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IN THE MATTER OF THE APPLICATION OF THE ARIZONA ELECTRIC POWER COOPERATIVE, INC. FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN	Docket No. E-01773A-12-0305

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Opening Brief of

Arizona Electric Power Cooperative, Inc.

General Rates Application

Arizona Corporation Commission
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INTRODUCTION

Arizona Electric Power Cooperative, Inc. ("AEPCO" or the "Cooperative") submits this Opening Brief in support of its July 5, 2012 rate case application. AEPCO requests that the Commission approve its revenue requirements decrease and authorize the revised rates reflecting that decrease to be effective as of November 1, 2013.

Through the exchange of pre-filed testimony and cooperative efforts, AEPCO, Utilities Division Staff and the intervenors have reached agreement on all but one of the issues involved in this rate case. Accordingly, AEPCO requests Commission approval of the following undisputed items:

- The depreciation rates shown on Exhibit PS-2 to AEPCO-1;
- The Apache Station study process described in AEPCO-7;
- Continuation of AEPCO's Purchased Power and Fuel Adjustment Clause ("PPFAC"), including continuation of the efficacy provision approved in AEPCO's prior rate cases[1] and the two PPFAC modifications described below;
    - The first modification removes AEPCO's fixed fuel costs from the calculation of the PPFAC Base Resources and Other Resources Bases and, instead, tracks and recovers those fixed costs through the establishment of a fixed fuel costs base and a separate adjustor rate based on a monthly charge;[2]

[1] AEPCO-4, p. 27, ll. 6-11. For example, in Decision No. 72055, the Commission ordered that AEPCO "may file a request that the Commission review the efficacy of the [PPFAC]... with submission of any semi-annual report required by the tariff and the Decision."

[2] AEPCO-4, p. 26, ll. 7-9. *See also* AEPCO-6, Ex. GEP-10, p. 1, ll. 10 and 25, and p. 2, ll. 10 and 24.

- The second modification removes the PPFAC bank balances from the fuel adjustor rates and recovers those amounts, along with the fixed fuel costs bank balance, through a continuing six-month amortization tariff rider;[3]
- An initial semi-annual PPFAC filing should be authorized, based on data covering the 12 months ended December 31, 2013, to be made on March 1, 2014 to become effective on April 1, 2014. Thereafter, fuel adjustor filings will become effective April 1 and October 1 based upon data covering historic performance during the prior 12 months ended December 31 and June 30, respectively;[4] and
- Finally, a temporary tariff rider should be authorized to close out the current PPFAC by refunding or collecting the outstanding Class A members' bank balances as of November 1, 2013 based on a 12-month amortization.[5]

The sole remaining contested issue for the Commission to resolve is whether to grant AEPCO's request to <u>reduce</u> its revenue requirements by $4,287,465, which amounts to a revenue <u>decrease</u> of 2.77%.[6] AEPCO, with the full support of its members, urges the Commission to approve revised rates based on a debt service coverage ratio ("DSC") of 1.32, which is the same DSC approved by the Commission in AEPCO's last rate case[7] and the same DSC which assisted AEPCO in building to a very robust 31.79% equity average over the past three years.[8] A 1.32 DSC produces operating cash flow that is more than sufficient to (1) cover all of the

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[3] AEPCO-4, p. 26, ll. 9-11; AEPCO-5, p. 14, ll. 6-10.
[4] AEPCO-5, p. 14, ll. 16-21.
[5] AEPCO-4, p. 27, ll. 16-19.
[6] AEPCO-6, Ex. GEP-9, Col. E, ll. 2 and 3.
[7] Decision No. 72055, Finding of Fact 51.
[8] S-4, Ex. REV-3.

Cooperative's ongoing expenses, (2) meet its principal and interest payments as they become due and (3) continue to build working capital to support future operating needs.[9] In order to address any potential future environmental compliance obligations, AEPCO proposes an Environmental Compliance Adjustment Rider ("ECAR"). The ECAR will provide a tariff funding mechanism to address any EPA requirements, but only when they and their associated costs are known and measurable.[10]

Staff's position (as articulated by its consultants, Liberty Consulting Group) is that the Commission should instead authorize a DSC of 1.56, which would deprive AEPCO's members and their retail members of a rate decrease and give AEPCO $4.3 million more in annual revenues than it wants or needs. To place that $4.3 million amount in context, AEPCO currently estimates its EPA capital compliance costs to be expended through 2017 at only $30 million.[11] If Staff's 1.56 DSC is approved, it would raise more than $17 million or almost 60% of that capital requirement internally from the distribution cooperatives and their retail members. Imposing a down-payment that large on current customers for a capital expenditure that small – which relates to generation plant to be used for many years into the future – is not only fiscally unnecessary, but generationally unfair as well. For these reasons, AEPCO opposes Staff's 1.56 DSC and no-decrease positions.

