

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
OHIO VALLEY ELECTRIC)	
CORPORATION for Approval of)	Case No. 15- <u>0892</u> -EL-AEC
The Termination of a Letter Agreement)	
for the Temporary Supply of Arranged)	
Power with the United States of America)	

APPLICATION

1. Ohio Valley Electric Corporation (“OVEC”) currently is a public utility as defined in Section 4905.02, Revised Code.

2. In connection with America’s national defense effort during the early 1950s, the United States Atomic Energy Commission planned the construction of a uranium enrichment facility in Ohio (the “Facility”). On October 1, 1952, 15 utilities from the region organized OVEC and its wholly owned subsidiary, Indiana-Kentucky Electric Corporation, for the purpose of providing electric service to the Facility.

3. By Order dated January 29, 1953, in Proceeding No. 23,719, and by Order dated July 21, 1953, in Proceeding No. 24,150, this Commission approved a power supply agreement dated October 15, 1952 (the “DOE Power Agreement”) between OVEC and the United States of America, then acting by and through the predecessor to the Secretary of Energy, the statutory head of the Department of Energy (“DOE”). From time to time, this Commission by various orders approved modifications and other amendments to the DOE Power Agreement.

4. On September 29, 2000, the DOE sent OVEC a notice of cancellation of the DOE Power Agreement, effective on April 30, 2003. As a result of that cancellation, the DOE Power Agreement terminated in accordance with its terms on April 30, 2003.

5. In order to give the DOE additional time to negotiate arrangements for the supply of electricity to the Facility after the termination of the DOE Power Agreement, OVEC agreed to enter into an agreement, dated as of April 29, 2003, between OVEC and the DOE for the temporary supply of power and energy to the Facility (the “Letter Agreement”).

6. An application for approval of the Letter Agreement was filed with this Commission on May 16, 2003, in Case No. 03-1168-EL-AEC.

7. Under the Letter Agreement, OVEC agreed to continue to supply power and energy to the Facility in an amount not exceeding 50 megawatts in any hour under the identical terms and conditions that were applicable to “arranged power” under the DOE Power Agreement. In order to avoid any interruption of service to the DOE, service under the Letter Agreement commenced on 12:01 a.m. on May 1, 2003.

8. Under the Letter Agreement, OVEC purchases power and energy for resale to the DOE at market-based rates based on solicitations from various sellers, and the DOE reimburses OVEC for the costs and expenses of procuring and delivering power to the DOE, in accordance with the terms and conditions that were previously applicable to sales of power and energy to the DOE under the “arranged power” provisions of the DOE Power Agreement.

9. In consideration for OVEC’s agreement to continue to serve the DOE under the terms of the Letter Agreement, the DOE, by letter dated April 27, 2005 (“April 2005 Letter”), agreed to modify the terms of the Letter Agreement.

10. On May 11, 2005, OVEC filed an application for approval of the Letter Agreement and the April 2005 Letter in Case No. 05-624-EL-AEC. On August 10, 2005, this Commission issued an order approving the Letter Agreement and the April 2005 Letter (“August 10, 2005 Order”).

11. In the August 10, 2005 Order approving the Letter Agreement and the April 2005 Letter, this Commission found that “the letter agreement may be terminated at any time by either party upon 30 days’ written notice to the other party.”

12. Subsequently, OVEC and DOE, by letter dated September 4, 2008 (“September 2008 Letter”), agreed to modify certain terms of the current arrangements under the Letter Agreement (as previously modified). In particular, the parties agreed to modify the compensation arrangements and extend the term of the agreement from 30 days to 3 months, with either OVEC or DOE having the right to terminate on 30 days’ written notice at the end of any of the 3-month terms. On November 19, 2008, this Commission issued an order in Case No. 08-1100-EL-AEC approving the Letter Agreement and the September 2008 Letter (“November 29, 2008 Order”).

13. In the November 29, 2008 Order approving the Letter Agreement and the September 2008 Letter, this Commission found that OVEC and the DOE each have “the right to terminate at the end of a term upon 30 days’ written notice.”

14. OVEC and the DOE now each desire to terminate the Letter Agreement pursuant to the terms and conditions of the Letter Agreement. A copy of the Termination Agreement between OVEC and DOE, dated as of April 28, 2015 (the “Termination Letter”) is attached to this application.

15. As set forth in the Termination Letter, effective as of Midnight on July 31, 2015, the Letter Agreement is terminated, and “[u]pon the termination of the Letter Agreement, DOE shall contract with another provider to replace OVEC as the supplier of power and energy to serve the electric load of the DOE facilities pursuant to the Letter Agreement, and OVEC shall no longer have any right or obligation to provide such utility service; provided that, OVEC is a

“public utility” as defined in the Federal Power Act, as amended, and thus is obligated to provide electric transmission service on a nondiscriminatory basis over its transmission facilities to DOE or any other eligible electric transmission customer serving DOE’s electric load. Prior to this termination, the right and obligation for OVEC to serve the DOE’s Facility was granted pursuant to Ohio Revised Code Section 4933.83 based on service to the DOE’s Facility prior to 1977 under the DOE Power Agreement.

