

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	Case No. 10-2376-EL-UNC
Power Company and Columbus Southern)	
Power Company for Authority to Merge)	
and Related Approvals.)	

In the Matter of the Application of	)	Case No. 11-346-EL-SSO
Columbus Southern Power Company and	)	Case No. 11-348-EL-SSO
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.)	

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

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

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

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

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

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

**MEMORANDUM CONTRA OHIO POWER COMPANY'S
APPLICATION FOR REHEARING
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
AND
THE APPALACHIAN PEACE AND JUSTICE NETWORK**

BRUCE J. WESTON
INTERIM CONSUMERS' COUNSEL

Terry L. Etter, Counsel of Record
Maureen R. Grady
Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485
Telephone: (614) 466-7964
etter@occ.state.oh.us
grady@occ.state.oh.us

Michael R. Smalz
Joseph V. Maskovyak
Ohio Poverty Law Center
555 Buttles Avenue
Columbus, Ohio 43215
Telephone: 614-221-7201
msmalz@ohiopoveritylaw.org
jmaskovyak@ohiopoveritylaw.org

**On Behalf of the Appalachian Peace and
Justice Network**

TABLE OF CONTENTS

	PAGE
I. INTRODUCTION	2
II. ARGUMENT	7
A. The Commission has the authority to ensure that tariffs filed to implement its Orders conform to the letter and intent of its Orders.	7
B. R.C. 4903.10(B) prohibits the Commission, on rehearing, from taking “evidence that, with reasonable diligence, could have been offered upon the original hearing,” and therefore the information that AEP-Ohio asks the PUCO to consider on rehearing is disallowed by law.....	9
C. AEP-Ohio’s Application for Rehearing should be denied as procedurally improper under R.C. 4903.10 as the Company has already filed for rehearing on these same issues.	12
D. The Commission should not grant rehearing to permit a further rate increase for collecting additional costs from residential customers in connection with modifications to the Electric Security Plan.	13
E. If the PUCO addresses the rate impacts of the Electric Security Plan on GS-2 customers (being customers who are essentially small commercial customers with low load factors), the Commission’s solution should not result in further rate increases for residential consumers.	14
III. CONCLUSION	15

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	Case No. 10-2376-EL-UNC
Power Company and Columbus Southern)	
Power Company for Authority to Merge)	
and Related Approvals.)	

In the Matter of the Application of	)	Case No. 11-346-EL-SSO
Columbus Southern Power Company and	)	Case No. 11-348-EL-SSO
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.)	

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

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

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

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

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

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

**MEMORANDUM CONTRA OHIO POWER COMPANY’S
APPLICATION FOR REHEARING
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL
AND
THE APPALACHIAN PEACE AND JUSTICE NETWORK**

I. INTRODUCTION

As part of advocating that residential consumers should have adequate and reasonably priced retail electric service, the Office of the Ohio Consumers’ Counsel (“OCC”) and the Appalachian Peace and Justice Network (“APJN”) file this memorandum contra. OCC and APJN oppose the Application for Rehearing that Ohio Power¹ (“Ohio Power,” “AEP-Ohio” or “Company”) filed regarding the January 23, 2012 Entry (“Compliance Entry”) issued by the Public Utilities Commission of Ohio (“Commission” or “PUCO”) in the above-captioned proceedings. This memorandum contra is authorized under Ohio Adm. Code 4901-1-35(B).²

The Compliance Entry provided much needed clarification of the original Opinion and Order issued December 14, 2011. Such clarification was sought by both FES and IEU when they separately filed motions objecting to the detailed implementation plan

¹ Under the modified ESP Stipulation, Columbus Southern Power merged into OPCo effective at the end of 2011. Accordingly, Ohio Power (also referred to as AEP Ohio) represents and is the successor in interest to the interests of CSP. *See 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 Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, Opinion and Order (Dec. 14, 2011).

² If OCC and APJN do not respond to a specific argument made AEP Ohio in its application for rehearing, that fact should not be construed as acquiescence by OCC and APJN to that argument.

