

**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)	Case No. 11-348-EL-SSO
Rev. Code, in the Form of an Electric Security)	
Plan)	
)	
)	
)	
In the Matter of the Application of Columbus)	Case No. 11-349-EL-AAM
Southern Power Company and Ohio Power)	Case No. 11-350-EL-AAM
Company for Approval of Certain Accounting)	
Authority)	

**REPLY 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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Ohio; and the City of Upper Arlington*

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The Association of Independent Colleges and Universities of Ohio (“AICUO”), the City of Grove City (“Grove City”), the City of Hillsboro (“Hillsboro”) and the City of Upper Arlington (“Upper Arlington”) (collectively the “Cities and Colleges”) submit this Reply Brief in response to initial briefs filed in the above captioned proceedings.

REPLY ARGUMENT

I. 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 Cities and Colleges support the arguments made by many intervenors that the two tier capacity pricing structure is improper and should give way to RPM-based capacity pricing. However, in the event that the Public Utilities Commission of Ohio

(“PUCO”) upholds Columbus Southern Power’s and the Ohio Power Company’s (the “Companies”) two tier capacity pricing structure, those aggregating under governmental aggregation program should receive Tier 1 capacity pricing.

FirstEnergy Solutions Corp. (“FirstEnergy”), in its Post Hearing Brief, addressed the same concerns between the interplay of governmental aggregation and the Companies’ desired two tier capacity pricing structure that the Cities and Colleges identified. The Companies’ proposed structure would allow only those cities that were authorized to aggregate as of November 8, 2011 to obtain Tier 1 capacity pricing for its aggregation participants, and those cities must actively aggregate in 2012 or be placed in a pool where obtaining Tier 1 capacity pricing is a practical impossibility in 2013 and 2014.

The Companies’ proposal, while purporting to promote governmental aggregation, would more accurately serve to hinder it within the Companies’ service territory due to capacity pricing that neither local governments, nor CRES providers can support. This runs afoul of the very spirit and intent of the creation of aggregation by the state legislature.¹ As the Companies have taken measures that could severely hinder aggregation programs, it is incumbent upon the PUCO to take measures to facilitate them by mandating in this Modified ESP that **all cities (i.e. their participants and citizenry) that authorize and actively partake in a governmental aggregation program during the pendency of this ESP receive Tier 1 capacity pricing.**

¹ See generally 1999 Am.Sub.S.B. No. 3, 148 Ohio Laws, Part IV, 7962 (“S.B. 3”).

II. The Companies Should Be Required To Invest In Economic Development Initiatives Within Its Service Territory Either Through The Direct Expenditure Of Capital Or Through Special Rate Treatment.

The Cities and Colleges restate the argument made in its initial Post Hearing Brief that the Companies should directly expend capital in its service territory to further economic development by:

- With respect to the AICUO, scholarships for AICUO member institutions to educate and train students that will enter the workforce as productive and well-equipped engineers, scientists, energy policy specialists, etc.
- With respect to the Cities, reinitiating the Ohio Growth Fund that the Companies proposed in their 2011 ESP and entering 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.

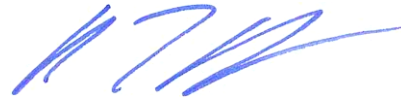
Furthermore, the Cities and Colleges support the position taken by the Ohio Schools associations that the schools be exempted from the rider RSR and receive Tier 1 capacity pricing, and for the reasons already stated by the Ohio Schools associations, the Cities and Colleges should receive the same rate relief. The legal argument is the same as promulgated by the Ohio Schools under the Ohio Revised Code and Supreme Court precedent, and the Cities and Colleges have experienced economic turmoil just as the Ohio Schools have during the economic downturn (and due to the original ESP filed in this case).

Rate relief would be of tremendous consequence to the Cities and Colleges, and to the State of Ohio. It would directly assist these entities and institutions financially, which would in turn lower the cost of living for city residents and lower educational costs for students of AICUO member institutions. Logically, this would have a positive impact on economic development in the State as a whole.

CONCLUSION

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

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Reply Brief was served upon the parties of record listed below this 9th day of July, 2012 via electronic mail.


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