

March 12, 2020

The Honorable Greta See  
Attorney Examiner  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus Ohio 43215-3793

*Re: In the Matter of the Application of Ohio Valley Electric Corp.  
for Approval of Termination of Service, Case No. 15-892-EL-AEC*

**Steven T. Nourse**  
Vice President –  
Legal  
(614) 716-1608 (P)  
(614) 716-2014 (F)  
stnourse@aep.com

Dear Examiner See:

On April 10, 2018 a Joint Stipulation and Recommendation (herein referred to collectively as “Stipulation”) was filed between the United States Department of Energy (DOE), Ohio Valley Electric Corporation (OVEC) and Ohio Power Company (“AEP Ohio”). Testimony on behalf of the Stipulation was filed by Company Witness Moore on May 15, 2018 with an Opinion and Order issued on June 28, 2018 and an Entry on Rehearing issues on August 22, 2018.

The Stipulation as well as testimony supporting the Stipulation contained exhibits summarizing the cost of the service to all three parties, the rate structure of the DOE as compared to the investment necessary to service the load, as well as a diagram of the infrastructure necessary to serve the new DOE load.

On page 5 of the Stipulation, Milestone 4 requires the applicable parties will complete Class 3 (-20%/+30%) estimates and review and revise as needed. Through additional scoping of the project, it was determined that a change to the ownership of certain facilities may be needed which would include a revision to the ownership of facilities, and update of cost responsibility as well as a revision to the Contribution in Aid of Construction (CIAC) agreement between AEP Ohio and the DOE.

Regarding the revision to the AEP/DOE/OVEC CIAC agreement for the DOE's X-530 retirement, the rationale for the radial line ownership change is as follows:

1. The locations of the customer delivery points (DPs) and thus line lengths were not known at the time of the original agreement. The line lengths are expected to be 0.4 miles and 0.9 miles to the DPs.
2. AEP Transmission Interconnection Requirements states a customer must have a fault isolation device (such as a circuit breaker) within two spans of the actual delivery point. Due to the line lengths, AEP and DOE would no longer meet this requirement, and keeping the current line ownership plan would result in a FAC-0002 reportable compliance violation. Moving the Point of Interconnect (POI) to the within two spans of the customer station will allow the service to be compliant.
3. A fault on the radial lines will disrupt powerflow flow through BES facilities.

4. AEP Ohio has local crews to maintain, patrol and repair the lines if problems occur.
5. Moving the POI will allow AEP crews to identify and repair problems.

The Stipulation included five exhibits for the Commission's consideration. Exhibit A showed the AEP Ohio service territory and no changes are necessary to that exhibit. Exhibit B showed the initial schematics of the planned build out with initial cost responsibilities. The parties are proposing an update to this Exhibit based on the changes requested attached herein as Exhibit B- revised pages. Exhibit C to the Stipulation included the service contract, which has been updated to reflect the new POI as well as a change in the contract capacity. Exhibit D to the Stipulation included the letter of agreement. The parties are proposing an update to this Exhibit based on the changes requested, attached herein as Exhibit D-revised. Finally, Exhibit E to the Stipulation contained the CIAC Agreement to be executed when CIAC numbers are finalized and no changes are necessary to that exhibit.

Also, testimony in support of the Stipulation included Exhibit AEM-1, the map of the AEP service territory that incorporates the area of the existing DOE facilities. Exhibit AEM-2 shows a picture of the DOE facilities. No changes are need to these Exhibits. Exhibit AEM-3 included a summary of the costs of additional investment versus payments received by DOE. The parties are submitting the updated Exhibit AEM-3 revised attached herein. This exhibit updates the workpapers from Exhibit AEM-3 to include the additional investment of AEP Ohio. The updated calculation does not represent a significant cost to other customers.

Thank you for your attention to this matter. The parties agree to the foregoing changes and request a Commission order approving them.

