

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the application of OHIO VALLEY ELECTRIC CORPORATION for authority to issue and sell secured or unsecured promissory notes, debentures or other debt securities, to borrow from or enter into other financing arrangements with, the Ohio Air Quality Development Authority, Indiana Finance Authority or other authority, to enter into one or more secured or unsecured term loan or revolving credit arrangements and to enter into interest rate management agreements, including assuming liability on short-term notes and other evidences of short-term indebtedness	Case No. 16-2136-EL-AIS
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SUPPLEMENTAL REQUEST FOR EXPEDITED ORDER

TO THE HONORABLE

PUBLIC UTILITIES COMMISSION OF OHIO:

Your Applicant, Ohio Valley Electric Corporation, respectfully shows:

FIRST: This Commission issued a Finding and Order on February 8, 2017 in the above captioned proceeding (the “Finding and Order”) authorizing the Applicant, through December 31, 2017, to, among others, issue and sell secured or unsecured promissory notes in one or more series (“Notes”), borrow from the Ohio Air Quality Authority, the Indiana Finance Authority, or another authority through the issuance of tax exempt bonds, and enter into one or more secured or unsecured term loan or revolving credit arrangements in an aggregate principal amount of up to \$325 million, consisting of \$125 million in indebtedness with maturities with a duration of over twelve months (“Long-term Securities”) and \$200 million in indebtedness with maturities of twelve months or less.

SECOND: FirstEnergy Solutions Corp. (“FES”), a subsidiary of FirstEnergy Corp., is one of the Applicant’s thirteen sponsoring companies, which are the purchasers of the power

produced by the Applicant in accordance with the terms of that certain Amended and Restated Inter-Company Power Agreement, dated September 10, 2010 (the “ICPA”). In November 2016, Moody’s Investors Services downgraded the corporate family credit rating of FES from Ba2 to Caa1. In a Form 10-K filed with the United States Securities and Exchange Commission on February 21, 2017, FES stated that it may seek protection under U.S. bankruptcy laws. In addition, in that same filing, FES’ auditor, PricewaterhouseCoopers LLP, reported that FES’s current financial position and the challenging market conditions impacting liquidity raise substantial doubt about FES’ ability to continue as a going concern.

THIRD: As one of the Applicant’s sponsoring companies, FES is a material source of revenue for the Applicant. As a consequence, the financial situation of FES could adversely impact the cost and terms on which the Applicant can raise indebtedness, including for the purpose of repaying, refinancing, refunding or redeeming its existing and maturing indebtedness. This potential adverse impact will increase if FES’ financial situation becomes worse. In December 2016, Moody’s Investor Services downgraded the Applicant’s senior unsecured credit rating from Baa3 to Ba1, referring to FES’ financial situation.

FOURTH: Pursuant to the Finding and Order, the Commission has already authorized the Applicant to issue or enter into financing agreements for up to \$125 million in Long-term Securities, including for the purpose of repaying, refinancing, refunding or redeeming indebtedness of the Applicant. After consultation with its advisors and in light of FES’ deteriorating financial situation, the Applicant has determined it would be prudent to effect certain refinancings on an earlier basis than it had previously planned. Specifically, the Applicant wishes to be able to issue or enter into financing agreements as soon as possible during 2017 for up to an additional \$175 million in Long-term Securities such that, when combined with the authority granted in the Finding and Order, the indebtedness of the Applicant listed on Schedule

A hereto may be repaid, refinanced, refunded or redeemed during 2017. The indebtedness listed on Schedule A hereto is set to mature, or has credit support or other financial arrangements that are expiring, by 2019 and involves an aggregate principal amount of indebtedness of \$300 million.

FIFTH: Additionally, under the Finding and Order, the Company's authorization to issue variable rate Notes is subject to a requirement that the interest rate for such Notes will not exceed the London Interbank Offered Rate for U.S. dollar deposits of similar duration at the time of pricing plus 400 basis points. The Applicant has consulted with its advisors and determined that, as a result of FES' deteriorating financial situation, the interest rate for any variable rate Notes may need to exceed the maximum interest rate specified in the Finding and Order by up to 100 basis points (that is, the London Interbank Offered Rate for U.S. dollar deposits of similar duration at the time of pricing plus 500 basis points). The interest period for the London Interbank Offered Rate at any time with respect to any variable rate Notes will be selected by the Applicant and not longer than six months.

