

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Complaint of)	
FirstEnergy Solutions Corp.,)	
)	
Complainant,)	
)	
v.)	
)	Case No. 13-1439-EL-CSS
Ohio Power Company,)	
)	
Respondent.)	
)	

ANSWER AND AFFIRMATIVE DEFENSES
OF OHIO POWER COMPANY

Ohio Power Company (“AEP Ohio” or “Respondent”) responds to the Complaint filed in this proceeding by FirstEnergy Solutions Corp. (“FES” or “Complainant”) with its Answer and Affirmative Defenses, as follows:

General Denial

Unless specifically admitted as described below, AEP Ohio denies all factual allegations included in FES’s Complaint.

Answer

Parties

1. AEP Ohio admits the allegations of Paragraph 1 of the Complaint.
2. AEP Ohio admits the allegations of Paragraph 2 of the Complaint.

Background

3. AEP Ohio admits the allegations of Paragraph 3 of the Complaint.

4. AEP Ohio admits the allegations of Paragraph 4 of the Complaint.
5. AEP Ohio admits that its Supplier Tariff sets forth requirements for CRES suppliers within AEP Ohio's service territory.
6. AEP Ohio admits that Section 10 of its Supplier Tariff is titled "CRES PROVIDER CREDIT REQUIREMENTS."
7. AEP Ohio admits that Paragraph 7 of the Complaint accurately quotes a portion of Section 10 of its Supplier Tariff.
8. AEP Ohio admits that Paragraph 8 of the Complaint accurately summarizes a portion of Section 10 of its Supplier Tariff.
9. AEP Ohio admits that Paragraph 9 of the Complaint accurately quotes a portion of Section 10 of its Supplier Tariff.
10. AEP Ohio admits that Paragraph 10 of the Complaint accurately quotes a portion of Section 10 of its Supplier Tariff.

AEP Ohio's Demand for Collateral

11. AEP Ohio admits the allegations of Paragraph 11 of the Complaint.
12. AEP Ohio admits that before April 12, 2013, AEP Ohio had not required that FES post additional collateral.
13. AEP Ohio admits that on or around April 12, 2013 it required additional collateral from FES to be posted within three business days.
14. In response to Paragraph 14, AEP Ohio states that the document FES quotes speaks for itself.
15. AEP Ohio denies the allegations of Paragraph 15 of the Complaint.

16. AEP Ohio admits the factual allegation in Paragraph 16 that FES responded to AEP Ohio's collateral call.

17. AEP Ohio admits that it continued to communicate with FES concerning the collateral demand, but it denies that it was unable to explain how FES's unsecured credit limit was calculated.

18. AEP Ohio admits that it explained to FES how it calculated FES's collateral requirement. AEP Ohio denies the remainder of the allegations in Paragraph 18.

19. In response to Paragraph 19, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 19.

20. In response to Paragraph 20, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 20.

21. In response to Paragraph 21, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio also admits that FES requested a copy of AEP Ohio's credit requirements as set forth in Section 10 of the Supplier Tariff. AEP Ohio denies the remainder of the allegations in Paragraph 21.

22. In response to Paragraph 22, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio also admits that FES requested that AEP Ohio use a calculation that reflects both on-peak and off-peak load. AEP Ohio denies the remainder of the allegations in Paragraph 22.

23. In response to Paragraph 23, AEP Ohio admits that it corresponded with FES via e-mail on or about April 19, 2013. AEP Ohio denies the remainder of the allegations in Paragraph 23.

24. In response to Paragraph 24, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 24.

25. In response to Paragraph 25, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 25.

26. In response to Paragraph 26, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 26.

27. AEP Ohio denies the allegations of Paragraph 27 of the Complaint.

28. AEP Ohio denies the allegations of Paragraph 28 of the Complaint.

29. AEP Ohio agrees that on or about April 26, 2013 it provided a copy of its CRES Credit Requirements to FES. AEP Ohio denies the remainder of the allegations in Paragraph 29.

