

**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)
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 and Ohio Power)
Company for Approval of Certain Accounting)
Authority)

Case No. 11-349-EL-AAM
Case No. 11-350-EL-AAM

**POST HEARING BRIEF OF THE ASSOCIATION OF INDEPENDENT
COLLEGES AND UNIVERSITIES OF OHIO;
THE CITY OF GROVE CITY;
THE CITY OF HILLSBORO; AND
THE CITY OF UPPER ARLINGTON**

Respectfully Submitted,



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the City of Upper Arlington*

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The Association of Independent Colleges and Universities of Ohio (“AICUO”), the City of Grove City, Ohio (“Grove City”), the City of Hillsboro (“Hillsboro”) and the City of Upper Arlington (“Upper Arlington”) (collectively the “Cities and Colleges”) submit this Brief in support of its recommendations in this proceeding, and respectfully request that the Public Utilities Commission of Ohio (“PUCO”) take notice of, and adopt these recommendations.

ARGUMENT AND RECOMMENDATIONS

The PUCO has been vested with the statutory authority to modify an Electric Security Plan (“ESP”) pursuant to Ohio Revised Code § 4928.143 (C)(1) (stating that the PUCO may “modify and approve” an ESP). The Cities and Colleges respectfully request that the PUCO take notice of the following recommendations and modify the Companies’ ESP accordingly.

I. The Cities And Colleges Support Those Recommendations Made By The Ohio Consumers’ Council And The National Federation Of Independent Business That Would Keep Residential And Small Business Electricity Rates Manageable.

The Cities and Colleges, through this brief, express their support for those arguments made by the Ohio Consumers’ Council and the National Federation of Independent Business that will serve to keep rates manageable for residential and small business consumers of electricity. Many of these consumers experienced financial difficulty after the Stipulation in this case was entered into and approved in the year 2011 - difficulty that the Cities and Colleges could not have predicted based upon those projections presented by Columbus Southern Power and the Ohio Power Company (the “Companies”) during Stipulation negotiations. The fiscal health of the residential and small business consumer bases is extremely important to local economies, and as such, the Cities and Colleges have a vested interest in ensuring that these consumer bases are protected from excessive rate increases. As such, again, the Cities and Colleges herein support those arguments made by the Ohio Consumers’ Council and the National Federation of Independent Business that will serve to keep rates manageable for residential and small business consumers of electricity.

II. Tier 1 Capacity Pricing Should Be Awarded To Any City That Elects To Aggregate, Whether Said Election Occurs Before Or After November 8, 2011.

The Companies propose to provide Tier 1 capacity pricing at \$145.79/MW-day to cities that have approved a governmental aggregation program in the November 8, 2011 election or prior.¹ The November 8, 2011 date is an arbitrary construction and deadline, and should be stricken. Any city that aggregates during the pendency of this ESP should receive Tier 1 capacity pricing.

It became clear that the Companies arbitrarily established the November 8, 2011 deadline during the cross-examination of Company witness Mr. William Allen. During that cross-examination, Mr. Allen revealed that the Companies, in considering those aggregating cities that should be included in Tier 1 capacity pricing, did not make any distinction between those cities that were actively aggregating on November 8, 2011, and those cities that had aggregation status but were not actively aggregating as of November 8, 2011.²

The Companies, then, have three pools of cities which represent three variables in the interplay between governmental aggregation and Tier 1 capacity pricing: (i) a pool of cities that were aggregating as of November 8, 2011; (ii) a pool of cities that have been approved to aggregate but were not doing so as of November 8, 2011; and (iii) a pool of cities that did not hold an election and were not approved to aggregate as of November 8, 2011. Of these three groupings, the Companies can only place the first pool, the pool of cities aggregating as of November 8, 2011, into a category that would definitively award those cities Tier 1 capacity pricing. The second pool of cities may never again aggregate

¹ See Testimony of Witness William Allen, pp.6-7, lines 21-2.

² See Asim Haque Cross-Examination of Witness William Allen, Transcript Volume V, pp. 1567-1573.

and thus, would not represent a variable with a set value in the Companies' calculus. It is as unknown a variable as the third pool, those cities that could hold an election and be approved as a governmental aggregator in 2012 and subsequent years.

