

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals.	)	Case No. 10-2376-EL-UNC
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan	)	Case No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority	)	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders	)	Case No. 10-343-EL-AIA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders	)	Case No. 10-344-EL-AIA
In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company.	)	Case No. 10-2929-EL-UNC
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)	Case No. 11-4921-EL-RDR

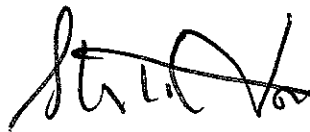
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**MOTION OF COLUMBUS SOUTHERN POWER COMPANY AND OHIO POWER  
COMPANY FOR LEAVE TO SUBSTITUTE TESTIMONY AND REQUEST FOR  
EXPEDITED RULING**

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Columbus Southern Power Company ("CSP") and Ohio Power Company ("OPCo") (collectively, "AEP Ohio") request leave to file revised testimony to reflect that Philip J. Nelson will be adopting the previously-filed revised testimony of Richard E. Munczinski, as explained in the attached memorandum in support. In accordance with Rule 4901-1-12(C), Ohio Admin. Code, AEP Ohio requests an expedited ruling in response to these requests.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "St. Nourse", written over a horizontal line.

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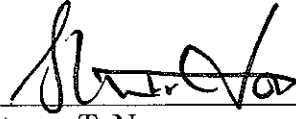
### **MEMORANDUM IN SUPPORT**

On September 13, AEP Ohio filed testimony in support of the September 7, 2011 Stipulation and Recommendation (Stipulation) in the above-captioned dockets. On September 23, 2011, an Entry was issued granting permission to file certain revisions/additions to the testimony of Richard E. Munczinski addressing an issue raised during the question-and-answer session conducted before the Commission on Monday September 19, 2011. Since that time, a family medical emergency has arisen for Mr. Munczinski and he will be out of the office for an indeterminate period of time in the coming days and weeks. Accordingly, AEP Ohio plans to have Philip J. Nelson adopt Mr. Munczinski's testimony.

Attached is the new version of the testimony that would be used in the hearing. Using the revised testimony that was permitted for filing in accordance with the September 23 Entry, Mr. Nelson's personal information and background have simply been substituted in the first few pages of the testimony and the name of the exhibit was changed from REM-1 to PJN-1. Otherwise, the substance and content of Mr. Munczinski's testimony will remain identical. If the motion and request for expedited relief is granted, AEP Ohio would simply sponsor the attached testimony during the hearing instead of the original version filed on September 13, 2011.

Accordingly, the Commission should grant AEP Ohio permission to substitute the attached testimony of Philip J. Nelson for the prior testimony of Richard E. Munczinski, as described above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven T. Nourse", written over a horizontal line.

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**TESTIMONY OF PHILIP J. NELSON  
IN SUPPORT OF THE STIPULATION AND RECOMMENDATION  
ON BEHALF OF  
COLUMBUS SOUTHERN POWER COMPANY  
AND  
OHIO POWER COMPANY**

INDEX TO TESTIMONY OF  
PHILIP J. NELSON IN SUPPORT OF THE STIPULATION AND  
RECOMENDATION

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TESTIMONY OF  
PHILIP J NELSON  
IN SUPPORT OF THE  
STIPULATION AND RECOMMENDATION  
ON BEHALF OF  
COLUMBUS SOUTHERN POWER COMPANY  
AND  
OHIO POWER COMPANY

1 **PERSONAL DATA**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A My name is Philip J Nelson My business address is 1 Riverside Plaza,  
4 Columbus, Ohio 43215

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A I am employed as Managing Director of Regulatory Pricing and Analysis in the  
7 Regulatory Services Department of American Electric Power Service Corporation  
8 (AEPSC), a wholly owned subsidiary of American Electric Power Company, Inc  
9 (AEP) AEP is the parent company of Columbus Southern Power Company  
10 (CSP) and Ohio Power Company (OPCo), referred to collectively as AEP Ohio,  
11 or the Companies

12 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF STRATEGY,**  
13 **PRICING AND ANALYSIS?**

14 A My department supports regulatory filings across the AEP system in the areas of  
15 cost of service, rate design, cost recovery trackers and tariff administration It  
16 also provides expert witness testimony on the west power pool as well as  
17 technical advice and support for power settlements and performs financial

1 analysis of changes to AEP's generation fleet. In addition, my department  
2 provides support and filing of generation and transmission formula rate contracts

3 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**  
4 **AND BUSINESS EXPERIENCE.**

5 A. I graduated from West Liberty University in 1979 receiving a Bachelor of Science  
6 Degree in Business Administration, majoring in accounting. In 1979, I was  
7 employed by Wheeling Power Company, an affiliate of AEP, in the Managerial  
8 Department. At Wheeling Power, I was responsible for rate filings with the  
9 Public Service Commission of West Virginia (PSC), for resolving customer  
10 complaints made to the PSC, as well as for preparation of the Company's  
11 operating budgets and capital forecasts. In 1996 I transferred to the AEP-West  
12 Virginia State Office in Charleston, West Virginia as a senior rate analyst. In  
13 1997 I transferred to AEPSC as a senior rate consultant in the Energy Pricing and  
14 Regulatory Services Department, with my primary responsibility being the  
15 oversight of OPCo's and CSP's Electric Fuel Component (EFC) filings. In 1999 I  
16 transferred to the Financial Planning Section of the Corporate Planning and  
17 Budgeting Department as a Staff Financial Analyst. I held various positions in  
18 the Corporate Planning and Budgeting Department until my transfer to Regulatory  
19 Services in February, 2010.