Respectfully Submitted,

//s/ Steven T. Nourse

**On Behalf of Ohio Power Company**

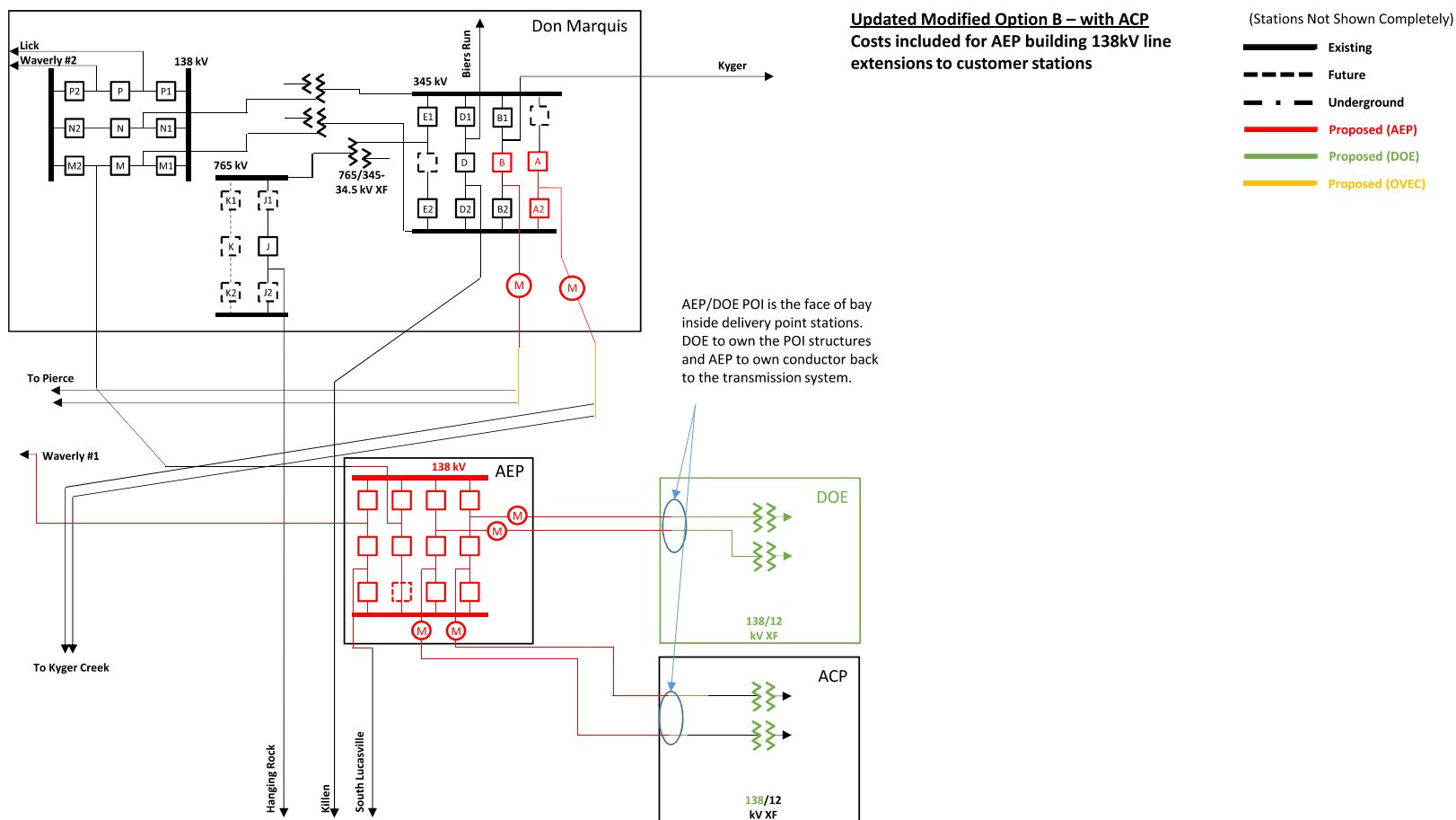
//s/ Matthew Carpenter

**On Behalf of U.S. Department of Energy**

//s/ N. Trevor Alexander

**On Behalf of the Ohio Valley Electric Corporation**

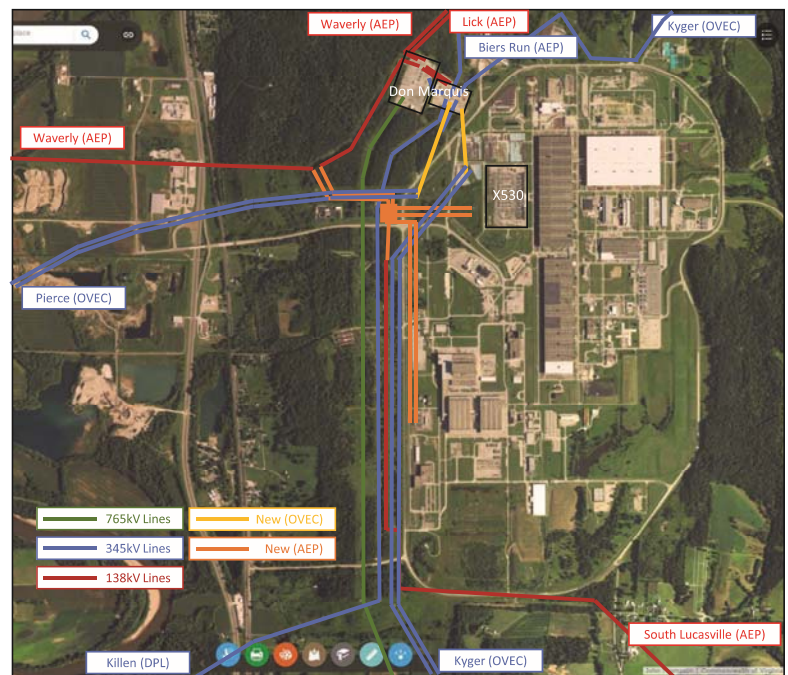
Updated Exhibit B





# Plan of Service

Modified Option B



Updated Table 1						
Scope of Work	Ownership (%)			Cost Responsibility %		
	AEP	DOE	OVEC	AEP	DOE	OVEC
138kV Delivery Substation	100			100		
138kV Line Extensions to Delivery Substation (transmission sources)	100			100		
138kV Metering Package	100			25	75	
138kV Radial Connections from Delivery Substation (no longer needed)	N/A					
Two New 138kV DOE Lines	100			60	40	
138/13.8kV Substation for DOE Load		100			100	
Modify 13.8kV Cable Bus		100			100	
Two New 138kV ACP Lines	100			60	40	
138/13.8kV Transformers at ACP		100			100	
345kV Equipment De-Energizing		100			100	
Property and Right-of-Way	100				100	
345kV Six Wiring and Line Work			100			100
345kV Work at Pierce and Kyger			100			100
345kV Breakers at Don Marquis	100			100		
345kV Metering at Don Marquis	100			50		50
345kV Entrance Spans at Don Marquis	N/A					
345kV Equipment Retirement at X530		100			100	

# Updated Exhibit C

This Contract, entered into this 27<sup>th</sup> day of February 2020 by and between Ohio Power Company, hereafter called the Company, and the United States Department of Energy, 3930 US Highway 23, Piketon, OH 45661, or his or its heirs, successors or assigns, hereafter called the Customer,

**Witnesseth:**

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the Public Utilities Commission of Ohio, distribution service of the character specified herein that shall be purchased by the Customer in the premises located at 3930 US Highway 23, Piketon, OH.

