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OCC EXHIBIT _____

**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) Case No. 10-2376-EL-UNC
and Related Approvals.)

In the Matter of the Application of Columbus)
Southern Power Company and Ohio Power)
Company for Authority to Establish a) Case No. 11-346-EL-SSO
Standard Service Offer Pursuant to 4928.143,) Case No. 11-348-EL-SSO
Ohio Rev. Code In the form of an Electric)
Security Plan.)

In the Matter of the Application of Columbus)
Southern Power Company and Ohio Power) Case No. 11-349-EL-AAM
Company for Approval of Certain) Case No. 11-350-EL-AAM
Accounting Authority.)

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

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

In the Matter of the Commission Review of)
the Capacity Charges of Ohio Power)
Company and Columbus Southern Power) Case No. 10-2929-EL-UNC
Company.)

In the Matter of the Application of)
Columbus Southern Power Company for)
Approval of a Mechanism to Recover) Case No. 11-4920-EL-RDR
Deferred Fuel Costs Ordered Under Ohio)
Revised Code 4928.144.)

In the Matter of the Application of Ohio)
Power Company for Approval of a)
Mechanism to Recover Deferred Fuel Costs) Case No. 11-4921-EL-RDR
Ordered Under Ohio Revised Code)
4928.144.)

PUCO

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**REVISED
DIRECT TESTIMONY
OF
DANIEL J. DUANN, Ph.D. CRRA
IN OPPOSITION OF THE STIPULATION AND RECOMMENDATION**

**On Behalf of
The Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
(614) 466-8574**

October 12 2011

LIST OF ATTACHMENTS

Attachment DJD-A	Estimations of Embedded Environmental Carrying Charges
Attachment DJD-B	Estimate of Revenues Collected Under Base Generation Rate
Attachment DJD-C	Estimate of Revenues Collected Under POLR Charge Rider
Attachment DJD-D	Estimate of Revenues Collected (Excluding Carrying Cost
Attachment DJD-E	Remand-Revised 2012 Rates Before ESP and Summary
Attachment DJD-F	Summary of Stipulated Base Generation Rates Increase
Attachment DJD-G	Summary of Stipulated Total Generation Rates Increase
Attachment DJD-H	Summary of Stipulated Total Rates Increase
Attachment DJD-I	Share of Total Revenue Increase by Customer Class
Attachment DJD-J	Revised Summary Comparison of ESP and MRO Generation Rates
Attachment DJD-K	Total Revenue Increases by Customer Class

Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.

A1. My name is Daniel J. Duann. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio, 43215-3485. I am a Senior Regulatory Analyst with the Office of the Ohio Consumers' Counsel ("OCC").

Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A2. I received my Ph.D. degree in public policy analysis from the Wharton School, University of Pennsylvania. I also have a M.S. degree in energy management and policy from the University of Pennsylvania and a M.A. degree in economics from the University of Kansas. I completed my undergraduate study in business administration at the National Taiwan University, Taiwan, Republic of China. I am a Certified Rate of Return Analyst conferred by the Society of Utility and Regulatory Financial Analysts in April 2011.

I was a Utility Examiner II in the Forecasting Section of the Ohio Division of Energy, Ohio Department of Development, from 1983 to 1985. From 1985 to 1986, I was an economist with the Center of Health Policy Research at the American Medical Association in Chicago. In 1986, I joined the Illinois Commerce Commission as a senior economist in its Policy Analysis and Research Division. I was employed as a senior institute economist at the National Regulatory Research Institute ("NRRI") at The Ohio State University from 1987

1 to 1995. My work at NRRI involved many areas of utility regulation and energy
2 policy. I was an independent business consultant from 1996 to 2007.

3
4 I joined the OCC in January 2008 as a senior regulatory analyst. My
5 responsibilities are to assist OCC in participating in various regulatory
6 proceedings that include rate cases, alternative regulation, cost recovery filings,
7 and service reliability by Ohio utilities. In particular, I was part of the case team
8 that analyzed the first Electric Security Plan ("ESP") filing by Columbus
9 Southern Power Company ("CSP") and Ohio Power Company ("OPC")
10 (collectively, "AEP Ohio" or "Companies") in 2008.¹ I also conducted analysis
11 and testified in AEP Ohio's 2009 Fuel Adjustment Clause Audit proceeding (Case
12 Nos. 09-872-EL-FAC and 09-873-EL-FAC). I have submitted direct testimonies
13 in the AEP Ohio Remand proceeding and in this proceeding addressing the
14 Companies' ESP plan filed on January 27, 2011.²

15
16 **Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
17 **PUBLIC UTILITIES COMMISSION OF OHIO OR OTHER AGENCIES?**

18 **A3.** Yes. I have submitted expert testimony on behalf of OCC before the Public
19 Utilities Commission of Ohio ("PUCO" or "Commission") in a number of cases
20 involving electric, gas, and water companies. I have also testified before the Ohio

¹ PUCO Case Nos. 08-917-EL-SSO et al.

² PUCO Case Nos. 11-346-EL-SSO et al.

1 Division of Energy, the Illinois Commerce Commission, and the Senate
2 Committee on Energy and Public Utilities of the California Legislature.
3

4 ***Q4. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***
5 ***YOUR TESTIMONY?***

6 ***A4.*** In addition to those documents that I identified in my earlier testimony filed on
7 July 25, 2011 in this proceeding, I have also reviewed certain documents related
8 to the Stipulation and Recommendation ("Stipulation") filed in this proceeding on
9 September 7, 2011. Specifically, I reviewed the Stipulation and its attachments,
10 the supporting testimonies filed on September 13, 2011, the work papers related
11 to the supporting testimonies, and related discovery pertaining to the Stipulation.
12

13 ***Q5. WHAT ARE YOUR QUALIFICATIONS TO ADDRESS THE ISSUES***
14 ***DISCUSSED IN YOUR TESTIMONY?***

15 ***A5.*** I am a trained economist with over twenty years of experience in studying and
16 analyzing the regulation of electric utilities in the United States. I am familiar
17 with the major issues related to the ESP filed by AEP Ohio in January 2011 and
18 the Stipulation filed in September 2011. I have participated and testified in
19 several cases involving AEP Ohio before the PUCO in the last three years and
20 some of the issues are closely related to the issues in this proceeding.³

³ They include, but are not limited to, PUCO Case Nos. 11-155-EL-RDR, 11-1337-EL-RDR, 10-163-EL-RDR, 11-1361-EL-RDR, 09-756-EL-ESS, 09-786-EL-UNC, and 10-1261-EL-UNC.

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A6. The purpose of my testimony is to explain OCC's opposition to the Stipulation. On the advice of counsel, I understand that the Commission may approve a stipulation only if the stipulation satisfies a three-prong test. First, the stipulation must be the product of serious bargaining among capable, knowledgeable parties. Second, the stipulation must benefit ratepayers and the public interest. Third, the stipulation cannot violate any important regulatory principle or practice.

In my testimony, I will address the second and third prongs of this test. I conclude that the Stipulation does not benefit customers and the public interest and thus does not pass the second prong of the stipulation test. I also find that the Stipulation violates several important and long-standing regulatory principles and practices and, consequently, the Stipulation fails to meet the third prong of the test.

Additionally, I provide comments on a number of provisions of the Stipulation. These provisions, in their current form, are ambiguous, unworkable, and not in the best interests of AEP Ohio's customers. They should be removed or modified.

Q7. PLEASE EXPLAIN WHY THE STIPULATION DOES NOT BENEFIT CUSTOMERS AND THE PUBLIC INTEREST.

A7. The Stipulation, in its current form, allows AEP Ohio to collect a substantial rate increase from its customers, especially residential customers, over the term of the

1 proposed ESP. The Stipulation forces the customers of AEP Ohio to forego a
2 variety of substantial rate and revenue reductions they may be entitled to in
3 several proceedings pending before the Commission. These proceedings include
4 the AEP Ohio Remand, the 2009 AEP Ohio FAC Audit, the 2010 AEP Ohio FAC
5 Audit (PUCO Case No. 10-1286-EL-FAC), and the recently-filed Phase-in
6 Recovery Rider case (PUCO Case No. 11-4921-EL-RDR).

7
8 If these proceedings result in PUCO-ordered rate and other adjustments, such rate
9 reductions or adjustments would need to be included in the baseline from which
10 the proposed ESP rates and revenues impacts are measured as well as for purpose
11 of the ESP-MRO comparison. When viewed from this perspective, the
12 Stipulation will result in a very substantial rate increase to customers, especially
13 residential customers. Based on a revised 2012 baseline before-ESP rate that I
14 have developed, I estimate that the Stipulation will increase the revenue paid by
15 AEP Ohio's customers by about \$1.122 billion (\$458 million by CSP and \$677
16 million by OPC) over the three-year period of 2012, 2013, and 2014.⁴ This
17 amount of increase in total revenue to be collected from the customers of AEP
18 Ohio exceeds the \$339 million (\$217 million by CSP and \$129 million by OPC)
19 revenue increase imputed from the testimonies of AEP Ohio by \$783 million.⁵
20 Over the same period of time, the yearly revenue collected by AEP Ohio, as a
21 result of the Stipulation, will increase from \$3.571 billion in 2012 (before the

⁴ See Attachment DJD-L.

⁵ See Attachment DJD-K.

1 Stipulation) to \$4.028 billion in 2014, a 12.79% increase in yearly revenue
2 collection.⁶ Neither AEP Ohio nor other proponents of the Stipulation have
3 justified this significant increase.

4
5 Furthermore, a disproportionate share of the increase in revenues will be collected
6 from residential customers. Specifically, for CSP, 68% of the total revenue
7 increase over the three years is collected from residential customers.⁷ For OPC,
8 52% of the total increase in revenue over the three years is collected from
9 residential customers.⁸ And yet the estimated residential customers' share of total
10 energy usage over the next three years is far less (43% in the case of CSP and
11 28% OPC).⁹ I have conducted a more detailed analysis of the increases of other
12 rate components, namely the Base Generation Rate, Total Generation Rate, and
13 Total Rate. These results also indicate that a similar unfair burden is being placed
14 upon the residential customers while other customer classes will have far less rate
15 increases and even rate decreases in certain instances.¹⁰

⁶ See Attachment DJD-I.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ See Attachments DJD-F, DJD-G, and DJD-H. A summary is provided in Table 1.

**Q8. PLEASE EXPLAIN WHY THE STIPULATION VIOLATES IMPORTANT
REGULATORY PRINCIPLES OR PRACTICES.**

A8. First of all, I find that the ESP rates under the Stipulation are not more favorable in the aggregate as compared to the expected results that would otherwise be obtained through a market rate offer (“MRO”). The stipulated ESP thus fails to meet the legal requirements for Commission approval of an ESP under Ohio statutes, and violates the state regulatory policy espoused under R.C. 4928.143(C)(1). Specifically, using a revised baseline ESP rate that I have developed and accepting the assumption of the future market price of electricity proposed by PUCO Staff and applying a methodology similar to the one used by PUCO Staff,¹¹ I find that AEP Ohio’s customers will liberally pay about \$421 million (\$114 million in 2012, \$135 million in 2013, and \$171 million in 2014) more over three years under the ESP rates in the Stipulation than under a MRO option.¹²

Second, I find that the Distribution Investment Rider (“DIR”) provisions in the Stipulation may violate some important and long-standing regulatory principles and practices. Specifically, I do not see the need of a DIR, especially in light of the fact that AEP Ohio has a distribution rate case pending at the same time. I find it troubling that the Stipulation includes an accelerated cost recovery

¹¹ See Pre-filed Testimony of Robert B. Fortney, September 13, 2011 at 3-6.