20 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE A**  
21 **REGULATORY AGENCY?**

22 A. Yes. I have testified before the Virginia State Corporation Commission and the  
23 Public Service Commission of West Virginia on behalf of Appalachian Power,



1 before the Public Service Commission of West Virginia on behalf of Wheeling  
2 Power Company, before the Indiana Utility Regulatory Commission on behalf of  
3 Indiana Michigan Power Company and before the Public Utilities Commission of  
4 Ohio (Commission) on behalf of CSP and OPCo

5 **PURPOSE OF TESTIMONY**

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A I will explain and sponsor certain provisions in the September 7, 2011 Stipulation  
8 and Recommendation (Stipulation) entered into by a substantial number of parties  
9 including Columbus Southern Power Company (CSP) and Ohio Power Company  
10 (OPCo) (CSP and OPCo are collectively referred to as "AEP Ohio" or the  
11 "Company") Specifically, I will address the Stipulation's provisions for  
12 obtaining approvals before this Commission for corporate separation and before  
13 the Federal Energy Regulatory Commission (FERC) for corporate separation and  
14 dissolution/amendment of the AEP Interconnection Agreement (also referred to as  
15 the generation "Pool" agreement). I am also AEP Ohio's overall policy witness  
16 supporting the Stipulation's solution for the capacity charge paid by Competitive  
17 Retail Electric Service (CRES) providers for use of AEP Ohio's capacity to  
18 support retail shopping In this regard, I discuss the parties' litigation positions  
19 and demonstrate the reasonable and balanced compromise reached in the  
20 Stipulation

21 **BACKGROUND ON CAPACITY CHARGE ISSUES**

22 **Q. CAN YOU BRIEFLY EXPLAIN THE PJM INTERCONNECTION'S**  
23 **CAPACITY MARKET CONSTRUCT?**

1 Yes In 2007, PJM Interconnection, LLC (PJM) implemented a capacity market  
2 pricing construct known as Reliability Pricing Model (RPM) Prior to 2007, and  
3 during the RPM auction development phase, AEP, as well as other parties,  
4 expressed concern over the long-term negative impacts of the RPM capacity  
5 market on vertically integrated utilities and their customers A special provision  
6 was drafted to ensure that those entities could request a cost-based method of  
7 recovering their capacity costs – Section D 8 of Schedule 8 1 (Schedule D) of the  
8 PJM Reliability Assurance Agreement (RAA); this provision is known as the  
9 Fixed Resource Requirement (FRR)

10 **Q. WHY WAS THE FRR OPTION DEVELOPED AS ANOTHER METHOD**  
11 **FOR SUPPLYING CAPACITY?**

12 A It was important to have an appropriate mechanism for Load Serving Entities  
13 (LSEs) that owned or controlled sufficient generation to meet their own load and  
14 reserve margin obligations AEP advocated strongly at FERC and during the  
15 stakeholder negotiations for the FRR option This option was important to AEP,  
16 because:

- 17 • FRR was consistent with the Company's regulatory framework  
18 AEP utilities in PJM were among the few remaining vertically  
19 integrated utilities that retained their generation to meet the load  
20 obligations of their customers For AEP, the FRR mechanism  
21 allowed it to continue to recover its embedded generation costs  
22 associated with the customers it serves through existing  
23 Commission approved rate structures Conversely, many of the

1 other PJM utilities have segregated their load from their  
2 generation, either by divesting their generation to third parties or  
3 transferring it to affiliated generation companies

- 4 • It did not make sense for AEP to offer its own generation into a  
5 capacity auction and then essentially be required to buy it back to  
6 satisfy its load obligation, since the Company had sufficient  
7 generation to meet its own load obligation
- 8 • AEP was at risk for being required to purchase more capacity than  
9 necessary because of the potential for the RPM auction to clear at a  
10 higher reserve margin level than the Company carried on its  
11 system

12 **Q. HOW DID FERC RULE ON FRR IN ITS INITIAL OPINION?**

13 A FERC agreed that it was not necessary or appropriate to force utilities such as  
14 AEP to participate in the RPM auction. In their April 20, 2006 Initial Order,  
15 FERC states in paragraph 110 that "We agree with AEP that LSEs and states  
16 should have the option of choosing an alternative to the forward procurement  
17 auction if they identify sufficient capacity to meet their loads. "

18 At that point, as part of the settlement process at FERC, PJM and the PJM  
19 stakeholders entered into negotiations to develop the FRR process. These  
20 deliberations focused on the preparation of rules that enabled utilities such as AEP  
21 to meet their capacity obligations through use of their own generation (including  
22 bi-lateral arrangements) and to maintain reserve margins established by the PJM  
23 planning process rather than through the auction process. This provided benefits

1 to native load customers by giving the LSEs choices for meeting capacity  
2 requirements

3 **Q. DID THIS COMMISSION'S STAFF VOICE SUPPORT FOR THE FRR**  
4 **PLAN UPON ITS INCEPTION?**

5 A. Yes The Commission staff referred to FRR in public comments filed at FERC  
6 provided in advance of a FERC Staff Technical Conference on June 7, 2006 In  
7 the first sentence of their comments, the Commission staff said they "would like  
8 to compliment the FERC for accepting the traditional resource requirement  
9 approach (the Fixed Resource Requirement option) as a legitimate alternative to  
10 RPM The Ohio Staff would like to request that, in developing the rules for the  
11 two alternatives, the FERC needs to ensure that a resource supplier is treated  
12 equitably in terms of the [Installed Reserve Margin (IRM)] requirement, the  
13 penalties for violating an IRM requirement, and the appropriate length of a  
14 resource commitment, regardless of what alternative the supplier chooses "

15 **Q. HAS AEP OHIO PARTICIPATED IN PJM'S CAPACITY MARKET AS**  
16 **AN FRR ENTITY?**

17 A. Yes Since the inception of its membership in PJM, AEP Ohio has participated  
18 exclusively as an FRR entity Under FRR, there are essentially three alternatives  
19 for pricing capacity provided to CRES providers: 1) a properly designed retail  
20 state compensation mechanism and in the absence of such a mechanism, 2)  
21 default rates based on the PJM RPM capacity auction price, and 3) a method  
22 based on the FRR entity's costs (a formula cost-based method) or such other cost  
23 basis shown to be just and reasonable Thus, the FRR is an alternative method to

1 participating in PJM's RPM capacity market. Being an FRR entity means that  
2 AEP Ohio has opted out of the RPM capacity market and the entity self-supplies  
3 its own generation resources to match its retail load (plus adequate reserve  
4 margins). More specifically, the LSE supplies its own capacity obligations  
5 through its own generating fleet, or through bi-lateral arrangements with another  
6 supplier. For example, if an LSE has a 100MW capacity obligation and chose  
7 FRR, the LSE could supply this capacity from its own generation fleet without  
8 making any payments to PJM. AEP Ohio has self-supplied its capacity as a FRR  
9 entity since the RPM was established in June 2007, thus opting out of the PJM  
10 RPM auction market for purposes of meeting its load obligations each year  
11 through planning year 2014/2015.

