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FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application)
of Columbus Southern Power)
Company and Ohio Power Company)
to Update Their Environmental)
Investment Carrying Cost Riders)

Case No. 11-1337-EL-RDR

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APPLICATION

1. Columbus Southern Power Company (CSP) and Ohio Power Company (OPCo), collectively referred as "the Companies" or "AEP Ohio," are electric light companies, as that term is defined in §§4905.03 and 4928.01 (A) (7), Ohio Rev. Code.
2. In the Companies' Electric Security Plan (ESP) proceeding (Case Nos. 08-917-EL-SSO and 08-918-EL-SSO) the Commission authorized the Companies to recover the incremental capital carrying costs associated with environmental investments made during the three-year ESP period. (ESP Opinion and Order, March 18, 2009, p. 30).
3. In its July 23, 2009 Entry on Rehearing, the Commission confirmed that the Companies should file an application to request recovery of actual environmental investment expenditures after those expenditures have been incurred. (Entry on Rehearing, p. 14, ¶42). In doing so, the Commission cited its Staff's example of how these annual recovery requests would be

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made. The Staff “envisioned an application in 2010 for recovery of 2009 actual environmental investment costs and annually thereafter for each succeeding year to reflect the actual expenditures.” (*Id.*)

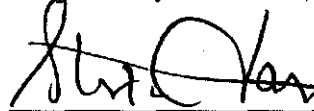
4. In conformance with the Commission’s authorization of such annual filings to recover carrying costs related to actual environmental investment in the prior year, the Companies sought authority to each establish an Environmental Investment Carrying Cost Rider (EICCR) through its application in Case No. 10-155-EL-RDR. After considering the application, the comments and reply comments, the Commission issued its finding and order on August 25, 2010, affirming the appropriate methodology for calculating the revenue requirement and establishing theEICCR rider rate for each company (EICCR order). On October 22, 2010, the Commission issued its entry on rehearing affirming the EICCR order.
5. Through the present application, the Companies each propose to adjust their respective EICCR based upon incremental environmental investments made in 2010. The proposed EICCRs, reflecting the updated level of each Company’s EICCR, are attached to this application as CSP Schedule 6 and OPCo Schedule 6. CSP’s proposed initial EICCR is 8.78602% of Non-FAC Generation charges and OPCo’s proposed initial EICCR is 6.55762% of Non-FAC Generation charges.

6. Each Company's proposed initial EICCR is supported by their own set of Schedules 1-5. Each Company's Schedule 3 is a copy of the respective page of Exhibit PJN-10 from the Direct Testimony of Philip Nelson in the Companies' ESP proceeding.
7. Schedule 2 lists the month-by-month environmental capital additions in 2010 for each of the major environmental projects identified on that Schedule.
8. As shown on Schedule 1 for both Companies, their proposed initial EICCRs reflect the recovery over a 6-month period (July 2011-December 2011) of carrying costs on the 2010 environmental capital investment. Using CSP's Schedule 1 as an example, the revenue requirement for recovery of 2010 capital costs is shown on Line 9 as \$2,680,000. The additional revenue requirement over 2011 (\$7,440,000) is determined by multiplying the Ongoing 2011 revenue requirement (\$620,000) by 12 (months). The total revenue requirement of \$10,120,000 (\$2,680,000 + \$7,440,000) is to be recovered by applying the EICCR to the projected Non-FAC Generation charges over the 6-month period (\$239,086,835).
9. The Companies propose that their EICCRs become effective with the first billing cycle of July 2011. This effective date coincides with the Fuel Adjustment Clause Rider modification scheduled for the first billing cycle of July 2011. It is important that these dates coincide because the EICCR is within the rate increase caps authorized by the Commission in the Companies'

ESP proceeding. Therefore, the implementation of the EICCR will impact the FAC level and the ESP Phase-In Plan deferrals associated with OPCo's FAC.

