

SECURITIES AND EXCHANGE COMMISSION

FORM U-1

Application or declaration under the act 1935

Filing Date: **1994-01-10**
SEC Accession No. **0000074008-94-000002**

(HTML Version on secdatabase.com)

FILER

OHIO VALLEY ELECTRIC CORP

CIK: **74008** | State of Incorporation: **OH** | Fiscal Year End: **1231**
Type: **U-1** | Act: **35** | File No.: **070-08337** | Film No.: **94500811**

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
(Name of top registered holding company
parent 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

ITEM 1.DESCRPTION OF PROPOSED TRANSACTIONS.

Ohio Valley Electric Corporation ("OVEC") requests authorization herein to directly guarantee or enter into an agreement or agreements of indemnity or act as surety or guarantor with one or more surety bonding companies, banks or insurance companies providing for payment by OVEC of liabilities incurred by any such surety bonding company, bank or insurance company in connection with (1) the issuance of a surety bond, letter of credit or insurance policy to satisfy the requirements of the Indiana financial responsibility law in connection with the fly ash landfill located at the Clifty Creek Plant of Indiana-Kentucky Electric Corporation ("IKEC"), a subsidiary of OVEC, and (2) other obligations of IKEC under Federal, state or local law.

A. Indiana Financial Responsibility Law

Indiana law requires that permittees of a solid waste landfill in the state satisfy certain financial responsibility standards. Such standards can be satisfied by its net worth or a trust fund, surety bond, letter of credit or insurance. IKEC owns a fly ash landfill at its Clifty Creek Plant for which it must show financial responsibility of \$7,410,600 for its estimated closure and post-closure costs. Neither IKEC nor OVEC satisfies the net worth requirement. As a result, IKEC may have to satisfy the requirement by means of a surety bond, letter of credit or insurance. In order to lower the cost of such surety bond, letter of credit or insurance, OVEC requests authorization to indemnify the company issuing such bond, letter of credit or policy for any payments or to guarantee the obligation of IKEC to reimburse such company for such payments. OVEC will charge no fee to IKEC for such indemnity or guaranty.

B. Other Indemnification, Guaranty or Suretyship by OVEC on Behalf of IKEC

From time to time OVEC may for the convenience, economy, and in some cases necessity, act as indemnitor, guarantor or surety for obligations of IKEC incurred in the ordinary course of business by reason of Federal, state or local law, including but not limited to, court or administrative proceedings, employee benefit plans, compensation or benefit payments in respect of injury, disability or death or self-insured workers compensation.

Because OVEC anticipates that such occasions will arise in the future, OVEC proposes to act as surety, indemnitor or guarantor for IKEC in an aggregate amount not in excess of \$20,000,000, excluding the indemnity or guaranty in connection with the Indiana financial responsibility law and any sureties, guaranties or indemnities exempt from authorization pursuant to Rule 45(b)(6). OVEC will charge no fee to IKEC for acting as surety, indemnitor or

guarantor.

ITEM 2.FEES, COMMISSIONS AND EXPENSES.

No fees, commissions or expenses are to be paid or incurred by OVEC or any associate company in connection with the proposed transaction other than the Commission's filing fee of \$2,000 and expenses billed at cost by American Electric Power Service Corporation, estimated not to exceed \$2,000. OVEC will not make any charge to IKEC with respect to any guaranty or indemnification agreement entered into on behalf of IKEC.

ITEM 3.APPLICABLE STATUTORY PROVISIONS.

OVEC considers Sections 12(b) and 12(f) of the 1935 Act and Rule 45 thereunder to be applicable to the proposed transactions. Rule 45(b)(6) does not apply to the proposed transactions, because the guarantee of \$20,000,000 of obligations exceeds \$3,845,000, 5% of the aggregate amount of OVEC's securities outstanding at September 30, 1993.

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 issue its order permitting this Application or Declaration to become effective on or before February 22, 1994. 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.

ITEM 6.EXHIBITS AND FINANCIAL STATEMENTS.

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

Exhibit E None

Exhibit F Opinion of Counsel

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:
OHIO VALLEY ELECTRIC CORPORATION:
P.O. Box 468 :
Piketon, OH 45661 :
:
(70-) :
_____ :

NOTICE OF PROPOSED GUARANTY OF LIABILITIES

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 12(b) and 12(f) of the Public Utility Holding Company Act of 1935 (the "Act") and Rule 45 thereunder.

OVEC proposes, subject to receipt of appropriate authorization, to directly guarantee or enter into an agreement or agreements of indemnity or act as surety or guarantor with one or more surety bonding companies, banks or insurance companies providing for payment by OVEC of liabilities incurred by any such surety bonding company, bank or insurance company in connection with (1) the issuance of a surety bond, letter of credit or insurance policy to satisfy the requirements of the Indiana financial responsibility law in connection with the fly ash landfill located at the Clifty Creek Plant of Indiana-Kentucky Electric Corporation ("IKEC"), a subsidiary of OVEC, and (2) other obligations of IKEC under Federal, state or local law. OVEC will charge no fee to IKEC for acting as surety indemnitor or guarantor and will act as surety, indemnitor or guarantor in an aggregate amount not to exceed \$20,000,000.

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 February , 1994 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

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Exhibit F

614/223-1632

Securities and Exchange Commission
Office of Public Utility Regulation
450 Fifth Street, N.W.
Washington, D.C. 20549

January 7, 1994

Gentlemen:

With respect to the Application or Declaration on Form U-1 of Ohio Valley Electric Corporation ("OVEC"), relating to the proposed issuance of a surety bond, letter of credit or insurance policy to satisfy the requirements of the Indiana financial responsibility law in connection with the fly ash landfill located at the Clifty Creek Plant of Indiana-Kentucky Electric Corporation ("IKEC"), a subsidiary of OVEC, I wish to advise you as follows:

I am of the opinion that OVEC is a corporation validly organized and duly existing under the laws of the state in which it is incorporated.

I am further of the opinion that, in the event that the proposed transactions are consummated in accordance with said Application or Declaration, as the same may be amended, and when the steps referred to in the next following paragraph shall have been taken:

- (a) all state laws applicable to the proposed transaction will have been complied with;
- (b) the guaranty will be a valid and binding obligation of OVEC in accordance with its terms,

except as the same may be limited by bankruptcy laws or other laws or equitable principles affecting the enforcement of creditors' rights; and

- (c) consummation of the proposed transaction will not violate the legal rights of the holders of any securities issued by OVEC or any associate company thereof.
- 1. appropriate action by the Board of Directors of OVEC with respect to the transactions described in said Application or Declaration; and
- 2. appropriate action by the Securities and Exchange Commission in connection with the transactions described in said Application or Declaration.

I hereby consent to the filing of this opinion as an exhibit to the above-mentioned Application or Declaration.

Very truly yours,

/s/ John M. Adams, Jr.

John M. Adams, Jr.
Counsel for
Ohio Valley Electric Corporation

JMA/mms

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