

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

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

ENTRY

The attorney examiner finds:

- (1) On March 18, 2009, the Commission issued its opinion and order regarding the application of Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (jointly, AEP-Ohio or the Companies)¹ for an electric security plan (ESP) in Case Nos. 08-917-EL-SSO and 08-918-EL-SSO (ESP 1 Order). Entries on rehearing were issued on July 23, 2009 (First ESP 1 Entry on Rehearing) and November 4, 2009. In the ESP 1 Order, the Commission directed, pursuant to Section 4928.144, Revised Code, the Companies to phase-in a portion of the rate increase authorized over an established percentage for each year of the ESP, in order to mitigate the impact of the rate increase for customers.² The Commission authorized the Companies to establish a regulatory asset to record and defer fuel expenses with carrying costs, at the weighted average cost of capital, with recovery through a nonbypassable surcharge to commence in 2012 and continue through 2018.³

¹ By entry issued on March 7, 2012, the Commission approved and confirmed the merger of CSP into OP. *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.

² ESP 1 Order at 22-23.

³ ESP 1 Order at 20-23; First ESP 1 Entry on Rehearing at 6-10.

- (2) On January 27, 2011, in Case No. 11-346-EL-SSO, *et al.* (11-346), AEP-Ohio filed an application for a standard service offer pursuant to Section 4928.141, Revised Code.⁴ The application sought approval of a second ESP (ESP 2) in accordance with Section 4928.143, Revised Code, to begin on January 1, 2012.
- (3) On September 1, 2011, in the above-captioned cases, AEP-Ohio filed an application for approval of a mechanism to recover the deferred fuel costs, as directed by the Commission in the ESP 1 Order.
- (4) On September 7, 2011, a stipulation and recommendation (ESP 2 Stipulation) was filed by AEP-Ohio, Staff, and other parties to resolve the issues raised in 11-346 and several other cases pending before the Commission (consolidated cases),⁵ including the above-captioned cases. The ESP 2 Stipulation included provisions regarding the establishment and terms of a phase-in recovery rider (PIRR), as well as the securitization of the PIRR regulatory assets (ESP 2 Stipulation at 25-27).
- (5) Pursuant to an entry issued on September 16, 2011, the consolidated cases were consolidated for the purpose of considering the ESP 2 Stipulation. The September 16, 2011, entry also stayed the procedural schedule in the pending cases, including the present proceedings, until the Commission specifically ordered otherwise. The evidentiary hearing on the

⁴ *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 Nos. 11-346-EL-SSO and 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 Nos. 11-349-EL-AAM and 11-350-EL-AAM.

⁵ *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 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 Pursuant to Section 4928.144, Revised Code*, 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 Pursuant to Section 4928.144, Revised Code*, Case No. 11-4921-EL-RDR.

ESP 2 Stipulation commenced on October 4, 2011, and concluded on October 27, 2011.

- (6) On December 14, 2011, the Commission issued an opinion and order in the consolidated cases, modifying and adopting the ESP 2 Stipulation. The Commission did not modify the PIRR provisions of the ESP 2 Stipulation.
- (7) Subsequently, on February 23, 2012, the Commission issued an entry on rehearing in the consolidated cases, granting rehearing in part. Finding that the signatory parties to the ESP 2 Stipulation had not met their burden of demonstrating that the stipulation, as a package, benefits ratepayers and the public interest, as required by the Commission's three-part test for the consideration of stipulations, the Commission rejected the ESP 2 Stipulation, on grounds unrelated to the PIRR provisions. The Commission directed AEP-Ohio to file, no later than February 28, 2012, new proposed tariffs to continue the provisions, terms, and conditions of its first ESP.
- (8) The attorney examiner notes that the application in the present cases was filed by AEP-Ohio less than a week prior to the filing of the ESP 2 Stipulation, and that a procedural schedule had not yet been established in these cases prior to the filing of the stipulation. In light of the Commission's rejection of the ESP 2 Stipulation, the attorney examiner finds that the present cases should now move forward, and a comment period should be established in order to assist the Commission in its review of AEP-Ohio's application. Accordingly, the following procedural schedule should be established:
 - (a) Initial comments should be filed by April 2, 2012.
 - (b) Reply comments should be filed by April 17, 2012.

It is, therefore,

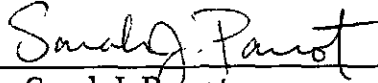
ORDERED, That the procedural schedule set forth in finding (8) be observed. It is, further,

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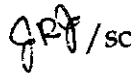
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ORDERED, That a copy of this entry be served upon all parties and other interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

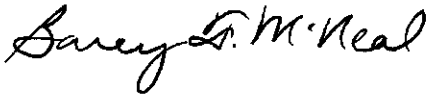


By: Sarah J. Parrot
Attorney Examiner



Entered in the Journal

MAR 14 2012



Barcy F. McNeal
Secretary