(“DIP”) filed by the Company that was purported to comply with the December 14, 2011 Order.³

The clarifications that were sought related to the capacity set-asides that the Commission modified in the December 14, 2011 Order when it approved the Stipulation implementing Ohio Power’s electric security plan. Capacity set-asides are capacity specifically made available by AEP-Ohio at the PJM RPM priced capacity rate. All other “non-set-aside” capacity is priced at \$255/MW day, a considerably higher rate than the PJM RPM priced capacity. Notably, in the December 14, 2011 Order the Commission modified the capacity set asides in the Stipulation to address two fundamental goals: “to ensure a fair share of RPM capacity for the residential class” and to “accommodate governmental aggregation.”⁴

With respect to the PJM RPM priced capacity for the residential class, the Commission correctly noted that the capacity set aside for 2012 had already been assigned and the capacity set-asides for commercial and industrial classes had been surpassed. That meant the commercial and industrial customers would be able to cut into the residential class pro-rata share of the PJM RPM priced capacity set-asides and thus take from residential customers the benefit intended for them.⁵ To ensure that residential customers were not foreclosed from their share of the capacity at the lower PJM RPM priced capacity rates, the Commission modified the Stipulation so that the capacity

³ *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 Section 4928.143, Revised Code, in the Form of an Electric Security Plan*, Case No. 11-346-EL-SSO, Opinion and Order at 50-55 (Dec. 14, 2011).

⁴ While these modifications are a good step toward injecting some benefits into the ESP from the residential customers’ perspective, such fixes still fail to bring needed balance to the electric security plan, as fully explained in OCC’s Application for Rehearing.

⁵ Opinion and Order at 54.

allocation determined for each customer class is only available to customers in the particular customer class.⁶ It determined that no RPM priced capacity can be allocated to a customer in another customer class.

With respect to its efforts to accommodate governmental aggregation, the Commission noted that it was “greatly concerned” that governmental aggregation approved by communities across the state will be foreclosed from participating in the RPM priced capacity under the terms of the Stipulation.⁷ The Commission then explained it was modifying the Stipulation “to adjust the RPM set-aside levels to accommodate the load of any community that approved a governmental aggregation program in the November 8, 2011 election to ensure that any customer located in a governmental aggregation community or its CRES provider completes the necessary process to take service in the AEP-Ohio service territory by December 31, 2012.” The Commission went on to declare that the “RPM set-aside level shall be adjusted to accommodate such governmental aggregation programs for each subsequent year of the Stipulated ESP, to the extent, and only, if necessary.”

While the Commission’s modifications were certainly welcome from the residential customers’ perspective, the Commission’s modifications have spawned numerous interpretations. AEP-Ohio filed a detailed implementation plan on December 29, 2011, with its interpretation of the Commission’s modifications to capacity set-asides. FES and IEU filed pleadings, the very next day, indicating their disagreement with how AEP-Ohio interpreted the Commission’s capacity set-aside modifications.

⁶ Id. at 55.

⁷ Id. at 54.

On January 23, 2012, the Commission issued a Compliance Entry to address the concerns and requests for clarification raised by FES and IEU. The Commission clarified that residential and industrial customers should receive their full 21 percent allotment regardless of what happens to the commercial customer class.⁸ It made clear that the modification did not relate solely to the unused capacity allotments as of January 2012. Further, the Commission clarified that communities qualified for the RPM priced capacity as long as they had approved governmental aggregation (through the ballot process) *by the time of* the November 2011 election and they completed the necessary process to contract for the capacity by December 31, 2012.⁹

The Commission also indicated that it had established an “additional separate allotment of RPM-priced capacity set asides, over and above the pro rata allocation provided to customers in the Stipulation for 2012, to ensure that any customer located in a governmental aggregation community receives a set-aside.”¹⁰ For 2013 and 2014, the Commission clarified that the set-aside levels will be adjusted to accommodate governmental aggregation programs for each subsequent year of the Stipulated ESP, if necessary.¹¹ The Commission then explained that it will retain continuing jurisdiction over the set-aside levels for 2013 and 2014.¹² Further it indicated it would “continue to monitor retail shopping in the AEP-Ohio service territories, and we retain jurisdiction over the set-aside levels, as well as all other provisions of the Stipulation, in order to ensure that retail shopping through government aggregations does not unintentionally

⁸ Entry at ¶11.

⁹ Entry at ¶12.

¹⁰ Entry at ¶18.

¹¹ Id.

