary Production Related ADIT		Total	Demand	Energy		
42	100% Production (Energy)		(23,147,336)	-	(23,147,336)		
43	100% Production (Demand)		(298,276,409)	(298,276,409)	0		
44	Labor Related		0	0	0		
45	Total		(321,423,744)	(298,276,409)	(23,147,336)		

Source: Balances for Accounts 190, 281, 282 and 283 from WP-8a and 8ai.

PRODUCTION-RELATED GENERAL PLANT ALLOCATION  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 7

1 of 2

General Plant Accounts 101 and 106

	Total System (Note A) (1)	Allocation Factor (2)	Related to Production (1) x (2) (3)	Demand (4)	Energy (5)
1. GENERAL PLANT					
2					
3. Land	3,117,122	Note B	1,326,658	805,945	520,713
4. General Offices	0		0	0	0
5. Total Land	3,117,122		1,326,658	805,945	520,713
6					
7. Structures	58,974,649	Note B	25,099,817	15,248,143	9,851,674
8. General Offices	0		0	0	0
9. Total Structures	58,974,649		25,099,817	15,248,143	9,851,674
10					
11. Office Equipment	5,067,274	Note B	2,156,650	1,310,165	846,485
12. General Offices			0	0	0
13. Total Office Equipment	5,067,274		2,156,650	1,310,165	846,485
14. Transportation Equipment	40,258	Note B	17,134	10,409	6,725
15. Stores Equipment	301,966	Note B	128,518	78,075	50,443
16. Tools, Shop & Garage Equipment	10,353,142	Note B	4,406,334	2,676,849	1,729,485
17. Lab Equipment	631,927	Note B	268,950	163,387	105,563
18. Communications Equipment	15,806,820	Note B	6,642,317	4,035,209	2,607,108
19. Miscellaneous Equipment	1,621,537	Note B	690,132	419,255	270,877
20. Subtotal	95,714,695		40,736,510	24,747,437	15,989,073
21. PERCENT		Note C	42.56%	25.86%	16.70%
22. Other Tangible Property					
23. Fuel Exploration	3,036	Note D	3,036		3,036
24. Rail Car Facility	0	Note D	0		0
25. Total Other Tangible Property	3,036		3,036	0	3,036
26. TOTAL GENERAL PLANT FF1, P.207	95,717,731		40,739,546	24,747,437	15,992,109
27. INTANGIBLE PLANT	55,521,109	Note B	23,629,979	14,355,216	9,274,763
28. TOTAL GENERAL AND INTANGIBL	151,238,840		64,369,525	39,102,653	25,266,872
29. PERCENT		Note E	42.56%	25.85%	16.71%
30. Total General and Intangible	151,238,840		64,369,525	39,102,653	25,266,872
31. Exclude Other Tangible (Railcar and Fuel Exploration)	(3,036)		(3,036)	0	(3,036)
32. Net General and Intangible	151,235,804		64,366,489	39,102,653	25,263,836
33. PERCENT			42.56%	25.86%	16.70%

PRODUCTION-RELATED GENERAL PLANT ALLOCATION  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 7  

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2 of 2

NOTE A: Data from CSP's Books excluding ARO amounts (WP-9a).

NOTE B: Allocation factors based on wages and salaries in electric operations and maintenance expenses excluding administrative and general expenses:

a. Total wages and salaries in electric operation and maintenance expenses excluding administrative and general expense, FF1, P.354, Col.(b), Ln.28 - L.27 (see workpaper 9a).	75,465,793
b. Production wages and salaries in electric operation and maintenance expense, FF1, P.354, Col.(b), L.20.	32,118,506
c. Ratio (b / a)	42.560%

NOTE C: L.20, Col.(3) / L.20, Col.(1)

NOTE D: Directly assigned to Production

NOTE E: L.26, Col.(3) / L.26, Col.(1)



**PRODUCTION-RELATED CASH REQUIREMENT**  
**12 Months Ending 12/31/2009 (actuals)**

	Reference	Amount (1)	PRODUCTION Demand (2)	Energy (3)
1. Total Production Expense Excluding Fuel Used In Electric Generation	P.14, L.12	686,604,795	139,331,818	547,272,977
2. Less Fuel Handling / Sale of Fly Ash	P.14, L.1 thru 3	0	0	0
3. Less Purchased Power	P.14, L.11	(533,837,229)	(58,822,157)	(475,015,072)
4. Other Production O&M	Sum (L.1 thru L.3)	152,767,566	80,509,661	72,257,905
5. Allocated A&G	P.10, L.17	29,281,563	18,407,360	10,884,204
6. Total O&M for Cash Working Capital Calculation	L.4 + L.5	182,059,129	98,917,021	83,142,109
7. O&M Cash Requirements	=45 / 360 x L.6	22,757,391	12,364,628	10,392,764

**PRODUCTION-RELATED MATERIALS & SUPPLIES**  
12 Months Ending 12/31/2009 (actuals)

		SYSTEM		PRODUCTION			
		Reference	Amount (1)	Reference	Amount (2)	Demand (3)	Energy (4)
1. Material & Supplies (Note A)							
2. Fuel	FF1, P.227, L.1		72,012,385		72,012,385	0	72,012,385
3. Non-Fuel							
4. Production	Functional Breakdown		29,561,203	100% Col. 1	29,561,203	29,561,203	0
5. Transmission	Furnished from		1,343,532	0	0	0	0
6. Distribution	CSPs Books by		6,437,103	0	0	0	0
7. General	Accounting Dept.		0	Note B	0	0	0
8. Total	L.4 + L.5 + L.6 + L.7		37,341,838		29,561,203	29,561,203	0

Note A: Year end balance.

Note B: Column (1) times % from P.7, Col.(3), L.29.

**PRODUCTION-RELATED  
ADMINISTRATIVE & GENERAL EXPENSE ALLOCATION**  
12 Months Ending 12/31/2009 (actuals)

	Account	System		Allocation Factor % (2)	Production		Energy (5)
		Reference	Amount (1)		Amount (3)	Demand (4)	
1.	ADMINISTRATIVE & GENERAL EXPENSE						
2.	RELATED TO WAGES AND SALARIES						
3.	A&G Salaries	920 FF1, P.323	16,502,049				
4.	Outside Services	923 FF1, P.323	13,561,064				
5.	Employee Pensions & Benefits	926 FF1, P.323	21,317,346				
6.	Office Supplies	921 FF1, P.323	3,432,900				
7.	Injuries & Damages	925 FF1, P.323	3,732,154				
8.	Franchise Requirements	927 FF1, P.323	0				
9.	Duplicate Charges - Cr.	929 FF1, P.323	0				
10.	Total	Ls. 3 thru 9	58,545,513	Note A	24,917,176	15,137,188	9,779,987
11.	MISCELLANEOUS GENERAL EXPENSES	930 FF1, P.323	1,352,127	Note A, C & D	575,470	349,598	225,872
12.	ADM. EXPENSE TRANSFER - CR.	922 FF1, P.323	(2,388,983)	Note B	(1,016,787)	(617,669)	(399,118)
13.	PROPERTY INSURANCE	924 FF1, P.323	3,010,064	Note E	1,598,492	1,583,877	14,615
14.	REGULATORY COMM. EXPENSES	928 FF1, P.323	113,326	Note C	0	0	0
15.	RENTS	931 FF1, P.323	2,833,394	Note B	1,205,935	732,571	473,364
16.	MAINTENANCE OF GENERAL PLANT	935 FF1, P.323	4,725,579	Note B	2,011,277	1,221,794	789,484
17.	TOTAL A & G EXPENSE	L.10 thru 16	68,191,020		29,291,563	16,407,360	10,884,204

Note A: % from Note B, P.7

Note B: General Plant % from P.7, Col.(3), L.29

Note C: Excluding all items not related to wholesale service and also excludes FERC assessment of annual charges.

Note D: Excludes general advertising and company dues and memberships.

Note E: % Plant from P.6, L.7.

**COMPOSITE COST OF CAPITAL**  
**12 Months Ending 12/31/2009 (actuals)**

**CSP**  
**Page 11**

		Reference	Total Company Capitalization \$ (1)	Weighted Cost Ratios % (2)	Reference	Cost of Capital % (3)	Weighted Cost of Capital (2 x 3) (4)
1.	Long Term Debt	Note A	1,542,745,000	52.29%	Note D	5.60%	2.93%
2.	Preferred Stock	Note B	0	0.00%	Note E	0.00%	0.00%
3.	Common Stock	Note C	1,407,763,882	47.71%		11.10%	5.30%
4.	Total		2,950,508,882	100.00%			8.23%

Note A: P.12, L.5, Col.1.

Note B: P.13a, L.6(2).

Note C: P.13b, L.5.

Note D: P.12, L.16 (2).

Note E: P.13a, L.7.

LONG TERM DEBT

12 Months Ending 12/31/2009 (actuals)

CSP  
Page 12

	Reference	Debt Balance (1)	Interest & Cost Booked (2)
<u>12 Months Ending 12/31/2009 (Actual)</u>			
1. Bonds (Acc 221)	FF1, 112.18.c.	0	
2. Less: Reacquired Bonds (Acc 222)	FF1, 112.19.c.	0	
3. Advances from Assoc Companies (Acc 223)	FF1, 112.20.c.	100,000,000	
4. Other Long Term Debt (Acc 224)	FF1, 112.21.c.	1,442,745,000	
5. Total Long Term Debt Balance		<u>1,542,745,000</u>	
<u>Costs and Expenses (actual)</u>			
6. Interest Expense (Acc 427)	FF1, 117.62.c.		79,206,255
7. Amortization Debt Discount and Expense (Acc 428)	FF1, 117.63.c.		1,841,488
8. Amortization Loss on Reacquired Debt (Acc 428.1)	FF1, 117.64.c.		743,498
9. Less: Amortiz Premium on Reacquired Debt (Acc 429)	FF1, 117.65.c.		0
10. Less: Amortiz Gain on Reacquired Debt (Acc 429.1)	FF1, 117.66.c.		0
11. Interest on LTD Assoc Companies (portion Acc 430)	WP-13, L.7		<u>4,640,001</u>
12. Sub-total Costs and Expense			86,431,240
13. Less: Total Hedge (Gain) / Loss	P. 12a, L. 4, Col. (1)		0
14. Plus: Allowed Hedge Recovery	P. 12a, L. 9, Col. (6)		0
15. Total LTD Cost Amount	L. 12 - L. 13 + L. 14		86,431,240
16. Embedded Cost of Long Term Debt = L.15, Col.(2) / L.15, Col.(1)			5.60%

LONG TERM DEBT

Limit on Hedging (Gain)/Loss on Interest Rate Derivatives of LTD  
12 Months Ending 12/31/2009 (actuals)

	(1)	(2)	(3)	(4)	(5)	(6)
HEDGE AMT BY ISSUANCE FERC Form 1, p. 256-257 (i)	Total Hedge (Gain) / Loss	Excludable Amounts (Note A)	Net Includable Hedge Amount Subject to Limit	Unamortized Balance	Amortization Period Beginning	Ending
1.	-	-	-	-		
2.	-	-	-	-		
3.	-	-	-	-		
4. Total Hedge Amortization	-	-	-	-		
<u>Limit on Hedging (G)/L on Interest Rate Derivatives of LTD</u>						
5. Hedge (Gain) / Loss prior to Application of Recovery Limit						0
Enter a hedge Gain as a negative value and a hedge Loss as a positive value						
6. Total Capitalization			B-11, L.4, col.(1)	2,950,508,882		
7. 5 basis point Limit on (G)/L Recovery						0.0005
8. Amount of (G)/L Recovery Limit			L. 6 * L.7			1,475,254
9. Hedge (Gain) / Loss Recovery (Lesser of Line 5 or Line 8)						0
To be subtracted or added to actual Interest Expenses on Exhibit B, Page 12, Line 14						

Note A: Annual amortization of net gains or net loss on interest rate derivative hedges on long term debt shall not cause the composite after-tax weighted average cost of capital to increase/decrease by more than 5 basis points. Hedge gains/losses shall be amortized over the life of the related debt issuance. The unamortized balance of the g/l shall remain in Acc 219 Other Comprehensive Income and shall not flow through the rate calculation. Hedge-related ADIT shall not flow through rate base. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this calculation and are to be recorded in the "Excludable" column below.

**PREFERRED STOCK**  
12 Months Ending 12/31/2009 (actuals)

		(1) Reference	(2) Amount
1.	Preferred Stock Dividends	FF1, P.118, L.29	0
2.	Preferred Stock Outstanding	Note A & B FF1, P.251, L. 12 (f)	0
3.	Plus: Premium on Preferred Stock	Note A FF1, P.112, L.6	0
4.	Less: Discount on Pfd Stock	Note A FF1, P. 112, L.9	0
5.	Plus: Paid-in-Capital Pfd Stock	Note A	0
6.	Total Preferred Stock	L.2 + L.3 - L.4 + L.5	0
7.	Average Cost Rate	L.1 / L.6	0.00%

Note A: Workpaper -- tab WP-12b.

Note B: Preferred stock outstanding excludes pledged and Reacquired (Treasury) preferred stock..

