

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Ohio Power Company for Approval)	Case No. 12-1126-EL-UNC
of Full Legal Corporate Separation)	
and Amendment to Its Corporate)	
Separation Plan)	

**OHIO POWER COMPANY’S APPLICATION TO AMEND
ITS CORPORATE SEPARATION PLAN**

On March 30, 2012, Ohio Power Company (“AEP Ohio” or the “Company”) filed an application for approval of full legal corporate separation and amendment to its corporate separation plan under R.C. 4928.17(A) and Rules 4901:1-37-06 and 4901:1-37-09, Ohio Adm. Code. AEP Ohio sought to transfer its existing generating units and contractual entitlements, including its contractual right to purchase power from generating resources owned by Ohio Valley Electric Corporation (“OVEC”), which AEP Ohio jointly owns, to AEP Generation Resources, Inc. (“AEP Genco”). The Commission modified and approved AEP Ohio’s application by Finding and Order on October 17, 2012, approving the Company’s request for structural corporate separation and permitting the transfer of AEP Ohio’s contractual entitlements to AEP Genco.

AEP Ohio was unable to obtain the necessary consents from OVEC’s other owners to transfer the OVEC contractual entitlements to AEP Genco. *See* Finding and Order at 1-3 (Dec. 4, 2013). Thus, on October 4, 2013, the Company filed an application to amend its corporate separation plan to retain the OVEC contractual entitlements and exempt them from its corporate separation obligations. The Commission approved that application on December 4, 2013, subject to the following conditions:

AEP Ohio shall cause the energy from its OVEC contractual entitlements to be sold into the day-ahead or real-time PJM energy markets, or on a forward basis through a bilateral arrangement. Any forward bilateral sales must be done at a liquid trading hub at the then-current market wholesale equivalent price. . . .

Id. at 8.

AEP Ohio presently collects from or pays to customers the net amount of its OVEC entitlement costs and revenues on a nonbypassable basis through the PPA Rider, pursuant to the Commission's orders in Case Nos. 13-2385-EL-SSO, *et al.* and 14-1693-EL-RDR, *et al.* In its pending *Amended ESP III* case, Case Nos. 16-1852-EL-SSO and 16-1853-EL-AAM, the Company has proposed to change the manner in which it uses the power procured through its OVEC entitlements. Specifically, AEP Ohio has proposed to transition from using the OVEC entitlements as the basis for a nonbypassable financial hedging mechanism implemented through the PPA Rider to using them to serve standard service offer (SSO) customers and recovering their costs through bypassable SSO rates. *See, e.g.,* Case Nos. 16-1852-EL-SSO, *et al.*, Amended Application at 4, 7, 9 (Nov. 23, 2016).

In order to facilitate the expedient implementation of a merit decision in *Amended ESP III* that grants the Company's OVEC proposal, AEP Ohio requests a narrow amendment to its corporate separation plan eliminating the liquidation conditions set forth above. To use the OVEC entitlements to serve a portion of SSO load, the Company requests that the Commission relieve it of the obligation to sell the energy from the entitlements into the day-ahead or real-time PJM energy markets, or through a forward bilateral sale.

To be clear, the merits of AEP Ohio's OVEC proposal will be adjudicated in the *Amended ESP III* case. The Company will address all rate issues associated with its OVEC proposal in that proceeding. Thus, there is no need to address rate issues or the merits of AEP

Ohio's OVEC proposal in deciding this narrow amendment to the corporate separation plan that will be necessary to accomplish the Company's proposal, if approved in *Amended ESP III*.

Accordingly, if the Commission approves the Company's OVEC proposal in *Amended ESP III*, AEP Ohio respectfully requests that the Commission amend the Company's corporate separation plan to remove the liquidation condition set forth in the December 4, 2013 Finding and Order.

REQUEST FOR EXPEDITED RELIEF

AEP Ohio requests that the Commission approve this narrow amendment to the Company's corporate separation plan before or contemporaneously with the Commission's decision on the Company's *Amended ESP III* application and the OVEC proposal contained therein. Through this request, the Company only seeks the narrow amendment to its corporate separation plan discussed above, and it is not asking the Commission to resolve any of the merits or rate issues associated with its OVEC proposal in *Amended ESP III* in this docket. Because there is no need to conduct an evidentiary hearing in order to address this narrow request, AEP Ohio requests that the Commission establish an expedited comment cycle that either parallels the procedural schedule in the 16-1852 cases or is complimentary to that schedule, in order to facilitate a timely decision on this application.

Respectfully submitted,

/s/Steven T. Nourse

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CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Adm. Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. I hereby certify that a service copy of the foregoing *Ohio Power Company's Application to Amend its Corporate Separation Plan* was served upon the Director of the Utilities Department and the following parties of record this 7th day of April, 2017, via electronic transmission.

/s/Steven T. Nourse

Steven T. Nourse

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Summary: Application of Ohio Power Company to Amend Its Corporate Separation Plan electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company