The PUCO should allow for any city, whether it has held an election prior to November 8, 2011 or not, to obtain Tier 1 capacity pricing during the pendency of this ESP. Not only does such a decision make sense based upon the Companies' testimony, but as a public policy piece, the State legislature and the PUCO have consistently supported governmental aggregation. The PUCO should continue its support by striking the arbitrary November 8, 2011 deadline and allowing all governmental aggregating cities to obtain Tier 1 capacity pricing during the pendency of this ESP.

III. The Companies Should Be Required To Invest In Economic Development Initiatives Within Its Service Territory.

If this ESP is accepted as is, the Companies stand to make a projected \$350.7 million dollars in earnings and a resulting 7.5% return on equity.³ These numbers are staggering on their face, and especially staggering in the current economic climate. The Companies, through Witness Selwyn Dias, purport to enhance economic development within its service territory through two mechanisms in this ESP: (i) interruptible service; and (ii) the economic development rider.⁴

However, upon cross-examination, Witness Dias was forced to admit that no study had been performed by the Companies to determine if these supposed economic development drivers would in fact create a single job.⁵ Mr. Dias acknowledged that

³ Rebuttal Testimony of Mr. William Allen, p.11, lines 8-11.

⁴ See Testimony of Witness Selwyn Dias, pp. 12-13, lines 9-7.

⁵ See Asim Haque Cross-Examination of Witness Selwyn Dias, Volume VII, pp. 2112-2114, lines 23-19.

certain of the Companies' customers, especially businesses in the Companies' service territory, had experienced large rate increases and financial woes as a result of the 2011 Stipulation and resulting rates.⁶ However, Mr. Dias, the witness selected by the Companies to discuss economic development incentives in this ESP, could not with any certainty state that a single job would be created as a result of the supposed economic development drivers proposed in this modified ESP.

The Cities and Colleges would agree that the Companies are not compelled to assist in local economic development endeavors. However, if the Companies include the concept of economic development within their ESP, and assert that there are mechanisms to enhance economic development efforts are imbedded within their ESP, then these efforts should be real and genuine. Cities, colleges, businesses and residents experienced tremendous financial difficulty over the last year, and should not be treated in such a trivial manner by the Companies who feign the significance of economic development, only to show no calculable impact or plan to enhance local economic development in this ESP.

The PUCO should require that the Companies invest in a direct, calculable impact on economic development within its service territory through the following mechanisms:

- With respect to the AICUO, the PUCO should require that the Companies invest in scholarships for AICUO member institutions so that these institutions can educate and train students that will enter the workforce as productive and well-equipped engineers, scientists, energy policy specialists,

⁶ *Id.* at p. 2115.

etc. This would have a direct impact on education, training and jobs in the Companies' service territory.

- With respect to the Cities, the PUCO should require that the Companies reinstate the Ohio Growth Fund that the Companies proposed in their 2011 ESP. The Ohio Growth Fund, as described in the previous ESP, was meant to provide short-term rate incentives for startups and expansions, infrastructure investment, and direct support for public/private partnerships in the state and local economic development arena. The Cities that have intervened in this proceeding should, along with the Companies, be charged with administering the Fund to those projects that will best serve to enhance economic development within the service territory. Furthermore, the Companies should be required to honor their agreement through the 2011 Stipulation to enter into productive pilot projects (such as the street light and signal project agreed to with Grove City in the 2011 Stipulation) with Grove City, Hillsboro, and Upper Arlington, as such projects will create jobs and infrastructure improvements, both of which were contemplated as direct economic development impacts under through the Ohio Growth Fund as proposed in the 2011 ESP.

These contributions by the Companies would serve as direct, tangible contributions to economic development within the Companies' service territory, and would provide more than just speculative gains to economic development - a concept that the Companies have touted in this modified ESP.

CONCLUSION

The Cities and Colleges respectfully request that the PUCO consider and adopt the recommendations made herein.

Respectfully Submitted,

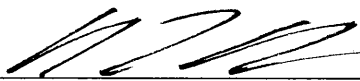


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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Post Hearing Brief was served upon the parties of record listed below this 29th day of June, 2012 via electronic mail.


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Summary: Brief Post Hearing Brief of The Association of Independent Colleges and Universities of Ohio; The City of Grove City; The City of Hillsboro, Ohio; and The City of Upper Arlington electronically filed by Mr. Asim Z. Haque on behalf of City of Hillsboro, Ohio and The Association of Independent Colleges and Universities of Ohio and The City of Grove City, Ohio and The City of Upper Arlington, Ohio