

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Columbus Southern Power Company and)	Case No. 11-346-EL-SSO
Ohio Power Company for Authority to)	Case No. 11-348-EL-SSO
Establish a Standard Service Offer)	
Pursuant to § 4928.143, Ohio Rev. Code,)	
in the Form of an Electric Security Plan.)	

In the Matter of the Application of)	
Columbus Southern Power Company and)	Case No. 11-349-EL-AAM
Ohio Power Company for Approval of)	Case No. 11-350-EL-AAM
Certain Accounting Authority.)	

In the Matter of the Commission Review)	
of the Capacity Charges of Ohio Power)	Case No. 10-2929-EL-UNC
Company and Columbus Southern Power)	
Company)	

**MOTION TO CONSOLIDATE
OF
OHIO POWER COMPANY**

Ohio Power Company (“AEP Ohio” of the “Company”) respectfully moves that the Commission consolidate Case Nos. 11-346-EL-SSO *et al.* (the *ESP II* proceeding) with Case No. 10-2929-EL-UNC (the *Capacity Pricing* proceeding) for purposes of deciding, on an integrated basis, the issues raised on rehearing in both cases. There are significant benefits that would result from such a consolidation. The issues addressed relating to capacity pricing and the State Compensation mechanism, in the *Capacity Pricing* proceeding, and the integrally related cost-

recovery mechanism devised by the Commission in the *ESP II* proceeding for the deferrals that the capacity pricing and the *ESP II* proceeding establish are best explained, understood, and supported when those issues are considered in a comprehensive and integrated manner. In addition, consolidation of rehearing decision making will ensure that the procedural timelines for consideration of any appeals of both the capacity pricing decisions in Case No. 10-2929-EL-UNC and related decision making in this *ESP II* proceeding coincide. That will allow for a more efficient and logically consistent consideration and decision on any appeals arising from the capacity pricing and cost-recovery issues.

A memorandum in support of this Motion is attached.

Respectfully submitted,

//s/ Steven T. Nourse

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On behalf of Ohio Power Company

MEMORANDUM IN SUPPORT

AEP Ohio requests that the Commission consolidate Case Nos. 11-346-EL-SSO, et al. (the *ESP II* proceeding) with Case No. 10-2929-EL-UNC (the *Capacity Pricing* proceeding) for purposes of deciding the issues raised on rehearing in both cases, on an integrated basis. There are significant benefits that would result from such a consolidation. Accordingly, the Commission should issue a consolidated rehearing decision in both cases.

First, under R.C. 4901.13, the Commission has broad discretion in the conduct of its hearings. *Duff v. Pub. Util. Comm.* (1978), 56 Ohio St. 2d 367, 379, 10 Ohio Op. 3d 493, 500, 384 N.E.2d 264, 273. It is well-settled that pursuant to R.C. 4901.13, the Commission has the discretion to decide how, in light of its internal organization and docket considerations, it may best proceed to manage and expedite the orderly flow of its business, avoid undue delay and eliminate unnecessary duplication of effort. *Toledo Coalition for Safe Energy v. Pub. Util. Comm.* (1982), 69 Ohio St. 2d 559, 560, 23 Ohio Op. 3d 474, 475, 433 N.E.2d 212, 214. *See also Weiss v. Pub. Util. Comm.* (2000), 90 Ohio St. 3d 15, 19 (same). Thus, there can be no question that it is permissible for the Commission to issue a consolidated decision on rehearing in both cases.

In addition to being permissible, there is a logical and reasonable basis for granting AEP Ohio's request. The capacity pricing and the State Compensation Mechanism adopted in the *Capacity Pricing* proceeding, and the integrally-related cost-recovery mechanism devised by the Commission in the *ESP II* proceeding for the deferrals that result from the *Capacity Pricing* and the *ESP II* proceeding are best explained, understood, and supported when those issues are

considered in a comprehensive and integrated manner. Accordingly, consolidation of decision making for the two proceedings on rehearing would enable the Commission to explain its decisions on these issues in a thorough and complete manner, and it would avoid the risks that a piece-meal approach might otherwise pose. The creation of the capacity deferrals in the *Capacity Pricing* case and authorizing recovery of those same deferrals in the *ESP II* case are integrated decisions that would be best explained and understood as part of a singular decision on rehearing. Further, the *Capacity Pricing* and *ESP II* cases are fundamentally interrelated because the *ESP II* order rejected the Company's proposed two-tier capacity pricing and, instead, incorporated the capacity prices (both RPM and \$188.88) determined in the *Capacity Pricing* order. Any changes on rehearing related to capacity pricing will impact the overall economic impact of the ESP on the Company.