16. By recognizing the rights of the parties to terminate the Letter Agreement in both the November 29, 2008 Order and August 10, 2005 Order (and with a request for pre-granted termination sought in each application therefor), OVEC and the DOE respectfully submit that this Commission granted pre-approval to this Termination Agreement and service to the DOE thereunder.

17. Accordingly, OVEC hereby requests expeditious Commission approval of the Termination Agreement terminating the Letter Agreement (as modified on April 27, 2005 and September 4, 2008) and the underlying power supply arrangement between DOE and OVEC.

WHEREFORE, OVEC hereby respectfully requests an order of this Commission:

(A) that approves the Termination Agreement and resulting termination of service thereunder;

(B) that grants a waiver of any filing requirement not met by this Application.

Respectfully Submitted,

By /s/ Brian E. Chisling

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Counsel for Ohio Valley Electric
Corporation

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (this "Agreement"), is made and entered into this 28th day of April, 2015, by and between Ohio Valley Electric Corporation ("OVEC") and the United States of America, acting by and through the Secretary of Energy, the statutory head of the Department of Energy ("DOE").

WITNESSETH:

WHEREAS, OVEC and DOE are parties to that certain Letter Agreement, designated Contract No. DE-AC05-03OR22988, dated April 29, 2003, as modified as of April 27, 2005 and September 4, 2008 (the "Letter Agreement") with respect to the supply by OVEC of "arranged power" services to DOE for its facilities in Southern Ohio; and

WHEREAS, OVEC and DOE desire to terminate the Letter Agreement pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, OVEC and DOE agree as follows:

1. Termination of the Letter Agreement. Each of OVEC and DOE agrees that effective at Midnight Eastern Standard Time on July 31, 2015 (the "Effective Time"), the Letter Agreement is hereby terminated and of no further force or effect, and neither OVEC nor DOE shall have any further obligation or liability whatsoever to the other party under the Letter Agreement, excluding any amounts incurred and unpaid under such Letter Agreement for periods prior to the termination thereof, which shall be paid when due in accordance with the Letter Agreement. Upon the termination of the Letter Agreement, DOE shall contract with another provider to replace OVEC as the supplier of power and energy to serve the electric load of the DOE facilities pursuant to the Letter Agreement, and OVEC shall no longer have any right or obligation to provide such utility service; provided that, OVEC is a "public utility" as defined in the Federal Power Act, as amended, and thus is obligated to provide electric transmission service on nondiscriminatory service over its transmission facilities to DOE or any other eligible electric transmission customer serving DOE's electric load.

2. Amendment. This Agreement may not be amended, supplemented or modified except by an instrument in writing signed on behalf of each of OVEC and DOE.

3. OVEC Regulatory Filings. In accordance with the Letter Agreement, DOE shall cooperate with OVEC (including taking actions as reasonably requested by OVEC) in making filings with, or obtaining any authorizations from, any regulatory or other governmental authority (including the Public Utilities Commission of Ohio) to effectuate the purposes of this Agreement.

4. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of OVEC and DOE.

Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by OVEC or DOE without the prior written consent of the other. Any attempted assignment in violation of the terms of this Section 4 shall be null and void, *ab initio*.

5. Applicable Law. This Agreement shall be governed by and construed in accordance with, the laws of the State of Ohio (except where the Federal law of the United States of America applies).

6. Counterparts. This Agreement may be executed and delivered in two or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement. Any facsimile or electronically transmitted copies hereof or signature hereon shall, for all purposes, be deemed originals.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered on behalf of the parties hereto as of the date first above written.

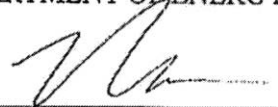
OHIO VALLEY ELECTRIC
CORPORATION

By: 

Name: John D. Brocht

Title: CEO, Secretary & Treasurer

UNITED STATES OF AMERICA,
ACTING BY AND THROUGH THE
SECRETARY OF ENERGY, THE
STATUTORY HEAD OF THE
DEPARTMENT OF ENERGY

By: 

Name: MATTHEW CARPENTER

Title: Contracting Officer

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in

Case No(s). 15-0892-EL-AEC

Summary: Application Application for Approval of The Termination of a Letter Agreement for the Temporary Supply of Arranged Power with the United States of America electronically filed by Alison Willett on behalf of Ohio Valley Electric Corporation