The Company is to furnish and the Customer is to take distribution service under the terms of this Contract for an initial period of 24 month(s) from the time such service is commenced, and continuing thereafter until terminated upon 12 months' written notice given by either party of its intention to terminate the Contract. The date that service shall be deemed to have commenced under this Contract shall be upon completion of a 138kV service to the premise location.

The electric energy delivered hereunder shall be alternating current at approximately 138,000 volts, 3-wire, 3-phase, and delivered to the face of bay where the Company's two 138000-volt lines connect to the Company's conductors inside Customer's delivery point substation, which shall constitute the points of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured by a meter or meters owned and installed by the Company and located in the control building in the Company's 138 kV Switchyard at the site, 138 kV metering.

The Customer acknowledges that the Customer may be eligible to receive service under more than one of the Company's schedules and that such options have been explained to the Customer. The Customer and Company agree that the Customer has chosen to receive service under the provisions of the Company's Schedule GENERAL SERVICE LARGE. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates and under the provisions of the Company's Schedule GENERAL SERVICE LARGE, as regularly filed with the Public Utilities Commission of Ohio, as long as that schedule is in effect. In the event that the Schedule chosen by the Customer is replaced by a new or revised Schedule incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

The Customer's contract capacity under the Schedule named herein is hereby fixed at 26,000 kW. If a time-of-day demand is available under the Schedule and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity.

