**BEFORE**
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

| | | |
|---|---|---|
| In the Matter of the Application of Ohio | ) | |
| Power Company for Authority to Issue | ) | |
| Phase-In-Recovery Bonds and Impose, | ) | Case No. 12-1969-EL-ATS |
| Charge and Collect Phase-In-Recovery | ) | |
| Charges and for Tariff and Bill Format | ) | |
| Approvals Change. | ) | |

# SUPPLEMENTAL INITIAL COMMENTS OF OHIO POWER COMPANY

## I. Introduction and Background

On July 31, 2012, Ohio Power Company ("AEP Ohio" or the "Company"), filed an Application, pursuant to Section 4928.231, Revised Code, seeking authority to recover certain specified "phase-in costs" and "financing costs" through the issuance of bonds payable from the collection of phase-in-recovery ("PIR") charges and requesting the Commission to issue a financing order (as defined in Section 4928.231, Revised Code).

On October 10, 2012, the Commission issued its decision in Case No. 12-1126-EL-UNC, *In the Matter of the Application of Ohio Power Company for Approval of an Amendment to its Corporate Separation Plan ("Corporate Separation Order")*. As part of that decision, the Commission decided not to permit the Company to fund the defeasance costs of PCRBs with securitization proceeds. Accordingly, as discussed below, AEP Ohio is submitting Revised Exhibits to remove defeasance costs included in the estimated upfront financing cost included in its Application.

On October 10, 2012, the Commission issued a financing order, as modified by an Entry on Rehearing dated December 19, 2012, in Case No. 12-1465-EL-ATS, *In the Matter of the Joint Application of Ohio Edison Company, the Cleveland Electric*

*Illuminating Company, and the Toledo Edison Company for Authority to Issue Phase-In Recovery Bonds* ("*FE Order*"). In the *FE Order*, the Commission capped the ability of the SPE to recover any ongoing Financing Costs (exclusive of yield which would be based on market conditions at the time of issuance)[1] which would exceed 105% of the estimated amounts set forth in FE's application. In the *FE Order*, the Commission also authorized the payment of a financial advisor fee not to exceed $1,500,000 – $500,000 of which would be funded out of the underwriter's spread and $1,000,000 of which would be otherwise included as part of the upfront financing costs. (p. 44). As clarified by the Commission in the December 19, 2012 Entry on Rehearing issued in the FE case, the proposed fee is a cap and not an estimate and each of these amounts will be reduced proportionately if the overall fee is less than $1,500,000.

AEP Ohio filed a motion requesting permission to file supplemental comments and included proposed supplemental comments on November 9, 2012. The Commission issued an Entry on December 12, 2012 establishing a supplemental comment cycle for January 4, 2013 and replies on January 18, 2013. With respect to the Company's original supplemental comments proffered on November 9, the Commission stated:

> The proposed supplemental comments filed by OPCo on November 9, 2012, will not be considered initial comments in the second comment period. To the extent that OPCo seeks to file supplemental initial comments or supplemental reply comments it may do so consistent with this entry.

[1] As the Commission is aware, the Company has proposed in its most recent filing that, in order to ensure savings to customers, the weighted average interest rate on the Phase-in-Bonds should not exceed 4.2% on a net present value basis and 3.3% on a nominal basis. Given that the interest rate on the Bonds cannot be known in advance and savings will be verified through the use of the cap and the demonstrations in the Issuance Advice Letter, the Company understands that the 5% cap on costs proposed in the FE Order does not apply to the estimates on bond interest rates.

December 12, 2012 Entry at 2. As the Company understood this ruling, AEP Ohio was given a new opportunity to file supplemental initial comments on January 4, 2013 and the original supplemental comments proffered on November 9 would not be considered. This was a good approach, especially since in the intervening time period the Commission issued its entry on rehearing in the FirstEnergy securitization case – rendering that decision final. Consequently, AEP Ohio hereby submits its supplemental initial comments, replacing the Company's supplemental comments originally proffered on November 9, 2012. While the Company understands that the Staff filed supplemental initial comments on January 4, 2013 that, in part, respond to the November 9 proposed supplemental comments (which are now superseded by the December 12 Entry and the Company's filing herein), the Company will leave that matter for Staff to address in its supplemental reply comments on January 18, 2013.

## II. Supplemental Comments

In order to reflect the terms of the *Corporate Separation Order* and also the possibility that terms comparable to those of the *FE Order* may be included by the Commission in the order which it issues on the Application, the Company has attached Revised Exhibits A through G to modify the Exhibits attached to its original application. These Revised Exhibits include two updated versions of Exhibits A and B, one that reflects the removal of defeasance costs, and another that reflects both the removal of defeasance costs and the additional upfront financing costs that would be incurred for a financial advisor under the terms set forth in the *FE Order*. The latter Revised Exhibit B also presents the maximum upfront and ongoing financing costs that would be incurred if fees and expenses were to increase to 105% of the estimated amounts set forth in that revised Exhibit B.

Because the financial advisor costs cannot be known until the Commission circulates a competitive request for proposal, the Exhibits currently use the $1.5 million dollar cap proposed by the Commission in the *FE Order* as the value for an estimated impact in this case. The actual impact for the AEP Ohio securitization will be revised once an estimate of financial advisor costs specific to the Company filing is known. In an effort to assist the Commission in its RFP process for financial advisors, however, the Company wishes to note two factors which should impact upon the size of the financial advisory fee relative to AEP Ohio's proposed securitization. First, the historic range of financial advisory fees for utility securitizations has varied widely based upon, among other factors, the scope of services, the point at which the financial advisor was retained (*e.g.*, prior to or after adoption of the financing order), the prior experience of the applicable state commission and the complexity of the financing structure. The proposed $1.5 million fee cap is at the high end of the range.[2] Further, in most (if not all) of these financings, the financial advisor was retained to help negotiate (or in at least one instance, renegotiate) the terms of the financing order. As it is likely that the Commission will have already adopted a financing order prior to the retention of a financial advisor, and no need for substantive amendments to the financing order are contemplated, the financial advisory fee should reflect this reduced scope of service. If, conversely, the

[2] For example, in the three hurricane related financings in Louisiana, the financial advisors to the Louisiana Commission, Pathfinder Capital Advisors, have been awarded total consulting fees of (i) $120,000, (ii) $450,000 (later increased to $800,000 to reflect a subsequent proceeding under a new statutory scheme which was not a traditional utility securitization structure) and (iii) $520,000 respectively, all significantly less than the cap approved in the FE Order.

order became subject to rehearing or amendment, that would likely entail significant delay, and significant additional legal and other expenses.

Second, the Company notes that the structure of the Company's proposed securitization should be simpler than the financings contemplated in the *FE Order*. The *FE Order* authorizes multiple financings for multiple utilities, and also permits the use of a single purpose trust to allow one consolidated financing. The Company's securitization will involve a single securitization for a single utility, without swaps, utilizing a registered offering and structure and documentation which will generally conform to well established precedent for transactions of this type. Given the absence of defeasance costs, the calculations of cost savings will be straightforward relative to other transactions. AEP Ohio anticipates that the financial advisory fee will reflect the relative simplicity of its financing, as compared to FirstEnergy's proposed securitization.

## III. Conclusion

The Company has filed the Application in order to provide its customers with the savings to be realized through securitization. As shown in the Revised Exhibits, the measurable savings already identified in the Company's application will be further enhanced by the removal of defeasance costs. The Company remains committed to working with the Commission and its financial advisor in assuring that the Commission is well-informed in the process without undue expense imposed on ratepayers.