10. Because the authority to make this filing results from the Commission's orders in the Companies' ESP proceeding, and the schedules supporting the request, which are attached to the application, can be verified by the Commission's Staff, the Companies do not believe that a hearing in this matter is necessary. Instead, the Companies request that the Commission establish an opportunity for the filing of comments and reply comments, setting a reasonable schedule which would permit the Companies' EICCRs to become effective with the first billing cycle of July 2011.
11. The Companies' proposed EICCRs are just and reasonable and are authorized as part of their ESPs. Therefore, the Companies request that the Commission approve this application.

Respectfully submitted,



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COLUMBUS SOUTHERN POWER COMPANY
CARRYING COSTS INCURRED
BASED ON INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2010 THROUGH DECEMBER 2010
\$000

Ln. No.	Description	Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ongoing 2011	Total
1	2010 Cumulative Environmental Spend	From Ln. 20	\$ 1,850	\$ 3,491	\$ 6,128	\$ 8,336	\$ 14,198	\$ 20,738	\$ 25,789	\$ 29,896	\$ 35,286	\$ 40,959	\$ 48,874	\$ 54,771	54,771	
2	Carrying Cost Rate 25 Yr Property	13.59% / 12 (Sch. 3)		1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	
3	Environmental Carrying Costs	Prior Month Ln. 1 x Ln. 3	\$ -	\$ 21	\$ 40	\$ 69	\$ 108	\$ 161	\$ 235	\$ 282	\$ 339	\$ 400	\$ 484	\$ 553	620	
4	Pool Capacity Allocation Factors	Schedule 4	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100%	
5	Carrying Costs Internal Load	Ln. 3 x Ln. 4	\$ -	\$ 21	\$ 40	\$ 69	\$ 108	\$ 161	\$ 235	\$ 282	\$ 339	\$ 400	\$ 484	\$ 553	620	
6	Jurisdictional Allocation Factor	Schedule 5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
7	Juris. Rev. Requirement (RR) 2010	Ln. 5 x Ln. 6	\$ -	\$ 21	\$ 40	\$ 69	\$ 108	\$ 161	\$ 235	\$ 282	\$ 339	\$ 400	\$ 484	\$ 553	620	
8	2010 Revenue Requirement	Sum of Jan - Dec														
9	2011 RR on 2010 Actual Investment	Ongoing RR (Ln.7) x12														\$ 2,980
10	2011 RR on 2010 Actual Investment															
11	2011 RR on 2010 Actual Investment															
12	Total Revenue Requirement	Ln. 9 + Ln. 11														\$ 10,120
13	Non-FAC Revenue (9 Months)*	Exhibit DMR-1 **														
14	Non-FAC Revenue (9 Months)*	Ln. 13 Divided by Ln. 15														239,086,835
15	ElCCR	Approved in Case No. 10-0155-EL-RDR														4,532,77%
16	Current Environmental Rate	Line 16 Plus Line 17														8,78602%
17	Total Environmental Rate															
18	Capital Spend															
19	CSP Monthly Environmental Capital Spend	Schedule 2	\$ 1,850	\$ 1,620	\$ 2,597	\$ 3,139	\$ 4,759	\$ 6,379	\$ 4,813	\$ 3,818	\$ 5,053	\$ 6,271	\$ 7,451	\$ 5,344		\$52,091
20	Prior Month Carrying Cost	Ln. 7	\$ -	\$ 21	\$ 40	\$ 69	\$ 108	\$ 161	\$ 235	\$ 282	\$ 339	\$ 400	\$ 484	\$ 553		\$ 2,980
21	CSP Cumulative Environmental Capital Spend	Ln. 18 + Ln. 19	\$ 1,850	\$ 3,491	\$ 6,128	\$ 9,336	\$ 14,198	\$ 20,738	\$ 25,789	\$ 29,896	\$ 35,286	\$ 40,959	\$ 48,874	\$ 54,771		\$54,771
22																

* Generation Revenue Used represents 6 months from ESP filing. This % of G will recover the 2010 Environmental carrying costs over 6 Months from July 2011 through December 2011.

