

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Columbus	:	
Southern Power Company and Ohio Power	:	
Company for Authority to Establish a Standard	:	Case No. 11-346-EL-SSO
Service Offer Pursuant to §4928.143, Ohio Rev.	:	Case No. 11-348-EL-SSO
Code, in the Form of an Electric Security Plan.	:	
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	:	
In the Matter of the Application of Columbus	:	
Southern Power Company and Ohio Power	:	Case No. 11-349-EL-AAM
Company for Approval of Certain Accounting	:	Case No. 11-350-EL-AAM
Authority	:	
	:	
	:	
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**NOTICE OF INTENT OF
OHIO POWER COMPANY**

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Background

On February 23, 2012, the Commission issued its Entry on Rehearing rejecting the September 7, 2011 Stipulation and Recommendation (Stipulation) that proposed to resolve ten major proceedings involving Ohio Power Company (dba AEP Ohio), including AEP Ohio's application in Case Nos. 11-346-EL-SSO and 11-348-EL-SSO for approval of an Electric Security Plan (ESP), pursuant to §4928.143, Ohio Rev. Code, for the period beginning January 1, 2012.

The Stipulation provides that in the event the Stipulation is materially modified or rejected by the Commission, the pending ESP proceeding, Case Nos. 11-346-EL-SSO and 11-348-EL-SSO, shall go forward at the procedural point at which the Stipulation was filed. Consistent with that provision, the Commission provided AEP Ohio, in Finding 21 of its February 23 Entry on Rehearing, an opportunity to modify or withdraw its original application for an ESP filed in Case Nos. 11-346-EL-SSO and 11-348-EL-SSO. The Entry on Rehearing directs AEP Ohio "to file a notice in this docket within 30 days stating whether it is prepared to proceed on its application as filed or whether it intends to modify or withdraw such application." The Entry also directed the Commission's attorney examiners to establish a new procedural schedule consistent with AEP Ohio's notice.

The Entry on Rehearing also indicates the Commission's intention to proceed forward with resolving the outstanding AEP Ohio Capacity Charge Case (Case No. 10-2929-EL-UNC). Due to the severe adverse financial impact of implementing a flash-cut to 100% RPM pricing for

AEP Ohio's provision of capacity in support of retail shopping in its service territory, the Company filed a Motion for Relief and request for expedited ruling on February 27, 2012, seeking to implement an interim solution pending a merit decision in the 10-2929 docket. AEP Ohio's present intention regarding its next Standard Service Offer (SSO) (as reflected in this notice) is premised on the Commission providing satisfactory interim relief in the 10-2929 docket and the anticipated filing described below is subject to change if no such interim relief is granted.

On that basis, AEP Ohio hereby notifies the Commission of its intention to submit a modified application for authority to establish a SSO pursuant to §4928.143, Ohio Rev. Code, in the form of an ESP. It is AEP Ohio's intention to file its modified ESP by March 30, 2012. Below is a brief summary of the components of the modified ESP that AEP Ohio intends to submit.

Overview of the Modified ESP to be filed by March 30, 2012

For its SSO under §4928.141, AEP Ohio will seek the Commission's approval of a modified ESP based on §4928.143, Ohio Rev. Code, and Rule 4901:1-35, Ohio Admin. Code, for the term of June 1, 2012 through May 31, 2016. AEP Ohio intends to file its modified ESP by no later than March 30, 2012. As set forth below, AEP Ohio requests expedited consideration of the modified ESP.

The Company will approach the modified ESP in a manner that is consistent with S.B. 221. For example, it intends to address in the modified ESP a range of issues that are broader than the SSO for competitive retail electric services. The Company's modified ESP will also address provisions regarding its distribution service (see §§4928.143(B)(2), Ohio Rev. Code) by proposing a Distribution Investment Rider to reduce regulatory lag for recovery of and on capital

investments made in the distribution system; the alternative energy resource requirements of §4928.64, Ohio Rev. Code; the energy efficiency resource requirements of §4928.66, Ohio Rev. Code (see also §§4928.143(B)(2)(i) and 4905.31(E), Ohio Rev. Code; and other matters. That being said, the primary focuses of the modified SSO application will be retail pricing for AEP Ohio's SSO. In proposing the modified ESP, AEP Ohio is committed to addressing rate design issues through a fair approach that considers the impact on all customers and balances the equities associated with the rate changes resulting from the modified plan.

AEP Ohio also intends to propose a nonbypassable generation charge for the years 2012, 2013, 2014 and the first five months of 2015 to recover an amount intended to provide certainty and stability for AEP Ohio and certainty for its customers. The retail stability charge would enable AEP Ohio to provide ongoing access to its capacity resources based on a uniform charge applicable to all shopping load that is paid by CRES providers, in order to further stimulate retail shopping while also avoiding financial harm to AEP Ohio. It is AEP Ohio's expectation that adoption of its modified ESP, including the stability charge, would preclude the need for the Commission to adjudicate the issues presented in the 10-2929 docket, provided that the Commission establishes a satisfactory interim mechanism in the 10-2929 docket and expeditiously resolves the ESP proceeding.

AEP Ohio is presently a Fixed Resource Requirements (FRR) entity in the PJM Interconnection, LLC (PJM) market and must remain so until May 31, 2015. As an FRR entity, AEP Ohio must supply all of the capacity in its footprint and has various options available to it for that purpose. These options include the use of the Company's own resources, as well as demand response and market purchases. Because June 1, 2015 is the earliest date that AEP Ohio can become a Reliability Pricing Model (RPM) entity in the PJM market, the above-described

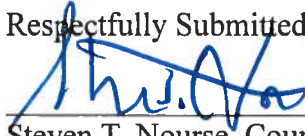
rate stability charge would apply during AEP Ohio's transition from FRR to RPM and would remain in effect through May 31, 2015. Starting on June 1, 2015, AEP Ohio would provide an auction-based SSO. In order to achieve the transition to an RPM entity and provide an auction-based SSO, AEP Ohio needs to get immediate approval for structural corporation separation. As part of both the new corporate separation docket and as part of the modified ESP, the Company will provide information regarding its plan for the ultimate disposition of generation assets currently owned by AEP Ohio and will also address unit retirements that are planned during the modified ESP term. AEP Ohio intends to file a separate application (also to be filed prior to March 30) to achieve generation divestiture and will pursue that goal independently of establishing the modified ESP. AEP Ohio also needs to dissolve the AEP Interconnection Agreement (aka generation Pool) prior to implementing an auction-based SSO.

Intent to Request an Expedited Procedural Schedule

Given the delays experienced thus far in connection with the litigation and settlement proceedings to date, AEP Ohio requests that the Commission conduct an expedited proceeding to consider the modified ESP proposal once it is filed. Further, in light of the fact that AEP Ohio will be implementing, pursuant to R.C. 4928.143(C)(2)(b), its prior rate plan as a temporary solution, it is in the interests of all parties to expeditiously resolve the terms of AEP Ohio's modified ESP. Moreover, the ongoing financial uncertainty for AEP Ohio, American Electric Power, Inc. and its investors needs to be addressed without undue delay through resolution of the modified ESP and the Capacity Charge Case. Finally, because the issues will relate to a modified ESP rather than a new application and a new proceeding, there should be efficiencies presented that reasonably facilitate an expedited process. Accordingly, AEP Ohio requests that

the Commission adopt a procedural schedule to enable the modified ESP rate plan to become effective by June 1, 2012.

Respectfully Submitted,




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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the forgoing Notice of Intent was served this 5th day of March, 2012 by U.S. Mail and electronic mail, upon the persons listed below.



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

Summary: Notice of Intent electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company