Respectfully Submitted,

______/s/_Steven T. Nourse__________

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the forgoing Supplemental Initial Comments was served this 4th day of January, 2013 by electronic mail, upon the persons listed below.

/s/ Steven T. Nourse
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**REVISED EXHIBIT A**
**ESTIMATED COMPARISON OF EXISTING DARR AND SECURITIZATION OF THE PHASE-IN COSTS COVERED BY THE EXISTING DARR**
**REVISED TO REFLECT REMOVAL OF PCRB DEFEASANCE COSTS FROM SECURITIZATION BALANCE PER ORDER IN CASE NO. 12-1126-EL-UNC**

**Estimated Semi-annual Recovery Under Existing DARR**

| | A | B | C | D | E |
|---|---|---|---|---|---|
| | Period | Ending Balance [1] | Return of DARR Assets | Return on Assets @ 5.34% | Total amount Billed under DARR |
| 1 | Jan,15,2013[5] | 291,482,926 | | | |
| 2 | Oct,1,2013 | 255,715,040 | 35,767,886 | 12,188,918 | 47,956,804 |
| 3 | Apr,1,2014 | 235,360,524 | 20,354,516 | 6,552,227 | 26,906,742 |
| 4 | Oct,1,2014 | 212,122,697 | 23,237,827 | 5,987,901 | 29,225,727 |
| 5 | Apr,1,2015 | 190,591,241 | 21,531,457 | 5,375,286 | 26,906,742 |
| 6 | Oct,1,2015 | 166,144,697 | 24,446,544 | 4,779,183 | 29,225,727 |
| 7 | Apr,1,2016 | 143,371,889 | 22,772,808 | 4,133,935 | 26,906,742 |
| 8 | Oct,1,2016 | 117,650,479 | 25,721,410 | 3,504,317 | 29,225,727 |
| 9 | Apr,1,2017 | 93,568,386 | 24,082,094 | 2,824,649 | 26,906,742 |
| 10 | Oct,1,2017 | 66,502,341 | 27,066,045 | 2,159,682 | 29,225,727 |
| 11 | Apr,1,2018 | 41,039,308 | 25,463,032 | 1,443,710 | 26,906,742 |
| 12 | Oct,1,2018 | 12,555,041 | 28,484,267 | 741,460 | 29,225,727 |
| 13 | Dec,31,2018 | (30,433) | 12,585,474 | 85,307 | 12,670,781 |
| 14 | | | | | |
| 15 | Nominal Totals | | 291,513,359 | 49,776,574 | 341,289,933 |
| 16 | NPV of Total @ 5.34% | | 294,060,850 | 45,076,870 | 294,060,850 |

**Estimated Recovery Under Securitization**

| | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|
| | Period | Ending Balance | Principal Payments | Carrying Charge | Other Ongoing Financing Costs [2] | Total Financing Costs [3] | Gross Rate Conversion Factor [4] | Total Amounts Billed under Securitization |
| 1 | Jan,15,2013 | 296,508,000 | - | - | - | | | - |
| 2 | Oct,1,2013 | 265,808,103 | $ 30,699,897 | $ 2,283,109 | $ 440,895 | $ 33,423,900 | 337,247 | 33,761,147 |
| 3 | Apr,1,2014 | 243,453,312 | $ 22,354,791 | $ 1,505,536 | $ 310,004 | $ 24,170,331 | 243,879 | 24,414,210 |
| 4 | Oct,1,2014 | 222,512,820 | $ 20,940,492 | $ 1,432,883 | $ 310,004 | $ 22,683,379 | 228,875 | 22,912,255 |
| 5 | Apr,1,2015 | 201,312,995 | $ 21,199,825 | $ 1,364,826 | $ 310,004 | $ 22,874,655 | 230,805 | 23,105,461 |
| 6 | Oct,1,2015 | 178,939,871 | $ 22,373,124 | $ 1,295,927 | $ 310,004 | $ 23,979,055 | 241,949 | 24,221,004 |
| 7 | Apr,1,2016 | 156,928,258 | $ 22,011,613 | $ 1,223,214 | $ 310,004 | $ 23,544,831 | 237,567 | 23,782,399 |
| 8 | Oct,1,2016 | 135,081,059 | $ 21,847,199 | $ 1,151,677 | $ 310,004 | $ 23,308,879 | 235,187 | 23,544,066 |
| 9 | Apr,1,2017 | 113,236,625 | $ 21,844,434 | $ 1,026,616 | $ 310,004 | $ 23,181,054 | 233,897 | 23,414,951 |
| 10 | Oct,1,2017 | 90,734,571 | $ 22,502,054 | $ 860,598 | $ 310,004 | $ 23,672,657 | 238,857 | 23,911,514 |
| 11 | Apr,1,2018 | 68,441,929 | $ 22,292,642 | $ 689,583 | $ 310,004 | $ 23,292,228 | 235,019 | 23,527,247 |
| 12 | Oct,1,2018 | 45,710,610 | $ 22,731,320 | $ 520,159 | $ 310,004 | $ 23,561,482 | 237,735 | 23,799,218 |
| 13 | Apr,1,2019 | 23,117,395 | $ 22,593,215 | $ 347,401 | $ 310,004 | $ 23,250,619 | 234,599 | 23,485,218 |
| 14 | Oct,1,2019 | - | $ 23,117,395 | $ 175,692 | $ 310,004 | $ 23,603,091 | 238,155 | 23,841,247 |
| 15 | Nominal Totals | | 296,508,000 | 13,877,221 | 4,160,943 | 314,546,164 | 3,173,771 | 317,719,934 |
| 16 | NPV of Total @ 5.34% | | 245,823,315 | 12,015,305 | 3,456,371 | 261,294,991 | 2,636,466 | 263,931,458 |

| | | |
|---|---|---|
| 17 | NPV Rev Req of DARR | 294,060,850 |
| 18 | NPV Rev Req of Securitization | 263,931,458 |
| 19 | **NPV Savings** | **30,129,392** |
| 20 | Nominal Rev Req of DARR | 341,289,933 |
| 21 | Nominal Rev Req of Securitization | 317,719,934 |
| 22 | **Nominal Savings** | **23,569,998** |

**Notes:**

[1] Expected recoveries under DARR through expiration on December 31st 2018. Nominal under/(over) collections would be addressed in a future regulatory preceding.

