



Legal Department

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June 30, 2017

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 Generation Company 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. Various rehearing applications and decisions have been issued by the Commission since that time, culminating in the Seventh Entry on Rehearing issued on April 5, 2017.

On June 30, 2015, the Company filed its initial OVEC status report letter indicating as follows: “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 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.”

On December 14, 2015, the Company and other parties filed a Stipulation and Recommendation in Case Nos. 14-1693-EL-RDR et al. (PPA Stipulation). In the context of the full PPA Stipulation, the Company agreed in Section III.A.2 of the Stipulation to “continue reasonable efforts to explore divestiture of the OVEC asset and report by June 30 annually; but the Signatory Parties agree that ongoing

inclusion of the OVEC PPA in the PPA Rider is not dependent upon a successful divestiture of the OVEC asset.” The Commission modified and adopted the PPA Stipulation in its March 31, 2016 Opinion and Order without affecting Section III.A.2.

In its November 23, 2016 Amended Application in the ESP III Extension cases (Case Nos. 16-1852-EL-SSO and 16-1853-EL-AAM), the Company proposed that the output from the OVEC contract serve non-shopping load, as permitted by the ESP statute, through 2024. This proposal remains pending before the Commission. If the Company divested the OVEC asset now, any ruling by the Commission that grants the Company’s ESP III Extension 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 the contract to AEP Genco. Accordingly, while AEP Ohio has not foregone any opportunities to divest the OVEC asset, there are no new developments or opportunities to report at this time.

Thank you for your attention to this matter.

Respectfully Submitted,

/s/ Steven T. Nourse

cc: Parties of Record

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Summary: Report electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company