

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Petition and)
 Application of OHIO VALLEY ELECTRIC)
 CORPORATION, THE CINCINNATI GAS AND)
 ELECTRIC COMPANY, COLUMBUS AND SOUTHERN)
 OHIO ELECTRIC COMPANY, THE DAYTON POWER)
 AND LIGHT COMPANY, THE MONONGAHELA POWER)
 COMPANY, OHIO EDISON COMPANY, OHIO)
 POWER COMPANY AND THE TOLEDO EDISON)
 COMPANY (1) for consent to and approval)
 of Modification No. 6 to a contract)
 between and among said companies pursuant)
 to Section 4905.48 of the)
 Revised Code, (2) for authority to amend)
 said contract, as provided by said) Case No. 81-1062-EL-ATR
 Modification No. 6 thereto, and to amend)
 a power agreement between Ohio Valley)
 Electric Corporation and the United States)
 of America, as provided in Modification)
 No. 12 thereto, as an arrangement,)
 variable rate and financial device)
 pursuant to Section 4905.31 of the)
 Revised Code and (3) for permission to)
 file said amendments, to said contracts,)
 heretofore approved and filed pursuant to)
 orders of this Commission in prior)
 proceedings before the Commission.)

FINDING AND ORDER

The Commission, coming now to consider the above-entitled matter, and being otherwise fully advised in the premises, finds:

- (1) That each of the petitioners is a public utility as defined in R.C. 4905.02 and thus, is subject to the jurisdiction of this Commission.
- (2) That on July 21, 1953, this Commission, in Proceeding No. 24,150 approved certain contracts between Ohio Valley Electric Corporation (OVEC) and other electric utilities (among which were the other petitioners herein) designated in said contracts and in the Commission's Order as Sponsoring Companies, including particularly that contract designated as the Inter-Company Power Agreement, (1) as connected and interdependent contracts to enable the petitioners, being the same as the petitioners herein (other than Monongahela Power Company which was at such time a Sponsoring Company but was not then a public utility as defined in R.C. 4905.02), to operate their lines and plants in connection with each other, and (2) in combination, as arrangements, variable rates and other financial devices; and copies of said agreements were, pursuant to said Order, filed with the Commission as a schedule of rates and charges and regulations and practices affecting the same for power furnished by said Sponsoring Companies to OVEC, and by OVEC to said Sponsoring Companies, including the petitioners herein other than OVEC.
- (3) That by orders in Proceeding No. 34,029, dated July 27, 1966, in Proceeding No. 34,346, dated January 30, 1967, in Proceedings No. 36,636, dated August 4, 1970, in Proceeding No. 76-427-ATR, dated June 16, 1976, and in Proceeding No. 80-174-EL-ATR dated March 19, 1980, the Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "Modifications No. 1 through No. 5") to the Inter-Company Power Agreement and to the schedules represented by said Inter-Company Power Agreement in said Proceeding Nos. 34,029, 34,346, 36,636, 76-427-ATR and

80-174-EL-ATR. This Commission further approved the arrangements enabling the petitioners there to operate their lines and plants in connection with each other and the variable rates and other financial devices evidenced by Inter-Company Power Agreement as so amended by Modifications No. 1 through No. 5.

