

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Fuel Adjustment )  
Clause of Columbus Southern Power ) Case No. 10-268-EL-FAC  
Company and Ohio Power Company and ) Case No. 10-269-EL-FAC  
Related Matters for 2010. )

In the Matter of the Fuel Adjustment )  
Clauses for Columbus Southern Power ) Case No. 11-281-EL-FAC  
Company and Ohio Power Company and )  
Related Matters. )

ENTRY ON REHEARING

The Commission finds:

- (1) Ohio Power Company d/b/a AEP Ohio (AEP Ohio or the Company)<sup>1</sup> is a public utility as defined in R.C. 4905.02 and an electric utility as defined in R.C. 4928.01(A)(11), and, as such, is subject to the jurisdiction of this Commission.
- (2) On March 18, 2009, in Case No. 08-917-EL-SSO, et al., the Commission approved an electric security plan (ESP) for AEP Ohio, including the establishment of a fuel adjustment clause (FAC) mechanism to enable the Company to recover prudently incurred costs associated with fuel, including consumables related to environmental compliance, purchased power costs, emission allowances, and costs associated with carbon-based taxes and other carbon-related regulations. *In re Columbus Southern Power Company and Ohio Power Company*, Case No. 08-917-EL-SSO, et al. (*ESP 1 Case*), Opinion and Order (Mar. 18, 2009) at 14-15. The Commission also established an annual audit of the FAC mechanism. Energy Ventures Analysis, Inc. (EVA) and its subcontractor, Larkin & Associates PLLC (Larkin), were selected by the Commission to perform the management/performance (m/p) and financial audits of AEP Ohio's FAC for 2009, 2010, and 2011.

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<sup>1</sup> On March 7, 2012, the Commission approved and confirmed the merger of Columbus Southern Power Company into Ohio Power Company. *In re Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2376-EL-UNC, Entry (Mar. 7, 2012).

- (3) On May 26, 2011, public and confidential versions of the 2010 FAC report of AEP Ohio's m/p and financial audits were filed in Case No. 10-268-EL-FAC, 10-269-EL-FAC, 10-870-EL-FAC, 10-871-EL-FAC, 10-1286-EL-FAC, and 10-1288-EL-FAC (*2010 FAC Cases*). By Entry issued on June 16, 2011, the attorney examiner consolidated Case No. 10-870-EL-FAC and 10-1286-EL-FAC under Case No. 10-268-EL-FAC, while Case No. 10-871-EL-FAC and 10-1288-EL-FAC were consolidated under Case No. 10-269-EL-FAC.
- (4) On May 24, 2012, public and confidential versions of the 2011 FAC report of AEP Ohio's m/p and financial audits were filed in Case No. 11-281-EL-FAC (*2011 FAC Case*).
- (5) On September 19, 2013, in light of the fact that the parties were unable to reach a settlement agreement in the *2010 FAC Cases*, and upon review of the audit report filed in the *2011 FAC Case*, the attorney examiner set these matters for hearing on November 18, 2013.
- (6) On May 14, 2014, the Commission issued its Opinion and Order in the *2010 FAC Cases* and the *2011 FAC Case*, addressing the annual audit of AEP Ohio's FAC mechanism for 2010 and 2011. The Commission determined that the recommendations of EVA and Larkin contained within the 2010 and 2011 audit reports were reasonable and should be adopted to the extent set forth in the Opinion and Order.
- (7) R.C. 4903.10 states that any party who has entered an appearance in a Commission proceeding may apply for a rehearing with respect to any matters determined therein by filing an application within 30 days after the entry of the order upon the Commission's journal.
- (8) On June 13, 2014, AEP Ohio and Industrial Energy Users-Ohio (IEU-Ohio) filed applications for rehearing of the Commission's Opinion and Order. IEU-Ohio filed a memorandum contra AEP Ohio's application for rehearing on June 23, 2014. On that same date, AEP Ohio filed a memorandum contra IEU-Ohio's application for rehearing.
- (9) AEP Ohio raises three assignments of error in its application for rehearing. First, AEP Ohio contends that it was