¹² Id.

displace individual customer shopping in 2012 and 2014.”¹³ The Commission also directed AEP-Ohio to correct its revised DIP so as to not exclude mercantile customers from opting into an existing government program.¹⁴

Ohio Power claims, *inter alia*, that these clarifications impose “five new or enhanced obligations on AEP-Ohio that go beyond the Opinion and Order, each of which involves significant financial cost to AEP-Ohio.”¹⁵ AEP-Ohio, in its Application for Rehearing of the Compliance Entry, includes information (supported by workpapers it attached) that shows AEP-Ohio’s “present estimates of the incremental costs associated with the expanded modifications (to the extent they can be projected).” These workpapers show that the “projected incremental impact” over the ESP is \$437 million and the “maximum incremental impact over the ESP” is \$757 million.

According to Ohio Power, this information is “an example of what could be demonstrated if the Commission grants rehearing to explore the financial impact of the various components.” While admitting that the stated financial impacts are “beyond the record and need to be further verified or discussed,” the Company insists that rehearing should be granted to explore the consequences of the Commission’s actions.¹⁶ As a corollary to this argument, the Company insists that if the Commission presses forward with the “new requirements described in the Compliance Entry,” it should grant

¹³ Id.

¹⁴ Id. at ¶21.

¹⁵ Ohio Power Application for Rehearing at 1 (Feb. 10, 2012). The five new interpretations are: the Opinion and Order created a new and separate aggregation set-aside; the opinion and order’s aggregation accommodation included the pre-November 2011 communities; the Opinion and Order’s aggregation accommodation included mercantile customers; the Opinion and Order instituted continuing jurisdiction to make future changes to the final order; and the Opinion and Order affected the initial September pro rata re-allocation.

¹⁶ Ohio Power Application for Rehearing at 3.

rehearing. Upon this rehearing, Ohio Power would want the PUCO to allow the collection of more money from customers, through: (i) a new retail charge that customers would pay to provide compensation to AEP-Ohio; (ii) an increase in the generation rates customers would pay; or (iii) deferral of costs so that customers would pay more in the future.¹⁷

II. ARGUMENT

A. **The Commission has the authority to ensure that tariffs filed to implement its Orders conform to the letter and intent of its Orders.**

The Company claims that the PUCO violated the statutory rehearing process when it issued its Compliance Entry. The argument is grounded in part on the Company's claim that the Compliance Entry "significantly" expanded the Opinion and Order and it did so outside the statutory rehearing process.¹⁸ The Company alleges that the Compliance Entry "taints the rehearing process by prematurely prejudging the issues that were properly raised (and only properly addressed) through the statutory rehearing process."¹⁹ These claims must fail.

The Commission acted well within its authority when it issued its Compliance Entry. In the December 14, 2011 Opinion and Order, the Company was directed by the PUCO to file revised final tariffs consistent with the PUCO's Order. The PUCO further indicated that the revised final tariffs shall be approved to be effective January 1, 2012, "subject to final review by the Commission."

¹⁷ Id. at 31.

¹⁸ Id.

¹⁹ Id.

The Company, on December 29, 2011, filed a revised DIP and indicated that the revised final tariff filing of a new DIP was needed “in order to implement the Opinion and Order’s modifications in this regard and to clearly delineate the process for all interested stakeholders.”²⁰ The Company’s new DIP was, however, inconsistent with the December 14, 2011 Opinion and Order, as pointed out by IEU and FES.²¹

The Commission, in its Compliance Entry, acted to ensure that the DIP complied with its December 14, 2011 Order. In doing so it reviewed the filing and considered the objections and requests for clarification by IEU and FES. Hence the Commission was merely carrying out its intentions stated in the December 14, 2011 Order to conduct a final review of the tariffs.

The PUCO undertakes its review of tariffs for virtually every Order it issues that establishes or modifies rates or practices of a public utility.²² Tariff review is typically undertaken in order to assure that the filed tariffs conform to the PUCO’s order establishing or modifying the rates or practices of a public utility. The PUCO in its Compliance Entry was doing nothing more than its job—it was seeking to determine whether the Company’s filed DIP conformed to its Opinion and Order.

²⁰ DIP filing, cover letter at 1 (Dec. 29, 2011).

