

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of AEP)
Ohio Transmission Company, Inc. for)
Confirmation That Its Operations Will) Case No. 10-245-EL-UNC
Render it an Electric Light Company and a)
Public Utility Within the Meaning of)
Sections 4905.03(A)(4) and 4905.02, Revised)
Code.)

In the Matter of the Joint Application of)
AEP Ohio Transmission Company, Inc.,)
Columbus Southern Power Company, and) Case No. 10-246-EL-UNC
Ohio Power Company for Approval of)
Proposed Transfers, to the Extent Required)
by Section 4905.48(B), Revised Code.)

In the Matter of the Application of AEP)
Ohio Transmission Company, Inc. for) Case No. 10-247-EL-AIS
Authority to Issue Short-Term Notes and)
Evidences of Indebtedness.)

ENTRY

The attorney examiner finds:

- (1) On March 3, 2010, AEP Ohio Transmission Company (OHTCo), as well as Columbus Southern Power Company (CSP) and Ohio Power Company (OP) (jointly, AEP-Ohio) (collectively, Applicants), filed a joint application in the above-mentioned cases.
- (2) In Case No. 10-245-EL-UNC, OHTCo seeks confirmation that its operations will render it an electric light company and a public utility within the meaning of Sections 4905.03(A)(4) and 4905.02, Revised Code. Alternatively, OHTCo requests that if the Commission concludes OHTCo is not an electric light company and a public utility subject to the Commission's jurisdiction, that the Commission issue an order confirming that conclusion.

- (3) In Case No. 10-246-EL-UNC, the Applicants request the Commission to declare that Section 4905.48(B), Revised Code, does not apply to OHTCo. Alternatively, to the extent the Commission determines that OHTCo is a "public utility" and that Section 4905.48(B), Revised Code, is applicable, Applicants request Commission approval of a transfer of the assets that are not yet electric plants in service, from AEP-Ohio to OHTCo, as listed in Exhibit C of the joint application. The Applicants also filed as part of their application a request for authority to issue short-term notes and other evidences of indebtedness in Case No. 10-247-EL-AIS.
- (4) In their joint application, the Applicants state the following:
- (a) OHTCo is an Ohio corporation organized for the purposes of planning, constructing, owning, and operating transmission assets in Ohio. OHTCo is a wholly-owned subsidiary of AEP Transmission Company, LLC (AEPTCo). AEPTCo is a subsidiary of AEP Transmission Holding Company, LLC, which is a wholly-owned subsidiary of American Electric Power Company, Inc. (AEP). CSP and OP are also wholly-owned subsidiaries of AEP and, consequently are affiliates of OHTCo.
 - (b) OHTCo transmission assets will be physically connected to existing transmission facilities owned by AEP-Ohio. OHTCo will provide wholesale transmission service to AEP-Ohio and other wholesale customers within the state and not provide retail transmission services directly to consumers in Ohio.
 - (c) OHTCo will develop and own new transmission assets (regardless of voltage class) within the state of Ohio. OHTCo will not acquire from AEP-Ohio those assets that are currently in-service and owned by AEP-Ohio. The new transmission facilities to be developed by OHTCo will be interconnected to existing AEP-Ohio facilities within the PJM Interconnection, LLC (PJM) territory.

- (d) On December 1, 2009, each AEPTCo subsidiary company, including OHTCo, that has joined PJM, filed with the Federal Energy Regulatory Commission (FERC), under FERC Docket No. ER10-355-000, an application to establish a revenue requirement to be included in PJM's FERC-approved Open Access Transmission Tariff (OATT). The rates filed by AEPTCo for OHTCo are designed to recover the collective cost of service associated with the facilities owned by OHTCo in the AEP Zone within PJM. Based on the FERC application, PJM, on behalf OHTCo, would charge CSP and OP, and other wholesale customers, rates for transmission services based on the OATT. CSP and OP would continue to recover from their retail customers through their Transmission Cost Recovery Rider only that portion of OHTCo's costs for its transmission services that CSP and OP use to provide retail electric services to their end-use customers.
- (e) OHTCo will rely on its ultimate parent, AEP, for financial resources. By freeing AEP-Ohio of the debt obligation needed to support new transmission facilities, it will improve AEP-Ohio's credit ratios and access to the capital markets.
- (f) The long-term reliability and stability of the transmission system for Ohio customers will be increased with the formation of OHTCo.
- (g) In June 2009, when CSP and OP filed their application in the electric security plan proceeding for approval of their corporate separation plans in Case No. 09-464-EL-UNC, OHTCo had not been formed. Consequently, the corporate separation plan submitted by CSP and OP, in Case No. 09-464-EL-UNC, did not reference the transmission structure described in this application. Accordingly, CSP and OP plan to reflect the existence of OHTCo in their corporate separation plans in a manner consistent with the Commission's decision in these cases.

- (h) OHTCo is not an "electric utility" within the meaning of Section 4928.01(A)(11), Revised Code, because it neither has a certified territory nor is engaged in the business of supplying non-competitive retail electric services. Consequently, Section 4928.17, Revised Code, does not require OHTCo to have its own corporate separation plan approved by the Commission.
 - (i) The Commission's jurisdiction over the rates, terms, and conditions of electric service provided by CSP and OP is not affected by the establishment of OHTCo.
- (5) In order to afford all interested persons the opportunity to provide comments on the application filed by OHTCo and AEP-Ohio, the attorney examiner finds that a comment period should be established. Accordingly, all initial comments should be filed with the Commission by no later than April 30, 2010. Reply comments should be filed with the Commission no later than May 17, 2010.

It is, therefore,

ORDERED, That comments and reply comments regarding the joint application of OHTCo and AEP-Ohio in Case Nos. 10-245-EL-UNC and 10-246-EL-UNC be filed by April 30, 2010, and May 17, 2010, respectively. It is, further,

ORDERED, That a copy of this entry be served upon all parties of record in these cases, in AEP-Ohio's electric security plan docket, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, and in Case No. 09-464-EL-UNC.

THE PUBLIC UTILITIES COMMISSION OF OHIO

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Secretary