



The Public Utilities Commission of Ohio (PUCO) in Case No. 10-2929-EL-UNC on July 2, 2012 found that the record in that proceeding supported a cost based state compensation mechanism of \$188.88/MW-day for FRR capacity made available by Ohio Power Company under the Reliability Assurance Agreement (RAA). Under the PUCO's mechanism, Competitive Retail Electric Service (CRES) providers will be assessed the adjusted Final Zonal Capacity Price, as set forth below. The PUCO also authorized Ohio Power to defer its recovery of a portion of the capacity costs not exceeding \$188.88/MW-day. In Case No. 11-0346-EL-SSO on August 8, 2012, the PUCO established a mechanism for Ohio Power to recover those deferred capacity costs. The state compensation mechanism is effective on August 8, 2012, and will apply to all load of Ohio Power served by CRES providers. For purposes of administering the state compensation mechanism, the Final Zonal Capacity Price will be the price applicable to the unconstrained region of PJM adjusted for the RPM Scaling Factor, the Forecast Pool Requirement and Losses.

This posting complies with the requirements of PJM for appending this information to the RAA. This information is posted by Ohio Power under protest, and Ohio Power expressly reserves its right to challenge the establishment of the capacity rate set forth above before the PUCO, the Federal Energy Regulatory Commission, or in a court of competent jurisdiction. Ohio Power further expressly reserves its right to revise the capacity rate to include charges or assessments necessary to enable Ohio Power to fully recover the cost of the FRR capacity (as determined by the Ohio Commission) made available to CRES providers on and after August 8, 2012, the effective date of the Ohio state compensation mechanism.

AEP contact information for specific questions, and other information pertaining to Case Nos. 10-2929-EL-UNC and 11-0346-EL-SSO is provided at the link below.

<https://www.aepohio.com/service/choice/cres/>