²¹ See FES Objections to AEP-Ohio’s Revised Detailed Implementation Plan (Dec. 30, 2011); Industrial Energy Users Ohio Motion and Request for Expedited Treatment (Dec. 30, 2011).

²² See e.g. *In the Matter of the Application of the Cleveland Electric Illuminating Company for Authority to Amend and to Increase Certain of Its Filed Schedules Fixing Rates and Charges for Electric Service*; Case Nos. 988-170-EL-AIR et al., Opinion and Order at 141-142 (Jan. 31, 1989) (the Commission approved proposed tariffs under an adopted Stipulation, subject to a modification to partial service tariff); *In the Matter of the Application of Cincinnati Bell Telephone company for Approval of a Retail Pricing Plan Which May result in Future Rate Increases and for a new Alternative Regulation Plan*, Case No. 96-899-TP-ALT, Opinion and Order at 51-52 (Apr. 9, 1998) (the Commission approved tariffs consistent with the terms of a Stipulation); *In the Matter of the Application of Duke Energy Ohio, Inc. for an Increase in Rates*, Case No. 07-590-GA-ALT et al., Opinion and Order at 54 (May 28, 2008) (PUCO ordered the company to file new tariffs to implement the order, and upon receipt of the tariffs, “conforming to this opinion and order, the Commission will review and consider approval of the proposed tariffs by entry.”).

Generally, the Commission has broad authority to regulate public utilities. Under R.C. 4905.06 the Commission is empowered with general supervision over all public utilities within its jurisdiction. Specifically, under that section of the Code, the PUCO may examine utilities and keep informed of their compliance with orders of the PUCO.

In particular, the Legislature saw fit to keep R.C. 4905.06 intact despite exempting competitive retail service from PUCO regulation under existing chapters of Title 49.²³ Moreover, when exempting competitive retail service from PUCO regulation under Title 49, the Legislature kept key language when it inserted the phrases “except as otherwise provided in this chapter [chapter 4928]” and “Nothing shall be construed to limit the commission’s authority under sections 4928.41 to 4928.144***.” This language clarifies that the Commission’s general authority, including the authority to ensure compliance with its orders, is held inviolate, in order to permit the new provisions of Chapter 4928, including R.C. 4928.141 to 4928.144, to function.

The Company’s arguments would suggest that the Commission has no authority to review tariff filings to determine whether they comply with the directives of the Commission as premised in its Order. This misconstrues the Commission’s authority, is legally wrong, and is inconsistent with Commission practice.²⁴ Accordingly, the Commission should reject the Company’s application for rehearing.

B. R.C. 4903.10(B) prohibits the Commission, on rehearing, from taking “evidence that, with reasonable diligence, could have been offered upon the original hearing,” and therefore the information that AEP-Ohio asks the PUCO to consider on rehearing is disallowed by law.

²³ See R.C. 4928.05.

²⁴ See footnote 22.

In its Application for Rehearing AEP-Ohio includes information, supported by attached workpapers, that purports to show the costs associated with the “expanded modifications” AEP-Ohio alleges the Commission has made to the capacity set aside for residential customers and aggregation. These workpapers show that the projected impact is between \$437 million and \$757 million. While admitting that the stated financial impacts are “beyond the record and need to be further verified or discussed,” AEP-Ohio insists that rehearing should be granted to explore the consequences of the Commission’s actions.²⁵

The Company’s attempt to introduce such information through an application for rehearing should be rejected because it has failed to show that the information could not have been offered upon the original hearing, by exercising reasonable diligence.²⁶ This is the standard that must be met when considering the scope of additional evidence that may be taken upon rehearing under R.C. 4903.10(B).²⁷

R.C. 4903.10 controls the rehearing process for Commission orders. R.C. 4903.10(B) states as follows: “If the commission grants such rehearing, it shall specify in

²⁵ Ohio Power Application for Rehearing at 3.

²⁶ See e.g. *In the Matter of the Complaint of Joe E. Snell v. Ohio Edison Company*, Case No. 09-187-EL-CSS, Entry on Rehearing at ¶12 (Mar. 17, 2010)(where complainant offered evidence in his application for rehearing and the Commission denied the application, finding that complainant offered no explanation why the purported additional evidence could not have been provided at the hearing.).

