



Legal Department

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June 30, 2015

The Honorable Sarah Parrot
Attorney Examiner
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Re: *In the Matter of the Application of Ohio Power Company for Approval of Full Legal Corporate Separation and Amendment to its Corporate Separation Plan*, Case No. 12-1126-EL-UNC

Examiner Parrot:

In its Opinion and Order in Case Nos. 13-2385-EL-SSO et al. (ESP III Case), the Commission directed (at page 27) Ohio Power Company (AEP Ohio) to continue to pursue transfer of the Ohio Valley Electric Company (OVEC) contractual entitlement to AEP Genco or to otherwise divest the OVEC asset. As part of that ruling, the Commission ordered AEP Ohio to file a status report regarding the transfer of the OVEC asset in the Corporate Separation docket (Case No. 12-1126-EL-UNC) by June 30 for each year of the ESP. On March 27, 2015, AEP Ohio filed an application for rehearing in the ESP III Case that, among other things, asked the Commission to reconsider inclusion of the OVEC contract in the Purchased Power Agreement (PPA) Rider. In this regard, the Company suggested (at page 21) that “the Commission should not delay ruling on this important and urgent issue of Ohio energy policy based on a hope that uncertainty will be eliminated in the near future.” On April 22, 2015, the Commission issued an Entry on Rehearing in the ESP III Case granting AEP Ohio’s rehearing request for the purpose of taking additional time to consider it; on May 28, 2015, the Commission issued its Second Entry on Rehearing in the ESP III Case that further deferred ruling on the PPA assignments of error. On June 29, 2015, AEP Ohio filed an application for rehearing concerning the Second Entry on Rehearing’s PPA decision.

Thus, the PPA issues (including the OVEC issues) remain open and pending before the Commission in the ESP III docket. If the Company divested the OVEC asset while rehearing was pending, any ruling by the Commission that grants the Company’s rehearing request concerning OVEC would become moot. Further, nothing has changed with respect to the original facts and circumstances that gave rise to the OVEC owners’ decision to withhold consent for AEP Ohio transferring

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the contract to AEP Genco. Accordingly, while AEP Ohio has not foregone any opportunities to divest the OVEC asset, the Company is not actively pursuing such options while rehearing on this issue remains open.

Thank you for your attention to this matter.

Respectfully Submitted,

/s/ Steven T. Nourse

cc: Parties of Record

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Case No(s). 12-1126-EL-UNC

Summary: Correspondence (Revised) electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company