

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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

**OHIO POWER COMPANY’S
MOTION FOR LEAVE TO FILE APPLICATION FOR REHEARING AND
MEMORANDUM IN SUPPORT**

Ohio Power Company (“AEP Ohio”) hereby respectfully requests that the Public Utilities Commission of Ohio (“Commission”) permit AEP Ohio to file an Application for Rehearing pursuant to Section 4903.10, Ohio Revised Code. While AEP Ohio has not previously entered an appearance in these proceedings, the Commission’s November 28, 2012, Opinion and Order raises for the first time in these proceedings issues affecting AEP Ohio. Further, AEP Ohio’s failure to enter and appearance in these proceedings prior to the November 28, 2012, Opinion and Order was due to just cause since AEP Ohio was not given advanced notice that its interests could be affected. Consequently, AEP Ohio’s interests were not adequately considered in the proceeding.

AEP Ohio has a real and substantial interest in these proceedings that is not adequately represented by existing parties and is so situated that the disposition of these proceedings may impair or impede its ability to protect that interest. Accordingly and as more fully explained in the accompanying memorandum in support, AEP Ohio should be

granted leave to file an Application for Rehearing and otherwise permitted to participate in these proceedings.

Respectfully submitted,

/s/ Yazen Alami

Steven T. Nourse

Matthew J. Satterwhite

Yazen Alami

American Electric Power Service Corporation

1 Riverside Plaza, 29th Floor

Columbus, Ohio 43215

Phone: (614) 716-1608

Fax: (614) 716-2950

Email: stnourse@aep.com

mjsatterwhite@aep.com

yalami@aep.com

Attorneys for Ohio Power Company

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**MEMORANDUM IN SUPPORT OF OHIO POWER COMPANY’S
MOTION FOR LEAVE TO FILE APPLICATION FOR REHEARING**

On March 1, 2012, Duke Energy Ohio, Inc. (“Duke”) filed its application in these proceedings requesting approval of the prices and charges of its Riders PTC-FPP and SRA-SRT for the period ending December 31, 2011. As part of the transition from Duke’s first ESP to its current ESP (Case Nos. 11-3549-EL-SSO, et al.), the Commission approved a reconciliation rider (“rider RECON”) designed to true- up any over or under recovery of Riders PTC-FPP and SRA-SRT as of December 31, 2011, the date upon which these riders and Duke’s first ESP expired. Among the costs Duke seeks to recover through its rider RECON in these proceedings are its portion of the liquidated damages for coal deliveries not taken at Conesville Unit 4 during 2011 and closure costs associated with the closing of the Conesville preparation plant (collectively, “Conesville costs”). AEP Ohio co-owns Conesville Unit 4 with Duke and the Dayton Power and Light Company and AEP Ohio operates the plant on behalf of the co-owners. As operator of the plant, AEP Ohio is charged with, among other things, providing the materials, fuels,

equipment and services necessary for the operation of the unit from such sources as it determines in its discretion to be required. AEP Ohio is also responsible for keeping accurate books of account containing the costs associated with the operation of the unit and for submitting statements to the co-owners for their respective portions of the plant's operation and maintenance expenses, including the Conesville costs Duke seeks to recover in these proceedings.

On October 9, 2012, Duke filed a stipulation and recommendation in these proceedings signed by Duke and Staff and containing the following paragraph:

“The Parties agree that the issues pertaining to Duke Energy Ohio's proposal to recover two specific cost items, as described herein, via Rider Recon that relate to AEP-Ohio's operation of the Conesville Unit 4 are not resolved by this Stipulation; specifically, those issues related to the recoverability and allocation (between ratepayers and shareholders) of costs billed to Duke Energy Ohio by AEP-Ohio for liquidated damages paid by AEP-Ohio in respect of the under-deliveries of coal and was plant closure costs (collectively, “Conesville Costs”) that occurred in 2011, as more fully described in the Direct Testimony of Salil Pradhan filed September 7, 2012 in these proceedings.

The Parties therefore agree that the issues related specifically and solely to the Commission's review of the recoverability and allocation of the Conesville Costs shall be bifurcated for future resolution through a process to be established by the Commission. The Parties also agree that Rider RECON shall be extended and held open as the mechanism for the recovery of any of the Conesville Costs approved by the Commission, as well as the costs of any independent auditor retained by the Commission for the specific purposes identified in this paragraph. The Commission's final order addressing the Conesville Costs will determine the period of time under which Duke Energy Ohio will, if approved, recover the Conesville Costs through Rider RECON.”¹

¹ October 9, 2012, Corrected Stipulation and Recommendation at ¶4.b.

In its November 28, 2012, Opinion and Order in these proceedings, the Commission found that the “issues pertaining to the Conesville costs should be addressed in the *In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company and Related Matters*, Case No. 11-281-EL-FAC (“11-281 Case”),” and that a procedure will be established to “provide Duke and any other entity that is not yet a party to 11-281 an opportunity to intervene for the purpose of addressing the Conesville costs.”²

Because AEP Ohio was not given notice that its interests could be affected by these proceedings until the Commission’s November 28, 2012, Opinion and Order, AEP Ohio’s failure to enter an appearance prior to the November 28, 2012, Opinion and Order was due to just cause. In addition, the November 28, 2012, Opinion and Order, without reason and justification, creates new issues in AEP Ohio’s fuel case that are not appropriate for that case and does so without adequately considering the affect of such a decision on AEP Ohio’s interests. AEP Ohio seeks to file an Application for Rehearing for the purpose of contesting the Commission’s decision to address the issues pertaining to the Conesville costs in AEP Ohio’s fuel case. Since AEP Ohio has not previously entered an appearance in this proceeding, it hereby requests that the Commission grant it leave to file an Application for Rehearing for the reasons stated herein

Respectfully submitted,

/s/ Yazen Alami
Steven T. Nourse
Matthew J. Satterwhite
Yazen Alami
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215

² Opinion and Order at 8 (November 28, 2012).

Phone: (614) 716-1608

Fax: (614) 716-2950

Email: stnourse@aep.com

mjsatterwhite@aep.com

yalami@aep.com

Attorneys for Ohio Power Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served via electronic mail upon the below-listed counsel this 28th day of December, 2012.

/s/ Yazen Alami

Yazen Alami

Amy B. Spiller
Elizabeth H. Watts
Jeanne W. Kingery
Rocco O. D'Ascenzo
155 East Broad St. 21st Floor
Columbus, OH 43215
amy.spiller@duke-energy.com
rocco.dascenzo@duke-energy.com
jeanne.kingery@duke-energy.com
elizabeth.watts@duke-energy.com

Thomas McNamee
Stephen Reilly
180 East Broad St. 6th Floor
Columbus, OH 43215
Thomas.mcnamee@puc.state.oh.us
Stephen.reilly@puc.state.oh.us

Joseph Serio
Office of the Ohio Consumers' Counsel
10 West Broad St. Suite 1800
Columbus, OH 43215
serio@occ.state.oh.us

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Summary: Motion for Leave to File Application for Rehearing and Memorandum in Support electronically filed by Mr. Yazen Alami on behalf of Ohio Power Company