unreasonable for the Commission to adopt m/p audit recommendation number 3 from the 2011 audit report, which recommended that the fuel procurement manual of American Electric Power Service Corporation (AEPSC) be revised to contain more specificity and then be reviewed in the next audit. According to AEP Ohio, the evidence reflects that the present fuel procurement policy offers sufficient guidance to fuel buyers to make informed purchasing decisions with the goal of procuring fuel at the lowest reasonable cost to customers, while at the same time maintaining the necessary flexibility to react to the market. AEP Ohio asserts that the adoption of the auditor's recommendation will preclude such flexibility and may ultimately result in missed opportunities to procure fuel at the lowest reasonable cost. Additionally, AEP Ohio notes that its fuel expenses are audited and its fuel procurement decisions are evaluated for prudence by the Commission. AEP Ohio further notes that many of the auditor's recommended modifications are already encompassed within AEPSC's present fuel procurement policy, which, as the auditor recognized, was improved based on a similar audit recommendation in the 2009 audit report. Finally, AEP Ohio points out that, because it is no longer procuring fuel for its customers, the auditor's recommendation will, in effect, impose a requirement on AEP Generation Resources for the remainder of 2014, while achieving no additional benefits for customers. AEP Ohio emphasizes that the fuel procurement process will be obsolete by the end of the year, once the energy auction process is fully implemented. AEP Ohio concludes that m/p audit recommendation number 3 from the 2011 audit report is unreasonable, unnecessary, and untimely.

- (10) In its memorandum contra AEP Ohio's application for rehearing, IEU-Ohio argues that the Company's application should be denied in its entirety, because it lacks the specificity required by R.C. 4903.10. IEU-Ohio contends that AEP Ohio's application for rehearing fails to set forth specifically the grounds upon which the Company believes that the Opinion and Order is unlawful and unreasonable. IEU-Ohio also maintains that the specificity provided in AEP Ohio's memorandum in support of its application for

rehearing does not cure the statutory defect in the application.

- (11) The Commission agrees with IEU-Ohio that, with respect to the first two assignments of error, AEP Ohio's application for rehearing fails to comply with the statutory requirements of R.C. 4903.10, as the application does not address the specific grounds on which the Company considers rehearing to be warranted. Instead, AEP Ohio merely states, in the application for rehearing, that the Opinion and Order is unreasonable and unlawful, because the Commission adopted certain of the auditor's recommendations. The Supreme Court of Ohio has determined that, when the grounds for rehearing fail to specifically allege in what respect the Commission's order was unreasonable or unlawful, the requirements of R.C. 4903.10 have not been met. *Disc. Cellular, Inc. v. Pub. Util. Comm.*, 112 Ohio St.3d 360, 2007-Ohio-53, 859 N.E.2d 957. In any event, the Commission finds that AEP Ohio's application for rehearing should otherwise be denied, as discussed below.

We find no merit in AEP Ohio's first assignment of error. In the Opinion and Order, the Commission reasonably adopted EVA's recommendation that AEPSC's fuel procurement manual be revised to contain more specificity. We noted that, in the 2011 audit report, EVA reported continuing problems with the quality of the coal received by AEP Ohio. We also agreed with Staff's position that several of the recommendations in the audit report revealed the need for a more detailed fuel procurement manual that results in a transparent and documented decision-making process. Finally, the Commission rejected AEP Ohio's contention that a more specific fuel procurement manual would preclude the flexibility necessary to react to the market or otherwise impose rigid requirements on the Company and instead directed that the revised fuel procurement manual be considered a means to guide and inform fuel purchasing decisions. In its application for rehearing, AEP Ohio merely repeats many of the same arguments that have already been considered and rejected by the Commission. Additionally, AEP Ohio now contends that EVA's recommendation is unreasonable from a practical perspective, given that the Company is no longer procuring fuel for its customers, and

