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DUKE ENERGY OHIO EXHIBIT____

FILE

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., to Establish its Fuel and Economy Purchased Power Component of its Market-Based Standard Service Offer for 2011.	)	Case No. 11-974-EL-FAC
In the Matter of the Application of Duke Energy Ohio, Inc., to Establish its System Reliability Tracker of its Market-Based Standard Service Offer for 2011.	)	Case No. 11-975-EL-RDR

REDACTED VERSION OF DIRECT TESTIMONY OF

SALIL PRADHAN

ON BEHALF OF

DUKE ENERGY OHIO, INC.

September 7, 2012

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Salil Pradhan, and my business address is 139 East Fourth Street, Cincinnati, Ohio 45202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Commercial Enterprises, Inc., (DECES) as Vice President, Portfolio Risk Management for Midwest Commercial Generation (MCG). DECES provides administrative and various other services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and Duke Energy Commercial Asset Management, Inc., (DECAM) as well as other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I am a graduate of the University of Chicago with an MBA in finance and strategy. I have a Masters Degree in Chemical Engineering from University of Cincinnati and a Bachelor's degree in Chemical Engineering from University of Mumbai. I am a Chartered Financial Analyst and also a graduate of the Center for Creative Leadership Developing Strategic Leadership Program. I have served on the Board of Directors of the Cincinnati Better Business Bureau. I have been in the energy industry since 2001. Prior to joining Duke Energy in 2004, I was Manager of Fundamental Analysis at American Electric Power in Columbus, Ohio. I also managed the Fundamental Analysis Group with Coal Trading, Inc., of Enron Corp., in Houston. I joined Cinergy Corp. (Cinergy) as a Director of

Emissions Portfolio Management. Following the merger of Duke Energy and Cinergy, I was promoted in 2006 and became Vice President of Portfolio Risk Management, with responsibility for all of the commodities portfolio management, including power, capacity, natural gas, coal, emission allowances (EAs), renewable energy credits (RECs), and Financial Transmission Rights (FTRs). I am currently in the same position.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS VICE PRESIDENT, PORTFOLIO RISK MANAGEMENT FOR MCG.

A. I am responsible for hedging in wholesale markets for power, capacity , natural gas, coal, emission allowances (EAs), renewable energy credits (RECs), and Financial Transmission Rights (FTRs) for Duke Energy Ohio's non-regulated generation. I am responsible for the profits and losses (P&L) of serving full requirements load procured through auctions, requests for proposals, and bilateral transactions. I am also responsible for hedging the commodity exposure and optimizing the commercial value of 3,000 megawatts of coal assets and 3,000 megawatts of gas assets located in the PJM Interconnection, LLC, (PJM) markets.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A. I have submitted pre-filed testimony to the Public Utilities Commission of Ohio (Commission) on several prior occasions, and I have testified before the Commission as part of Duke Energy Ohio's 2009 and 2010 audits of the Company's Fuel and Purchased Power (Rider PTC-FPP) and System Reliability Tracker (Rider SRA-SRT). I have also testified before the Commission in matters involving Columbus Southern Power and Ohio Power Company (collectively, AEP Ohio).

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE PROCEEDINGS?

A. The purpose of my testimony is to discuss specific fuel costs incurred by Duke Energy Ohio in providing service to its standard service offer (SSO) customers during the term of the Company's initial electric security plan (ESP), which began on January 1, 2009, and terminated on December 31, 2011, and the Company's proposal to incorporate recent adjustments to fuel costs incurred during that same period into its approved reconciliation rider for such costs (Rider RECON). The *first category of costs includes fees associated with governmentally imposed* charges from coal suppliers for coal delivered during 2011 and used to serve the SSO customers, which are also referred to as the native load. The second category of costs includes two adjustments for fuel costs related to SSO service provided during the previous ESP period and that are related to the operation of Conesville Unit 4, one of the jointly owned units among AEP-Ohio, Dayton Power and Light Company (DP&L) and Duke Energy Ohio. Conesville Unit 4 is controlled and operated by AEP Ohio, which means that all operational decisions related to that unit are made by AEP Ohio.

II. DISCUSSION OF FUEL COSTS TO BE INCLUDED IN RIDER RECON

A. GOVERNMENTAL IMPOSITION

Q. WHAT ARE GOVERNMENTAL IMPOSITION COSTS?

A. A governmental imposition cost or charge typically arises from a change in law provision in a contract. Under such a provision in a coal contract, the parties agree that if there is a change in law, that impacts the costs for the coal supplier, those costs (or savings), or a portion thereof, can be passed along through an adjustment to the price of coal delivered under the contract.

