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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Joint Application)
for Approval of Certain Transactions)
Between Ohio Power Company,)
Columbus Southern Power Company)
and AEP Communications, LLC.)

PUCO

Case No. 98- 1592 -EL-ATR

APPLICATION FOR APPROVAL OF
CERTAIN TRANSACTIONS

OHIO POWER COMPANY ("Ohio Power"), COLUMBUS SOUTHERN POWER
COMPANY ("Columbus Southern") (collectively "the utilities") and AEP
Communications, LLC ("AEPC") (collectively "Applicants") file this joint application for
approval of certain transactions pursuant to the Commission's Finding and Order in
Case No. 97-748-EL-ATR dated February 12, 1998.

Ohio Power and Columbus Southern are wholly owned subsidiaries of American
Electric Power Company, Inc. ("AEP"), a registered public utility holding company as
that term is defined in the Public Utility Holding Company Act of 1935. The sole
member of AEPC, a Virginia limited liability company, is AEP Communications, Inc.,
which also is a wholly owned subsidiary of AEP. AEP Communications, Inc. and AEPC
have been granted exempt telecommunications company ("ETC") status by the Federal
Communications Commission ("FCC").

Applicants hereby seek this Commission's approval, in the manner prescribed by
Paragraph 16(a) of the Commission's Finding and Order in Case No. 97-748-EL-ATR,
of the construction and lease of certain utility fiber facilities to AEPC associated with the
executed Fiber Optic Agreement filed in that docket on February 27, 1998. The

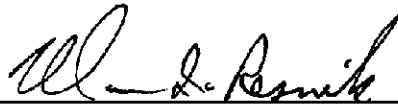
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Applicants have agreed to construct a fiber optic line from Columbus, Ohio to Fort Wayne, Indiana.

Pursuant to Paragraph 16(d) of the Commission's Finding and Order in Case No. 97-748-EL-ATR dated February 12, 1998, attached as Exhibit A is the required information concerning the construction and lease of the fiber optic line from Columbus, Ohio to Fort Wayne, Indiana.

WHEREFORE, Applicants request that the Commission approve the construction and lease of the above fiber optic facilities.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Marvin I. Resnik", is written over a horizontal line.

Marvin I. Resnik
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, Ohio 43215
614-223-1606
Counsel for Applicants

**Ohio Affiliate Transaction Filing
Columbus, OH – Ft. Wayne, IN Fiber Optic Build**

In accordance with Paragraph 16 (d) of the February 12, 1998 Finding and Order in Case No. 97-748-EL-ATR, Ohio Power Company / Columbus Southern Power Company and AEP Communications, LLC provide the following information for prior approval of new construction associated with the executed Fiber Optic Agreement filed in that docket on February 27, 1998. The following details the proposed new construction.

1. The parties have agreed to construct a fiber optic line from Columbus, OH to Ft. Wayne, IN. The Optical Ground Wire (OPGW) would replace existing ground wire on transmission lines along a route from Columbus, Ohio to Marysville, Ohio, through Lima, Ohio and ending in Ft. Wayne, Indiana. The lease arrangement would be as described in the approved Fiber Optic Agreement where AEPC would incur all costs associated with the new fiber optic construction. The utilities would receive four free fibers and 1-DS3 of capacity over the life of the lease. At the end of the lease term, all rights of use revert to the Utilities.
2. Approximately 15% of the route would be owned by Columbus Southern Power, 75% by Ohio Power, and 10% by Indiana Michigan Power for the 176 mile line.
3. The projected cost, or original cost, of the new line is confidential. There is no accumulated depreciation. This information will be made available to staff for review at our office upon request.
4. As this is not an existing asset, the market price of the build is the full construction cost. In addition, the utilities will receive free fiber and capacity valued at \$4,122,000 over the life of the lease. The calculation of this value is outlined below in paragraph 8.
5. The lease transaction details are provided in the approved Fiber Optic Agreement. As stipulated in the agreement, the utilities will incur no costs as a result of this new construction
6. The proposed journal entries are attached as Exhibit I.
7. The utilities will own the OPGW, including the fiber optics, and AEPC will lease the fiber optics from the utilities per the Fiber Optic Agreement.
8. The cumulative present worth calculation of the DS3 and 4 free fibers over the term of the lease was based upon the current market price of a DS3 from Columbus to Ft. Wayne and the pro rata construction cost of the 4 free fibers. The cumulative present worth of these annual values was derived using a 13.7% cost of capital. The actual calculation contains confidential information that will be made available to staff for review at our office upon request.