because the fuel procurement process will be obsolete by the end of 2014. Nevertheless, we continue to find that EVA's recommendation is a reasonable means to ensure that AEPSC's fuel procurement manual is useful and functional for the remaining duration of the FAC and will not require the development of a lengthy manual that addresses every possible fuel procurement scenario. Rather, AEPSC should update and expand upon the current fuel procurement manual, which, as EVA has repeatedly emphasized in its audit reports, consists of a mere 12 pages of general information. Consistent with EVA's recommendation, the manual should be revised to address compliance with coal specifications, business justification specifications, coal bid evaluations for coal quality, and exceptions for non-solicitations for coal. Because we fully expect that the process of reducing AEPSC's existing policies to writing should not involve significant time or expense, the manual should be revised in time for review in the next audit cycle.

- (12) In its second assignment of error, AEP Ohio asserts that it was unlawful and unreasonable for the Commission to adopt financial audit recommendation number 5 from the 2010 audit report and financial audit recommendation number 4 from the 2011 audit report, which recommended that the Company be required to complete a lead-lag study or similar type of analysis with respect to the Working Capital requirement for the River Transportation Division (RTD). AEP Ohio notes that RTD calculates its charges to the Company, including the Working Capital requirement, in accordance with the Barge Transportation Agreement, which is a contract on file with and subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). AEP Ohio contends that the Commission unlawfully and unreasonably usurped FERC's jurisdictional authority to ensure that the costs of non-power goods and services provided by a service company to public utilities within the same holding company system are just and reasonable. According to AEP Ohio, the Opinion and Order introduces a presumption that the Barge Transportation Agreement is imprudent, unjust, and unreasonable, despite the fact that FERC is the appropriate venue in which to test the reasonableness of the Barge Transportation Agreement's cost allocation methodology. AEP Ohio adds that FERC has

determined that the one-eighth methodology, which was approved with respect to formula transmission rates, is just and reasonable. AEP Ohio also points out that the auditor has raised no concerns regarding RTD's overall charges to the Company under the Barge Transportation Agreement, which the Company believes has been a benefit to its customers for many years. As a practical matter, AEP Ohio disputes the usefulness of a lead-lag study, which the Company believes would prove costly, unwarranted, and meaningless, given that the Company is no longer being allocated costs for barge freight services under the Barge Transportation Agreement, following corporate separation.

- (13) In determining that a lead-lag study or similar type of analysis should be conducted, as a means to test the reasonableness of the one-eighth formula used by RTD to calculate the Working Capital requirement, the Commission thoroughly considered and rejected AEP Ohio's position that the one-eighth method should not be questioned in these proceedings. We disagree with AEP Ohio's contention that the adoption of Larkin's recommendation was intended in any way to usurp FERC's jurisdiction. The Commission is not attempting to encroach upon FERC's authority. Rather, we seek only to substantiate the reasonableness of RTD's Working Capital requirement and, thereby, to ensure that the associated costs, which have been passed through the FAC to the Company's customers, were prudently incurred. We find that Larkin's recommendation will enable the Commission to make this determination without encroaching on FERC's jurisdiction and with only a minimal burden to the Company. Further, the Commission disagrees with AEP Ohio's assertion that a lead-lag study will be meaningless, given the status of the Company's recent corporate separation. As we stated in the Opinion and Order, AEP Ohio should work with RTD to analyze the collection of revenue and the payment of cash expenses and make the results available for review during the next audit cycle. If adequate supporting information is not provided to substantiate the amount of the Working Capital requirement for RTD, the Commission may consider, at that time, whether to deny recovery of any RTD-related costs through the FAC.

