102

PUCO EXHIBIT FILING

FILE

Date of Hearing: 10/26/2011

Case No. 10-2376

PUCO Case Caption: Columbus Southern + Ohio Power

List of exhibits being filed:

AEP Ex. 19-21

AEP Ex. 20A - confidential

OCC Ex 9 + 10

IEU 15, 18, 19

FES 18-21 + 23

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Reporter's Signature: Julieanna Hennebert

Date Submitted: 10/26/2011

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-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders.	Case No. 10-344-EL-ATA
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: Case No. 11-4920-EL-RDR
Recover 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 : Case No. 11-4921-EL-RDR
Deferred Fuel Costs :
Ordered Under Ohio Revised:
Code 4928.144. :

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PROCEEDINGS

before Ms. Greta See and Mr. Jonathan Tauber, Attorney Examiners, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-A, Columbus, Ohio, called at 9:00 a.m. on Wednesday, October 26, 2011.

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VOLUME XII

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AEP Ex 19

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
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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

REBUTTAL TESTIMONY OF JOSEPH HAMROCK
IN SUPPORT OF THE STIPULATION AND RECOMMENDATION
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY

Filed: October 21, 2011

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
REBUTTAL TESTIMONY OF
JOSEPH HAMROCK
IN SUPPORT OF THE SEPTEMBER 7, 2011
STIPULATION AND RECOMMENDATION

PERSONAL DATA

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joseph Hamrock, and my business address is 850 Tech Center Drive, Gahanna, Ohio 43230.

Q. DID YOU PRESENT DIRECT TESTIMONY IN THIS CASE?

A. Yes.

PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. In my rebuttal testimony I will respond to the arguments that the request for approval of the Distribution Investment Rider is inadequate by highlighting the statutory options for approval explained to me by counsel and provide background on the DIR mechanism and the importance of reliability for both the customers and the Columbus Southern Power Company and Ohio Power Company (collectively "AEP Ohio" or "Company").

DISTRIBUTION INVESTMENT RIDER

Q. OCC WITNESS DR. DUANN ASSERTS ON PAGE 31 LINES 5-13 THAT THERE HAS BEEN NO SHOWING OF ANY NEED OR EXAMINATION OF RELIABILITY FOR CUSTOMERS UNDER R.C. 4928.143(B)(2)(H). IEU WITNESS BOWSER MAKES A SIMILAR CLAIM AT PAGE 7 LINES 1-8,

WHERE HE ALSO ARGUES THAT THE DIR IS UNACCOMPANIED BY THE REQUIREMENTS OF R.C. 4928.143(B)(2)(H). HOW DO YOU RESPOND TO THEIR CRITICISM.

A. I would like to elaborate in greater detail to respond to the particular attacks by OCC witness Dr Duann and IEU witness Bowser. First and foremost, I have been advised by counsel that the Commission is not limited by R.C. 4928 143(B)(2)(h) for approval of an item like the Distribution Investment Rider. For example, I am advised that R.C. 4928.143(B)(2)(d) also allows for Commission approval of carrying costs. As advised by counsel R.C 4928.143(B)(2)(h) does include provisions related to distribution infrastructure and the examination of reliability of the distribution system, alignment of the utility's and customers expectations and the dedication of sufficient resources to reliability. These factors are all satisfied presently by the September 7, 2011 Stipulation and by AEP Ohio.

The Commission constantly monitors the reporting and reliability functions of electric distribution utilities through its administrative rules found in Ohio Administrative Code 4901:1-10. The Commission's Staff take an active role interacting with utilities and enforcing these rules by monitoring the level of reliability for each electric distribution utility. In fact, on September 8, 2010, in Commission case number 09-756-EL-ESS that the Commission approved the customer average interruption duration index (CAIDI) and the system average interruption frequency index (SAIFI) related to circuit performance on the distribution system that resulted from a settlement agreement between the Commission Staff, the Ohio Consumers' Counsel, and AEP Ohio.

Currently the failure of aging infrastructure is the primary cause of customer outages and reliability issues Just as the tree trimming program approved by the Commission in the previous electric security plan successfully changed the way vegetation management was performed, the funding of the DIR would allow AEP Ohio to move from a reactive to a proactive replacement strategy on its aging assets to address reliability.

The failure rates of equipment in AEP Ohio's distribution infrastructure continue to rise and the level of funding is not present to improve the failure trends. It is AEP Ohio's intention to conduct analyses of its inspection programs including its pole inspections, underground cable diagnostics, and detection of deteriorated distribution equipment. From this analysis AEP Ohio intends to target infrastructure investment to maximize the improvement in reliability to customers and the distribution system.

AEP Ohio is focused on providing reliable electric service at a reasonable price. Reliability is a cornerstone of our business and is important to our customers, thus we strive every day to maintain the system to deliver a reliable level of service. Our customer survey results show a customer expectation of improved service. Our surveys show that for 2009, 16% of residential respondents and 19% of commercial respondents believe their future reliability expectations will increase over the next five years Those numbers increased to 20% for residential and remained at 19% for commercial in 2010, and the 2011 data to date shows that residential expectations of increased service remained at 20% while the commercial expectations rose to 21%. With the increased level of technology AEP Ohio expects that number to increase year to year and investment in the distribution infrastructure is needed to replace the aging assets to maintain the current level of reliability as well as better align Company resources with the expectations of customers into the future Developing the infrastructure to ensure reliable service is an ongoing effort. The DIR provides AEP Ohio the ability to actively invest in distribution infrastructure and dedicate sufficient resources to that reliability effort.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Rebuttal Testimony of Joseph Hamrock was served this 21st day of October, 2011 by electronic mail, upon the persons listed below

//s/ Steven T. Nourse
Steven T Nourse

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EXHIBIT NO. 20 B

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
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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

PUBLIC VERSION OF
REBUTTAL TESTIMONY OF WILLIAM A. ALLEN
IN SUPPORT OF THE STIPULATION AND RECOMMENDATION
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY

Filed: October 21, 2011

INDEX TO REBUTTAL TESTIMONY OF
WILLIAM A. ALLEN

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
REBUTTAL TESTIMONY OF
WILLIAM A. ALLEN
IN SUPPORT OF THE SEPTEMBER 7, 2011
STIPULATION AND RECOMMENDATION

PERSONAL DATA

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is William A. Allen, and my business address is 1 Riverside Plaza, Columbus, Ohio 43215.

Q. DID YOU PRESENT DIRECT TESTIMONY IN THIS PROCEEDING IN SUPPORT OF THE STIPULATION AND RECOMMENDATION?

A. Yes.

PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. In my rebuttal testimony I will address certain claims and assertions made by FirstEnergy Solutions' (FES) witnesses Banks and Lesser, OCC witness Duann, and Industrial Energy Users – Ohio's (IEU-Ohio) witnesses Bowser and Murray.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A I am sponsoring the following exhibits:

Exhibit WAA-R1	Response to Staff Data Request DR-049
Exhibit WAA-R2A	CONFIDENTIAL - Available Margin and Contribution to Supplier Overheads
Exhibit WAA-R2B	PUBLIC - Available Margin and Contribution to Supplier Overheads

DISTRIBUTION INVESTMENT RIDER

Q. HAVE YOU REVIEWED THE PREFILED DIRECT AND CROSS EXAMINATION TESTIMONY OF IEU-OHIO WITNESS BOWSER RELATED TO THE DISTRIBUTION INVESTMENT RIDER (DIR)?

A. Yes, I have.

Q. DO YOU RECALL IEU-OHIO WITNESS BOWSER'S TESTIMONY RELATING TO THE RETURN COMPONENT OF THE DIR?

A. Yes. On page 7, lines 9-20, of the prefiled direct testimony of witness Bowser he testifies that the return component of the DIR should reflect Columbus Southern Power Company' and Ohio Power Company's (collectively "AEP Ohio," "Company" or "Companies") financial and business risk associated with the rider. He also states that the "risk associated with this rider [DIR] is reduced below the financial and business risk associated with returns that would apply in a rate case proceeding." His testimony also appears to recommend that return component of the DIR should be based on the Companies' cost of long-term debt.

Q. DO YOU AGREE WITH WITNESS BOWSER'S CONCLUSION AND RECOMMENDATION RELATED TO THE RETURN COMPONENT OF THE DIR?

A. No. First, long-term capital investments like those investments that will be included in the DIR simply are not financed by debt alone but are in fact financed through a combination of debt and equity. Second, paragraph IV.1.n of the Stipulation and Recommendation requires that "Each January the costs in the DIR investments shall be reviewed for prudence by an independent auditor under the direction of Staff and funded by the Companies " This prudence review creates a real risk of recovery for the Companies that is similar to the risk faced by the Companies in a base rate case. As such it would be unreasonable to limit the return component of the DIR to the cost of long-term debt as IEU-Ohio witness Bowser recommends The audit and the carrying cost components included the DIR produces a very similar result to normal base rate recovery without lag. Further, this does not violate any regulatory principle as shown by the Commission's approval of a similar provision in First Energy's most resent ESP case (Case No 10-388-EL-SSO).

Q. DO YOU RECALL IEU-OHIO WITNESS BOWSER'S TESTIMONY RELATING TO THE "BENEFIT THE COMPANIES ACQUIRE FROM ACCELERATED DEPRECIATION"?

A. Yes. On page 8, lines 11-23, of the prefiled direct testimony of witness Bowser he discusses that "the Companies are able to take a deduction against taxable income that is calculated using accelerated depreciation of capital investments." He then goes on to state that the "Companies have omitted the recognition of this benefit .... so the Stipulation's failure to address this issue implies that customers will be deprived of this benefit." The deduction against taxable income related to accelerated depreciation is recorded as accumulated deferred income taxes (ADIT) on the Companies' balance sheets.

Q. DO YOU AGREE WITH WITNESS BOWSER'S CONCLUSION THAT CUSTOMERS ARE DEPRIVED OF THE BENEFIT OF ADIT AS A

RESULT OF THE DIR MECHANISM INCLUDED IN THE STIPULATION AND RECOMMENDATION?

A. No. The DIR mechanism calculates a carrying charge on the change in the <u>net</u> plant balance (electric plant in service less accumulated depreciation) for all distribution assets which includes increases associated with new assets and decreases associated with existing assets. Witness Bowser's ADIT recommendation might be appropriate if the Company were seeking a recover a carrying charge solely on new investments without a netting provision which incorporates the decline in net plant associated with existing assets The ADIT balance associated with a given asset is greatest early in an asset's life and declines later in an asset's life. Since the DIR calculation is based on all distribution assets (both new and existing), the decline in ADIT associated with older assets would tend to offset the increase in ADIT associated with newer assets. Therefore, it is no appropriate to accept witness Bowser's ADIT recommendation.

Q. **DO YOU RECALL IEU-OHIO WITNESS BOWSER'S TESTIMONY RELATING TO QUANTIFICATION OF ELEMENTS OF THE DIR?**

A. Yes. On page 8, lines 4-7, of the prefiled direct testimony of witness Bowser he testifies that my direct testimony did not provide a calculation of income taxes or depreciation.

Q. **DID YOUR DIRECT TESTIMONY INCLUDE A CALCULATION OF INCOME TAXES OR DEPRECIATION?**

A. Yes. Exhibit WAA-2, page 2 of 2, includes the effect of income taxes in line 3, the Common Stock component of the pre-tax WACC. As indicated on Exhibit WAA-2, a value for the depreciation rate was left blank because it is currently being litigated in the Companies' distribution rate cases. The depreciation rate approved by the Commission in these cases will be included as a component of the carrying charge rate for the DIR and that will be verified through the audit process.

Q. DO YOU RECALL WITNESS LESSER'S AND WITNESS DUANN'S TESTIMONY RELATING TO THE DIR PROVIDING DOUBLE RECOVERY OF POST-2000 COSTS?

A. Yes. On page 49, line 16, through page 50, line 2, of the prefiled direct testimony of witness Lesser he states the following:

> However, if the DIR is approved in the form set forth in the Stipulation, but the plant-in-service included in the DIR is also included in rate base supporting Staff's recommended annual increase of $21.6 million, then AEP Ohio will be double-recovering post-2000 costs through the date certain of August 31, 2011. In other words, the DIR reaches back an additional 10 years, allowing AEP Ohio to double recover plant-in-service costs during those 10 years twice. Clearly, such double-recovery is incompatible with basic rate regulation.

Witness Duann, at page 8, lines 15-21, makes similar claims.

Q. DO YOU AGREE WITH THESE ASSERTIONS THAT THE DIR WILL ALLOW AEP OHIO TO DOUBLE RECOVER COSTS?

A. No. Any costs recovered through the Companies' base distribution rates would not be recovered through the DIR.

Q. ARE YOU AWARE OF HOW THE DIR WAS TREATED IN THE MRO TESTS SUPPORTED BY IEU-OHIO WITNESS MURRAY AND FES WITNESS LESSER?

A. Yes. They both incorrectly include it as a cost of the ESP that would not exist in an MRO. As indicated by both witnesses Murray and Lesser, the Companies currently have distribution rate cases pending before the Commission. These cases support a revenue increase greater than the DIR caps provided for in the Stipulation. While the Companies might not have a DIR under an MRO, it is unreasonable to assume that the Companies would not have comparable changes in distribution rates under an MRO as provided for in the test supported by witness Murray. As such, distribution rate changes reflected by the DIR do not affect the MRO price test results.

<u>RPM SET-ASIDE ALLOTMENTS</u>

Q. THE NON-SIGNATORY PARTIES RAISED QUESTIONS CONCERNING THE AWARENESS OF THE LEVEL OF SHOPPING FOR ANY PARTICULAR CLASS AT THE TIME THE STIPULATION WAS SIGNED. FES WITNESS BANKS ALSO TESTIFIED (SEE PREFILED DIRECT TESTIMONY AT PAGES 4-5) THAT THE COMMERCIAL CLASS HAD ALREADY EXCEEDED THEIR PRO-RATA SHARE OF THE RPM SET-ASIDE ON SEPTEMBER 7, 2011. WAS THE COMPANY AWARE OF THE LEVEL OF SHOPPING FOR ANY CLASS OR IN AGGREGATE AS OF SEPTEMBER 7, 2011 WHEN THE STIPULATION WAS SIGNED?