Q. ARE GOVERNMENTAL IMPOSITION COSTS ARISING FROM A CHANGE IN LAW PROVISION AN INDUSTRY STANDARD FOR COAL CONTRACTS?

A. Yes, such provisions are common. In fact, it is very rare to have a coal contract, other than for a short duration, not to have some kind of governmental imposition/change in law provision in the contract. The intent with this provision is simply to make both the buyer and seller of coal whole with respect to changes in laws that neither party can reasonably anticipate under the contract.

Q. HAS DUKE ENERGY OHIO BEEN ADVISED OF SUCH A CLAIM UNDER THE PROVISION?

A. Yes. Duke Energy Ohio was recently notified of a claim for governmental imposition costs from a supplier for prior deliveries. As I explain in more detail below, the claimed costs are appropriate for recovery under Rider RECON.

Q. ARE THE GOVERNMENTAL IMPOSITION CHARGES PROPOSED TO BE RECOVERED UNDER RIDER RECON ATTRIBUTABLE TO COAL CONSUMED ON OR BEFORE DECEMBER 31, 2011, FOR DUKE ENERGY OHIO'S SSO CUSTOMERS?

A. Yes. The costs are for coal that was delivered on or before December 31, 2011, and that was used to serve Duke Energy Ohio's SSO or native load customers pursuant to the Company's initial ESP.

Q. DOES DUKE ENERGY OHIO TRY TO MITIGATE THE EXPOSURE TO CLAIMS FOR RECOVERY OF GOVERNMENTAL IMPOSITION COSTSTHROUGH CONTRACT NEGOTIATION?

A. Yes. Duke Energy Ohio ordinarily tries to mitigate its exposure to such claims through [redacted]. In the particular contracts at issue, there was such [redacted]. In addition, Duke Energy Ohio will engage a third party auditor to verify any such claims.

Q. WHAT IS THE ADJUSTMENT FOR THE GOVERNMENTAL IMPOSITION COST THAT DUKE ENERGY OHIO IS PROPOSING BE RECOVERED THROUGH RIDER RECON?

A. The total amount to be recovered is $68,000. This represents the SSO share of the total fee based upon 2011 monthly allocation of costs between SSO and non-SSO customers, which includes the effect of switching levels. The total fee charged to all joint owners and related to the contract was [redacted]. Duke Energy Ohio's share among all the joint owners was [redacted] Of the [redacted], the allocation between SSO and non-SSO load was $68,000 attributable to SSO customers and [redacted] attributable to non-SSO customers.

Q. PLEASE EXPLAIN WHY DUKE ENERGY OHIO IS ONLY NOW SEEKING TO RECOVER THESE COSTS THROUGH RIDER RECON?

A. Duke Energy Ohio only recently became aware of the supplier's claim for the costs. Upon receipt of this claim, the Company immediately engaged a third party to audit the claim for its validity. The results of the audit were that, of the total amount claimed by the supplier, [redacted] should be paid. Confidential Attachment SP-1 is a copy of this report indicating that the claim was valid and that the coal supplier be reimbursed.

Q. IS IT REASONABLE THAT SUCH COSTS BE PASSED ON THROUGH RIDER RECON?

A. Yes. As I previously mentioned, these costs were related to coal used to serve SSO load under Duke Energy Ohio's last ESP, which expired on December 31, 2011. And Rider RECON – approved by the Commission in the context of Duke Energy Ohio's current ESP – is intended to true up the fuel costs through the end of 2011. The Commission's auditor in these proceedings included a recommendation that all costs incurred through December 31, 2011, should be recovered. Since the costs at issue were incurred during that period, it is appropriate, and consistent with the objective of Rider RECON, to true-up these costs as well. And, it is reasonable that the SSO load pay for the costs in proportion to its respective share of such costs. To do otherwise results in a cross-subsidy between SSO load and non-SSO load customers, which forces Duke Energy Ohio's shareholders to absorb the costs.

B. JOINT OWNED UNITS OPERATED BY AEP OHIO

Q. PLEASE DESCRIBE THE COSTS RELATED TO THE JOINT OWNED UNITS OPERATED BY AEP OHIO.

A. The costs for which Duke Energy Ohio seeks recovery via Rider RECON that relate to the joint owned units operated by AEP Ohio are in two categories. These categories are: 1) liquidated damages for coal deliveries not taken by AEP Ohio and 2) closure costs for AEP Ohio's coal preparation/wash plant.