[2] Financing costs include estimated admin and servicing fees

[3] Total financing costs calculated as sum of columns H, I and J

[4] Gross rate conversion factor represents incremental recovery of applicable revenue and state income taxes, and is calculated as column K * 1.009%

[5] Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

**REVISED EXHIBIT A**
**ESTIMATED BREAKEVEN ANALYSIS**
**REVISED TO REFLECT REMOVAL OF PCRB DEFEASANCE COSTS FROM SECURITIZATION BALANCE PER ORDER IN CASE NO. 12-1126-EL-UNC**

**Estimated Funding Cost - NPV Approach**

| (A) Period | (B) Balance | (C) Principal Payments | (D) Carrying Charge @ 4.41% | (E) Other Ongoing Financing Costs (1) | (F) Total Financing Costs (2) | (G) Gross Revenue Conversion Factor (3) | (H) Total Payments |
|---|---|---|---|---|---|---|---|
| 1/15/2013[5] | 296,508,000 | - | - | - | - | - | - |
| 10/1/2013 | 265,808,103 | 30,699,897 | 9,306,582 | 440,895 | 40,447,373 | 408,114 | 40,855,487 |
| 4/1/2014 | 243,453,312 | 22,354,791 | 5,866,169 | 310,004 | 28,530,964 | 287,877 | 28,818,841 |
| 10/1/2014 | 222,512,820 | 20,940,492 | 5,372,817 | 310,004 | 26,623,313 | 268,629 | 26,891,942 |
| 4/1/2015 | 201,312,995 | 21,199,825 | 4,910,677 | 310,004 | 26,420,506 | 266,583 | 26,687,089 |
| 10/1/2015 | 178,939,871 | 22,373,124 | 4,442,814 | 310,004 | 27,125,942 | 273,701 | 27,399,643 |
| 4/1/2016 | 156,928,258 | 22,011,613 | 3,949,058 | 310,004 | 26,270,675 | 265,071 | 26,535,746 |
| 10/1/2016 | 135,081,059 | 21,847,199 | 3,463,279 | 310,004 | 25,620,482 | 258,511 | 25,878,992 |
| 4/1/2017 | 113,236,625 | 21,844,434 | 2,981,129 | 310,004 | 25,135,567 | 253,618 | 25,389,185 |
| 10/1/2017 | 90,734,571 | 22,502,054 | 2,499,040 | 310,004 | 25,311,099 | 255,389 | 25,566,488 |
| 4/1/2018 | 68,441,929 | 22,292,642 | 2,002,438 | 310,004 | 24,605,084 | 248,265 | 24,853,349 |
| 10/1/2018 | 45,710,610 | 22,731,320 | 1,510,458 | 310,004 | 24,551,781 | 247,727 | 24,799,509 |
| 4/1/2019 | 23,117,395 | 22,593,215 | 1,008,796 | 310,004 | 23,912,015 | 241,272 | 24,153,287 |
| 10/1/2019 | - | 23,117,395 | 510,182 | 310,004 | 23,937,581 | 241,530 | 24,179,112 |
| **NPV of Total @ 5.34%** | | **245,823,315** | **41,843,729** | **3,456,371** | **291,123,415** | **2,937,435** | **294,060,850** |
| **Breakeven Coupon (4)** | | **4.414%** | | | | | |

**Estimated Funding Cost - Nominal Value Approach**

| (A) Period | (B) Balance | (C) Principal Payments | (D) Carrying Charge @ 3.43% | (E) Other Ongoing Financing Costs (1) | (F) Total Financing Costs (2) | (G) Gross Rate Conversion Factor (3) | (H) Total Amounts Billed under Securitization |
|---|---|---|---|---|---|---|---|
| 1/15/2013 | 296,508,000 | - | - | - | - | - | - |
| 10/1/2013 | 265,808,103 | 30,699,897 | 7,241,521 | 440,895 | 38,382,312 | 387,278 | 38,769,590 |
| 4/1/2014 | 243,453,312 | 22,354,791 | 4,564,510 | 310,004 | 27,229,305 | 274,744 | 27,504,048 |
| 10/1/2014 | 222,512,820 | 20,940,492 | 4,180,629 | 310,004 | 25,431,125 | 256,600 | 25,687,725 |
| 4/1/2015 | 201,312,995 | 21,199,825 | 3,821,034 | 310,004 | 25,330,863 | 255,588 | 25,586,452 |
| 10/1/2015 | 178,939,871 | 22,373,124 | 3,456,987 | 310,004 | 26,140,115 | 263,754 | 26,403,869 |
| 4/1/2016 | 156,928,258 | 22,011,613 | 3,072,791 | 310,004 | 25,394,408 | 256,230 | 25,650,638 |
| 10/1/2016 | 135,081,059 | 21,847,199 | 2,694,803 | 310,004 | 24,852,006 | 250,757 | 25,102,762 |
| 4/1/2017 | 113,236,625 | 21,844,434 | 2,319,639 | 310,004 | 24,474,077 | 246,943 | 24,721,020 |
| 10/1/2017 | 90,734,571 | 22,502,054 | 1,944,522 | 310,004 | 24,756,580 | 249,794 | 25,006,374 |
| 4/1/2018 | 68,441,929 | 22,292,642 | 1,558,112 | 310,004 | 24,160,758 | 243,782 | 24,404,540 |
| 10/1/2018 | 45,710,610 | 22,731,320 | 1,175,298 | 310,004 | 24,216,622 | 244,346 | 24,460,968 |
| 4/1/2019 | 23,117,395 | 22,593,215 | 784,952 | 310,004 | 23,688,170 | 239,014 | 23,927,184 |
| 10/1/2019 | - | 23,117,395 | 396,977 | 310,004 | 23,824,376 | 240,388 | 24,064,764 |
| **Nominal Totals** | | **296,508,000** | **37,211,774** | **4,160,943** | **337,880,716** | **3,409,216** | **341,289,933** |
| **Breakeven Coupon (4)** | | **3.434%** | | | | | |

**Notes:**
(1) Financing costs include estimated admin and servicing fees
(2) Total financing costs calculated as sum of columns C, D and E
(3) Gross rate conversion factor represents incremental recovery of applicable revenue and state income taxes, and is calculated as column K * 1.009%
(4) In each case above, the corresponding amount assumed in the securitization was adjusted until the NPV and total nominal amounts, respectively, equalled the corresponding amounts calculated under "Estimated Semi-Annual Recovery under Existing DARR" as shown on page 1 of Exhibit A: specifically, $294,060,850
(5) Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

**Revised Exhibit B**

**ESTIMATED UPFRONT FINANCING COSTS [1]**
**REVISED FOR REMOVAL OF DEFEASANCE COSTS**

| | | |
|---|---|---|
| Underwriters' Fees | $ | 1,482,540 |
| Legal Fees | | 2,250,000 |
| Rating Agency Fees [2] | | 439,095 |
| Company Advisor Fees & Expenses | | 350,000 |
| Printing/Edgarizing | | 30,000 |
| SEC Registration Fee [3] | | 40,444 |
| Miscellaneous Administration Costs | | 237,995 |
| Accountant Fees | | 170,000 |
| Trustee's/Trustee Counsel's Fees | | 25,000 |
| Financial Advisor Fees | | - |
| **Up-Front Qualified Costs** | **$** | **5,025,074** |

**ESTIMATED ONGOING FINANCING COSTS**

| | ANNUAL AMOUNT (OPCO AS SERVICER) | | ANNUAL AMOUNT (THIRD PARTY AS SERVICER) | |
|---|---|---|---|---|
| (0.10% of initial principal amount for OPCO, 0.75% for Third-Party Servicer) | $ | 296,508 | $ | 2,223,810 |
| Administration Fees | | 50,000 | | 50,000 |
| Accountants Fees | | 75,000 | | 75,000 |
| Legal Fees/Expenses for Company's/Issuer's Counsel | | 45,000 | | 45,000 |
| Trustee's/Trustee's Counsel Fees & Expenses | | 2,500 | | 2,500 |
| Independent Manager's Fees | | 5,000 | | 5,000 |
| Rating Agency Fees | | 45,000 | | 45,000 |
| Printing/EDGAR expenses | | 2,500 | | 2,500 |
| Miscellaneous | | 98,500 | | 98,500 |
| **Total Ongoing Qualified Costs** | **$** | **620,008** | **$** | **2,547,310** |

**Notes:**

[1] Based on assumed bond issuance of $296,508,000 comprised of Company's estimated DARR deferral balance as of November 30, 2012, plus other estimated upfront costs described above.