A. No. Customer shopping levels and their relationship to the pro-rata allocation of RPM set-aside as of September 7, 2011, were not known by the Company until September 23, 2011. The information was promptly posted to AEP Ohio's Customer Choice website as reflected in FES witness Banks' Exhibit TCB-1 (also referred to in the hearing as OCC Exhibit 5). On September 1, 2011, AEP Ohio did respond to a Staff data request DR-049 which is provided as Exhibit WAA-R1. This discovery request showed that 14 05% of AEP Ohio's load for customers that had switched to a CRES, had a pending switch or had provided 90-day notice to the Company of its intent to switch as of August 23, 2011.

<u>**THE ESP DOES NOT INCLUDE SHOPPING CAPS**</u>

Q. DO YOU RECALL WITNESSES BANKS' AND MURRAY'S TESTIMONY RELATING TO "SHOPPING CAPS"?

A. Yes. On page 10, lines 14-17, FES witness Banks makes the statement "The current ESP does not contain the artificial shopping caps proposed by the Revised ESP, which effectively prevent 79% of customers from shopping between 2012 and mid-2015." On page 17, lines 1-9, IEU Ohio witness Murray states that the caps on RPM priced capacity will block shopping.

Q. DO YOU AGREE WITH WITNESS BANKS' CONCLUSION THAT THE STIPULATED ESP INCLUDES ARTIFICIAL SHOPPING CAPS THAT WOULD EFFECTIVELY PREVENT 79% OF CUSTOMERS FROM SHOPPING OR WITNESS MURRAY'S CONCLUSION THAT THE CAPS ON RPM PRICED CAPACITY WILL BLOCK SHOPPING?

A No. There are no shopping caps in the stipulated ESP – the stipulated ESP simply includes two levels of discounted capacity to CRES providers. Based on data relied upon by FES witness Schnitzer (Exhibit MMS-4), I have performed calculations that show that there is potential "headroom" between the stipulated ESP prices and market prices under both RPM priced capacity and $255/MW-day priced capacity. This "headroom" is the amount remaining, after deducting market costs, that a CRES provider has available to cover overheads and margins. Additional "headroom" would be available to CRES providers if they have access to energy supplies at a cost below market, such as from owned assets or bilateral contracts. Tables 1 and 2 below provide the results of my analysis.

Table 1 - Capacity Priced at $255/MW-day

($/MWh)	2012	2013	2014	Jan - May 2015	2012 - May 2015
Market Comparable Total 'g' Rate	[redacted]				
Market Costs*	62.17	66.11	68.99	71.05	66.40
Headroom Available for Margin and Contribution to Supplier Overheads	[redacted]				

Table 2 - Capacity Priced at RPM

($/MWh)	2012	2013	2014	Jan - May 2015	2012 - May 2015
Market Comparable Total 'g' Rate	[redacted]				
Market Costs*	49.44	50.89	58.46	63.87	54.26
Headroom Available for Margin and Contribution to Supplier Overheads	[redacted]				

* Market costs are the competitive benchmark price less the transaction risk addder and retail administration components shown in Exhibit LJT-1

CRES providers also have the option to structure multi-year contracts with customers that could allow them to purchase capacity at $255/MW-day in 2012 and/or 2013 and at RPM in the remaining years of the contract depending upon the customer's position in the RPM set-aside queue. For example, a CRES could offer a customer a 41-month contract starting in January 2012 to a customer that receives an RPM set-aside allotment in January 2013. Under this scenario a CRES provider could offer customers a 5% discount to the price to compare and still have available headroom of approximately $5/MWh as shown in CONFIDENTIAL Exhibit WAA-R2A.

Contrary to witness Banks' assertions that customer shopping would not occur above the RPM set-aside levels, the Company is aware of in excess of 1,500 customers that have switched to a CRES after September 7, 2011, in classes that had exceeded the initial RPM set-aside

FES OFFER TO SERVE PERCENTAGE OF INCOME PAYMENT PLAN CUSTOMERS

Q. DO YOU RECALL FES WITNESS BANKS' TESTIMONY RELATING TO AN OFFER TO SERVE AEP OHIO'S PIPP CUSTOMERS THROUGH A BILATERAL WHOLESALE CONTRACT?

A Yes. On page 14, lines 1-6, FES witness Banks made the following statement:

> "FES is willing to offer to serve AEP Ohio's PIPP customers through a bilateral wholesale contract at 5% off the price-to-compare, if such customers received RPM-priced capacity and this allotment of RPM-priced capacity does not count towards the caps proposed in the Revised ESP. This offer would provide a much-needed benefit to low income customers in a Revised ESP that has otherwise not provided sufficient benefit."

Q. DO YOU AGREE WITH FES WITNESS BANKS' CONCLUSION THAT THIS OFFER WOULD PROVIDE A BENEFIT TO LOW INCOME CUSTOMERS?

A. No, I do not. While this proposal may provide a benefit to FES it will not provide any benefit to Percentage of Income Payment Plan (PIPP) customers. It would not change the level of PIPP customer payments because those payments are based on fixed, specified percentages of customer income and are not tied to the rates charged. As such, the benefit to low income customers purported in the testimony of FES witness Banks is non-existent.

<u>PHASE-IN RECOVERY RIDER</u>

Q. DO YOU RECALL IEU-OHIO WITNESS BOWSER'S TESTIMONY RELATING TO THE CARRYING COSTS ON THE PHASE-IN RECOVERY RIDER BALANCE?

A. Yes. On page 14, line 21, through page 15, line 10, of the prefiled direct testimony of witness Bowser he testifies that the carrying cost rate of 5.34% included in the Stipulation and Recommendation "is unreasonable and excessive."

Q. DO YOU AGREE WITH WITNESS BOWSER'S CONCLUSION THAT THE 5.34% CARRYING COST RATE "IS UNREASONABLE AND EXCESSIVE"?

A. No. The stipulated carrying cost rate of 5.34% based on the Companies' average long-term debt rate is a significant concession on the part of the Companies. The March 18, 2009, Opinion and Order in Case Nos. 08-917-EL-SSO and 08-918-

EL-SSO (page 23) determined that "a carrying cost rate based upon the WACC was reasonable."

In support of his conclusion that a carrying cost rate of 5.34% "is unreasonable and excessive," witness Bowser states that "newly issued corporate bonds are presently being issued at an interest rate of about 3.75%." Witness Bowser provides no support that the 3.75% rate is a rate that OPCo could have obtained during the period that the deferred fuel regulatory asset was accumulated. In contrast to witness Bowser's unsupported claim, in September 2009, Ohio Power Company issued 5.375% Senior Notes with a face value of $500 million and a 2021 maturity. In addition, in 2009 AEP issued $1.69 billion of new equity of which $550 million was contributed to OPCo. This clearly demonstrates that the stipulated carrying cost rate of 5.34% is not only reasonable but also represents a significant concession on the part of the Companies.

GOVERNMENTAL AGGREGATION

Q. DO YOU RECALL FES WITNESS BANKS' TESTIMONY CONCERNING GOVERNMENTAL AGGREGATION?

A. Yes. On pages 32-35 of the prefiled testimony of witness Banks he claims that the ESP will prevent additional governmental aggregation.

Q. DO YOU AGREE THAT THE ESP WILL PREVENT ADDITIONAL GOVERNMENTAL AGGREGATION?

A. No. Since the Stipulation and Recommendation was signed on September 7, 2011, the Companies have seen additional governmental aggregation. As indicated by witness Banks there are approximately 30 communities that have already passed governmental aggregation initiatives. If these communities choose to pursue governmental aggregation, their residents will have the same access to RPM priced capacity as any other customer. Although witness Banks testified that there were only two communities that had completed governmental aggregation in AEP Ohio's service territory, currently 25 communities are actively engaged in governmental aggregation. In addition, after the signing of the Stipulation and Recommendation the pace of governmental aggregation in the AEP Ohio service territory has increased. This demonstrates that the stipulated ESP is not preventing additional governmental aggregation and in fact may indicate that the certainty that the stipulated ESP provides is encouraging additional governmental aggregation

Q. FES WITNESS BANKS ON PAGE 32, LINES 15-17, OF HIS PREFILED TESTIMONY STATES THAT "NONE OF THE CUSTOMERS OF THE NOVEMBER AND MAY BALLOT COMMUNITIES ARE LIKELY TO FALL UNDER THE CAP AS BENEFICIARIES OF GOVERNMENTAL AGGREGATION." DO YOU AGREE?

A. No. As of October 14, 2011, the residential class had 1,897,044 MWh of unallocated allotments for RPM priced capacity in 2012, enough for approximately 158,000 residential customers. The current unallocated allotments for the residential class significantly exceeds the Companies' estimate of residential load in communities with aggregation initiatives on the November ballot (approximately 1,060,000 MWh). In addition, the stipulation provides for an increase in the RPM set-aside in 2013, from 21% to 29-31%, that governmental aggregation customers could benefit from.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes it does.

Exhibit WAA-R1

Data is no longer Competitiveley-Sensitive Confidential

COMPETITIVELY-SENSITIVE CONFIDENTIAL INFORMATION

AEP OHIO SHOPPING DATA AS OF AUGUST 23, 2011

	Load (MWh)		Shopping
	Shopping	Total*	Percentage
Switched Through August 23 **	5,784,607	47,023,697	12.30%
Noticed and Pending Switches ***	820,568	47,023,697	1.75%
Total	6,605,175	47,023,697	14.05%

* AEP Ohio's annual average metered MWh based upon the 24 months ended July 31, 2011.

** Based upon 12 month historic actual usage for switched customers.

*** Based upon 12 month historic actual usage for customers that have either provided 90 days' notice to shop or have a pending EDI transaction as of August 23.

EXHIBIT WAA-R2B

Available Margin and Contribution to Supplier Overheads

RPM	2012	2013	2014	Jan-May 2015
Retail Admin	$ 5 00	$ 5 00	$ 5 00	$ 5 00
Transaction Risk Adder	$ 2 72	$ 2 79	$ 3 18	$ 3 45
Market Costs*	$ 49.44	$ 50.89	$ 58.46	$ 63.87
Total CBB	$ 57.16	$ 58 68	$ 66 64	$ 72.32

$255/MW-day	2012	2013	2014	Jan-May 2015
Retail Admin	$ 5 00	$ 5 00	$ 5 00	$ 5 00
Transaction Risk Adder	$ 3 36	$ 3 55	$ 3 70	$ 3 80
Market Costs*	$ 62.17	$ 66.11	$ 68.99	$ 71.05
Total CBB	$ 70 53	$ 74 66	$ 77 69	$ 79 85

ESP Price per Schnitzer	2012	2013	2014	Jan-May 2015
Market Comparable Base 'g' Rate	$ 26.64	$ 27.84	$ 29.34	$ 29.34
Full Fuel	[redacted]			
Market Comparable Total 'g' Rate				
5% Discount	[redacted]			

Table 1 - Capacity Priced at $255/MW-day

($/MWh)	2012	2013	2014	Jan - May 2015	2012 - May 2015
Market Comparable Total 'g' Rate	[redacted]				
Market Costs*	62.17	66.11	68.99	71.05	66.40
Headroom Available for Margin and Contribution to Supplier Overheads	[redacted]				

Table 2 - Capacity Priced at RPM

($/MWh)	2012	2013	2014	Jan - May 2015	2012 - May 2015
Market Comparable Total 'g' Rate	[redacted]				
Market Costs*	49.44	50.89	58.46	63.87	54.26
Headroom Available for Margin and Contribution to Supplier Overheads	[redacted]				

Weighted Average Headroom of 41-month Deal

RPM in 2012 [redacted]
RPM in 2013
RPM in 2014

Weighted Average Headroom of 41-month Deal w/ 5% Discount

RPM in 2012 [redacted]
RPM in 2013
RPM in 2014

Weighted Average Headroom of 29-month Deal

RPM in 2013 [redacted]
RPM in 2014

Weighted Average Headroom of 29-month Deal w/ 5% Discount

RPM in 2013 [redacted]
RPM in 2014

* Market costs are the competitive benchmark price less the transaction risk addder and retail administration components shown in Exhibit LJT-1

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Rebuttal Testimony of William A. Allen was served this 21st day of October, 2011 by electronic mail, upon the persons listed below.

//s/ Steven T. Nourse
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AEP

Exhibit No 21

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

REBUTTAL TESTIMONY OF PHILIP J. NELSON
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY

Filed: October 21, 2011

"stranded" cost through the stipulated capacity charge rate (see Banks prefiled direct at page 6: Lesser prefiled direct at page 16-23: Murray prefiled direct pages 9-16).

Q. WHAT EXHIBITS ARE YOU SPONSORING IN THIS PROCEEDING?

A. I am sponsoring Exhibit PJN-R1

Q. WHAT ARE THE FLAWS IN DR. LESSER'S CALCULATION OF THE COST BASED CAPACITY CHARGE THAT IS AN ALTERNATIVE UNDER PJM SCHEDULE D OF THE RAA?

A. The two major flaws that I will address are: 1) Dr. Lesser's exclusion of generation plant investment since 2000 from his capacity cost calculation and; 2) his failure to include deferred fuel expense in his calculation of fuel cost in determining his energy offset to the cost based capacity charge.

Q. WHY DID DR. LESSER EXCLUDE PLANT INVESTMENT AFTER 2000 IN HIS CALCULATION OF A 2010 RATE?

A. Dr Lesser's claim is that this investment is somehow precluded from the calculation because of the Company's ETP cases. His theory has numerous flaws in it, some of which I will address First and perhaps most importantly, the ETP cases were retail cases and they have no bearing on a wholesale rate charged to CRES providers. Second, there have been numerous proceedings before this Commission since 2000, and the Commission has not, in any of these proceedings, excluded any significant generation plant costs from the Company's retail SSO rates. In fact, the Commission has explicitly approved charges related to several billion dollars of environmental generation investment the Company has made since 2000 In addition, if one were to exclude such generation investment from the calculation, it is totally illogical to assume, as Dr. Lesser did in his energy offset calculation, that the Company would be able to produce all the generation energy it did in 2010 at the same cost.

Q. WHAT IS YOUR BASIS FOR CONCLUDING THAT THIS COMMISSION DID NOT DISALLOW ANY SIGNIFICATION GENERATION INVESTMENT SINCE 2000?