12 **Q. PLEASE DESCRIBE THE DEVELOPMENTS LEADING UP TO**  
13 **FURTHER ACTION BY AEP OHIO IN LATE 2010.**

14 Historically, AEP Ohio has been compensated at the adjusted PJM RPM auction  
15 price for supplying capacity associated with load lost to CRES providers who  
16 choose not to self-supply their own capacity. The CRES providers who choose  
17 not to self-supply merely act as a middle-man on capacity flowing from AEP  
18 Ohio. While the RPM auction prices have fluctuated significantly, the auction  
19 price for the next several years have dropped to levels that would prevent AEP  
20 Ohio from receiving anything remotely approaching full compensation from  
21 CRES providers for AEP Ohio capacity costs. The dramatic price drops in the  
22 RPM market caused AEP Ohio to pursue its options under the RAA to establish a  
23 cost-based rate.

1 Q. WHAT FINANCIAL CONCERNS DROVE AEP OHIO TO SEEK A COST-  
2 BASED CAPACITY CHARGE?

3 A. At 100% shopping, the financial impacts to AEP Ohio if RPM-based pricing were  
4 to remain would exceed \$485M for 2011, \$771M for 2012, and \$971M for 2013  
5 At a 50% shopping level, the impacts to AEP Ohio could exceed \$242M for 2011,  
6 \$386M for 2012, and \$486M for 2013

7 Q. WHAT ACTION DID AEP OHIO PURSUE TO ESTABLISH A COST-  
8 BASED CAPACITY CHARGE?

9 A. On November 1, 2010, AEP Ohio filed an application under the PJM RAA and  
10 Section 205 of the Federal Power Act (FPA) to initiate FERC Docket No. ER11-  
11 1995-000. On November 24, 2010, at the direction of FERC, AEP Ohio refiled  
12 its application in Docket No. ER11-2183-000 (This case will be referred to as the  
13 "*Section 205 FERC Application*"). In its *Section 205 FERC Application*, AEP  
14 Ohio proposed cost-based formula tariffs that were based on the Companies' 2009  
15 FERC Form 1 filings. AEP Ohio's application proposed to implement an existing  
16 clause within the PJM RAA to change the basis of compensation for use of its  
17 capacity by CRES providers to an AEP Ohio cost-based method. AEP Ohio's  
18 premise for filing the *Section 205 FERC Application* was that CRES providers  
19 were receiving a subsidy (through payment of a below-cost rate) for their use of  
20 the Companies' capacity due to the use of RPM auction-clearing prices as the  
21 basis for the capacity charge, even though AEP Ohio was an FRR entity. In  
22 response to the *Section 205 FERC Application*, the Commission initiated Case  
23 No. 10-2929-EL-UNC through a December 8, 2010 Entry ("*Ohio Capacity*

1       *Charge Docket*") and the Commission represented to FERC that as of December  
2       8, 2010 it was "adopt[ing] as the state compensation mechanism for the  
3       Companies the current capacity charges established by the three-year capacity  
4       auction conducted by PJM," which is the PJM RPM auction price

5               On January 20, 2011, FERC issued an Order rejecting the AEP Ohio rate  
6       proposal, not on the merits, but due to the Commission's December 8, 2010 order  
7       stating that it was adopting an interim state compensation mechanism. AEP  
8       Ohio's application for rehearing of FERC's January 20, 2011 Order remains  
9       pending before FERC. AEP Ohio also filed a complaint case under Section 206  
10      of the FPA, FERC Docket No. EL11-32-000, seeking modifications to Schedule  
11      D of the RAA that were designed to clarify the original intent as understood by  
12      AEP Ohio (referred to as the "*Section 206 FERC Complaint*"). The purpose of  
13      the *Section 206 FERC Complaint* was to confirm that any state compensation  
14      mechanism must compensate FRR entities for capacity costs through charges  
15      included in retail rates and to preserve the FRR entities' right to submit filings to  
16      establish just and reasonable FRR charges.

17      **LITIGATION POSITIONS OF AEP OHIO AND CRES PROVIDERS**

18      **Q. PLEASE BRIEFLY SUMMARIZE AEP OHIO'S POSITION IN THE**  
19      ***OHIO CAPACITY CHARGE DOCKET, THE SECTION 205 FERC***  
20      ***APPLICATION AND THE SECTION 206 FERC COMPLAINT.***

21      **A.** AEP Ohio's basic position in the pending FERC proceedings and in the *Ohio*  
22      *Capacity Charge Docket* is that the RPM-based pricing mechanism under-  
23      compensates AEP Ohio for the capacity it provides to CRES providers for resale

1 to shopping retail customers The impact on AEP Ohio's ability to be  
2 compensated for its costs has become significant due to the sharp downward trend  
3 in RPM auction prices, as well the growth in shopping by AEP Ohio customers  
4 whose CRES providers take advantage of the capacity supplied by AEP Ohio as  
5 opposed to supplying their own capacity

6 As described and submitted in its Initial Comments filed in the *Ohio*  
7 *Capacity Charge Docket*, AEP Ohio, as a Load Serving Entity (LSE) in PJM,  
8 does not participate in the PJM RPM auction market for the purposes of meeting  
9 AEP Ohio's load obligation AEP Ohio's Standard Service Offer (SSO)  
10 generation rates for January 2012 through May 2014 are the subject of the  
11 Company's current 2012-2014 Electric Security Plan application (Case Nos 11  
12 346-EL SSO et al ) and are intended to cover AEP Ohio's non-fuel cost of  
13 generation, including the cost of capacity for non-shopping customers. However,  
14 CRES providers who serve shopping customers, and who choose not to self-  
15 supply capacity, are currently required to pay only the PJM RPM-based auction  
16 price Thus, while these CRES providers are using AEP Ohio's capacity  
17 resources, they (unlike AEP Ohio's non-shopping SSO customers) avoid paying  
18 the embedded generation capacity costs that are on the books of AEP Ohio AEP  
19 Ohio maintains that it should be allowed just and reasonable compensation from  
20 CRES providers based on AEP Ohio's embedded cost of capacity that will allow  
21 for continued investment in Ohio generation resources

22 **Q. WHAT WOULD AEP OHIO'S COST-BASED CAPACITY RATES BE**  
23 **USING 2010 FERC FORM 1 DATA?**



1 AEP Ohio's cost-based formula capacity rates, as calculated by Company witness  
2 Pearce (Exhibits KPD-1 and KDP-2), would be \$327.59/MW-day for CSP and  
3 \$379.23/MW-day for OPCo or \$355.72/MW-day (Exhibit KDP-4) on a combined  
4 basis for AEP Ohio.