Q. PLEASE BRIEFLY EXPLAIN THE LIQUIDATED DAMAGES CATEGORY OF COSTS RELATIVE TO AEP OHIO'S OPERATION OF CONESVILLE UNIT 4.

A. As I previously stated, Conesville Unit 4 is jointly owned among AEP Ohio, Duke Energy Ohio, and DP&L. Its status as a jointly owned unit means that each of the three companies owns a share of the unit and accordingly receives corresponding allocations of both the costs and output of the plant. As such, Conesville Unit 4 has historically been used by Duke Energy Ohio as part of its portfolio to meet its SSO load obligation.

The liquidated damages costs resulted from a contractual claim made by a coal supplier against AEP Ohio after it did not take delivery of contracted tons during 2010 and 2011. The tons at issue were intended to have been delivered and burned at the Conesville units, including jointly owned unit 4, in 2010 and 2011. Duke Energy Ohio understands that, due to forced and economic outages, AEP

Ohio did not take delivery of the contracted coal. AEP Ohio's refusal resulted in the supplier making a claim for liquidated damages under the contract. AEP Ohio settled the dispute and paid the supplier, thereafter assigning Duke Energy Ohio a portion of the costs related to its share of the Conesville Unit 4.

Q. WHY IS DUKE ENERGY OHIO ONLY NOW RAISING THIS AS AN ISSUE?

A. Duke Energy Ohio only recently discovered some of the underlying facts concerning the allocation of costs associated with the liquidated damages paid by AEP Ohio. Duke Energy Ohio has diligently attempted to get detailed information from AEP Ohio regarding this issue and the underlying contract, but to date has had limited success. Duke Energy Ohio has been trying to obtain a copy of this particular contact for several months, but to no avail. To further confirm the diligent actions undertaken by Duke Energy Ohio, it has moved to intervene in AEP Ohio's fuel audit proceeding, which relates to the same time periods relevant to these proceedings. But these actions are not without opposition, as the coal supplier is now resisting Duke Energy Ohio's receipt of relevant contract information, despite the Company's willingness to enter into an appropriate confidentiality agreement.

Q. WHAT PROMPTED DUKE ENERGY OHIO TO INQUIRE INTO AEP OHIO'S OPERATION OF CONESVILLE UNIT 4 ONLY RECENTLY?

A. Duke Energy Ohio first began noticing a significant increase to the plant's weighted average cost of inventory (WACI) for coal in late 2011 and, subsequently, began making inquiries to AEP Ohio regarding the issue.

Confidential Attachment SP-2 is a true and accurate summary of the 2011 monthly WACI for coal for Conesville Unit 4. Eventually AEP Ohio shared that the adjustments to WACI were due to the payment of the liquidated damages claim. AEP Ohio unilaterally decided to flow these liquidated damages costs through to the co-owners by burying them as an inventory adjustment that impacts the balance sheet, rather than as a gain/loss that would have appeared on the income statement. This accounting created a lack of transparency in understanding these costs which in turn created a timing issue with respect to Duke Energy Ohio's recovery of these costs.

As of the time of the filing of my Direct Testimony, numerous inquiries have been made to AEP Ohio to obtain additional information regarding the issue. To date, and despite these numerous requests, AEP Ohio claims they are contractually prohibited from providing the agreement and has thus far refused to provide Duke Energy Ohio a copy of the coal contract under which the liquidated damages claim arose. AEP Ohio has only provided the number that represents Duke Energy Ohio's share of the total liquidated damages charge.

Q. WHAT WAS THE IMPACT OF AEP OHIO TREATING THE LIQUIDATED DAMAGES AS AN ADJUSTMENT TO THE WACI OF COAL?

A. AEP Ohio did not account for the liquidated damages as a gain and loss, which would have been transparent and reflected immediately on the income statement. Instead, AEP Ohio treated the liquidated damages as an adjustment to the WACI for coal on the books of the plant. As a result, the payment of liquidated damages was not apparent and was not accounted for correctly or completely in Duke Energy Ohio's PTC-FPP and initial Rider RECON filings.

Had AEP Ohio not buried these costs in the WACI for coal, they would have been transparent and immediately reflected in either the Company's 2011 Rider PTC-FPP adjustment or, potentially, in its initial Rider RECON filing, depending on when AEP Ohio recorded the adjustment.