¹² See Attachment DJD-J.

1 mechanism such as the DIR without a demonstration of any benefits or need for
2 this particular form of alternative regulation.

3
4 Third, I find that the return on common equity ("ROE") of 10.50% contained in
5 the Stipulation is not based on any supporting record in this proceeding. There is
6 no evidence presented that the stipulated ROE is related to its business and
7 financial risk, nor that the return on equity (and consequently rate of return) on
8 distribution investment is just and reasonable. Actually, the PUCO Staff has
9 recommended a much lower ROE for AEP Ohio based on its review in AEP
10 Ohio's pending distribution rate case.¹³ The use of a stipulated ROE for
11 distribution-related investment without any supporting evidence violates the long-
12 standing practice in Ohio which requires the rates for distribution services to be
13 based on the cost of providing such a service.

14
15 Fourth, the DIR provisions in the Stipulation also have the potential of allowing
16 double recovery of the return on and return of the distribution investments that
17 AEP Ohio is seeking to recover in its distribution rate case. AEP Ohio has filed a
18 distribution rate case seeking a return on and of distribution investments as of a
19 date certain, August 31, 2010. Yet the Stipulation also permits the Companies to
20 earn a return on and of this same investment as the capital additions recognized in
21 the DIR reflect gross plant in service incurred post 2000.

¹³ See Staff Report in PUCO Case No. 11-351-EL-AIR at 14-16 and Staff Report in PUCO Case No. 11-352-EL-AIR at 14-16.

1
2 Fifth, certain Phase-In Recovery Rider/Securitization provisions contained in the
3 Stipulation are ambiguous, unworkable and unreasonable. Specifically, the
4 prohibition against adjustment to the book balance (of the phase-in deferral
5 balance) at the end of 2011 is unreasonable and is not in the best interest of
6 customers.¹⁴ Based on my understanding of the various related proceedings
7 pending before the Commission, I believe there is a strong probability that AEP
8 Ohio has been actually over-collecting the costs of fuel and purchased power over
9 the three-year period of the first ESP. Yet the Stipulation requires customers to
10 forego this over-collection by prohibiting adjustment to the FAC phase-in deferral
11 balance. In addition, there is no definition of or reference to what constitutes
12 “suitable and appropriate legislation” to address the matter of securitization in the
13 Stipulation.¹⁵ The agreement to support, in advance, any subsequent approvals
14 needed or tariffs required by AEP Ohio from the Commission to securitize the
15 PIRR regulatory assets is unusual, given a complete lack of specificity of the
16 approvals or tariffs required by AEP Ohio.¹⁶ Finally, the provision in the
17 Stipulation requiring AEP Ohio to use a mechanism to make an adjustment (up or

¹⁴ Specifically, in the Stipulation paragraph IV, 6, A. at page 26, it is stated “The collection period for the PIRR will commence on an AEP (combined CSP and OPCo) basis for non-residential customers beginning January 1, 2012 and will include a debt carrying charge of 5.34% and calculated with no adjustment to the book balance as of year end 2011 (the “modified PIRR”), subject to the terms of this paragraph.”

¹⁵ See Stipulation paragraph IV, 6 at 25-26, which states “The Signatory Parties agree to work in good faith to pass suitable and appropriate legislation to address the matter as expeditiously as reasonably possible and to support any subsequent approvals needed or tariffs required by AEP Ohio from the Commission to securitize the PIRR regulatory assets.”

¹⁶ Ibid.

1 down) equal to the amount adjusted by the Commission or the Supreme Court of
2 Ohio may be unworkable as there are usually some significant limitations in most
3 securitization legislations on modifying the value of the regulatory asset
4 underlying the securitization bonds.

5
6 ***Q9. PLEASE EXPLAIN WHY THE “2012 RATES BEFORE PROPOSED ESP”***
7 ***USED BY AEP OHIO IN ITS TESTIMONIES IS NOT A VALID BASELINE***
8 ***TO EVALUATE THE RATE AND REVENUE IMPACT OF THE***
9 ***STIPULATION.***

10 ***A9.*** The term “2012 Rates before Proposed ESP” is defined and used by AEP Ohio as
11 a baseline rate in calculating the percentage of rate increase in 2012, 2013, and
12 2014 under the Stipulation.¹⁷ It is my understanding, based on a review of the
13 testimonies and work papers filed by AEP Ohio, that this “2012 Rates before
14 Proposed ESP” is derived from the current 2011 Base Generation Rates with
15 additional elements. These elements are the estimated full fuel cost in 2012, the
16 full 2011 Environmental Investment Carrying Charge Rider (“EICCR”), the 2011
17 transmission and distribution costs, the 2011 Provider of Last Resort (“POLR”)
18 charge, and the estimated Phase-In Recovery Rider (“PIRR”) to be started in
19 2012. It is also my understanding that this “2012 Rates before Proposed ESP” is
20 supposed to reflect the 2012 ESP rates the customers of AEP Ohio will face in the
21 absence of an ESP as specified through the Stipulation. It has fully reflected the

¹⁷ See Roush Testimony filed on September 13, 2011, Exhibit DMR-1.

1 effects of fuel costs (without any cap) and those provisions approved in the first
2 ESP.

3
4 As explained below, this “2012 Rates before Proposed ESP” as calculated by
5 AEP Ohio witness Roush overstates the estimated 2012 electricity rates that the
6 customers of AEP Ohio are likely to face before the implementation of the
7 stipulated ESP. The “2012 Rates before Proposed ESP” is not a reasonable and
8 valid baseline in calculating the increase in rates and revenues associated with the
9 Stipulation for the following reasons:

- 10 1. This “2012 Rates before Proposed ESP” does not include any
11 prospective reduction in the Base Generation Rate (of the
12 embedded environmental carrying charges) that may occur as a
13 result of the Remand proceeding;
- 14 2. It does not include the complete removal of the POLR charges
15 from the existing 2011 rates that may occur as a result of the
16 Remand proceeding;
- 17 3. It also fails to account for the cumulative “flow-through effect” on
18 fuel cost deferral balance as a result of the reduction in Base
19 Generation Rate and POLR charge over the 2009 to 2011 period
20 that may occur as a result of the Remand proceeding.

21
22 In using the “2012 Rates before Proposed ESP” as the baseline in evaluating the
23 rate and revenue impacts of the Stipulation, AEP Ohio is assuming there will be

1 no reduction in rates and in the fuel cost deferral balance for its customers from
2 the AEP Ohio Remand proceeding. In agreeing to the Stipulation, the signatory
3 parties are essentially agreeing in advance to forego any relief or recovery of past
4 and current overpayments they may be entitled to from the Remand proceeding
5 and the AEP FAC audit proceedings. This is an unreasonable concession to seek
6 from customers and is a concession that could turn out to be worth hundreds of
7 millions of dollars. I estimate that AEP Ohio, by using the "2012 Rates before
8 Proposed ESP", understates the total revenue increase contained in the Stipulation
9 by about \$783 million (the difference between the \$1.122 billion revenue increase
10 I estimate and the \$0.339 billion estimated by AEP Ohio) over the three-year
11 period of 2012 to 2014.¹⁸

12
13 ***Q10. PLEASE EXPLAIN YOUR THREE ADJUSTMENTS TO THE "2012 RATES***
14 ***BEFORE PROPOSED ESP"DEFINED AND USED BY AEP OHIO.***

15 ***A10.*** In order to provide a reasonable baseline to evaluate the rate and revenue
16 increases of the Stipulation, I make three adjustments to the "2012 Rates before
17 Proposed ESP" defined and used by AEP Ohio. These adjustments are reasonable
18 and consistent with the position advocated by OCC in the Remand proceeding,
19 following from the Ohio Supreme Court's reversal of portions of the
20 Commission's Order in AEP Ohio's first ESP case.

¹⁸ See Attachments DJD-I and DJD-K.

1 First, I remove the carrying charges on 2001 to 2008 environmental investments
2 from the Base Generation Rate component of the 2011 ESP rates. Second, I
3 completely remove the POLR charges currently being collected in a separate rider
4 of the 2011 ESP rates. Third, I adjust the estimated FAC deferral balance at the
5 end of 2011 to be “zero”. As there is no FAC deferral balance to be amortized,
6 the PIRR rate that is scheduled to be collected starting in 2012 is set at “zero.”
7

8 ***Q11. PLEASE EXPLAIN WHY THE ENVIRONMENTAL CARRYING CHARGES***
9 ***EMBEDDED IN THE 2011 BASE GENERATION RATE SHOULD BE***
10 ***REMOVED COMPLETELY.***

11 ***A11.*** Under AEP Ohio’s first ESP, the annual carrying charges on environmental
12 investments are collected through two different rates. The annual incremental
13 carrying charges associated with the environmental investments made during the
14 2001 through 2008 period are collected through the Base Generation Rate. The
15 annual carrying charges on the environmental investments made after January 1,
16 2009, on the other hand, are being collected through an EICCR that is updated
17 annually.
18

19 I have been advised by counsel that there is no specific provision within R.C.
20 4928.143(B)(2) that would allow the annual carrying charges on pre-January 1,
21 2009 environmental investments to be included in an electric utility’s ESP. It is

OCC's position, confirmed by the Ohio Supreme Court¹⁹, that the statute permits an ESP to include only items listed in the statute, not unlisted items. I would note that subsection (B)(2)(b) of the statute makes it clear that the General Assembly did not permit capital asset investments that predate the January 1, 2009 Standard Service Offering to be included as part of the ESP. To suggest that the General Assembly would not allow capital investment predating the January 1, 2009 SSO and yet allow carrying charges on that disallowed investment seems illogical. I have reviewed the compliance tariffs and work papers filed by AEP Ohio in the first ESP, and can confirm that these particular environmental carrying charges have been collected through the base generation rates since April 2009.²⁰

Q12. PLEASE EXPLAIN YOUR CALCULATION OF THE ENVIRONMENTAL CARRYING CHARGES EMBEDDED IN THE 2011 BASE GENERATION RATE.

A12. Based on the compliance tariffs and workpapers filed by AEP Ohio in the first ESP on July 28, 2009, I identified the carrying charges on 2001 to 2008 environmental investments allocated to different customer classes of AEP Ohio, and the 2009 energy usage (kWh) used in setting the compliance tariff. The embedded environmental carrying charge rates per kWh for different customer classes can be calculated accordingly. Attachment DJD-A shows the details of

¹⁹ See Remand Decision at 12, Paragraph 31.

²⁰ Based on the Compliance work papers filed by the Companies on July 28, 2009 in PUCO Case Nos. 08-917-EL-SSO and 08-918-EL-SSO.

1 my calculation and the resulting environmental carrying charges embedded in the
2 2011 base generation rate.

3
4 As for the aggregate revenue collected from AEP Ohio's customers associated
5 with this particular environmental carrying charge, I have estimated the amount of
6 incremental carrying charges associated with the 2001 through 2008
7 environmental investments to be about \$110 million (\$26 million collected from
8 CSP's customers and \$84 million from OPC's customers) per year from 2009 to
9 2011 depending on the actual energy used by different classes of customers over
10 the first ESP period. If the Commission decides in the Remand proceeding that
11 the carrying charges on the 2001 through 2008 environmental investments should
12 be removed, then the customers of AEP Ohio should be due a refund of about
13 \$330 million in base generation rates that the customers were charged during the
14 three-year term of the first ESP.²¹ I estimate that \$266 million has been collected
15 (\$63 million from CSP's customers and \$203 million from OPC's customers)
16 from April 2009 through May 2011. For the last seven months of 2011, I estimate
17 that \$64 million in environmental carrying charges is either being collected
18 subject to refund or is still to be collected by AEP Ohio (\$15 million from CSP's
19 customers and \$49 million from OPC's customers).²² See Attachment DJD-B.