A. I participated in the ETP cases, the RSP cases, including the "4%" cases, the Company's first ESP proceeding and the Remand proceeding In the cases after the ETP cases, environmental investment in AEP Ohio's generating plants was a central issue. In these cases the Commission clearly supported specific recovery of environmental investments. In these cases the Company presented evidence that it spent over $2 5 billion since 2000 on projects that enabled AEP Ohio's generating plants to comply with environmental requirements

Q. YOU MENTIONED THAT DR. LESSER'S CALCULATION OF THE ENERGY CREDIT WAS ILLOGICAL. WHY IS THAT?

A. If you exclude all the environmental investment, the plants would have had severe restrictions on their ability to produce energy. Dr Lesser has not recognized this in his energy offset calculation. He has used the actual 2010 energy output of the plants. The high capacity factors or energy output of the plants for 2010 was only possible because of the environmental investment. Obviously, there is a clear inconsistency in his testimony.

Q. DR. LESSER SUGGESTED THAT THE COMPANY COULD HAVE PURCHASED "OFFSETS FOR S02 AND NOX", I.E., EMISSION

ALLOWANCES AND STILL HAVE RUN THE PLANTS AT THE SAME OUTPUT (Tr. Vol VII, at p. 1347)?

A. No. The cost of allowances would have been so high the plants would not have dispatched in PJM at the same level. Also, while he tried to defend his calculation by suggesting this, he failed to reflect the cost of additional allowances in his calculation as well. He ignored that the variable cost of production would climb significantly, thus dramatically reducing any energy margin offset.

Q. WHAT ARE THE ERRORS IN FES WITNESS SCHNITZER'S CALCULATION OF A COST BASED CAPACITY CHARGE?

A. In his pre-filed testimony, Mr. Schnitzer had serious flaws in the calculation of the energy offset which is used to reduce the cost of capacity. The first error is that he did not remove fuel deferrals from the fuel cost he used in his calculation. This is the same flaw that I mentioned in connection with Dr Lesser's calculation. The Company can attest to the fact that contained in account 501 for 2010 were deferrals for both OPCO and CSP, which on a combined basis netted to $130 million. In his response to cross examination, Mr Schnitzer recognized that if there were fuel deferrals in 2010 they should be adjusted out of his calculation and stated he was not aware of the deferrals at the time he performed his calculation (Tr. Vol VII 1394-1396). He went on to do a rough estimate which he provided on the record which would raise his "maximum" capacity rate from $162/MW-Day in his pre-filed testimony to over $200/ MW-Day with just this correction (Tr. Vol VII 1457-1459). The second flaw that was also discussed during his cross examination was that he didn't model the AEP Pool as it exists today, but instead modeled some modified pool (Tr. Vol VII 1396-1403). He ignored the requirement in the pool to share energy margins with the other members of the pool. This provision of the AEP Pool means that the merged AEP Ohio would retain only about 40% of the energy margins generated by the "freed up" energy as opposed to the 100% he used in his calculation (Tr. VII 1404-1407). He did this while assuming CSP could still purchase energy at cost from the other members just to "flip" the energy and make off system sales and keep the resulting margins. More importantly, he credited the full Capacity payments from the other pool members of $400 million, which significantly reduced his "maximum" capacity rate. This is clearly an error. It also appears Mr. Schnitzer used 2009 peaks for the Companies instead of 2010 peaks This produces a lower capacity rate for 2010 than using the 2009 peaks. An adjustment for losses is also required in order to compare Mr. Schnitzer's corrected calculation to the stipulated capacity charge.

Q. WHAT ABOUT MR. SCHNITZER'S CLAIM THAT THE POOL COULD BE MODIFIED ON AN INTERIM BASIS TO ADDRESS HIS FAILURE TO MODEL THE SHARING OF THE ENERGY MARGINS WITH OTHER POOL MEMBERS?

A. It appears to me, that he would have AEP modify the Pool so that it will match his flawed calculation No other member of the AEP Pool would agree to continue making capacity payments to AEP Ohio, while giving up the significant benefit of sharing energy margins just to make his analysis work.

Q. HAVE YOU CALCULATED HIS MAXIMUM RATE FOR 2010 AFTER CORRECTING FOR THESE MAJOR FLAWS?

A. Yes In the following table I have corrected his calculation for these errors to provide the Commission an apples to apples comparison between the blended capacity stipulation rate and Mr. Schnitzer's "maximum above market" rate.

CORRECTIONS TO SCHNITZER ENERGY CREDITS
USING SCHNITZER'S METHODOLOGY

	Testimony/Transcript Ref.	$/MW-Day
2010 "Maximum" Capacity Charge per Schnitzer Testimony before Corrections	Exhibit MMS-5	$162
Corrections to Energy Credit		
Deferred Fuel Correction	Cross of Schnitzer - Vol VII, p 1458-1459	$43
Corrections to Energy Credit to Reflect Pool OSS Sharing of Energy Margins with Other Members per Pool Agreement and elimination of CSP & OPCO Pool Energy Purchases	Cross of Schnitzer - Vol VII, p 1396-1407	$112
Correction from 2009 to 2010 CSP & OPCO Peaks and losses		($14)
2010 "Maximum" Capacity Charge After Corrections		**$303**
Stipulated Blended Capacity Charge over ESP Period	Exh. PJN-R1	$201

Q. SHOWN ON THIS TABLE IS THE STIPULATED BLENDED CAPACITY RATE HOW WAS THIS CALCULATED?

A. The blended capacity charge over the ESP period is based on the table shown on page 11 of Company witness Pearce's testimony in this proceeding. I have calculated an average for the total ESP period of $201/MW-Day. The calculation is shown on Exhibit PJN-R1.

Q. WHAT IS YOUR CONCERN WITH DR. LESSER'S CLAIM ON PAGE 13, LINES 18 THROUGH 25 OF HIS PRE-FILED TESTIMONY THAT CHARGING COST-BASED CAPACITY RATES ABOVE THE THRESHOLDS UNTIL JUNE 2015, AND ACCEPTING MARKET PRICES THEREAFTER IS ILLOGICAL?

A Dr. Lesser is simply ignoring the fundamental market shift that will occur following that date. For all PJM Planning Years through May 2015, AEP Ohio was obligated to commit capacity for all of the load in its zone, including the shopped load of other suppliers. This is a completely different paradigm than a free market. Once AEP Ohio is no longer required to provide its capacity for the Ohio load, it may sell some of its capacity in the RPM auction and accept the clearing price. However, AEP Ohio at this point will have other options to freely seek other purchasers or hedge instruments which will net a different price. Consequently, any claim that moving from a cost-based price to a market price, RPM or otherwise, at the same time as the fundamental change in the market structure, is simply unfounded.

Q. FES WITNESS BANKS AND LESSER AND IEU-OHIO WITNESS MURRAY CLAIM THAT THE COMPANY IS ATTEMPTING TO RECOVER STRANDED COST THROUGH THE STIPULATED BLENDED CAPACITY CHARGE OF $200, AND THAT THIS WOULD BE PRECLUDED UNDER OHIO LAW. DO YOU AGREE WITH THIS CLAIM?

A No. I have been advised by counsel that this legal argument is flawed and without merit. While the legal aspects of the claim may be debated by the attorneys on brief, I wanted to address through my rebuttal testimony the inaccurate factual underpinnings of the stranded cost argument. This argument is based on a mischaracterization of the Stipulated blended capacity charge and a misapprehension of SB 3's stranded generation investment concept.

Q. WHAT IS YOUR UNDERSTANDING OF THE OPPORTUNITY AFFORDED BY SB 3 TO RECOVER STRANDED GENERATION INVESTMENT?

A. Under SB 3, electric utilities were given an opportunity to recover transition revenues that could include the amount of generation investment that would not be recoverable in a competitive market. The determination of whether such investments were stranded under SB 3 was done based on an analysis of 2000 vintage information as to whether the net book value for generation assets exceeded the market value of the assets (using forward market price estimates for electricity at that time). As part of a settlement in Case No. 99-1729-EL-ETP and 99-1730-EL-ETP (ETP Settlement), AEP Ohio agreed not to pursue SB 3's opportunity for recovery of stranded generation investment.

Q. WHY IS IT INAPPROPRIATE TO CONSIDER THE STIPULATED BLENDED CAPACITY CHARGE AS AN ATTEMPT BY AEP OHIO TO RECOVER STRANDED GENERATION INVESTMENT AFTER THE DEADLINE HAS PASSED FOR DOING SO?

A. There are several reasons that characterization is flawed.

The ETP Settlement dealt with the market development (transition) period from 2001 through 2005, and envisioned that the Company's generation would be at market in 2006. Because of high market prices in 2006, the Commission encouraged the Company to file a rate stabilization plan to keep the retail customer from experiencing substantial increases in rates. Also, during this period AEP was encouraged to take over the service territory of Monongahela Power in Ohio to protect their customers from market prices for generation service.

The fact that a generation asset or fleet of assets was not found to be stranded investment under SB 3's opportunity for receipt of transition revenues does not preclude the Commission from presently adopting a cost-based capacity charge. This is especially compelling in light of the fact that AEP Ohio has avoided the volatile and uncertain Reliability Pricing (RPM) Market for capacity through its election to be a Fixed Resource Requirements (FRR) entity, which was applauded by the Commission at the time AEP Ohio made its election. It would also be extremely unfair and disingenuous for the Commission to currently find that AEP Ohio's cost-based capacity charge is barred by virtue of a 2000 era market analysis done under the previously-effective provisions of SB 3 that were applied in a different factual and legal context.

Not only is the 2000 vintage view of stranded generation investment inapplicable to the current situation, taking a short-term view cannot support any valid conclusions about whether generation investment is stranded in a competitive market. Non-Signatory Parties take the view that the relatively brief period during which the Stipulated blended capacity charges would apply (*i e*, 2012- May 2015) should be used to judge whether a cost-based rate could be characterized as recovering costs stranded in a competitive market. The fact that RPM prices for some recent years and some projected years are above the Stipulated blended capacity charge undermines a conclusion that AEP Ohio's generation assets are stranded in a competitive market.

The Non-Signatory Parties' approach is even more inappropriate in light of the fact that the RPM auction-clearing prices simply do not represent a long-term view of market prices for capacity By contrast, the view of stranded generation investment undertaken in connection with SB 3 was based on long-term projections for market prices of electricity. To now claim that, because the Company is receiving a negotiated rate that is well below its cost of capacity for a very short transition period, amounts to recovery of stranded cost is unfounded. As the history above demonstrates, stranded cost has not been an issue for AEP Ohio in the past and if one examined the whole period involved 2001 through the end of this ESP the Company's generation cost would be well below market during this time.

Another important distinction is that the stranded generation investment provisions of SB 3 applied to retail charges, not wholesale charges. Even witnesses for the Non-Signatory Parties have agreed that the capacity charges at issue in these proceedings are wholesale charges, not retail charges. Thus, because the limited opportunity for recovery of stranded generation investment could only serve to restrict recovery through retail charges, it has no application to the present debate involving the Stipulated blended capacity charge.

Perhaps the most glaring error in the stranded generation investment argument is that it ignores the fact that the entire regulatory regime for standard service offer pricing has substantially changed with the enactment of SB 221 in 2008. During the period 2001 through 2008, the Company's generation was well below market and the

Company's retail customers benefited greatly. Yet, even though SB 3 was premised on the ability to charge market rates starting in 2006, at no time during the past decade was AEP Ohio ever permitted to charge a true market rate for its standard service offer.

The ESP option under SB 221 now involves several cost-based rate adjustments and amounts to a hybrid system of regulation and market-based pricing. Even an MRO option under SB 221 involves an additional transition period of 6-10 years before a full market price is charged for the standard service offer. Another significant change made through SB 221 regarding generation assets is that a utility is required to obtain approval from the Commission to transfer generation assets. Under SB 3, an electric utility could freely transfer generation assets. In its first ESP filed under SB 221, the Company sought to transfer a limited amount of its generation and its request was denied. Yet another significant aspect of SB 221 is application of the significantly excessive earnings test. All of these factors limit an electric utility's ability to charge and retain market rates for generation service and manage the business and financial risks associated with its fleet of generation assets

In sum, the Non-Signatory Parties' two-step argument, of first characterizing a cost-based capacity charge as being recovery of stranded generation investment and second arguing that it is too late to recover stranded investment, is misguided. The inequitable result advocated by the Non-Signatory Parties is neither compelled nor supported by their misguided stranded investment analogy. The testimony filed in support of the Stipulation demonstrates that the Stipulated blended capacity charge is reasonable and should be adopted

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes it does.

Exhibit PJN-R1

WEIGHTED AVERAGE SHOPPING RATE
Jan 2012 - May 2015

(a) Period	(b) Year	(c) Weighted Average Rate For Period* $/MW-Day	(d) Months in Period	(e) Total For Period (c)x(d)
Jan-May	2012	$ 232.07	5	$ 1,160 35
June-December	2012	$ 205.65	7	$ 1,439.55
Jan-May	2013	$ 186.85	5	$ 934.25
June-December	2013	$ 186.40	7	$ 1,304.80
Jan-May	2014	$ 164.27	5	$ 821.35
June-December	2014	$ 213.54	7	$ 1,494.78
Jan-May	2015	$ 213 54	5	$ 1,067.70
Total ESP Period			41	$ 8,222.78

Average Capacity Rate for ESP Period [Total (e)/Total (d)] $ 201

***Company witness Pearce Testimony Table 1, page 11, colume e**

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Rebuttal Testimony of Philip J Nelson was served this 21st day of October, 2011 by electronic mail, upon the persons listed below

//s/ Steven T. Nourse
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OCC Ex 9

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S
DISCOVERY REQUEST
PUCO CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
EIGHTH SET

INTERROGATORY

INT-200 Under what statutory authority does the Company seek approval of the DIR?

RESPONSE:

The Companies explained the basis for the DIR in the Application at page 17 paragraph IV.D.1, and the connection to the distribution rate case filing pending in Case. Nos 11-351-EL-AIR et al as authorized under R C. 4928 143(B)(2)(h) and as allowed by the Commission.