REVENUE REQUIREMENTS DECREASE PLUS ECAR

Throughout this rate case, AEPCO has presented specific, detailed evidence in support of its request for a revenue requirements decrease based on a DSC of 1.32.

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[9] Hr. Tr., Vol. I, p. 71, ll. 10-14.
[10] AEPCO-5, p. 7, l. 19 – p. 8, l. 9.
[11] Hr. Tr., Vol. II, p. 142, 11. 4-23.

Financial Performance and Non-Financial Risk Factors

The single most significant factor in evaluating the appropriate DSC level is financial performance.[12] In that regard, it is undisputed that AEPCO's financial performance has improved significantly in recent years. Among other indicators, AEPCO has substantially lowered its operating expenses since 2009.[13] As Schedule A-2 to AEPCO's July 5, 2012 Application demonstrates, AEPCO has lowered its operating expenses from $186,926,335 in 2009 to $157,703,741 in 2011, a reduction of more than 15%. Further, the Cooperative's equity ratio increased from a very low 5% in 2005 to a solid 29.49% at the end of its 2011 test year.[14] According to Staff's consultants, AEPCO's financial performance since 2008 would qualify it for an "A" investment-grade credit rating.[15] Further and perhaps most significantly, granting AEPCO's rate request and lowering its revenue requirements based on a 1.32 DSC will not endanger the Cooperative's financial metrics and will allow it to maintain a strong credit profile.[16]

AEPCO also rates positively on a number of the non-financial, qualitative criteria used by rating agencies to evaluate the business risks of generation and transmission cooperatives.[17] Specifically, while three of AEPCO's Class A members are Partial Requirements Members ("PRM"), their contracts provide for full recovery of the Cooperative's fixed costs and, therefore, would be viewed favorably by credit rating agencies.[18] In addition, the fact that AEPCO provides scheduling and trading services for two of its PRM members reduces AEPCO's risk

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[12] S-4, p. 9, l. 27; MEC-2, p. 8, ll. 1-10.
[13] Hr. Tr., Vol. I, p. 43, ll. 6-15.
[14] S-4, p. 3, ll. 23-25.
[15] S-4, p. 5, ll. 17-26, p.12, ll. 18-24 and Ex. REV-3.
[16] S-4, p. 13, ll. 1-5.
[17] The categories of qualitative criteria discussed in the testimony are: Long-term Wholesale Power Supply Contracts/Regulatory Status; Rate Flexibility/Rate Shock Exposure; Member/Owner Profile; and Size. S-4, p. 9, ll. 28-31.
[18] Hr. Tr., Vol. II, p. 167, l. 3 – p. 169, l. 3 and p. 223, ll. 13-17.

profile compared to cooperatives whose members do their own planning.[19] As Mr. Pierson noted in response to questions by Administrative Law Judge Jibilian, this scheduling and trading relationship makes the PRMs more informed about AEPCO's rates and, hence, more likely to respond appropriately to price signals from AEPCO.[20] With regard to member/owner profile, the testimony of Carl Stover (Mohave Electric Cooperative, Inc.'s witness) is clear and undisputed that this factor weighs in favor of AEPCO.[21] Moreover, he pointed out that, although AEPCO is considered a small cooperative, the fact that it provides power to a geographically large area and serves a diversity of loads provides a further assurance to rating agencies that AEPCO could maintain its earnings if an economic downturn were to occur.[22]

The final Moody's factor discussed in evaluating AEPCO's business risk is the combination of rate flexibility and rate shock exposure. The parties' testimonies focus on three aspects in this category: cost competitiveness, cost recovery efficiency and new-build exposure. With regard to competitiveness, Staff's proposal to reject AEPCO's revenue requirements decrease clearly will <u>not</u> help the Cooperative become more rate competitive. Liberty's Mr. Vickroy conceded that.[23] On the subject of cost recovery efficiency, his testimony also indicates that AEPCO scores high in a ratings analysis because of its low percentage of purchased power[24] and the fact the Commission has approved a PPFAC clause to timely recover purchased power costs.[25]

