

**COMMENTS ON THE SECOND CBP STAKEHOLDER WORKSHOP**  
**BY THE OHIO ENERGY GROUP**

**November 11, 2012**

The Ohio Energy Group (“OEG”) submits these comments in response to the second competitive bidding process (“CBP”) stakeholder workshop held on November 8 and 9, 2012. Since it seems that OEG’s concerns, as expressed in its October 29, 2012 Comments, have not yet been adequately addressed in the CBP stakeholder process, OEG wishes to reiterate its suggested improvements to AEP Ohio’s CBP. To briefly summarize, OEG suggested two important revisions to AEP Ohio’s CBP:

- The starting price for the descending clock energy-only auctions for each AEP Ohio rate zone should be the forecasted Fuel Adjustment Clause (“FAC”) rate that customers would otherwise pay. Establishing the forecasted FAC rate for the Ohio Power and Columbus Southern rate zones as the “price to beat” will guard against a self-imposed and unnecessary rate increase on AEP Ohio’s SSO customers. Because AEP Ohio is allowed to participate in its own auctions, setting the forecasted FACs as the auction starting prices will prevent a situation where the same utility provides the same energy to the same customers, but at a higher price.
- Because the Commission decided to maintain separate FAC rates for the Ohio Power and Columbus Southern Power rate zones during the term of the ESP, the energy-only auctions approved by the Commission should likewise be held separately for each rate zone. This is because the “*price to beat*” differs significantly for each rate zone. Consequently, if the energy-only auctions are not held separately for each rate zone, then the auction clearing price may lead to unreasonably high energy rates for OP customers.

These revisions address fundamental issues with AEP Ohio’s CBP that should be dealt with prior to the filing of AEP Ohio’s CBP plan before the Commission. Accordingly, OEG urges AEP Ohio to adopt the proposed revisions in developing its CBP plan.