²¹ The \$330 million saving is an estimate assuming the total electricity usage and usage by individual classes of customers remain the same from 2008 to 2011. The actual revenues collected and to be collected may be higher or lower than the estimated figures.

²² These revenue figures are derived based on the assumption that the annual revenue is collected equally each month of the year.

1 ***Q13. PLEASE EXPLAIN WHY THE POLR CHARGES EMBEDDED IN THE 2011***
2 ***ESP RATE SHOULD BE REMOVED COMPLETELY.***

3 ***A13.*** It is my understanding that the Ohio Supreme Court reversed the provisions of the
4 ESP order authorizing the POLR charge.²³ The Court stated: “In short, the
5 manifest weight of the evidence contradicts the commission’s conclusion that the
6 POLR charge is based on cost.”²⁴ The Court also indicated that there is no
7 evidence supporting the Commission’s characterization of this charge as based on
8 cost.²⁵ The Court did allow the Commission to revisit the POLR issue. The Court
9 stated that it expressed no opinion on whether a formula-based POLR charge is
10 *per se* unreasonable or unlawful, and advised that the Commission may consider
11 on remand whether a non-cost-based POLR charge is reasonable and lawful.²⁶

12
13 Nevertheless, in the Remand proceeding, I could not find any additional and
14 credible evidence regarding AEP Ohio’s actual costs of providing POLR service.
15 On this basis, I conclude that the existing POLR charge was not justified and
16 should be removed from the existing ESP rate completely. Consequently, any
17 POLR charges embedded in the 2011 ESP rates should be removed, and AEP
18 Ohio’s customers are entitled to a return of the full amount of POLR revenues
19 collected since April 2009 plus interest.

²³ See Remand Decision at 11, Paragraph 29.

²⁴ Ibid.

²⁵ Ibid.

²⁶ See Remand Decision at 11, Paragraph 30.

1 I have reviewed the POLR-related tariffs of CSP and OPC currently in effect and
2 those in effect from April 2009 to May 2011. They are included in the Provider
3 of Last Resort Charge Rider, Sheet No. 69-1 for CSP, and Sheet No. 69-1 for
4 OPC filed by the Companies on May 27, 2011, and the same tariff sheets filed by
5 the Companies on March 30, 2009.

6
7 I estimate that the POLR revenue collected by AEP Ohio to be about \$152 million
8 (\$97.4 million by CSP and \$54.8 million by OPC) per year from 2009 through
9 2011 depending on the actual energy usage of AEP Ohio's customers in these
10 years.²⁷ The estimated entire POLR revenue collected in AEP Ohio's first ESP is
11 about \$457 million. So far during the ESP period from April 2009 through May
12 2011, it is estimated that AEP Ohio has collected about \$368 million in POLR
13 charges (\$235.3 million through CSP and \$132.4 million through OPC).
14 Additionally, about \$89 million (\$56.8 million through CSP and \$32 million
15 through OPC) in POLR will be collected in the last seven months of 2011.
16 Currently a portion of the POLR revenues is being collected, subject to refund.
17 See Attachment DJD-C.

²⁷ Based on the Compliance work papers filed by the Companies on July 28, 2009 in PUCO Case Nos. 08-917-EL-SSO and 08-918-EL-SSO.

**Q14. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE FAC DEFERRAL
BALANCE THAT IS TO BE AMORTIZED AND COLLECTED THROUGH
THE "PHASE-IN RECOVERY RIDER" OVER A SEVEN-YEAR PERIOD.**

A14. The third adjustment to the "2012 Rates before Proposed ESP" is to re-set the FAC deferral balance (the underlying regulatory asset to the PIRR) at the end of 2011 to reflect the true amount of fuel and purchased power costs being deferred in the first ESP period. I conclude that it is likely there would be no FAC cost being deferred in the first ESP if the flow-through effects of the Remand proceeding and the adjustments proposed or to be proposed in the 2009 and 2010 AEP FAC Audit proceedings are fully reflected in rates.

As there is no FAC deferral balance to be amortized, the PIRR scheduled to start in 2012 is also set at "zero." This adjustment in FAC deferral balance reflects the fact that the estimated amount (\$634 million) of non-FAC revenues (environmental carrying charges and POLR charges) over-collected by AEP Ohio during the period of April 2009 to May 2011 already exceeds the current estimate (\$628 million) of the FAC deferral balance at the end of 2011.²⁸ The estimated over-collection of \$634 million does not include any additional reduction in carrying charges associated with the monthly reduction in the FAC deferral during the period of 2009 to 2011. Nor does it include any proposed adjustments to actual FAC costs that could occur in the two pending FAC audit cases.

²⁸ See the Application in PUCO Case No. 11-4921-EL-RDR.

1 Under the FAC deferral mechanism approved by the Commission in AEP Ohio's
2 first ESP case, the reduction of the FAC deferral is directly related to the removal
3 of environmental carrying charges and the POLR charge. The phase-in deferral
4 balance is comprised of the actual fuel expenses that have not been collected
5 through the FAC rates and the carrying costs associated with the shortfalls of fuel
6 expense collection.²⁹ The FAC rates during the first ESP, in turn, are limited to
7 the amount of fuel expenses that would be collected from customers such that
8 total revenues would not exceed the Commission-ordered "caps" on annual
9 revenue for CSP and OPC. Under the FAC and rate caps set by the Commission
10 in AEP Ohio's first ESP, the FAC rates for CSP and OPC are essentially "residual
11 values" between the capped rates and the sum of all non-FAC rates. If the sum of
12 all non-FAC rates (which include the base generation rate, the POLR charge, and
13 other riders) were reduced as a result of the remand proceeding, the allowed FAC
14 rates (that is amount of FAC expenses collected, as a residual value, from
15 customers) would increase. As the FAC rates increase, the amount of fuel
16 expenses being deferred, and the carrying costs associated with the fuel expense
17 deferral would decrease. Consequently, if the environmental carrying charges
18 embedded in the base generation rate and the POLR charge were removed, the
19 phase-in FAC deferral balance would be reduced accordingly.

²⁹ For a description of the method and calculation of the FAC deferral balance, see AEP Ohio's Application filed on September 30, 2009 in PUCO Case No. 09-872-EL-FAC.

1 I have estimated that the total amount for the environmental carrying charges
2 embedded in the base generation rate and the POLR charge collected by AEP
3 Ohio during the time period of April 2009 to May 2011 to be about \$634 million
4 (\$298 million was collected from CSP's customers and \$335 million from OPC's
5 customers). See Attachment DJD-D.

6
7 ***Q15. PLEASE EXPLAIN THE TERM "REMAND-REVISED 2012 RATES***
8 ***BEFORE PROPOSED ESP" USED IN YOUR ANALYSIS OF THE RATE***
9 ***AND REVENUE IMPACT OF THE STIPULATION.***

10 ***A15.*** The "Remand-Revised 2012 Rates before Proposed ESP" is the baseline ESP rate
11 I used for the analysis regarding the rate and revenue impacts of the Stipulation.
12 It represents the estimated electricity rate the customers of AEP Ohio will likely
13 face in 2012 before the implementation of the ESP as proposed in the Stipulation.
14 In calculating this "Remand-Revised 2012 Rates before Proposed ESP", I used
15 the same fuel cost (full amount without any cap), EICCR rate, transmission rate,
16 and distribution rate calculated and presented by AEP Ohio. Then I applied the
17 three adjustments: a lower Base Generation Rate, a POLR charge set at "zero"
18 and a PIRR rate set at "zero" I described earlier in my testimony. I believe this is
19 a reasonable and valid baseline rate. The "Remand-Revised 2012 Rates before
20 Proposed ESP" as well as the stipulated rates presented by AEP Ohio for different
21 classes of customers are presented in Attachment DJD-E.

**Q16. PLEASE SUMMARIZE YOUR FINDINGS REGARDING THE INCREASE
IN BASE GENERATION RATE, TOTAL GENERATION RATE, AND
TOTAL RATE, BY CUSTOMER CLASS, AS A RESULT OF THE
STIPULATION.**

A16. By using the various rate components of the “Remand-Revised 2012 Rates before Proposed ESP” as the baseline for comparison, I calculated the percentage increases in rates for different classes of AEP Ohio’s customers as a result of the Stipulation. A summary of the percentage increase in Base Generation Rate by customer class is shown in Attachment DJD-F. A summary of the percentage increase in Total Generation Rate by customer class is shown in Attachment DJD-G. A summary of the percentage increase in Total Rate is shown in Attachment DJD-H. The percentage increases of these three rate components all indicate that residential customers are expected to have much higher and disproportionate percentages of rate increases than other major customer classes such as GS1, GS2, GS3, and GS4/IRP. A summary of the percentage of increase is shown in Table 1.

Table 1: Percentage Increase in Rates by Customer Classes (2012 to 2014)

	CSP			OPC		
Customer Class	Base Generation Rate	Total Generation Rate	Total Rate	Base Generation Rate G	Total Generation Rate	Total Rate
RS	78%	20%	17%	47%	22%	20%
GS1	-39%	-27%	2%	-19%	-8%	14%
GS2	-34%	-24%	5%	-3%	0%	21%

GS3	15%	-1%	7%	19%	10%	10%
GS4/IRP	128%	20%	10%	15%	9%	2%
All Customers	45%	9%	12%	20%	11%	13%

Q17. PLEASE SUMMARIZE YOUR FINDINGS REGARDING THE PERCENTAGE SHARE OF THE INCREASE IN TOTAL REVENUE, BY CUSTOMER CLASS, AS A RESULT OF THE STIPULATION.

A17. I have calculated the percentage share of the increase in total revenue to be collected for different classes of customers under the Stipulation. See Attachment DJD-I. Once again, residential customers are asked to bear a very high percentage of the increase in total revenue. For the three-year period of 2012, 2013, and 2014, CSP's residential customers are expected to pay an additional \$311 million, 68% of the total revenue increase of \$458 million. For the same time period, OPC's residential customers are expecting to pay \$351 million, 52% of the total revenue increase of \$677 million. The percentage shares of the other four major customer classes, GS1, GS2, GS3, and GS4/IRP are considerably lower. In the case of CSP, GS3 customers have the second highest percentage share of 16% of total revenue increase. In the case of OP, GS2 customers have the second highest percentage share of 27%. A summary of the percentage share of the increase in total revenue is shown in Table 2. Notably, the signatory parties have not shown any credible rationale for the revenue distribution; nor can it be claimed that the stipulated rate increases among different customer classes are supported by the cost to serve.

Table 2: Percentage Share of Increase in Revenues by Customer Class

	2012		2013		2014		2012-2014	
Customer Class	CSP	OPC	CSP	OPC	CSP	OPC	CSP	OPC
RS	62%	48%	70%	54%	69%	53%	68%	52%
GS1	1%	3%	0%	2%	0%	2%	0%	2%
GS2	7%	32%	5%	27%	4%	24%	5%	27%
GS3	21%	18%	15%	16%	15%	17%	16%	17%
GS4/IRP	8%	-5%	8%	-3%	11%	3%	9%	-1%

Q18. PLEASE EXPLAIN YOUR CALCULATION OF THE “BASELINE ESP RATE” USED IN YOUR ANALYSIS REGARDING THE COMPARISON OF THE ESP OPTION (AS SPECIFIED IN THE STIPULATION) AND THE MRO OPTION.

