

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
of Ohio Power Company for Approval)	Case No. 11-5333-EL-UNC
of An Amendment to Its Corporate)	
Separation Plan)	

**SUPPLEMENTAL STATEMENT OF OHIO POWER COMPANY PRIOR TO
COMMENCEMENT OF THE SCHEDULED COMMENT CYCLE**

Ohio Power Company (OPCo)¹ filed its application in Case No. 11-5333-EL-UNC on September 30, 2011. On December 2, 2011, an Entry was issued establishing a comment cycle in this case. In response to this schedule and given that the Entry does not contemplate OPCo itself filing initial comments on December 15th, OPCo would like to briefly make a supplemental statement regarding its application in order to update certain matters and provide the Commission and interested parties with additional information in advance of the comment cycle.

1. Formation of AEP Generation Resources, Inc.

Effective December 8, 2011, AEP Ohio formed the subsidiary AEP Generation Resources Inc., incorporated in Delaware and qualified to do business in Ohio under the name AEP Generation Resources Inc. The Board of Directors of the corporation has been formed and, on December 9, elected the officers of the company. The Board of Directors will meet on Tuesday, December 13 for the purpose of ratifying the bylaws adopted by the sole incorporator. AEP Generation Resources Inc. (AEP Generation) is the actual legal entity generically referred to in the Application as AEP Genco.

¹ Columbus Southern Power Company and OPCo have applied for authority to merge in Case No. 10-2376-EL-UNC. As described in OPCo's application in this case, the surviving entity after the merger will be OPCo.

2. Transfer of Renewable Energy Purchase Agreements

As part of the generation divestiture process, Exhibit PJN-1 to the Application referenced the contemplated transfer of renewable energy purchase agreements (REPAs). Exhibit PJN-1, in turn, indicated that the REPAs contemplated were referenced in the testimony of Company witness Simmons in Case Nos. 11-346-EL-SSO *et al.* As can be learned from reviewing Ms. Simmons' testimony, they include the 99 MW Timber Road wind REPA, the 100 MW Fowler Ridge II wind REPA, and the 10 MW Wyandot solar REPA.

As a threshold matter, it should be noted that the REPAs are not necessarily "generation assets" under R.C. 4928.17(E) or OAC Chapter 4901:1-37. Thus, transfer of the REPAs do not necessarily require Commission approval or need not be addressed in a corporate separation plan or amendment. Nevertheless, in an abundance of caution and in the spirit of full disclosure, OPCo did reference the REPAs in its Application.

As the Commission and parties are aware, the September 7, 2011 Stipulation and Recommendation in Case Nos. 11-346-EL-SSO *et al.* (Stipulation) proposes to establish a competitive bidding process (CBP) for procurement of SSO supply for delivery beginning in mid-2015, the details of which will be established through a stakeholder process (subject to approval by the Commission). In particular, Paragraph IV.1.r of the Stipulation provides that the stakeholder process will address procurement of renewables in the context of the auction-based SSO and CBP.

One leading option is for the EDU to procure renewable energy credits (RECs) outside of the auction-based SSO. Given that this option is currently approved for use by both Duke Energy-Ohio and the FirstEnergy EDUs, OPCo would like to preserve that same outcome for use

in conjunction with its auction-based SSO. OPCo believes that the most direct and efficient way to preserve this flexibility is to leave the REPAs behind in the transfer of generating assets to the AEP Generation. That way, the RECs associated with these long-term REPAs (which were purchased for compliance with Ohio's renewable portfolio requirements for the benefit of ratepayers) would continue to be available after legal separation to help satisfy OPCo's renewable compliance mandate. Accordingly, OPCo would exclude the REPAs from the generation assets being proposed for transfer approval as part of its Application.

CONCLUSION

OPCo requests that the Commission and interested parties take notice of the additional information being provided herein when they finalize their comments regarding the application.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 9th day of December, 2011 by U.S. Mail, upon the persons listed below.

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Summary: Correspondence Supplemental Statement of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company