

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Valley)
Electric Corporation for Authority to Refinance)
And Amend Senior Unsecured Long-Term Notes) Case No. 11-2748-EL-AIS
And to Enter into Interest Rate Management)
Agreements.)

FINDING AND ORDER

The Commission finds:

- (1) Applicant, Ohio Valley Electric Corporation, is an Ohio corporation and a public utility as defined in Section 4905.02, Revised Code, and is subject to the jurisdiction of this Commission.
- (2) On April 28, 2011, Applicant filed an application and exhibits, as amended on June 14, 2011 (the Application), pursuant to the provisions of Sections 4905.40, and 4905.41, Revised Code.
- (3) Applicant is requesting Commission authorization through May 31, 2012, to: (a) issue and sell new Notes (New Notes); (b) enter into one or more secured or unsecured term loan or revolving credit arrangements (Credit Facilities); (c) issue any combination of the New Notes and Credit Facilities; and, (d) to enter into Interest Rate Management Agreements (Interest Agreements), as described in the Application. The aggregate principal amount of the New Notes and the Credit Facilities will not exceed \$964 million.
- (4) The New Notes will mature in not more than 60 years. The Credit Facilities will mature in not more than 10 years. The New Notes and the Credit Facilities (collectively, the New Debt) will have either a fixed or variable interest rate and may be provided with some form of credit enhancement, as described in the Application.
- (5) Applicant is also requesting authorization to enter into Interest Agreements. Applicant states that the Interest Agreements will provide it with sufficient alternatives and flexibility when

striving to reduce its effective interest cost and manage interest cost on financings, as described in the Application.

In general, there will be no proceeds associated with the Interest Agreements since no new obligations are created in this connection.

- (6) The proceeds from the New Debt will be used to: repay, refinance, refund or redeem any or all of the outstanding Senior Unsecured Notes, as described in the Application all pursuant to Section 4905.40, Revised Code.
- (7) The maximum amount of the New Debt does not appear to be unreasonable, and their probable costs, prices to Applicant, and other terms to be determined within the parameters set forth in the Application do not appear to be unjust or unreasonable.
- (8) The proposed guidelines or parameters set forth in the Application are intended to facilitate the issuance of the New Debt and the Interest Agreements (collectively the Securities) on the best terms and at the lowest cost obtainable. The authorization of the sale of the Securities within the guidelines set forth in the Application in no way relieves Applicant of its obligation to negotiate and obtain the best terms available.
- (9) The effect on Applicant's revenue requirements resulting from the issuance of the Securities can be determined only in rate proceedings in which all factors affecting rates are taken into account according to law.
- (10) Based on information contained in the Application, the purposes to which the proceeds from the issue and sale of the Securities shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service and the Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant is authorized through May 31, 2012, to: (a) issue and sell the New Notes; (b) enter into one or more secured or unsecured Credit

Facilities; (c) issue and sell any combination of the New Notes and Credit Facilities; and, (d) to enter into Interest Agreements, as described in the Application. The aggregate principal amount of the New Notes and the Credit Facilities will not exceed \$964 million. It is, further,

ORDERED, That Applicant is authorized to apply the proceeds from the Securities for the purposes set forth in this Order, or otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is, further,

ORDERED, That Applicant shall file written reports with the Commission with the terms and full particulars of each issuance of the Securities, as promptly as practicable, when the Securities authorized by this Order are issued and sold and/or when Applicant enters into each Interest Rate Management Agreement. It is, further,

ORDERED, That Applicant shall account for the issuance of the Securities as prescribed by the Federal Energy Regulatory Commission Uniform System of Accounts as currently in effect. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of Applicant. It is, further,

ORDERED, That nothing in this Finding and Order shall be construed to imply any guaranty or obligation as to the Securities, or the interest thereon, on the part of the State of Ohio. It is, further,

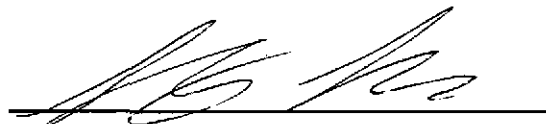
ORDERED, That nothing in this Finding and Order relieves Applicant of its obligation to negotiate and obtain the best terms available for the Securities. It is, further,

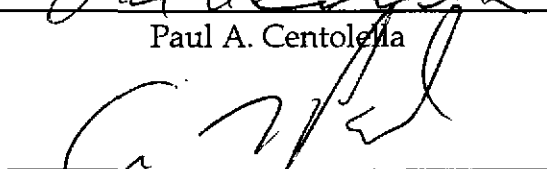
ORDERED, That a copy of this Finding and Order be served upon all parties of record.


THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Paul A. Centolella


Steven D. Lesser

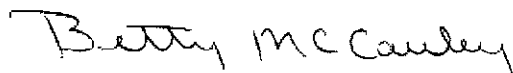

Andre T. Porter


Cheryl L. Roberto

MJP:js

Entered in the Journal

JUN 29 2011



Betty McCauley
Secretary