A18. As advised by counsel, one of the legal requirements for the approval of an ESP (as specified in the Stipulation in this proceeding) is that the rates, terms, and conditions under the Stipulation (as an ESP) are more favorable in the aggregate as compared to the expected results that would otherwise be obtained through a market rate offer. The statute also provides specific guidelines on making this ESP-MRO comparison. PUCO Staff witness Robert B. Fortney has concluded that during the three-year period of 2012 to 2015, the ESP (Stipulation) option is slightly more favorable than the MRO option. \

1 In making my own comparison, I generally follow Mr. Fortney's methodology
2 and some of the data used such as the projected market price of electricity and the
3 transmission adjustment. However, I did not use the "Current Market
4 Comparable Total Generation" defined and calculated in his analysis as the
5 Baseline ESP Rate required in estimating the blended MRO price. I conclude that
6 the full impact of the Remand proceeding, that is, the removal of the
7 environmental carrying charge and the POLR charge and the flow-through effect
8 on FAC deferral balance, must be reflected in the baseline 2011 ESP rate. Even
9 though the Commission has not decided the Remand proceeding, I believe, as a
10 better protection of the customer and public interest, it is reasonable to apply a
11 stringent but reasonable assumption in making this ESP-MRO comparison. It
12 should also be noted that the "Remand-Revised 2012 Rate before Proposed ESP"
13 may also overestimate the 2011 Baseline ESP Rate as the effects of the pending
14 2009 and 2010 FAC Audit cases are not reflected in the baseline ESP rates I
15 proposed and calculated in making the ESP-MRP comparison. In this regard, it is
16 possible that the actual cost advantage of the MRO option over the Stipulation
17 (ESP option) is even larger than my calculation here.

18
19 I used the "Remand-Revised 2012 Rate before Proposed ESP" calculated earlier
20 in my testimony plus the "Transmission Adjustment" as the "Baseline ESP Rate"
21 in making the ESP-MRO comparison. The results are shown in Attachment DJD-
22 J.
23

1 ***Q19. PLEASE DEFINE AND EXPLAIN YOUR CALCULATION OF THE “MRO***
2 ***RATE” USED IN YOUR COMPARISON OF THE ESP OPTION AND THE***
3 ***MRO OPTION.***

4 ***A19.*** The “MRO Rate”, according to the statute, is a blending of the most recent ESP
5 rate and the expected market price of electricity. In my analysis, the “Baseline
6 ESP Rate” is used as the most recent ESP price. The expected market price for
7 electricity is the same as those provided by PUCO Staff witness Johnson in his
8 testimony, with the exception of the 2014 projected market price.³⁰ The 2014
9 projected market price I used (\$67.49 per MWH) is the average of the January
10 2013 through May 2014 market price (\$61.38 per MWH) and the June 2014
11 through May 2015 price (\$73.59 per MWH) estimated by Staff witness Johnson.
12 The blending ratios are 90% of the most recent ESP price plus 10% of expected
13 market price for the first year, 80% of the most recent ESP price plus 20% of
14 expected market price for the second year, and 70% of the most recent ESP price
15 plus 30% of expected market price for the third year.³¹

16
17 ***Q20. PLEASE SUMMARIZE YOUR FINDINGS REGARDING THE***
18 ***COMPARISON OF THE STIPULATED ESP OPTION AND THE MRO***
19 ***OPTION.***

20 ***A20.*** A detailed comparison of the ESP-MRO options in 2012, 2013, 2014, and the
21 whole three-year period is shown in Attachment DJD-J. My calculations show

³⁰ See Pre-filed Testimony of Daniel R. Johnson, August 4, 2011 at 32.

³¹ See R.C. 4928.142(D).

1 that AEP Ohio's customers will likely pay \$351 million more in generation costs
2 under the Stipulation than under the MRO option. Therefore, I conclude that the
3 ESP option specified in the Stipulation is not more favorable in the aggregate than
4 the MRO option. The Stipulation, in its current form, must be rejected.

5
6 ***Q21. HAVE YOU REVIEWED OTHER TERMS AND CONDITIONS OF THE***
7 ***STIPULATION AS PART OF THE ESP-MRO COMPARISON.***

8 ***A21.*** Yes. I read the other terms and conditions specified in the Stipulation and
9 considered some of these terms and conditions. It is my understanding that the
10 required MRO-ESP comparison does include rates and other terms and
11 conditions, including, for example, any deferral and future recovery of deferral.³²
12 Nevertheless, I conclude that the effects of these terms and conditions, if any, do
13 not change the overall results of the ESP-MRO comparison.

14
15 ***Q22. PLEASE COMMENT ON THE PHASE-IN RECOVERY RIDER (PIRR)***
16 ***PROVISIONS OF THE STIPULATION.***

17 ***A22.*** AEP Ohio (Ohio Power Company) filed an application on September 1, 2011 for
18 approval of a mechanism to recover deferred fuel costs accumulated during the
19 first ESP (the "PIRR" proceeding).³³ The process for collecting the phase-in FAC

³² See R.C. 4928.143(C)(1).

³³ Application for Approval of a Mechanism to Recover Deferred Fuel Costs (PUCO Case No. 11-4921-EL-RDR).

1 deferral balances at the end of 2011, if any, starting January 2012 through
2 December 2018 was provided in the order of the first ESP filing. However, the
3 amount of the deferral balance to be recovered through the PIRR is still to be
4 determined by the Commission. This PIRR proceeding is part of the Stipulation
5 at the present time, and there are several provisions in the Stipulation related to
6 the PIRR.

7
8 First of all, I conclude that there is no need for a PIRR as there is likely no
9 regulatory asset associated with FAC deferral at the end of 2011. As discussed
10 earlier in my testimony, the FAC deferral balance of AEP Ohio at the end of 2011
11 should be set at “zero” after the effects of the Remand proceeding and the FAC
12 Audit proceedings are fully accounted for.

13
14 Second, the Stipulation’s prohibition against adjustments to the book balance at
15 the end of 2011 is unreasonable and is not in the best interest of customers. In
16 addition to the flow-through effects of removing the POLR charge and the
17 environmental carrying charge embedded in base generation rate on the FAC
18 deferral balance, three FAC audits that have been completed or will be completed
19 and will likely to result in further reduction of the FAC deferral balance at the end
20 of 2011. There is a strong probability that AEP Ohio has been actually over-
21 collecting the costs of fuel and purchased power over the three-year period of the
22 first ESP.

1 The record for the 2009 FAC Audit has been completed and the case has been
2 briefed. The 2010 FAC Audit was completed and a procedural schedule has been
3 set.³⁴ It is expected to go to hearing in October 2011. In both proceedings, there
4 are disagreements regarding the amount of prudently-incurred FAC costs in 2009
5 and 2010 that should be allocated to AEP Ohio's retail customers. The amounts
6 of possible adjustment in the FAC costs allocated to retail customers are
7 substantial. The PIRR proceeding should not be resolved through the Stipulation.
8 The pending PIRR proceeding should be decided separately from this proceeding
9 and should fully reflect the expected outcome of the three FAC audit cases. Any
10 PIRR rate, if authorized by the Commission before the completion of the three
11 FAC audits, should be collected subject to refund.

12
13 ***Q23. PLEASE COMMENT ON THE SECURITIZATION PROVISIONS OF THE***
14 ***STIPULATION.***

15 **A23.** If the Commission decides that a PIRR rate should still be approved, the
16 provisions in the Stipulation regarding securitization of the FAC regulatory asset
17 need to be modified or removed. First, I have been advised by counsel that
18 existing statutes, specifically O.A.C. 4928.143(B)(2)(f), already provide for a
19 securitization based on the phase-in deferral balance under the ESP. AEP Ohio
20 had the option to propose a securitization plan in the proposed ESP under existing
21 statutes and choose not to do so.

³⁴ See PUCO Case No. 10-1286-EL-FAC.

1 Second, the securitization provisions in the Stipulation are ambiguous and
2 unworkable. There is no definition of “suitable and appropriate legislation” to
3 address the matter of securitization. The advance agreement to support any
4 subsequent approvals needed or tariffs required by AEP Ohio from the
5 Commission to securitize the PIRR regulatory assets is highly unusual given that
6 the Stipulation is not specific as to what the stipulating parties are agreeing to, nor
7 as to what AEP Ohio will propose.

8
9 Third, the provision in the Stipulation requiring AEP Ohio to use a mechanism to
10 make an adjustment (up or down) equal to the amount adjusted by the
11 Commission or the Supreme Court of Ohio is in all likelihood an empty promise.
12 Based on my understanding of possible new securitization legislation, there will
13 be strict limitations regarding any possible adjustments of an underlying
14 regulatory asset once the regulatory asset is being securitized. Obviously, in this
15 proceeding, I am not going to discuss specific provisions of any possible new
16 legislation on securitization. I am not proposing to put any restriction on possible
17 securitization legislation as it is not a subject of my testimony. But I do believe
18 that any regulatory asset should not be securitized until the value of the regulatory
19 asset is finalized and all appeals of all proceedings underlying the regulatory asset
20 are exhausted. This is the best approach for AEP Ohio’s customers and AEP
21 Ohio. The Stipulation fails to adopt this reasonable approach.

**Q24. PLEASE COMMENT ON THE DISTRIBUTION INVESTMENT RIDER
(DIR) PROVISIONS OF THE STIPULATION.**

A24. The establishment of a DIR effective January 2012 based on post-2000 investment, as proposed in the Stipulation, is unnecessary and problematic given that AEP Ohio already has filed a distribution rate case and the discovery and review of the distribution rate case is well underway.³⁵ There are three problems related to the DIR provisions of the Stipulation.

First, the ROE of 10.50% contained in the Stipulation is not based on any supporting record of this proceeding and there is no evidence presented that the stipulated ROE is related to the business and financial risk facing AEP Ohio. There has been no evidence presented that a ROE of 10.50% is a just and reasonable return for equity investors on such investment. In fact, the PUCO Staff has recommended a much lower ROE for AEP Ohio based on its review in a pending AEP

³⁵ The Staff Reports of the AEP Ohio distribution case were issued on September 15, 2011.

1 Ohio distribution rate case. The use of a stipulated ROE, unrelated to the business
2 and financial risk facing AEP Ohio and not shown to be just and reasonable
3 violates the long-standing practice and statutes in Ohio for setting the rates of
4 distribution services based on the cost of providing such a service.

5
6 The DIR provisions in the Stipulation also have the potential of allowing double
7 recovery by AEP Ohio of the return earned on and of the same capital investment,
8 specifically the distribution investment made after 2000 through August 31, 2010
9 (the Date Certain of the pending distribution case). The pending distribution rate
10 case, as a stand-alone traditional rate case, allows AEP Ohio the opportunity to
11 collect the return of and return on the incremental net plant in-service after 2000
12 through the date certain. The DIR provisions in the Stipulation provide another
13 opportunity for AEP Ohio to earn a return on and of the same distribution
14 investments subject to a prudence review each year. There is no guarantee that a
15 prudence review each year can prevent the double recovery of return earned on
16 distribution investments made in this particular period of time.

17
18 The DIR is mainly an accelerated cost recovery mechanism. I was advised by
19 counsel that current statutes, in particular R.C. 4928.143(B)(2)(h), allow an ESP
20 to include distribution investments, subject to certain limitations. Specifically, as
21 advised by counsel, the statutes require a showing of the need for such
22 investment. In this proceeding, AEP Ohio has not shown a compelling need for
23 distribution infrastructure or modernization investments. Moreover, the

1 Commission has not examined the reliability of AEP Ohio's distribution system
2 in this proceeding, which it must do before approving distribution infrastructure
3 investment under an ESP.