[2] Based on current rating agency fee schedules and assumes ratings from each of S&P, Moody's and Fitch.

[3] Based on current fee level of $136.40 per million of dollars of debt issued.

## REVISED EXHIBIT C
## INDICATIVE TRANSACTION STRUCTURE [1]
### REVISED TO REFLECT REMOVAL OF PCBR DEFEASANCE COSTS FROM SECURITIZATION BALANCE

| (A) | (B) | (C) | (D) | | (E) | | (F) |
|---|---|---|---|---|---|---|---|
| **Tranche** | **Initial Principal Balance [2]** | **Expected WAL [3]** | **Expected Maturity** | | **Legal Final Maturity** | | **Interest Rate** |
| A-1 | $149,000,000 | 2.00 | Oct-2016 | 3.71 yrs | Oct-2017 | 4.71 yrs | 0.65% |
| A-2 | $147,508,000 | 5.33 | Oct-2019 | 6.71 yrs | Oct-2020 | 7.71 yrs | 1.52% |
| | $296,508,000 | | | | | | |

(1) Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

(2) Issuance amount also does not reflect the upfront cost of the Commission's financial advisor fee and will need to be adjusted to include the final amount of any such fees.

(3) Weighted average life (WAL) represents time-weighted (in years) receipt of principal payments

**REVISED EXHIBIT D [1]**

**EXPECTED PRINCIPAL REPAYMENT SCHEDULE**

**REVISED TO REFLECT REMOVAL OF PCBR DEFEASANCE COSTS FROM SECURITIZATION BALANCE**

| | | Tranche A-1 | Tranche A-2 | Total [2] |
|---|---|---|---|---|
| | **Tranche Size** | 149,000,000 | 147,508,000 | 296,508,000 |
| **Date** | | | | |
| Oct-13 | | 30,699,897 | | 30,699,897 |
| Apr-14 | | 22,354,791 | | 22,354,791 |
| Oct-14 | | 20,940,492 | | 20,940,492 |
| Apr-15 | | 21,199,825 | | 21,199,825 |
| Oct-15 | | 22,373,124 | | 22,373,124 |
| Apr-16 | | 22,011,613 | | 22,011,613 |
| Oct-16 | | 9,420,258 | 12,426,941 | 21,847,199 |
| Apr-17 | | | 21,844,434 | 21,844,434 |
| Oct-17 | | | 22,502,054 | 22,502,054 |
| Apr-18 | | | 22,292,642 | 22,292,642 |
| Oct-18 | | | 22,731,320 | 22,731,320 |
| Apr-19 | | | 22,593,215 | 22,593,215 |
| Oct-19 | | | 23,117,395 | 23,117,395 |

(1) Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

(2) Issuance amount also does not reflect the upfront cost of the Commission’s financial advisor fee and will need to be adjusted to include the final amount of any such fees.

**True-up Adjustment Mechanism**

True-up filings must be made annually to correct for any undercollections or overcollections during the preceding period and to ensure the phase-in recovery charges continue to generate amounts sufficient to timely pay all scheduled payments of principal and interest and any other amounts due in connection with the phase-in recovery bonds for the 12 month period following the true-up adjustment.

Further, the servicer shall make a mandatory interim true-up filing semi-annually (quarterly after the last scheduled maturity date of the phase-in recovery bonds) if:

(a) the servicer forecasts that the phase-in recovery charge collections will be insufficient to make all scheduled payments of principal, interest, and other amounts in respect of the phase-in recovery bonds on a timely basis during the current or next succeeding payment period; provided that in the case of any quarterly true-up adjustment following the last scheduled maturity date of the phase-in recovery bonds, the true-up filing will be calculated to ensure that phase-in recovery charges are sufficient to pay the bonds in full on the next succeeding payment date; and/or

(b) needed to replenish any draws upon the capital subaccount.

In no event will mandatory interim true-up adjustments occur more frequently than every six months if semi-annual phase-in recovery bond payments are required or every three months if quarterly phase-in recovery bond payments are required.

In addition to mandatory annual and semi-annual (and quarterly after the last scheduled maturity date of the phase-in recovery bonds) true up filings, the Servicer will be permitted to file a true up filing more frequently if the servicer determines that such true-up filing is necessary to ensure the expected recovery of amounts sufficient to pay scheduled principal and interest on the phase-in recovery bonds and other amounts in respect of the phase-in recovery bonds a timely basis.

Each true-up adjustment will take into account and be designed to eliminate cumulative historical, and any projected, differences between the scheduled periodic payment for the given period and the amount of phase-in recovery charges remitted to the indenture trustee.

The procedure for making the adjustment will be as follows:

a) calculate undercollections or overcollections from the preceding period for all customers by subtracting the previous period’s phase-in recovery charge revenues collected from the amounts billed to customers for the same period in order to determine the upcoming period’s PBR (defined as the aggregate dollar amount of phase-in recovery charges that must be billed to all customers during a given period in order to generate revenues sufficient to make scheduled payments of principal, interest and other Financing Costs on the Phase-In-Recovery Bonds and, if applicable, payments to replenish the Capital Subaccount);

b) calculate the PBR for the six-month and twelve-month period following the date of the proposed true-up adjustment;

c) using OPCo’s forecasted base distribution revenues for such six-month and twelve-month period, calculate the percentage that the PBR represents of forecasted base distribution revenues for each such six-month and twelve-month period; and

d) take the higher of the two percentages calculated in (c) above and apply the percentage to each bill for each retail customer to calculate the customer’s phase-in recovery charge following the true up.

In the Servicing Agreement, the servicer will agree to make the necessary calculations and filings no later than 15 days prior to the proposed effective date of each adjustment, which in each case will be the first day of a billing cycle next following the effective date of the adjustment.

Consistent with Section 4928.238(B), the Commission will have 15 days after the date of a true-up adjustment filing in which to confirm the mathematical accuracy of the servicer's adjustment. Any true-up adjustment filed with the Commission should go into effect on a bills rendered basis on a date which is no earlier than 15 days subsequent to the date of submission. Any necessary corrections to the true-up adjustment, due to mathematical errors in the calculation of such adjustment or otherwise, will be made in future filings.

**Rate Design Process**

The phase-in recovery charge is expressed as a percentage of base distribution charges, and will be calculated based upon the OPCo's most recent forecast of base distribution charge revenues for all customers, as well as OPCo's most recent estimates of transaction-related expenses.

