

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Power Company for Authority to Issue) Case No. 15-658-EL-AIS
Short-term Notes and Other Evidences of)
Indebtedness.)

FINDING AND ORDER

The Commission finds:

- (1) Ohio Power Company (Ohio Power) is a public utility as defined in R.C. 4905.02, and, as such, is subject to the jurisdiction of this Commission.
- (2) R.C. 4905.401 permits public utilities that are electric light companies to "issue notes, or other evidences of indebtedness payable at periods of not more than twelve months[,]" when authorized by the Commission. Pursuant to the statute, Commission authorization is not required for a public utility electric light company to issue short-term notes and other evidences of indebtedness aggregating "not more than five per cent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness" of the company.
- (3) Pursuant to R.C. 4905.401, as of March 31, 2015, Ohio Power 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 \$123 million, because such amount was less than five percent of the par value of the other stocks, bonds, notes, and other evidences of indebtedness of the company.
- (4) On May 21, 2014, in Case No. 14-547-EL-AIS, the Commission authorized Ohio Power to participate in the AEP System Utility Money Pool (the Money Pool) and borrow up to \$400 million through May 31, 2015. The Money Pool was created via an agreement between American Electric Power Company, Inc., AEP Utilities, Inc., American Electric Power Service Corporation, AEP Utility Funding LLC, and certain direct and indirect subsidiaries of American Electric Power Company, Inc. The

Money Pool allows its participants to coordinate borrowing and loaning funds on a short-term basis.

- (5) On April 6, 2015, Ohio Power filed an Application and Exhibits (Application), pursuant to the provisions of R.C. 4905.401(A).
- (6) Ohio Power 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, 2016, pursuant to the terms and conditions as described in the Application.
- (7) Ohio Power 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.
- (8) 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 Ohio Power, 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 Ohio Power 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 Ohio Power from financial risks associated with other companies participating in the Money Pool (Participating Companies):
 - (a) Funds provided by Ohio Power to the Money Pool and borrowed therefrom by the Participating Companies shall not exceed \$400 million, at any one time through May 31, 2016, 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, Ohio Power shall inform the Director of the Rates and Analysis Department of the Commission within 10 days, so that the Commission may consider whether to impose a similar condition on Ohio Power.
- (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, Ohio Power shall inform the Director of the Rates and Analysis Department of the Commission in a timely manner.
- (d) Ohio Power shall also provide information to the Director of the Rates and Analysis Department of the Commission relating to its participation in the Money Pool on a quarterly basis.

It is, therefore,

ORDERED, That Ohio Power is authorized, through May 31, 2016, 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 Ohio Power'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,

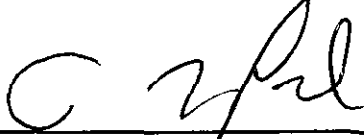
ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation as to the unsecured notes and other evidences of indebtedness or the associated interest on the part of the state of Ohio. It is, further,

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 Ohio Power. It is, further,

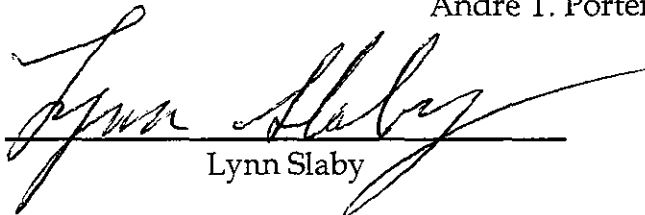
ORDERED, That nothing in this Finding and Order be construed to imply any guaranty or obligation by the Commission to assure completion of any specific construction project of Ohio Power. It is, further.

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

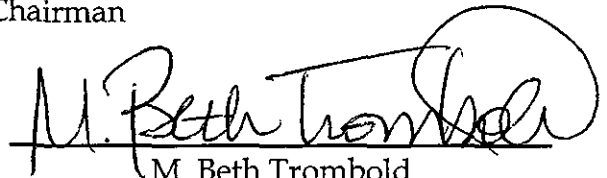
THE PUBLIC UTILITIES COMMISSION OF OHIO



Andre T. Porter, Chairman



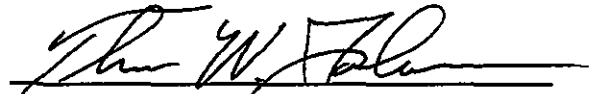
Lynn Slaby



M. Beth Trombold



Asim Z. Haque

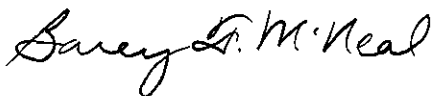


Thomas W. Johnson

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Barcy F. McNeal
Secretary