SIXTH: Pursuant to Section 4905.40 of the Ohio Revised Code, the Applicant therefore respectfully requests the Commission (i) to increase the authorization of the Applicant granted by the Finding and Order to issue and enter into financing agreements for Long-term Securities from \$125 million to \$300 million and (ii) to increase by 100 basis points the maximum interest rate set by the Finding and Order for variable rate Notes issued by the Applicant so that such Notes may have an interest rate that exceeds the London Interbank Offered Rate for U.S. dollar deposits of similar duration at the time of pricing by a maximum of 500 basis points, in either case through December 31, 2017.

SEVENTH: For the reasons described above with respect to FES' deteriorating financial situation, the Applicant requests the Commission to expedite its review and approval of this

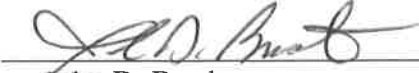
supplemental request so that the Applicant may consummate the transactions with respect to this requested authorization as soon as possible during 2017.

EIGHTH: Except for the increase in the authorization requested hereby with respect to the amount of Long-term Securities and the increase requested with respect to the maximum interest rate for variable rate Notes issued by the Applicant, in all other respects the terms and conditions of the transactions, as well as the requirements upon the Applicant set out by the Commission, will remain unchanged from those approved by the Commission in the Finding and Order.

WHEREFORE: The Applicant respectfully requests that the authority granted by the Commission to the Applicant in the Finding and Order be increased so that the Applicant may (i) issue and enter into financial agreements with respect to Long-term Securities of up to \$300 million and (ii) issue variable rate Notes at an interest rate that exceeds the London Interbank Offered Rate for U.S. dollar deposits of similar duration at the time of pricing by a maximum of 500 basis points, in each case through December 31, 2017.

Respectfully submitted this 5 day of April, 2017.

OHIO VALLEY ELECTRIC CORPORATION

By: 
John D. Brodt,
Treasurer

STATE OF OHIO)
) SS:
COUNTY OF PIKE)

Before me, a Notary Public in and for Pike County in the State of Ohio, personally appeared John D. Brodt, Treasurer of Ohio Valley Electric Corporation, the Applicant in the foregoing supplemental request, and he being duly sworn says that the facts and allegations herein contained are true to the best of his knowledge and belief.

Gale L. Newman

Notary Public

My Commission expires

Dated: April 5th, 2017



GALE L. NEWMAN
Notary Public
In and for the State of Ohio
My Commission Expires
April 9, 2017

Schedule A

- \$25,000,000 Letter of Credit, expired February 12, 2017, with respect to the State of Ohio Air Quality Revenue Bonds (Ohio Valley Electric Corporation Project), Series 2009-A
- \$50,000,000 Letter of Credit, expiring June 28, 2017, with respect to the Indiana Finance Authority Midwestern Disaster Relief Revenue Bonds, Series 2012-C
- \$50,000,000 Bank Agreement, expiring June 29, 2017, with respect to the Indiana Finance Authority Pollution Control Revenue Bonds, Series 2010-A
- \$100,000,000 Floating Rate Notes, Series 2013-A, maturing February 15, 2018
- \$50,000,000 Letter of Credit, expiring June 28, 2018, with respect to the Indiana Finance Authority Midwestern Disaster Relief Revenue Bonds, Series 2012-B
- \$25,000,000 Letter of Credit, expiring November 14, 2019, with respect to the State of Ohio Air Quality Revenue Bonds (Ohio Valley Electric Corporation Project), Series 2009-D

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 16-2136-EL-AIS

Summary: Amended Application Supplemental Request for Expedited Order electronically filed by Ms. Bhavjyot K Singh on behalf of Baker & McKenzie LLP