5 **Q. IN THE CONTEXT OF LITIGATING THE *OHIO CAPACITY CHARGE***  
6 ***DOCKET, THE SECTION 205 FERC APPLICATION AND THE SECTION***  
7 ***206 FERC COMPLAINT, HAVE INTERVENOR PARTIES AGREED***  
8 ***WITH AEP OHIO'S POSITION?***

9 No. They have opposed AEP Ohio's position and have maintained that the RPM-  
10 priced capacity is appropriate and there is no reason to adopt a cost-based  
11 capacity charge. CRES providers argue that adopting a cost-based charge now, at  
12 a time when RPM-based market prices are so low, will have an adverse impact on  
13 current and future retail shopping levels. While CRES parties have not yet been  
14 required to file testimony in the *Ohio Capacity Charge Docket*, it is anticipated  
15 that they would continue to oppose AEP Ohio's position in a litigated setting. I  
16 briefly mention the CRES position here not to support or undermine it (or even to  
17 fully describe it) but it is simply a point of reference for the Stipulation's  
18 proposed solution for addressing the capacity charge dispute. It is my  
19 understanding that the CRES position on these matters will be further described  
20 (as a background matter) by Exelon witness Dominguez and Constellation/RESA  
21 witness Fein in their respective testimony supporting the Stipulation.

22 **STIPULATION'S RESOLUTION FOR THE CAPACITY CHARGE DISPUTE**

1 Q. HOW DOES THE STIPULATION PROPOSE TO ADDRESS THE  
2 CAPACITY CHARGE DISPUTE AND RESOLVE THE ASSOCIATED  
3 PENDING LITIGATION?

4 A The Stipulation, through Paragraph IV 2 b, proposes to resolve the capacity  
5 charge dispute through two primary provisions as well as other related provisions.

6 Q. WHAT IS THE FIRST MAJOR COMPONENT OF THE STIPULATION'S  
7 PROPOSAL FOR RESOLVING THE CAPACITY CHARGE DISPUTE?

8 A The Signatory Parties recommend, in Paragraph IV 2 b 2 (page 21), to establish a  
9 set aside amount of RPM-priced capacity available as follows: 21% of AEP  
10 Ohio's total retail load in 2012 (based on total kWh retail sales), 29% in 2013  
11 until securitization is completed when it will become 31% for the remaining  
12 portion of 2013 after which securitization is completed (if securitization is  
13 completed prior to January 1, 2013, then the applicable set aside for the entirety of  
14 2013 will be 31%), and 41% in 2014 continuing through the first half of 2015  
15 These substantial levels of RPM-priced capacity preserve and expand retail  
16 shopping in AEP Ohio's service territory through a brief transition period and,  
17 given that there will be an auction-based SSO beginning in mid-2015, achieve a  
18 fully competitive SSO quicker than a Market Rate Offer (which involves a  
19 minimum of five years to achieve) Moreover, offering capacity at RPM rates as  
20 part of the larger settlement package is an obvious compromise compared to AEP  
21 Ohio's litigation position on these issues

22 The RPM set aside levels foster considerable potential for the expansion  
23 of competitive market-based rates for significant retail loads within AEP Ohio's

1 service territory The 2012 set aside of 21% of AEP Ohio total retail load is  
2 approximately 10,000 GWh, which is roughly equal to the entire 2010 load of  
3 Toledo Edison Company The potential 2013 set aside of 31% of AEP Ohio total  
4 retail load is approximately 15,000 GWh, which is roughly equal to the entire  
5 2010 load of Dayton Power & Light Company And the 2014 2015 set aside of  
6 41% of AEP Ohio total retail load is approximately 20,000 GWh, which is  
7 roughly equal to the entire 2010 load of Duke Energy-Ohio As discussed by  
8 Company witness Allen (Exhibit WAA-4), the net present value of the discounted  
9 capacity provided by AEP Ohio to CRES providers under this provision is more  
10 than \$850 million

11 **Q. WHAT IS THE SECOND MAJOR COMPONENT OF THE**  
12 **STIPULATION'S PROPOSAL FOR RESOLVING THE CAPACITY**  
13 **CHARGE DISPUTE?**

14 **A** The Signatory Parties recommend, in Paragraph IV 2 b 1 (page 20), that the  
15 Commission (upon acceptance of the Stipulation) set the capacity charge in Case  
16 No. 10-2929-EL-UNC to be the PJM RPM-based rate except that an interim rate  
17 of \$255/MW-Day effective starting in January, 2012 will be charged to CRES  
18 providers for all shopping above the RPM set aside levels After May 31, 2015,  
19 the Commission's State Compensation mechanism will expire and the capacity  
20 charge will be the PJM RPM-based capacity rate (consistent with AEP Ohio's  
21 agreement in Paragraph IV.1 q to become an RPM entity by mid-2015) This new  
22 interim capacity charge of \$255/MW-Day will only be charged to CRES  
23 providers for any shopping above the RPM set aside levels established in

1 Paragraph IV 2 b 3 Even this limited non-RPM interim rate is substantially  
2 lower than the cost-based capacity charges proposed by AEP Ohio and supported  
3 in the testimony of Company witness Pearce As such, it reflects a significant  
4 compromise and contributes to a balanced package of terms that advance the  
5 public interest

6 **Q. WHAT ARE THE OTHER PROVISIONS OF THE STIPULATION**  
7 **RELATING TO THE CAPACITY CHARGE DISPUTE?**

8 A In implementing the RPM-priced capacity set aside levels, the Signatory Parties  
9 agreed to "grandfather" the existing shopping load as follows Paragraph IV 2 b 2  
10 provides that, with regard to customers who are receiving generation service from  
11 a CRES provider as of the time that the Stipulation is filed, the capacity rate to be  
12 paid by the CRES provider to AEP Ohio for that customer's load will continue to  
13 be charged the otherwise applicable RPM rate for the remaining period that the  
14 contract remains effective (including renewals) The load grandfathered under  
15 this paragraph will be counted toward the RPM-priced set aside limits and will  
16 remain subject to a RPM-priced capacity during the term of the ESP, provided the  
17 contract remains in effect during that period