## Calculation of Securitized Rider
## AEP Ohio Company

| Tariffs | Base Distribution Revenue ($) | Annual Rev Req ($) | Allocation on Distribution Revenue ($) | % D Rate | Revenue Verification |
|---|---|---|---|---|---|
| Residential | $ 407,824,013.97 | | 29,327,190 | | $ 29,327,190 |
| GS-1 | $ 20,833,363.75 | | 1,498,156 | | $ 1,498,156 |
| GS2 | $ 72,997,683.34 | | 5,249,365 | | $ 5,249,365 |
| GS3 | $ 117,645,198.63 | | 8,460,029 | | $ 8,460,029 |
| GS4/IRP | $ 19,728,926.19 | | 1,418,734 | | $ 1,418,734 |
| SBS | $ 40,068.88 | | 2,881 | | $ 2,881 |
| EHG | $ 451,375.02 | | 32,459 | | $ 32,459 |
| EHS | $ 916.21 | | 66 | | $ 66 |
| SS | $ 624,199.44 | | 44,887 | | $ 44,887 |
| AI | $ 11,373,990.89 | | 817,919 | | $ 817,919 |
| SL | $ 6,602,262.70 | | 474,778 | | $ 474,778 |
| Total | 658,121,999 | 47,326,465 | 47,326,465 | 7.1911% | $ 47,326,465 |

# Ohio Power Company
## 2012 Typical Bill Comparison Deferred Asset Phase-In Rider
## Columbus Southern Power Rate Zone

| Tariff | kWh | KW | Current | Proposed | $ Difference | Difference |
|---|---|---|---|---|---|---|
| Residential | | | | | | |
| RR1 Annual | 100 | | $19.01 | $18.92 | -$0.10 | -0.5% |
| | 250 | | $38.08 | $37.93 | -$0.15 | -0.4% |
| | 500 | | $69.91 | $69.67 | -$0.24 | -0.3% |
| RR Annual | 750 | | $109.55 | $109.20 | -$0.35 | -0.3% |
| | 1,000 | | $135.74 | $135.33 | -$0.41 | -0.3% |
| | 1,500 | | $184.01 | $183.51 | -$0.50 | -0.3% |
| | 2,000 | | $232.28 | $231.70 | -$0.59 | -0.3% |
| GS-1 | | | | | | |
| | 375 | 3 | $64.21 | $64.05 | -$0.16 | -0.3% |
| | 1,000 | 3 | $154.89 | $154.61 | -$0.28 | -0.2% |
| | 750 | 6 | $118.62 | $118.39 | -$0.23 | -0.2% |
| | 2,000 | 6 | $266.13 | $265.65 | -$0.47 | -0.2% |
| GS-2 Secondary | | | | | | |
| | 1,500 | 12 | $259.98 | $259.22 | -$0.75 | -0.3% |
| | 4,000 | 12 | $528.96 | $528.20 | -$0.75 | -0.1% |
| | 6,000 | 30 | $871.05 | $869.34 | -$1.70 | -0.2% |
| | 10,000 | 30 | $1,301.05 | $1,299.34 | -$1.70 | -0.1% |
| | 10,000 | 40 | $1,371.66 | $1,369.43 | -$2.23 | -0.2% |
| | 14,000 | 40 | $1,801.66 | $1,799.43 | -$2.23 | -0.1% |
| | 12,500 | 50 | $1,711.03 | $1,708.27 | -$2.76 | -0.2% |
| | 18,000 | 50 | $2,300.60 | $2,297.84 | -$2.76 | -0.1% |
| | 15,000 | 75 | $2,156.29 | $2,152.21 | -$4.08 | -0.2% |
| | 30,000 | 150 | $4,289.92 | $4,281.88 | -$8.04 | -0.2% |
| | 60,000 | 300 | $8,557.25 | $8,541.28 | -$15.97 | -0.2% |
| | 100,000 | 500 | $14,246.98 | $14,220.44 | -$26.54 | -0.2% |
| GS-2 Primary | | | | | | |
| | 100,000 | 1,000 | $17,186.57 | $17,143.35 | -$43.21 | -0.3% |
| GS-3 Secondary | | | | | | |
| | 30,000 | 75 | $3,204.19 | $3,200.11 | -$4.08 | -0.1% |
| | 50,000 | 75 | $4,370.36 | $4,366.27 | -$4.08 | -0.1% |
| | 30,000 | 100 | $3,681.60 | $3,676.20 | -$5.40 | -0.2% |
| | 36,000 | 100 | $4,031.46 | $4,026.05 | -$5.40 | -0.1% |

# Ohio Power Company
## 2012 Typical Bill Comparison Deferred Asset Phase-In Rider
## Columbus Southern Power Rate Zone

| Tariff | kWh | KW | Current | Proposed | $ Difference | Difference |
|---|---|---|---|---|---|---|
| | 60,000 | 150 | $6,385.71 | $6,377.67 | -$8.04 | -0.1% |
| | 100,000 | 150 | $8,718.04 | $8,710.00 | -$8.04 | -0.1% |
| | 90,000 | 300 | $10,999.55 | $10,983.58 | -$15.97 | -0.2% |
| | 120,000 | 300 | $12,748.80 | $12,732.83 | -$15.97 | -0.1% |
| | 150,000 | 300 | $14,498.05 | $14,482.09 | -$15.97 | -0.1% |
| | 200,000 | 300 | $17,413.47 | $17,397.50 | -$15.97 | -0.1% |
| | 150,000 | 500 | $18,317.50 | $18,290.96 | -$26.54 | -0.1% |
| | 180,000 | 500 | $20,066.75 | $20,040.21 | -$26.54 | -0.1% |
| | 200,000 | 500 | $21,232.92 | $21,206.38 | -$26.54 | -0.1% |
| | 325,000 | 500 | $28,521.47 | $28,494.93 | -$26.54 | -0.1% |
| GS-3 Primary | | | | | | |
| | 300,000 | 1,000 | $36,853.28 | $36,810.06 | -$43.21 | -0.1% |
| | 360,000 | 1,000 | $40,691.66 | $40,648.44 | -$43.21 | -0.1% |
| | 400,000 | 1,000 | $43,250.59 | $43,207.37 | -$43.21 | -0.1% |
| | 650,000 | 1,000 | $59,243.88 | $59,200.66 | -$43.21 | -0.1% |
| GS-4 | | | | | | |
| | 1,500,000 | 5,000 | $137,073.72 | $137,059.83 | -$13.89 | 0.0% |
| | 2,500,000 | 5,000 | $190,864.92 | $190,851.03 | -$13.89 | 0.0% |
| | 3,250,000 | 5,000 | $231,208.32 | $231,194.44 | -$13.89 | 0.0% |
| | 3,000,000 | 10,000 | $251,545.52 | $251,531.63 | -$13.89 | 0.0% |
| | 5,000,000 | 10,000 | $359,127.92 | $359,114.03 | -$13.89 | 0.0% |
| | 6,500,000 | 10,000 | $439,814.72 | $439,800.83 | -$13.89 | 0.0% |
| | 6,000,000 | 20,000 | $480,489.12 | $480,475.23 | -$13.89 | 0.0% |
| | 10,000,000 | 20,000 | $695,653.92 | $695,640.03 | -$13.89 | 0.0% |
| | 13,000,000 | 20,000 | $857,027.52 | $857,013.63 | -$13.89 | 0.0% |
| | 15,000,000 | 50,000 | $1,167,319.92 | $1,167,306.03 | -$13.89 | 0.0% |
| | 25,000,000 | 50,000 | $1,705,231.92 | $1,705,218.03 | -$13.89 | 0.0% |
| | 32,500,000 | 50,000 | $2,108,665.92 | $2,108,652.03 | -$13.89 | 0.0% |