- (14) Finally, in its third assignment of error, AEP Ohio argues that the Commission should clarify that any lingering concerns addressed by the auditor in the next audit report should only be addressed prospectively. AEP Ohio points out that, in the Opinion and Order, the Commission stated that EVA and Larkin may address any lingering concerns in their next audit report, as they deem necessary. AEP Ohio asserts that it would be inappropriate for the auditor to revisit matters that have already been adjudicated in these proceedings, which the Company believes would exceed the scope of the next audit. AEP Ohio adds that, for business planning and operational purposes, the Company must have finality with respect to the issues decided in these proceedings.
- (15) IEU-Ohio responds that AEP Ohio's argument is without merit, because it is appropriate and reasonable for the auditor to ensure that the Company is maintaining ongoing compliance with the Commission's orders regarding the 2009, 2010, and 2011 audits. IEU-Ohio adds that the Commission has previously left issues open from prior audit periods for resolution at a later date.
- (16) As the Commission noted in the Opinion and Order, with respect to many of the m/p and financial audit recommendations in the 2010 and 2011 audit reports, there were few, if any, concerns identified by the intervenors or AEP Ohio, which asserted that these issues should be considered resolved with no further action necessary. In response to Staff's recommendation that an independent verification of AEP Ohio's compliance with these recommendations be completed in the next audit, we directed EVA and Larkin to address any lingering concerns in their next audit report, as they deem necessary. We emphasize that our intention was that EVA and Larkin verify that AEP Ohio has fully complied with the adopted recommendations, as the Company claims. To the extent that EVA or Larkin finds that AEP Ohio has not fully complied with one or more of the adopted recommendations, the Commission will determine, at that time, whether the Company's FAC costs for 2010 or 2011 should be adjusted in accordance with the recommendation, or whether further action is necessary only on a prospective

basis. As we have previously stated, the Commission is undertaking, through each annual FAC audit, a reconciliation and accounting of FAC costs for the audit period in question, as contemplated in the *ESP 1 Case*. *In re Columbus Southern Power Company and Ohio Power Company*, Case No. 09-872-EL-FAC, et al. (2009 FAC Cases), Opinion and Order (Jan. 23, 2012) at 13. AEP Ohio's request that any remaining issues from the 2010 and 2011 audits be addressed only on a prospective basis should, therefore, be denied.

- (17) IEU-Ohio raises three assignments of error in its application for rehearing. First, IEU-Ohio asserts that the Opinion and Order is unlawful and unreasonable, in that the Commission declined to admit and consider relevant evidence regarding AEP Ohio's alleged double recovery of approximately \$200 million in certain capacity and purchased power costs associated with the Lawrenceburg Generating Station (Lawrenceburg) and the Ohio Valley Electric Corporation (OVEC) through the FAC and base generation rates in 2010 and 2011. Specifically, IEU-Ohio claims that the Commission's decision was based upon the unlawful and unreasonable finding that the scope of admissible evidence in a FAC audit proceeding is dictated by the findings and recommendations in the audit report. In support of its claim, IEU-Ohio notes that, in accordance with R.C. 4903.22, the Commission should generally follow the Ohio Rules of Evidence, which provide that cross-examination must be permitted on all relevant matters and that all relevant evidence is admissible unless otherwise prohibited. IEU-Ohio argues that its proffered exhibits regarding AEP Ohio's alleged double recovery are relevant to the financial audit of the FAC. IEU-Ohio points out that the Commission has directed an independent auditor to investigate the alleged double recovery of the Lawrenceburg and OVEC capacity costs as part of the FAC audits for 2012 through 2014, thus finding that the double-recovery issue is relevant and within the scope of the FAC audit. According to IEU-Ohio, the fact that the 2010 and 2011 audit reports failed to address the alleged double recovery does not make the issue any less relevant in 2010 and 2011 than it is in 2012 through 2014. IEU-Ohio adds that the Commission has previously determined that AEP Ohio's annual FAC audits

must include consideration of the real economic cost of the expenses that are flowed through the FAC. *2009 FAC Cases*, Opinion and Order (Jan. 23, 2012) at 13. IEU-Ohio concludes that the Commission unlawfully and unreasonably affirmed the attorney examiner's rulings that excluded IEU-Ohio Exhibits 7 through 12 from the record and precluded cross-examination regarding the alleged double recovery of Lawrenceburg and OVEC costs.