- (4) That the Commission by Order dated January 29, 1953 in Proceeding No. 23,719 and by Order dated July 21, 1953, Proceeding No. 24,150, also approved a contract between OVEC and the United States of America, acting by and through the United States Atomic Energy Commission (AEC), together with the variable rates and other financial devices evidenced thereby. A copy of said contract (hereinafter referred to as "AEC Power Agreement") together with an amendment (hereinafter referred to as "AEC Modification No. 1") thereof dated July 23, 1953 was, pursuant to said Order, filed with the Commission as a schedule of rates and charges and regulations and practices affecting the same for power furnished by OVEC to AEC.
- (5) That by Order dated April 27, 1964, in Proceeding No. 32,418, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 2") to the schedule represented by the AEC Power Agreement between OVEC and AEC, and that by the Order dated July 27, 1966 in Proceeding No. 34,029 this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 3") to the schedule represented by the AEC Power Agreement between OVEC and AEC. Also in each of the Proceedings Nos. 32,418 and 34,029 this Commission further approved the arrangements and the variable rates and other financial devices evidenced by the AEC Power Agreement between OVEC and AEC as amended therein.
- (6) That by Order dated January 30, 1967, in Proceeding No. 34,346 this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 4") to the schedule represented by the AEC Power Agreement between OVEC and AEC. By Order dated August 22, 1967, in Proceeding No. 34,690, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 5") to the schedule represented by the AEC Power Agreement between OVEC and AEC. By Order dated August 4, 1970, in Proceeding No. 36,636 this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 6") to the schedule represented by the AEC Power Agreement between OVEC and AEC. In each of said Proceedings Nos. 34,346, 34,690 and 36,636, this Commission further approved the arrangements and the variable rates and other financial devices evidenced by the AEC Power Agreement between OVEC and AEC as amended therein.
- (7) That pursuant to the Energy Reorganization Act of 1974, the AEC was abolished on January 19, 1975 and certain of its functions, including the procurement of electric power pursuant to the AEC Power Agreement as amended by AEC Modification No. 1, through No. 6, were transferred to and vested in the Administrator of Energy Research and Development, hereinafter referred to as ERDA.
- (8) That by Order dated June 16, 1976 in Proceeding No. 76-427-ATR, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 7") to the schedule represented by the AEC

Power Agreement between OVEC and ERDA. By Order dated July 26, 1977 in Proceeding No. 77-924-EL-ATR, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 8") to the schedule represented by the AEC Power Agreement between OVEC and ERDA. In each of said Proceedings Nos. 76-427-ATR and 77-924-EL-ATR, this Commission further approved the arrangements and the variable rates and other financial devices evidenced by the AEC Power Agreement between OVEC and ERDA as amended therein.

- (9) That pursuant to the Department of Energy Organization Act, on October 1, 1977 certain of the functions of ERDA, including the procurement of electrical power pursuant to the AEC Power Agreement as amended by AEC Modifications No. 1, through No. 8, were transferred to and vested in the Secretary of Energy, the statutory head of the Department of Energy, hereinafter referred to as DOE.
- (10) That by Order dated October 4, 1978, in Proceeding No. 78-1253-EL-ATR, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 9") to the schedule represented by the AEC Power Agreement between OVEC and DOE. By Order dated November 14, 1979, in Proceeding No. 79-944-EL-AEC, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 10") to the schedule represented by the AEC Power Agreement between OVEC and DOE. By Order dated March 19, 1980, in Proceeding No. 80-174-EL-ATR, this Commission approved the filing by OVEC of certain amendments (hereinafter referred to as "AEC Modification No. 11") to the schedule represented by the AEC Power Agreement between OVEC and DOE. In each of said Proceedings Nos. 78-1253-EL-ATR, 79-944-EL-AEC, and 80-174-EL-ATR, this Commission further approved the arrangements and variable rates and other financial devices evidenced by the AEC Power Agreement between OVEC and DOE as amended therein.
- (11) That in 1980 and 1981, DOE advised OVEC of its belief that it was desirable to reduce the production of enriched uranium at DOE's gaseous diffusion plant near Portsmouth, Ohio, the power requirements of which are supplied pursuant to the AEC Power Agreement, as amended by AEC Modifications No. 1 through No. 11 (Exhibit "B" to the within application), and proposed that the AEC Power Agreement, as amended, be further amended to reduce the DOE contract demand thereunder. After ensuing negotiations, OVEC and DOE entered into Modification No. 12 to the AEC Power Agreement (referred to hereinafter as "AEC Modification No. 12"), a copy of which marked Exhibit "C" is attached to the within application, with the objective of modifying the arrangements, variable rates and other financial devices provided by the AEC Power Agreement, as amended by AEC Modifications No. 1 through No. 11, to provide for (1) the reduction of the DOE contract demand in the periods and to the amounts stated in AEC Modification No. 12; (2) the entitlement of OVEC, under certain circumstances, to require an increase in the DOE contract demand; and (3) the remittance to DOE of, or the adjustment of the demand charges payable by DOE to reflect, amounts collected by OVEC from the Sponsoring Companies with respect to the financing of pollution control facilities of OVEC and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation, which are subject to certain agreements of sale referred to in AEC Modification No. 12.