Prepared By: Counsel

OCC Exhibit 10

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS' COUNSEL'S DISCOVERY REQUEST PUCO CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO EIGHTH SET

REQUESTS FOR PRODUCTION

RPD-114 Please provide copies of the customer survey results for 2009 that are mentioned in the Testimony of Thomas Kirkpatrick at page 17, lines 1-3

RESPONSE

See the attached file: OCC RPD-114_Attachement 1.pdf

Prepared by: Thomas L Kirkpatrick

Service Reliability Expectations Next Five Years (Q15B) - 2009 YE Results for AEP-OH

Question	Response	Residential Survey		Commercial Survey	
		Count	% of Total	Count	% of Total
Service Reliability Expectations Next Five Years (Q15B)	Don't know	27	5.4%	5	1.7%
	Decreased significantly	12	2.4%	12	4.0%
	Decreased somewhat	45	9.0%	31	10.3%
	Stayed about the same	333	66.6%	194	64.7%
	Increased somewhat	70	14.0%	43	14.3%
	Increased significantly	13	2.6%	15	5.0%
Total		**500**	**100%**	**300**	**100%**

FEU Exhibit 15

COMPANY EX. NO.______

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of) Columbus Southern Power Company and) Ohio Power Company, Individually and, if) Their Proposed Merger is Approved, as a) Merged Company (collectively, AEP Ohio)) for an Increase in Electric Distribution Rates)	Case No. 11-351-EL-AIR Case No. 11-352-EL-AIR
In the Matter of the Application of) Columbus Southern Power Company and) Ohio Power Company, Individually and, if) Their Proposed Merger is Approved, as a) Merged Company (collectively AEP Ohio)) for Tariff Approval)	Case No. 11-353-EL-ATA Case No. 11-354-EL-ATA
In the Matter of the Application of) Columbus Southern Power Company and) Ohio Power Company, Individually and, if) Their Proposed Merger is Approved, as a) Merged Company (collectively AEP Ohio)) for Approval to Change Accounting) Methods)	Case No. 11-356-EL-AAM Case No. 11-358-EL-AAM

PREFILED SUPPLEMENTAL DIRECT TESTIMONY
IN SUPPORT OF OBJECTIONS TO THE STAFF REPORTS
OF ANDREA E. MOORE
ON BEHALF OF
COLUMBUS SOUTHERN POWER COMPANY
AND
OHIO POWER COMPANY

	Management Policies, Practices & Organizations
X	Operating Income
	Rate Base
	Allocations
	Rate of Return
X	Rates and Tariffs
X	Other

Filed October 24th, 2011

INDEX TO PREFILED SUPPLEMENTAL DIRECT TESTIMONY
IN SUPPORT OF OBJECTIONS TO THE STAFF REPORTS
OF ANDREA E. MOORE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO
PREFILED SUPPLEMENTAL DIRECT TESTIMONY IN SUPPORT OF OBJECTIONS TO THE STAFF REPORTS
OF ANDREA E. MOORE
ON BEHALF OF
COLUMBUS SOUTHERN POWER
AND
OHIO POWER COMPANY

I. INTRODUCTION

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is Andrea E. Moore and my business address is 850 Tech Center Drive, Gahanna, Ohio 43230.

Q. ARE YOU THE SAME ANDREA E. MOORE WHO PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THESE PROCEEDINGS?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT TESTIMONY IN SUPPORT OF OBJECTIONS TO THE STAFF REPORTS?

A. My testimony will support certain Columbus Southern Power Company (CSP) and Ohio Power Company (OPCo) (collectively "Company" or "Companies") objections to the Staff Reports filed on September 15, 2011 in these proceedings. I will also discuss the Companies' use of the Schedule E-4.3 update to actual revenues filed August 31, including certain rider adjustments necessary to compare the filed forecasted amounts to the actual revenues billed by the Companies.

My testimony supports the objections filed by AEP Ohio on October 17, 2011 as shown below:

Objection Number	Description
5	Annualize Pole Attachment Revenue - Adjustment Double Counted
6	Annualize Pole Attachment Revenue - Expenses Outside Test Year
28	Distribution Investment Rider - ESP
29	Distribution Investment Rider - Net Plant
30	T&Cs Section 3 Service Installation
31	T&Cs Section 9 Trip Charge
32	T&Cs Section 14 Interval Metering
33	T&Cs Section 24 Tampering
34	T&Cs Section 24 Trip Charge Disconnection
35	T&Cs Section 24 Trip Charge Nov 1-April 15
36	Miscellaneous Charges as Merged Rates
37	Miscellaneous Collection Charges at Blended Rate
38	Rate Design on Merged Basis

II. OBJECTIONS TO STAFF REPORT TERMS AND CONDITIONS

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION TO STAFF'S RECOMMENDATION FOR SECTION 3 - CONDITIONS OF SERVICE OF THE COMPANIES' TERMS AND CONDITIONS.

A. The Companies object to the Staff's exclusion of the last line of the first paragraph of Section 3 - Conditions of Service. On Page 18/19 for Columbus Southern Power (CSP) and page 19 for Ohio Power Company (OPCo), the Staff recommends certain language changes. While the Companies do not oppose the recommended language changes, the Staff has omitted the last sentence in that paragraph as part of their recommendation. This sentence, as the Companies proposed, reads "The Company reserves the right to specify the service characteristics, including the point of delivery and metering." This language is necessary in order to assure that the Terms and Conditions of Service are clear that the Companies will choose where the meter and connections will be located. Since customers only pay 40% of the total cost as a contribution in aid of construction for a basic plan line extension, the Companies should be allowed to use good engineering practice to minimize the remaining 60% of cost that is paid for by all other customers.

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION TO STAFF'S RECOMMENDATION FOR SECTION 9 - SERVICE CONNECTIONS OF THE COMPANIES' TERMS AND CONDITIONS.

A. The Company objects to Staff's rejection of this language. Staff states that based on the Company's responses in DR 134, it failed to state specific conditions and/or scenarios for which it would apply a fee for multiple trips when the customer is not ready for new service. This has become a growing issue for the distribution field employees and the Company has produced cost justified charges relating to charging this fee. As described in the proposed language, these charges would be applied when the Company has to make multiple trips for new service due to the customer not fulfilling their requirements for new service. To clarify, the Company is intending on applying this charge if after a second trip the location is still not ready for service. The Company is not recommending limiting the number of times a customer can be charged when they are repeatedly unprepared for a new service installation. Every time an employee is sent out to a home that is not ready for service installation, other customers are subsidizing this trip because that time could have been used on other functions. To address Staff's concerns, the Companies propose to clarify the language as follows: "The Company has the right to assess a service fee when three or more trips are made for service installation and can not be completed due to customer installation issues".

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION TO STAFF'S RECOMMENDATION FOR SECTION 15 - INTERVAL METERING INSTALLATIONS OF THE COMPANIES' TERMS AND CONDITIONS.

A. The Company objects to the Staff's proposed language change for interval metering installations in the CSP Staff Report on page 20. The Company charges customers for the replacement of surge protectors, interval boards or modem boards when damaged. With the exception of the surge protector, these types of repairs are not done in the field. If the meter has an issue with the interval or modem boards failing, the meter is removed and replaced. The interval board is part of the meter and is not repairable, requiring the meter to be scrapped. If the modem is damaged, the board is replaced and the meter is reused. Repairing the modem boards would be too labor intensive to be cost effective.

Q. PLEASE EXPLAIN THE COMPANIES' OBJECTION TO STAFF'S RECOMMENDATION FOR SECTION 24 - DENIAL OR DISCONTINUATION OF SERVICE OF THE COMPANIES' TERMS AND CONDITIONS.

A. The Companies object to Staff's proposed language under the Denial of Discontinuation of Service. On OPCo's Staff Report at page 21 and CSP's Staff Report at page 21, the Staff recommends that the Companies change the paragraph related to fraudulently obtaining service to read "Service will not be restored until the customer has given satisfactory assurance that such fraudulent or tampering practice will be discontinued and has paid to the Company an amount estimated for unmetered service and for the actual cost to replace or repair any damaged property of the company due to tampering." The Companies current practice is to use an estimated billing amount for this charge. The Companies may not know the actual costs for some time after the occurrence, which would extend the amount of time before the Companies could restore service under this scenario.

Q. WERE THERE OTHER OBJECTIONS IN SECTION 24 - DENIAL OR DISCONTINUATION OF SERVICE?

A. Yes. In the same section of the Staff Reports, the Staff has suggested a language change as it relates to the collection trip charge assessed by the Companies. While the Companies do not object to the Staff's proposed language in general, the language must be clarified. No employees are permitted to collect payments from customers. The current process may allow customers to make an immediate payment to avoid disconnection. If the account cannot be brought current by either paying over the phone or at an authorized pay station, the employee will then perform disconnection. However, there are certain hardships and other circumstances that could also prevent disconnection. As a result, the Companies agree to Staff's modification if the paragraph ends by stating "or not performed as a result of extenuating circumstances".

Q. PLEASE EXPLAIN THE COMPANIES' FINAL OBJECTION TO STAFF'S RECOMMENDATION FOR SECTION 24 - DENIAL OR DISCONTINUATION OF SERVICE OF THE COMPANIES' TERMS AND CONDITIONS.

A. The Companies object to Staff's proposal to remove the language in the same Denial or Discontinuance of Service section regarding the 10 day notice during the period from November 1 through April 15, stating that sending an employee to a home for the sole purpose of attempting to collect adds an additional fee to customers who are already struggling, and that the Company can now mail the 10 day notice per Rule 4901:1-18-06(B) of the OAC. Employees are not allowed to collect delinquent account balances from customers and are not sent to the premises solely for the purpose of collecting the delinquent amount. However, there are some instances that require a trip charge due to the Company not being able to the mail the 10 day notice. For instance, if the customer had made a payment on the account during the previous trip to avoid disconnection and the check was returned, this is not a situation where the billing system will be triggered to send the letter in the mail but instead requires an employee to place a 10 day notice by the way of a door hanger at the premises. After the 10 days, the Companies will make another trip to the premises for disconnection. The Companies are only making one collection trip charge per the rules quoted by Staff, but they are also making a separate trip to the premises to hang the door hanger as this has now become a manual process and requires an additional trip and as such should be assessed the trip charge.

III. COMPANIES OBJECTIONS TO MISCELLANEOUS CHARGES

Q. DO THE COMPANIES HAVE ANY GENERAL OBJECTIONS TO THE STAFF'S RECOMMENDATION FOR MISCELLANEOUS CHARGES?

A. In general the Companies object to the Staff's position to not allow the proposed rates that reflect the costs of the two operating companies. Although the operating companies are not yet merged, there is an administrative benefit for having one set of miscellaneous charges. For instance field personnel could have identical door hangers and other material to provide customers rather than two sets. Also, the Companies would like to have one Terms and Conditions of Service section for the tariffs. The Companies have provided detailed costs for each operating Company separately and also for the combination of the rates. The

Staff has all necessary information to approve that the proposed rates are just and reasonable.

Q. PLEASE EXPLAIN THE COMPANIES OBJECTION TO THE COLLECTION CHARGE RECOMMENDED BY THE STAFF.

A. The Companies also object to the Staff's proposal of the collection charge. In CSP's Staff Report at page 25, Staff is recommending the blended rate of $16.00 as proposed by the Companies yet on OPCo's report at page 25; the Staff is recommending an OPCo charge of $23.00. The Companies request that their proposed blended rate of $16.00 be approved by the Commission.

Q. SHOULD AN ADJUSTMENT TO THE REVENUE REQUIREMENT TO BE COLLECTED THROUGH BASE RATES BE MADE IF THE STAFF'S MISCELLANEOUS CHARGES ARE APPROVED?

A. Yes. The Companies made an adjustment to remove the revenue proposed to be collected through miscellaneous charges from the revenue to be collected through base rate charges. Staff has recommended changes to the miscellaneous revenues but has not made a similar adjustment to the base rate revenue requirement reflecting this shift. Because the proposed miscellaneous rates for CSP as recommended in the Staff Report were lower when considering only CSP, this reduction in the miscellaneous service revenue would need to be adjusted to allow for an increase in the revenues collected through the base rates of CSP. In turn, the increase in the miscellaneous revenues for OPCo based on Staff's proposal should be adjusted, requiring a decrease in the amount of revenue collected through the base rates of OPCo.

Q. PLEASE EXPLAIN THE COMPANIES' OBJECTION TO STAFF'S PROPOSAL THAT THE RATE DESIGN BE ACCEPTED ON A STAND ALONE BASIS.

A. The Companies' object to Staff's proposal that, absent Commission approval on the merger filing, rates be designed on a stand alone basis. This proposal ignores the pending merger filing and the likelihood that the merger will be adopted. The Companies have provided just and reasonable rates based on the costs of its Distribution function. By ignoring the pending merger, the Staff is ignoring that these costs will be same once the merger is approved. The Companies have provided all of the necessary details to determine that these are in fact the costs to serve the two operating companies and as such are just and reasonable and should be approved as a merged rate.

Q. PLEASE EXPLAIN THE COMPANY'S OBJECTION TO STAFF'S MISCELLANEOUS REVENUE ADJUSTMENT RELATING TO DEPARTMENT OF ENERGY REIMBURSEMENTS RECEIVED BUT NOT INCLUDED IN THE GRIDSMART® RIDER.

A. The Company objects to Staff's proposed adjustment to miscellaneous revenues as it relates to stimulus amounts received during the test year that were not included in the gridSMART® Rider as discussed on CSP's Staff Report at page 9. The adjustment Staff proposed for these reimbursements was based on the amount of reimbursements the Company received from January through December, 2010, not the test year in this case. Further, the effect of this adjustment on the test year actually removes the stimulus funds twice. The gridSMART® Rider excludes certain costs for in-kind contributions and internal payroll. These costs are excluded from the rider and in turn any reimbursements for these costs are excluded from the rider. However, the reimbursements for in-kind projects are already included in the actual expenses as reductions, which have the effect of reducing those expenses. To the extent the Staff would remove these reimbursements again, they are essentially removed twice. The Staff used actual payroll for the test year that did not include an adjustment for these reimbursements, so the effect on payroll is not the same as the in-kind contributions. Supplemental Exhibit AEM-1 shows the calculation of the test year actual internal O&M payroll, excluding the three incremental employees that were already removed in the gridSMART® rider adjustment. One half of the actual O&M payroll will be reimbursed by the DOE. In the original filing the Companies used actual payroll amounts for June through August of 2010. These amounts would have included a credit for DOE reimbursements. However, the Companies nor Staff adjusted for the actual payroll September 2010 through May 2011 the amount of internal O&M payroll that would be reimbursed by the DOE. Supplemental Exhibit AEM-1 shows the amount of this adjustment, $487,000. Staff proposed an adjustment of $1,153,000 which included capital dollars that should be excluded, was based on a calendar year 2010 amounts rather than the test year and also included all reimbursements not credited to the rider which would have included in-kind reimbursements that would be for external labor and as such already credited in the test year actuals. The Companies are proposing an adjustment of $666,000 which would be the difference between Staff's proposed adjustment of $1,153,000 and the amount for the O&M payroll for the test year, $487,000.