B-13b

COMMON EQUITY

12 Months Ending 12/31/2009 (actuals)

Exhibit B

Page 13b

	Source	Balances
1. Total Proprietary Capital	WP-12a, col. a	1,359,835,151
<u>Less:</u>		
2. Preferred Stock (Acc 204, pfd portion of Acc 207-213)	WP-12a, col.b+c+d	0
3. Unappropriated Undistributed Subsidiary Earnings (Acc 216.1)	WP-12a, col.e	2,064,800
4. Accumulated Comprehensive Other Income (Acc 219)	WP-12a, col.f	(49,993,531)
5. Total Balance of Common Equity	L.1-2-3-4	1,407,763,882



ANNUAL FIXED COSTS  
PRODUCTION O & M EXPENSE  
EXCLUDING FUEL USED IN ELECTRIC GENERATION  
12 Months Ending 12/31/2009 (actuals)

	Account No.	Total Company (1)	(Demand) Fixed (2)	(Energy) Variable (3)
1. Coal Handling	501.xx	0		0
2. Lignite Handling	501.xx	0		0
3. Sale of Fly Ash (Revenue & Expense)	501.xx	0		0
4. Rents	507	0		
5. Hydro O & M Expenses	535-545	0		
6. Other Production Expenses	557	7,633,702	7,633,702	
7. System Control of Load Dispatching	556	932,635	932,635	
8. Other Steam Expenses	Note A	144,201,229	71,943,324	72,257,905
9. Combustion Turbine	Note A	0		0
10. Nuclear Power Expense-Other	Note A	0		
11. Purchased Power	555	533,837,229	58,822,157	475,015,072
12. Total Production Expense Excluding Fuel Used In Electric Generation above		686,604,795	139,331,818	547,272,977
13. A & G Expense P.10, L.17		29,291,563	18,407,360	10,884,204
14. Generator Step Up related O&M	Note B	74,189	74,189	0
15. Total O & M		715,970,547	157,813,367	558,157,181

NOTE A: Amounts recorded in Accounts 500, 502-509, 510-514, 546, 548-550 and 551-554 classified into Fixed and Variable Components in accordance with P.15 and WP-14

NOTE B: FF1, P.321, L.93 & L.107 (ACCTS. 562 & 570) times GSU Investment to Account 353 ratio (See P.3, L.9)

CLASSIFICATION OF FIXED AND VARIABLE  
PRODUCTION EXPENSES

CSP  
Page 15

Line No.	Description	FERC Account No.	Energy Related	Demand Related
1	POWER PRODUCTION EXPENSES			
2	Steam Power Generation			
3	Operation supervision and engineering	500	-	XX
4	Fuel	501	XX	-
5	Steam expenses	502	-	XX
6	Steam from other sources	503	XX	-
7	Steam transferred-Cr.	504	XX	-
8	Electric expenses	505	-	XX
9	Miscellaneous steam power expenses	506	-	XX
10	Rents	507	-	XX
11	Allowances	509	XX	-
12	Maintenance supervision and engineering	510	XX	-
13	Maintenance of structures	511	-	XX
14	Maintenance of boiler plant	512	XX	-
15	Maintenance of electric plant	513	XX	-
16	Maintenance of miscellaneous steam plant	514	-	XX
17	Total steam power generation expenses			
18	Hydraulic Power Generation			
19	Operation supervision and engineering	535	-	XX
20	Water for power	536	-	XX
21	Hydraulic expenses	537	-	XX
22	Electric expenses	538	-	XX
23	Misc. hydraulic power generation expenses	539	-	XX
24	Rents	540	-	XX
25	Maintenance supervision and engineering	541	-	XX
26	Maintenance of structures	542	-	XX
27	Maintenance of reservoirs, dams and waterways	543	-	XX
28	Maintenance of electric plant	544	XX	-
29	Maintenance of miscellaneous hydraulic plant	545	-	XX
30	Total hydraulic power generation expenses			
31	Other Power Generation			
32	Operation supervision and engineering	546	-	XX
33	Fuel	547	XX	-
34	Generation expenses	548	-	XX
35	Miscellaneous other power generation expenses	549	-	XX
36	Rents	550	-	XX
37	Maintenance supervision and engineering	551	-	XX
38	Maintenance of structures	552	-	XX
39	Maintenance of generation and electric plant	553	-	XX
40	Maintenance of misc. other power generation plant	554	-	XX
41	Total other power generation expenses			
42	Other Power Supply Expenses			
43	Purchased power	555	XX	XX
44	System control and load dispatching	556	-	XX
45	Other expenses	557	-	XX
46	Station equipment operation expense (Note A)	562	-	XX
47	Station equipment maintenance expense (Note A)	570	-	XX

Note A: Restricted to expenses related to Generator Step-up Transformers and Other Generator related expenses.  
See Note D, Page 6

**PRODUCTION-RELATED DEPRECIATION EXPENSE**  
**12 Months Ending 12/31/2009 (actuals)**

**CSP**  
**Page 16**

		<b>Depreciation Expense (1)</b>	<b>Demand (2)</b>	<b>Energy (3)</b>
	<b>PRODUCTION PLANT</b>			
1.	Steam	41,998,016	41,998,016	0
2.	Nuclear	0	0	0
3.	Hydro	0	0	0
4.	Conventional	0	0	0
5.	Pump Storage	0	0	0
6.	Other Production	0	0	0
7.	Int. Comb.	0	0	0
8.	Other	9,033,531	9,033,531	0
9.	Production Related General & Intangible Plant	6,327,561	3,843,995	2,483,567
10.	Generator Step Up Related Depreciation (Note A)	184,467	184,467	0
11.	Total Production	57,543,575	55,060,009	2,483,567

Note: Lines 1 through 8 will be Depreciation Expense reported on P.336 of the FF1 excluding the amortization of acquisition adjustments.

Line 9 will be total General & Intangible Plant (from P.336 of the FF1, adjusted for amortization adjustments) times ratio of Production Related General Plant to total General Plant computed on P.7, L.33, Col.(3)

Depreciation expense excludes amounts associated with ARO.

Note A: Line 10, see P.3, L.5

PRODUCTION RELATED  
TAXES OTHER THAN INCOME TAXES  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 17

		SYSTEM		%	PRODUCTION
		REFERENCE	AMOUNT		AMOUNT
			(1)		(2)
PRODUCTION RELATED TAXES OTHER THAN INCOME					
1	Labor Related	Note A	4,832,729	Note B	1,249,522
2	Property Related	Note A	93,070,919	Note C	48,973,351
3	Other	Note A	178,402	Note C	93,874
4	Production	Note E	5,328	pg 6, col 3, line 4	5,279
5	Gross Receipts / Commission Assessments	Note A	76,981,582	Note D	0
6	TOTAL TAXES OTHER THAN INCOME TAXES	Sum L.1 : L.5	175,068,960		50,322,027

Note A: Taxes other than Income Taxes will be those reported in FERC-1, Pages 262 & 263.

Note B: Total (Col. (1), L.1) allocated on the basis of wages & salaries in Electric O & M Expenses (excl. A & G), P.354, Col.(b) and Services shown on Worksheets WP-9a and WP-9b.

	Amount	%
(1) Total W & S (excl. A & G)	75,465,793	100.00%
(2) Production W & S	32,118,506	42.56%
(3) Production Demand W & S	19,511,998	60.75%

Note C: Allocated on the basis of Gross Plant Investment from Schedule B-6, Ln.7

Note D: Not allocated to wholesale

Note E: Classified based on gross production plant in service

**PRODUCTION-RELATED INCOME TAX**  
**12 Months Ending 12/31/2009 (actuals)**

CSP  
Page 18

	Reference	Amount (1)	Demand (2)	Energy (3)
1. Return on Rate Base	P.5, L.19	132,927,896	125,285,005	7,642,891
2. Effective Income Tax Rate	P.19, L.2	35.6248%	35.6248%	35.6248%
3. Income Tax Calculated	L.1 x L.2	47,355,319	44,632,553	2,722,766
4. ITC Adjustment	P.19, L.13	(1,633,357)	(1,618,424)	(14,934)
5. Income Tax	L.3 + L.4	45,721,962	43,014,129	2,707,832

Note A: Classification based on Production Plant classification of P.19, L.20 and L.21.

COMPUTATION OF EFFECTIVE INCOME TAX RATE  
12 Months Ending 12/31/2009 (actuals)

CSP  
Page 19

1.	$T = 1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} =$		35.62%
2.	$\text{EIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{WACC})) =$		35.62%
3.	where WCLTD and WACC from Exhibit B-11 and FIT, SIT & p as shown below.		
4.	$\text{GRCF} = 1 / (1 - T)$		1.5533
5.	Federal Income Tax Rate	FIT	35.0000%
6.	State Income Tax Rate (Composite)	SIT	0.9550%
7.	Percent of FIT deductible for state purposes	p	0.0000%
8.	Weighted Cost of Long Term Debt	WCLTD	2.929%
9.	Weighted Average Cost of Capital	WACC	8.225%
10.	Amortized Investment Tax Credit (enter negative)	FF1, P.114, L.19, Col.c	(1,980,124)
11.	Gross Plant Allocation Factor	L.19	53.105%
12.	Production Plant Related ITC Amortization		(1,051,543)
13.	ITC Adjustment	L.12 x L.4	(1,633,357)
14.	<u>Gross Plant Allocator</u>		Total
15.	Gross Plant	P.6, L.4, Col.1	5,203,969,164
16.	Production Plant Gross	P.6, L.4, Col.2	2,763,563,767
17.	Demand Related Production Plant	P.6, L.4, Col.3	2,738,296,895
18.	Energy Related Production Plant	P.6, L.4, Col.4	25,266,872
19.	Production Plant Gross Plant Allocator	L.16 / L.15	53.105%
20.	Production Plant - Demand Related	L.17 / L.16	99.086%
21.	Production Plant - Energy Related	L.18 / L.16	0.914%

## **Attachment 2**

**Comparison of OPCo and CSP actual compensation under the current rates to the compensation that OPCo and CSP would receive under the applicable Capacity Compensation Formula**

Annual Billing Based Upon Actual September 2010 Data								
Line		A	B	C	D	E	F	G
	<u>Columbus Southern Power Company</u>	Annual Billing Demand MW-Day	\$/MW/Day Current Rate	(\$) Annual Billing September 2010 Rate (A) x (B)	\$/MW/Day Proposed Rate	(\$) Annual Billing Using Proposed Rate (A) x (D)	(\$) Increase (Decrease)	% Increase (Decrease)
1	Aggregate load served by Ohio GRES Providers	51,038.72 <sup>1</sup>	220.96 <sup>2</sup>	13,467,245	310.04 <sup>3</sup>	18,924,220	5,436,975	40.3%
<u>Ohio Power Company</u>								
2	Aggregate load served by Ohio GRES Providers	137.64 <sup>1</sup>	220.96 <sup>2</sup>	30,413	401.01 <sup>4</sup>	55,195	24,782	81.5%

Note 1: September 2010 FRR Demand times 12

Note 2: September 2010 RPM clearing price x scaling factor x pool requirement (182.85 x 1.0787 x 1.0833 x 1.034126)

Note 3: Source Exhibit B, pg. 1 x transmission Losses (298.80517 x 1.034126)

Note 4: Source Exhibit B, pg. 1 x transmission Losses (387.77897 x 1.034126)



## **Attachment 3, Part 1**

### **Supporting workpapers for the OPCo Capacity Compensation Formula**

***Ohio Power Company***  
***Capacity Compensation Formula***

Workpapers

**Ohio Power Company**  
**Production System Peak Demand**  
**For the Year Ending December 31, 2009**

Month	Day	(EDT) Hour	Demand (MW)	Source <sup>1</sup>
August	10	1700	4,747	CBR
August	18	1600	4,469	
August	17	1700	4,679	
August	11	1700	4,526	
August	20	1700	4,533	

Average Peak 4,590.8

Average Production System Peak Demand 4,590.8

Company's average five CP demands at time of PJM system peak.

Notes:

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Ohio Power Company  
Production Revenue Credits  
For the Year Ending December 31, 2009

	Production			Source <sup>1</sup>
	Total	Demand	Energy	
Ancillary Service - Nonaff	242,979	242,979	0	CBR Account 4470004
Total	242,979	242,979	0	0

Notes:

<sup>1</sup> CBR Indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Ohio Power Company  
Construction Work in Progress (CWIP)  
For the Year Ending December 31, 2009

**OHIO POWER CO  
at DECEMBER 31, 2009**

FUNCTION	ENVIRON CODE					Grand Total
	Sum of AMOUNT	Air Pollution	Other	Solid Waste Disposal	Water Pollution	(blank)
Distribution Plant - Electric General Plant		14,831.77	27,205,955.53			27,205,955.53
Hydro Generation Plant			7,540,931.06			7,555,762.83
Intangible Plant			1,474,809.07			1,474,809.07
Steam Generation Plant			7,492,553.59			7,492,553.59
Transmission Plant - Electric		28,778,657.50	35,446,253.46	22,293,041.51	15,124,851.82	101,642,804.29
(blank)			53,471,414.80			53,471,414.80
Grand Total		28,793,489.27	132,631,917.51	22,293,041.51	15,124,851.82	198,843,300.11

FERC pg 216  
FP 16

198,843,300  
198,843,299.96

WP-4a

Intensionally left blank - not applicable.

WP-4b

Intensionally left blank - not applicable.

**Ohio Power Company**  
**Materials and Supplies**  
**Balances as of December 31, 2009**

[illegible]

## Functionalization of Materials & Supplies

<b>M&amp;S December 2009<sup>2</sup></b>	
Production	79,263,930
Transmission	14,263,625
Distribution	12,705,530
	<hr/> 106,233,085
	74.61%
	13.43%
	11.96%
	100.00%

**Notes:**

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balance.

<sup>2</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.



## For the Year Ending December 31, 2009



<sup>1</sup>References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

## Ohio Power Company

## Prepayments

For the Year Ending December 31, 2009

Period	1650001 Prepayments Insurance	1650003 Prepayments Fuels	1650005 Prepayments Employee Benefits	1650006 Prepayments Other	1650009 Prepayments Contract Cost	1650010 Prepayments Pension Benefits	16501209 Prepayments Sales Use	1650014 Prepayments FAS 158 Contra Asset	1650017 Prepayments Coal	1650021 Prepayments ESG	Prepayments Total	Source <sup>1</sup>
Dec-09	1,860,561	46,896	2,332		114,818	149,497,974	78,626	(149,497,974)	492,515	882,328	3,498,108	111,576

Period	Exclude Rate Basis	Non Labor Retired	Labor Retired
Dec-09	(149,497,974)	3,485,774	149,500,308

## Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as pages, lines, col.# for the ending total balances.

1650001 - This account shall include amounts representing prepayments of insurance.

1650003 - This account shall include amounts representing prepayments of fuels.

1650005 - This account shall include amounts representing prepayments of employee benefits.

1650006 - This account is used for factoring the ACP-East electric accounts receivable.

1650009 - This account shall include amounts representing prepayments of pension benefits.

1650010 - This account shall include amounts representing prepayments of sales and use taxes.

165001209 - This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan when the net plan is still prepaid. This account offsets account 1650010.

1650014 - This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan when the net plan is still prepaid. This account offsets account 1650010.

1650017 - Track prepayments required under coal contracts or purchase orders.

1650021 - This account shall include amounts representing prepayments of insurance with ESG (Energy Insurance Services).