AEP Ohio's treatment of the liquidated damages costs thus caused a timing discrepancy for the purposes of Duke Energy Ohio's ability to allocate the costs between SSO and non-SSO loads. Because the coal that was the subject of the liquidated damages was purchased for delivery in 2010 and 2011, the assignment of cost responsibility should also reflect the proportional SSO/non-SSO load split at the time the coal was supposed to have been delivered but was refused. Unbeknownst to Duke Energy Ohio at the time of the adjustment to WACI, AEP Ohio's lack of transparency of the coal costs caused the allocation of costs between non-SSO and SSO load to be accounted for as a monthly expense beginning in July 2011 rather than on the allocations that would have been in effect during 2010 and 2011 when the coal should have been accounted for and delivered. The net result for Duke Energy Ohio is that non-SSO load has subsidized the SSO load with respect to these costs and overpaid its responsibility. In other words, the SSO load has paid less than it should have because it was under-allocated costs at that time.

Q. HAS A PORTION OF THESE LIQUIDATED DAMAGES ALREADY BEEN RECOVERED THROUGH RIDER PTC-FPP?

A. Yes, to the extent the adjustment impacted the WACI before December 31, 2011, some, but not all, of the costs have been recovered. Costs associated with coal purchases are included in inventory on the balance sheet and expensed monthly as the consumed inventory flows to the income statement which is part of the PTC-FPP's quarterly filing. Because AEP Ohio made the adjustment to its inventory balance in 2011, the monthly expenses allocated to Duke Energy Ohio and were charged to the Company's SSO and non-SSO loads based on ratios that existed during those months and included in the quarterly filing. In addition, the portion of the liquidated damages not expensed remained on the balance sheet beyond the end of 2011 as part of the inventory and not part of either Rider PTC-FPP or Rider Recon. Because Duke Energy Ohio's switching levels in 2010, when AEP actually refused delivery, were dramatically different then what they were in 2011, when AEP ultimately recorded the adjustment to its inventory balance, Duke Energy Ohio needs to adjust for the impact of unexpensed inventory and for the timing discrepancy by making additional adjustments to its Rider RECON.

Q. WHAT IS THE ADJUSTMENT DUKE ENERGY OHIO IS PROPOSING UNDER RIDER RECON FOR THE LIQUIDATED DAMAGES?

A. Since the costs were attributable to coal that would have been burned in 2010 and 2011, Duke Energy Ohio is proposing that the liquidated damages be flowed through to SSO customers in proportion to the load ratio shares that existed during those periods, rather than solely at 2011 levels. The total cost for the liquidated damages allocated to Duke Energy Ohio (SSO and non-SSO load) is $1,612,000. Of that total, $310,000 has already been recovered through Rider PTC-FPP as a result of AEP Ohio's embedding the cost in the WACI for coal in late 2011. Using the calculation above, the total portion of the cost that should be recovered from SSO load customers is $660,000. Upon subtracting the amount already recovered through Rider PTC-FPP in 2011, the remainder to be recovered from SSO customers through Rider RECON is $350,000.

Q. IS IT REASONABLE THAT SUCH COSTS BE PASSED ON THROUGH RIDER RECON?

A. Yes. As I previously mentioned, these costs were related to coal used to serve Duke Energy Ohio's SSO. Therefore, it is reasonable that the proportionate costs incurred in serving SSO customers be recovered from the SSO load. Under the Company's initial ESP, had AEP Ohio accepted the delivery of the coal during the 2010 and 2011 periods, the costs would have been allocated to SSO customer and non-SSO customers in proportion to their respective load ratio shares when it was burned. Therefore, it is reasonable that the charge for the liquidated damages also be allocated in proportion to the respective SSO and non-SSO load ratio shares when the coal would have been burned. To accomplish this, an adjustment needs to be made to reflect the allocation between SSO and non-SSO load ratios that existed during those periods. Absent this remedy, there will be an improper cross-subsidy between SSO and non-SSO customers, which would force Duke Energy Ohio's shareholders to absorb the costs. Such a result is contrary to the stated intent of Rider RECON, which is to true up all fuel-related costs incurred before the end of the ESP that expired on December 31, 2011.