** Exhibit DMR-1 was updated to comply with the July 23, 2009 Entry on Rehearing for the ESP (Case Nos. 08-917 and 08-918).

COLUMBUS SOUTHERN POWER COMPANY
INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2010 THROUGH DECEMBER 2010

CSP Schedule 2

\$ in thousands

Major Project	2010												Cumulative for 2010
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Conesville Unit 4 FGD	124	143	84	8	22	14	25	(892)	7	4	(6)	18	(449)
Conesville Unit 4 SCR	3	1	3	1	100	67	1	0	0	8	0	0	184
Conesville Unit 5 FGD	263	55	34	28	(7)	(9)	2	1	1	2	6	80	456
Conesville Unit 6 FGD	175	208	482	300	927	873	802	823	1,295	1,724	3,570	1,453	12,632
Stuart Units 1-4 FGD	391	(8)	121	61	32	38	4	58	26	(51)	9	6	687
Associated SO2 Landfill	12	112	99	388	931	366	735	779	524	648	235	125	4,954
Mercury	587	1,023	1,757	2,150	2,694	4,959	3,091	2,997	2,688	2,835	2,097	2,645	29,523
NOx Assoc	139	74	0	151	(2)	9	13	18	400	50	1,503	806	3,161
Other FGD	92	1	9	31	34	43	39	11	(6)	33	11	10	308
Other Environmental	64	11	8	21	25	19	101	23	118	18	26	201	635
Total Incremental Environmental	\$1,850	\$1,620	\$2,597	\$3,139	\$4,756	\$6,379	\$4,813	\$3,818	\$5,053	\$5,271	\$7,451	\$5,344	\$52,091

Columbus Southern Power
Annual Investment Carrying Charges
For Economic Analyses
As of 12/31/2007

CSP Schedule 3
(EXHIBIT PJN-10 - ESP Case 08-917 & 918)

	Investment Life (Years)									
	7	8	10	15	20	25	30	33	40	50
Return (1)	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11
Depreciation (2)	12.12	10.31	7.81	4.59	3.07	2.23	1.71	1.48	1.12	0.81
FIT (3) (4)	2.67	2.59	1.49	1.79	1.86	1.64	1.50	1.44	1.34	1.24
Property Taxes, General & Admin Expenses	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
	24.50	22.62	19.02	16.10	14.65	13.59	12.92	12.64	12.17	11.77

- (1) See EXHIBIT PJN-11 (Case Nos. 08-917 & 918)
 (2) Sinking Fund annuity with R1 Dispersion of Retirements
 (3) Assuming MACRS Tax Depreciation
 (4) @ 35% Federal Income Tax Rate

**COLUMBUS SOUTHERN POWER COMPANY
AEP POOL CAPACITY SETTLEMENT RATIOS
JANUARY 2010 THROUGH DECEMBER 2010**

	MEMBER PRIMARY CAPACITY kW (1)	MEMBER LOAD RATIO (2)	PRIMARY CAPACITY kW RESERVATION (3)
Jan	4,858,000	0.18036	4,790,400
Feb	4,857,000	0.18441	4,903,100
Mar	4,857,000	0.18880	5,019,800
Apr	4,857,000	0.18891	5,022,700
May	4,857,000	0.18891	5,022,700
Jun	4,857,000	0.18891	5,022,700
Jul	4,857,000	0.18855	5,014,500
Aug	4,857,000	0.18663	4,967,500
Sep	4,857,000	0.18663	4,967,900
Oct	4,857,000	0.18663	4,967,900
Nov	4,857,000	0.18663	4,967,900
Dec	4,857,000	0.18663	4,967,900
	58,285,000 (a)		59,635,000 (b)

Ratio (b)/(a)