This Contract is for distribution service only and does not prohibit the Customer from exercising its option to purchase its electrical energy from a Competitive Retail Energy Services (CRES) provider. Additionally, the tariff schedule referenced in this contract applies to either the Standard Service schedule or its companion Open Access Distribution (OAD) schedule.

There are no unwritten understandings or agreements relating to the service hereinabove provided. This Contract cancels and supersedes all previous agreements, relating to the delivery of energy by the Company at Customer's premises as referred to above, on the date that service under this Contract commences. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto.

Ohio Power Company

By: Mary Catherine Grayem

Mary Catherine Grayem

Title: Director Customer Experience

Date: 3/12/2020

Account Number:

United States Department of Energy

By: Matthew Carpenter

Matthew Carpenter

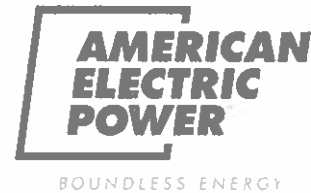
Title: Contracting Officer

Date: 3/11/2020



# Updated Exhibit D

**American Electric Power**



U.S. Department of Energy  
Matthew Carpenter  
Contracting Officer  
250 E. 5<sup>th</sup> Street, Suite 500  
Cincinnati, Ohio 45202

February 27, 2020

Re: U.S. Department of Energy ("Customer") facility located in  
Piketon, OH **(the "Facility")**.

Dear Mr. Carpenter;

This letter (the "Agreement") sets forth an agreement between Customer and Ohio Power Company ("Company") under the terms of which Company will proceed with the engineering, design, procurement and construction work described in this Agreement (the "Work") in order to provide new 138 kV service to Customer's facility in Piketon, OH. Customer has requested Company to provide service to the Facility at transmission voltage pursuant to the Company's terms and conditions of service (the "Terms and Conditions"). In an effort to meet a customer requested in-service date at the completion of Milestone 6, Company has agreed to begin the Work subject to Customer's agreement to the terms found herein. The Company will use commercially reasonable efforts to complete the Work on or before the in-service date but does not guarantee the in service date will be met as there are many variables beyond its control.

Customer will issue a Task Order to the Areawide Public Utility Contract For Electric Services, Regulated Energy Management Services, and Services Provided under the Appropriate Regulatory Authority, Contract No. GS-00P-12-BSD-0845 between the United States of America and AMERICAN ELECTRIC POWER SERVICE CORPORATION, for providing service to Customer's Piketon, Ohio facility, including construction and financing of the project.

The Customer agrees to reimburse the Company allowable costs, both internal and external, incurred by the Company up to an authorized limit of \$36,543,388 to be paid in the event (a) Customer terminates this project, in accordance with the task order, or (b) a new electric service agreement is not executed prior to the service being

energized. Furthermore, if expenses reach the authorized limit, it is understood and agreed that all work will be stopped until either this Agreement is amended by the parties or a new letter or commitment as proposed by the Company and agreed to by the Customer, is executed by the Customer.

The Contribution in Aid of Construction ("CIAC") for this project is preliminarily estimated to be \$5,185,000. This amount will be updated after detailed engineering is completed. Customer will receive an updated estimate, which will be included in the CIAC agreement to be executed by Customer prior to the start of construction.

The above financial commitment was based upon a plan that involves, at a high level, the following work to be performed by Company (See Attachment 1):

A new 138kV delivery substation with three independent 138kV sources and four 138 kV connection points (two near X-530 and two near X-5001 substations) for the Customer. Integration of the existing Ohio Valley Electric Corporation ("OVEC") 345kV transmission lines, currently integrated into the Customer's existing X-530 substation, into Company's Don Marquis 345kV substation. Retirement of existing 345kV connection for the Customer at Company's Don Marquis 345kV substation.

Company and Customer agree to confer regularly to coordinate the planning, scheduling and performance of the Work.

Based upon the above preliminary plan of service, the Customer, its heirs or successors would be expected to perform, at no cost to Company, the following: Grant all required easements and/or other access rights on their property per AEP Ohio requirements.

