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BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Columbus Southern Power Company)
for Approval of a Mechanism to Recover)
Costs in Relation to the Department of)
Development's Update to the Percentage)
of Income Payment Plan Plus and)
Deferral of Costs)

Case No. 11-148-EL-RDR

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In the Matter of the Application of)
Ohio Power Company for Approval)
of a Mechanism to Recover Costs in)
Relation to the Department of)
Development's Update to the Percentage)
of Income Payment Plan Plus and)
Deferral of Costs)

Case No. 11-149-EL-RDR

In re the Matter of the Application of)
Columbus Southern Power Company)
And Ohio Power Company, Individually)
and, if Their Proposed Merger is)
Approved, as a Merged Company)
(collectively AEP Ohio) for an Increase)
in Electric Distribution Rates.)

Case No. 11-351-EL-AIR

MEMORANDUM CONTRA
OHIO CONSUMER'S COUNSEL'S MOTION TO CONSOLIDATE AND TO
INTERVENE BY COLUMBUS SOUTHERN POWER COMPANY
AND OHIO POWER COMPANY

Columbus Southern Power Company (CSP) and the Ohio Power Company (OPCo), (collectively the "Companies" or "AEP Ohio,") submit this memorandum contra the Ohio Department of Development's (ODOD) motion to consolidate the above dockets and therefore intervene in the distribution docket as a result of the consolidation. The motion is an untimely attempt to reply to AEP Ohio's memorandum contra the Ohio

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Consumers' Counsel's (OCC) similar motion to consolidate these dockets. Likewise, the grounds for consolidation are contradictory and if the matters are not consolidated there is no reason for intervention in the distribution dockets.

I. Background

On January 11, 2011, the Companies filed an application seeking approval of a mechanism to recover the incremental costs imposed on the Companies with the new electric Percentage of Income Payment Plan (PIPP) Plus program administered by the ODOD. At the root of the Companies' filings is the very real decision by the ODOD that AEP Ohio will no longer be reimbursed from the Universal Service Fund (USF), for the portion of the customer's usage which is actually billed to the customer, but not paid by the customer. Prior to ODOD's changes AEP Ohio was fully reimbursed for all billings on all PIPP accounts through the USF rider, including amounts billed to the customer but not paid by the customer.

The change to place a known risk of unrecovery on the utility is a change from the previous system and one that can be alleviated by the Commission. While there is uncertainty as to the exact impact of the program, AEP Ohio anticipates the impact of that unpaid customer portion could potentially result in an incremental uncollectible expenses incurred by the Companies around \$3.65 million per year. The intervenors state the number may be different, but still over a million dollars.

Therefore, the Companies requested the creation of a recovery mechanism to ensure recovery of the incremental costs imposed on the Companies as a direct result of ODOD's changes in the required PIPP program. In the applications, the Companies requested Commission approval to establish a new non-bypassable distribution rider,

outside the current rate caps to recover the incremental uncollectible expenses associated with the new PIPP Plus program administered by the ODOD.

On July 20, 2011, ODOD sought to consolidate the rider request cases with the pending distribution cases before the Commission. ODOD argues that the pending distribution rate case would be more appropriate because the unrecovered expenses are akin to the uncollected debt already included in the rate case. ODOD sought intervention on a limited basis tied to the consolidation of these cases together and the need to stay involved with the issue should it move to the distribution cases.

II. Argument

A. ODOD's request should be dismissed as an untimely response to motions already made in these dockets.

ODOD's request is untimely; this matter was already filed with the Commission and arguments provided. OCC filed a similar request for consolidation on May 24, 2011. AEP Ohio replied on June 8, 2011. And OCC filed, passed the proper filing date, on June 20, 2011. ODOD was served with copies of those pleadings as it had moved to intervene in the rider cases on February 2, 2011, over three months before OCC made its filing. ODOD did not file any comments within the procedural allowances found under O.A.C. 4901-1-12.

It would be inappropriate for the Commission to allow a party to the case to simply refile a motion it had an opportunity to participate in as a party to the case pending the Commission's ruling on its intervention. The Commission should reject the motion to consolidate and hence the intervention request solely on the timeliness of the filing.

