

Ohio Valley Electric Corporation

and its wholly-owned subsidiary

Indiana-Kentucky Electric Corporation

Integration Proposal

Company Overview

- Formed in 1952 to meet needs of the then-AEC Uranium Enrichment facility near Piketon, OH
- Peak Load was near 2,000 MW
 - Facility ceased production in 2001
- The OVEC Contract with AEC-successor DOE terminated in 2003
 - DOE Load now less than 45 MW
 - Served from off-system resources through RFP process
 - Retail arrangements with OVEC continue on a month-to-month basis, with pending discussions to transfer this load to another provider
- OVEC now sells all generation at cost to its 8 electric utility and cooperative owners (or their affiliates) under the Inter-Company Power Agreement (ICPA), a FERC-filed tariff.

Company Overview (cont'd)

- 2,200 MW Generation Capacity at 2 generating stations
- All 345 kV Transmission
- No distribution system
- Currently not a member of any RTO (RC function performed under agreement with MISO)
- NERC-registered TO/TOP, GO/GOP, BA, TP & TSP

OVEC's Sponsors/Owners

- PJM Member Sponsors
 - American Electric Power
 - Buckeye Power
 - Duke Energy
 - FirstEnergy/Allegheny Power
 - Wolverine Power Cooperative
 - Dayton Power and Light
- Non-PJM Member Sponsors
 - LGE-KU
 - Vectren

Integration Issues

- OVEC is unique
 - Serves small single load (DOE) which has agreed to terminate its contract, but the effective date of such termination is unknown (currently expected within the 2018-2022 time frame).
 - Integration will take place with the load served by OVEC, with a future transfer of responsibility for that load to another existing PJM TO.

Integration Issues (cont'd)

- OVEC will be integrated as a separate new zone within PJM with rates under Attachment H to the PJM tariff.
- OVEC will also propose to include provisions for OVEC companies that are not PJM member companies
 - OVEC and PJM are discussing 'grandfathered' treatment of the OVEC Inter-Company Power Agreement (an agreement in place since 1956) to maintain the agreement among the OVEC-sponsor companies.

Questions?