Ohio Power Company  
12 Month Balance Plant in Service  
For the Year Ending December 31, 2009

Line	Month	Production				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
1	Dec-09	6,708,450,960	205.48.g	33,696,935	205.15,34.g	6,674,754,025
2	Total					6,674,754,025

		Transmission				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
3	Dec-09	1,164,351,684	207.58.g	3,120	207.57.g	1,164,348,564
4	Total					1,164,348,564

		Distribution				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
5	Dec-09	1,567,145,843	207.75.g	-	207.74.g	1,567,145,843
6	Total					1,567,145,843

		General				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
7	Dec-09	141,102,161	207.99.g	154,277	207.98.g	140,947,884
8	Total					140,947,884

		Intangible				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
9	Dec-09	76,310,966	205.5.g	-	CBR	76,310,966
10	Total					76,310,966

11	12 Months December 31, 2009 Plant In Service (excluding ARO)					9,623,507,282
----	--	--	--	--	--	---------------

**Notes:**

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Ohio Power Company  
12 Months Ended December 31, 2009 Accumulated Depreciation  
For the Year Ending December 31, 2009

CO	reserve	total reserve (w/imp)	Fin Pg 18	PRODUCTION	TRANSMISSION	DISTRIBUTION	GENERAL	INTANGIBLE	TOTAL <sup>2</sup>
1080006 Total			3,844,343.42	6,466,856.71	-1,277,808.92	-968,388.00	-988,348.37		3,844,343.42
1080001 ARO		17,035,531.95	17,035,531.95	18,950,896.01	2,413.68		82,122.28		17,035,531.95
1080001/1080011 Total		3,315,627,994.53	3,315,627,994.52	2,258,874,647.57	498,327,713.17	503,888,866.55	54,438,785.24		3,315,627,994.53
1110001 Total		67,061,484.27	67,061,484.27	32,547.00			7,169,888.18	59,849,081.11	67,061,484.27
1080013 Total			-450,857.95		-8418.34		-141,239.04		-450,857.95
OPC Total		3,389,715,020.75	3,403,108,876.18	2,282,325,047.29	497,043,871.57	503,030,507.55	60,861,188.67	59,849,081.11	3,403,108,876.18
FERC Pg 219 difference (FERC - OPC)				2,282,292,501 (32,546.29)	497,042,871 (0.57)	503,030,507 (0.59)	53,691,303 (7,169,885.67)	(59,849,081.11)	3,336,057,182 (67,061,484.19)

Note: Data excludes Asset Retirement Obligations.

## Notes:

- <sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the beginning and ending total balances.  
<sup>2</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Ohio Power Company  
General Plant and Intangible Plant - Twelve Months Ended December 31, 2009  
For the Year Ending December 31, 2009

<u>Description</u>	<u>Account</u>	<u>31-Dec-09</u>
Organization	301	5,009
Franchises and Consents	302	66,769
Miscellaneous Intangible Plant	303	76,239,188
TOTAL INTANGIBLE PLANT		76,310,966
Land	389	4,968,407
Structures	390	66,461,163
Office Equipment	391	3,227,863
Transportation	392	31,743
Stores Equipment	393	269,697
Tools, Shop, Garage, Etc.	394	15,392,542
Laboratory Equipment	395	570,347
Power Operated Equipment	396	630,645
Communications Equipment	397	33,062,228
Miscellaneous Equipment	398	2,059,713
Fuel Exploration	399	14,273,536
TOTAL GENERAL PLANT		140,947,884
		217,258,850
Total General and Intangible	205, 207.5,99.c	217,413,127

Note: Total includes Intangible Plant.

References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Ohio Power Company  
Depreciation Expense  
For the Year Ending December 31, 2009

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Steam Production	217,078,035	FF1, 336, 2, b & d
Hydraulic Production	2,998,687	FF1, 336, 4, b
Transmission	25,505,773	FF1, 336, 7, b
Distribution	59,661,524	FF1, 336, 8, b
General	3,964,685	FF1, 336, 10, b
Intangible Plant	18,651,066	FF1, 336, 1 & 10, d
<u>Sub-Total</u>	<u>327,859,770</u>	
 ARO Dep Exp	 3,514,476	 FF1, 336, 12, c
<u>Total Depr Expense</u>	<u>331,374,246</u>	<u>FF1, 336, 12, f</u>

WP-7

Intensionally left blank - not applicable.

OHIO POWER COMPANY  
SPECIFIED DEFERRED CREDITS  
PERIOD ENDED DECEMBER 31, 2009

(DEBIT) CREDIT									
LINE NO.	COLUMN A	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-08	NON-APPLICABLE/ NON-UTILITY BALANCE AS OF 12-31-08	AVERAGE ELECTRIC UTILITY (B+C-D)*12	GENERATION	TRANSMISSION	DISTRIBUTION	COOK COAL	
ACCOUNT 281:									
1	TAX AMORT POLLUTION CONTROL EQPT	174,115,858		151,187,888	174,115,858	0	0	0	
2	TAX ACCEL AMORT-GAINV SCRUBBER	60,355,000		62,385,472	60,355,000	0	0	0	
3	NON-UTILITY DEFERRED FIT	0	0	0					
4	SFAS 169 FLOW-THRU 281.3	0	0	0					
5	SFAS 169 EXCESS DRIT 281.4	0	0	0					
6	FF 1, p. 272-273, L. 8 Col. (t)								
7	TOTAL ACCOUNT 281	234,470,858	0	213,563,340	234,470,858	0	0	0	
ACCOUNT 282:									
8	EXCESS FIT % RATE CHANGE	(65)		(65)		(24)	(41)		
9	BOOK VS TAX DEPRECIATION	467,834,960		421,987,379	280,246,140	80,146,568	106,972,467		0
10	SEC 481-LEADLAG TAX DEFREC	3,835,957		3,835,957	2,272,041	832,855	731,261		0
11	CAPD INTEREST SECTION 481(a)-CHANGE IN METHOD	934,214		984,374	671,915	160,416	101,981		0
12	RELOCATION COST - SECTION 481(a)-CHANGE	621,527		684,685	0	0	821,527		0
13	PJM INTEGRATION - SEC 481(a)-INTANG DFD LABOR	317,423		342,842	0	317,423	0		0
14	R & D DEDUCTION - SECTION 174	4,341,706		3,560,882	4,111,382	0	230,314		0
15	GYPSUM WALLBOARD CONVEYOR	(686,574)		(1,363,880)	(686,574)	0	0		0
16	DRIT-GENERATION PLANT	1,384,522		1,678,807	1,384,522	0	0		0
17	GAIN/LOSS ON ACRESIMORS PROPERTY	58,153,773		55,376,287	58,153,773	5,123,148	17,434,461		(63,748)
18	ADP/UC	(11,889)		(11,889)	0	0	0		0
19	REF/UC	55,712,858		53,712,858	48,568,548	3,084,384	3,054,825		0
20	TBS CAPD	120,172		135,122	0	51,150	68,022		0
21	PENS CAPD	27,886		31,912	688	11,989	19,016		0
22	SEC 481 PENS/UCS ADJUSTMENT	13,553		13,345	0	5,285	7,719		0
23	SEC 481 PENS/UCS ADJUSTMENT	30,161		30,161	0	11,568	15,838		0
24	PERCENT REPAIR ALLOWANCE	67,736,951		66,145,978	45,163,447	5,535,464	16,934,520		0
25	BOOK/TAX UNIT OF PROPERTY ADJ	13,667,482		6,833,741	13,667,482	0	0		0
26	BOOK/TAX UNIT OF PROPERTY ADJ-SEC 481 ADJ	117,568,888		58,794,434	117,568,888	0	0		0
27	CAPITALIZED LEASES - AC 1911 ASSETS	354,176		177,088	154,783	4,245	165,148		0
28	CAPITALIZED RELOCATION COSTS	3,755,206		3,549,184	0	146,094	3,009,112		0
29	GAIN ON DEFERRED DEBT	551,727		517,416	0	234,838	316,889		0
30	REMOVAL CST	844,223		1,821,524	844,223	0	0		0
31	NON-UTILITY DEFERRED FIT	2,048,530	(2,044,673)	0					0
32	SFAS 169 FLOW-THRU 282.3	101,843,887	(105,792,853)	0					0
33	SFAS 169 EXCESS DRIT 282.4	(1,663,113)	1,916,185	0					0
34	TOTAL ACCOUNT 282	992,082,286	(105,921,341)	789,466,395	642,481,001	95,785,339	151,063,817		403,027
35	FF 1, p. 274-275, L. 5 Col. (t)								
ACCOUNT 283:									
36	CAPD CARRY CHRG-DEFD OH DEREG	348,028		348,028	0	0	0		0
37	BK DEFRL-COAL PRICE XAP	0		0	0	0	0		0
38	PROP TAX-STATE 2-OLD METHOD-TX	5,453,425		3,868,533	5,453,425	16,360	248		0
39	MARK & B-HEAD-DEF-L-282-AL	20,883,368		21,780,605	20,883,368	0	0		0
40	ACCURD BK PENSION EXPENSE	(10,742,701)		22,284	(10,742,701)	0	0		0
41	ACCURD BK PENSION COSTS - SFAS 158	47,794,916		49,195,700	23,324,182	9,310,231	21,037,158		113,246
42	REG ASSET - DEFD RTO COSTS	(91,396,439)		(91,402,087)	(8,514,039)	0	(42,772,400)		0
43	DEFD ENVIRON COMP COSTS & CARRYING CHARGES	2,134,200		2,584,230	0	2,134,200	0		0
44	DEFERRED EXPENSES	(0)		(374,478)	0	0	0		0
45	RATE CASE DEFD CHARGES	84,513		84,513	0	0	84,513		(0)



59	63MM	BK DEFERRAL-DEMAND SIDE MANAGEMENT EXPENSE	1,402,419	701,209	0	0	1,402,419	0	Energy
60	637C	BK INVERT-AEPC IN-KIND SERVICES	1,831,839	1,831,839	0	0	1,831,839	0	Energy
61									Energy
62									Energy
63									Energy
64									Energy
65									Energy
66									Energy
67	690A	TRANSITION REGULATORY ASSETS	0	0	0	0	0	0	Energy
68	690B	REG LIAB - UNBURD SHOPPING INCENTIVES	(368,642)	(505,770)	0	0	0	(368,642)	Energy
69	690C	REG ASSET - DEFERRED FILING COSTS	16,167	14,347	0	0	0	16,167	Energy
70	690D	REG ASSET - EXT OF LOCAL FACILITIES	12,062,896	10,233,444	0	0	0	12,062,896	Energy
71	690E	REG ASSET - DEF TRANS COSTS CAR CHG	5,899,716	5,114,161	0	0	0	5,899,716	Energy
72	690F	REG ASSET - UNDER RECOV - OHIO TOR RIDER	0	846,769	0	0	0	0	Energy
73	690G	REG ASSET - OHIO STORM RECOVERY	233,795	133,805	0	0	0	233,795	Energy
74	690H	REG ASSET - SFAS 158-PENSIONS	91,386,439	81,402,067	0	0	0	42,772,400	Energy
75	690I	REG ASSET - SFAS 158-SERP	14,465,774	17,103,879	0	0	0	0	Energy
76	690J	REG ASSET - SFAS 158-OPFB	5,434,851	6,078,874	0	0	0	12,017,754	Energy
77	710A	BOOK LEASES CAPITALIZED FOR TAX	10,105,458	9,866,784	0	0	0	1,131,216	Energy
78	710B	CAPITALIZED SOFTWARE COST - BOOK	1,389,480	1,499,869	0	0	0	2,633,073	Energy
79	900A	LOSS ON REACQUIRED DEBT	0	(2,122,659)	0	0	0	569,692	Energy
80	900B	SFAS 108 POST RETIRE EXP - NON-DEDUCT CONT	497,487	497,487	0	0	0	0	Energy
81	910A	GROSS RECEIPTS-TAX EXPENSE	2,121,634	1,159,833	0	0	0	0	Energy
82	910B	REG ASSET - ACCRUED SFAS 112	(11,513,759)	1,840,031	0	0	0	1,707,884	Energy
83	910C	NON-UTILITY DEFERRED FIT	60,727,003	11,513,756	0	0	0	0	Energy
84	910D	SFAS 108 FLOW-THRU 283.3	0	(61,453,771)	0	0	0	0	Energy
85	910E	SFAS 108 EXCESS DRIT 283.4	0	0	0	0	0	0	Energy
86	910F	ADIT FED - SFAS 133-NONREEL 2830008	542,920	(1,254,530)	0	0	0	0	Energy
87	910G	ADIT FED - HQG-CF-INT RATE 28300015	6,845,594	(1,037,703)	0	0	0	0	Energy
88	910H	ADIT FED - HQG-CF-FOR EXCHG 28300016	72,887	(77,754)	0	0	0	0	Energy
89									Energy
90									Energy
91									Energy
92									Energy
93									Energy
94									Energy
95	695A	DEFERRED STATE INCOME TAX	73,302,836	193,307,827	172,508,869	12,327,212	58,530,060	189,863	Energy
96	73D	SFAS 109 - DEFER STATE INCOME TAXES	16,569,711	55,249,201	71,331,180	1,020,163	960,412	(28,889)	Energy
97				0	0	0	0	0	Energy
98									Energy
99									Energy
100									Energy
101									Energy
102									Energy
103									Energy
104									Energy
105									Energy
106									Energy
107									Energy
108									Energy
109									Energy
110									Energy
111									Energy
112	012K	TAX ALLOC-ITC-10%-48F1	1,572,372	1,828,142	0	0	937,252	635,110	Energy
113									Energy
114									Energy
115									Energy

JURISDICTIONAL AMOUNTS FUNCTIONALIZED  
TOTAL COMPANY AMOUNTS FUNCTIONALIZED  
REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT

NOTE: POST 1970 ACCUMULATED DEFERRED  
INV TAX CRED. (UDITC) IN AQ 255

TOTAL ACCOUNT 265  
(ITC Balance Included in Ratebase)

\* CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

WP-6i OHIO POWER COMPANY  
 ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190  
 PERIOD ENDING DECEMBER 31, 2009