²⁷ See e.g. *In the Matter of the Application of Northeast Ohio Natural Gas Corp. for Approval and Authority to File a Reasonable Arrangement for the Sale of Natural Gas to its Customers*, Case No. 85-1974-GA-AEC, Entry on Rehearing at ¶7 (Sept. 16, 1986) (holding the utility’s request upon rehearing to offer additional evidence to challenge the Commission’s findings was denied in part because the utility had the opportunity to present such evidence at the original hearing but failed to do so, citing R.C. 4903.10); *In the Matter of the Application of Cincinnati Bell Telephone Company for Approval of a Retail Pricing Plan Which May Result in Future Rate Increase and For a New Alternative Regulation Plan*; Case No. 96-899-TP-ALT, Second Entry on Rehearing at ¶3 (Jan. 20, 2000) (holding that the utility’s application for rehearing presenting evidence to correct mathematical errors in Staff’s analysis denied on the basis that the identification of the error comes too late, given the utility had the opportunity to present rebuttal testimony on the issue and citing the prohibition in R.C. 4903.10 on taking evidence, which with reasonable diligence, could have been offered in the original hearing).

the notice of such granting the purpose for which it is granted. The commission shall also specify the scope of the additional evidence, if any, that will be taken, but it shall not upon such rehearing take any evidence that, with reasonable diligence, could have been offered upon the original hearing.” This provision of the code reinforces the Commission’s obligation as a quasi-judicial body to conduct its hearings in a manner that comports with the elements of fundamental fairness and due process.²⁸

And yet, despite this mandate that sets the standard for taking evidence on rehearing, the Company has failed to show how the information about the cost of different levels of capacity set asides could not have been offered as evidence upon the original hearing, with reasonable diligence. The issues of aggregation, capacity set-asides, opt-in, opt-out, and mercantile customers eligibility for inclusion in aggregation, were highly contested issues. AEP-Ohio and Intervenor witnesses presented extensive testimony on capacity set-asides.²⁹ The set-aside caps were debated. In particular, arguments were made that the residential customers’ ability to shop would be greatly diminished when their allotted capacity set-asides were reallocated to the commercial and industrial customers.³⁰ Arguments were made as well that aggregation efforts by communities who had not gone through all the formal processes to get to aggregation would be thwarted.³¹ There was nothing preventing the Company, with reasonable diligence, from presenting testimony in the original hearing as to the impacts of various capacity set aside scenarios, especially those being discussed by the intervenors such as

²⁸ *In the Matter of the Complaint of the City of Cincinnati v. The Cincinnati Gas And Electric Company, et al.*, Case No. 91-377-EL-CSS, Finding and Order at ¶5 (June 27, 1991).

²⁹ See e.g. Testimony of FES Witnesses Banks and Schnitzer; Company Witness Munzinsky, Thomas; Staff Witness Fortney.

³⁰ See e.g. Testimony of FES Witness Banks.

³¹ *Id.*

FES. And yet AEP-Ohio chose not to present evidence at the original hearing on various scenarios under which the capacity set asides could be altered for residential customers and government aggregation.

AEP-Ohio's efforts now to open up a rehearing based on information that could have been presented as evidence in the original hearing is not permitted under R.C. 4903.10(B). AEP-Ohio had every opportunity to assert and protect its interests in the original proceeding. AEP-Ohio failed to take advantage of that opportunity and under the law they had the obligation to assert its interests-- blame cannot be laid at the doorstep of the Commission.³² The Commission must deny the Company's application for rehearing under the law of R.C. 4903.10(B).

C. AEP-Ohio's Application for Rehearing should be denied as procedurally improper under R.C. 4903.10 as the Company has already filed for rehearing on these same issues.

Under R.C. 4903.10 a party who has entered an appearance in the proceeding may apply for "a rehearing in respect to any matters determined in the proceeding." The Commission has noted that this statute does not allow persons who enter appearances to have "two bites at the apple" or to file "rehearing upon rehearing of the same issue."³³ Ohio Admin. Code 4901-1-35 is in accord, stating that a party "may file *an* application

³² See *In the Matter of the Complaint of Union Rural Electric Cooperative, Inc. v. the Dayton Power & Light Company Relative to an Alleged Violation of the Ohio Electric Suppliers Certified Territory Act*, Case No. 88-947-EL-CSS, Rehearing Entry at ¶¶13-16 (where the utility's proffered testimony in a rehearing application was rejected where the utility had every opportunity to assert and protect its interests at the evidentiary hearing and did not).