IV. CURRENT REVENUES SCHEDULE E-4.3

Q. PLEASE EXPLAIN THE COMPANIES UPDATED SCHEDULE E-4.3.

A. The Companies provided an update of all revenues by class on Schedule E-4.3. This update was provided by determining the revenue billed from the customer billing system for the actual months of the test year. This revenue includes any firm sales which would include both base revenue as well as rider revenue for the distribution function.

Q. WHAT WERE THE DIFFERENCES BETWEEN THE ACTUAL REVENUES AND THE FORECASTED VALUES THE COMPANIES USED IN THE ORIGINAL FILING?

A. In the original filing, the Companies used a combination of three months actual and nine months forecasted billing determinants and multiplied them by both the current rate and the proposed rate to get the corresponding revenues. The riders included in these revenue values were then removed to get a test year forecast of firm sales. In the updated schedule of E-4.3, there were two major differences between the forecasted revenues and the actual revenues. The first major difference relates to the Economic Development Rider (EDR). In the original filing, the credit received by those customers billed under a reasonable arrangement was not included in the EDR rider amounts because it is not revenue that the Companies would receive, but used to determine the value of the rider rate. The customer billing system will produce not only the rider revenue being collected, but also the monthly credit per these reasonable arrangements on that particular customer's bill. While the actual amount reflected this credit, the forecasted amounts would only include forecasted billing determinants times the EDR rider rate, excluding the offsetting credit that gets billed to these reasonable arrangement customers. The effect of these credits on the actual revenue calculation makes it appear that there is a negative revenue amount for the GS-4 customers when really the offset to that negative value is embedded in all classes through the inclusion of their payments of the EDR. This credit as well as the rider collections would be adjusted if the Companies were to get the revenues shown on Schedule E-4.3 on a base revenues basis only.

Another major difference between the revenues filed and the revenues as updated relates to the Significantly Excessive Earnings Test (SEET) credit rider that is currently being given to CSP customers. At the time the filing was being prepared, this SEET credit rider was not included in the forecasted revenue values as it was not yet in effect.

Q. DO THESE ISSUES IMPACT THE STAFF REPORTS?

A. Yes. The impact of these issues on the Staff Reports is further discussed in Company witness Mitchell's pre-filed supplemental direct testimony.

V. DISTRIBUTION INVESTMENT RIDER

Q. WHAT IS STAFF'S RECOMMENDATION FOR THE DISTRIBUTION INVESTMENT RIDER?

A. The Staff recommends that the decision on the Companies' Distribution Investment Rider (DIR) proposal be addressed in the Standard Service Offer

(SSO) Case currently pending before the Commission. The Staff also does not recommend that the Commission use the net plant levels as of 2000 for the DIR until a decision has been rendered in this Case.

Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION?

A. No. There is no guarantee that the Companies' proposals in the SSO case will be approved as filed. The Companies have recommended that the DIR begin with the 2000 net plant balance in the event that the distribution rates approved in this case are not effective by January 1, 2012. This allows the Companies to begin collecting dollars while awaiting implementation of the distribution rates. The net plant as of 2000 is an appropriate start date due to the Companies not collecting any incremental distribution base rates[1] from that point to the present. The 2000 net plant represents the Companies' recalculation of distribution rates related to unbundling the rates at that time. This starting point takes the last distribution rate change and begins the collection of the return on and of any new assets until such time that the distribution rates are in effect.

Q. DO THE DISTRIBUTION RATES OR THE DIR PROPOSED IN THE DISTRIBUTION CASE RESULT IN DOUBLE RECOVERY OF THE DIR REVENUES PROPOSED IN THE ESP CASE NOS. 11-346-EL-SSO AND 11-348-EL-SSO?

A. No. Once new base distribution rates go into effect as a result of this case (excluding revenue neutral rate design), this portion of the rider will not continue as it is no longer necessary. However, after the date certain set in this case, the Companies are asking that the DIR continue as a quarterly filing to allow for

[1] Other than the increase approved in Case Nos. 05-842 and 05-843.

timely collection of returns on new investments necessary to the Companies' system as discussed in Witness Kirkpatrick's direct testimony. This quarterly adjustment would begin where the date certain in the Distribution case ended, August, 2010. The first DIR filing would be to collect any change in net plant from August 2010 forward. If the DIR proposed in the ESP is approved without modification, a revenue credit may be appropriate in this case.

Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT TESTIMONY IN SUPPORT OF OBJECTIONS TO THE STAFF REPORTS?

A. Yes.

Summary of gridSMART DOE O&M Labor Adjustment

Line No.	Month No.	AEPSC Internal Labor	Incremental Employee Labor	Payroll Not Included in Rider
1	June	$ 74,492	$ 12,575	$ 61,917
2	July	$ 161,992	$ 13,351	$ 148,641
3	August	$ 116,272	$ 8,001	$ 108,271
4	September	$ 154,555	$ 30,711	$ 123,844
5	October	$ 137,238	$ 22,171	$ 115,067
6	November	$ 121,061	$ 20,087	$ 100,974
7	December	$ 167,815	$ 22,064	$ 145,751
8	January 2011	$ 136,993	$ 17,264	$ 119,728
9	February	$ 140,498	$ 20,096	$ 120,402
10	March	$ 113,345	$ 15,819	$ 97,525
11	April	$ 96,306	$ 17,964	$ 78,342
12	May	$ 90,333	$ 18,095	$ 72,238
13	Total Test Year Actuals	$ 1,510,899	$ 218,199	$ 1,292,700

Remove Test
Year Actuals
($ Reflected)

Line No.	Month No.	AEPSC Internal Labor	Incremental Employee Labor	Payroll Not Included in Rider
14	June	$ 74,492	$ 12,575	$ 61,917
15	July	$ 161,992	$ 13,351	$ 148,641
16	August	$ 116,272	$ 8,001	$ 108,271
17	Total June - August 2010	$ 352,755	$ 33,927	$ 318,828
	Amount Subject to Reimbursement for Test Year			
18	Updated Sept-May Actuals	$ 1,158,143.96	$ 184,271.73	$ 973,872
19	DOE $			$ (486,936)
20	Payroll Adjustment			$ 486,936

Lines 1- 12 - June 2010 - May 2011 Actuals for gridSMART O&M labor
Line 13 - Total Test Year Actuals
Lines 14 - 16 - June - August Actuals included in filing
Line 17 - Total 3 Months Actuals from Filing
Line 18 - Updated 9 Month Originally Forecasted
Line 19 - One Half of 9 Month Actuals
Line 20 - Payroll Adjustment to Reflect DOE Reimbursements not included in Payroll Actuals

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Prefiled Supplemental Direct Testimony In Support of Objections to the Staff Reports of Andrea E Moore on behalf of Columbus Southern Power Company and Ohio Power Company has been served upon the below-named counsel via First Class mail, postage prepaid, this 24th day of October, 2011.

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IEU-Ohio Ex. 18

Columbus Southern Power Company's and Ohio Power Company's Responses to FirstEnergy Solutions Fourth Set of Discovery Requests

- INT-4-005
- INT-4-007
- INT-4-008
- INT-4-009
- INT-4-012
- INT-4-013
- INT-4-015
- INT-4-016
- RPD-4-001

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
FIRSTENERGY SOLUTIONS
DISCOVERY REQUEST
CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
FOURTH SET

INTERROGATORY

INT-4-005 In Exhibit LJT-2, does the "2011 Base ESP 'g' rate" include both energy and capacity costs?

RESPONSE:

The Company objects to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence Without waiving these objections or any general objection the Company may have, the Company states as follows

SB221 does not require rates for generation service, including capacity and energy, to be based on cost AEP Ohio has not conducted a cost of service study for unbundled generation service. However, the 2011 Base ESP 'g' rate includes both energy and capacity.

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY

INT-4-007 If your response to Interrogatory No. 4-5 was "yes", please state whether these capacity costs are cost-based, that is, built up from specific FERC accounts such as those that were included with AEP's Initial Comments in Case No. 10-2929-EL-UNC on January 7, 2011 and identify all costs that AEP Ohio considers to be capacity-related and energy-related.

RESPONSE:

The Company objects to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections or any general objection the Company may have, the Company states as follows.

SB221 does not require rates for generation service, including capacity and energy, to be based on cost. AEP Ohio has not conducted a cost of service study for unbundled generation service to retail customers.

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY

INT-4-008. If the capacity costs identified in response to Interrogatory No. 4-7 are not cost-based, please Identify all supporting workpapers and analyses showing how those costs are market-based.

RESPONSE:

The Company objects to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections or any general objection the Company may have, the Company states as follows

SB221 does not require rates for generation service, including capacity, to be based on either cost or market. The Company has prepared no such analysis

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
FIRSTENERGY SOLUTIONS
DISCOVERY REQUEST
CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
FOURTH SET

INTERROGATORY

INT-4-009 If the capacity costs identified in response to Interrogatory No. 4-7 and No. 4-8 are neither cost-based nor market-based, please state the basis for the capacity costs included in the "2011 Base ESP 'g' rate" used in Exhibit LJT-2 and how those capacity costs were determined.

RESPONSE:

The Companies' base rates were last established by the Commission in Case Nos. 91-418-EL-AIR for Columbus Southern Power Company and 94-996-EL-AIR for Ohio Power Company. The Companies' retail rates were unbundled effective in 2001 and the generation rates were subsequently adjusted by percentage increases. There has been no specific determination of the capacity costs included in the "2011 Base ESP 'g' rate."

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY

INT-4-012. Will customers taking SSO service from AEP Ohio be required to pay any separate capacity charges associated with AEP's procuring capacity to meet its obligations as a member of PJM? If the answer is "yes," please provide full details and all supporting calculations of any and all separate capacity charges for which SSO customers will be required to pay.

RESPONSE:

No.

Prepared By: Philip J. Nelson

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY

INT-4-013. Witness Thomas' testimony at page 7:12-16, references the capacity costs that form the capacity component of the MRO, and reference AEP Ohio's Initial Comments in Case No. 10-2929-EL-UNC on January 7, 2011. Is the capacity cost contained in the "2011 Base ESP 'g' rate" based on the capacity costs set forth in these Initial Comments?

RESPONSE:

No See the Company's responses to FES INT 4-007, FES INT 4-008 and FES 4-009.

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY NO. 4-15:

INT-4-015. In Exhibit LJT-2, does the "2011 Base ESP 'g' rate" include ancillary service charges that CSP and OPCo incur as members in PJM? If the answer is "yes," please Identify all supporting workpapers and analysis that documents all of the ancillary service charges that form the basis for the charges included in the "2011 Base ESP 'g' rate"

RESPONSE:

The Company objects to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections or any general objection the Company may have, the Company states as follows.

SB221 does not require rates for generation service, including capacity and energy, to be based on cost AEP Ohio has not conducted a cost of service study for unbundled generation service. However, the 2011 Base ESP 'g' rate includes ancillary service charges.

See the Company's response to FES 4-009.

Prepared By: Laura J. Thomas

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO FIRSTENERGY SOLUTIONS DISCOVERY REQUEST CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO FOURTH SET

INTERROGATORY

INT-4-016. Will customers taking SSO service from AEP Ohio be required to pay any separate ancillary service charges associated with AEP's procuring such services to meet its obligations as a member of PJM? If the answer is "yes," please provide full details and all supporting calculations of any and all separate ancillary service charges for which SSO customers will be required to pay

RESPONSE:

No

Prepared By: Philip J. Nelson

**COLUMBUS SOUTHERN POWER COMPANY'S
AND OHIO POWER COMPANY'S RESPONSE TO
FIRSTENERGY SOLUTIONS
DISCOVERY REQUEST
CASE NO. 11-346-EL-SSO AND 11-348-EL-SSO
FOURTH SET**

<u>REQUESTS FOR PRODUCTION OF DOCUMENTS</u>

RPD-4-001 If the values for "g" and/or the "Base Generation Revenues" values referenced in Your response to Interrogatory No. 4-2 above are based on previous filings submitted be AEP Ohio, or CSP and OPCo individually, please provide copies of the specific filings that support the calculations made by the company or companies, and all supporting workpapers and electronic spreadsheets thereof, including how AEP Ohio, or CSP and OPCo individually, functionalized and classified all generation-related costs.

<u>RESPONSE:</u>

The Company objects to this request as seeking information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections or any general objection the Company may have, the Company states as follows.

SB221 does not require rates for generation service to be based on cost and AEP Ohio has not conducted a cost of service study for unbundled generation service. The Companies' base rates were last established by the Commission in Case Nos. 91-418-EL-AIR for CSP and 94-996-EL-AIR for OPCo. The Companies' retail rates were unbundled effective in 2001 in Case Nos 99-1729-EL-ETP for CSP and 99-1730-EL-ETP for OPCo, and the generation rates were subsequently adjusted by percentage increases.

Prepared by: Laura J Thomas

IEU No.19

AEP AMERICAN® ELECTRIC POWER

2Q11 Earnings Release Presentation

July 29, 2011

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load, customer growth and the impact of retail competition, particularly in Ohio, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to resolve I&M's Donald C. Cook Nuclear Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to recover regulatory assets and stranded costs in connection with deregulation, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generating capacity, including the Turk Plant, and transmission line facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight of energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation and cost recovery of our plants, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance), resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas and other energy-related commodities, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and related regulation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events and our ability to recover through rates or prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel..