DEBIT (CREDIT)											
COLUMN A	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M
ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-09	BALANCE AS OF 12-31-08	NON-APPLICABLE/NON-UTILITY BALANCE AS OF 12-31-09	AVERAGE ELECTRIC UTILITY (B+C+D+E)/2							
ACCOUNT 190:											
1	IGCC REVENUES	4,160,002		4,159,999			4,160,002				
2	INT EXP CAPITALIZED FOR TAX	55,507,273		53,083,646			48,365,004	4,360,010	4,782,259		
3	CHAC-BOOK RECEIPTS	12,474,927		13,434,118			0	2,323,487	10,151,440		
4	CUST ADV INC FOR TAX	1,725,591		1,644,779			0	0	1,725,591		
5	PROVS POSS REV REFDS	1,426,839		12,594,004			(643,460)	2,070,286	0		
6	MTM BK LOSS-AL-TAX DEFL	0		1,627,893			0	0	0		
7	MARK & SPREAD - DEFL - 190 - AL	(10,697,223)		5,626,792			(10,697,223)	0	0		
8	PROV WORKER'S COMP	(8,209,841)		(8,481,000)			(8,296,679)	5,444	19,492	61,902	
9	SUPPLEMENTAL EXECUTIVE RETIRE PLAN	74,019		72,585			74,019	0	0		
10	ACCRD SUP EXEC RET PLAN CST - SFAS 158	(0)		0			(0)	0	0		
11	ACCRUED BK SUP SAVINGS PLAN EXP	102,451		65,912			102,461	(0)	(0)		
12	ACCRUED PSI PLAN EXP	80,821		70,267			80,081	0	841		
13	BK ACCRD CUST EDUC FUND REIMB	1		1			0	0	1		
14	BK PROV UNCOLL ACCTS	932,618		1,108,107			53,422	879,197	(0)		
15	PROV-TRADING CREDIT RISK - AL	155,483		(11,248)			155,483	0	0		
16	PROV-FAS 157 - AL	(111,153)		(55,576)			(111,153)	0	0		
17	PIP CUSTOMER BAD DEBTS - BOOK	5,053,804		5,064,523			0	0	5,053,804		
18	DEFD COMPENSATION-BOOK EXPENSE	0		1,430			0	(0)	0		
19	PROVISION FOR LITIGATION	(58,234)		0			(58,234)	0	0		
20	ACCRD COMPANYWIDE INCENTV PLAN	(578,827)		(762,646)			(70,251)	(47,872)	(475,967)	17,082	
21	ACCRUED BOOK VACATION PAY	3,782,383		3,846,741			2,031,771	378,983	1,245,239	138,370	
22	BK ACCRUAL -COOK CT RENT HOLIDAY	311,410		337,003			0	0	0	311,410	
23	ACCRD PROV - LAWSUIT DAMAGES	0		175,000			0	0	0	0	
24	ACCRUED INTEREST EXPENSE - STATE	(1)		(1)			(0)	(0)	(0)	0	
25	ACCRUED INTEREST - LT - FIN 48	864,997		749,590			1,234,138	(359,315)	(8,566)	(1,261)	
26	ACCRUED INTEREST - ST - FIN 48	102,140		51,070			125,997	(8,868)	(14,889)	0	
27	ACCRUED STATE INCOME TAX EXPENSE	(1,395,800)		(1,242,516)			(1,127,246)	(110,104)	(158,550)	0	
28	ACCRUED RTO CARRYING CHARGES	138,871		138,871			0	138,871	0	0	
29	ACCRD LOW INCOME HOUSING OBLIGATIONS	1,464,047		732,024			0	0	1,464,047	0	
30	FEDERAL MITIGATION PROGRAMS	2,170,438		2,346,578			2,170,438	0	0	0	
31	STATE MITIGATION PROGRAMS	1,149,764		1,340,700			1,149,764	0	0	0	
32	DEFERRED STORM DAMAGE	(3,427,964)		(3,481,482)			0	0	(3,427,964)	0	
33	TX DFL JT POLE ATT COSTS	4,538,823		4,586,202			1	0	4,538,822	0	
34	BK ACC MIN RENTS-GAVIN SCRUB	(546,507)		(1,062,800)			(546,507)	0	0	0	
35	ADVANCE RENTAL INC (CUR MO)	248,184		225,107			0	0	248,184	0	
36	DEFD CREDITS - EXT OF LOCAL FACILITIES	(242,137)		(242,137)			0	0	(242,137)	0	



Ohio Power Company  
Effective Income Tax Rate  
For the Year Ending December 31, 2009

Effective Income Tax Rate

$$T = 1 - \frac{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)}{1} = 36.08\%$$

$$\text{EIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{WACC})) = 40.91\%$$

where WCLTD and WACC from Exhibit B-11  
and FIT, SIT & p are as shown below.

$$\text{GRCF} = 1 / (1 - T) = 1.5644$$

Amortized Investment Tax Credit (enter negative)      FF1 P.114, Ln.19, Col.c      (437,912)

FIT	35.0000%	
SIT	1.6600%	State Income Tax Rate (Composite).
p	0.0000%	
WCLTD		
WACC		

Development of Composite State Income Tax Rates for 2009 (Note 1)

West Virginia Corporate Income Tax	8.5000%	
Apportionment Factor - Note 2	14.8100%	
Effective State Income Tax Rate		1.26000%
Illinois Corporation Income Tax	7.3000%	
Apportionment Factor - Note 2	0.9000%	
Effective State Income Tax Rate		0.07000%
Ohio Franchise Tax Rate	0.0000%	
Apportionment Factor - Note 2	62.9900%	
Tax Phase-out Factor - Note 1	0.0000%	
Effective State Income Tax Rate		0.0000%
Michigan Business Income Tax	6.0400%	
Apportionment Factor - Note 2	0.0000%	
Effective State Income Tax Rate		0.0000%
Ohio Municipal Net Income Tax	0.4600%	
Apportionment Factor - Note 2	71.4800%	
Effective State Income Tax Rate		0.3300%
Total Effective State Income Tax Rate		1.6600%

Note 1: The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 0% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01((. This tax has been replaced with a Commercial Activities Tax that is included in Schedule H and H-1.

Note 2: Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

Ohio Power Company  
Taxes Other Than Income Taxes  
For the Year Ending December 31, 2009

Payroll Related Other Taxes	7,986,075	Payroll
Property Related Other Taxes	88,052,879	Property
Direct Production Related	19,124,886	Production
Direct Distribution Related	2,719,778	Distribution
Other	(2,737,876)	Other
Not Allocated ((Gross Receipts, Commission Assessments)	78,291,204	NA
	<u>193,436,946</u>	

Taxes Accrued, Prepaid and Charged During Year  
FERC-1 Pg. 262-263

Distribution of  
Taxes Charged  
Electric, Col. (i)  
A/C 408.1      Basis

FERC-1

**Revenue Taxes**

P.263 In 14 (i) CAT Tax	46,896	NA
P.263 In 15 (i) CAT Tax	4,921,500	NA
P.263 In 18 (i) KWH Tax	43,532,750	NA

**Real Estate and Personal Property Taxes**

P.263.1 In 7 (i) OH R&P Prop. Tax	46,896	Property
P.263.1 In 8 (i) OH R&P Prop. Tax	78,692,154	Property
P.263.1 In 9 (i) OH R&P Prop. Tax	2,083	Property
P.263.1 In 11 (i) OH R&P Prop. Tax	18,196	Property
P.263.1 In 12 (i) OH R&P Prop. Tax	18,342	Property
P.263.1 In 13 (i) OH R&P Prop. Tax	18,100	Property
P.263.1 In 16 (i) OH R&P Prop. Tax	17,456	Property
P.263.1 In 17 (i) OH R&P Prop. Tax	24,012	Property
P.263.1 In 18 (i) OH R&P Prop. Tax	142,237	Property
P.263.1 In 19 (i) OH R&P Prop. Tax	440,000	Property

P.263.1 In 22 (i) WV R&P Prop. Tax	2,725,495	Property
P.263.1 In 23 (i) WV R&P Prop. Tax	2,981,231	Property
P.263.1 In 26 (i) WV R&P Prop. Tax	2,309	Property
P.263.1 In 27 (i) WV R&P Prop. Tax	19,226	Property
P.263.1 In 28 (i) WV R&P Prop. Tax	58,500	Property

P.263.1 In 40 (i) Other R&P Prop. Tax	1,540	Property
P.263.1 In 36 (i) Other R&P Prop. Tax	15,362	Property

**Payroll Taxes**

P.263 In 3 (i) Federal Insurance Contribution (FICA)	7,986,075	Payroll
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P.263 In 4 (i) Federal Unemployment Tax	44,856	Payroll
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P.263 In 22 (i) State Unemployment Insurance	22,954	Payroll
P.263 In 40 (i) State Unemployment Insurance	68,462	Payroll

Ohio Power Company  
Taxes Other Than Income Taxes  
For the Year Ending December 31, 2009

**Miscellaneous Taxes**

P.263 In 16 (i) State Public Service Commission Fees	2,719,778	Distribution
P.263 In 13 (i) State Franchise Taxes	30,293	Other
P.263 In 38 (i) State Franchise Taxes	63,736	Other
P.263 In 39 (i) State Franchise Taxes	13,350	Other
P.263.2 In 8 (i) State Franchise Taxes	12,751,672	Other
P.263.2 In 16 (i) State Franchise Taxes	1,550	Other
P.263 In 7 (i) State Lic/Registration Fee	37,022	Other
P.263 In 19 (i) Sales & Use	1,530	Other
P.263 In 20 (i) Sales & Use	3,328	Other
P.263.1 In 2 (i) Sales & Use	6,423	Other

**Production Taxes**

P.263 In 6 (i) Federal Excise Tax	29,936	Production
P.263.1 In 3 (i) State B & O Taxes	245,670	Production
P.263.1 In 4 (i) State B & O Taxes	10,081,873	Production
P.263.1 In 5 (i) State B & O Taxes	9,787,500	Production

**Total A/C 408.1****193,436,946**

Taxes Other Than Income (FF1, 114,14,c)

**193,436,946**

Ohio Power Company  
Ohio Power Wages and Salaries  
For the Year Ending December 31, 2009

			Total
Production:			
Operation	35,524,848	13,548,644	49,073,492
Maintenance	44,224,575	6,177,006	50,401,581
Total	79,749,423	19,725,650	99,475,073
Transmission:			
Operation	2,081,267	4,402,562	6,483,829
Maintenance	3,924,878	972,646	4,897,524
Total	6,006,145	5,375,208	11,381,353
Distribution:			
Operation	6,647,939	2,430,479	9,078,418
Maintenance	14,508,096	468,409	14,976,505
Total	21,156,035	2,898,888	24,054,923
Customer Accounts	5,978,707	6,508,688	12,487,395
Customer Service and Informational	1,505,763	1,019,060	2,524,823
Sales	0	0	0
<b>Total Wages and Salaries Excluding A &amp; G</b>	<b>114,396,073</b>	<b>35,527,494</b>	<b>149,923,567</b>
Administrative and General			
Operation	6,307,609	16,528,795	22,836,404
Maintenance	1,569,211	122,382	1,691,593
Total	7,876,820	16,651,177	24,527,997
<b>Total O &amp; M Payroll</b>	<b>122,272,893</b>	<b>52,178,671</b>	<b>174,451,564</b>



Ohio Power Company  
Production Payroll  
Demand / Energy Split  
For the Year Ending December 31, 2009

<u>Account</u>	<u>Demand</u>	<u>Energy</u>	<u>Total</u>	<u>Source <sup>1</sup></u>
500	7,243,221		7,243,221	
501		2,518,967	2,518,967	
502	14,492,585		14,492,585	
505	1,382,233		1,382,233	
506	17,909,983		17,909,983	
510		11,041,577	11,041,577	
511	1,916,840		1,916,840	
512		28,643,531	28,643,531	
513		6,446,882	6,446,882	
514	2,123,947		2,123,947	
524	(2,559)		(2,559)	
535	20,973		20,973	
536	1,437		1,437	
537	6,228		6,228	
539	86,129		86,129	
542	2,318		2,318	
544		80,576	80,576	
545	144,093		144,093	
546	5,467		5,467	
549	25,725		25,725	
553	1,818		1,818	
554	0		0	
555	46,306	23,470	69,776	
556	1,462,058		1,462,058	
557	3,851,270		3,851,270	
Total	50,720,072	48,755,003	99,475,075	
Allocation Factors	0.5098771943	0.4901228057	1.0000000000	

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.



Ohio Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

**Production**

500	Operation Supv & Engineering	18,378,371
501	Fuel	899,340,627
502	Steam Expenses	104,109,421
505	Electric Expenses	2,055,248
506	Misc. Steam Power Expense	56,241,827
507	Rents	66,774,232
509	Allowances	5,569,548
535	Operation Supv & Engineering	39,430
536	Water for Power	26,882
537	Hydraulic Expenses	11,065
538	Electric Expenses	188
539	Miscellaneous Hydraulic Power	119,913
540	Rents	50,000
546	Operation Supv & Engineering	0
547	Fuel	0
548	Generation Expenses	0
549	Misc. Power Generation Expense	0
	Total Operation	<u>1,152,716,752</u>
510	Maintenance Supv & Engineering	12,639,034
511	Maintenance of Structures	10,607,380
512	Maintenance of Boiler Plant	98,446,429
513	Maintenance of Electric Plant	17,373,020
514	Maintenance of Misc Plant	8,115,984
541	Maintenance Supv & Engineering	397
542	Maintenance of Structures	21,558
543	Maintenance of Reservious, Dams and Waterways	(2,103)
544	Maintenance of Electric Plant	1,195,178
545	Maintenance of Miscellaneous Hydraulic Plant	242,409
553	Maintenance of Generating & Electric Plant	0
554	Maintenance of Misc. Other Power Gen. Plant	0
	Total Maintenance	<u>148,639,286</u>
555	Purchased Power	319,505,447
556	System Control	2,945,170
557	Other Expense	9,065,135
	Total Other	<u>331,515,752</u>
	Total Production	1,632,871,790

Ohio Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

**Transmission**

560	Operation Supv & Engineering	3,032,803
561.1	Load Dispatch-Reliability	49,621
561.2	Load Dispatch-Monitor and Operate	4,454,434
561.3	Load Dispatch-Transmission Service	7,945
561.4	Scheduling, System Control	
561.5	Reliability, Planning and Standards Dev.	255,851
561.6	Transmission Service Studies	0
561.7	Generation Interconnection Studies	0
561.8	Reliability, Planning and Standards Dev.	
562	Station Expense	1,025,369
563	Overhead Line Expense	376,194
564	Underground Line Expense	0
565	Trans of Electricity by Others	12,475,994
566	Misc Transmission Expense	5,420,614
567	Rents	79,075
	Total Operation	31,216,058
568	Maintenance Supv & Engineering	312,490
569	Maintenance of Structures	2,007,623
570	Maintenance of Station Equip	4,380,926
571	Maintenance of OH Lines	7,914,045
572	Maintenance of UG Lines	(898)
573	Maintenance of Misc Trans	(4)
	Total Maintenance	14,614,182
	Total Transmission	45,830,240

**Regional Market Expense**

575.7	Market Facilitation, Monitoring and Compliance	
-------	--	--

**Distribution**

580	Operation Supv & Engineering	5,824,690
581	Load Dispatching	7,903
582	Station Expense	1,285,540
583	Overhead Line Expense	1,169,432
584	Underground Line Expense	829,401
585	Street Lighting	127,566
586	Meter Expenses	1,648,373
587	Customer Installations	141,082
588	Misc Distribution Expense	11,563,646
589	Rents	2,890,586
	Total Operation	25,488,219

Ohio Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

590	Maintenance Supv & Engineering	695,315
591	Maintenance of Structures	161,720
592	Maintenance of Station Equip	3,160,491
593	Maintenance of OH Lines	47,079,273
594	Maintenance of UG Lines	1,247,627
595	Maintenance of Line Trsfrs	783,111
596	Maintenance of Street Lights	331,776
597	Maintenance of Meters	404,825
598	Maintenance of Misc Dist Plant	2,172,470
	<b>Total Maintenance</b>	<b>56,036,608</b>
	<b>Total Distribution</b>	<b>81,524,827</b>

**Customer Accounts**

901	Supervision	1,388,685
902	Meter Reading Expenses	4,923,442
903	Customer Records/Collection	20,376,821
904	Uncollectible Accounts	18,679,142
905	Misc Customer Accts Exp	32,797
	<b>Total Customer Accounts</b>	<b>45,400,887</b>