Customer will perform its work in accordance with applicable laws, rules and regulations and subject to required regulatory consent and approvals. In addition, Customer shall comply with the Company's connection requirements, which can be found at the following internet address:

[http://www.aep.com/about/codeofconduct/OASIS/TransmissionStudies/Requirements/AEP\\_Interconnection\\_Requirements\\_Rev1.pdf](http://www.aep.com/about/codeofconduct/OASIS/TransmissionStudies/Requirements/AEP_Interconnection_Requirements_Rev1.pdf)

All of the facilities installed by Company in performing the Work shall be owned, maintained and controlled solely by Company. Company retains the right to use those facilities for any purpose it deems appropriate under good utility practices, including the distribution of electric service to other customers.

Company will perform the Work in accordance with applicable laws, rules and regulations and subject to required regulatory consents and approvals. Except for the foregoing, **COMPANY HEREBY DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR GOOD AND WORKMANLIKE PERFORMANCE.**

**COMPANY (AND ITS OFFICERS, EMPLOYEES AND CONTRACTORS) SHALL NOT BE LIABLE FOR ANY ECONOMIC OR COMMERCIAL LOSSES OR OTHER SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING LOSS OF PROFIT OR REVENUE, LOSS OF USE OF EQUIPMENT, COST OF CAPITAL, OR DAMAGE TO REPUTATION OR RELATIONS) RESULTING FROM THE PERFORMANCE OR FAILURE TO PERFORM THE WORK DESCRIBED HEREIN, WHETHER BASED IN CONTRACT, TORT, STRICT LIABILITY, STATUTORY LIABILITY OR ANY OTHER THEORY OF LIABILITY.**

In performing the Work, Company is making modifications and additions solely to its own electric system, in accordance with the Tariff, in response to Customer's request for service. Company is not performing any work on any facilities or equipment owned, or to be owned by Customer. No provisions contained in this Agreement and no action on the part of any of the parties hereto shall be construed as creating an employer/employee relationship, joint venture, or any other relationship other than that of regulated electric utility and customer. Nothing contained herein shall be construed as a waiver or relinquishment by Company of any right it has or may hereafter have to discontinue service for default in the payment of any bill owing or to become owing hereunder or for any reason or cause allowed by law.

No amendment or modification of this Agreement shall be valid and binding unless made in writing and signed by the respective authorized representatives of Company and Customer. This Agreement constitutes the entire agreement between the parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter of the Agreement.

Please indicate your acceptance of these terms by having the appropriate authorized officer or agent of your company sign the attached two (2) copies of this letter and return them both to me. A fully executed copy of this agreement will be returned for your files.

This Agreement supersedes the previously-signed agreement dated April 9, 2018.

Sincerely;

**OHIO POWER COMPANY**

By: Mary C. Grayem

Title: Mary C. Grayem, Dir. Cust. Experience

Date: 3/12/2020

**U.S. DEPARTMENT OF ENERGY**

By: Matthew Carpenter

Title: Matthew Carpenter, Contracting Officer

Date: 3/11/2020



# Updated Exhibit AEM-3

**Billing Parameters**

	Metered	Adjusted		
On-Peak Demand:	36,000.00	0.0 kW		
Off-Peak Demand:	0.00	0.0 kW	Load Factor:	55.1%
kWh Usage:	14,485,333	0 kWh		
Metered Voltage Adjustment:	0.00			
Peak kVAR:	0.0	kVAR		
Allowable kVAR:	0.0	kVAR (Highest Metered Demand/2)		

**Bill Calculation**

		Rates					Billing				Annual
		Generation	Transmission	Distribution	Total		Generation	Transmission	Distribution	Total	
Customer Charge				\$ 1,060.00	\$ 1,060.00				\$ 1,060.00	\$ 1,060.00	
Reactive Demand Charge:	0.0 kVAR			\$ 0.48	\$ 0.48	/kVAR			\$ -	\$ -	
<b>Base Charges</b>									<b>\$ 1,060.00</b>	<b>\$ 1,060.00</b>	\$ 12,720.00