³³ See *In the Matter of the Application of Ohio Power Company for Approval of a Special Contract Arrangement with Ormet Primary Aluminum Corp. et al.*, Case No. 96-999-EL-AEC, Second Entry on Rehearing at ¶10 (Sept. 13, 2006), citing *In the Matter of the Applications of the East Ohio Gas Company d.b.a. Dominion East Ohio and Columbia Gas of Ohio, Inc for Adjustment of their Interim Emergency and Temporary Percentage of Income Payment Plan Riders*, Case No. 05-1421-GA-PIP, Second Entry on Rehearing at 3 (May 3, 2006).

for rehearing” that is made in the form and manner and under the circumstances set forth in R.C. 4903.10.

Yet here the Company has ignored the law and the rules that apply to applications for rehearing and submits a second application for rehearing which echoes in large part the application for rehearing filed with regard to the December 14, 2011 Opinion and Order. In its January 13, 2012 Application for Rehearing of the December 14, 2011 Opinion and Order, the Company applies for rehearing on the capacity set-aside modifications. Specifically, from pages 38-45, it addresses the “alternative interpretations” of the DIP offered by FES and IEU. It is these same interpretations that are the subject of the Company’s February 10, 2012 application for rehearing of the Commission’s Compliance Entry. The major difference in AEP-Ohio’s two applications for rehearing, between the January 13, 2012 application for rehearing on capacity set asides and the February 10, 2012 application for rehearing, is that the AEP-Ohio has further supported its application for rehearing by quantifying what it referred to in the earlier application as the “substantial cost to AEP-Ohio” caused by the modifications.

Not only is that quantification prohibited as an unlawful second application for rehearing on the issue, it also is prohibited as information that cannot now be submitted as evidence because it could have been submitted upon the original hearing (as described in the preceding point of law on R.C. 4903.10(B)). Rehearing should be denied.

D. The Commission should not grant rehearing to permit a further rate increase for collecting additional costs from residential customers in connection with modifications to the Electric Security Plan.

As part of its application for rehearing AEP-Ohio has requested that the Commission grant rehearing and consider approving a mechanism for collecting from

Ohio customers the “additional costs” associated with the capacity set-aside modifications through: (i) a new retail charge that customers would pay to provide compensation to AEP-Ohio; (ii) an increase in the generation rates customers would pay; or (iii) deferral of costs so that customers would pay more in the future. This portion of the Application for Rehearing should be rejected out of hand.

Essentially, the Company is here trying to negotiate changes to its stipulation without the benefit of any evidentiary record and without providing other parties the opportunity to challenge—under Ohio ratemaking law—what are more proposals to increase the rates that residential customers pay to AEP-Ohio. The Commission should decline to undertake such unlawful action.

E. If the PUCO addresses the rate impacts of the Electric Security Plan on GS-2 customers (being customers who are essentially small commercial customers with low load factors), the Commission’s solution should not result in further rate increases for residential consumers.

The Company weaves into its Application for Rehearing the “related issues” that OMAEG sought rehearing on—the expansion or re-allocation of the shopping credit for GS-2 customers.³⁴ The Company offers that it is not opposed to solving GS-2 customer problems—“notable increases”—provided the solutions are “revenue neutral to the Company.”³⁵ What this means is that the Company would be willing to give GS-2 customers relief from the rate increases they are experiencing under the modified ESP, so long as the Company collects from other customers whatever revenues it doesn’t obtain from GS-2 customers.

³⁴ Application for Rehearing at 14.

³⁵ Id. at 15.

AEP-Ohio now proposes to the PUCO such possibilities as: (1) expanding the eligibility for the shopping credit similar to the concept advocated by OMAEG; (2) earmarking dollars within the Ohio Growth Fund; and (3) redesigning the load factor provision to mitigate the early impact of the rider.³⁶ But the Company's approach is flawed. Its proposals are for other customers to pay for a solution to the problems caused by its stipulation. Those proposals, to the extent they relate to more increases for residential consumers, are not founded in reason or in law--and especially not at this late stage of the proceedings under R.C. 4903.10. There should be no further increases for residential consumers. Rehearing should be denied.

