

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power)
Company for Authority to Issue Short-term Notes) Case No. 14-547-EL-AIS
and Other Evidences of Indebtedness.)

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company (Applicant) is an Ohio corporation, and a public utility as defined in R.C. 4905.02, and is subject to the jurisdiction of this Commission.
- (2) On May 22, 2013, in Case No. 13-697-EL-AIS, the Commission authorized the Applicant to participate in the AEP System Utility Money Pool (the Money Pool) and borrow up to \$600 million through May 31, 2014. Pursuant to R.C. 4905.401, as of March 31, 2014, Applicant was permitted to have outstanding notes and other evidences of short-term indebtedness, issuable without prior authorization of this Commission in the amount of approximately \$130 million.
- (3) On April 2, 2014, the Applicant filed an Application and Exhibits, as amended on April 22, 2014, and May 07, 2014 (Application), pursuant to the provisions of R.C. 4905.401(A).
- (4) Applicant is requesting consent and authority to have short-term notes outstanding in aggregate principal amounts of not more than \$400 million at any one time, and continue its participation in the Money Pool through May 31, 2015, pursuant to the terms and conditions as described in the Application.
- (5) Applicant proposes to use the proceeds from the short-term borrowing under the Money Pool for interim financing of its maturing long-term debt, capital expenditure programs, working capital needs, and to repay previous borrowings incurred for such purposes, as described in the Application.

- (6) Upon review of the Application, the Commission finds that the amount of the short-term borrowings under the Money Pool, the terms thereof, and the probable cost to the Applicant, which are to be no less favorable than the terms as described in the Application, do not appear to be unjust or unreasonable. In addition, based on the information contained in the Application, and the exhibits thereto, the purposes to which the proceeds from the borrowings through the participation in the Money Pool (subject to the conditions below) shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service. Therefore, the Commission finds that the Application should be approved subject to the following conditions that are intended to insulate the Applicant from financial risks associated with other companies participating in the Money Pool (Participating Companies):
- (a) Funds provided by the Applicant to the Money Pool and borrowed therefrom by the Participating Companies shall not exceed \$400 million, at any one time through May 31, 2015, and should only be loaned to those Money Pool Participants who are regulated public utilities or such utilities' subsidiaries.
 - (b) If any regulatory agency having jurisdiction over one or more of the Participating Companies imposes any condition limiting the amount of short-term debt that may be loaned to any Participating Company in the Money Pool, the Applicant shall inform the Director of the Utilities Department of the Commission within 10 days, so that the Commission may consider whether to impose a similar condition on the Applicant.
 - (c) Loans to the Participating Companies made through the Money Pool shall be made only to those Participating Companies that have, or whose direct parent company has, investment grade or higher credit ratings from at least one nationally recognized rating agency, or in the absence of such rating, investment grade or higher credit ratings on their corporate credit rating from at least one nationally recognized rating agency. In the event the credit

rating of any Participating Company, or its parent company in the case of an unrated company, falls below investment grade, the Applicant shall inform the Director of the Utilities Department of the Commission in a timely manner.

- (d) The Applicant shall also provide information to the Director of the Utilities Department of the Commission relating to its participation in the Money Pool on a quarterly basis.

It is, therefore,

ORDERED, That the Applicant, Ohio Power Company, is authorized, through May 31, 2015, to participate in the Money Pool, pursuant to the terms and conditions as described in the Application and subject to the conditions provided for in this Finding and Order. It is, further,

ORDERED, That the authorization granted by this Finding and Order shall not be construed as limiting the Commission's determination of the appropriateness of the Applicant's future long-term security offerings issued wholly or in part for the purpose of retiring its outstanding short-term evidences of indebtedness. It is, further,

ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness or the associated interest on the part of the state of Ohio. It is, further,

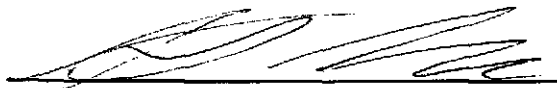
ORDERED, That nothing in this Finding and Order be deemed to be binding upon this Commission in any future proceedings or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation of the Applicant. It is, further,

ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of the Applicant. It is, further.

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

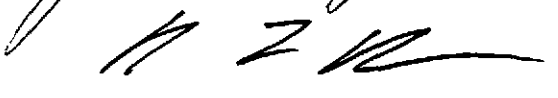
THE PUBLIC UTILITIES COMMISSION OF OHIO


Thomas W. Johnson, Chairman


Steven D. Lesser

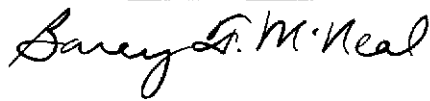

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MAY 21 2014


Barcy F. McNeal
Secretary