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Second Quarter 2011 Highlights

- **Financial Performance**
  - Delivered GAAP and on-going earnings of $0.73 per share
  - Reaffirming 2011 earnings guidance of $3.00 to $3.20 per share
- **Positive Litigation Developments**
  - Texas Supreme Court Ruling
  - Turk Settlement
- **Regulatory Plan**
  - Rate proceedings – $220M secured
  - Open proceedings – Ohio, Virginia, Michigan
- **Environmental Update**
  - Cross-State Air Pollution Rule
  - Carbon Capture & Storage Project

2Q11 Performance

AEP®

Second Quarter Reconciliation

	EPS	Ongoing Earnings ($ in millions)
2Q10	$ 0.74	$355
Operations & Maintenance	$ (0.08)	
Other Costs, net	$ (0.04)	
Customer Switching	$ (0.04)	
Rate Changes	$ 0.09	
Off-System Sales	$ 0.05	
Weather	$ 0.01	
2Q11	$ 0.73	$352

EPS Based on 482MM shares in Q211

2Q11 Performance Drivers

- O&M expense net of offsets increased $56M primarily due to higher storm expenses
- Other Costs increased $34M, partially due to gain on sale of ICE shares in 2Q10 and increased other taxes
- Customer Switching in Ohio up $24M
- Rate Changes net of offsets of $66M from multiple operating jurisdictions
- Off-System Sales, net of sharing, were favorable by $37M due to higher volumes and higher power prices
- Weather was favorable by $5M vs. prior year, favorable $47M vs. normal

June YTD 2011 Performance

June YTD 2011 Reconciliation

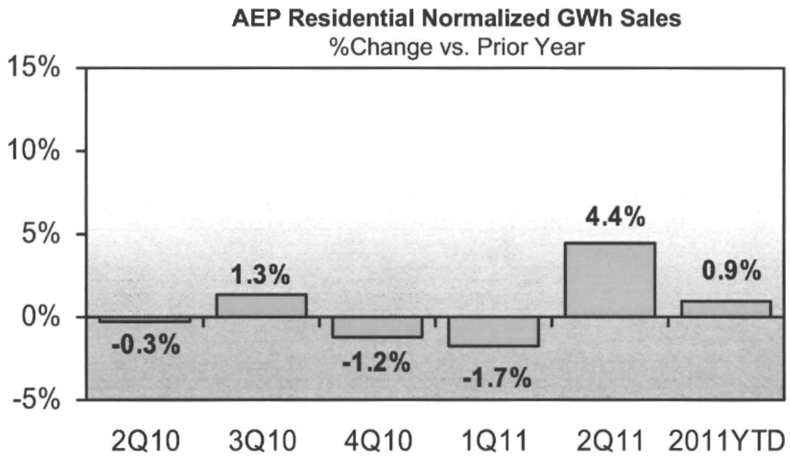
	EPS	Ongoing Earnings ($ in millions)
2010	$ 1.50	$720
Operations & Maintenance	$ (0.04)	
Other Costs, net	$ (0.05)	
Customer Switching	$ (0.06)	
Rate Changes	$ 0.15	
Off-System Sales	$ 0.07	
Weather	$ (0.02)	
2011	$ 1.55	$744

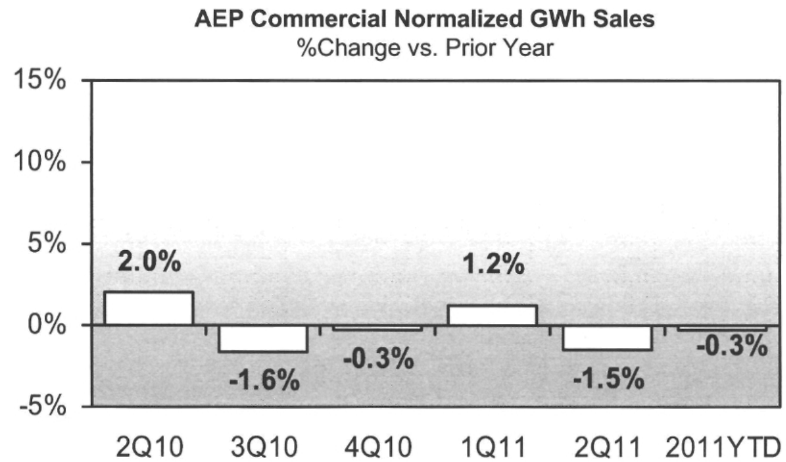
EPS Based on 482MM shares in YTD11

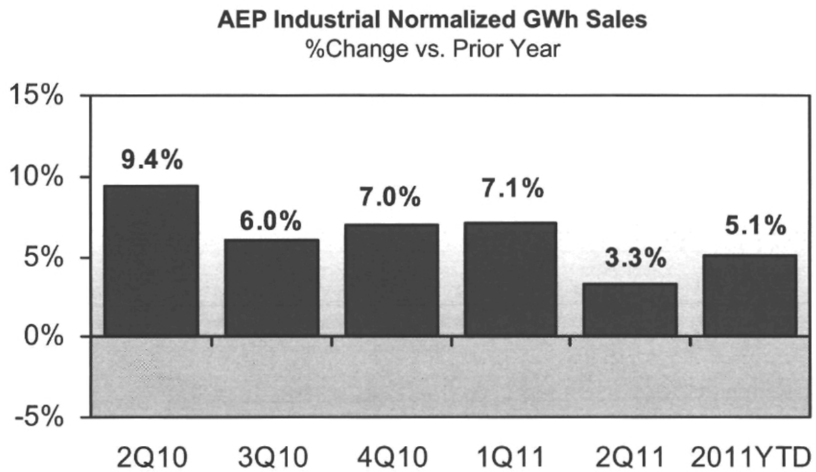
YTD 2011 Performance Drivers

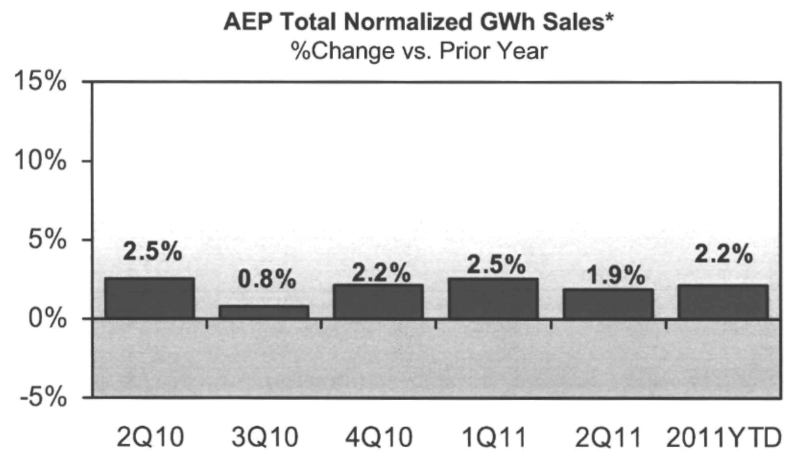
- O&M increase of $30M, net of offsets, primarily due to higher storm expenses
- Other Costs, Net increased $35M primarily due to gain on sale of ICE shares in 2Q10 and increased taxes
- Customer Switching in Ohio up $43M from last year
- Rate Changes, net of offsets, of $110M from multiple operating jurisdictions
- Off-System Sales, net of sharing, were favorable by $49M due to higher volumes and higher power prices
- Weather was unfavorable by $15M vs. prior year, favorable $67M vs. normal

Normalized Load Trends





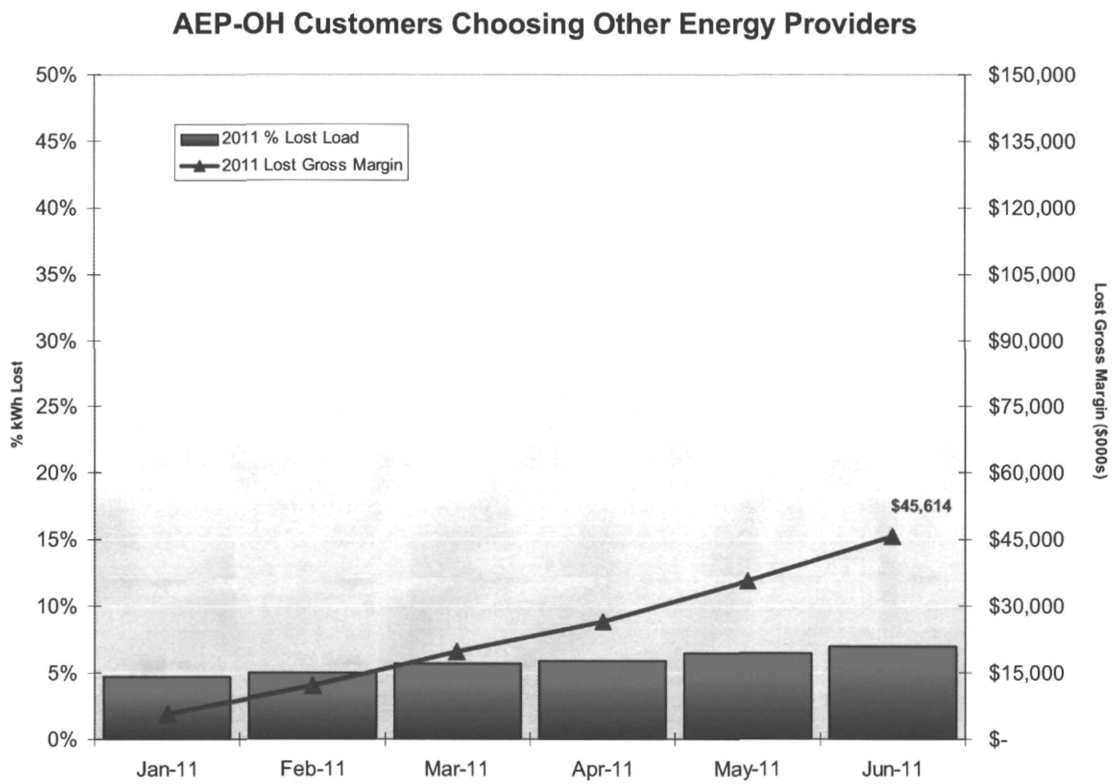




*includes firm wholesale load

Note: Chart represents connected load

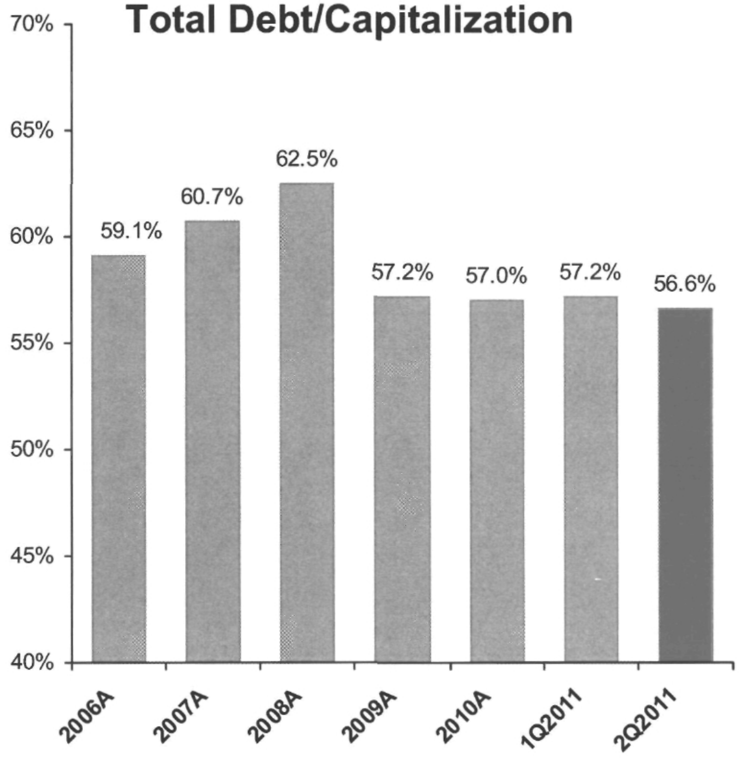
Customer Switching



($ in millions)	2Q11 Gross Margin Lost		YTD Gross Margin Lost		YTD % Lost Load
CSP	$	23.8	$	42.8	14.8%
OPCo	$	2.2	$	2.8	0.8%
Total	$	26.0	$	45.6	6.9%

Capitalization & Liquidity

Total Debt/Capitalization



Note: Total Debt is calculated according to GAAP and includes securitized debt

Liquidity Summary (06/30/2011)

Liquidity Summary (unaudited)		Actual	
($ in millions)		Amount	Maturity
Revolving Credit Facility	$	1,500	Jun-13
Revolving Credit Facility		1,454	Apr-12
Total Credit Facilities		**2,954**	
Plus			
Cash & Cash Equivalents		417	
Less			
Commercial Paper Outstanding		(944)	
Letters of credit issued		(132)	
Net available Liquidity	**$**	**2,295**	

On July 26, 2011, we renewed and upsized the facility expiring in April 2012. The new facility has a capacity of $1.75B and expires in July 2016.

We also extended and repriced the facility expiring in June 2013. That facility now expires in June 2015.

This brings our total available capacity to $3.25B.