18 As is further discussed by Company witness Allen, Paragraph IV 2 b 3  
19 also provides that the set aside of RPM-priced capacity shall be initially allocated  
20 on a *pro rata* basis among the residential, commercial and the industrial classes  
21 based upon projected kWh consumption for a period of approximately 4 months  
22 after the filing of the Stipulation The RPM-priced capacity set aside shall be

1 based upon a more detailed set of rules and processes, as discussed by Company  
2 witness Allen

3 Finally in this regard, Paragraph IV 2 b 4 proposes to resolve the pending  
4 FERC litigation. I am advised by counsel that this provision involves a process  
5 for holding in abeyance the *Section 205 FERC Application* and the *Section 206*  
6 *FERC Complaint* (discussed above) until this Commission issues a final order  
7 adopting the Stipulation, after which time the FERC cases will be resolved as they  
8 affect Ohio. In sum, adoption of the Stipulation would resolve both the *Ohio*  
9 *Capacity Charge Docket* and the pending FERC litigation regarding the capacity  
10 charge dispute

11 **Q. ARE THESE STIPULATION RECOMMENDATIONS REASONABLE**  
12 **AND BALANCED, IN LIGHT OF THE PARTIES' LITIGATION**  
13 **POSITIONS?**

14 A Yes. Absent the Stipulation, AEP Ohio's position is that it is entitled to collect a  
15 cost-based capacity charge for all shopping load served by CRES providers.  
16 Intervenor parties have taken the position that the existing interim RPM-based  
17 compensation mechanism adopted by the Commission in the *Ohio Capacity*  
18 *Charge Docket* should continue into the next ESP term. Thus, the Signatory  
19 Parties' proposed resolution of the capacity charge dispute is a reasonable result  
20 as part of the package of arm's length bargaining settlement terms contained in  
21 the Stipulation. Indeed, the hybrid solution of part RPM and part cost-based  
22 pricing resolves the disparate litigation positions of the parties through a classic  
23 middle ground compromise; this approach is inherently reasonable.

1

2 **BACKGROUND REGARDING THE AEP INTERCONNECTION AGREEMENT**  
3 **(ALSO KNOWN AS THE AEP GENERATION "POOL")**  
4

5 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE AEP**  
6 **INTERCONNECTION AGREEMENT (POOL).**

7 A The Pool was formulated in 1951 and is a FERC-approved wholesale power  
8 pooling agreement CSP, OPCo, Indiana & Michigan Power Company,  
9 Appalachian Power Company, and Kentucky Power Company are the five AEP  
10 East System operating companies (AEP System-East Zone) which are members  
11 of the AEP Power Pool established pursuant to the Pool Although each operating  
12 company owns specific generating facilities, the AEP System-East Zone is  
13 designed, built and operated on an integrated system basis and member companies  
14 collectively participate to supply capacity The Pool defines the rights and  
15 obligations of the five East Zone operating companies (each called a member) and  
16 sets out the methodology for allocating the responsibilities among the members

17 **Q. WHAT ARE THE MAJOR PROVISIONS OF THE POOL AND HOW DO**  
18 **THEY OPERATE?**

19 A Significant provisions of the Pool operate as follows:

- 20 • Each member is required to provide adequate generating facilities (or  
21 resources) to meet its firm load requirement
- 22 • A demand allocator is established on the basis of each member's highest  
23 non-coincident peak (NCP) in the preceding twelve months Member  
24 Load Ratio (MLR) is the ratio of a member's highest NCP in relationship

1 to the total of all members' highest NCP demand in the preceding twelve  
2 months

- 3 • There is a capacity settlement that equalizes reserve margins by assigning  
4 responsibility to each member for its MLR share of System capacity To  
5 the extent that a member's capacity is less than its System responsibility,  
6 such deficit company is required to make up its shortfall by paying a  
7 capacity charge to the surplus companies, based on the embedded cost of  
8 capacity of the surplus companies
- 9 • Sales and purchases of energy among the member companies are provided  
10 at cost through primary energy transactions
- 11 • Transmission facilities are made available to all members for the delivery  
12 and receipt of power; as members of PJM, each AEP East operating  
13 company takes transmission service under the FERC-approved OATT  
14 (Open Access Transmission Tariff)
- 15 • American Electric Power Service Corporation, as agent for the operating  
16 companies, buys and sells into the wholesale market for reliability and  
17 economic purposes [off-system purchases and off-system sales (OSS)]
- 18 • Off-System Sales margins are shared among members based on MLR

19 In addition to the generation Pool, there are other agreements among the members  
20 of the East operating companies, most notably the Interim Allowance Agreement  
21 (IAA) that operates in conjunction with the Pool

22 **Q. HOW HAS THE POOL WORKED SINCE THE AEP EAST COMPANIES**  
23 **JOINED PJM?**

1 A AEP integrated its east zone facilities into PJM in October 2004. After joining  
2 PJM, AEP is performing the same or similar functions as it did prior to joining an  
3 RIO, however, with the requirements of integrating with PJM, some additional  
4 responsibilities have been added, while others have been eliminated or modified  
5 Since joining PJM, the AEP Pool member companies have participated on an  
6 integrated basis within PJM Under the Pool, the AEP East operating companies  
7 effectively operate as one large company, utilizing the strengths of diversity to  
8 offset inherent risks associated with operating as smaller individual companies in  
9 PJM This means that each member's customers receive low embedded cost  
10 capacity and energy regardless of their individual generation supplies while also  
11 receiving the benefit of sharing the margins of off-system sales and the  
12 opportunity to purchase economic energy to offset more expensive market energy  
13 Due to AEP's election to participate in the Fixed Resource Requirement (FRR)  
14 option and as a result of the Pool construct, the cost to purchase capacity from  
15 other Pool Members is based on the embedded cost of installed capacity From a  
16 cost of energy perspective, the Pool member companies sell or buy surplus energy  
17 to/from other members at a cost-based primary energy rate in addition to  
18 purchasing economic energy from the market at the Locational Marginal Price  
19 (LMP)