100.0%

COLUMBUS SOUTHERN POWER COMPANY
Calculation of Jurisdiction Factors
January 2010 through December 2010

Monthly Jurisdictional Allocation Ratios

Line	Month	Jurisdictional Sales at Gen Level Kwh		Jurisdictional Ratios		
		Whlse (Wstville)	Retail	Total	Whlse (Wstville)	Retail
Actual						
1	January	-	1,987,415,006	1,987,415,006		
2	February	-	1,784,670,346	1,784,670,346		
3	March	-	1,776,927,098	1,776,927,098		
4	April	-	1,477,943,047	1,477,943,047		
5	May	-	1,699,030,087	1,699,030,087		
6	June	-	1,911,346,037	1,911,346,037		
7	July	-	2,119,280,726	2,119,280,726		
8	August	-	2,081,664,229	2,081,664,229		
9	September	-	1,598,196,179	1,598,196,179		
10	October	-	1,494,572,195	1,494,572,195		
11	November	-	1,656,181,533	1,656,181,533		
12	December	-	1,819,125,814	1,819,125,814		
10	Jan - Dec	-	21,406,352,297	21,406,352,297	0.00000	1.00000

P.U.C.O. NO. 7

ENVIRONMENTAL RIDER

Effective Cycle ~~1 September 2010~~ _____, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Environmental Investment Carrying Cost Rider charge of ~~4.55325%~~ 8.78602% of the customer's Non-Fuel generation charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Filed pursuant to Order dated August 25, 2010 in Case No. 10-0155-EL-RDR

Issued: August 27, 2010

Issued by
Joseph Hamrock, President
AEP Ohio

Effective: Cycle 1 September 2010

*Generation Revenue Used represents 6 months from ESP filing. This % of G will recover the 2010 Environmental carrying costs over 6 months from July 2011 through December 2011.

OHIO POWER COMPANY
INCREMENTAL ENVIRONMENTAL CAPITAL ADDITIONS MADE FROM JANUARY 2010 THROUGH DECEMBER 2010

OPC Schedule 2

\$ in thousands

Major Project	2010												Cumulative for 2010
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Amos Unit 3 Precipitator	(14)	(201)	64	(2)	0	(15)	(3)	0	(334)	(9)	(47)	(629)	(1,190)
Amos Unit 3 Ash Disposal	1,924	2,961	3,830	3,640	2,634	2,117	1,806	859	250	272	(141)	226	20,378
Amos Unit 3 FGD	63	74	315	(67)	125	18	(9)	6	0	0	0	(35)	490
Cardinal Unit 1 FGD	40	65	44	21	28	11	57	165	227	188	150	435	1,431
Kammer Units 1-3 Fuel Switch	275	185	1,571	827	710	206	87	40	26	244	(3,178)	3,140	4,133
Mitchell Unit 1 FGD	375	48	(3)	(61)	(1)	0	0	0	0	0	0	(104)	254
Mitchell Unit 2 FGD	(167)	32	(38)	(10)	(3)	30	(2)	(3)	0	0	0	0	(161)
Associated SO2 Landfill	154	100	318	542	528	563	535	979	671	650	482	601	6,123
Mercury	261	108	757	523	511	340	452	212	234	225	250	159	4,032
NOx Assoc	(104)	26	11	377	408	1,462	126	220	887	1	2	0	3,416
Other FGD	0	47	0	16	32	(4)	0	0	0	0	7	6	104
Other Environmental	(896)	392	76	627	281	777	443	1,082	460	824	1,030	1,172	6,268
	\$1,911	\$3,837	\$6,945	\$6,433	\$5,253	\$5,505	\$3,492	\$3,560	\$2,421	\$2,395	(\$1,445)	\$4,971	\$45,278

Ohio Power
Annual Investment Carrying Charges
For Economic Analyses
As of 12/31/2007

