

- (7) Applicant states that any series of the Bonds may be provided some form of credit enhancement, including letters of credit, bond insurance, standby purchase agreement, or surety bond, as more fully described in the Application and Exhibits.
- (8) Applicant is also requesting authorization to enter into Interest Rate Management Agreements (the "Interest Agreements"). Applicant states that the Interest Agreements will allow Applicant sufficient alternatives and flexibility when striving to reduce its effective interest cost and manage interest cost on financings, as described in the Application and Exhibits.
- (9) Applicant proposes to use the proceeds of the Loan Agreements to finance portions of environmental and pollution control facilities at its Mitchell Generating Station in Marshall County, West Virginia, all pursuant to Section 4905.40, Revised Code.
- (10) The Bonds will be sold through one or more underwritten public offerings, negotiated sales, or private placement transactions.
- (11) The proposed guidelines or parameters set forth in the Application are intended to facilitate the issuance of the Bonds on the best terms possible and at lowest cost. The authorization of the issuance of the Bonds in no way relieves the Applicant of its responsibility to negotiate and obtain the best terms available.
- (12) The effect of the issuance of the Loan Agreements and the Interest Agreements (Collectively, the "Securities") on Applicant's revenue requirements will be considered in the determination of required revenue in rate proceedings in which all factors affecting rates will be taken into account according to law.
- (13) Applicant states that the proposed financing will be in compliance with its transition plan filed in Case No. 99-1730-EL-ETP. The Applicant states that it continues to pursue the Corporate Separation Plan under its transition plan.
- (14) Based on the information contained in the Applications and the Exhibits attached thereto, the purposes to which the proceeds from the Loan Agreements shall be applied appear to be reasonably required by Applicant to meet its present and prospective obligations to provide utility service, and the

Commission is satisfied that consent and authority should be granted.

It is, therefore,

ORDERED, That Applicant, Ohio Power Company, is authorized to enter into Loan Agreements, through December 31, 2006, with the West Virginia Ohio Air Quality Development Authority, pursuant to which the Authority will issue up to \$160 million aggregate principal amount of its Solid Waste Disposal Facilities Bonds, in one or more series, and if cost effective, to enter into arrangements wherein the Authority Bonds and any series thereof may be provided some form of credit enhancement, including but not limited to letters of credit, bond insurance, standby purchase agreement, or surety bond, and to implement interest rate management arrangements, if appropriate, as set forth in the Application and Exhibits. It is, further,

ORDERED, That the net proceeds from the Loan Agreements shall be used by Applicant as set forth in this Order and otherwise pursuant to the provisions of Section 4905.40, Revised Code. It is, further,

ORDERED, That, after the Securities authorized by this Order are issued, Applicant shall report to the Commission, as soon as practicable, the terms and full particulars regarding the Securities. It is, further,

ORDERED, That Applicant shall account for the Securities as prescribed in the Federal Energy Regulatory Commission Uniform System of Accounts as currently in effect. It is, further,

ORDERED, That the authorization granted herein shall be in compliance with the Applicant's transition plan as approved by the Commission in Case No. 99-1730-EL-ETP. It is, further,

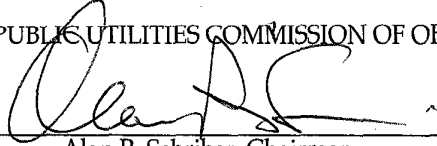
ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission as to the Loan Agreements or the interest thereon on the part of the State of Ohio. It is, further,

ORDERED, That nothing in this Order shall be construed to imply any guaranty or obligation by this Commission to assure completion of any specific construction project of the Applicant. It is, further,

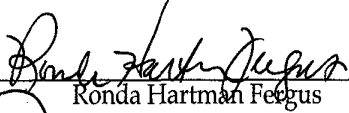
ORDERED, That nothing in this Order shall be deemed to be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation of the Applicant. It is, further,

ORDERED, That a copy of this Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



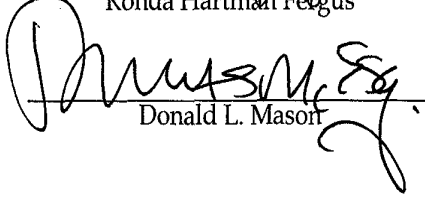
Alan R. Schriber, Chairman



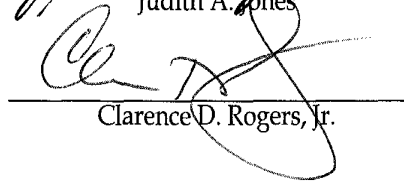
Ronda Hartman Fegus



Judith A. Jones



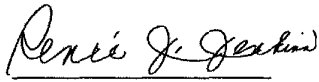
Donald L. Mason



Clarence D. Rogers, Jr.

Entered in the Journal

FEB 1 2006



Renee J. Jenkins
Secretary