Q. PLEASE BRIEFLY EXPLAIN THE ISSUE WITH RESPECT TO COSTS ATTRIBUTED TO THE CONESVILLE WASH PLANT CLOSURE.

A. The wash plant issue is similar to that of the liquidated damages in that these are fuel-related costs for the period ending December 31, 2011, and are related to jointly owned units that are operated by AEP Ohio. The Company only recently came to understand the nature of these costs. Consequently, there is a need to correct the allocation of said costs between SSO and non-SSO loads as a result of AEP Ohio's conduct.

Q. PLEASE EXPLAIN THE NATURE OF THESE WASH PLANT COSTS.

A. According to AEP Ohio, the wash plant was used to treat coal burned for both Conesville Unit 3 and Unit 4. Historically, AEP Ohio has included the cost of washing coal as part of the Conesville Unit 4's cost of fuel to the extent the coal was used.

In 2011, AEP Ohio decided to retire its Conesville Unit 3 at the end of 2012. In the last half of 2011, AEP Ohio estimated the cost of retirement of the wash plant and included those costs as an adjustment to the WACI for the Conesville Unit 4 allocated to Duke Energy Ohio. AEP Ohio then retired the wash plant at the end of 2011.

Q. PLEASE EXPLAIN WHAT DUKE ENERGY OHIO IS PROPOSING FOR THE RECOVERY OF THESE COSTS.

A. First, it is important to understand that the wash plant was used to serve Duke Energy Ohio's SSO customers and, thus, these customers did receive the benefit of this plant while it was in operation. AEP Ohio has provided Duke Energy Ohio with a value that represents the Company's total ownership share of the wash plant closure costs. Knowing these costs, the question then becomes how to apportion those costs between Duke Energy Ohio's SSO and non-SSO customers for that period of time during which Rider PTC-FPP was applicable.

Duke Energy Ohio is proposing to allocate the costs between SSO and non-SSO customers in a fair and reasonable manner, which would take the total closure cost of the wash plant assigned to Duke Energy Ohio from AEP Ohio and then calculate an annualized cost based upon the number of years the plant has been in service, approximately 25 years. Finally, Duke Energy Ohio proposes to use that annualized cost to allocate between SSO and non-SSO load based upon the corresponding SSO/non-SSO load ratio split over that same time period. Thus, Duke Energy Ohio will only recover the native, or SSO, share of those costs through Rider RECON.

The wash plant first went in service in the mid 1980's and, given its closure in 2011, was in operation for a total of approximately 25 years. The chart below shows the native/non-native split used for each year from 1996 through 2005. For the ESP period beginning in 2009 and through December 31, 2011, Duke Energy Ohio will use the actual monthly switching data as reflected in Attachment SP-3.

Year	Native%	Non-native%
1986-1999	100%	0%
2000-2004	0%	100%
2005	Non-residential 67% Residential 0%	Non-residential 33% Residential 100%
2006-2008	95%	5%
2009 -2011(Monthly %)	SP-3	SP-3

To further explain the calculation that I described above, the plant was fully regulated from 1986 through 1999, meaning that all of the costs were attributable to serving all native load (*i.e.*, there was no shopping during this time that pre-dated Senate Bill 3). Therefore, the entire portion of annualized costs attributable to the period 1986 through 1999 are recoverable under Rider RECON as these costs were incurred for the benefit of all customers. From 2000 through 2004, the market development period (MDP) was implemented and the Company's fuel was frozen. Therefore, during the MDP, none of the plant costs were recoverable. Then, beginning in 2005, Duke Energy Ohio implemented its Rate Stabilization Plan (RSP) applicable only to non-residential customers. During the first year of the RSP, the load ratio share was 67% SSO and 33% non-SSO for non-residential customers. Residential customers were not subject to the RSP and thus were not allocated fuel costs. Then in 2006, residential customers became subject to the (RSP) and the load ratio split was approximately 95% SSO and 5% non-SSO. Subsequent years under the RSP simply reflect the actual switching levels between SSO and non-SSO load.

Then in late 2008, a new law was enacted that modified the SSO provided by utilities, including fuel recovery. Thus, effective January 1, 2009, Duke Energy Ohio implemented its initial ESP, consistent with Amended Substitute Senate Bill 221. The Company's initial ESP lasted from January 1, 2009, through December 31, 2011. Duke Energy Ohio is proposing to allocate the closing costs based upon monthly switching levels between SSO and non-SSO load.