This leaves new-build exposure. Generally, AEPCO's new-build exposure is low, given the fact that AEPCO is not responsible for meeting the PRMs' current or future needs for

[19] AEPCO-5, p. 13, ll. 8-14; AEPCO-6, p. 4, ll. 3-6.
[20] Hr. Tr., Vol. I, p. 81, ll. 10-25.
[21] MEC-2, p. 6, l. 20 – p. 7, l. 2 and p. 13, l. 18 – p. 15, l. 8.
[22] Hr. Tr., Vol. II, p. 185, l. 14 – p. 186, l. 12.
[23] Hr. Tr., Vol. II, p. 212, ll. 11-16.
[24] S-4, p. 15, ll. 6-9.
[25] S-4, p. 11, ll. 20-22.

additional capacity resources.[26] As to existing resources, the Apache Station study agreed to by AEPCO and Staff will evaluate the continuing viability of these resources in light of known as well as anticipated environmental, regulatory and market factors.[27] Indeed, the early efforts of this ongoing planning effort already positioned AEPCO to respond promptly and successfully to the EPA's regional haze requirements. The result was to reduce the capital costs associated with that remediation from last year's initial estimate of $200 million to only $30 million.[28]

Based on the foregoing, AEPCO has provided more than sufficient evidence of the Cooperative's strong credit profile based on rating agency criteria – evidence which fully supports AEPCO's request for a 1.32 DSC and refutes Staff's 1.56 recommendation. To the extent Staff's consultants raise concerns about individual factors (to be discussed in greater detail below), as Mr. Vickroy testified, a cooperative does not need to qualify for an "A" rating in every category in order to receive an overall "A" investment-grade credit rating.[29]

ECAR Mechanism

Another important factor supporting AEPCO's request for a revenue requirements decrease is its companion proposal for an ECAR mechanism. AEPCO proposed the ECAR in its rebuttal testimony in response to Staff's concerns regarding potential costs associated with the EPA regional haze requirements.[30] In its surrebuttal testimony, Staff raised several questions regarding how the ECAR mechanism would function and suggested that the rate case be held open to address these issues.[31] If the Commission approves AEPCO's request for a 1.32 DSC,

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[26] AEPCO-5, p. 5, ll. 19-21; MEC-2, p. 10, ll. 2-8.
[27] AEPCO-7.
[28] AEPCO-2, p. 6, ll. 11-19.
[29] Hr. Tr., Vol. II, p. 211, l. 21 – p. 212, l. 3.
[30] Hr. Tr., Vol. I, p. 75, ll. 11-20.
[31] S-3, p. 6, l. 4 – p. 7, l. 24.

then AEPCO agrees the rate case should be held open so that the parties can work together to refine the process for and details of the ECAR.[32]

Specifically and as explained by Mr. Pierson, AEPCO will work with Staff to address its questions and, on or before April 30, 2014, will file a revised ECAR tariff and plan of administration for Commission approval.[33] The initial tariff, once approved, will set the ECAR surcharge at zero.[34] Two months later, by June 30, 2014, AEPCO will file the results of the Apache Station study.[35] Based on its results, AEPCO will work with its members to prepare an Environmental Compliance Strategy ("ECS") to address the EPA regional haze requirements.[36] AEPCO will then file a request to increase the amount of the ECAR surcharge based on the detailed costs identified in the ECS.[37] This procedure will provide AEPCO sufficient time to construct its alternative BART proposal by December 2017.[38] The Cooperative anticipates that the EPA will issue its final rule incorporating AEPCO's proposal within the next six months.[39] The estimated construction timeline is between 18 and 24 months.[40]

All parties agree that the ECAR is an appropriate way to address cost recovery related to future potential environmental compliance.[41] In fact, according to Staff's consultants, the ECAR makes sense, so long as it is used to fund projects that are good for the company and customers in the long term.[42] That is exactly what the combination of the ECAR and the Apache Station study will produce – a funding mechanism confidently based on accurate and detailed cost

