

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

SECOND 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 other things, issue and sell secured or unsecured promissory notes in one or more series (“Notes”), borrow from the Ohio Air Quality Development 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: Pursuant to a Supplemental Request for Expedited Order filed with the Commission on April 5, 2017 (the “First Supplemental Request”), the Applicant requested the

Commission, on an expedited basis, (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.

THIRD: The Finding and Order authorizes the Applicant to enter into a Credit Facility with an interest rate applicable to a pricing option thereunder (including with respect to any Credit Note) that will not exceed (i) the most recently available London Interbank Offered Rate for U.S. dollar deposits of similar duration by 450 points; (ii) the then offered rate for certificates of deposit of a selected U.S. major money center bank plus 450 basis points; or (iii) the then prime rate of a selected U.S. major money center bank plus 350 basis points (excluding in each case any adjustment that may be required to take into account changes in reserve or capital adequacy requirements or other requirements of law which add to a lender's cost in making or maintaining the loan or reduce its return thereon, or, in the case of foreign banks, withholding taxes), unless a pricing option based on one or more of these benchmarks is not then available to Applicant.

FOURTH: The Applicant has consulted with its advisors and determined that due to Applicant's current financial condition the interest rate applicable to each type of pricing option under any Credit Facility (including with respect to any Credit Notes) may need to exceed the maximum interest rates specified in the Finding and Order by up to in each case 50 basis points (that is, (i) the London Interbank Offered Rate for U.S. dollar deposits of similar duration plus 500 points; (ii) the then offered rate for certificates of deposit by a selected U.S. major money

center bank plus 500 basis points; or (iii) the then prime rate of a selected U.S. major money center bank plus 400 basis points). For each of the maximum fees and interest rates described above such maximum amounts would, consistent with the Finding and Order, exclude any adjustment that may be required to take into account changes in reserve or capital adequacy requirements, or other requirements of law which add to a lender's cost in making or maintaining the loan or reduce its return thereon, or, in the case of foreign banks, withholding taxes. In addition, the amount of any additional fee or interest accruing as a result of a default would not exceed 200 basis points per annum.

FIFTH: Pursuant to Section 4905.40 of the Ohio Revised Code, the Applicant respectfully requests authority from the Commission to enter into a Credit Facility with an interest rate that exceeds (A) 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; (B) the then offered rate for certificates of deposit by a selected U.S. major money center bank plus 500 basis points; or (C) the then prime rate of a selected U.S. major money center bank plus 400 basis points, in each case through December 31, 2017. These supplemental requests are in addition to the requests made by the Applicant in the First Supplemental Request.

SIXTH: For the reasons described in the First Supplemental Request with respect to the deteriorating financial condition of FirstEnergy Solutions Corp., 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.

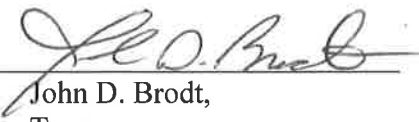
SEVENTH: Except for the increases in the authorization requested hereby with respect to the maximum interest rates as described herein and the increases in authorization requested in the First Supplemental Request, in all other respects the terms and conditions of the transactions, as

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, in each case through December 31, 2017, enter into a Credit Facility with an interest rate that exceeds (A) the London Interbank Offered Rate for U.S. dollar deposits of similar duration by a maximum of 500 basis points; (B) the then offered rate for certificates of deposit by a selected U.S. major money center bank plus 500 basis points; or (C) the then prime rate of a selected U.S. major money center bank plus 400 basis points.


Respectfully submitted this 2<sup>nd</sup> day of June, 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.

  
Notary Public  
My Commission expires

Dated: June 2, 2017



**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**6/2/2017 3:46:43 PM**

**in**

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

Summary: Amended Application Second Supplemental Request for the Expedited Order electronically filed by Ms. Samantha D Croffie on behalf of Ohio Valley Electric Corporation