20 **Q. GENERALLY SPEAKING, HOW WOULD ONE OF THE AEP EAST**  
21 **OPERATING COMPANIES OPERATE IF THE POOL WERE**  
22 **TERMINATED?**

23 A An AEP company operating without the Pool on a stand-alone basis would have



1 more restrictive requirements and more limited opportunities. If the operating  
2 companies were to operate on a stand-alone basis, fulfilling the reserve  
3 requirement would depend in part on each company's capacity length. From a  
4 cost of energy perspective, the Pool member companies sell or buy surplus energy  
5 to/from other members at a cost-based primary energy rate in addition to  
6 purchasing from or selling to the market at the LMP. A stand-alone company  
7 lacking energy needed to meet its hourly load requirement would purchase from  
8 or sell to the PJM market at the LMP, without the cost-based option the Pool  
9 provides to its members.

10 **Q. HAS AEP GIVEN NOTICE THAT IT INTENDS TO TERMINATE THE**  
11 **POOL?**

12 **A.** Yes. On December 17, 2010, AEP Ohio and other parties to the Pool provided  
13 written notice to each other of their mutual desire to terminate the existing  
14 agreement on three years notice in accordance with Article 13.2. The IAA  
15 (discussed above) would also be terminated concurrently with the AEP Pool.  
16 AEP has committed to enter into discussions with this Commission and other state  
17 commissions and stakeholders concerning the termination and whether any new  
18 affiliate agreement should replace it. These discussions are expected to continue  
19 through 2011 and perhaps longer.

20 **Q. DOES THIS MEAN THAT AEP HAS DETERMINED THAT**  
21 **TERMINATION OF THE POOL IS THE APPROPRIATE SOLUTION**  
22 **FOR ALL OF THE FIVE AEP-EAST OPERATING COMPANIES?**

23 **A.** Not necessarily. Aside from the corporate separation driven requirement for AEP

1 Ohio to secede from the Pool, there will likely be some debate and discussion  
2 about the best course of action for the other three AEP-East operating companies  
3 Whether a particular operating company and its customers benefit through  
4 modification or dissolution of the Pool depends on the variables such as future  
5 market prices for electricity, plant retirements, and extended plant outages These  
6 are matters that each operating company's regulatory jurisdiction is likely to  
7 consider and evaluate as a stakeholder in the FERC process for changing or  
8 eliminating the Pool There may be a need to re-balance the generation assets  
9 among the members as part of terminating the Pool The outcome of these  
10 variables may have the potential to influence or affect retail rates in jurisdictions  
11 that regulate generation prices

12 These factors may tend to suggest that the Pool modification or  
13 termination process will be somewhat complex and may not yield quick results  
14 But since it is largely driven by compliance with Ohio's corporate separation  
15 requirement and the need to adjust or dissolve the Pool based on AEP Ohio's  
16 generation divestiture, it should be driven to conclusion in a reasonable period of  
17 time and without much doubt as to the end goal of taking AEP Ohio out of the  
18 Pool Whether the Pool remains for some combination of the other three AEP-  
19 East operating companies is a matter for debate among those companies, their  
20 stakeholders and respective regulatory jurisdictions

21 **FERC FILINGS FOR POOL TERMINATION/MODIFICATION AND**  
22 **CORPORATE SEPARATION**  
23

1 Q. WHAT FERC FILINGS ARE NEEDED TO IMPLEMENT POOL  
2 TERMINATION OR MODIFICATION, IN THE CONTEXT OF  
3 IMPLEMENTING CORPORATE SEPARATION FOR AEP OHIO?

4 A I have been advised by counsel that there are two sets of filings required in order  
5 to dissolve and/or modify the Pool in the context of corporate separation of AEP  
6 Ohio's generation function First, FERC filings would be made under Section  
7 205 of the FPA to (1) dissolve and/or modify the Pool, (2) substitute new  
8 agreements address the Pool's dissolution and/or modification, and (3) address the  
9 rate impacts, if any, from corporate separation of AEP Ohio Second, a FERC  
10 filing would be made under Section 203 of the FPA for approval of AEP Ohio's  
11 corporate separation

12 Q. WHAT IS THE TIMELINE FOR GETTING FERC'S APPROVAL FOR  
13 POOL TERMINATION/MODIFICATION AND CORPORATE  
14 SEPARATION?

15 A The FERC filings will be pursued upon receiving a final order from this  
16 Commission adopting the Stipulation As set forth in Appendix B of the  
17 Stipulation, AEP Ohio anticipates that the Section 205 filings and the Section 203  
18 filings will both take approximately 450 days The final schedule for these filings  
19 will be established by FERC

20 **STIPULATION PROVISIONS RELATING TO THE POOL**

21  
22 Q. WHAT ARE THE MAJOR PROVISIONS OF THE STIPULATION  
23 RELATING TO POOL TERMINATION/MODIFICATION AND  
24 CORPORATE SEPARATION APPROVAL BEFORE THE FERC?

1 A As will be further described below, the Signatory Parties have agreed to the  
2 following provisions:

- 3 • AEP Ohio will, upon receiving a final order from this Commission  
4 authorizing full legal corporate separation, provide notice to PJM that it  
5 intends to participate in the RPM Base Residual Auction for delivery  
6 years 2015-2016 (Paragraph IV 1 q, page 11)
- 7 • A schedule is set forth for conducting a Competitive Bidding Process  
8 (CBP) to supply its SSO for delivery within the ESP term during the  
9 period from June 1, 2015 through May 31, 2016 (Paragraph IV 1 r), such  
10 that auctions are conducted in 2013, 2014 and 2015 leading up to that  
11 delivery period. The auction schedule is tied to other agreed provisions  
12 that are designed to ensure that AEP Ohio expeditiously obtains FERC  
13 approvals for corporate separation and Pool termination/modification  
14 either by September 2013 or in the most expeditious manner reasonably  
15 possible (Paragraph IV 1 t, page 15).
- 16 • The Signatory Parties agree to support the Pool termination/modification  
17 to be filed at FERC. As a related matter, the Signatory Parties agreed to  
18 establish a Pool Modification Rider (with an initial rate of zero), subject  
19 to FERC approval of the Pool termination/modification and other  
20 specified conditions (Paragraph IV 5, page 25)