**Customer Service and Informational**

907	Supervision	1,751,547
908	Customer Assistance	1,454,848
909	Info & Instructional Adv	701,496
910	Misc Cust Service & Info Expense	122
	<b>Total Customer Service</b>	<b>3,908,013</b>

Ohio Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

**Sales Expense**

911	Supervision	0
912	Selling Expenses	2,621
913	Advertising Expenses	321
916	Misc Sales Expense	23,554
	<b>Total Sales Expense</b>	<b>26,496</b>

**Administrative and General**

920	A & G Salaries	24,973,943
921	Office Supplies & Exp	852,476
922	Adm Exp Trsfr - Credit	(2,821,096)
923	Outside Services	21,531,837
924	Property Insurance	3,622,786
925	Injuries and Damages	8,594,719
926	Employee Benefits (Note A)	39,643,136
927	Franchise Requirements	0
928	Regulatory Commission Exp	243,481
929	Duplicate Charges - Credit	0
930.1	General Advertising Expense	1,538,158
930.2	Misc General Expense	1,287,756
930.2	Company Dues and Memberships	0
931	Rents	1,416,657
933	Transportation	0
	<b>Total Operation</b>	<b>100,883,853</b>
935	Maintenance of Gen Plant	5,149,337
	<b>Total Maintenance</b>	<b>5,149,337</b>
	<b>Total Administrative &amp; General</b>	<b>106,033,190</b>
	<b>Total O &amp; M Expenses</b>	<b>1,919,224,098</b>

Total Elec O & M Exp. - FERC Form1 pg. 323, L. 198(b)	1,919,224,098
Difference	0

Note A:	Acct 926 (0021) PBOP Gross Cost	22,650,144
	Acct 926 (0057) PBOP Medicare Part Subsidy	(4,874,475)
	PBOP Amounts in Annual Informational Filing	17,775,669
	Acct 926 (0053) PBOP Overhead Clearing	(5,010,111)
	Acct 926 PBOP (Net)	12,765,558
	<b>Acct 926 Employee Pensions &amp; Benefits Other than PBOP.</b>	<b>26,877,578</b>

Ohio Power Company  
Regulatory Commission Expense  
For the Year Ending December 31, 2009

Regulatory Commission Expense - Acct. 928	243,481
Retail	156,238
Wholesale - FERC	87,243

[REDACTED]

Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances  
350, 46, d

Ohio Power Company  
Year End Balances Common Stock  
For the Year Ending December 31, 2009

Month	Total Capital a	Source(s)	Issued b	Premium (Discount) c	Preferred Stock G(L) on Reac'd d	Source(s)*	Unappropri Sub Earnings e	Source	Acc Oth Corp Income f	Source	Common Equity Balance g=a+b-c-d-e+f
Dec-09	3,251,321,963	112.16.c	16,628,400	727,934	38,068,559	112.3.c,6.c,7.c	0	112.12.c	(118,458,118)	112.15.d	3,314,367,278

NOTE: \* Includes preferred portions of capital stock (common and preferred) accounts according to Company Books and Records below.

Account	Description	Source <sup>1</sup>	Dec-09
2010001	Common Stock Issued	Source <sup>1</sup>	321,201,454 112.2.c
2040002	PS Not Subj to Mandatory Redem	Source <sup>1</sup>	16,626,400 112.3.c
2070003	Prem on Pfd Stk	Source <sup>1</sup>	727,934 112.6.c
2080000	Donations Recvd from Stockhdre		1,081,035,086
2100000	Gain Rate/Cand Reg Cap Stock		3,317,838
2110000	Miscellaneous Paid-In Capital		38,068,559
		Source <sup>1</sup>	1,122,421,483 112.7.c
2151000	Appropriations of Retained Earnings		3,689,665
2160001	Unappropri Retd Erngs-Unsthdld		1,694,272,308
4330000	Transferred from Income		299,442,810
4370000	Div Decd-PS Not Sub to Man Red		(732,070)
4380001	Dividends Declared		(85,000,000)
4390000	Adl to Retained Earnings		7,130,187
	Retained Earnings	Source <sup>1</sup>	1,908,802,980 112.11.c
2161001	Unap Undist Consol Sub Erng		-
2161002	Unap Undist Nonconsol Sub Erng		-
4181001 & 002	Equity In Earnings		-
	Unappropri Sub Earnings	Source <sup>1</sup>	- 112.12.c
2190004	OCI-Min Pen Liab FAS 159-SERP		(362,414)
2190006	OCI-Min Pen Liab FAS 159-Qual		(93,453,408)
2190007	OCI-Min Pen Liab FAS 159-OREB		(36,447,960)
2190010	OCI-For Commodity Hedges		(366,167)
2190015	Accum OCI-Hdp-Of-Int Rate		12,341,820
2190016	Accum OCI-Hdp-Of-For Exchg		(169,999)
	Acc Oth Corp Inc	Source <sup>1</sup>	(118,458,118) 112.15.c
	Total Capital		3,261,321,963
	Common Equity Balance		3,352,425,837

Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Ohio Power Company  
Year End Balances Common Stock  
For the Year Ending December 31, 2009

Month	Preferred Stock		Premium on Preferred		(Discount) on Preferred		Other Paid in Capital - Pfd		Total Outstanding a+b-c+d	Preferred Dividends
	a	Source 1	Acct 207	b	Acc 213	c	Acc 208-211	d		
Dec-09	16,626,400	112.3.c	727,834	112.6.c	0	112.9.c	38,068,559	112.7.c	55,422,793	732,063
Total	16,626,400		727,834		0		38,068,559		55,422,793	732,063

Cost of Preferred Stock = Pfd Dividends/Average Pfd Outstanding Balance = 1.32%

## NOTES:

(1) All data is from the monthly Balance Sheet of the Company's Books and Records (CBR).  
 (2) Accounts 207-213 are capital stock accounts containing both common and preferred capital. Preferred portions of these accounts are from the CBR.

Ohio Power Company  
Outstanding Long-Term Debt  
For the Year Ending December 31, 2009

Line	Period	Advance from Associated Co	FF1 Reference	Bonds	FF1 Reference	(Reacquired Bonds)	FF1 Reference	Installment Purchase	FF1 Reference	Senior Unsecured Notes	FF1 Reference	Debt Trust Preferred Securities	FF1 Reference	Total Debt Outstanding	Reference
1	Dec-08	2230000 a	112.20.c	2210000 b	112.18.d	2230001 c	112.19.e	3240002 d	267.001	2240006 e	267.001	2240006 f	267.001	3,245,580,000 g=h-i+j+k+l+m+n	FF1, 112.20.c & 112.21.d
2	Dec-09	200,000,000		0		(803,000,000)		701,580,000		2,850,000,000		0		3,245,580,000	
		200,000,000				(803,000,000)		701,580,000		2,850,000,000		0			

Line	Description	Acc	FF1 Ref
1	Interest	4270002	13, 14, 2, 3, 1
2	Interest	4270006	105, 805, 083
3	Interest	4270040	
4	Interest	(FF1, P. 117, L. 82)	118, 078, 994
5	Amort Debt Disc/Exp	Acc 428 (FF1, P. 117, L. 83)	3, 354, 846
6	Amort Loss Reseq	Acc 428.1 (FF1, P. 117, L. 84)	625, 783
7	Interest	4300001 (FF1, P. 117, L. 87)	10, 500, 000
8	Amort Debt Premium	Acc 429 (FF1, P. 117, L. 85)	
9	Amort Gain Reseq	Acc 429.1 (FF1, P. 117, L. 86)	
10	Cost of Long Term Debt		133, 560, 633
11	Reconciliation to FF1, 267.33.1		
12	Interest on LT Debt	Line 4	118, 078, 994
13	Interest on Assoc LT Debt	Line 7	10, 500, 000
14	Total (FF1, 267.33.1)		128, 578, 994
15	Amortization of Hedge Gain / Loss included in Acc 4270006 (subject to limit on B-18)		



WP-13a

Ohio Power Company  
Recoverable Hedge Gains/Losses  
For the Year Ending December 31, 2009

Amortization Period

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (f) of the FERC Form 1)		Total Hedge (Gain)/Loss for 2009	Less Excludable Amounts (See NOTE on Line For the Year Ending December 31, 2009)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
2	3	4	5	6	7	8	9
3	4	5	6	7	8	9	10
4	5	6	7	8	9	10	11
5	6	7	8	9	10	11	12
6	7	8	9	10	11	12	13
7	8	9	10	11	12	13	14
8	9	10	11	12	13	14	15
9	10	11	12	13	14	15	16
10	11	12	13	14	15	16	17
11	12	13	14	15	16	17	18
12	13	14	15	16	17	18	19
13	14	15	16	17	18	19	20
14	15	16	17	18	19	20	21
15	16	17	18	19	20	21	22
16	17	18	19	20	21	22	23
17	18	19	20	21	22	23	24
18	19	20	21	22	23	24	25
19	20	21	22	23	24	25	26
20	21	22	23	24	25	26	27
21	22	23	24	25	26	27	28
22	23	24	25	26	27	28	29
23	24	25	26	27	28	29	30
24	25	26	27	28	29	30	31
25	26	27	28	29	30	31	32
26	27	28	29	30	31	32	33
27	28	29	30	31	32	33	34
28	29	30	31	32	33	34	35
29	30	31	32	33	34	35	36
30	31	32	33	34	35	36	37
31	32	33	34	35	36	37	38
32	33	34	35	36	37	38	39
33	34	35	36	37	38	39	40
34	35	36	37	38	39	40	41
35	36	37	38	39	40	41	42
36	37	38	39	40	41	42	43
37	38	39	40	41	42	43	44
38	39	40	41	42	43	44	45
39	40	41	42	43	44	45	46
40	41	42	43	44	45	46	47
41	42	43	44	45	46	47	48
42	43	44	45	46	47	48	49
43	44	45	46	47	48	49	50
44	45	46	47	48	49	50	51
45	46	47	48	49	50	51	52
46	47	48	49	50	51	52	53
47	48	49	50	51	52	53	54
48	49	50	51	52	53	54	55
49	50	51	52	53	54	55	56
50	51	52	53	54	55	56	57
51	52	53	54	55	56	57	58
52	53	54	55	56	57	58	59
53	54	55	56	57	58	59	60
54	55	56	57	58	59	60	61
55	56	57	58	59	60	61	62
56	57	58	59	60	61	62	63
57	58	59	60	61	62	63	64
58	59	60	61	62	63	64	65
59	60	61	62	63	64	65	66
60	61	62	63	64	65	66	67
61	62	63	64	65	66	67	68
62	63	64	65	66	67	68	69
63	64	65	66	67	68	69	70
64	65	66	67	68	69	70	71
65	66	67	68	69	70	71	72
66	67	68	69	70	71	72	73
67	68	69	70	71	72	73	74
68	69	70	71	72	73	74	75
69	70	71	72	73	74	75	76
70	71	72	73	74	75	76	77
71	72	73	74	75	76	77	78
72	73	74	75	76	77	78	79
73	74	75	76	77	78	79	80
74	75	76	77	78	79	80	81
75	76	77	78	79	80	81	82
76	77	78	79	80	81	82	83
77	78	79	80	81	82	83	84
78	79	80	81	82	83	84	85
79	80	81	82	83	84	85	86
80	81	82	83	84	85	86	87
81	82	83	84	85	86	87	88
82	83	84	85	86	87	88	89
83	84	85	86	87	88	89	90
84	85	86	87	88	89	90	91
85	86	87	88	89	90	91	92
86	87	88	89	90	91	92	93
87	88	89	90	91	92	93	94
88	89	90	91	92	93	94	95
89	90	91	92	93	94	95	96
90	91	92	93	94	95	96	97
91	92	93	94	95	96	97	98
92	93	94	95	96	97	98	99
93	94	95	96	97	98	99	100
94	95	96	97	98	99	100	101
95	96	97	98	99	100	101	102
96	97	98	99	100	101	102	103
97	98	99	100	101	102	103	104
98	99	100	101	102	103	104	105
99	100	101	102	103	104	105	106
100	101	102	103	104	105	106	107
101	102	103	104	105	106	107	108
102	103	104	105	106	107	108	109
103	104	105	106	107	108	109	110
104	105	106	107	108	109	110	111
105	106	107	108	109	110	111	112
106	107	108	109	110	111	112	113
107	108	109	110	111	112	113	114
108	109	110	111	112	113	114	115
109	110	111	112	113	114	115	116
110	111	112	113	114	115	116	117
111	112	113	114	115	116	117	118
112	113	114	115	116	117	118	119
113	114	115	116	117	118	119	120
114	115	116	117	118	119	120	121
115	116	117	118	119	120	121	122
116	117	118	119	120	121	122	123
117	118	119	120	121	122	123	124
118	119	120	121	122	123	124	125
119	120	121	122	123	124	125	126
120	121	122	123	124	125	126	127
121	122	123	124	125	126	127	128
122	123	124	125	126	127	128	129
123	124	125	126	127	128	129	130
124	125	126	127	128	129	130	131
125	126	127	128	129	130	131	132
126	127	128	129	130	131	132	133
127	128	129	130	131	132	133	134
128	129	130	131	132	133	134	135
129	130	131	132	133	134	135	136
130	131	132	133	134	135	136	137
131	132	133	134	135	136	137	138
132	133	134	135	136	137	138	139
133	134	135	136	137	138	139	140
134	135	136	137	138	139	140	141
135	136	137	138	139	140	141	142
136	137	138	139	140	141	142	143
137	138	139	140	141	142	143	144
138	139	140	141	142	143	144	145
139	140	141	142	143	144	145	146
140	141	142	143	144	145	146	147
141	142	143	144	145	146	147	148
142	143	144	145	146	147	148	149
143	144	145	146	147	148	149	150
144	145	146	147	148	149	150	151
145	146	147	148	149	150	151	152
146	147	148	149	150	151	152	153
147	148	149	150	151	152	153	154
148	149	150	151	152	153	154	155
149	150	151	152	153	154	155	156
150	151	152	153	154	155	156	157
151	152	153	154	155	156	157	158
152	153	154	155	156	157	158	159
153	154	155	156	157	158	159	160
154	155	156	157	158	159	160	161
155	156	157	158	159	160	161	162
156	157	158	159	160	161	162	163
157	158	159	160	161	162	163	164
158	159	160	161	162	163	164	165
159	160	161	162	163	164	165	166
160	161	162	163	164	165	166	167
161	162	163	164	165	166	167	168
162	163	164	165	166	167	168	169
163	164	165	166	167	168	169	170
164	165	166	167	168	169	170	171
165	166	167	168	169	170	171	172
166	167	168	169	170	171	172	173
167	168	169	170	171	172	173	174
168	169	170	171	172	173	174	175
169	170	171	172	173	174	175	176
170	171	172	173	174	175	176	177
171	172	173	174	175	176	177	178
172	173	174	175	176	177	178	179
173	174	175	176	177	178	179	180
174	175	176	177	178	179	180	181
175	176	177	178	179	180	181	182
176	177	178	179	180	181	182	183
177	178	179	180	181	182	183	184
178	179	180	181	182	183	184	185
179	180	181	182	183	184	185	186
180	181	182	183	184	185	186	187
181	182	183	184	185	186	187	188
182	183	184	185	186	187	188	189