* Typical bills assume 100% Power Factor

# Ohio Power Company
# 2012 Typical Bill Comparison Deferred Asset Phase-In Rider
# Ohio Power Rate Zone

| Tariff | kWh | KW | Current | Proposed | $ Difference | Difference |
|---|---|---|---|---|---|---|
| Residential | 100 | | $17.81 | $17.73 | -$0.08 | -0.5% |
| | 250 | | $36.49 | $36.36 | -$0.13 | -0.4% |
| | 500 | | $67.66 | $67.45 | -$0.20 | -0.3% |
| | 750 | | $98.80 | $98.51 | -$0.28 | -0.3% |
| | 1,000 | | $127.28 | $126.94 | -$0.34 | -0.3% |
| | 1,500 | | $182.93 | $182.48 | -$0.45 | -0.3% |
| | 2,000 | | $238.56 | $238.00 | -$0.57 | -0.2% |
| GS-1 | 375 | 3 | $56.89 | $56.70 | -$0.19 | -0.3% |
| Secondary | 1,000 | 3 | $120.15 | $119.94 | -$0.21 | -0.2% |
| | 750 | 6 | $94.85 | $94.65 | -$0.20 | -0.2% |
| | 2,000 | 6 | $221.35 | $221.11 | -$0.25 | -0.1% |
| GS-2 | 1,500 | 12 | $253.46 | $252.51 | -$0.95 | -0.4% |
| Secondary | 4,000 | 12 | $476.93 | $475.97 | -$0.95 | -0.2% |
| | 6,000 | 30 | $785.71 | $783.77 | -$1.93 | -0.3% |
| | 10,000 | 30 | $1,142.88 | $1,140.95 | -$1.93 | -0.2% |
| | 10,000 | 40 | $1,215.21 | $1,212.73 | -$2.48 | -0.2% |
| | 14,000 | 40 | $1,572.39 | $1,569.92 | -$2.48 | -0.2% |
| | 12,500 | 50 | $1,510.80 | $1,507.78 | -$3.02 | -0.2% |
| | 18,000 | 50 | $2,000.22 | $1,997.20 | -$3.02 | -0.2% |
| | 15,000 | 75 | $1,914.84 | $1,910.45 | -$4.39 | -0.2% |
| | 30,000 | 100 | $3,426.68 | $3,420.93 | -$5.75 | -0.2% |
| | 36,000 | 100 | $3,959.09 | $3,953.34 | -$5.75 | -0.2% |
| | 30,000 | 150 | $3,788.34 | $3,779.87 | -$8.47 | -0.2% |
| | 60,000 | 300 | $7,535.34 | $7,518.69 | -$16.65 | -0.2% |
| | 90,000 | 300 | $10,197.38 | $10,180.73 | -$16.65 | -0.2% |
| | 100,000 | 500 | $12,531.33 | $12,503.78 | -$27.55 | -0.2% |
| | 150,000 | 500 | $16,968.07 | $16,940.52 | -$27.55 | -0.2% |
| | 180,000 | 500 | $19,630.08 | $19,602.53 | -$27.55 | -0.1% |

# Ohio Power Company
## 2012 Typical Bill Comparison Deferred Asset Phase-In Rider
## Ohio Power Rate Zone

| Tariff | kWh | KW | Current | Proposed | $ Difference | Difference |
|---|---|---|---|---|---|---|
| GS-3 | 18,000 | 50 | $1,978.90 | $1,975.88 | -$3.02 | -0.2% |
| Secondary | 30,000 | 75 | $3,118.18 | $3,113.79 | -$4.39 | -0.1% |
| | 50,000 | 75 | $4,254.74 | $4,250.36 | -$4.39 | -0.1% |
| | 36,000 | 100 | $3,916.46 | $3,910.71 | -$5.75 | -0.2% |
| | 30,000 | 150 | $4,490.16 | $4,481.69 | -$8.47 | -0.2% |
| | 60,000 | 150 | $6,194.99 | $6,186.52 | -$8.47 | -0.1% |
| | 100,000 | 150 | $8,468.11 | $8,459.64 | -$8.47 | -0.1% |
| | 120,000 | 300 | $12,348.63 | $12,331.99 | -$16.65 | -0.1% |
| | 150,000 | 300 | $14,053.48 | $14,036.83 | -$16.65 | -0.1% |
| | 200,000 | 300 | $16,894.87 | $16,878.22 | -$16.65 | -0.1% |
| | 180,000 | 500 | $19,416.93 | $19,389.38 | -$27.55 | -0.1% |
| | 200,000 | 500 | $20,553.49 | $20,525.94 | -$27.55 | -0.1% |
| | 325,000 | 500 | $27,657.00 | $27,629.45 | -$27.55 | -0.1% |
| GS-2 | 200,000 | 1,000 | $24,130.77 | $24,080.26 | -$50.51 | -0.2% |
| Primary | 300,000 | 1,000 | $32,806.73 | $32,756.22 | -$50.51 | -0.2% |
| GS-3 | 360,000 | 1,000 | $37,610.49 | $37,559.98 | -$50.51 | -0.1% |
| Primary | 400,000 | 1,000 | $39,848.45 | $39,797.94 | -$50.51 | -0.1% |
| | 650,000 | 1,000 | $53,835.72 | $53,785.21 | -$50.51 | -0.1% |
| GS-2 | | | | | | |
| Subtransmission | 1,500,000 | 5,000 | $135,016.52 | $135,009.81 | -$6.71 | 0.0% |
| GS-3 | 2,500,000 | 5,000 | $195,007.32 | $195,000.61 | -$6.71 | 0.0% |
| Subtransmission | 3,250,000 | 5,000 | $234,915.35 | $234,908.64 | -$6.71 | 0.0% |
| GS-4 | 3,000,000 | 10,000 | $270,172.17 | $270,165.46 | -$6.71 | 0.0% |
| Subtransmission | 5,000,000 | 10,000 | $366,366.57 | $366,359.86 | -$6.71 | 0.0% |
| | 6,500,000 | 10,000 | $438,512.37 | $438,505.66 | -$6.71 | 0.0% |
| | 10,000,000 | 20,000 | $730,152.57 | $730,145.86 | -$6.71 | 0.0% |
| | 13,000,000 | 20,000 | $874,444.17 | $874,437.46 | -$6.71 | 0.0% |
| GS-4 | 25,000,000 | 50,000 | $1,811,413.07 | $1,811,406.36 | -$6.71 | 0.0% |
| Transmission | 32,500,000 | 50,000 | $2,171,812.82 | $2,171,806.11 | -$6.71 | 0.0% |

* Typical bills assume 100% Power Factor

OHIO POWER COMPANY Original Sheet No. 465-1

P.U.C.O. NO. 20
Deferred Asset Phase-In Rider

Effective __________, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Deferred Asset Phase-In Rider charge of 7.1911% of the customer's base distribution charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission as set forth in the financing order in Case No. 12-1969-EL-ATS.

Filed pursuant to Order dated ___________ in Case No. ___________

Issued: __________ Effective: _________

Issued by
Pablo Vegas, President
AEP Ohio

P.U.C.O. NO. 20
OAD - DEFERRED ASSET PHASE-IN RIDER
(Open Access Distribution - Deferred Asset Phase-In Rider)

Effective __________, all customer bills subject to the provisions of this Rider, including any bills rendered under special contract, shall be adjusted by the Deferred Asset Phase-In Rider charge of 7.1911% of the customer's base distribution charges under the Company's Schedules, excluding charges under any applicable Riders. This Rider shall be adjusted periodically to recover amounts authorized by the Commission as set forth in the financing order in Case No. 12-1969-EL-ATS.