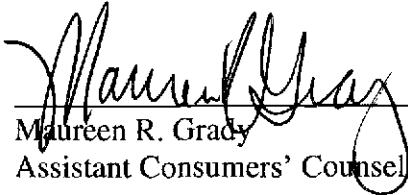
4
5 Additionally, as a matter of sound regulatory policy, an accelerated cost recovery
6 mechanism such as the DIR should be approved only if there is a clear showing of
7 the benefits of allowing such an accelerated recovery. AEP has failed to show the
8 need for such accelerated recovery. AEP Ohio always has the means to collect
9 return on and of distribution investment by filing a distribution rate case.

10
11 ***Q25. DOES THIS CONCLUDE YOUR TESTIMONY?***

12 ***A25.*** Yes. However, I reserve the right to supplement my testimony in the event that
13 AEP Ohio, PUCO Staff or other parties submit additional testimonies or
14 comments, or if new information or data in connection with this proceeding
15 becomes available.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Revised Direct Testimony of Daniel J. Duann was served via electronic transmission to the persons listed below on this 12th day of October, 2011.


Maureen R. Grady
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ATTACHMENT DJD-A

Estimations of Embedded Environmental Carrying Charges in Base Generation Rate and Remand-Revised 2011 Base Generation Rate

	2001-2008 Environmental Carrying Charges*	kWh*	Carrying Charges Embedded in 2009-2011 Base Generation Rate**	2011 Base Generation Rate***	Remand-Revised 2011 Base Generation Rate***
CSP					
RS	\$8,621,312	7,439,101,236	\$0.115892	\$2.01	\$1.894108
GS1	\$986,257	362,312,064	\$0.272212	\$4.57	\$4.297788
GS2	\$4,630,400	1,773,536,361	\$0.261083	\$4.40	\$4.138917
GS3	\$9,258,954	7,119,538,837	\$0.130050	\$2.20	\$2.069950
GS4/IRP	\$1,640,932	2,660,557,378	\$0.061676	\$0.94	\$0.878324
AL	\$91,589	53,767,943	\$0.170341	\$2.89	\$2.719659
SL	\$28,399	39,788,122	\$0.071376	\$1.81	\$1.738624
SBS	\$0	0		\$2.79	\$2.790000
Joint S.T.	\$742,157	2,233,977,978	\$0.033221		
SUBTOTAL	\$26,000,000	21,682,580,919	\$0.119912	\$2.02	\$1.900088
OP					
RS	\$26,016,192	7,496,610,363	\$0.347039	\$2.41	\$2.062961
GS1	\$1,832,864	372,084,578	\$0.492593	\$3.42	\$2.927407
GS2	\$15,207,911	3,463,583,598	\$0.439080	\$3.05	\$2.610920
GS3	\$18,387,785	6,243,044,003	\$0.294532	\$2.05	\$1.755468
GS4/IRP	\$17,045,983	6,955,687,138	\$0.245065	\$1.54	\$1.294935
EHG	\$57,598	24,990,056	\$0.230484	\$1.49	\$1.259516
EHS	-\$332	468,949	-\$0.070797	\$0.00	\$0.070797
SS	\$194,637	54,782,462	\$0.355291	\$2.47	\$2.114709
FL	\$0	0		\$0.42	\$0.420000
OL	\$427,508	58,236,191	\$0.734093	\$6.92	\$6.185907
SL	\$379,476	66,331,404	\$0.572091	\$7.37	\$6.797909
SBS	\$12,206	1,160,674	\$1.051630	\$45.79	\$44.738370
Joint S.T.	\$4,438,173	2,234,013,996	\$0.198664		
SUBTOTAL	\$84,000,001	26,970,793,414	\$0.311448	\$2.16	\$1.848552
AEP Ohio					
	\$110,000,001	48,653,374,333	\$0.226089	\$2.10	\$1.873911

Sources:

- * Compliance Tariffs and Work Papers Filed on July 28, 2009 in Case Nos. 08-917-EL-SSO et al.
- ** Calculated by dividing the "2001-2008 Environmental Carrying Charges" by "kWh" and times 100.
- *** Exhibit DMR-1, page 1 of 2 of testimony filed by AEP witness David M. Roush on September 13, 2011 in Case Nos. 11-346-EL-SSO et al.
- **** Calculated by deducting the "Embedded Environmental Carrying Charge" from the "Base Generation Rate".

ATTACHMENT DJD-B

Estimate of Revenues Collected Under Base Generation Rate for Annual Environmental Carrying Charges (2009-2011)

	Annual Amount As Filed In ESP Tariffs {a}	Monthly Average {b}	Estimated Revenues (April 2009 - May 2011) {c}	Estimated Revenue (June 2011 - December 2011) {d}	Estimated Total ESP (April 2009 - December 2011)
CSP	\$26,000,000	\$2,166,667	\$62,833,333	\$15,166,667	\$78,000,000
OP	\$84,000,001	\$7,000,000	\$203,000,002	\$49,000,001	\$252,000,003
AEP Ohio	\$110,000,001	\$9,166,667	\$265,833,336	\$64,166,667	\$330,000,003

Sources:

- (a) Compliance Tariffs and Work Papers Filed on July 28, 2009, page 60 for CSP and page 71 for OPC in Case Nos. 08-919-EL-SSO et al.
- (b) Annual Amount divided by 12.
- (c) For April 2009 through December 2009 AEP Ohio was allowed to collect the full annual amount of increase resulting in a total 29 months of collections for April 2009 through May 2011.
- (d) June 2011 through December 2011 is 7 months.

ATTACHMENT DID-C

Estimate of Revenues Collected Under POLR Charge Rider (2009-2011)

	Annual Amount As Filed In ESP Tariffs (a)	Monthly Average (b)	Estimated Revenues		Estimated Revenue (June 2011 - December 2011)		Estimated Total ESP (April 2009 - December 2011)
			(April 2009 - May 2011)	(c)	(d)	(d)	
CSP	\$97,384,098	\$8,115,342	\$235,344,904		\$56,807,391		\$292,152,294
OP	\$54,801,769	\$4,566,814	\$132,437,608		\$31,967,699		\$164,405,307
AEP Ohio	\$152,185,867	\$12,682,156	\$367,782,512		\$88,775,089		\$456,557,601

Sources:

- (a) Compliance Tariffs and Work Papers Filed on July 28, 2009, page 60 for CSP and page 71 for OP in Case Nos. 08-919-EL-SSO et al.
- (b) Annual Ammount divided by 12.
- (c) For April 2009 through December 2009, AEP Ohio was allowed to collect the annual amount of increase resulting in a total of 29 months of collection for April 2009 through May 2011.
- (d) June 2011 through December 2011 is 7 months.

ATTACHMENT DJD-D

Estimate of Revenues Collected (Excluding Carrying Cost on Deferral) Under Base Generation Rate and POLR Adjustments (201

	Base Generation Rate (a)	POLR (b)	Total
<u>April 2009 - May 2011</u>			
CSP	\$62,833,333	\$235,344,904	\$298,178,237
OP	\$203,000,002	\$132,437,608	\$335,437,610
AEP Ohio	\$265,833,336	\$367,782,512	\$633,615,848
<u>June 2011 - September 2011</u>			
CSP	\$8,666,667	\$32,461,368	\$41,128,035
OP	\$28,000,000	\$18,267,256	\$46,267,256
AEP Ohio	\$36,666,667	\$50,728,624	\$87,395,291
<u>October 2011 - December 2011</u>			
CSP	\$6,500,000	\$24,346,026	\$30,846,026
OP	\$21,000,000	\$13,700,442	\$34,700,442
AEP Ohio	\$27,500,000	\$38,046,468	\$65,546,468
Total			
CSP	\$78,000,000	\$292,152,294	\$370,152,294
OP	\$252,000,003	\$164,405,307	\$416,405,310
AEP Ohio	\$330,000,003	\$456,557,601	\$786,557,604

Sources:

(a) Compliance Tariffs and Work Papers Filed on July 28, 2009 and Attachment DJD-B.

(b) Compliance Tariffs and Work Papers Filed on July 28, 2009 and Attachment DJD-C.

REVISED ATTACHMENT DJD-E (1 of 2)

Remand-Revised 2012 Rates Before ESP and Summary of Stipulated Rate Increases

	Remand-Revised 2012 Rates Before Proposed ESP(a)									
	Base Gen.	Full FAC	Full Env.	Total Gen.	Trans.	Dist.	POLR	Phase-In Rider	Total	
CSP										
RS	2.01	3.65	0.11	5.77	0.82	4.00	0	0	10.59	
GS1	4.57	3.65	0.26	8.48	0.70	3.63	0	0	12.81	
GS2	4.40	3.64	0.25	8.29	0.75	2.41	0	0	11.45	
GS3	2.20	3.60	0.13	5.93	0.58	1.59	0	0	8.10	
GS4/IRP	0.94	3.46	0.05	4.45	0.70	0.28	0	0	5.43	
AL	2.89	3.65	0.16	6.70	0.22	13.66	0	0	20.58	
SL	1.81	3.65	0.10	5.56	0.22	7.38	0	0	13.16	
SBS	2.79	3.46	0.16	6.41	1.72	0.34	0	0	8.47	
Subtotal	2.02	3.59	0.12	5.73	0.72	2.46	0	0	8.91	
OP										
RS	2.41	3.16	0.08	5.65	0.85	3.41	0	0	9.91	
GS1	3.42	3.16	0.12	6.70	0.70	4.04	0	0	11.44	
GS2	3.05	3.13	0.10	6.28	0.60	2.10	0	0	8.98	
GS3	2.05	3.09	0.07	5.21	0.59	1.49	0	0	7.29	
GS4/IRP	1.54	2.98	0.05	4.57	0.56	0.25	0	0	5.38	
EHG	1.49	3.16	0.05	4.70	1.03	2.81	0	0	8.54	
EHS	0.00	3.16	0.00	3.16	0.65	0.81	0	0	4.62	
SS	2.47	3.16	0.08	5.71	0.65	2.15	0	0	8.51	
FL	0.42	3.16	0.01	3.59	0.60	2.71	0	0	6.90	
OL	6.92	3.16	0.24	10.32	0.27	10.19	0	0	20.78	
SL	7.37	3.16	0.25	10.78	0.27	7.51	0	0	18.56	
SBS	45.79	2.98	1.56	50.33	19.77	41.27	0	0	111.37	
Subtotal	2.16	3.08	0.07	5.31	0.65	1.77	0	0	7.73	