21 **Q. WITH RESPECT TO THE FIRST MAJOR PROVISION DESCRIBED**  
22 **ABOVE (PARAGRAPH IV.1.q, PAGE 11), PLEASE DESCRIBE THE**  
23 **SPECIFIC TIMELINES RECOMMENDED BY THE SIGNATORY**

1        **PARTIES FOR FERC APPROVAL OF CORPORATE SEPARATION AND**  
2        **POOL TERMINATION/MODIFICATION .**

3        A        The specific timelines agreed to by the Signatory Parties are reflected in  
4        Appendix B to the Stipulation. The estimated timelines for the required Section  
5        203 and Section 205 FERC proceedings involve a 450-day period to conduct the  
6        FERC proceedings, which would be initiated after receiving a final order from  
7        this Commission adopting the Stipulation. Whatever schedule is established by  
8        FERC, AEP Ohio agrees to diligently pursue approval of its Section 203 and 205  
9        applications under the established schedule.

10      Q        **WITH RESPECT TO THE SECOND MAJOR PROVISION DESCRIBED**  
11      **ABOVE (PARAGRAPH IV.1.4, PAGE 15), WHY WERE THESE**  
12      **MATTERS ADDRESSED IN THE STIPULATION?**

13      A        These provisions reflect the fundamental arm's length bargain negotiated by the  
14      Signatory Parties, being that AEP Ohio would agree to sustain a fully-competitive  
15      SSO after executing a brief interim plan for efficiently transitioning from "point  
16      A" to "point B." In other words, these provisions recognize that AEP Ohio must  
17      achieve corporate separation and Pool termination/modification in order to  
18      transition from its current regulatory and business structure to one that involves an  
19      auction-based SSO. These provisions are based on two common understandings  
20      among the Signatory Parties: (i) Pool termination/modification is needed when  
21      AEP Ohio corporately separates its generation function, and (ii) Pool  
22      termination/modification and corporate separation are both needed in order for  
23      AEP Ohio to effectively and prudently conduct an auction-based SSO.

1           As referenced above, corporate separation clearly precipitates secession  
2           from the Pool by AEP Ohio. It cannot reasonably be disputed that removing AEP  
3           Ohio's substantial generation assets from the Pool cannot be achieved without  
4           terminating or modifying the Pool. Regarding the second common understanding,  
5           it is understood by the Signatory Parties that AEP Ohio could not prudently  
6           establish an auction-based SSO as long as it owns generation assets and remains a  
7           member of the AEP generation Pool, for two primary reasons.

8           First, conducting an SSO auction would have substantial impacts on the  
9           other Pool members and would expose both AEP Ohio and the other AEP-East  
10          operating companies to cost recovery risks in their respective regulated  
11          jurisdictions. Second, conducting an auction prior to corporate separation would  
12          create a financial exposure for AEP Ohio by wholly displacing the cost recovery  
13          for those generation assets that currently exists through SSO generation rates  
14          (based on the generation assets being dedicated to support retail generation  
15          service). It would also potentially remove the AEP Ohio generation from  
16          participating in the auction, due to the timing difference of the auction delivery  
17          period and the post-separation generation affiliate not yet owning the assets in  
18          order to be able to support bids into the forward auction with those generation  
19          assets.

20   **Q. PLEASE ADDRESS THE POOL MODIFICATION RIDER**  
21   **ESTABLISHED THROUGH THE THIRD PROVISION DESCRIBED**  
22   **ABOVE (PARAGRAPH IV.5, PAGE 25).**

1 A The Signatory Parties agreed that a Pool Modification Rider for this purpose with  
2 an initial rate of zero is appropriate. If the impact of the Pool  
3 termination/modification on AEP Ohio during the ESP term is greater than \$50  
4 million prior to May 31, 2015, the Company may pursue cost recovery of the  
5 entire impact during the ESP term via a separate RDR application during the ESP  
6 term and obtain approval by the Commission.

7 **Q. WHY DO YOU BELIEVE THIS PROVISION IS REASONABLE?**

8 A AEP Ohio's application in Case Nos. 11-346-EL-SSO proposed to recover  
9 material costs associated with the anticipated Pool termination/modification. As  
10 part of the package of terms contained in the Stipulation, the Signatory Parties  
11 agreed to this provision. I would note that the Signatory Parties reserved the right  
12 to challenge the amount and the recovery of these costs before the Commission  
13 and the FERC. Thus, even assuming the Pool termination/modification will cause  
14 an impact on AEP Ohio of more than \$50 million and exceed the materiality  
15 threshold applicable to potential recovery under this provision, the ultimate issue  
16 of whether AEP Ohio would recover such costs is the subject of a future  
17 Commission proceeding.

18 **OHIO APPROVAL OF CORPORATE SEPARATION**

19 **Q. PLEASE EXPLAIN THE STIPULATION PROVISION REGARDING**  
20 **APPROVAL OF CORPORATE SEPARATION BY THIS COMMISSION.**

21 A The Stipulation, through Paragraph IV 1 q, provides that approval of the  
22 Stipulation will serve as the Commission's approval of structural corporate  
23 separation of AEP Ohio such that the transmission and distribution assets will be

1 held by the electric distribution utility while any GRR assets will remain with the  
2 electric distribution utility While there would be a separate filing to implement  
3 the specific changes needed to update AEP Ohio's existing corporate separation  
4 plan, the substance of those changes would be approved now as part of adopting  
5 the Stipulation A more detailed description of the substantive changes is  
6 contained in Exhibit REM-1 attached to my testimony  
7

8 **CONCLUSION**

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A I sponsor two major provisions within the Stipulation, both of which help resolve  
11 complex issues based on varied interests and disparate litigation positions First,  
12 the Stipulation adopts a balanced and reasonable solution for the capacity charge  
13 dispute in Ohio, by proposing a hybrid approach that preserves and expands  
14 substantial retail shopping using RPM-priced capacity of AEP Ohio while also  
15 providing for a higher capacity charge (that is still well below AEP Ohio's cost-  
16 based litigation position) for remaining shopping levels – all during a transition  
17 period which ends with RPM-priced capacity for all shopping Second, the  
18 Stipulation resolves longstanding issues regarding corporate separation and the  
19 dissolution or modification of the AEP Interconnection Agreement (generation  
20 Pool) by adopting definite milestones and incentives for stakeholders to achieve  
21 corporate separation and Pool restructuring In sum, both of these major  
22 provisions are framed by varying litigation positions and being mutually and



