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MEMORANDUM

TO: OMA Leadership

FROM: Kimberly W. Bojko and Rebecca L. Hussey, Carpenter Lipps & Leland LLP

DATE: December 4, 2014

SUBJECT: Oral Argument on AEP's proposed Rider PPA

Yesterday, at its regularly scheduled meeting, the Commission granted AEP's pending motion for oral argument "for the limited purpose of enabling the Commission to clarify the legal and policy implications related to the AEP's proposed PPA rider." Oral argument will take place following the Commission meeting on December 17, 2014.

AEP Ohio will be given ten minutes to present its arguments regarding the proposed PPA rider. Counsel for any party of record that filed a post-hearing brief in the AEP ESP case, including the Ohio Manufacturers' Association Energy Group, will then be given five minutes to present its arguments regarding the proposed PPA rider. AEP Ohio will then be provided ten minutes for rebuttal. No other party will be allotted time for rebuttal; however, the Commission may, in its discretion, recall a party to respond to any specific arguments made.

The Commission's decision to grant AEP's oral argument request may signal that the Commission has questions, is ensuring that due process has occurred for appellate purposes, or has not yet made a determination on AEP's request to establish Rider PPA. Unfortunately, this could mean that the Commission is not persuaded by the positions articulated by its Staff and/or has not determined at this point whether or not re-regulation, as contemplated by AEP's proposed Rider PPA, Duke's proposed Rider PSR, and FirstEnergy's proposed Rider RRS (which all include cost recovery for the OVEC generation units, as well as the recovery of or possibility for recovery of other generating units) is lawful or appropriate.

Only those parties that filed briefs in AEP's ESP case can present oral arguments on December 17, 2014. Because the other Ohio electric distribution utilities, including Duke Energy Ohio, the FirstEnergy utilities, and DP&L, did not file briefs in AEP's ESP case, they may not individually present arguments at the scheduled oral argument. We do expect, however, that FirstEnergy Solutions, which filed a limited initial brief in the AEP ESP case, will advance comments in support of AEP's Rider PPA at the oral argument. We also anticipate that the

electric distribution utilities that are prevented from advancing individual arguments will have coordinated with AEP to ensure that all of their arguments in favor of the type of re-regulation at issue have been included in AEP's presentation.

Parties who are not supportive of Rider PPA have also been encouraged by the Commission to coordinate with one another in order to limit the amount of repetition encountered at the oral argument. To that end, counsel for the Ohio Manufacturers' Association Energy Group will be coordinating with other counsel in the upcoming weeks. We will alert you to any developments occurring prior to the oral argument.