III. CONCLUSION

OCC and APJN did not sign the Stipulation that is once again at issue. OCC and APJN chose instead, at the original hearing, to make recommendations to the PUCO to protect consumers from proposed rates that were too high under the stipulation. Consumers still need the PUCO's protection, now that AEP-Ohio is making further rate proposals that would, in its parlance, keep it revenue-neutral.³⁷ There should be no further increases for residential consumers. AEP-Ohio's application for rehearing should be denied to the extent it would cause rate increases for residential consumers or otherwise negatively impact residential consumers.

³⁶ Ohio Power Application for Rehearing at 14-15.

³⁷ See Ohio Power Application for Rehearing at 15; 31.

Respectfully submitted,

BRUCE J. WESTON
INTERIM CONSUMERS' COUNSEL

/s/ Terry L. Etter

Terry L. Etter, Counsel of Record

Maureen R. Grady

Assistant Consumers' Counsel

Office of the Ohio Consumers' Counsel

10 West Broad Street, Suite 1800

Columbus, Ohio 43215-3485

Telephone: (614) 466-7964

etter@occ.state.oh.us

grady@occ.state.oh.us

/s/ Michael R. Smalz

Michael R. Smalz

Joseph V. Maskovyak

Ohio Poverty Law Center

555 Buttles Avenue

Columbus, Ohio 43215

Telephone: 614-221-7201

msmalz@ohiopoveritylaw.org

jmaskovyak@ohiopoveritylaw.org

**On Behalf of the Appalachian Peace and
Justice Network**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Memorandum Contra was served via electronic transmission, to the persons listed below, on this 21st day of February 2012.

/s/ Terry L. Etter

Terry L. Etter
Assistant Consumers' Counsel

SERVICE LIST

Werner.margard@puc.state.oh.us
Jonathan.tauber@puc.state.oh.us
Greta.see@puc.state.oh.us
lmcalister@bricker.com
MWarnock@bricker.com
stnourse@aep.com
mjsatterwhite@aep.com
tobrien@bricker.com
fdarr@mwncmh.com
joliker@mwncmh.com
ghummel@mwncmh.com
ricks@ohanet.org
msmalz@ohiopoveritylaw.org
jmaskovyak@ohiopoveritylaw.org
Philip.sineneng@thompsonhine.com
Dorothy.corbett@duke-energy.com
todonnell@bricker.com
cmontgomery@bricker.com
myurick@taftlaw.com
dconway@porterwright.com
haydenm@firstenergycorp.com
mkurtz@BKLawfirm.com
dboehm@BKLawfirm.com
emma.hand@snrdenton.com
doug.bonner@snrdenton.com
JLang@Calfee.com
lmcbride@calfee.com
talexander@calfee.com
ssolberg@eimerstahl.com
aaragona@eimerstahl.com
dstahl@eimerstahl.com
whitt@whitt-sturtevant.com
vparisi@igsenergy.com

jbentine@taftlaw.com
jejadwin@aep.com
mhpetricoff@vorys.com
smhoward@vorys.com
mjsettineri@vorys.com
wmassey@cov.com
henryeckhart@aol.com
sandy.grace@exeloncorp.com
kpkreider@kmklaw.com
dmeyer@kmklaw.com
holly@raysmithlaw.com
BarthRoyer@aol.com
Gary.A.Jeffries@dom.com
gthomas@gtpowergroup.com
laurac@chappelleconsulting.net
cmiller@szd.com
gduhn@szd.com
ahaque@szd.com
sjsmith@szd.com
tsantarelli@elpc.org
nolan@theoec.org
trent@theoec.org
cathy@theoec.org
ned.ford@fuse.net
gpoulos@enernoc.com
sfisk@nrdc.org
zkravitz@cwslaw.com
aehaedt@jonesday.com
dakutik@jonesday.com
callwein@wamenergylaw.com
Terrance.Mebane@ThompsonHine.com
mswhite@igsenergy.com

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

2/21/2012 4:25:57 PM

in

Case No(s). 10-2376-EL-UNC, 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM

Summary: Memorandum Memorandum Contra Ohio Power Company's Application for Rehearing by the Office of the Ohio Consumers' Counsel and the Appalachian Peace and Justice Network electronically filed by Patti Mallarnee on behalf of Etter, Terry L Mr.