9. The OPGW will be installed on utility transmission lines, replacing existing ground wire. The utilities expertise concerning the transmission facilities and construction requirements are essential to ensure proper procedures are followed. Where applicable and agreeable to the utilities, work will be sub-contracted to qualified contractors.
10. The construction of the OPGW should have negligible affect on electric service during construction and no affect of electric service thereafter. The provision of the 4 free fibers and DS3 capacity will provide the utilities with a less costly communications infrastructure to support the delivery of electric services.

I. Lease of Existing Columbus to Ft. Wayne Line to AEP Communications (AEPC)
Lessors (Electric Operating Companies Books)

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
108	Accumulated Provision for Depreciation	\$ xxx,xxx.xx	
146	Accounts Receivable from Associated Companies	xxx,xxx.xx	
101	Electric Plant in Service		\$ xxx,xxx.xx
108	Accumulated Provision for Depreciation		xxx,xxx.xx

To record the retirement and transfer of fiber on the Columbus to Ft. Wayne line to AEP Communications via a capital lease with the proceeds credited as salvage to the accumulated provision for depreciation.

Lessee (AEPC)

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
101.1	Property Under Capital Leases	\$ xxx,xxx.xx	
234	Accounts Payable to Associated Companies		\$ xxx,xxx.xx

To record the acquisition of fiber optics line at net book value via a capital lease.

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
404	Amortization of Limited Term Plant	\$xx,xxx.xx	
111.1	Accumulated Provision for Amortization		\$xx,xxx.xx

To record the monthly amortization of the Cols. to Ft. Wayne optic line lease.

**II. In - Kind Services Fee - Re Columbus to Ft. Wayne Line
Lessors (Electric Operating Companies Books)**

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
124	Other Investments - Long Term Prepayment AEP Communications Lease	\$ xxx,xxx.xx	
253	Other Deferred Credits		\$ xxx,xxx.xx
124	Other Investments - Lease Discount		xxx,xxx.xx

To record the net present value of in-kind services to be provided by AEP Communications as a discounted investment in AEPC with a contra credit to Other Deferred Credits.

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
253	Other Deferred Credits	\$x,xxx.xx	
411.6	Gains from Disposition of Utility Plant		\$xxx.xx
407.3	Regulatory Debits - Zimmer	xxx.xx	
626.x	Employee Benefits - VEBA	xxx.xx	
182.3x	Deferred VEBA Contributions - I&M & OPCo		xxx.xx
182.3x	Deferred Zimmer Expenses - CSPco		xxx.xx

To record the gain and related amortization associated with the value of in-kind services provided by AEP Communications.

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
146	Accounts Receivable from Associated Companies	\$xx,xxx.xx	
621	Office Supplies & Services - In-Kind Services	xx,xxx.xx	
146	Accounts Receivable from Associated Companies		\$xx,xxx.xx
124	Other Investments		x,xxx.xx
419	Interest and Dividend Income		xx,xxx.xx

To record the monthly amortization of the investment, interest income and the expense of in-kind services related to AEPC in-kind service fee re fiber optics line leased to AEP Communications.

Note that while Account 146 is shown in the entry, no actual bill needs to be prepared since no cash is exchanged between the parties. This entry is required to provide a mechanism to track affiliate transactions.

Lessee (AEPC)

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
101.1	Property Under Capital Leases	\$x,xxx,xxx.xx	
227	Obligations Under Capital Leases - Non-Current		\$x,xxx,xxx.xx

To record the net present value of in-kind facilities to be provided to I&M OPCo and CSPCo.

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
227	Obligations Under Capital Leases - Non-Current	\$ x,xxx.xx	
243	Obligations Under Capital Leases - Current		\$x,xxx.xx

To adjust monthly for the current portion of the obligation of in-kind services to be provided to I&M, OPCo and CSPCo.

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
243	Obligations Under Capital Leases - Current	\$ x,xxx.xx	
430	Interest on Debt Payable to Associated Companies	x,xxx.xx	
234	Accounts Payable to Associated Companies	x,xxx.xx	
234	Accounts Payable to Associated Companies		\$ x,xxx.xx
451	Miscellaneous Service Revenues		x,xxx.xx

To record the monthly liability and payment of in-kind services to I&M, OPCo and CSPCo.

Note: Actual cash will not be passed between AEPC and the electric operating companies. This entry is required to provide a mechanism to track

affiliate transactions.

Lessee (Cont'd)

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
404	Amortization of Limited Term Plant	\$ xxx.xx	
111.1	Accumulated Provision for Amortization		\$ xxx.xx

To record the monthly amortization of property under capital lease. This entry should be made monthly.