Q. USING THAT CALCULATION, WHAT IS THE TOTAL COST OF THE WASH PLANT TO BE RECOVERED THROUGH RIDER RECON?

A. The total cost of allocated for the wash plant closure allocated to Duke Energy Ohio (SSO and non SSO load) is $2,239,000. Of that total, $430,000 has already been recovered through Rider PTC-FPP as a result of AEP Ohio's embedding the costs in the WACI for coal in late 2011. Using the allocation calculation above, the total portion of the costs that should be recovered from SSO load customers is $1,652,000. Upon subtracting the amount already recovered through Rider PTC-FPP in 2011, the remainder to be recovered from SSO customers through Rider RECON is $1,222,000.

Q. IS IT REASONABLE THAT SUCH COSTS BE PASSED ON THROUGH RIDER RECON?

A. Yes. As I previously mentioned, the wash plant costs were fuel costs associated with Conesville Unit 4 that were incurred by Duke Energy Ohio in connection with its obligation to serve native load. In other words, the costs for which Duke Energy Ohio is seeking recovery were incurred in 2011 for the benefit of the load and, to the extent Duke Energy Ohio is obligated to pay for such costs; they are appropriately included in Rider RECON. Duke Energy Ohio is proposing a fair allocation of the costs incurred in 2011 between its SSO and non-SSO customers to determine the responsibility for such costs.

III. CONCLUSION

Q. DO YOU HAVE ANY FURTHER COMMENTS REGARDING THE COMPANY'S ADJUSTMENTS TO RIDER RECON?

A. Yes. It is my firm belief that these costs were prudently incurred by Duke Energy Ohio and the recoverability the above-described costs is consistent with the intent of Rider RECON, to adjust for any over- or under-collections of other costs related to the Company's Riders PTC-FPP and SRA-SRT that expired on December 31, 2011. Further, the Company's adjustment is consistent with the recommendation of the auditors in these proceedings to "[e]nsure that RECON rider adjustments are properly incorporated in to subsequent filings." Under its new ESP, Duke Energy Ohio does not track and recover its costs related to fuel for operating these plants and these plants are no longer used to serve SSO customers. These proceedings will conclude Duke Energy Ohio's recovery of fuel costs for periods prior to December 31, 2011.

Finally, the costs related to the Conesville Unit 4 were due to the management decisions of AEP Ohio, not by Duke Energy Ohio. Duke Energy Ohio is simply allocated a share of the costs under the terms of the contractual agreement among Duke Energy Ohio, AEP Ohio, and DP&L for the joint operation of several plants. The operational decisions of AEP Ohio in this regard is immaterial as to the allocation of the costs to Duke Energy Ohio and in turn between SSO and non-SSO loads. These costs were prudently incurred as part of the obligation to serve the SSO load. The SSO load should pay their fair share, no more, no less. Duke Energy Ohio should not be denied the ability to pass those costs on to SSO customers nor should the Company be forced to subsidize or absorb those costs.

Q. WERE ATTACHMENTS SP-1, SP-2 AND SP-3 PREPARED BY YOU OR UNDER YOUR DIRECTION AND CONTROL?

A. Yes.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

2011 Coal Inventory for Conesville 4

AEP/CSP - Conesville	January	February	March	April	May	June	July	August	September	October	November	December
[redacted]	[redacted]											

2011 Conesville 4 - Weighted Average Cost of Inventory (WACI)

[redacted]

[redacted]

Rsk Mth	N	NN
200901	0.9190	0.0810
200902	0.8818	0.1182
200903	0.9203	0.0797
200904	0.8946	0.1054
200905	0.9262	0.0738
200906	0.8674	0.1326
200907	0.8739	0.1261
200908	0.8788	0.1212
200909	0.7571	0.2429
200910	0.5408	0.4592
200911	0.4867	0.5133
200912	0.6995	0.3005
201001	0.6450	0.3550
201002	0.5789	0.4211
201003	0.5077	0.4923
201004	0.4560	0.5440
201005	0.5202	0.4798
201006	0.6018	0.3982
201007	0.6291	0.3709
201008	0.4826	0.5174
201009	0.4001	0.5999
201010	0.3088	0.6912
201011	0.3511	0.6489
201012	0.4202	0.5798
201101	0.4297	0.5703
201102	0.3325	0.6675
201103	0.3614	0.6386
201104	0.3756	0.6244
201105	0.3977	0.6023
201106	0.3858	0.6142
201107	0.4263	0.5737
201108	0.3857	0.6143
201109	0.3002	0.6998
201110	0.3031	0.6969
201111	0.3447	0.6553
201112	0.3642	0.6358