30. In response to Paragraph 30 of the Complaint, AEP Ohio states that the cited credit policy speaks for itself.

31. In response to Paragraph 31 of the Complaint, AEP Ohio states that the cited credit policy speaks for itself.

32. In response to Paragraph 32, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 32.

33. In response to Paragraph 33, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 33.

34. AEP Ohio admits that in response to FES's request, it amended its credit risk policy to reflect both on-peak and off-peak load in its collateral calculation.

35. AEP Ohio admits that a CRES provider can be in default with AEP Ohio if it fails to provide the security or collateral required by AEP Ohio.

36. In response to Paragraph 36 of the Complaint, AEP Ohio states that its Supplier Tariff speaks for itself.

37. AEP Ohio is without sufficient knowledge or information to form a belief as to the truth of the allegations in Paragraph 37.

38. In response to Paragraph 38 of the Complaint, AEP Ohio states that FirstEnergy Ohio utilities credit risk policies speaks for themselves.

39. AEP Ohio is without sufficient knowledge or information to form a belief as to the truth of the allegations in Paragraph 39.

40. AEP Ohio is without sufficient knowledge or information to form a belief as to the truth of the allegations in Paragraph 40.

41. AEP Ohio is without sufficient knowledge or information to form a belief as to the truth of the allegations in Paragraph 41.

42. In response to Paragraph 42, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 42.

43. In response to Paragraph 43, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 43.

44. In response to Paragraph 44, AEP Ohio admits that it applied and explained its credit risk formula to FES. AEP Ohio denies the remainder of the allegations in Paragraph 44.

45. AEP Ohio denies the allegations of Paragraph 45 of the Complaint.

46. AEP Ohio denies the allegations of Paragraph 46 of the Complaint.

47. AEP Ohio admits that it filed a request to suspend its EDU/CRESS Agreement with FES. The Commission granted AEP Ohio's alternative request for a limited waiver of the customer switching provisions contained in Section 31, Subsection 4 of the specified provisions

of its supplier tariff by Entry dated July 2, 2013 in Case No. 13-1427-EL-UNC. As noted in AEP Ohio's Motion to Dismiss, which accompanies this Answer, this Entry renders the present Complaint moot.

48. AEP Ohio denies the allegations of Paragraph 48 of the Complaint.

Count One

49. In response to Paragraph 49 of the Complaint, AEP Ohio incorporates by reference, as if fully restated, the admissions, denials, and statements of Paragraphs 1-48.

50. AEP Ohio denies the allegations of Paragraph 50 of the Complaint.

51. AEP Ohio denies the allegations of Paragraph 51 of the Complaint.

52. AEP Ohio denies the allegations of Paragraph 52 of the Complaint.

53. AEP Ohio denies the allegations of Paragraph 53 of the Complaint.

54. AEP Ohio denies the allegations of Paragraph 54 of the Complaint.

Relief

55. AEP Ohio denies that FES is entitled to any of the relief requested in its prayer therefor.

First Affirmative Defense

19. The Complaint fails to state a claim. Although FES purports to base its Complaint on the supplier tariff's provision that a CRES provider may appeal the Company's determination of credit requirements to the Commission, the Complaint does not allege that AEP Ohio actually has engaged in conduct that violates any prohibition, obligation, or duty that the law establishes for CRES providers. Instead, FES claims that it is unlawful for AEP Ohio to apply its Commission-approved credit requirements, which the Company applies on a non-discriminatory basis to all CRES providers in its service territory. The mere fact, as FES alleges,

that it has yet to trigger a collateral obligation in another Ohio EDU's territory does not state a valid claim for relief.

Prayer for Relief

WHEREFORE, Respondent Ohio Power Company respectfully requests:

That the Commission find that the Complaint states no reasonable grounds for complaint;

That the Commission find Complainant is entitled to none of the relief it has requested;

and

That the Complaint be dismissed, as explained in AEP Ohio's accompanying Motion to Dismiss.

/s/ Steven T. Nourse

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing document was served this 10th day of July, 2013 by electronic mail upon counsel for FirstEnergy Solutions, Inc.

/s/ Steven T. Nourse

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Summary: Answer and Affirmative Defenses electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company