- (18) In its memorandum contra IEU-Ohio's application for rehearing, AEP Ohio responds that IEU-Ohio's flawed double-recovery claims are beyond the scope of these proceedings and otherwise without merit. Specifically, AEP Ohio notes that the present cases relate to the 2010 and 2011 audit periods, whereas the double-recovery allegations stem from the \$188.88/megawatt-day (MW-day) capacity charge approved by the Commission in Case No. 10-2929-EL-UNC, which did not become effective until August 2012. *In re Ohio Power Company and Columbus Southern Power Company*, Case No. 10-2929-EL-UNC (*Capacity Case*), Opinion and Order (July 2, 2012). AEP Ohio asserts that IEU-Ohio, through its proffer of evidence, attempts to extend information from the *Capacity Case* beyond its scope in that case, as well as the scope of the current proceedings. AEP Ohio adds that the proffered evidence does not support IEU-Ohio's double-recovery claims and, in any event, there are multiple legal barriers that preclude such claims. According to AEP Ohio, IEU-Ohio's misguided assertions regarding the Company's base generation rates constitute an improper attempt to re-litigate matters adjudicated by the Commission in the *ESP 1 Case*. AEP Ohio points out that, in the *ESP 1 Case*, the Commission explicitly permitted recovery of the OVEC and Lawrenceburg demand costs through the FAC for the period of 2009 through 2011, in light of the fact that such costs were not reflected in base generation rates. *ESP 1 Case*, Opinion and Order (Mar. 18, 2009) at 14-15, 51-52. AEP Ohio asserts that IEU-Ohio's claims amount to a collateral attack on the Commission's prior decisions authorizing the Company's base generation rates, which the Company emphasizes are not cost-based rates and, therefore, cannot enable the double recovery of any cost. AEP Ohio also argues that IEU-Ohio's proffered

evidence constitutes extra-record material that cannot be relied upon by the Commission in making its decision.

- (19) The Commission finds that IEU-Ohio has raised no new argument for our consideration. In the Opinion and Order, we affirmed the rulings of the attorney examiner sustaining AEP Ohio's objections and denying the admission of IEU-Ohio Exhibits 7 through 12. We noted that the 2010 and 2011 audit reports do not contain any findings or recommendations with respect to an over recovery of the Lawrenceburg or OVEC demand charges or otherwise support IEU-Ohio's contention that AEP Ohio has recovered its purchased power costs through the FAC as well as through the Company's base generation rates. Further, the Commission found that the alleged over recovery of the Lawrenceburg and OVEC demand charges exceeds the scope of the 2010 and 2011 audits and rejected IEU-Ohio's attempts to act in the place of the auditor. Finally, consistent with the auditor's testimony, we noted that the double-recovery allegations would be the subject of a subsequent audit in Case No. 11-5906-EL-FAC, et al., pertaining to the 2012, 2013, and 2014 audit periods. *In re Columbus Southern Power Company and Ohio Power Company*, Case No. 11-5906-EL-FAC, et al., Entry (Apr. 16, 2014), Entry (May 21, 2014).

In the 2009 FAC Cases, the Commission solicited an auditor to review AEP Ohio's FAC mechanism for the 2009, 2010, and 2011 audit periods. The Commission's Entry, as well as the attached request for proposal (RFP), specifically stated that the scope of each audit was to address the m/p and financial aspects of AEP Ohio's FAC, with the expectation that the selected auditor would analyze, interpret, and make specific recommendations regarding the structure, policies, and procedures of the Company's fuel procurement, fuel utilization, power purchases, capacity purchases, and related functions. 2009 FAC Cases, Entry (Nov. 18, 2009) at 1, RFP at 3. The Commission, therefore, defined, from the outset, the scope of these audit proceedings, which were intended to encompass a review of AEP Ohio's FAC mechanism and fuel-related policies and procedures. The 2010 and 2011 audit reports filed by EVA and Larkin adhere to the scope of the audits set forth by the Commission. Consistent with this established process initiated with the 2009 FAC Cases, the