Ohio Power Company  
Non-Fuel Power Production O&M Expenses  
For the Year Ending December 31, 2009

<u>Account</u>	<u>December</u>	<u>Total</u>
500 Demand	18,378,371	18,378,371
502 Demand	104,109,421	104,109,421
503 Energy	0	0
504 - Cr. Energy	0	0
505 Demand	2,055,248	2,055,248
506 Demand	56,241,827	56,241,827
507 Demand	66,774,232	66,774,232
509 Energy	5,569,548	5,569,548
510 Energy	12,639,034	12,639,034
511 Demand	10,607,380	10,607,380
512 Energy	98,446,429	98,446,429
513 Energy	17,373,020	17,373,020
514 Demand	8,115,984	8,115,984
517 Demand	0	0
519 Demand	0	0
520 Demand	0	0
521 Demand	0	0
522 - Cr. Demand	0	0
523 Demand	0	0
524 Demand	0	0
525 Demand	0	0
528 Energy	0	0
529 Demand	0	0
530 Energy	0	0
531 Energy	0	0
532 Energy	0	0
535 Demand	39,430	39,430
536 Demand	26,892	26,892
537 Demand	11,065	11,065
538 Demand	188	188
539 Demand	119,913	119,913
540 Demand	50,000	50,000
541 Demand	397	397
542 Demand	21,558	21,558
543 Demand	(2,103)	(2,103)
544 Energy	1,195,178	1,195,178
545 Demand	242,409	242,409
546 Demand	0	0
548 Demand	0	0
549 Demand	0	0
550 Demand	0	0
551 Demand	0	0
552 Demand	0	0
553 Demand	0	0
554 Demand	0	0
<b>Total</b>	<b>402,015,411</b>	<b>402,015,411</b>
 Demand	 266,792,202	 266,792,202
Energy	135,223,209	135,223,209
<b>Total</b>	<b>402,015,411</b>	<b>402,015,411</b>
 Demand %	 66.364%	 66.364%
Energy %	33.636%	33.636%
<b>Total %</b>	<b>100.000%</b>	<b>100.000%</b>

Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances pgs. 320-323, , b

Ohio Power Company  
Net Energy for Load (MWh)  
For the Year Ending December 31, 2009

**FERC-1, Pg. 401a**

L.9 Net Gen.	47,700,622
L.10 Purchases	8,617,240
L.24 Non-RQ Sales (Less)	<u>26,202,795</u>
Total	30,115,067

WP-15b

Intensionally left blank - not applicable.

Ohio Power Company  
Purchased Power  
For the Year Ending December 31, 2009

<u>Month</u>	<u>Demand (\$) <sup>1</sup></u>	<u>Energy (\$) <sup>1</sup></u>	<u>Total</u>
Dec-09	68,059	319,437,388	319,505,447
Total	68,059	319,437,388	319,505,447
	327, ..j	327, ..j + i	

Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Ohio Power Company  
Off-System Sales  
For the Year Ending December 31, 2009

		4470127 Pool Capacity		
<u>Month</u>	<u>Demand (\$)</u> <sup>1</sup>	<u>Demand (\$)</u> <sup>1 2</sup>	<u>Energy (\$)</u> <sup>1</sup>	<u>Total</u>
Dec-09	12,001,677	383,415,706	814,266,459	1,209,683,842

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

<sup>2</sup>F1, 311, h, i (Non-RQ)

<sup>2</sup> Company's Books and Records.



WP-17

Ohio Power Station Equipment  
Balance as of December 2009

fr_desc	fpa	fc_solid	description	beginning_balance	additions	retirements	transfers	adjustments	ending_balance	start_month	end_month
none	353 - Station Equipment		6 Transmission Plant - Electric	588185422	35638640	4818488	-259578	0	618945986	1/1/09	12/1/09



WP-18

Ohio Power Company  
Fuel Expense  
For the Year Ending December 31, 2009

		<u>Source</u>
<u>Fossil Fuel</u>		
Fuel - Account 501	899,340,627	320, 5, b
<u>Other</u>		
Fuel Handling	28,464,085	CBR
Sale of Fly Ash (Revenue &	(964,756)	CBR

Notes:

References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

WP-19

Ohio Power Company  
Plant Held for Future Use  
For the Year Ending December 31, 2009

	End of Year		
	Total	Demand	Energy
Production	0	0	0
Transmission	2,205,322	2,205,322	0
Distribution	725,127	725,127	0
General	22,930	22,930	0
Total	2,953,379	2,953,379	0

FF1, 214, d

Note: Functional amounts from company books and records.

## **Attachment 3, Part 2**

### **Supporting workpapers for the CSP Capacity Compensation Formulas**

***Columbus Southern Power Company***  
***Capacity Compensation Formula***

Workpapers

Columbus Southern Power Company  
 Production System Peak Demand  
 For the Year Ending December 31, 2009

Month	Day	(EDT) Hour	Demand (MW)	Source <sup>1</sup>
August	10	1700	3,665	CBR
August	18	1600	3,648	
August	17	1700	3,998	
August	11	1700	3,902	
August	20	1700	3,761	
Average Peak			3,794.8	
Total Production System Peak Demand			3,794.8	

Company's average five CP demands at time of PJM system peak.

**Notes:**

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Columbus Southern Power Company  
Production Revenue Credits  
For the Year Ending December 31, 2009

	Production			Source <sup>1</sup>
	Total	Demand	Energy	
Ancillary Service - Nonaff	202,147	202,147	0	CBR Account 4470004
Total	202,147	202,147	0	

Notes:

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Columbus Southern Power Company  
Construction Work in Progress (CWIP)  
For the Year Ending December 31, 2009

**COLUMBUS SOUTHERN POWER CO  
at DECEMBER 31, 2009**

Sum of AMOUNT	ENVIRON CODE					Grand Total
FUNCTION	Air Pollution	Esthetic	Other	Solid Waste Disposal	Water Pollution	(blank)
Distribution Plant - Electric			\$40,729,912.12			\$40,729,912.12
General Plant			\$16,039,756.41			\$16,039,756.41
Intangible Plant			\$5,215,326.37			\$5,215,326.37
Other Generation Plant			\$922,968.77			\$922,968.77
Steam Generation Plant	\$3,177,378.93	\$61,777.48	\$27,357,610.90	\$10,008,055.70	\$1,126,597.13	\$41,731,420.14
Transmission Plant - Electric			\$50,288,613.43			\$50,288,613.43
(blank)						
Grand Total	\$3,177,378.93	\$61,777.48	\$140,554,188.00	\$10,008,055.70	\$1,126,597.13	\$154,927,997.24

FERC pg 216  
FP 16

154,927,997  
154,927,997.17

WP-4a

Intentionally left blank - not applicable



WP-4b

Intentionally left blank - not applicable

Columbus Southern Power Company Materials and Supplies Balance as of December 31, 2009									
Period	1540001	1540004	1540008	1540012	1540013	1540022	1540023	1540024	Source <sup>1</sup>
Dec-09	M&S Basilar 32,466,014	M&S Excess Material 162,110	M&S Line and Limbs 2,640,000	M&S Urea 66,015	M&S Transportation 116,407	M&S Line & Limbs 867,327	M&S Urea in Transit 602,425	M&S Fuel Storage 532,539	M&S Total 37,341,837
								Total	110,486
									37,341,837

## Functionalization of Materials &amp; Supplies



## Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

<sup>2</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.



Columbus Southern Power Company  
Prepayments  
For the Year Ending December 31, 2009

Period	1650001 Prepayments Insurance	1650003 Prepayments Rents	1650005 Prepayments Employee Benefits	1650006 Prepayments Other	1650008 Prepayments Carrying Cost	1650009 Prepayments Pension Benefits	1650010 Prepayments Sales/Use	165001209 Prepayments FAS 158 Contra Asset	1650014 Prepayments FAS 112 Assets	1650018 Prepayments FAS 112 Assets
Dec-09	894,933		671,661	12,880	121,240	127,358,018	65,000	(127,358,018)	552	
Period										
Dec-09	2,090,319	2,618,528	6,144,689	574,289	7,783,619	(10,631)	20,947,059	Source <sup>1</sup> 111.57 c		
Period										
Dec-09	Exclude Rate Base (127,358,018)	Non Labor Related 1,512,131	Labor Related 136,782,896							

## Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as pages, lines, col.# for the beginning and ending total balances.

- 1650001 - This account shall include amounts representing prepayments of insurance.  
 1650003 - This account shall include amounts representing prepayments of rents.  
 1650005 - This account shall include amounts representing prepayments of employee benefits.  
 1650006 - This account shall include amounts representing prepayments of other items not listed.  
 1650008 - This account is used for factoring the AEP-East electric accounts receivable.  
 1650009 - This account shall include amounts representing prepayments of pension benefits.  
 1650010 - This account shall include amounts representing prepayments of sales and use taxes.  
 165001209 - This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan when the net plan is still prepaid. This account offsets account 1650010.  
 1650014 - This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan when the net plan is still prepaid. This account offsets account 1650010.  
 1650016 - This account is used to track the long term portion of the FAS 112 as an asset on all related business units. Previously this balance was recorded as a net liability in account 2283005.  
 1650017 - Track prepayments required under coal contracts or purchase orders.  
 1650019 - Long Term Account Shall Include Non-Cash Pension Benefits.  
 1650020 - Long Term Account Shall Include Non-Cash Pension Benefits.  
 1650021 - This account shall include amounts representing prepayments of insurance with EIS (Energy Insurance Services).  
 1650024 - To record long term portion of the Buckingham Amendments payments.  
 1650025 - To record long term portion of the Buckingham Amendments payments.

Columbus Southern Power Company  
12 Month Balance Plant in Service  
For the Year Ending December 31, 2009

Line	Month	Production				
		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
1	Dec-09	2,723,046,857	205.46.g	32,807,106	205.15,34.g	2,690,239,751
2	Total					2,690,239,751

		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
3	Dec-09	619,883,849	207.58.g	-	207.57.g	619,883,849
4	Total					619,883,849

		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
5	Dec-09	1,742,606,724	207.75.g	-	207.74.g	1,742,606,724
6	Total					1,742,606,724

		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
7	Dec-09	95,862,102	207.99.g	144,371	207.98.g	95,717,731
8	Total					95,717,731

		Total		ARO		Excluding ARO
		Amount	Source <sup>1</sup>	Amount	Source <sup>1</sup>	
9	Dec-09	55,521,109	205.5.g	-	CBR	55,521,109
10	Total					55,521,109

11	12 Months December 31, 2009 Plant In Service (excluding ARO)					5,203,969,164
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**Notes:**

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Columbus Southern Power Company  
12 Months Ended December 31, 2009 Accumulated Depreciation  
For the Year Ending December 31, 2009

CO	reserve	total reserve (w/imp)	Fin Pg 18	PRODUCTION	TRANSMISSION	DISTRIBUTION	GENERAL	INTANGIBLE	TOTAL
1080005 Total			-3,985,284.13	10,737.64	(1,287,752.15)	(2,681,180.25)	(37,079.37)		(3,985,284.13)
1080001 ARO		8,930,560.88	8,930,560.88	8,851,871.25			78,689.63		8,930,560.88
1080001/1080011 Total		1,994,015,593.49	1,994,015,593.49	1,003,483,239.99	235,571,384.47	714,414,310.40	40,546,658.63		1,994,015,593.49
1110001 Total		46,772,172.47	46,772,172.47				4,824,768.51	41,947,403.96	46,772,172.47
1080013 Total			-404,213.33				-404,213.33		(404,213.33)
CSP Total		2,049,718,326.64	2,045,318,829.38	1,012,346,848.88	234,283,632.32	711,733,120.16	46,008,824.07	41,947,403.96	2,045,318,829.38
CSP ERO ARO									
FERC Pg 219				1,012,345,849.00	234,283,632.00	711,733,120.00	40,184,056.00		1,998,546,657.00
difference (FERC - total)				0.12	(0.32)	(0.15)	(4,824,768.07)	(41,947,403.96)	(46,772,172.38)

Columbus Southern Power Company  
 General Plant and Intangible Plant - Twelve Months Ended December 31, 2009  
 For the Year Ending December 31, 2009

<u>Description</u>	<u>Account</u>	<u>31-Dec-09</u>
Organization	301	575
Franchises and Consents	302	4,700
Miscellaneous Intangible Plant	303	55,515,834
<b>TOTAL INTANGIBLE PLANT</b>		<b>55,521,109</b>
 Land	 389	 3,117,122
Structures	390	58,974,649
Office Equipment	391	5,067,274
Transportation	392	40,258
Stores Equipment	393	301,966
Tools, Shop, Garage, Etc.	394	10,353,142
Laboratory Equipment	395	631,927
Power Operated Equipment	396	3,036
Communications Equipment	397	15,606,820
Miscellaneous Equipment	398	1,621,537
 <b>TOTAL GENERAL PLANT</b>		 <b>95,717,731</b>

<b>Total General and Intangible (inc. ARO)</b>		<b>151,383,211</b>
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<b>Total General and Intangible (inc. ARO)</b>	<b>205, 207.5,99.c</b>	<b>151,383,211</b>
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Note: Total includes Intangible Plant.