AEP Ohio

Percentage Increase Over 2012 Rates Before Proposed ESP

Percentage Increase Over Previous Year

	2.10	3.29	0.09	5.48	0.68	2.05	0	0	8.21	
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	2012 Rates with Proposed ESP**									
	Base Gen.	FAC	Env.	Total Gen.	Trans.	Dist.	POLR	LF Rider	Phase-In Rider	Total
CSP										
RS	3.22	3.38		6.60	0.82	4.40				11.53
GS1	2.52	3.38		5.89	0.70	3.98				13.14
GS2	2.63	3.37		6.00	0.75	2.62		1.04	0.23	12.21
GS3	2.29	3.33		5.62	0.58	1.72		-0.08	0.23	8.58
GS4/IRP	1.93	3.20		5.13	0.70	0.30		-0.13	0.23	5.69
AL	0.54	3.38		3.91	0.22	15.26			0.23	23.24
SL	0.54	3.38		3.92	0.22	8.21			0.23	14.56
SBS	2.88	3.20		6.07	1.72	0.36			0.22	8.63
Subtotal	2.63	3.33		5.95	0.72	2.69		0.01	0.13	9.56
OP										
RS	3.20	3.38		6.57	0.85	3.75				11.10
GS1	2.50	3.38		5.87	0.70	4.46			0.23	12.94
GS2	2.66	3.35		6.00	0.60	2.29		1.06	0.23	10.72
GS3	2.20	3.30		5.50	0.59	1.60		-0.19	0.22	7.83
GS4/IRP	1.57	3.20		4.76	0.56	0.27		-0.31	0.22	5.27
EHG	2.68	3.38		6.05	1.03	3.08			0.23	9.75
EHS	2.70	3.38		6.08	0.65	0.84			0.23	5.19
SS	2.70	3.38		6.08	0.65	2.34			0.23	9.43
FL	2.35	3.38		5.72	0.60	2.97			0.23	8.04
OL	0.54	3.38		3.91	0.27	11.37			0.23	23.95
SL	0.54	3.38		3.92	0.27	8.38			0.23	20.62
SBS	69.20	3.20		72.39	19.77	46.24		-0.01	0.22	126.85
Subtotal	2.33	3.30		5.63	0.65	1.94			0.16	8.43
AEP Ohio										
	2.45	3.31		5.76	0.68	2.24		0.00	0.15	8.88

8.16%
8.16%

** Reflects forecasted FAC from Case No. 11-281-EL-FAC
Reflects Distribution Investment Recovery Rider at Settlement maximum amount.
Reflects Phase-In Recovery Rider on CSP and OP after ESP Remand.
Reflects No Phase-In Recovery Rider collection for CSP and OP residential customers
Reflects GS-1 & GS-2 School Exemption from Transition Rider
Reflects \$10 million shopping credit for GS-2
No estimate of potential Generation Resource Rider.

Source:

(a) Except the "2012 Base Gen.", all data in this Attachment are from EXHIBIT DMR-1 in testimony filed by David M. Roush on September 13, 2011. The "Base Gen." are the same as "Remand-Revised 2011 Base Generation Rate" in Attachment DJD-A.

REVISED ATTACHMENT DJD-E (2 of 2)
Remand-Revised 2012 Rates Before ESP and Summary of Stipulated Rate Increases

	2013 Rates with Proposed ESP***										2014 Rates with Proposed ESP***											
	Base Gen.	FAC	Env.	Total Gen.	Current Trans.	Proj. Dist.	POIR	LF Rider	Phase-In Rider	Transition Rider	Total	Base Gen.	FAC	Env.	Total Gen.	Current Trans.	Proj. Dist.	POIR	LF Rider	Phase-In Rider	Transition Rider	Total
CSP																						
RS	3.38	3.38		6.76	0.82	4.47			0.23	-0.25	12.04	3.58	3.38		6.95	0.82	4.56			0.23	-0.21	12.35
G51	2.64	3.38		6.02	0.70	4.05			0.23	2.06	13.06	2.79	3.38		6.17	0.70	4.13			0.23	1.79	13.02
G52	2.76	3.37		6.13	0.75	2.66		1.04	0.23	1.32	12.12	2.92	3.37		6.29	0.75	2.71		1.04	0.23	1.06	12.07
G53	2.40	3.33		5.73	0.58	1.74		-0.08	0.23	0.38	8.57	2.54	3.33		5.87	0.58	1.77		-0.08	0.23	0.33	8.68
G54/RP	2.03	3.20		5.22	0.70	0.31		-0.13	0.22	-0.55	5.77	2.14	3.20		5.34	0.70	0.31		-0.13	0.22	-0.46	5.98
AL	0.56	3.38		3.94	0.22	15.57			0.23	3.38	23.34	0.59	3.38		3.97	0.22	15.92			0.23	3.19	23.53
SL	0.57	3.38		3.95	0.22	8.38			0.23	1.86	14.63	0.60	3.38		3.98	0.22	8.56			0.23	1.77	14.76
SBS	3.02	3.20		6.21	1.72	0.36			0.22	0.20	8.71	3.20	3.20		6.39	1.72	0.37			0.22	0.13	8.82
Subtotal	2.76	3.33		6.09	0.72	2.74		0.01	0.23	0.00	9.79	2.92	3.33		6.24	0.72	2.79		0.01	0.23	0.00	10.00
OP																						
RS	3.36	3.38		6.73	0.85	3.82			0.23	-0.05	11.57	3.55	3.38		6.92	0.85	3.89			0.23	-0.04	11.85
G51	2.62	3.38		6.00	0.70	4.54			0.23	1.49	12.95	2.77	3.38		6.15	0.70	4.63			0.23	1.30	13.01
G52	2.79	3.35		6.14	0.60	2.33		1.06	0.23	0.44	10.79	2.95	3.35		6.30	0.60	2.37		1.06	0.23	0.35	10.89
G53	2.31	3.30		5.61	0.59	1.63		-0.19	0.22	0.01	7.87	2.44	3.30		5.74	0.59	1.65		-0.19	0.22	0.02	8.04
G54/RP	1.66	3.20		4.86	0.56	0.28		-0.31	0.22	-0.29	5.31	1.77	3.20		4.97	0.56	0.28		-0.31	0.22	-0.25	5.47
EHG	2.81	3.38		6.19	1.03	3.13			0.23	-0.54	10.05	2.97	3.38		6.35	1.03	3.19			0.23	-0.43	10.38
EHS	2.83	3.38		6.21	0.65	0.84			0.23	-2.23	5.70	3.00	3.38		6.37	0.65	0.85			0.23	-1.82	6.28
SS	2.84	3.38		6.21	0.65	2.38			0.23	0.11	9.58	3.00	3.38		6.38	0.65	2.42			0.23	0.09	9.77
FL	2.46	3.38		5.84	0.60	3.02			0.23	-1.25	8.44	2.60	3.38		5.98	0.60	3.08			0.23	-1.01	8.89
OL	0.56	3.38		3.94	0.27	11.61			0.23	7.27	23.32	0.59	3.38		3.97	0.27	11.87			0.23	6.47	22.81
SL	0.57	3.38		3.95	0.27	8.55			0.23	6.94	19.94	0.60	3.38		3.98	0.27	8.74			0.23	6.15	19.36
SBS	72.66	3.20		75.85	19.77	47.22			0.22	-11.62	131.45	76.13	3.20		79.33	19.77	48.32			0.22	-11.03	136.61
Subtotal	2.45	3.30		5.75	0.65	1.97		-0.01	0.22	0.00	8.59	2.60	3.30		5.89	0.65	2.01		-0.01	0.22	0.00	8.77
AEP Ohio																						
	2.57	3.31		5.88	0.68	2.28		0.00	0.22	0.00	9.07	2.72	3.31		6.03	0.68	2.32		0.00	0.22	0.00	9.26
Percentage Increase Over 2012 Rates Before Proposed ESP																					12.79%	
Percentage Increase Over Previous Year																					2.05%	

*** Reflects forecasted FAC from Case No. 11-281-EL-FAC
 Reflects Distribution Investment Recovery Rider at Settlement maximum amount.
 Reflects Phase-In Recovery Rider on CSP and OP, but not potential securitization savings.
 Reflects GS-1 & GS-2 School Exemption from Transition Rider.
 Reflects \$10 million shopping credit for GS-2.
 No estimate of potential Generation Resource Rider.

Source:
 (a) Except the "2012 Base Gen.", all data in this Attachment are from Exhibit DMR-1 in testimony filed by David M. Roush on September 13, 2011. The "Base Gen." are the same as "Remand-Revised 2011 Base Generation Rate" in Attachment DJD-A.

REVISED ATTACHMENT DJD-F

Summary of Stipulated Base Generation Rates Increase Based on Remand-Revised 2012 Base Generation Rates

	2012			2013			2014		
	Remand-Revised 2012 Base Generation Rate*			Stipulated 2013 Base Generation Rate**			Stipulated 2014 Base Generation Rate**		
		Stipulated 2012 Base Generation Rate**	Percentage Change from 2011***		Stipulated 2013 Base Generation Rate**	Percentage Change from 2011***		Stipulated 2014 Base Generation Rate**	Percentage Change from 2011***
CSP									
RS	\$2.01	\$3.22	60%	\$3.38	68%	\$3.58	78%		
GS1	\$4.57	\$2.52	-45%	\$2.64	-42%	\$2.79	-39%		
GS2	\$4.40	\$2.63	-40%	\$2.76	-37%	\$2.92	-34%		
GS3	\$2.20	\$2.29	4%	\$2.40	9%	\$2.54	15%		
GS4/IRP	\$0.94	\$1.93	105%	\$2.03	116%	\$2.14	128%		
AL	\$2.89	\$0.54	-81%	\$0.56	-81%	\$0.59	-80%		
SL	\$1.81	\$0.54	-70%	\$0.57	-69%	\$0.60	-67%		
SBS	\$2.79	\$2.88	3%	\$3.02	8%	\$3.20	15%		
SUBTOTAL	\$2.02	\$2.63	30%	\$2.76	37%	\$2.92	45%		
OP									
RS	\$2.41	\$3.20	33%	\$3.36	39%	\$3.55	47%		
GS1	\$3.42	\$2.50	-27%	\$2.62	-23%	\$2.77	-19%		
GS2	\$3.05	\$2.66	-13%	\$2.79	-9%	\$2.95	-3%		
GS3	\$2.05	\$2.20	7%	\$2.31	13%	\$2.44	19%		
GS4/IRP	\$1.54	\$1.57	2%	\$1.66	8%	\$1.77	15%		
EHG	\$1.49	\$2.68	80%	\$2.81	89%	\$2.97	99%		
EHS	\$0.00	\$2.70	#DIV/0!	\$2.83	#DIV/0!	\$3.00	#DIV/0!		
SS	\$2.47	\$2.70	9%	\$2.84	15%	\$3.00	21%		
FL	\$0.42	\$2.35	460%	\$2.46	486%	\$2.60	519%		
OL	\$6.92	\$0.54	-92%	\$0.56	-92%	\$0.59	-91%		
SL	\$7.37	\$0.54	-93%	\$0.57	-92%	\$0.60	-92%		
SBS	\$45.79	\$69.20	51%	\$72.66	59%	\$76.13	66%		
SUBTOTAL	\$2.16	\$2.33	8%	\$2.45	13%	\$2.60	20%		
AEP Ohio									
	\$2.10	\$2.45	17%	\$2.57	22%	\$2.72	30%		

Sources:

* Attachment DJD-E.

** Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.

*** Calculated as "Stipulated Base Generation Rates" divided by "Remand-Revised 2012 Base Generation Rate" minus 1.

REVISED ATTACHMENT DJD-G

Summary of Stipulated Total Generation Rates Increase Based on Remand-Revised 2012 Total Generation Rates

	Remand- Revised 2012 Total Generation Rate*	2012		2013		2014	
		Stipulated 2012 Total Generation Rates**	Percentage Change from 2011***	Stipulated 2013 Total Generation Rates**	Percentage Change from 2011***	Stipulated 2014 Total Generation Rates**	Percentage Change from 2011***
CSP							
RS	\$5.77	\$6.60	14%	\$6.76	17%	\$6.95	20%
GS1	\$8.48	\$5.89	-31%	\$6.02	-29%	\$6.17	-27%
GS2	\$8.29	\$6.00	-28%	\$6.13	-26%	\$6.29	-24%
GS3	\$5.93	\$5.62	-5%	\$5.73	-3%	\$5.87	-1%
GS4/IRP	\$4.45	\$5.13	15%	\$5.22	17%	\$5.34	20%
AL	\$6.70	\$3.91	42%	\$3.94	41%	\$3.97	41%
SL	\$5.56	\$3.92	-29%	\$3.95	-29%	\$3.98	-28%
SBS	\$6.41	\$6.07	-5%	\$6.21	-3%	\$6.39	0%
SUBTOTAL	\$5.73	\$5.95	4%	\$6.09	6%	\$6.24	9%
OP							
RS	\$5.65	\$6.57	16%	\$6.73	19%	\$6.92	22%
GS1	\$6.70	\$5.87	-12%	\$6.00	-10%	\$6.15	-8%
GS2	\$6.28	\$6.00	-4%	\$6.14	-2%	\$6.30	0%
GS3	\$5.21	\$5.50	6%	\$5.61	8%	\$5.74	10%
GS4/IRP	\$4.57	\$4.76	4%	\$4.86	6%	\$4.97	9%
EHG	\$4.70	\$6.05	29%	\$6.19	32%	\$6.35	35%
EHS	\$3.16	\$6.08	92%	\$6.21	97%	\$6.37	102%
SS	\$5.71	\$6.08	6%	\$6.21	9%	\$6.38	12%
FL	\$3.59	\$5.72	59%	\$5.84	63%	\$5.98	67%
OL	\$10.32	\$3.91	-62%	\$3.94	-62%	\$3.97	-62%
SL	\$10.78	\$3.92	-64%	\$3.95	-63%	\$3.98	-63%
SBS	\$50.33	\$72.39	44%	\$75.85	51%	\$79.33	58%
SUBTOTAL	\$5.31	\$5.63	6%	\$5.75	8%	\$5.89	11%
AEP Ohio							
	\$5.48	\$5.76	5%	\$5.88	7%	\$6.03	10%

Sources:

* Attachment DID-E.

** Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.

*** Calculated as "Stipulated Total Generation Rates" divided by "Remand-Revised 2012 Total Generation Rate" minus 1.

REVISED ATTACHMENT DJD-H

Summary of Stipulated Total Rates Increase Based on Remand-Revised 2012 Total Rates

	Remand- Revised 2012 Total Rate*	2012		2013		2014	
		Stipulated 2012 Total Rate**	Percentage Change from 2011***	Stipulated 2013 Total Rate**	Percentage Change from 2011***	Stipulated 2014 Total Rate**	Percentage Change from 2011***
CSP							
RS	\$10.59	\$11.53	9%	\$12.04	14%	\$12.36	17%
GS1	\$12.81	\$13.14	3%	\$13.06	2%	\$13.02	2%
GS2	\$11.45	\$12.21	7%	\$12.12	6%	\$12.07	5%
GS3	\$8.10	\$8.58	6%	\$8.57	6%	\$8.68	7%
GS4/IRP	\$5.43	\$5.69	5%	\$5.77	6%	\$5.98	10%
AL	\$20.58	\$23.24	13%	\$23.34	13%	\$23.53	14%
SL	\$13.16	\$14.56	11%	\$14.63	11%	\$14.76	12%
SBS	\$8.47	\$8.63	2%	\$8.71	3%	\$8.82	4%
SUBTOTAL	\$8.91	\$9.56	7%	\$9.79	10%	\$10.00	12%
OP							
RS	\$9.91	\$11.10	12%	\$11.57	17%	\$11.85	20%
GS1	\$11.44	\$12.94	13%	\$12.95	13%	\$13.01	14%
GS2	\$8.98	\$10.72	19%	\$10.79	20%	\$10.89	21%
GS3	\$7.29	\$7.83	7%	\$7.87	8%	\$8.04	10%
GS4/IRP	\$5.38	\$5.27	-2%	\$5.31	-1%	\$5.47	2%
EHG	\$8.54	\$9.75	14%	\$10.05	18%	\$10.38	22%
EHS	\$4.62	\$5.19	12%	\$5.70	23%	\$6.28	36%
SS	\$8.51	\$9.43	11%	\$9.58	13%	\$9.77	15%
FL	\$6.90	\$8.04	17%	\$8.44	22%	\$8.89	29%
OL	\$20.78	\$23.95	15%	\$23.32	12%	\$22.81	10%
SL	\$18.56	\$20.62	11%	\$19.94	7%	\$19.36	4%
SBS	\$111.37	\$126.85	14%	\$131.45	18%	\$136.61	23%
SUBTOTAL	\$7.73	\$8.43	9%	\$8.59	11%	\$8.77	13%
AEP Ohio							
	\$8.21	\$8.88	8%	\$9.07	10%	\$9.26	13%

Sources:

* Attachment DJD-E.

** Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.

*** Calculated as "Stipulated Total Rate" divided by "Remand-Revised 2012 Total Rate" minus 1.

REVISED ATTACHMENT DJD-1

Share of Total Revenue Increases by Customer Class Under Stipulated Rates (Based on Remand-Revised 2012 Rates Before Proposed ESP)

	Energy Use	Baseline				2012				2013				2014				2012 - 2014			
		2012 Share of Energy Usage (kWh)*	Remand- Total Rate Before ESP**	Revised 2012 Total Rate	Total Revenue Based on 2012 Rate***	Share of Total Revenue	Stipulated 2012 Total Rate****	Total Revenue Based on 2012 Rate***	Stipulated 2012 Total Rate****	Share of Total Revenue*	Stipulated 2013 Total Rate****	Total Revenue Based on 2013 Rate***	Stipulated 2013 Total Rate****	Share of Total Revenue	Stipulated 2014 Total Rate****	Total Revenue Based on 2014 Rate***	Stipulated 2014 Total Rate****	Share of Total Revenue**	2012 to 2014 Total Increase in Revenue	2012 to 2014 Increase in Revenue	2012 to 2014 Increase in Revenue
CSP																					
RS	7,470,809,240	43%	\$10.59	\$791,158,699	51%	\$11.53	\$861,384,305	\$70,225,607	62%	\$12.04	\$898,485,482	\$108,326,734	70%	\$12.36	\$923,392,022	\$132,233,324	69%	\$310,785,664	\$310,785,664	68%	\$310,785,664
GS1	225,396,919	1%	\$11.81	\$28,873,345	2%	\$13.14	\$29,617,155	\$743,810	1%	\$13.06	\$29,436,838	\$563,492	0%	\$13.02	\$29,346,679	\$473,334	0%	\$1,780,636	\$1,780,636	0%	\$1,780,636
GS2	1,090,292,537	6%	\$11.45	\$124,838,495	8%	\$12.21	\$133,124,719	\$8,286,223	7%	\$12.12	\$132,143,455	\$7,304,560	5%	\$12.07	\$131,598,309	\$6,759,814	4%	\$22,550,997	\$22,550,997	5%	\$22,550,997
GS3	4,901,182,198	28%	\$8.10	\$396,995,758	25%	\$8.58	\$420,521,433	\$42,535,675	21%	\$8.57	\$420,031,314	\$33,035,556	15%	\$8.68	\$425,432,609	\$28,426,857	15%	\$74,988,088	\$74,988,088	16%	\$74,988,088
GS4/RP	3,700,591,045	21%	\$5.43	\$200,942,094	13%	\$5.69	\$210,563,630	\$9,621,537	8%	\$5.77	\$213,524,103	\$12,582,010	8%	\$5.98	\$221,295,344	\$20,359,251	11%	\$42,556,797	\$42,556,797	9%	\$42,556,797
AL	38,378,842	0%	\$20.58	\$7,894,366	1%	\$23.24	\$8,919,243	\$1,020,877	1%	\$23.34	\$8,957,622	\$1,059,256	1%	\$23.53	\$9,030,542	\$1,132,176	1%	\$3,212,309	\$3,212,309	1%	\$3,212,309
SL	43,103,483	0%	\$13.16	\$5,672,416	0%	\$14.56	\$6,275,864	\$603,448	1%	\$14.63	\$6,306,037	\$633,621	0%	\$14.76	\$6,362,071	\$689,855	0%	\$1,926,725	\$1,926,725	0%	\$1,926,725
SBS	4,245,758	0%	\$8.47	\$359,616	0%	\$8.63	\$366,409	\$5,793	0%	\$8.71	\$369,806	\$10,190	0%	\$8.82	\$374,476	\$14,860	0%	\$31,843	\$31,843	0%	\$31,843
SUBTOTAL	17,474,000,002	100%	\$8.91	\$1,556,933,400	100%	\$9.56	\$1,670,514,400	\$113,581,000	100%	\$9.79	\$1,710,704,600	\$153,771,200	100%	\$10.00	\$1,747,400,000	\$190,466,600	100%	\$457,818,800	\$457,818,800	100%	\$457,818,800
OP																					
RS	7,335,376,957	28%	\$9.91	\$726,935,856	36%	\$11.10	\$814,226,842	\$67,290,986	48%	\$11.57	\$848,703,114	\$171,767,257	54%	\$11.85	\$869,242,169	\$142,306,313	53%	\$351,364,556	\$351,364,556	52%	\$351,364,556
GS1	356,212,396	1%	\$11.44	\$40,750,698	2%	\$12.94	\$46,093,884	\$5,343,186	3%	\$12.95	\$46,129,505	\$5,378,807	2%	\$13.01	\$46,343,233	\$5,592,535	2%	\$16,314,528	\$16,314,528	2%	\$16,314,528
GS2	3,383,968,182	13%	\$8.98	\$303,880,343	15%	\$10.72	\$362,761,389	\$58,851,046	32%	\$10.79	\$365,130,167	\$61,249,824	27%	\$10.89	\$368,514,135	\$64,633,792	24%	\$184,764,663	\$184,764,663	27%	\$184,764,663
GS3	6,182,567,492	24%	\$7.29	\$450,709,170	22%	\$7.83	\$484,095,035	\$33,385,864	18%	\$7.87	\$486,568,062	\$35,858,891	16%	\$8.04	\$497,078,426	\$46,369,256	17%	\$115,614,012	\$115,614,012	17%	\$115,614,012
GS4/RP	8,583,788,928	33%	\$5.38	\$461,807,844	23%	\$5.27	\$452,365,677	\$9,442,168	5%	\$5.31	\$455,799,192	\$5,008,652	3%	\$5.47	\$469,533,254	\$7,775,410	3%	\$7,725,410	\$7,725,410	1%	\$7,725,410
EMS	22,051,076	0%	\$8.54	\$1,883,162	0%	\$8.75	\$2,149,980	\$266,818	0%	\$10.05	\$2,216,133	\$332,971	0%	\$10.38	\$2,288,902	\$405,740	0%	\$1,005,529	\$1,005,529	0%	\$1,005,529
SS	397,293	0%	\$4.82	\$18,355	0%	\$5.19	\$20,820	\$2,265	0%	\$5.70	\$22,646	\$4,291	0%	\$6.28	\$24,950	\$6,595	0%	\$13,150	\$13,150	0%	\$13,150
FL	41,829,329	0%	\$8.51	\$3,559,676	0%	\$9.43	\$3,944,506	\$384,830	0%	\$9.58	\$4,007,250	\$447,574	0%	\$9.77	\$4,086,725	\$527,050	0%	\$1,359,453	\$1,359,453	0%	\$1,359,453
PL	513,289	0%	\$6.90	\$35,417	0%	\$8.04	\$41,268	\$5,851	0%	\$8.44	\$43,322	\$7,905	0%	\$8.89	\$45,631	\$10,214	0%	\$23,971	\$23,971	0%	\$23,971
OL	56,043,254	0%	\$20.78	\$11,645,788	1%	\$23.95	\$13,422,359	\$1,776,571	1%	\$23.82	\$13,069,287	\$1,423,409	1%	\$22.81	\$12,783,466	\$1,137,678	0%	\$4,337,748	\$4,337,748	1%	\$4,337,748
SI	66,516,375	0%	\$18.56	\$12,345,439	1%	\$20.62	\$13,715,677	\$1,370,237	1%	\$19.94	\$13,263,365	\$917,926	0%	\$19.36	\$12,877,570	\$532,131	0%	\$2,820,294	\$2,820,294	0%	\$2,820,294
SBS	235,436	0%	\$111.37	\$262,203	0%	\$126.85	\$298,651	\$36,445	0%	\$131.45	\$309,481	\$37,276	0%	\$136.61	\$321,629	\$59,424	0%	\$143,145	\$143,145	0%	\$143,145
SUBTOTAL	26,029,500,007	100%	\$7.73	\$2,012,080,351	100%	\$8.43	\$2,194,286,851	\$182,206,500	100%	\$8.59	\$2,235,934,051	\$273,853,700	100%	\$8.77	\$2,282,787,151	\$270,706,800	100%	\$676,767,000	\$676,767,000	100%	\$676,767,000
AEP Ohio																					
	43,503,500,009		\$8.21	\$3,571,637,351		\$8.88	\$3,863,110,801	\$291,473,450		\$9.07	\$3,945,767,451	\$374,136,100		\$9.26	\$4,028,424,101	\$456,786,750		\$1,122,390,300	\$1,122,390,300		\$1,122,390,300

Sources:

* Work Paper to Exhibit DNR-3 of testimony filed by David M. Roush on September 13, 2011.