Commission acted within its general supervisory statutory authority, as well as its discretion to manage and establish the scope of its dockets, in finding that IEU-Ohio's proffered evidence was not relevant to these proceedings and beyond the scope of the audits. Moreover, we note that the Commission is not stringently confined by the Rules of Evidence and is granted broad discretion in the conduct of its hearings. *Greater Cleveland Welfare Rights Organization, Inc. v. Pub. Util. Comm.*, 2 Ohio St.3d 62, 442 N.E.2d 1288 (1982).

The Commission, therefore, again rejects IEU-Ohio's attempt to expand the scope of the audits beyond the FAC and into matters related to AEP Ohio's base generation rates or the \$188.88/MW-day capacity charge. The double-recovery allegations will be fully addressed in the independent audit in Case No. 11-5906-EL-FAC, et al., for the period of 2012 and beyond. We find no inconsistency in this approach, given that the double-recovery allegations were not raised by IEU-Ohio and other intervenors until 2013, in Case No. 12-3254-EL-UNC. *In re Ohio Power Company*, Case No. 12-3254-EL-UNC, Opinion and Order (Nov. 13, 2013) at 16. The Commission promptly solicited audit services for a review of the double-recovery allegations, which was initially intended to occur in conjunction with the FAC audits for 2012 through 2014, and later was directed to occur independently. In short, the Commission responded to the allegations in expeditious fashion, and we find no error in having denied IEU-Ohio's late attempt to force the issue in these proceedings, without the benefit of an auditor's review.

- (20) In its second assignment of error, IEU-Ohio argues that the Opinion and Order unlawfully and unreasonably violates its due process rights. Specifically, IEU-Ohio maintains that the Commission arbitrarily and capriciously declined to admit and consider relevant evidence regarding AEP Ohio's alleged double recovery of Lawrenceburg and OVEC costs in the 2010 FAC Cases and the 2011 FAC Case, while finding that the same issue is relevant to the FAC audits for the period of 2012 through 2014. In its third assignment of error, IEU-Ohio contends that the Opinion and Order unlawfully and unreasonably violates R.C. 4903.09, because the

Commission failed to provide a substantively reasonable explanation for its inconsistent findings that the alleged double recovery is not relevant to the 2010 and 2011 FAC audits but is relevant to the FAC audits for 2012 through 2014. In support of its second and third assignments of error, which IEU-Ohio addresses together, IEU-Ohio claims that the only rationale provided by the Commission that would explain the inconsistency is that the auditor did not address the alleged double recovery issue in the 2010 and 2011 audit reports. According to IEU-Ohio, the matters addressed or omitted by the auditor in the audit report do not impact whether an issue is relevant in a FAC audit proceeding and, therefore, the Commission's basis for excluding IEU-Ohio's evidence regarding the alleged double recovery is arbitrary and capricious. IEU-Ohio asserts that, because its proffered evidence was relevant and the Commission's decision to exclude such relevant evidence was arbitrary and capricious, the Commission violated IEU-Ohio's due process rights. Again emphasizing the Commission's purported inconsistency in finding that the alleged double recovery is not relevant with respect to the 2010 and 2011 FAC audits but is relevant to the FAC audits for the period of 2012 through 2014, IEU-Ohio also asserts that the Commission failed to address this issue in the Opinion and Order, despite the fact that IEU-Ohio raised the issue in its initial brief, and, therefore, the Commission violated R.C. 4903.09. IEU-Ohio concludes that the Commission should grant rehearing and provide IEU-Ohio an opportunity, either through a separate hearing in these proceedings or in a future FAC audit proceeding, to present evidence regarding AEP Ohio's alleged double recovery of the Lawrenceburg and OVEC costs through the FAC in 2010 and 2011. IEU-Ohio urges the Commission to grant rehearing, in order to prevent AEP Ohio's alleged collection of an approximately \$200 million windfall at the expense of customers.