As a related matter, because the explanation of the rehearing decision making would be more comprehensive and coherent if the decisions are made on a consolidated basis, understanding the decision making – by the parties on rehearing and by the Ohio Supreme Court, on appeal – would also be improved. In support of a single final order from the Commission, the *Capacity Pricing* proceeding's record supporting the underpinnings of the decision relating to capacity charges would be available along with the *ESP II* proceeding's record supporting the ESP-related parts of the decision. As it stands, portions of the decision in each respective case rely on portions of the decision from the other case, including the record. Thus, issuing a unified decision would improve the record basis for the findings relied upon in the decision.

Through improved explanation and understanding of the Commission's decision-making on rehearing, the support for that decision-making also, inevitably, would be improved. For example, in its July 2 Opinion and Order in the *Capacity Pricing* proceeding, the Commission

found (at 22) that it is "necessary and appropriate to establish a cost-based state compensation mechanism for AEP-Ohio." The Commission also found that it would be appropriate to set the price for capacity charged to CRES providers at the RPM level. However, the Commission also concluded in its July 2 decision in that case that the precise features of the compensation mechanism, in particular how the difference between cost and RPM pricing would be recovered, would be addressed in its *ESP II* decision. And, in its *ESP II* decision, the Commission described how it would provide for recovery of AEP Ohio's capacity costs not recovered through the RPM price. More specifically, the Commission determined in its August 8 *ESP II* decision that cost recovery of AEP Ohio's deferred capacity costs would be accomplished, in part, through the RSR and, in part, through a nonbypassable charge established at a later date. There are a number of issues raised on rehearing in the *Capacity Pricing* case and the *ESP II* case that relate to the inter-relationship of the two cases; AEP Ohio has previously responded in substance to the rehearing arguments raised in the *Capacity Pricing* case and will separately respond to the rehearing arguments raised in the *ESP II* case in the next few days. A consolidated approach for a rehearing decision would advance a more comprehensive explanation and understanding of the Commission's decisions and would, thus, reinforce the support for the Commission's decisions.

Further, consolidation of rehearing decision making will ensure that the procedural timelines for consideration of any appeals of both the capacity pricing decisions in Case No. 10-2929-EL-UNC and related decision making in this *ESP II* proceeding coincide. That will allow for a more efficient and logically consistent prosecution and consideration of any appeals. Efficiency and coordination are good reasons supporting the Commission exercising its discretion under R.C. 4901.13 to issue a consolidated rehearing decision.

Finally, there is no apparent downside to consolidating the decision making for purposes of rehearing. As noted above, the rehearing process would be made more efficient and logically consistent by consolidation. In addition, the parties to the *Capacity Pricing* proceeding are a subset of the parties to the *ESP II* proceeding. Consequently, there are no parties from Case No. 10-2929-EL-UNC that are not already parties to the *ESP II* proceeding, and so there would be no inadvertent or improper addition of parties to the *ESP II* proceeding. Thus, there are no procedural barriers to issuing a consolidated rehearing decision.

For all of these reasons, AEP Ohio requests that the Commission consolidate the *Capacity Pricing* proceeding and the *ESP II* proceeding, for purposes of issuing a single rehearing decision in both proceedings.

Respectfully submitted,

//s/ Steven T. Nourse

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On behalf of Ohio Power Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Motion has been served, via electronic service, to the Parties of Record in Case Nos. 10-2929-EL-UNC and 11-346-EL-SSO et al. this 11th day of September 2012.

//s/ Steven T. Nourse
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Case No(s). 11-0346-EL-SSO, 11-0348-EL-SSO, 11-0349-EL-AAM, 11-0350-EL-AAM, 10-2929-EL-UNC

Summary: Motion to Consolidate of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of American Electric Power Service Corporation