## REVISED EXHIBIT A

## ADVISOR FEE INCLUDED IN UP FRONT COST

## REVISED EXHIBIT B

## SUPPORTING UPFRONT COSTS INCLUDING ADIVSOR FEE
## &
## SHOWING AMOUNT OF 105% CAPS ON UPFRONT AND ONGOING COSTS

**REVISED EXHIBIT A - WITH ADVISOR FEES**
**ESTIMATED COMPARISON OF EXISTING DARR AND SECURITIZATION OF THE PHASE-IN COSTS COVERED BY THE EXISTING DARR**
**REVISED TO REFLECT REMOVAL OF PCRB DEFEASANCE COSTS AND ADDITION OF COMMISSION ADVISOR FEES**

| | **Estimated Semi-annual Recovery Under Existing DARR** | | | | | **Estimated Recovery Under Securitization** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | F | G | H | I | J | K | L | M |
| | Period | Ending Balance [1] | Return of DARR Assets | Return on Assets @ 5.34% | Total amount Billed under DARR | Period | Ending Balance | Principal Payments | Carrying Charge | Other Ongoing Financing Costs [2] | Total Financing Costs [3] | Gross Rate Conversion Factor [4] | Total Amounts Billed under Securitization |
| 1 | Jan, 15, 2013 [5] | 291,482,926 | | | | Jan,15,2013 | 298,018,000 | - | - | - | - | - | - |
| 2 | Oct,1,2013 | 255,715,040 | 35,767,886 | 12,188,918 | 47,956,804 | Oct,1,2013 | 267,147,799 | $ 30,870,201 | $ 2,257,052 | $ 441,968 | $ 33,569,221 | 338,713 | 33,907,935 |
| 3 | Apr,1,2014 | 235,360,524 | 20,354,516 | 6,552,227 | 26,906,742 | Apr,1,2014 | 244,669,395 | $ 22,478,404 | $ 1,497,466 | $ 310,759 | $ 24,286,629 | 245,052 | 24,531,681 |
| 4 | Oct,1,2014 | 212,122,697 | 23,237,827 | 5,987,901 | 29,225,727 | Oct,1,2014 | 223,595,536 | $ 21,073,859 | $ 1,432,279 | $ 310,759 | $ 22,816,897 | 230,222 | 23,047,119 |
| 5 | Apr,1,2015 | 190,591,241 | 21,531,457 | 5,375,286 | 26,906,742 | Apr,1,2015 | 202,274,401 | $ 21,321,135 | $ 1,371,164 | $ 310,759 | $ 23,003,058 | 232,101 | 23,235,159 |
| 6 | Oct,1,2015 | 166,144,697 | 24,446,544 | 4,779,183 | 29,225,727 | Oct,1,2015 | 179,794,026 | $ 22,480,375 | $ 1,309,333 | $ 310,759 | $ 24,100,467 | 243,174 | 24,343,641 |
| 7 | Apr,1,2016 | 143,371,889 | 22,772,808 | 4,133,935 | 26,906,742 | Apr,1,2016 | 157,681,844 | $ 22,112,182 | $ 1,244,140 | $ 310,759 | $ 23,667,081 | 238,801 | 23,905,882 |
| 8 | Oct,1,2016 | 117,650,479 | 25,721,410 | 3,504,317 | 29,225,727 | Oct,1,2016 | 135,736,173 | $ 21,945,670 | $ 1,180,015 | $ 310,759 | $ 23,436,444 | 236,474 | 23,672,918 |
| 9 | Apr,1,2017 | 93,568,386 | 24,082,094 | 2,824,649 | 26,906,742 | Apr,1,2017 | 113,792,554 | $ 21,943,619 | $ 1,051,955 | $ 310,759 | $ 23,306,333 | 235,161 | 23,541,494 |
| 10 | Oct,1,2017 | 66,502,341 | 27,066,045 | 2,159,682 | 29,225,727 | Oct,1,2017 | 91,188,014 | $ 22,604,541 | $ 881,892 | $ 310,759 | $ 23,797,192 | 240,114 | 24,037,306 |
| 11 | Apr,1,2018 | 41,039,308 | 25,463,032 | 1,443,710 | 26,906,742 | Apr,1,2018 | 68,789,918 | $ 22,398,096 | $ 706,707 | $ 310,759 | $ 23,415,562 | 236,263 | 23,651,825 |
| 12 | Oct,1,2018 | 12,555,041 | 28,484,267 | 741,460 | 29,225,727 | Oct,1,2018 | 45,945,835 | $ 22,844,083 | $ 533,122 | $ 310,759 | $ 23,687,964 | 239,012 | 23,926,975 |
| 13 | Dec,31,2018 | (30,433) | 12,585,474 | 85,307 | 12,670,781 | Apr,1,2019 | 23,237,652 | $ 22,708,184 | $ 356,080 | $ 310,759 | $ 23,375,023 | 235,854 | 23,610,877 |
| 14 | | | | | | Oct,1,2019 | - | $ 23,237,652 | $ 180,092 | $ 310,759 | $ 23,728,503 | 239,421 | 23,967,923 |
| 15 | Nominal Totals | | 291,513,359 | 49,776,574 | 341,289,933 | Nominal Totals | | 298,018,000 | 14,001,297 | 4,171,076 | 316,190,373 | 3,190,361 | 319,380,734 |
| 16 | NPV of Total @ 5.34% | | 294,060,850 | 45,076,870 | 294,060,850 | NPV of Total @ 5.34% | | 247,082,316 | 12,109,177 | 3,464,789 | 262,656,282 | 2,650,202 | 265,306,484 |

| | | |
|---|---|---|
| 17 | NPV Rev Req of DARR | 294,060,850 |
| 18 | NPV Rev Req of Securitization | 265,306,484 |
| 19 | **NPV Savings** | **28,754,366** |
| 20 | Nominal Rev Req of DARR | 341,289,933 |
| 21 | Nominal Rev Req of Securitization | 319,380,734 |
| 22 | **Nominal Savings** | **21,909,199** |

**Notes:**

[1] Expected recoveries under DARR through expiration on December 31st 2018. Nominal under/(over) collections would be addressed in a future regulatory preceding.

[2] Financing costs include estimated admin and servicing fees

[3] Total financing costs calculated as sum of columns H, I and J

[4] Gross rate conversion factor represents incremental recovery of applicable revenue and state income taxes, and is calculated as column K * 1.009%

[5] Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

**REVISED EXHIBIT A - WITH ADVISOR FEES**
**ESTIMATED BREAKEVEN ANALYSIS**
**REVISED TO REFLECT REMOVAL OF PCRB DEFEASANCE COSTS AND ADDITION OF COMMISSION ADVISOR FEES**