OPC Schedule 3
(EXHIBIT PJN-10 - ESP Case 08-917 & 918)

	Investment Life (Years)									
	7	8	10	15	20	25	30	33	40	50
Return (1)	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11
Depreciation (2)	12.12	10.31	7.81	4.59	3.08	2.23	1.71	1.48	1.12	0.81
FIT (3) (4)	2.67	2.59	1.49	1.79	1.86	1.64	1.50	1.44	1.34	1.24
Property Taxes, General & Admin Expenses	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
	24.25	22.37	18.77	15.85	14.40	13.34	12.67	12.39	11.92	11.52

- (1) See EXHIBIT PJN-11 (Case Nos. 08-917 & 918)
- (2) Sinking Fund annuity with R1 Dispersion of Retirements
- (3) Assuming MACRS Tax Depreciation
- (4) @ 35% Federal Income Tax Rate

**OHIO POWER COMPANY
AEP POOL CAPACITY SETTLEMENT RATIOS
JANUARY 2010 THROUGH DECEMBER 2010**

	MEMBER PRIMARY CAPACITY kW	MEMBER LOAD RATIO	PRIMARY CAPACITY kW RESERVATION
	(1)	(2)	(3)
Jan	8,467,000	0.21001	5,577,900
Feb	8,483,000	0.21223	5,642,800
Mar	8,483,000	0.21728	5,777,000
Apr	8,483,000	0.21740	5,780,200
May	8,483,000	0.21740	5,780,200
Jun	8,483,000	0.21740	5,780,200
Jul	8,483,000	0.21955	5,838,900
Aug	8,483,000	0.22780	6,063,400
Sep	8,483,000	0.22780	6,063,800
Oct	8,483,000	0.22780	6,063,800
Nov	8,483,000	0.22780	6,063,800
Dec	8,483,000	0.22780	6,063,800
	101,780,000 (a)		70,495,800 (b)

Ratio (b)/(a)

69.3%

OHIO POWER COMPANY
Calculation of Jurisdiction Factors
January 2010 through December 2010

Monthly Jurisdictional Allocation Ratios

Line	Month	Jurisdictional Sales at Gen Level Kwh			Jurisdictional Ratios	
		Whlse (WPC)	Retail	Total	Whlse (WPC)	Retail
Actual						
1	January	215,517,203	2,507,434,798	2,722,952,001		
2	February	191,648,582	2,230,433,608	2,422,082,190		
3	March	200,740,815	2,259,436,080	2,460,176,896		
4	April	196,278,367	1,933,368,015	2,129,646,381		
5	May	187,658,042	2,135,418,603	2,323,076,645		
6	June	186,235,482	2,323,977,231	2,510,212,712		
7	July	215,379,943	2,553,171,638	2,768,551,580		
8	August	197,590,195	2,485,640,230	2,683,230,425		
9	September	178,894,575	2,049,327,670	2,228,222,245		
10	October	192,687,116	2,068,223,016	2,260,910,132		
11	November	193,612,924	2,154,222,857	2,347,835,781		
12	December	220,282,858	2,519,685,892	2,739,968,751		
10	Jan - Dec	2,376,526,103	27,220,339,636	29,596,865,739	0.08000	0.92000

OHIO POWER COMPANY

OPCO Schedule 6
~~Original-1st~~ Revised Sheet No. 85-1
~~Cancels Original Sheet No. 85-1~~

P.U.C.O. NO. 19

ENVIRONMENTAL RIDER

Effective ~~Cycle 1 September 2010~~ _____, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Environmental Investment Carrying Cost Rider charge of ~~4.46836%~~ 6.55762% of the customer's Non-Fuel generation charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Filed pursuant to Order dated August 25, 2010 _____ in Case No. 40-155-EL-RDR _____

Issued: August 27, 2010 _____

Effective: ~~Cycle 1 September 2010~~ _____

Issued by
Joseph Hamrock, President
AEP Ohio