**Riders**

Universal Service Fund (first 833,000 kWh)	833,000 kWh			\$ 0.0036634	\$ 0.0036634	/kWh			\$ 3,051.61	\$ 3,051.61	\$ 36,619.32	
Universal Service Fund (in excess of 833,000 kWh)	13,652,333 kWh			\$ 0.0001756	\$ 0.000176	/kWh			\$ 2,397.35	\$ 2,397.35	\$ 28,768.20	
kWh Tax (first 2000 kWh)	2,000 kWh			\$ 0.00465	\$ 0.00465	/kWh			Exempt	\$ -	\$ -	
kWh Tax (next 13,000 kWh)	13,000 kWh			\$ 0.00419	\$ 0.00419	/kWh			Exempt	\$ -	\$ -	
kWh Tax (in excess of 15,000 kWh)	14,470,333 kWh			\$ 0.00363	\$ 0.00363	/kWh			Exempt	\$ -	\$ -	
Deferred Asset Phase-In Rider	\$ 1,060.00 Base (Dist)			0.0000%	0.00000%				\$ -	\$ -	\$ -	
Legacy Generation Rider	833,000 kWh				\$ 0.0008030	/kWh			\$ -	\$ 668.90	\$ 8,026.80	
Basic Transmission Cost Rider	14,485,333 kWh		\$ 0.0003705		\$ 0.0003705	/kWh		\$ 5,366.82	\$ -	\$ 5,366.82	\$ 64,401.84	
Basic Transmission Cost Rider	36,000.0 kW		\$ 4.25		\$ 4.25	/kW		\$ 153,000.00	\$ -	\$ 153,000.00	\$ 1,836,000.00	
Energy Efficiency & Peak Demand Reduction Cost Recovery	14,485,333 kWh			\$ 0.0005533	\$ 0.0005533	/kWh			\$ 8,014.73	\$ 8,014.73	\$ 96,176.76	
Energy Efficiency & Peak Demand Reduction Cost Recovery	36,000.0 kW			\$ 0.79	\$ 0.79	/kWh			\$ 28,440.00	\$ 28,440.00	\$ 341,280.00	
Economic Development Cost Recovery	\$ 1,060.00 Base (Dist)			1.35371%	1.35371%				\$ 14.35	\$ 14.35	\$ 172.20	
Enhanced Service Reliability	\$ 1,060.00 Base (Dist)			1.44775%	1.44775%				\$ 15.35	\$ 15.35	\$ 184.20	
gridSMART Phase 2 Rider	\$1.00 Month			\$ 8.66	\$ 8.66				\$ 8.66	\$ 8.66	\$ 103.92	
Retail Stability Rider (first 833,000 kWh)	833,000 kWh				\$ -	/kWh			\$ -	\$ -	\$ -	
Retail Stability Rider (in excess of 833,000 kWh)	13,652,333 kWh				\$ -	/kWh			\$ -	\$ -	\$ -	
Distribution Investment Rider	\$ 1,060.00 Base (Dist)			39.11127%	39.11127%				\$ 414.58	\$ 414.58	\$ 4,974.96	
Storm Damage Recovery Rider	\$1.00 Month			\$ -	\$ -				\$ -	\$ -	\$ -	
Smart City Rider	1 Month			\$ 0.9300000	\$ 0.9300000	/kWh			\$ 0.93	\$ 0.93	\$ 11.16	
Riders Total								\$ -	\$ 158,366.82	\$ 42,357.56	\$ 201,393.28	\$ 2,416,719.36

**Base + Rider Total**

**\$ 158,366.82 \$ 43,417.56 \$ 202,453.28 \$ 2,429,439.36**

**Total Ohio Power Billing Charge:**

**\$ 202,453.28**

Assumed Charge for the EE/PDR based on forecasted Costs. Current Rate includes a credit for an over recovery that will expire in 2018

Removed SEET Credit as it will expire in 2018

Adjusted T Costs to reflect new costs with additional investment

Total Payment per BPCR	\$ 1,900,401.84
Annual Contribution to other Revenue Requirement	\$ 170,062.56
Annual Contribution to State of Ohio	\$ -
Total Contribution to Customers & State	\$ 2,070,464.40
Total Cost of Transmission Revenue Requirement	\$ 1,854,866.00
Net Benefit of New Load	\$ 215,598.40

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

**Commission of Ohio Docketing Information System on**

**3/12/2020 5:16:51 PM**

**in**

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

Summary: Agreement - Joint Letter Agreement submitted by Steven Nourse, Matthew Carpenter and N. Trevor Alexander electronically filed by Mr. Steven T Nourse on behalf of Ohio Power Company and Ohio Valley Electric Corporation and U.S. Department of Energy