**Estimated Funding Cost - NPV Approach**

| (A) | (B) | ( C) | (D) | (E) | (F) | (G) | (H) |
|---|---|---|---|---|---|---|---|
| Period | Balance | Principal Payments | Carrying Charge @ 4.26% | Other Ongoing Financing Costs [1] | Total Financing Costs [2] | Gross Revenue Conversion Factor [3] | Total Payments |
| 1/15/2013 [5] | 298,018,000 | - | - | - | - | - | - |
| 10/1/2013 | 267,147,799 | 30,870,201 | 9,025,955 | 441,968 | 40,338,124 | 407,012 | 40,745,136 |
| 4/1/2014 | 244,669,395 | 22,478,404 | 5,688,985 | 310,759 | 28,478,148 | 287,345 | 28,765,492 |
| 10/1/2014 | 223,595,536 | 21,073,859 | 5,210,301 | 310,759 | 26,594,920 | 268,343 | 26,863,262 |
| 4/1/2015 | 202,274,401 | 21,321,135 | 4,761,528 | 310,759 | 26,393,422 | 266,310 | 26,659,731 |
| 10/1/2015 | 179,794,026 | 22,480,375 | 4,307,488 | 310,759 | 27,098,622 | 273,425 | 27,372,047 |
| 4/1/2016 | 157,681,844 | 22,112,182 | 3,828,763 | 310,759 | 26,251,704 | 264,880 | 26,516,584 |
| 10/1/2016 | 135,736,173 | 21,945,670 | 3,357,878 | 310,759 | 25,614,307 | 258,448 | 25,872,755 |
| 4/1/2017 | 113,792,554 | 21,943,619 | 2,890,539 | 310,759 | 25,144,917 | 253,712 | 25,398,629 |
| 10/1/2017 | 91,188,014 | 22,604,541 | 2,423,243 | 310,759 | 25,338,543 | 255,666 | 25,594,209 |
| 4/1/2018 | 68,789,918 | 22,398,096 | 1,941,874 | 310,759 | 24,650,728 | 248,726 | 24,899,454 |
| 10/1/2018 | 45,945,835 | 22,844,083 | 1,464,900 | 310,759 | 24,619,742 | 248,413 | 24,868,155 |
| 4/1/2019 | 23,237,652 | 22,708,184 | 978,429 | 310,759 | 23,997,372 | 242,133 | 24,239,505 |
| 10/1/2019 | - | 23,237,652 | 494,852 | 310,759 | 24,043,263 | 242,597 | 24,285,859 |
| **NPV of Total @ 5.34%** | | **247,082,316** | **40,576,310** | **3,464,789** | **291,123,415** | **2,937,435** | **294,060,850** |
| **Breakeven Coupon** | | **4.259%** | | | | | |

**Estimated Funding Cost - Nominal Value Approach**

| (A) | (B) | ( C) | (D) | (E) | (F) | (G) | (H) |
|---|---|---|---|---|---|---|---|
| Period | Balance | Principal Payments | Carrying Charge @ 3.28% | Other Ongoing Financing Costs [1] | Total Financing Costs [2] | Gross Revenue Conversion Factor [3] | Total Payments |
| 1/15/2013 | 298,018,000 | - | - | - | - | - | - |
| 10/1/2013 | 267,147,799 | 30,870,201 | 6,946,695 | 441,968 | 38,258,864 | 386,032 | 38,644,896 |
| 4/1/2014 | 244,669,395 | 22,478,404 | 4,378,445 | 310,759 | 27,167,607 | 274,121 | 27,441,728 |
| 10/1/2014 | 223,595,536 | 21,073,859 | 4,010,033 | 310,759 | 25,394,651 | 256,232 | 25,650,883 |
| 4/1/2015 | 202,274,401 | 21,321,135 | 3,664,641 | 310,759 | 25,296,535 | 255,242 | 25,551,777 |
| 10/1/2015 | 179,794,026 | 22,480,375 | 3,315,196 | 310,759 | 26,106,330 | 263,413 | 26,369,743 |
| 4/1/2016 | 157,681,844 | 22,112,182 | 2,946,752 | 310,759 | 25,369,693 | 255,980 | 25,625,673 |
| 10/1/2016 | 135,736,173 | 21,945,670 | 2,584,342 | 310,759 | 24,840,771 | 250,643 | 25,091,414 |
| 4/1/2017 | 113,792,554 | 21,943,619 | 2,224,661 | 310,759 | 24,479,039 | 246,994 | 24,726,033 |
| 10/1/2017 | 91,188,014 | 22,604,541 | 1,865,014 | 310,759 | 24,780,314 | 250,033 | 25,030,347 |
| 4/1/2018 | 68,789,918 | 22,398,096 | 1,494,535 | 310,759 | 24,203,389 | 244,212 | 24,447,602 |
| 10/1/2018 | 45,945,835 | 22,844,083 | 1,127,439 | 310,759 | 24,282,281 | 245,008 | 24,527,289 |
| 4/1/2019 | 23,237,652 | 22,708,184 | 753,034 | 310,759 | 23,771,976 | 239,859 | 24,011,835 |
| 10/1/2019 | - | 23,237,652 | 380,856 | 310,759 | 23,929,267 | 241,446 | 24,170,713 |
| **Nominal Totals** | | **298,018,000** | **35,691,640** | **4,171,076** | **337,880,716** | **3,409,216** | **341,289,933** |
| **Breakeven Coupon** | | **3.278%** | | | | | |

**Notes:**

(1) Financing costs include estimated admin and servicing fees
(2) Total financing costs calculated as sum of columns C, D and E
(3) Gross rate conversion factor represents incremental recovery of applicable revenue and state income taxes, and is calculated as column K * 1.009%
(4) In each case above, the corresponding amount assumed in the securitization was adjusted until the NPV and total nominal amounts, respectively,
equaled the corresponding amounts calculated under "Estimated Semi-Annual Recovery under Existing DARR" as shown on page 1 of Exhibit A:
(5) Estimated, for discussion purposes only. Consistent with the Company's original application, assumes an issuance date of January 15, 2013. Final structure will reflect actual issuance date and then-current market conditions.

**Revised Exhibit B - With Advisor Fees**

**ESTIMATED UPFRONT FINANCING COSTS [1]**
**REVISED FOR REMOVAL OF PCRB DEFEASANCE COSTS AND ADDITION OF ADVISOR FEES**

| | |
|---|---|
| Underwriters' Fees | $ 1,490,090 |
| Legal Fees | 2,250,000 |
| Rating Agency Fees [2] | 440,568 |
| Company Advisor Fees & Expenses | 350,000 |
| Printing/Edgarizing | 30,000 |
| SEC Registration Fee [3] | 40,650 |
| Miscellaneous Administration Costs | 238,767 |
| Accountant Fees | 170,000 |
| Trustee's/Trustee Counsel's Fees | 25,000 |
| Financial Advisor Fees | 1,500,000 |
| **Up-Front Qualified Costs** | **$ 6,535,074** |
| Permitted increase not to exceed 5% of above amount | **$ 326,754** |
| **105% Cap** | **$6,861,828** |

**ESTIMATED ONGOING FINANCING COSTS**

| | ANNUAL AMOUNT (OPCO AS SERVICER) | ANNUAL AMOUNT (THIRD PARTY AS SERVICER) |
|---|---|---|
| (0.10% of initial principal amount for OPCO, 0.75% for Third-Party Servicer) | $ 298,018 | $ 2,235,135 |
| Administration Fees | 50,000 | 50,000 |
| Accountants Fees | 75,000 | 75,000 |
| Legal Fees/Expenses for Company's/Issuer's Counsel | 45,000 | 45,000 |
| Trustee's/Trustee's Counsel Fees & Expenses | 2,500 | 2,500 |
| Independent Manager's Fees | 5,000 | 5,000 |
| Rating Agency Fees | 45,000 | 45,000 |
| Printing/EDGAR expenses | 2,500 | 2,500 |
| Miscellaneous | 98,500 | 98,500 |
| **Total Ongoing Qualified Costs** | **$ 621,518** | **$ 2,558,635** |
| Permitted increase not to exceed 5% of above amount | **$ 31,076** | **$ 127,932** |
| **105% Cap** | **$652,594** | **$2,686,567** |

**Notes:**

[1] Based on assumed bond issuance of $298,018,000 comprised of Company’s estimated DARR deferral balance as of November 30, 2012, plus other estimated upfront costs described above, including additional fees for Commission advisor.

[2] Based on current rating agency fee schedules and assumes ratings from each of S&P, Moody’s and Fitch.

[3] Based on current fee level of $136.40 per million of dollars of debt issued.

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 12-1969-EL-ATS**

Summary: Comments Supplemental Initial Comments of Ohio Power Company electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company