[32] AEPCO-6, p. 7, ll. 5-9.
[33] Hr. Tr., Vol. I, p. 83, ll. 19-21.
[34] AEPCO-6, p. 8, ll. 12-13.
[35] AEPCO-7.
[36] AEPCO-5, p. 8, ll. 2-9; AEPCO-6, p. 8, ll. 12-13.
[37] Hr. Tr., Vol. I, p. 83, l. 24 – p. 84, l. 3.
[38] Hr. Tr., Vol. I, p. 36, l. 24 – p. 37, l. 10.
[39] Hr. Tr., Vol. I, p. 32, ll. 12-16.
[40] Hr. Tr., Vol. I, p. 47, l. 17 – p. 48, l. 2.
[41] Hr. Tr., Vol. II, p. 228, ll. 7-12.
[42] Hr. Tr., Vol. II, p. 228, ll. 13-21.

information,[43] not the interim estimates and comparisons prepared last year that Staff's consultants continue to rely on in support of their 1.56 DSC recommendation.[44]

Impact on Retail Customers

Finally, the revenue requirements decrease combined with the ECAR is clearly the option favored by, and in the best interests of, AEPCO's members and its ultimate customers – the retail members of the distribution cooperatives. The intervenors and those who spoke during the public comment session presented uniform testimony and comment in support of the retail customers' need and desire for rate relief. Further, several expressed this preference for a rate decrease now, even on the understanding that rates would likely increase later under the ECAR.[45]

Another benefit of the ECAR, which makes it the superior choice as compared to Staff's no-decrease proposal, is that the funds collected via the ECAR would be refundable to the members in the event that implementation of the ECS is not required.[46] Under Staff's proposal to hold rates at the higher level based on the chance those millions <u>might</u> be needed, the prohibition against retroactive ratemaking will bar any return of those monies to ratepayers should all or any portion of the funds not be required.[47]

Mr. Stover summed the superiority of AEPCO's "Rate Decrease Now/ECAR in Reserve Approach" this way:

> So what does the examiner do? We have got a situation here in which about the only thing people can agree is we don't know what the impact will be and what will be the amount.
>
> *   *   *

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[43] Hr. Tr., Vol. II, p. 145, l. 15 – p. 146, l. 7.
[44] Hr. Tr., Vol. II, p. 218, l. 20 – p. 219, l. 6 and p. 235, l. 19 – p. 236, l. 3.
[45] Hr. Tr., Vol. I, p. 9, l. 14 – p. 10, l. 6, p. 109, l. 6 – p. 111, l. 4 and p. 121, l. 5 – p. 122, l. 4.
[46] Hr. Tr., Vol. I, p. 35, ll. 4-10.
[47] Hr. Tr., Vol. II, p. 221, l. 1 – p. 222, l. 3.

> It seems to me the ECAR adjustment provides a vehicle for the Commission to say, guys, we are going to wait until you really know what is going on, until you really know the numbers, until you quantify the impact.[48]

AEPCO's proposal of a 1.32 DSC coupled with the ECAR mechanism to provide a path for additional monetary support – only if, as and when it is actually required – is clearly the most tempered, accurate and legally correct solution on this issue.

LIBERTY'S UNSUPPORTED NO-DECREASE POSITION

In contrast to the comprehensive evidence presented in favor of AEPCO's revenue requirements decrease and ECAR proposal, Liberty opposes the proposal based on generalities, speculation regarding future risk and unlikely worst-case scenarios.

Erroneous Methodology

As an initial matter, Liberty admits that its charge in this case was to assess AEPCO's business risks and determine the appropriate DSC in light of those risks.[49] Instead, Liberty started with a pre-conceived assumption of risk and then arbitrarily backed into a DSC "fallout" number of 1.56:

> Q. [By Mr. Sullivan] But the actual DSC that you are recommending is a fallout number based upon the existing rates, correct?
>
> A. [By Mr. Vickroy] It is a fallout number saying it should be well above 1.32.[50]

Liberty's methodology is so lacking in foundation and analysis that Mr. Vickroy testified he could not quantify the level of DSC that would accurately reflect AEPCO's business risks – conceding that it was only "possibly above 1.50. But that's not a quantifiable number."[51] Raising still more questions about the merit of Liberty's position, Mr. Vickroy testified that even