B. ODOD's basis for consolidation and intervention is unfounded and should be denied.

ODOD's motion for consolidation and intervention is based on the premise that ODOD oversees the PIPP program and its intention in making the change to leave utilities exposed to unrecovered cost was a means of incentivizing against a perceived behavior of the utility in its efforts to collect from customers. In fact, ODOD states that because the utility had no incentive to disconnect a defaulting PIPP customer promptly or to pursue collection aggressively once the customer was disconnected it changed its rule to put the risk of uncollectibles on the utility. (ODOD Motion to Consolidate at 3.) This type of analysis may be allowed as part of the ODOD's oversight of its program that is limited to its oversight of the USF fund, but the right to recover expenses dictated by a program like ODOD's PIPP program is solely left to the Commission.

The ODOD does not have jurisdiction to deny a utility recovery of unrecovered costs. The PIPP program is a social program created to assist customers with lower incomes in paying their electric bills. The ODOD's statement that it is seeking to control utility behavior and dictate the recovery of incurred expenses is beyond the scope of ODOD's authority. The Commission is the regulator of AEP Ohio and has a responsibility to apply ratemaking principles to ensure a utility partaking in a social program to benefit those in need is not forced to lose money due to its requirement.

Interestingly enough ODOD's ultimate position is in agreement with AEP Ohio that the utility has a right to recover the unrecovered expenses associated with the changes to the PIPP program. ODOD proposes that the Commission consolidate the rider request with the distribution case and allow the utility to recover the costs as part of base rates.

Even though ODOD professes the position that AEP Ohio should not recover the costs, in the next breath it states it would allow the collection of the costs but that it is properly done in the context of the distribution rate case. In fact ODOD states that “uncollectible expense is an ordinary business expense that the Companies’ are entitled to recover from ratepayers.” (ODOD Motion to Consolidate at 4.) AEP Ohio agrees with ODOD that it is entitled to recovery for these costs. The only question is what is the best method to achieve that end?

AEP Ohio faced that decision when developing its distribution rate case and request to establish the unrecovered PIPP expense rider. As pointed out in the Companies’ initial filing in the rider cases, the expenses associated with the changes to the PIPP program were not yet known to the full extent. Hence, the Companies proposed a methodology that would allow the Commission to apply the actual costs without sacrificing the opportunity for recovery by the utility. The lack of knowing a full year’s worth of data led AEP Ohio to propose the rider mechanism that would allow the Commission to populate later once real costs were known after the program was in place. That is still the preferred method of AEP Ohio. ODOD proposes that enough of the data is now known that an addition to the rate case would be appropriate. If the Commission authorized the Companies to add these costs to the already filed rate case that does not include these costs by consolidating the cases that could be possible, but at this point the rate case does not consider these costs in the filed rate sought.

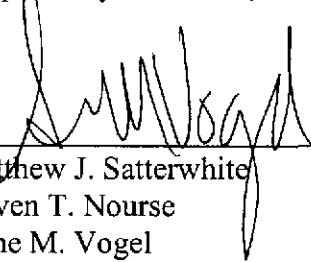
It is clear from ODOD’s ultimate position that AEP Ohio has a right to collect these ordinary business expenses that its grounds for intervening to prevent recovery of these costs (an incorrect position to begin with) are no longer relevant. ODOD and AEP Ohio

agree that the Companies should recover these costs. The Companies present the most logical process to ensure that recovery can occur. The Companies are willing to apply the amount to base rates in the next distribution rate case filing when the actual data can be applied, but until then the rider methodology is the appropriate mechanism.

For all these reasons the Companies would oppose the combination of these matters into the distribution rate case. The process laid out by the Companies provides the Commission the greatest ability to implement a mechanism that incorporates ongoing information in a defined setting all subject to reconciliation like the other electric distribution utilities.

In conclusion, the Companies oppose the motion to consolidate the request with the distribution rate cases. Should the dockets not be consolidated the intervention would also not be necessary.

Respectfully submitted,



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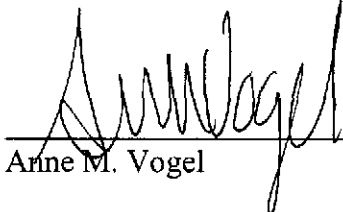
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PROOF OF SERVICE

I certify that Columbus Southern Power Company's and Ohio Power Company's foregoing filing was served by First-Class U.S. Mail upon Commission Counsel on this 4th day of August, 2011.


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