- (21) In response, AEP Ohio asserts that, in addition to the fact that IEU-Ohio's premise of double recovery is flawed, its other arguments are independently misguided and should be disregarded. With respect to IEU-Ohio's due process claim, AEP Ohio emphasizes that IEU-Ohio has been afforded ample procedural opportunities in these

proceedings and that no due process right has been undermined. Regarding the alleged violation of R.C. 4903.09, AEP Ohio contends that the Opinion and Order provides a record-based explanation for the Commission's rejection of IEU-Ohio's position. Finally, AEP Ohio points out that IEU-Ohio's claimed financial injury is without basis in the record and should also be rejected.

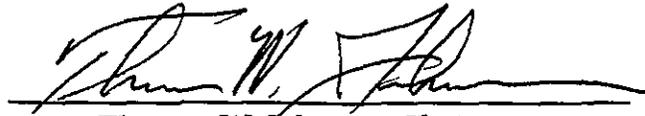
- (22) For the reasons discussed above with respect to IEU-Ohio's first assignment of error, the Commission finds no inconsistency in our decision to conduct an independent review of the double-recovery allegations from 2012 and beyond. Accordingly, the Commission finds no merit in IEU-Ohio's due process claim. Pursuant to the procedural schedule, all parties, including IEU-Ohio, were afforded ample opportunity to participate, within the scope of these proceedings, through means of discovery, an evidentiary hearing with cross-examination of witnesses and presentation of exhibits, and briefing. As the record reflects, IEU-Ohio took full advantage of its opportunities, and, therefore, its second assignment of error should be denied. Further, the Commission finds that the Opinion and Order clearly stated the reasons on which the Commission based its decision to affirm the attorney examiner's rulings regarding the relevancy of IEU-Ohio's proffered exhibits. The Commission explained that IEU-Ohio's double-recovery allegations exceed the scope of the 2010 and 2011 audits, and, therefore, the proffered exhibits were not relevant to our resolution of these proceedings. Additionally, to the extent that IEU-Ohio seeks to challenge recovery of the OVEC and Lawrenceburg demand charges through the FAC in 2010 and 2011, we agree with AEP Ohio that this issue is not open to re-litigation at this point and that such arguments constitute a collateral attack on our orders in the *ESP 1 Case*. The Commission, thus, finds no merit in IEU-Ohio's claim that the Opinion and Order violated R.C. 4903.09. IEU-Ohio's third assignment of error should also be denied.

It is, therefore,

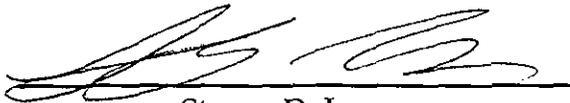
ORDERED, That the applications for rehearing filed by AEP Ohio and IEU-Ohio be denied. It is, further,

ORDERED, That a copy of this Entry on Rehearing be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



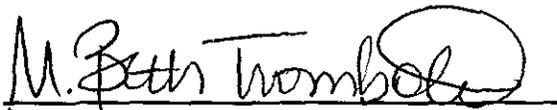
Thomas W. Johnson, Chairman



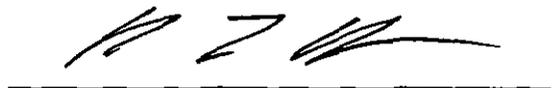
Steven D. Lesser



Lynn Slaby



M. Beth Trombold

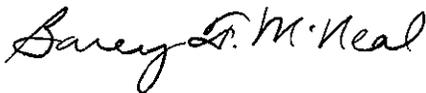


Asim Z. Haque

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Barcy F. McNeal  
Secretary