[48] Hr. Tr., Vol. II, p. 144, l. 11 – p. 145, l. 25.
[49] Hr. Tr., Vol. II, p. 232, ll. 13-15.
[50] Hr. Tr., Vol. II, p. 210, ll. 8-11.
[51] Hr. Tr., Vol. II, p. 208, ll. 9-15 (emphasis supplied).

though he thought 1.32 was too low, he would <u>not</u> have recommended a rate increase if the current rates had produced a 1.32 DSC.[52]

<u>Ambiguous and Speculative Future Risks</u>

The future risks that Liberty has identified as the basis for its no-decrease/1.56 DSC recommendation are environmental regulation and market conditions.[53] The problem with Liberty's reliance on these alleged risks is that its analysis either ignores or lacks any foundation in known and measurable or AEPCO-specific data.

For example, Liberty's irrational focus on AEPCO's preliminary calculation of the $190 million cost to implement the EPA's original FIP ruling flies in the face of more recent, and quite positive, developments with the EPA:

> Q. [By Mr. Grant] Now, after AEPCO provided Liberty with that $190 million estimate, you were aware that AEPCO submitted a supplemental petition for reconsideration with the EPA in late May which was granted in early June, correct?
>
> A. [By Mr. Vickroy] Yes, as I understand it.
>
> Q. In granting AEPCO's application for reconsideration, the EPA stated that it planned to publish a notice of proposed rulemaking seeking comments on AEPCO's proposed alternative. Do you recall that?
>
> A. Yes.
>
> Q. Most recently, you are aware, are you not, the EPA has agreed AEPCO should start the process of modifying the state implementation plan to incorporate AEPCO's proposed BART alternative, correct?
>
> A. I don't know about that.
>
> Q. Would you take that subject to check?
>
> A. Sure.

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[52] Hr. Tr., Vol. II, p. 207, ll. 4-6 and p. 209, ll. 2-10.
[53] Hr. Tr., Vol. II, p. 194, l. 9 – p. 195, l. 19.

Q. And did you read Mr. Pierson's rejoinder? Because that is his statement at page 2, lines 19-21.

A. All right.

Q. Based on these developments, you do understand it is now AEPCO's current position that its anticipated EPA compliance capital expenditures are only about $30 million, not the $190 million estimate that was provided to you several months ago?

A. Yes.

Q. So, Mr. Vickroy, you relied on AEPCO's early estimate of 190 million in construction costs in developing your 1.56 recommendation. But now that AEPCO's more informed estimate has dropped to only 30 million, you nonetheless continue to recommend that higher DSC of 1.56, correct?

A. Correct.[54]

The reason for Liberty's refusal to consider this more recent information was revealed by Mr. Vickroy's testimony – Liberty simply doesn't care what the actual costs are going to be. Rather, Liberty bases its position on ambiguous concerns about possible <u>future</u> EPA regulations and the uncertainties surrounding the potential and obviously unknown economic impacts thereof.[55] Liberty focuses on these uncertainties despite the undisputed fact that such costs are not known and measurable:

Q. [By Administrative Law Judge Jibilian] So it doesn't matter whether the costs of environmental compliance are known and measurable?

A. At this point, no. We are interested in what the magnitude or ballpark of the risks are.[56]

Rather than guess at "magnitude" or deal in "ballparks," AEPCO's 1.32 DSC plus ECAR position offers a safe, sound and legally defensible basis upon which to proceed. Each of those elements is wholly lacking in Liberty's position.

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[54] Hr. Tr., Vol. II, p. 219, l. 7 – p. 220, l. 14.
[55] Hr. Tr., Vol. II, p. 196, ll. 4-13.
[56] Hr. Tr., Vol. II, p. 229, ll. 10-13.

Likewise, Liberty's conclusion that AEPCO's coal units face significant risk due to the natural gas market is based on vague observations of trends across the country.[57] Liberty ignores AEPCO's substantial reduction in coal costs by more than 20% since 2011, as well as recent and projected increases in natural gas prices – but concedes both advantage AEPCO in the market.[58] Further, Liberty offered virtually no substantive response to Mr. Kurtz' rebuttal testimony in which he provided a thorough analysis of AEPCO's coal units, including their performance since 2000, the increase in coal-fired generation output in 2013 and future projections.[59] Liberty's continued criticism of AEPCO's coal units despite the lack of evidentiary support could lead one to the conclusion that the consulting group may simply have a predilection against coal-fired generation.