Questions

2Q11 Earnings

	$ millions			Earnings Per Share		
	2nd Qtr 2010	2nd Qtr 2011	Change	2nd Qtr 2010	2nd Qtr 2011	Change
Utility Operations	$ 348	$ 349	$ 1	$ 0.73	$ 0.73	$ -
Transmission Operations	-	6	6	-	0.01	0.01
Non-Utility Operations	7	10	3	0.01	0.02	0.01
Parent & Other	-	(13)	(13)	-	(0.03)	(0.03)
AEP On-Going Earnings	355	352	(3)	0.74	0.73	(0.01)
Cost Reduction Initiative	(185)	-	185	(0.39)	-	0.39
Carbon Capture - APCo VA	(34)	-	34	(0.07)	-	0.07
Special Items Total	(219)	0	219	(0.46)	-	0.46
Reported Earnings (GAAP)	$ 136	$ 352	$ 216	$ 0.28	$ 0.73	$ 0.45

Quarterly Performance Comparison

American Electric Power
Financial Results for 2nd Quarter 2011 Actual vs 2nd Quarter 2010 Actual

		Performance Driver (2010)	2010 Actual ($ millions)	2010 Actual EPS	Performance Driver (2011)	2011 Actual ($ millions)	2011 Actual EPS
	UTILITY OPERATIONS:						
	Gross Margin:						
1	East Regulated Integrated Utilities	15,523 GWh @ $ 41.2 /MWhr =	639		15,335 GWh @ $ 42.2 /MWhr =	648	
2	Ohio Companies	11,361 GWh @ $ 61.0 /MWhr =	693		11,831 GWh @ $ 55.6 /MWhr =	658	
3	West Regulated Integrated Utilities	10,325 GWh @ $ 33.3 /MWhr =	344		10,631 GWh @ $ 33.7 /MWhr =	358	
4	Texas Wires	7,075 GWh @ $ 21.5 /MWhr =	152		7,753 GWh @ $ 21.2 /MWhr =	164	
5	Off-System Sales	3,980 GWh @ $ 14.5 /MWhr =	58		7,188 GWh @ $ 13.3 /MWhr =	95	
6	Transmission Revenue - 3rd Party		88			101	
7	Other Operating Revenue		127			134	
8	Utility Gross Margin		2,101			2,158	
9	Operations & Maintenance		(780)			(853)	
10	Depreciation & Amortization		(394)			(398)	
11	Taxes Other than Income Taxes		(190)			(199)	
12	Interest Exp & Preferred Dividend		(237)			(227)	
13	Other Income & Deductions		41			41	
14	Income Taxes		(193)			(173)	
15	Utility Operations On-Going Earnings		348	0.73		349	0.73
16	Transmission Operations On-Going Earnings		-	-		6	0.01
	NON-UTILITY OPERATIONS:						
17	AEP River Operations		-	-		(1)	-
18	Generation & Marketing		7	0.01		11	0.02
	PARENT & OTHER:						
19	Parent Company On-Going Earnings		(12)			(17)	
20	Other Investments		12			4	
21	Parent & Other On-Going Earnings		-	-		(13)	(0.03)
22	ON-GOING EARNINGS		355	0.74		352	0.73

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

June YTD Earnings

	$ millions			Earnings Per Share		
	June YTD 2010	June YTD 2011	Change	June YTD 2010	June YTD 2011	Change
Utility Operations	$ 709	$ 738	$ 29	$ 1.48	$ 1.54	$ 0.06
Transmission Operations	1	10	9	-	0.02	0.02
Non-Utility Operations	21	18	(3)	0.04	0.03	(0.01)
Parent & Other	(11)	(22)	(11)	(0.02)	(0.04)	(0.02)
AEP On-Going Earnings	720	744	24	1.50	1.55	0.05
Medicare D Subsidy	(21)	-	21	(0.04)	-	0.04
Cost Reduction Initiative	(185)	9	194	(0.39)	0.02	0.41
Litigation Settlement - Enron Bankruptcy	-	(22)	(22)	-	(0.06)	(0.06)
Carbon Capture -- APCo WV	-	(26)	(26)	-	(0.05)	(0.05)
Carbon Capture -- APCo VA	(34)	-	34	(0.07)	-	0.07
Special Items Total	(240)	(39)	201	(0.50)	(0.09)	0.41
Reported Earnings (GAAP)	$ 480	$ 705	$ 225	$ 1.00	$ 1.46	$ 0.46

YTD 2011 Performance Comparison

American Electric Power
Financial Results for YTD June 2011 Actual vs YTD June 2010 Actual

		Performance Driver	2010 Actual ($ millions)	2010 Actual EPS	Performance Driver	2011 Actual ($ millions)	2011 Actual EPS
	UTILITY OPERATIONS:						
	Gross Margin:						
1	East Regulated Integrated Utilities	34,098 GWh @ $ 41.7 /MWhr =	1,423		33,487 GWh @ $ 42.0 /MWhr =	1,405	
2	Ohio Companies	23,945 GWh @ $ 57.5 /MWhr =	1,376		25,136 GWh @ $ 54.6 /MWhr =	1,373	
3	West Regulated Integrated Utilities	20,115 GWh @ $ 30.6 /MWhr =	615		20,534 GWh @ $ 31.7 /MWhr =	651	
4	Texas Wires	13,183 GWh @ $ 22.9 /MWhr =	302		14,067 GWh @ $ 22.2 /MWhr =	313	
5	Off-System Sales	8,724 GWh @ $ 15.1 /MWhr =	132		12,615 GWh @ $ 14.4 /MWhr =	181	
6	Transmission Revenue - 3rd Party		182			203	
7	Other Operating Revenue		250			259	
8	Utility Gross Margin		4,280			4,385	
9	Operations & Maintenance		(1,614)			(1,688)	
10	Depreciation & Amortization		(792)			(791)	
11	Taxes Other than Income Taxes		(393)			(408)	
12	Interest Exp & Preferred Dividend		(473)			(460)	
13	Other Income & Deductions		79			89	
14	Income Taxes		(378)			(389)	
15	Utility Operations On-Going Earnings		709	1.48		738	1.54
16	Transmission Operations On-Going Earnings		1	-		10	0.02
	NON-UTILITY OPERATIONS:						
17	AEP River Operations		4	0.01		6	0.01
18	Generation & Marketing		17	0.03		12	0.02
	PARENT & OTHER:						
19	Parent Company On-Going Earnings		(26)			(28)	
20	Other Investments		15			6	
21	Parent & Other On-Going Earnings		(11)	(0.02)		(22)	(0.04)
22	ON-GOING EARNINGS		720	1.50		744	1.55

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

June YTD 2011 Cash Flow

($ millions)	2010	2011
Operating Activities		
Net Income -- Reported	**$ 480**	**$ 708**
Depreciation, Amortization & Deferred Taxes	1,139	1,464
Pension Contributions	(75)	(75)
Application of New Accounting Guidance: Securitized Debt for Receivables	(656)	-
Severance	269	-
Changes in Components of Working Capital	(453)	(151)
Over/(Under) Fuel Recovery, Net	(181)	(93)
Other Assets & Liabilities	59	90
Litigation Settlement - Enron Bankruptcy	-	(211)
Cash Flows From Operating Activities	**582**	**1,732**
Investing Activities		
Capital Expenditures	(1,104)	(1,113)
Proceeds on Sale of Assets	147	94
Change in Other Temporary Cash Investments, net	42	78
Acquisition of Assets	(41)	(224)
Other Investing, net	(36)	(115)
Cash Flows Used for Investing Activities	**(992)**	**(1,280)**
Financing Activities		
Common Shares Issued, net	42	49
Long-term Debt Issuances, net	(180)	(189)
Short-term Debt Increase, net	691	293
Application of New Accounting Guidance: Securitized Debt for Receivables	656	-
Other Financing	(52)	(36)
Dividends Paid	(399)	(446)
Cash Flows From (Used for) Financing Activities	**758**	**(329)**
Cash From Continuing Operations	**$ 348**	**$ 123**
Beginning Cash & Cash Equivalent Balances	490	294
Ending Cash & Cash Equivalent Balances	**$ 838**	**$ 417**

YTD 2011 Cash Flow Drivers:

Operating Activities

- Changes in working capital largely driven by coal inventory and accounts receivable/payable, net

Investing Activities

- Cash outlay for 2011 YTD capital investment.
- Asset Acquisition represents the receipt of title to the natural gas in the Bammel storage facility in conjunction with the Enron Bankruptcy settlement.

Financing Activities

- Changes in dividend payout represent 9.5% increase in the 4th quarter of 2010

Detailed Ongoing Earnings Guidance

2010A: $3.03

2011E: $3.00 - $3.20

American Electric Power
Financial Results for 2011 Guidance vs 2010 Actual

		Performance Driver	2010 Actual ($ millions)	Performance Driver	2011 Guidance ($ millions)
	UTILITY OPERATIONS:				
	Gross Margin:				
1	East Regulated Integrated Utilities	68,761 GWh @ $ 41.9 /MWhr =	2,882	67,739 GWh @ $ 43.4 /MWhr =	2,940
2	Ohio Companies	49,465 GWh @ $ 56.6 /MWhr =	2,800	49,747 GWh @ $ 56.1 /MWhr =	2,793
3	West Regulated Integrated Utilities	42,131 GWh @ $ 31.4 /MWhr =	1,322	41,536 GWh @ $ 32.8 /MWhr =	1,361
4	Texas Wires	27,348 GWh @ $ 22.3 /MWhr =	611	27,870 GWh @ $ 22.0 /MWhr =	614
5	Off-System Sales	19,172 GWh @ $ 15.6 /MWhr =	299	21,786 GWh @ $ 12.0 /MWhr =	262
6	Transmission Revenue - 3rd Party		369		429
7	Other Operating Revenue		511		481
8	Utility Gross Margin		8,794		8,880
9	Operations & Maintenance		(3,427)		(3,529)
10	Depreciation & Amortization		(1,598)		(1,553)
11	Taxes Other than Income Taxes		(801)		(818)
12	Interest Exp & Preferred Dividend		(945)		(921)
13	Other Income & Deductions		154		211
14	Income Taxes		(758)		(787)
15	Utility Operations On-Going Earnings		1,419		1,483
16	Transmission Operations On-Going Earnings		10		17
	NON-UTILITY OPERATIONS:				
17	AEP River Operations		40		51
18	Generation & Marketing		25		6
19	Parent & Other On-Going Earnings		(43)		(61)
20	ON-GOING EARNINGS		1,451		1,496

Retail Rate Performance

	Rate Changes, net of trackers (in millions)
	2Q11 vs. 2Q10
East Regulated Integrated Utilities	$50
Ohio Companies	$10
West Regulated Integrated Utilities	$7
Texas Wires	$0
AEP System Total	$66
Impact on EPS	$0.09

	Rate Changes, net of trackers (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	$72
Ohio Companies	$20
West Regulated Integrated Utilities	$17
Texas Wires	$0
AEP System Total	$110
Impact on EPS	$0.15

2Q11 Retail Performance

AEP®

	Retail Load* (weather normalized)
	2Q11 vs. 2Q10
East Regulated Integrated Utilities	(0.8%)
Ohio Companies	4.4%
West Regulated Integrated Utilities	2.2%
Texas Wires	3.7%
Impact on EPS	$0.00

*Excludes Firm Wholesale Load

	Weather Impact (in millions)
	2Q11 vs. 2Q10
East Regulated Integrated Utilities	($6)
Ohio Companies	($7)
West Regulated Integrated Utilities	$9
Texas Wires	$9
Impact on EPS	$0.01

May not foot due to rounding

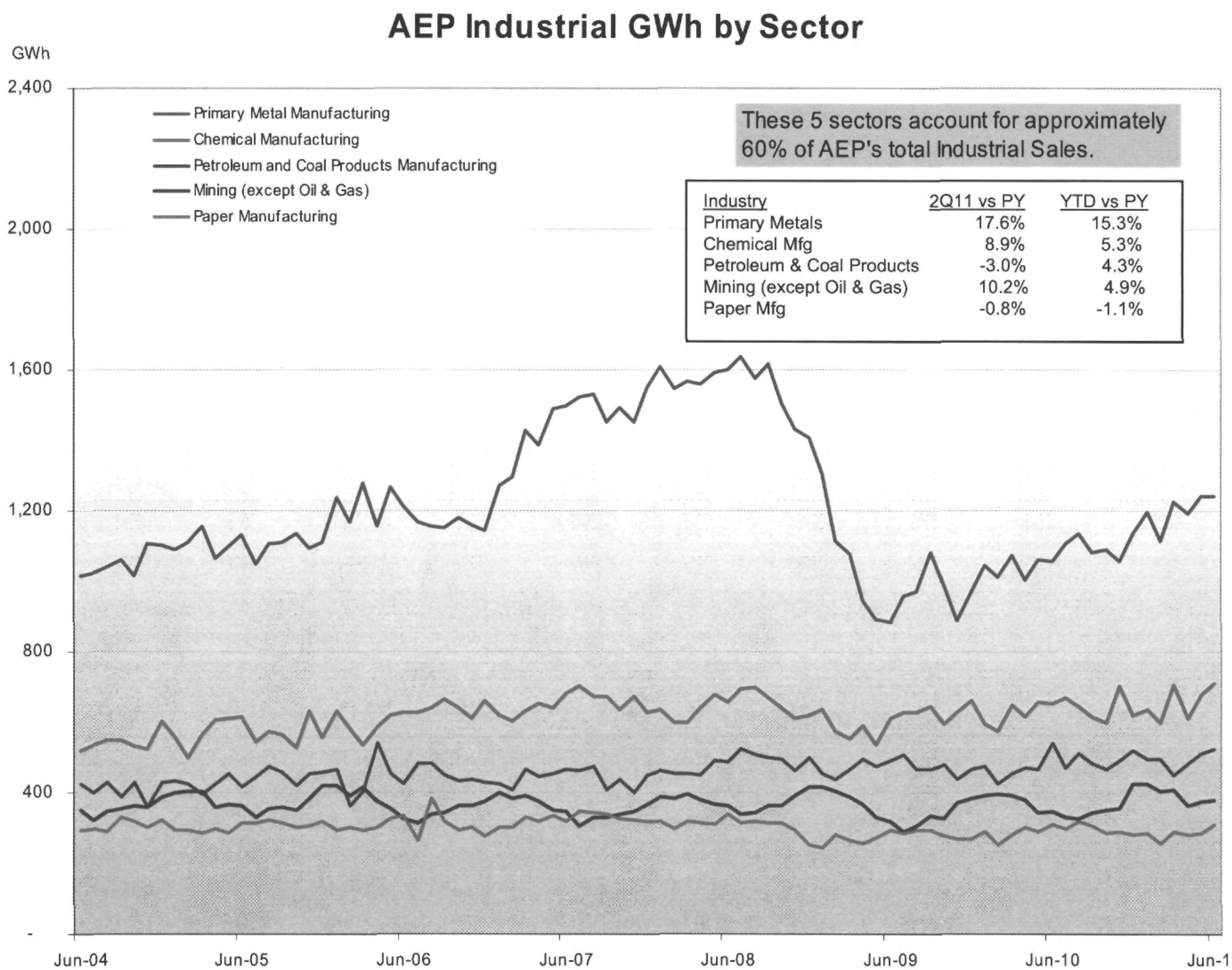
YTD 2011 Retail Performance

	Retail Load* (weather normalized)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	(0.8%)
Ohio Companies	3.5%
West Regulated Integrated Utilities	4.5%
Texas Wires	2.7%
Impact on EPS	$0.00

	Weather Impact (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	($21)
Ohio Companies	($5)
West Regulated Integrated Utilities	$0
Texas Wires	$11
Impact on EPS	$0.02

*Excludes Firm Wholesale Load

Industrial Sales Volumes



Industry	2Q11 vs PY	YTD vs PY
Primary Metals	17.6%	15.3%
Chemical Mfg	8.9%	5.3%
Petroleum & Coal Products	-3.0%	4.3%
Mining (except Oil & Gas)	10.2%	4.9%
Paper Mfg	-0.8%	-1.1%

Off System Sales Gross Margin Detail

AEP®

2Q11

	2Q10			2Q11		
	GWh	Realization	($millions)	GWh	Realization	($millions)
OSS Physical Sales	3,980	$ 11.21	$ 45	7,188	$ 13.22	$ 95
Marketing/Trading	-		$ 31	-		$ 34
Pre-Sharing Gross Margin	3,980		$ 76	7,188		$ 129
Margin Shared			$ (18)			$ (34)
Net OSS			$ 58			$ 95

