

SECURITIES AND EXCHANGE COMMISSION

FORM U-1

Application or declaration under the act 1935

Filing Date: **1994-01-06**
SEC Accession No. **0000074008-94-000001**

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FILER

OHIO VALLEY ELECTRIC CORP

CIK: **74008** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **U-1** | Act: **35** | File No.: **070-08335** | Film No.: **94500524**

Business Address
*P O BOX 468
PIKETON OH 45661
000000000*

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM U-1

APPLICATION OR DECLARATION

under the

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

* * *

OHIO VALLEY ELECTRIC CORPORATION
P.O. Box 468, Piketon, Ohio 45661
(Name of company filing this statement and
addresses of principal executive offices)

* * *

AMERICAN ELECTRIC POWER COMPANY, INC.
1 Riverside Plaza, Columbus, Ohio 43215

ALLEGHENY POWER SYSTEM, INC.
12 East 49th Street, New York, New York 10017
(Names of top registered holding company
parents of each applicant or declarant)

* * *

G. P. Maloney, Executive Vice President
AMERICAN ELECTRIC POWER SERVICE CORPORATION
1 Riverside Plaza, Columbus, Ohio 43215

A. Joseph Dowd, General Counsel
AMERICAN ELECTRIC POWER SERVICE CORPORATION
1 Riverside Plaza, Columbus, Ohio 43215
(Names and addresses of agents for service)

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS. Ohio Valley Electric Corporation ("OVEC") requests authorization herein to purchase or lease 515 railcars. Indiana-Kentucky Electric Corporation ("IKEC") and OVEC's compliance plan with the Clean Air Act Amendments of 1990 (the "Clean Air Act") requires IKEC's Clifty Creek Plant ("Clifty") to utilize at least 3 million tons of Powder River Basin ("PRB") coal. In order to comply with the Clean Air Act, deliveries of such coal to Clifty must begin during the fourth quarter of 1994. Under the terms and conditions of OVEC's rail transportation contract with the Western Railroad Properties, Incorporated, Union Pacific Railroad Company and Missouri Pacific Railroad Company ("WRPI/UP"), which became effective March 3, 1993, OVEC is required to provide the necessary railroad cars to move the PRB coal.

The option of renting the necessary railcars on a short-term basis is unattractive because of the instability of the rental market for railcars and the uncertainty of the availability of railcars at any particular time. The lead time for the ordering and manufacturing of these railcars is about one year. For an in-service date of October 1, 1994, these railcars should be in a production queue by November 1, 1993.

OVEC requires a minimum of four train sets, each consisting of 117 railcars. The WRPI/UP contract also requires OVEC to have an additional ten percent "spare" railcars to be used in rotation with the four train sets for the performance of maintenance and to handle other contingencies. Therefore a total of 515 railcars is needed.

OVEC requests authorization to acquire the 515 railcars. OVEC has not yet determined whether it will purchase the railcars or acquire the railcars pursuant to a long-term lease. It is anticipated that the cost of these railcars will be approximately \$44,000 each for a total of approximately \$22.7 million.

If OVEC decides to lease the railcars, it requests authorization to enter into a long-term lease and a participation agreement, which contractually outlines the arrangement by which the lessor borrows part of the purchase price of such railcars from a group of lenders. A copy of a recent lease and participation agreement pursuant to which an affiliate of OVEC leased railcars is attached hereto as Exhibit B. It is proposed that a substantially similar form of lease and participation agreement would be utilized if OVEC determines to lease the railcars.

ITEM 2. FEES, COMMISSIONS AND EXPENSES.

Information concerning the expenses of OVEC in connection with the proposed transaction will be filed by amendment hereto.

ITEM 3. APPLICABLE STATUTORY PROVISIONS.

OVEC considers Sections 9(a) and 10 of the 1935 Act to be applicable to the proposed transaction.

ITEM 4. REGULATORY APPROVAL.

No commission other than the Securities and Exchange Commission has jurisdiction over the proposed transaction.

ITEM 5. PROCEDURE.

It is requested, pursuant to Rule 23(c) of the Rules and Regulations of the Commission, that the Commission's order granting, and permitting to become effective this Application or Declaration be issued on or before October 30, 1993. OVEC waives any recommended decision by a hearing officer or by any other responsible officer of the Commission and waives the 30-day waiting period between the issuance of the Commission's order and the date it is to become effective, since it is desired that the Commission's order, when issued, become effective forthwith. OVEC consents to the Office of Public Utility Regulation assisting in the preparation of the Commission's decision and/or order in this matter, unless the Office opposes the matter covered by this Application or Declaration. It is proposed that Certificates of Notification with respect to railcars purchased or leased by OVEC be filed quarterly.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS.

The following exhibits and financial statements are filed as part of this statement:

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|-----------|---|
| Exhibit B | Copy of form of lease and participation agreement (to be filed by amendment). |
| Exhibit E | None |
| Exhibit F | Opinion of Counsel (to be filed by amendment). |
| Exhibit H | Form of Notice. |

Balance Sheets as of September 30, 1993 and Statements of Income and Retained Earnings, per books, for the 12 months ended September 30, 1993 of OVEC, will be filed by amendment.

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

It is believed that the granting and permitting to become effective of this Application or Declaration will not constitute a major Federal action significantly affecting the quality of the human environment. No other Federal agency has prepared or is preparing an environmental impact statement with respect to the proposed transactions.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this statement to be signed on its behalf by the undersigned thereunto

duly authorized.

OHIO VALLEY ELECTRIC CORPORATION

By___/s/ G. P. Maloney_____
Vice President

Dated: January 7, 1994

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UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935
Release No. /December , 1993

In the Matter of :
OHIO VALLEY ELECTRIC CORPORATION :
P.O. Box 468 :
Piketon, OH 45661 :
File No. 70- :

NOTICE OF PROPOSED ACQUISITION OF RAILCARS

NOTICE IS HEREBY GIVEN that Ohio Valley Electric Corporation
("OVEC"), an electric utility subsidiary of American Electric Power
Company, Inc., a registered holding company, has filed with this
Commission an Application or Declaration pursuant to Sections 9(a)
and 10 of the Public Utility Holding Company Act of 1935 (the
"Act").

OVEC proposes, subject to receipt of appropriate authorization, to
purchase or lease 515 railcars. OVEC's compliance plan with the

Clear Air Act Amendments of 1990 calls for the use of 3 million tons of Powder River Basin coal ("PRB coal"). OVEC's rail transportation contract requires it to provide the necessary railcars to transport the PRB coal. It is anticipated the cost of these 515 railcars will be approximately \$22.7 million. If OVEC decides to lease the railcars, it requests authorization to enter into a long-term lease and a participation agreement.

The Application or Declaration and any amendments thereto are available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing by December , 1993 to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicant at the address specified above. Proof of service (by affidavit or, in case of any attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the Application, as filed or as it may be amended, may be permitted to become effective.

For the Commission, by the Office of Public Utility Regulation,
pursuant to delegated authority.

Jonathan G. Katz
Secretary