Liberty also bases its risk analysis on admittedly extreme scenarios. For example, Mr. Vickroy expressed concerns over the possibility that Apache Station could become a stranded asset, but conceded that such a scenario would be an "extreme case."[60] Further, when asked to identify the harm that would result from granting the Cooperative's revenue requirements decrease, Mr. Vickroy could not provide any specific examples of the likely outcome, other than to confirm that a decrease would not lead to financial ruin.[61]

Finally, Mr. Antonuk's testimony reveals many of his risk concerns are based on anecdotal observations of other cooperatives in other parts of the country, namely Kentucky and New Hampshire.[62] He provides no evidence to support the leap that the problems he identified with those cooperatives are present or likely to occur with AEPCO. In fact, all evidence is to the

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[57] Hr. Tr., Vol. II, p. 196, ll. 14-19.
[58] Hr. Tr., Vol. II, p. 216, l. 19 – p. 218, l. 1.
[59] *Compare* AEPCO-2, June 13, 2013 Report, pp. 2-8 *with* S-7, p. 1, l. 19 – p. 2, l. 25.
[60] Hr. Tr., Vol. II, p. 225, ll. 1-18.
[61] Hr. Tr., Vol. II, p. 231, l. 12 – p. 232, l. 9.
[62] Hr. Tr., Vol. II, p. 255, l. 10 – p. 256, l. 14 and p. 259, l. 11 – p. 260, l. 7.

contrary. Extensive testimony confirmed the commitment that AEPCO's Board of Directors has to balancing the interests of the members with the need to maintain AEPCO's financial health.[63] Similarly, AEPCO has and will continue to evaluate the economic viability of Apache Station, as demonstrated by the expansive scope of the currently ongoing Apache Station study. The results of that effort will be filed with the Commission no later than June 30 of next year.[64]

Disregard of Impact on Customers

Liberty also cites rate shock to justify its no-decrease position. While, as a general rule, it is preferable to avoid rate shock, that preference is not appropriate, given the specific circumstances of – as well as the known and measurable economics concerning – AEPCO and its members. On this subject, Liberty again ignores the details. Specifically, in response to the overwhelming testimony regarding Arizona's rural rate payers' need for and entitlement to a rate decrease now, Mr. Antonuk simply dismisses this testimony in favor of his generic observations of the preferences of customers elsewhere.[65]

Another example involves Trico Electric Cooperative, Inc., whose CEO testified that his cooperative's rates are among the highest in the state because of its service territory characteristics and, therefore, it needs any rate relief it can get.[66] The 1.56 DSC would not only keep Trico's rates higher than necessary, but would also assign it more than $450,000 a year for additional purchased power resources that will no longer be available to Trico after 2014. Specifically, the rates proposed by Liberty include a margin requirement associated with two

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[63] Hr. Tr., Vol. I, p. 87, l. 24 – p. 88, l. 15, p. 91, l. 20 – p. 92, l. 20, p. 97, l. 8 – p. 98, l. 7 and p. 119, l. 19 – p. 120, l. 14.
[64] AEPCO-7.
[65] Hr. Tr., Vol. II, p. 251, l. 24 – p. 253, l. 2.
[66] Hr. Tr., Vol. I, p. 119, ll. 4-12 and p. 122, ll. 2-4.

purchased power agreements that expire in late 2014.[67] AEPCO is committed to address this issue with Staff and the Commission next year by removing from its rates costs and charges related to these contracts when they expire. However, Liberty's 1.56 DSC proposal erroneously inflates these costs and needlessly intensifies the magnitude of the problem.

CONCLUSION

Based on the foregoing, AEPCO urges the Administrative Law Judge to recommend and the Commission to approve its requested 2.77% revenue requirements decrease based on a DSC of 1.32. Specifically, AEPCO requests approval of the revenue requirements shown on Exhibit GEP-9 to AEPCO-6, Column E, Lines 2 and 3, as well as the specific rates shown on Exhibit GEP-10 to AEPCO-6, Column 6. Additionally, AEPCO requests approval of the undisputed items listed in the Introduction to this Brief, page 1, line 10 through page 2, line 13.

RESPECTFULLY SUBMITTED this 30th day of August, 2013.

GALLAGHER & KENNEDY, P.A.

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[67] *See* S-2, Schedule G-6, p. 5, l. 68 (showing $494,565 in additional Trico resources fixed costs).

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