References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

Columbus Southern Power Power Company  
Depreciation Expense  
For the Year Ending December 31, 2009

Description	<u>Amount</u>	<u>Source</u>
Steam Production	41,998,016	FF1, 336, 2, b
Other Production	9,033,531	FF1, 336, 6, b
Transmission	12,769,913	FF1, 336, 7, b
Distribution	59,968,342	FF1, 336, 8, b
General	3,176,943	FF1, 336, 10, b
Intangible Plant	11,690,325	FF1, 336, 12, d
Sub-Total	138,637,070	
ARO Dep Exp	2,676,327	FF1, 336, 12, c
Total Depr Expense	141,313,397	FF1, 336, 12, f



WP-7

Intentionally left blank - not applicable

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COLUMBUS SOUTHERN POWER COMPANY ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 180 PERIOD ENDING DECEMBER 31, 2009									
COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J
ACCOUNT 180	PER BOOKS	BALANCE AS 12/31/08	BALANCE AS 12/31/09	NON-RECOGNIZABLE/INDEBTED DE-12/31/08	DE-12/31/09	GENERATION	TRANSMISSION	DISTRIBUTION	FUNCTIONALIZATION 12/31/09
ACCUMULATED DEFERRED FIT ITEM									
1 SEC ALLOC - ITC - GENERATION PLANT	5,678,766	5,678,766							
2 IRGC REVENUES	4,323,950	4,323,950							
3 INT EXP - DEFERRED FOR TAX	12,262,584	12,262,584							
4 CUST ADV INC FOR TAX	666,487	666,487							
5 PROMS POSS REV REFS	18,954,289	18,954,289							
6 MTM BK LOSS-AL-TAX DEF									
7 MARK & SPREAD - DEF - 100 - AL	(8,460,215)	(8,460,215)							
8 PROM WORKER'S COMP	220,269	220,269							
9 SUPPLEMENTAL EXECUTIVE RETIRE PLAN	(2,729)	(2,729)							
10 ACCRUED BK S/P SAVINGS PLAN EXP	65,391	65,391							
11 ACCRUED BK BENEFIT COSTS	82,321	82,321							
12 ACCRUED FBI PLAN EXP	33,529	33,529							
13 BK PROV UNCOLL ACCTS	1,015,992	1,015,992							
14 PRO-TRADE CREDIT RISK - AL	(98,216)	(98,216)							
15 PROVISION FOR LITIGATION	47,010	47,010							
16 AGRO COMPANY-WIDE INCENTIV PLAN	(811,530)	(811,530)							
17 AGRO ENVIRONMENTAL LIAB-CURRENT	(700)	(700)							
18 ACCRUED BOOK VACATION PAY	2,864,725	2,864,725							
19 ACCRUED BK BENEFIT COSTS	(1)	(1)							
20 ACCRUED INTEREST - STATE	(1,044,749)	(1,044,749)							
21 ACCRUED INTEREST - 30 - FIN 48	(240,000)	(240,000)							
22 AGRO STATE INCOME TAX EXPENSE	4,472	4,472							
23 AGRO LOW-INCOME HOUSING OBLIGATIONS	1,850,863	1,850,863							
24 AGRO BILL-DEFERRED RETIRE BENEFIT	1,768,274	1,768,274							
25 DEFERRED RETIRE BENEFIT	1,316,689	1,316,689							
26 DEFERRED STORM DAMAGE	(738,475)	(738,475)							
27 DEFERRED STORM DAMAGE	(6,055,000)	(6,055,000)							
28 BK AMORT-QUAL OF SRVC ENHANCE	2	2							
29 ADVANCE RENTAL INC (OUR MO)	34,414	34,414							
30 DEF BK CONTRACT REVENUE	667,685	667,685							
31 DEF BK CONTRACT REVENUE	522,510	522,510							
32 DEF BK CONTRACT REVENUE	315,000	315,000							
33 DEF BK CONTRACT REVENUE	2,308,041	2,308,041							
34 DEF BK CONTRACT REVENUE	2,275	2,275							
35 DEF BK CONTRACT REVENUE	5,267	5,267							
36 DEF BK CONTRACT REVENUE	5,267	5,267							
37 DEF BK CONTRACT REVENUE	14,489,045	14,489,045							
38 DEF BK CONTRACT REVENUE	1,321,138	1,321,138							
39 DEF BK CONTRACT REVENUE	2,058,764	2,058,764							
40 DEF BK CONTRACT REVENUE	2,111,826	2,111,826							
41 DEF BK CONTRACT REVENUE	(4,382)	(4,382)							
42 DEF BK CONTRACT REVENUE	200,810	200,810							
43 DEF BK CONTRACT REVENUE	402	402							
44 DEF BK CONTRACT REVENUE	4,230	4,230							
45 DEF BK CONTRACT REVENUE	210,510	210,510							
46 DEF BK CONTRACT REVENUE	694,432	694,432							
47 DEF BK CONTRACT REVENUE	1,447,718	1,447,718							
48 DEF BK CONTRACT REVENUE	(11,635)	(11,635)							
49 NON-UTILITY DEFERRED FIT	3,878,546	3,878,546							
50 SFAS 150 FLOW-THRU 190.3	1,546,240	1,546,240							
51 SFAS 150 EXCESS DFT 190.4	920,503	920,503							
52 SFAS 150 ACCT FID - ACQUISITION	(211,369)	(211,369)							
53 SFAS 150 ACCT FID - ACQUISITION	24,328,201	24,328,201							
54 NON-UTILITY DEFERRED FIT									
55 SFAS 150 FLOW-THRU 190.3	1,546,240	1,546,240							
56 SFAS 150 EXCESS DFT 190.4	920,503	920,503							
57 SFAS 150 ACCT FID - ACQUISITION	(211,369)	(211,369)							
58 SFAS 150 ACCT FID - ACQUISITION	24,328,201	24,328,201							
59 TOTAL ACCOUNT 180	150,076,621	150,076,621							
FF 1, P. 294, L. 8 Col (6)									

Columbus Southern Power Company  
Effective Income Tax Rate  
For the Year Ending December 31, 2009

Effective Income Tax Rate

$$T = 1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} = 35.62\%$$

$$\text{EIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{WACC})) = 35.63\%$$

where WCLTD and WACC from Exhibit B-11  
and FIT, SIT & p are as shown below.

$$\text{GRCF} = 1 / (1 - T) = 1.5533$$

Amortized Investment Tax Credit (enter negative) FF1 P.114, Ln.18, Col.c (1,980,124)

FIT	35.0000%	
SIT	0.9550%	State Income Tax Rate (Composite).
p	0.0000%	
WCLTD		
WACC		

Development of Composite State Income Tax Rates for 2009 (Note 1)

State Income Tax Rate - Ohio	0.00%	
Phase-out Factor Note 1	0.00%	
Apportionment Factor - Note 2	83.28%	
Effective Ohio State Tax Rate		0.0000%
Ohio Municipal Income Tax Rate	0.80%	
Apportionment Factor - Note 2	91.44%	
Effective Indiana State Tax Rate		0.7315%
West Virginia Corporate Income Tax Rate	6.50%	
Apportionment Factor - Note 2	1.00%	
Effective West Virginia State Tax Rate		0.1641%
Michigan Business Income Tax Rate	6.04%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.0000%
Kentucky Corporation Income Tax Rate	6.00%	
Apportionment Factor - Note 2	0.43%	
Effective State Tax Rate		0.0258%
Illinois Corporate Income Tax Rate	7.30%	
Apportionment Factor - Note 2	0.46%	
Effective State Tax Rate		0.0336%
Total Effective State Income Tax Rate		<u>0.9550%</u>

**Note 1** The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 0% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H and H-1.

**Note 2** Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

Columbus Southern Power Company  
Taxes Other Than Income Taxes  
For the Year Ending December 31, 2009

Payroll Related Other Taxes	4,832,729	Payroll
Property Related Other Taxes	93,070,919	Property
Direct Production Related	5,328	Production
Direct Distribution Related	-	Distribution
Other	178,402	Other
Not Allocated ((Gross Receipts, Commission Assessments)	76,981,582	NA
	<u>175,068,960</u>	

Taxes Accrued, Prepaid and Charged During Year  
FERC-1 Pg. 262-263

Distribution of  
Taxes Charged  
Electric, Col. (i)

FERC-1 A/C 408.1 Basis

**Revenue Taxes**

P.263 In 13 (i) Gross Receipts Tax	50,421	NA
P.263 In 14 (i) Gross Receipts Tax	5,012,233	NA
P.263 In 11 (i) KWH State Excise Tax	69,162,456	NA

**Real Estate and Personal Property Taxes**

**Ohio**

P.263.1 In 1 (i) Real and Personal Property - Ohio	55,470	Property
P.263.1 In 2 (i)	55,470	Property
P.263.1 In 3 (i)	303,109	Property
P.263.1 In 4 (i)	91,293,930	Property
P.263.1 In 8 (i)	(66,033)	Property
P.263.1 In 9 (i)	27,428	Property
P.263.1 In 10 (i)	43,317	Property
P.263.1 In 11 (i)	300,000	Property
P.263.1 In 17 (i)	566	Property
P.263.1 In 18 (i)	22,836	Property

**Other**

P.263.1 In 14 (i) Real and Personal Property - Other Jurisdictions	453	Property
P.263.1 In 15 (i)	250	Property
P.263.1 In 20 (i)	(1,810)	Property
P.263.1 In 21 (i)	36,788	Property
P.263.1 In 24 (i)	436	Property

**Payroll Taxes**

P.263 In 3 (i) Federal Insurance Contribution (FICA )	8,870,526	Payroll
P.263 In 4 (i) Federal Unemployment Tax	24,796	Payroll
P.263 In 18 (i) State Unemployment Insurance	51,461	Payroll
P.263 In 5 (i) Payroll Taxes	886,143	Payroll

Columbus Southern Power Company  
Taxes Other Than Income Taxes  
For the Year Ending December 31, 2009

**Miscellaneous Taxes**

P.263 In 13 (i) State Public Service Commission Fees	2,756,472	N/A
P.263 In 21 (i) State Franchise Taxes	29,963	Other
P.263 In 34 (i) State Franchise Taxes	1,939	Other
P.263 In 35 (i) State Franchise Taxes	118,760	Other
P.263.1 In 28 (i) State Lic/Registration Fee	1,20,486	Other
P.263.1 In 29 (i) Misc. State and Local Tax	410	Other
P.263 In 15 (i) Sales & Use	520	Other
P.263 In 16 (i) Sales & Use	6,598	Other
P.263 In 6 (i) Federal Excise Tax	6,325	Generation
<b>Total A/C 408.1</b>	<b>175,068,960</b>	
<b>Taxes Other Than Income (FF1, 114,14,c)</b>	<b>175,068,961</b>	

**Columbus Suthern Power Company**  
**Wages and Salaries**  
For the Year Ending December 31, 2009

			Total
Production:			
Operation	12,441,336	6,844,834	19,286,170
Maintenance	10,089,872	2,742,463	12,832,335
Total	22,531,208	9,587,297	32,118,505
Transmission:			
Operation	566,709	1,408,809	1,975,518
Maintenance	940,023	271,250	1,211,273
Total	1,506,732	1,680,059	3,186,791
Distribution:			
Operation	11,666,605	2,197,258	13,863,863
Maintenance	10,817,345	220,678	11,038,023
Total	22,483,950	2,417,936	24,901,886
Customer Accounts	6,135,731	7,753,463	13,889,194
Customer Service and Informational	491,840	877,577	1,369,417
Sales	0	0	0
<b>Total Wages and Salaries Excluding A &amp; G</b>	<b>53,149,461</b>	<b>22,316,332</b>	<b>75,465,793</b>
Administrative and General			
Operation	(41,965)	10,501,732	10,459,767
Maintenance	1,414,419	222,288	1,636,687
Total	1,372,454	10,724,000	12,096,454
<b>Total O &amp; M Payroll</b>	<b>54,521,915</b>	<b>33,040,332</b>	<b>87,562,247</b>

[REDACTED]



Columbus Southern Power Company  
 Production Payroll  
 Demand / Energy Split  
 For the Year Ending December 31, 2009

<u>Account</u>	<u>Demand</u>	<u>Energy</u>	<u>Total</u>
500	2,929,348		2,929,348
501		1,204,245	1,204,245
502	2,537,016		2,537,016
505	1,599,882		1,599,882
506	7,023,724		7,023,724
510		776,210	776,210
511	442,812		442,812
512		8,477,970	8,477,970
513		2,116,755	2,116,755
514	820,509		820,509
524	(1,446)		(1,446)
535	0		0
536	0		0
537	0		0
539	0		0
542	0		0
544		0	0
545	0		0
546	95,096		95,096
548	126,455		126,455
549	124,592		124,592
550	(4,421)		(4,421)
551	67,849		67,849
553	130,071		130,071
554	159		159
555	31,192	31,328	62,520
556	464,586		464,586
557	3,124,574		3,124,574
Total	19,511,998	12,606,508	32,118,506
Allocation Factors	0.6075001699	0.3924998301	1.0000000000

Columbus Southern Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

**Production**

500	Operation Supv & Engineering	8,148,995
501	Fuel	268,128,076
502	Steam Expenses	27,462,158
505	Electric Expenses	2,292,093
506	Misc. Steam Power Expense	26,084,645
507	Rents	(139)
509	Allowances	7,413,973
535	Operation Supv & Engineering	0
536	Water for Power	0
537	Hydraulic Expenses	0
538	Electric Expenses	0
539	Miscellaneous Hydraulic Power	0
540	Rents	0
546	Operation Supv & Engineering	149,905
547	Fuel	1,120,722
548	Generation Expenses	130,583
549	Misc. Power Generation Expense	664,797
550	Rents	32,341
	Total Operation	<u>341,628,149</u>
510	Maintenance Supv & Engineering	2,430,209
511	Maintenance of Structures	3,373,971
512	Maintenance of Boiler Plant	51,693,575
513	Maintenance of Electric Plant	10,720,148
514	Maintenance of Misc Plant	2,680,460
541	Maintenance Supv & Engineering	0
542	Maintenance of Structures	0
543	Maintenance of Reservious, Dams and Waterways	0
544	Maintenance of Electric Plant	0
545	Maintenance of Miscellaneous Hydraulic Plant	0
551	Maintenance Supv & Engineering	70,016
552	Maintenance of Structures	3,796
553	Maintenance of Generating & Electric Plant	689,048
554	Maintenance of Miscellaneous Other Power	160,655
	Total Maintenance	<u>71,821,878</u>
555	Purchased Power	533,837,229
556	System Control	932,635
557	Other Expense	7,633,702
	Total Other	<u>542,403,566</u>
	Total Production	<u>955,853,593</u>

**Transmission**

560	Operation Supv & Engineering	1,004,962
561.1	Load Dispatching-Reliability	16,786
561.2	Load Dispatch-Monitor Trans. System	1,300,071
561.3	Load Dispatch-Trans. Scheduling	2,571
561.4	Scheduling Control and Dispatch	
561.5	Reliability, Planning, Standards Dev.	111,146
561.6	Transmission Studies	
561.7	Generation Interconnection Studies	

Columbus Southern Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

561.8	Reliability, Planning	
562	Station Expense	458,616
563	Overhead Line Expense	10,965
564	Underground Line Expense	510
565	Trans of Electricity by Others	53,542,955
566	Misc Transmission Expense	1,390,945
567	Rents	36,524
	Total Operation	61,265,554
568	Maintenance Supv & Engineering	69,420
569	Maintenance of Structures	779,961
570	Maintenance of Station Equip	2,102,622
571	Maintenance of OH Lines	2,747,580
572	Maintenance of UG Lines	616,073
573	Maintenance of Misc Trans	54
	Total Maintenance	6,315,720
	Total Transmission	67,581,274