- Physical off-system sales margins exceeded last year by $50M
- Volumes up 81% versus last year
- Improved AEP/Dayton Hub pricing: 14% increase in liquidation prices
- Higher Trading & Marketing results by $3M

YTD11

	YTD10			YTD11		
	GWh	Realization	($millions)	GWh	Realization	($millions)
OSS Physical Sales	8,725	$ 12.22	$ 107	12,616	$ 14.66	$ 185
Marketing/Trading	-		$ 69	-		$ 66
Pre-Sharing Gross Margin	8,725		$ 176	12,616		$ 251
Margin Shared			$ (44)			$ (70)
Net OSS			$ 132			$ 181

- Physical off-system sales margins exceeded last year by $78M
- Volumes up 45% versus last year
- Improved AEP/Dayton Hub pricing: 5% increase in liquidation prices
- Lower Trading & Marketing results by $3M

Off-System Sales

AEP®

2Q11 vs. 2Q10

Q2 2011 Liquidations vs. Q2 2010 Liquidations ($/MWh)

Hub	2010	2011	$ Change	% Change
AEP Dayton	35.5	40.43	4.93	14%
PJM West	43.59	45.58	1.99	5%
NiHub	32.09	34.59	2.50	8%
CinHub	33.75	35.33	1.58	5%
SPP	31.85	29.29	(2.56)	-8%
Natural Gas ($/mmBtu)	4.30	4.35	0.05	1%

YTD11 vs. YTD10

YTD 2011 Liquidations vs. YTD 2010 Liquidations ($/MWh)

Hub	2010	2011	$ Change	% Change
AEP Dayton	37.22	39.20	1.98	5%
PJM West	45.72	46.08	0.36	1%
NiHub	33.82	34.32	0.50	1%
CinHub	34.8	35.61	0.81	2%
SPP	35.01	29.08	(5.93)	-17%
Natural Gas ($/mmBtu)	4.72	4.26	(0.46)	-10%

Balance of 2011 Forwards vs. Balance of Year 2010 Liquidations ($/MWh)

Hub	2010	2011	$ Change	% Change
AEP Dayton	37.94	39.77	1.83	5%
PJM West	47.45	46.99	(0.46)	-1%
NiHub	32.44	33.58	1.14	4%
CinHub	34.82	35.28	0.46	1%
SPP	29.94	31.61	1.67	6%
Natural Gas ($/mmBtu)	4.03	4.45	0.42	10%

Power forwards and NG futures as of July 14, 2011

FES exhibit 18

From: ohiochoiceoperation@aep.com
To: emehan@aep.com, mjryan@bluestarenergy.com, deljevicg@dteenergy.com, jamie.king@glacialenergy.com, maria.bubp@dplinc.com, bjhawbaker@midamerican.com, bcrockett@championenergyservices.com, gbass@semprasolutions.com, nbaharuddin@fes.com, john.peoples@directenergy.com, jack.steffen@duke-energy.com, scasciani@border-energy.com, alan.krebsbach@constellation.com, andrew.fedorko@gexaenergy.com, dpearsall@peoplespower.com, sean.powers@linde.com, lmcalister@bricker.com, lVaradzhakova@noblesolutions.com, _AepCapAllotment@directenergy.com, DEBUtilityOperations@directenergy.com, jleonow@firstenergycorp.com, siegell@firstenergysolutions.com, wgutridge@firstenergycorp.com, lmcalister@bricker.com
Date: 10/21/2011 01:02 PM
Subject: AEP Ohio RPM Set Aside Update
Sent by: aeadams@aep.com

POSTING TO AEP OHIO WEB PAGE

RPM-PRICED ALLOTMENT STATUS NOTIFICATION AS OF OCTOBER 14, 2011 – THIS NOTIFICATION IS BEING ISSUED ON OCTOBER 21, 2011

In recognition of the Stipulation and Recommendation filed in Case Nos. 10-2929-EL-UNC et al (Stipulation), AEP Ohio is providing the following information that may be informative to CRES providers and customers while the Public Utilities Commission of Ohio (Commission) reviews the Stipulation. Paragraph IV.2.b.3 and Appendix C of the Stipulation provide for a set-aside of RPM priced-capacity (*e.g.*, 21% of AEP Ohio's retail load in 2012). Additionally, the Stipulation provides that the RPM-priced capacity shall initially be allocated on a *pro rata* basis among the residential, commercial and industrial classes and that if the allotment to any customer class as of September 7, 2011 exceeds 21%, then the allocation to the remaining classes shall be reduced on a pro rata basis such that the total allotment does not exceed 21%.

Values expressed in units of MWh	Pro-rata Allocation of RPM Set-aside	Initial RPM Set-aside	Allotments Awarded as of October 14, 2011*	Unallocated Allotments as of October 14, 2011*
Residential	3,071,897	2,502,528	605,484	1,897,044
Commercial	3,033,579	4,301,617	4,301,617	0
Industrial	3,769,500	3,070,832	3,016,475	54,357
Total	9,874,976	9,874,976	7,923,575	1,951,401

* The Allotments Awarded as of October 14, 2011 included all customers classified per Appendix C of the Stipulation as Group 1, 2 and 4.

Please be aware that the above values may change as a result of final data validation.

AEP Ohio Choice Operations
OhioChoiceOperation@AEP.com
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FES Exhibit 19

	Pro-Rata Allocation of RPM Set-Aside	Initial RPM Set-Aside (9/23)	Initial RPM Set-Aside (10/14)	Allotments Awarded (9/23)	Allotments Awarded (10/14)	Unallocated Allotments (9/23)	Unallocated Allotments (10/14)
Residential	3,071,897	2,535,599	2,502,528	103,387	605,484	2,432,211	1,897,044
Commercial	3,033,579	4,227,965	4,301,617	4,227,965	4,301,617	--	--
Industrial	3,769,500	3,111,413	3,070,832	2,570,094	3,016,475	541,319	54,357
Total	9,874,976	9,874,976	9,874,976	6,901,446	7,923,575	2,973,530	1,951,401

FES Exhibit 20

COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER COMPANY'S RESPONSE TO THE PUBLIC UTILITIES COMMISSION OF OHIO'S DATA REQUESTS IN PUCO CASE NOS. 11-346-EL-SSO AND 11-348-EL-SSO TWENTY-EIGHTH SET

INTERROGATORY

INT-28-001. Witness Laura J Thomas states in her pre-filed testimony @ p. 4, lines 1 -2, "The Competitive Benchmark price is based on market data and includes the items that would be included by a supplier providing retail electric service to AEP customers" [emphasis added] Is the MRO benchmark price quantified by Ms. Thomas the same as a price that would be offered by a CRES provider? Is it the price that customers would see as a result of a competitive auction or procurement that would be sponsored by AEP Ohio? Or, referring to the "and" in Ms. Thomas' statement, is it a combination of these two alternatives? Please explain why and how it is one or the other, or a combination of the two

RESPONSE

As stated on page 4 of the testimony of Company witness Thomas, the Competitive Benchmark price is based on market data and includes the items that would be included by a supplier providing retail electric service to AEP Ohio customers. Such service can be accomplished through either service from CRES provider or through competitive bidding process under an MRO. The same price and components would apply in either situation with the following exceptions: a CRES provider's price would likely include additional customer acquisition costs and a supplier under an MRO would include POLR costs Neither of these additional costs were included in the Company's Competitive Benchmark price.

Prepared by: Laura J. Thomas

FES Exhibit 21

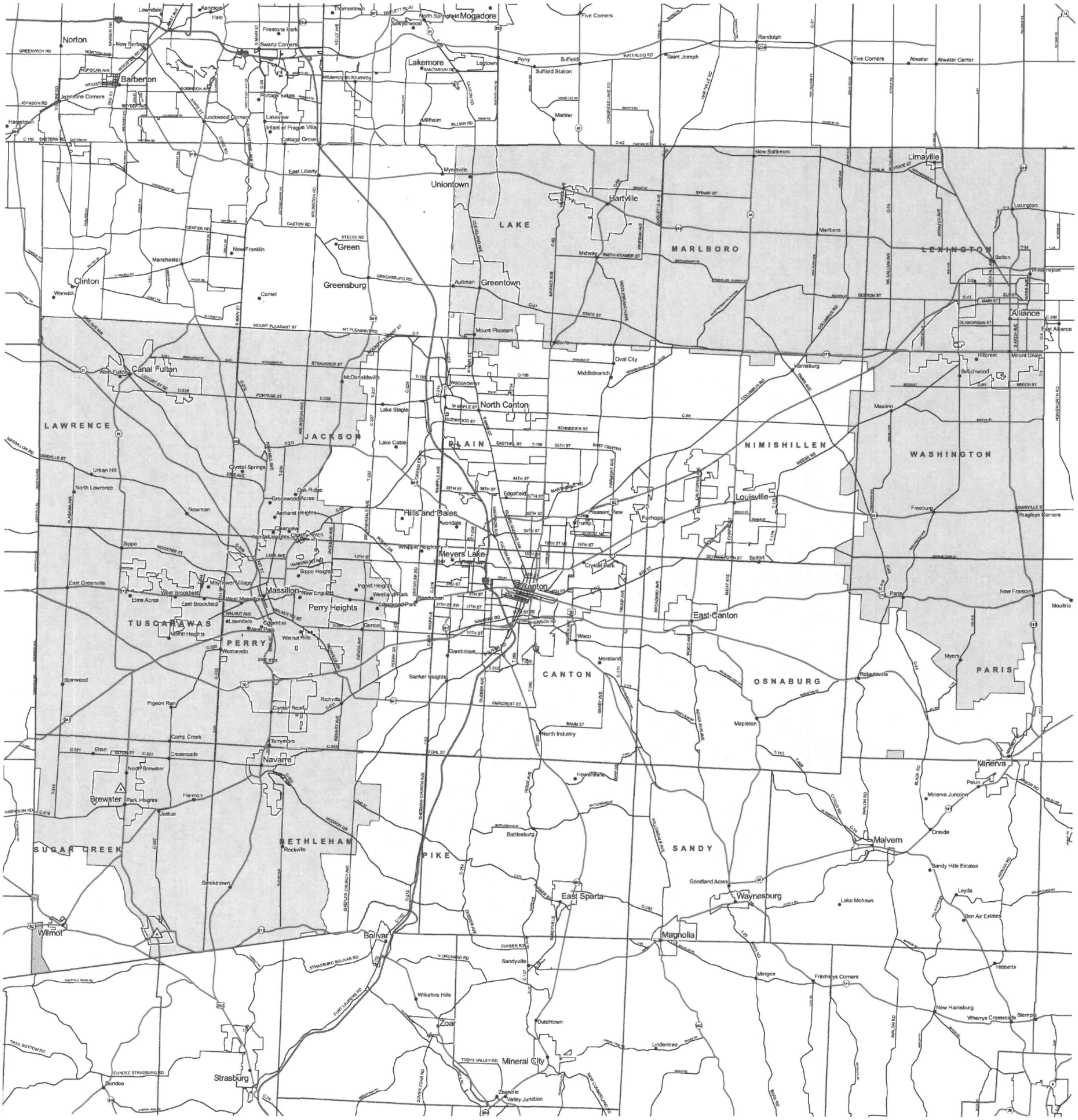
Aggregation Cities in AEP Ohio Service Territory

Workpaper WAA WP-1

County	City/Township/Village	Date of Electricity Aggregation Approval	Residential Load
Allen	City of Delphos	On Ballot November 2011	32,377,595
Allen	Village of Cairo	On Ballot November 2011	2,947,025
Allen	Village of Fort Shawnee	On Ballot November 2011	19,901,106
Allen	Village of Harrod	On Ballot November 2011	2,227,999
Allen	Bluffton Village	On Ballot November 2011	15,688,404
Allen	Village of Lafayette	On Ballot November 2011	2,208,529
Allen	Village of Spencerville	On Ballot November 2011	11,041,665
Ashland/Holmes	Loudonville	On Ballot November 2011	
Athens	Village of Albany	On Ballot November 2011	459,503
Columbiana	Village of Wellsville	On Ballot November 2011	16,659,602
Columbiana	East Liverpool	On Ballot November 2011	46,665,609
Columbiana	St. Clair Township	On Ballot November 2011	54,903,983
Columbiana	Salineville Township	On Ballot November 2011	6,811,554
Columbiana	Yellow Creek Township	On Ballot November 2011	15,528,306
Columbiana	Madison Township	On Ballot November 2011	20,503,434
Delaware	Village of Sunbury	On Ballot November 2011	10,939,313
Hancock County	City of Findlay	On Ballot November 2011	185,574,449
Hardin County	City of Kenton	On Ballot November 2011	33,870,037
Jefferson	Toronto	On Ballot November 2011	15,692,328
Knox	Mount Vernon	On Ballot November 2011	64,533,560
Licking	Newark	On Ballot November 2011	14,017,700
Morgan	McConnelsville Village	On Ballot November 2011	8,693,744
Muskingum	Newton Twp.	On Ballot November 2011	27,518,142
Muskingum	Springfield Twp.	On Ballot November 2011	23,093,017
Muskingum	Perry Twp.	On Ballot November 2011	13,956,785
Sandusky	City of Fremont	On Ballot November 2011	65,264,551
Stark	Plain Township	On Ballot November 2011	170,059,049
Stark	Osnaburg Township	On Ballot November 2011	27,009,095
Stark	Paris Township	On Ballot November 2011	13,336,597
Stark	Village of East Canton	On Ballot November 2011	7,495,206
Stark	City of Canton	On Ballot November 2011	67,080,392
Van Wert	City of Van Wert	On Ballot November 2011	57,090,511
Van Wert	Village of Convoy	On Ballot November 2011	6,478,710
Van Wert	Village of Middle Point	On Ballot November 2011	3,501,795
Washington		On Ballot November 2011	
		On Ballot November 2011 Total	1,063,129,295

STARK County Electric Service Areas

FES 23



• Places
Interstate
Highway
Other Roads
City Boundary
Townships
Stark, Carrol REA
Stark, Holmes-Wayne REA
Stark, Ohio Edison
Stark, Ohio Power
Municipal Power Location

0 1.25 2.5 5 Miles

Public Utilities Commission of Ohio, 2009