- (12) That consistent with the provisions of AEC Modification No. 12, OVEC and the Sponsoring Companies, including the Petitioners other than OVEC, have agreed upon and executed a Modification No. 6 to the Inter-Company Power Agreement, dated as of August 1, 1981 (referred to hereinafter as "Modification No. 6"), a copy of which marked Exhibit "D" is attached to the within application. Said Modification No. 6 would modify the Inter-Company Power Agreement as a contract enabling the Petitioners to operate their lines and plants in connection with each other, as aforesaid; and would modify the arrangements, variable rates and other financial devices provided by the Inter-Company Power Agreement so as to reflect the modifications made in AEC Modification No. 12.
- (13) That consent to and approval of this contract herein before designated as Modification No. 6 to the Inter-Company Power Agreement (Exhibit "D" to the within application) as a contract and as an amendment to a contract enabling the Petitioners to operate their lines or plants in connection with each other as provided in R.C. 4905.48, and that approval of the arrangements, variable rates and financial devices contained in the Inter-Company Power Agreement as amended by Modification No. 6 to the Inter-Company Power Agreement filed with the Commission as provided in R.C. 4905.31, is reasonably required and the Commission is satisfied that consent and approval should be granted.
- (14) That approval of (1) the arrangements, variable rates, and financial devices set forth in the AEC Power Agreement as amended by said Modification No. 12 thereto, (Exhibit "C" to the within application), between OVEC and DOE, and (2) the rates and charges, regulations and practices specified therein and those specified in Modification No. 6 of the Inter-Company Power Agreement, and (3) confirmation of its tariff schedules thereto by the filing of conformed copies of said documents with this Commission, pursuant to R.C. 4905.31, to be effective on the date on which an Order is entered, is reasonably required and the Commission is satisfied that consent and authority should be granted.
- (15) That in the Application OVEC represents that OVEC and DOE entered into "AEC Modification No. 12" to the AEC Power Agreement (Application Exhibit C) to provide for"...
(1) the reduction of the DOE contract demand in the periods and to the amounts stated in AEC Modification 12;
(2) the entitlement of OVEC, under certain circumstances, to require an increase in the DOE contract demand; and
(3) the remittance to DOE of, or the adjustment of the demand charges payable by DOE to reflect, amounts collected by OVEC from the Sponsoring Companies with respect to the financing of pollution control facilities of OVEC and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation, which are subject to certain agreements of sale referred to in AEC Modification No. 12."

It is, therefore,

ORDERED, That AEC Modification No. 12 and that Modification No. 6 to the Inter-Company Power Agreement, both dated as of August 1, 1981, and fully described in Exhibits "C" and "D", respectively, to the within application are hereby approved. It is, further,

ORDERED, That the arrangements, variable rates, and financial devices contained in said Modification No. 6 to the Inter-Company Power Agreement are hereby approved. It is, further,

ORDERED, That Applicant, Ohio Valley Electric Corporation, be, and hereby is, authorized to file conformed tariff schedules reflecting the rates and charges, regulations and practices specified in AEC Modification No. 12 of the AEC Power Agreement and those specified in Modification No. 6 of the Inter-Company Power Agreement. It is, further,

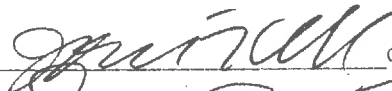

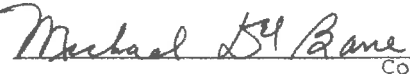
ORDERED, That nothing herein contained shall be deemed to be binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

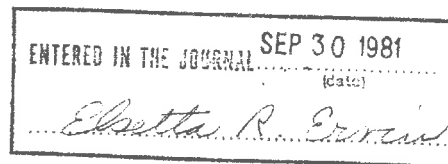
ORDERED, That jurisdiction be, and hereby is, retained for all lawful purposes. It is, further,

ORDERED, That the authority herein granted shall be effective on and after the date of this Order.

ORDERED, That a copy of this Order shall be served upon all parties of record in the instant case.

THE PUBLIC UTILITIES COMMISSION OF OHIO

 Chairman
 Dennis Pines
 Michael L. Bane
Commissioners



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Case No(s). 81-1062-EL-ATR

Summary: Finding & Order electronically filed by Docketing Staff on behalf of Docketing