**Regional Market Expense**

575.7 Market Facilitation, Monitoring and Compliance

**Distribution**

580	Operation Supv & Engineering	6,256,386
581	Load Dispatching	10,174
582	Station Expense	660,755
583	Overhead Line Expense	1,334,671
584	Underground Line Expense	2,637,965
585	Street Lighting	60,471
586	Meter Expenses	1,438,274
587	Customer Installations	212,309
588	Misc Distribution Expense	13,997,318
589	Rents	2,094,128
	Total Operation	28,702,451
590	Maintenance Supv & Engineering	487,690
591	Maintenance of Structures	247,363
592	Maintenance of Station Equip	2,341,924
593	Maintenance of OH Lines	35,161,388
594	Maintenance of UG Lines	3,224,876
595	Maintenance of Line Trsfers	432,107
596	Maintenance of Street Lights	156,830
597	Maintenance of Meters	173,504
598	Maintenance of Misc Dist Plant	1,352,158
	Total Maintenance	43,577,840
	Total Distribution	72,280,291

**Customer Accounts**

901	Supervision	1,201,339
902	Meter Reading Expenses	4,220,027
903	Customer Records/Collection	23,995,865
904	Uncollectible Accounts	21,443,093
905	Misc Customer Accts Exp	38,965
	Total Customer Accounts	50,899,289

Columbus Southern Power Company  
O & M Expense Summary by Account  
For the Year Ending December 31, 2009

**Customer Service and Informational**

907	Supervision	1,506,578
908	Customer Assistance	292,543
909	Info & Instructional Adv	711,861
910	Misc Cust Service & Info Expense	2,915
	Total Customer Service	<u>2,513,897</u>

**Sales Expense**

911	Supervision	0
912	Selling Expenses	9,879
913	Advertising Expenses	206
916	Misc Sales Expense	0
	Total Sales Expense	<u>10,085</u>

**Administrative and General**

920	A & G Salaries	18,502,049
921	Office Supplies & Exp	3,432,900
922	Adm Exp Trsfr - Credit	(2,388,983)
923	Outside Services	13,561,064
924	Property Insurance	3,010,064
925	Injuries and Damages	3,732,154
926		21,317,346
927	Franchise Requirements	0
928	Regulatory Commission Exp	113,326
929	Duplicate Charges - Credit	0
930.1	General Advertising Expense	1,273,244
930.2	Misc General Expense	1,352,127
930.2	Company Dues and Memberships	0
931	Rents	2,833,394
933	Transportation	0
	Total Operation	<u>64,738,685</u>
935	Maintenance of Gen Plant	4,725,579
	Total Maintenance	<u>4,725,579</u>
	Total Administrative & General	<u>69,464,264</u>
	Total O & M Expenses	<u>1,221,652,871</u>

Total Elec O & M Exp. - FERC Form1 pg. 323, L. 198(b)  
Difference

1,221,652,871  
0



Columbus Southern Power Company  
Regulatory Commission Expense  
For the Year Ending December 31, 2009

Regulatory Commission Expense - Acct. 928	113,326
Retail	113,326
Wholesale - FERC	0

[REDACTED]

Columbus Southern Power Company  
Year End Balances Common Stock  
For the Year Ending December 31, 2008

Month	Total Capital a	Source(s)	Issued b	Premium (Discount) c	Preferred Stock G(L) on Record d	Source(s)* e	Unapprop Sub Earnings f	Source g	Acc Oth Comp Income h	Source i	Common Equity Balance j=a-b+c+d-e
Dec-08	1,359,835,151	112.16.c	0	0	0	0 112.3.c,6.c,7.c	2,064,800	112.12.c	(49,993,531)	112.15.d	1,407,763,882

NOTE: \* Includes preferred portions of capital stock (common and preferred) accounts according to Company Books and Records below.

Account	Description	Dec-08
2010001	Common Stock Issued	41,026,065
	Source <sup>1</sup>	112.2.c
2040002	PS Not Subj to Mandatory Redem	-
	Source <sup>1</sup>	112.3.c
2070003	Prem on Capital Stk	257,892,418
	Source <sup>1</sup>	112.6.c
2080000	Donations Recvd from Stockhldrs	332,200,000
2100000	Gain Rate/Candl Req Cap Stock	(1,681,289)
2110000	Miscellaneous Paid-In Capital	(7,746,484)
	Source <sup>1</sup>	322,772,227
		112.7.c
2151000	Appropriations of Retained Earnings	-
2160001	Unapprop Retd Emrgs-Unrestricted	672,989,965
4330000	Transferred from Income	271,363,804
4370000	Div Decl-PS Not Sub to Men Red	-
4380001	Dividends Declared	(158,123,156)
4390000	Adj to Retained Earnings	(157,441)
	Source <sup>1</sup>	786,073,172
		112.11.c
2161001	Unap Undist Consol Sub Emg	1,767,501
2161002	Unap Undist Nonconsol Sub Emg	-
4181001 & 002	Equity in Earnings	237,299
	Source <sup>1</sup>	2,094,800
		112.12.c
2180004	OCI-Min Pen Liab FAS 158-SERP	188
2190006	OCI-Min Pen Liab FAS 158-Qual	(37,569,446)
2190007	OCI-Min Pen Liab FAS 158-OPEB	(12,049,018)
2190010	OCI-for Commodity Hedges	(375,256)
2190015	Accum OCI-Hdg-QF-Int Rate	-
2190016	Accum OCI-Hdg-QF-For Exchg	-
	Source <sup>1</sup>	(49,993,531)
		112.15.c
	Total Capital	1,359,835,151
	Common Equity Balance	1,149,871,464

## Notes:

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the beginning and ending total balances.

<sup>1</sup> CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

Columbus Southern Power Company  
Year End Balances Common Stock  
For the Year Ending December 31, 2009

Month	Preferred Stock		Premium on Preferred		(Discount) on Preferred		Other Paid in Capital - Pfd		Total Outstanding a+b-c+d	Preferred Dividends
	a	Source 1	b	Acct 207	c	Acc 213	d	Acc 208-211		
Dec-09	0	112.3.c	0	112.6.c	0	112.9.c	0	112.7.c	0	0
Total	0		0		0				0	0

Cost of Preferred Stock = Pfd Dividends/Average Pfd Outstanding Balance = 0.00%

## NOTES:

- (1) All data is from the monthly Balance Sheet of the Company's Books and Records (CBR).  
 (2) Accounts 207-213 are capital stock accounts containing both common and preferred capital. Preferred portions of these accounts are from the CBR.



Columbus Southern Power Company  
Outstanding Long-Term Debt  
For the Year Ending December 31, 2009

Line	Period	Advances from Associated Co.	FF1 Reference	Bonds	FF1 Reference	Rescquired Bonds	FF1 Reference	Installment Purchase Contracts	FF1 Reference	Senior Unsecured Notes	FF1 Reference	Debit Trust Pref. Sec'y Insts	FF1 Reference	Total Debt Outstanding	Reference
		2230000		2210000		2220001		2240002		2240005		2240046			
1	Dec-09	100,000,000	112-20.c	0	112-18.c	0	112-19.c	192,745,000	267, col. (f)	1,250,000,000	267, col. (f)	0	257, col. (f)	1,842,745,000	FF1, 112-20.c & 112-21.e
2	Dec-09	100,000,000		0	0	0	0	192,745,000		1,250,000,000		0	0	1,842,745,000	
Ohio Power Company Interest & Amortization on Long-Term Debt For the Year Ending December 31, 2009															
Line	Description	Acct	FF1 Ref												
1	Interest	4270002	6,855,440												
2	Interest	4270006	72,650,000												
3	Interest	4270202	(297,185)												
4		(FF1, P.117, L.62)	79,206,255												
5	Amort Debt Disc/ Exp	Acct 428 (FF1, P.117, L.63)	1,841,488												
6	Amort Loss Reseq	Acct 428.1 (FF1, P.117, L.64)	743,486												
7	Interest	4300001 (FF1, P.117, L.67)	4,845,001												
8	Amort Debt Premium	Acct 429 (FF1, P.117, L.65)	-												
9	Amort Gain Reseq	Acct 429.1 (FF1, P.117, L.66)	-												
10	Cost of Long Term Debt		86,431,240												
11	Reconciliation to FF1, 257, 33.1														
12	Interest on LT Debt	Line 4	79,206,255												
13	Interest on Assoc LT Debt	Line 7	(4,940,001)												
14	Total (FF1, 257, 33.1)		83,845,255												
15	Amortization of Hedge Gain / Loss included in Acct 4270006 (subject to limit on B-13)														

WP-13a

Columbus Southern Power Company  
Recoverable Hedge Gains/Losses  
For the Year Ending December 31, 2009

				Amortization Period	
HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2009	Less Excludable Amounts (See NOTE on Line For the Year Ending December 31, 2009)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning Ending
1			-		
2			-		
3			-		
4			-		
5			-		
6 Total Hedge Amortization	-		-		
7 Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 1 to 2)			-		

Columbus Southern Power Company  
Non-Fuel Power Production O&M Expenses  
For the Year Ending December 31, 2009

<u>Account</u>	<u>December</u>	<u>Total</u>
500 Demand	8,148,995	8,148,995
502 Demand	27,462,158	27,462,158
503 Energy	0	0
504 - Cr. Energy	0	0
505 Demand	2,292,093	2,292,093
506 Demand	26,084,645	26,084,645
507 Demand	(139)	(139)
509 Energy	7,413,973	7,413,973
510 Energy	2,430,209	2,430,209
511 Demand	3,373,971	3,373,971
512 Energy	51,693,575	51,693,575
513 Energy	10,720,148	10,720,148
514 Demand	2,680,460	2,680,460
517 Demand	0	0
519 Demand	0	0
520 Demand	0	0
521 Demand	0	0
522 - Cr. Demand	0	0
523 Demand	0	0
524 Demand	0	0
525 Demand	0	0
528 Energy	0	0
529 Demand	0	0
530 Energy	0	0
531 Energy	0	0
532 Energy	0	0
535 Demand	0	0
536 Demand	0	0
537 Demand	0	0
538 Demand	0	0
539 Demand	0	0
540 Demand	0	0
541 Demand	0	0
542 Demand	0	0
543 Demand	0	0
544 Energy	0	0
545 Demand	0	0
546 Demand	149,905	149,905
548 Demand	130,583	130,583
549 Demand	664,797	664,797
550 Demand	32,341	32,341
551 Demand	70,016	70,016
552 Demand	3,796	3,796
553 Demand	689,048	689,048
554 Demand	160,655	160,655
Total	144,201,229	144,201,229
Demand	71,943,324	71,943,324
Energy	72,257,905	72,257,905
Total	144,201,229	144,201,229
Demand %	49.881%	49.891%
Energy %	50.109%	50.109%
Total %	100.000%	100.000%

Columbus Southern Power Company  
Net Energy for Load (MWh)  
For the Year Ending December 31, 2009

FERC-1, Pg. 401a  
L.9 Net Gen.  
L.10 Purchases \*  
L.24 Non-RQ Sales (Less)  
Total

12,012,080  
15,660,667  
5,363,938  
22,308,809

WP-15b

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Columbus Southern Power Company  
Purchased Power  
For the Year Ending December 31, 2009

<u>Month</u>	<u>Demand</u> <sup>1</sup>	<u>Pool Capacity</u>		<u>Demand (\$)</u>	<u>Energy (\$)</u> <sup>1</sup>	<u>Total</u>
		<u>Payment</u>	<u>5550004</u> <sup>12</sup>			
Dec-09	57,321,375	1,500,782		58,822,157	475,015,072	533,837,229
<u>Total</u>	<u>57,321,375</u>	<u>1,500,782</u>		<u>58,822,157</u>	<u>475,015,072</u>	<u>533,837,229</u>

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.  
FF1, 327, j, k, l

<sup>2</sup> Company's Books and Records.

Columbus Southern Power Company  
Off-System Sales  
For the Year Ending December 31, 2009

4470127			
Month	Demand (\$) <sup>1</sup>	Pool Capacity Demand (\$) <sup>1,2</sup>	Energy (\$) <sup>1</sup>
			Total
Dec-09	9,981,686	6,049,966	232,997,944
			249,029,596

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.  
F1, 311, h, j (Non-RQ)

<sup>2</sup> Company's Books and Records.

WP-16

Columbus Southern Power Company GSU Investment  
Balance as of December 2009

Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	2,873,853.58	1,958,795.04	914,858.54
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	35,120.30	11,228.75	23,890.55
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	35,120.30	11,228.75	23,890.55
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	3,287,496.00	293,372.58	2,994,123.44
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	3,287,496.00	293,372.58	2,994,123.44
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	7,207.06	3,653.32	3,553.74
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	330,292.51	310,005.32	20,286.68
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	337,499.57	313,895.64	23,603.93
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	2,420,721.17	948,402.52	1,872,318.65
Columbus Southern Power - Gen	35300	Columbus Southern Power - Gen	35300	2,420,721.17	948,402.52	1,872,318.65
Columbus Southern Power - Gen Total		Columbus Southern Power - Gen Total		8,954,490.62	3,125,445.51	5,329,045.11



WP-17

fr_desc	ipa	fc_solid	description	beginning_balance	additions	retirements	transfers	adjustments	ending_balance	start_month	end_month
none	353 - Station Equipment		6 Transmission Plant - Electric	277295888	31073857	2520801	3287498	0	308138250	1/1/09	12/1/09

Columbus Southern Power Company  
Fuel Expense  
For the Year Ending December 31, 2009

		<u>Source</u>
<u>Fossil Fuel</u>		
Fuel - Account 501	268,128,076	320, 5, b
Fuel - Account 547	1,120,722	321, 63, b
<u>Other</u>		
Fuel Handling	8,374,369	CBR
Sale of Fly Ash (Revenue & Expense)	(180,527)	CBR

Notes:

References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

CBR indicates that data comparable to that reported in the FERC Form 1 is from the Company's Books and Records.

WP-19

Columbus Southern Power Company  
Plant Held for Future Use  
For the Year Ending December 31, 2009

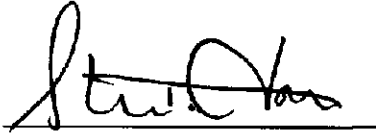
	End of Year			<u>Source</u> <sup>1</sup>
	Total	Demand	Energy	
Production	5,366,165	5,366,165	0	
Transmission	3,796,688	3,796,688	0	
Distribution	2,952,394	2,952,394	0	
General	506,771	506,771	0	
Total	12,622,018	12,622,018	0	FF1, 214, d

Note: Functional amounts from company books and records.

<sup>1</sup> References to data from FERC Form 1 are indicated as page#, line#, col.# for the ending total balances.

## CERTIFICATE OF SERVICE

I certify that Columbus Southern Power Company's and Ohio Power Company's foregoing Comments was served by First-Class U.S. Mail upon counsel for all parties of record identified below this 7<sup>th</sup> day of February, 2011.



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