** Attachment DJD-E

*** Calculated as the product of "Total Rate" times "2012 Energy (kWh)".

**** Exhibit DNR-3 of testimony filed by David M. Roush on September 13, 2011.

***** Calculated as the difference between the estimated total revenues in each year of 2012 to 2014 and the estimated 2011 total revenue after Remand adjustments.

***** Calculated as the share of increase in total revenue by customer class.

ATTACHMENT DJD-K

Total Revenue Increases by Customer Class Under Stipulated Rates (Based on AEP Ohio's 2012 Rates Before Proposed ESP)

	2012 Energy (kWh)*	AEP Ohio's 2012 Rates Before ESP**	2012 Increase In Revenue				2013 Increase Over 2011 in Revenue				2014 Increase Over 2011 in Revenue			
			Total Revenue		Stipulated		Total Revenue		Stipulated		Total Revenue		Stipulated	
			Based on 2011 Rate***	Based on 2012 Rate***	2012 Total Rate**	100 kWh	Based on 2013 Rate***	Based on 2012 Rate***	2013 Total Rate**	100 kWh	Based on 2014 Rate***	Based on 2013 Rate***	2014 Total Rate**	100 kWh
CSP	RS	7,470,809,240	\$11.16	\$833,742,311	\$11.53	\$861,384,305	\$27,641,994	\$899,485,432	\$12.04	\$899,485,432	\$923,392,022	\$89,649,711	\$183,034,826	
	GS1	225,396,919	\$13.29	\$29,955,251	\$13.14	\$29,617,155	-\$338,095	\$29,436,838	\$13.06	\$29,436,838	\$29,346,679	-\$608,572	-\$1,465,080	
	GS2	1,090,292,537	\$11.95	\$130,289,958	\$12.21	\$133,124,719	\$2,834,761	\$132,143,455	\$12.12	\$132,143,455	\$131,598,309	\$1,308,351	\$5,996,609	
	GS3	4,901,182,198	\$8.48	\$415,620,250	\$8.58	\$420,521,433	\$4,901,182	\$420,031,314	\$8.57	\$420,031,314	\$425,422,615	\$9,802,364	\$19,114,611	
	GS4/IRP	3,700,591,045	\$5.76	\$213,154,044	\$5.69	\$210,563,630	-\$7,590,414	\$213,524,103	\$5.77	\$213,524,103	\$221,295,344	\$8,141,300	\$5,920,946	
	AL	38,378,842	\$20.75	\$7,963,610	\$23.24	\$8,919,243	\$955,633	\$8,957,622	\$23.34	\$8,957,622	\$9,030,542	\$1,066,932	\$3,016,577	
	SL	43,103,463	\$13.34	\$5,750,002	\$14.56	\$6,275,864	\$525,862	\$6,306,037	\$14.63	\$6,306,037	\$6,362,071	\$612,069	\$1,693,966	
	SBS	4,245,758	\$8.87	\$376,599	\$8.63	\$366,409	-\$10,190	\$369,806	\$8.71	\$369,806	\$374,476	-\$2,123	-\$19,106	
SUBTOTAL	17,474,000,002	\$9.37	\$1,637,313,800	\$9.56	\$1,670,514,400	\$33,920,733	\$1,710,704,600	\$9.79	\$1,710,704,600	\$1,747,400,000	\$110,086,200	\$217,397,733		
OP	RS	7,335,376,957	\$10.65	\$781,217,646	\$11.10	\$814,226,842	\$33,009,196	\$848,703,114	\$11.57	\$848,703,114	\$869,242,169	\$88,024,523	\$188,519,188	
	GS1	356,212,396	\$12.20	\$43,457,912	\$12.94	\$46,093,884	\$2,635,972	\$46,129,505	\$12.95	\$46,129,505	\$46,343,233	\$2,885,320	\$8,192,885	
	GS2	3,383,968,182	\$9.75	\$329,936,898	\$10.72	\$362,761,389	\$32,824,491	\$365,130,167	\$10.79	\$365,130,167	\$368,514,135	\$38,577,237	\$106,594,998	
	GS3	6,182,567,492	\$7.97	\$492,750,629	\$7.83	\$484,095,035	-\$8,655,594	\$486,568,062	\$7.87	\$486,568,062	\$497,078,426	\$4,327,797	-\$10,510,365	
	GS4/IRP	8,583,788,928	\$6.01	\$515,885,715	\$5.27	\$452,365,677	-\$63,520,038	\$455,799,192	\$5.31	\$455,799,192	\$469,533,254	-\$46,352,460	-\$169,959,021	
	EHG	22,051,076	\$9.34	\$2,059,570	\$9.75	\$2,149,980	\$90,409	\$2,216,133	\$10.05	\$2,216,133	\$2,288,902	\$229,331	\$476,303	
	EHS	397,293	\$5.50	\$21,851	\$5.19	\$20,620	-\$1,232	\$22,646	\$5.70	\$22,646	\$24,950	\$3,099	\$2,662	
	SS	41,829,329	\$9.31	\$3,894,311	\$9.43	\$3,944,506	\$50,195	\$4,007,250	\$9.58	\$4,007,250	\$4,086,725	\$192,415	\$355,549	
	FL	513,289	\$7.68	\$39,421	\$8.04	\$41,268	\$1,848	\$43,322	\$8.44	\$43,322	\$45,631	\$6,211	\$11,960	
	OL	56,043,254	\$21.34	\$11,959,630	\$23.95	\$13,422,359	\$1,462,729	\$13,069,287	\$23.32	\$13,069,287	\$12,783,466	\$823,836	\$3,396,221	
SL	66,516,375	\$19.13	\$12,724,583	\$20.62	\$13,715,677	\$991,094	\$13,263,365	\$19.94	\$13,263,365	\$12,877,570	\$152,988	\$1,682,864		
SBS	235,436	\$112.02	\$263,735	\$126.85	\$298,651	\$34,915	\$309,481	\$131.45	\$309,481	\$321,629	\$57,894	\$138,554		
SUBTOTAL	26,029,500,007	\$8.43	\$2,194,286,851	\$8.43	\$2,194,286,851	-\$1,076,014	\$2,235,934,051	\$8.59	\$2,235,934,051	\$2,282,787,151	\$88,500,300	\$129,071,486		

Sources:

* Work Paper to Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.

** Exhibit DMR-1 of testimony filed by AEP witness David M. Roush on September 13, 2011.

*** Calculated as the product of "Total Rate" times "2012 Energy (kWh)".

**** Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.

***** Calculated as the difference between the estimated total revenues in each year of 2012 to 2014 and the estimated 2011 total revenue after Ratemand adjustments.

REVISED ATTACHMENT DJD-J

Summary Comparison of ESP and MRO Generation Rates and Generation Revenues for AEP Ohio

	Baseline ESP			MRO		Stipulated ESP			Comparison		
	Remand- Revised 2011 Total Generation Rate (a)	Transmission Adjustment (b)	Baseline ESP Rate (c)	Staff Projected Market Price (d)	MRO Rate (e)	Stipulated Total Generation Rates (f)	Transmission Adjustment (b)	Stipulated Rates Plus Transmission (g)	Stipulated ESP Rate over MRO Rate	2012 Energy (kWh) (g)	Yearly Costs of ESP over MRO
	100kWh	100kWh	100kWh	100kWh	100kWh	100kWh	100kWh	100kWh	100kWh		
2012											
CSP	\$5.73	\$0.2140	\$5.9440	\$5.8850	\$5.9381	\$5.9500	\$0.2140	\$6.1640	\$0.2259	17,474,000,002	\$39,473,766
OP	\$5.31	\$0.2140	\$5.5240	\$5.8850	\$5.5601	\$5.6300	\$0.2140	\$5.8440	\$0.2839	26,029,500,007	\$73,897,751
AEP Ohio	\$5.48	\$0.2140	\$5.6940	\$5.8850	\$5.7131	\$5.7600	\$0.2140	\$5.9740	\$0.2609	43,503,500,009	\$113,500,632
2013											
CSP	\$5.73	\$0.2140	\$5.9440	\$6.1380	\$5.9828	\$6.0900	\$0.2140	\$6.3040	\$0.3212	17,474,000,002	\$56,126,488
OP	\$5.31	\$0.2140	\$5.5240	\$6.1380	\$5.6468	\$5.7500	\$0.2140	\$5.9640	\$0.3172	26,029,500,007	\$82,565,574
AEP Ohio	\$5.48	\$0.2140	\$5.6940	\$6.1380	\$5.7828	\$5.8800	\$0.2140	\$6.0940	\$0.3112	43,503,500,009	\$135,382,892
2014											
CSP	\$5.73	\$0.2140	\$5.9440	\$6.7485	\$6.1854	\$6.2400	\$0.2140	\$6.4540	\$0.2687	17,474,000,002	\$46,943,901
OP	\$5.31	\$0.2140	\$5.5240	\$6.7485	\$5.8914	\$5.8900	\$0.2140	\$6.1040	\$0.2127	26,029,500,007	\$55,351,732
AEP Ohio	\$5.48	\$0.2140	\$5.6940	\$6.7485	\$6.0104	\$6.0300	\$0.2140	\$6.2440	\$0.2337	43,503,500,009	\$101,645,928
Grand Total (2012 - 2014)											
AEP Ohio											\$350,529,451

Sources:

- (a) Attachment DJD-E.
- (b) Attachment A of testimony of Staff witness Robert B. Fortney filed on September 13, 2011.
- (c) Calculated as the sum of "Remand-Revised 2011 Total Generation Rate" and "Transmission Adjustment".
- (d) Attachment A of testimony of Staff witness Robert B. Fortney filed on September 13, 2011.
- (e) Calculated based on the Blending Rule specified in the Status.
- (f) Exhibit DMR-1 of testimony filed by AEP witness David M. Roush on September 13, 2011.
- (g) Work Paper to Exhibit DMR-1 of testimony filed by David M. Roush on September 13, 2011.