1 reasonably resolved through a compromise result based on arm's length

2 bargaining

3 **Q. DOES THAT CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE**  
4 **STIPULATION?**

5 **A** Yes

**Description of AEP Ohio Corporate Separation Plan**  
**Amendments Needed to Implement the September 7, 2011**  
**Stipulation and Recommendation**

The basic framework of, and many of the individual provisions within, the September 7, 2011 Stipulation and Recommendation in Case Nos. 11-346-EL-SSO et al (Stipulation) are premised upon completion of full structural corporate separation by Columbus Southern Power Company and Ohio Power Company (collectively referred to as "AEP Ohio"). Paragraph IV 1 q of the Stipulation specifically provides that "[a]pproval of this Stipulation will serve as the Commission's approval of full legal corporate separation (as contemplated by R.C. 4928.17(A) and also known as structural corporate separation) such that the transmission and distribution assets of AEP Ohio will be held by the electric distribution utility while any GRR assets will remain with the electric distribution utility." Completion of structural corporate separation by AEP Ohio necessitates approvals by not only the Ohio Commission but also the Federal Energy Regulatory Commission (FERC).

In conjunction with the Commission's substantive approval of full structural corporate separation through adoption of the Stipulation, AEP Ohio anticipates filing a separate application under R.C. 4928.17 and Ohio Admin. Code Rules 4901:1-37-06 and/or 4901:1-37-09 to implement the Commission's approval of full structural corporate separation. But AEP Ohio would like to clarify what is being requested as part of approving the Stipulation (including Paragraph IV 1 q), by elaborating on additional details of the proposed corporate separation plan that is contemplated as a critical component of the Stipulation. Thus, in order to fully adopt Paragraph IV 1 q without modification and fulfill the Signatory Parties' intent in conveying substantive approval to

AEP Ohio for structural corporate separation, the only matters left for consideration and decision in the separate amendment application proceeding are the details regarding how specific provisions within AEP Ohio's current corporate separation plan is redlined or amended so as to implement the Commission's substantive approval of structural corporate separation (*i.e.*, the substantive approval would be achieved through adoption of Paragraph IV.1 q of the Stipulation, as amplified through supporting testimony including this plan document). That separate "compliance" application could be initiated prior to the decision to adopt the Stipulation and would either be resolved coincident with adoption of the Stipulation or shortly thereafter, provided that the substantive approval of structural corporate separation is included in the decision adopting the Stipulation.

Regarding the scope of the proposed transfer of generating assets, transmission and distribution-related assets would remain in the (post-merger) electric distribution utility and AEP Ohio's generation, fuel and other assets would be transferred to a newly-created AEP generation affiliate (AEP GenCo). The transfer would include AEP Ohio's existing generating units and contractual entitlements referenced in Exhibit WAA.1 as part of the testimony of Company witness Allen. Also included in the transfer would be renewable energy purchase agreements such as those referenced in the testimony of Company witness Simmons, as well as existing fuel-related assets and contracts, and other assets related to the generation business.

With respect to the Stipulation's contingency for future approval of potential charges through the Generation Resource Rider (GRR) under Paragraph IV.1 d of the Stipulation, the corporate separation amendment would provide as follows. Regarding the replacement unit for Muskingum River Unit 5 (the so-called MR 6 project),

Muskingum River Unit 5 would be approved for transfer subject to being retained by the electric distribution utility should a nonbypassable charge for the life of the facility be approved for MR 6 prior to completing the structural corporate separation transactions (which closing would not occur until after FERC approval of corporate separation) Regarding the Turning Point project, that contract would remain with the electric distribution utility since it would only go forward upon approval of a nonbypassable charge for the life of the facility

The amendment application implementing the Commission's substantive approval of structural corporate separation through adoption of the Stipulation would also reflect the potential operation of Paragraph IV 1 m of the Stipulation, which contemplates the potential for a bilateral contractual arrangement after corporate separation and before May 31, 2015 between the post-separation electric distribution utility and the AEP GenCo in order to supply generation services so that retail SSO customers would pay the equivalent non-fuel and fuel generation rates as they would have paid under the Stipulation prior to structural corporate separation

Regarding the additional criteria in Ohio Admin Code Rule 4901:1-37-09(C), the object and purpose of the proposed generating asset transfer is to fulfill the mandate of R C 4928 17 and terminate the "interim" plan of functional separation for AEP Ohio The AEP GenCo affiliate would receive the legacy generating assets and could provide competitive retail generation services as well as engage in sales for resale as regulated by the FERC The impact of corporate separation on the current and future SSO is outlined in the Stipulation In short, structural corporate separation is needed in order to transform AEP Ohio's business model in order to facilitate an auction-based standard service offer

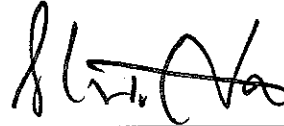
EXHIBIT PJN-1

In achieving the statutory mandate of corporate separation as part of a package that also includes the other benefits conveyed through adoption of the Stipulation, approval of structural corporate separation advances the public interest. AEP Ohio would propose to transfer the generating assets at net book value and, to the extent necessary, would be granted a waiver of Ohio Admin Code Rule 4901:1-37-09(C)(4)

Finally, other aspects of AEP Ohio's existing corporate separation plan unaffected by the above amendment would continue to remain in effect, such as incorporation of a code of conduct that complies with Ohio Admin Code Rule 4901:1-37-05, maintaining a cost allocation manual, education and training procedures, internal compliance programs, the complaint procedure, etc

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Columbus Southern Power Company's and Ohio Power Company's Motion for Leave has been served upon the below-named counsel/parties via electronic mail, this 29<sup>th</sup> day of September, 2011.



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Summary: Motion CSP and OPC For Leave to Substitute Testimony and Request for Expedited Ruling electronically filed by Mr. Steven T Nourse on behalf of American Electric Power Service Corporation