

**BEFORE  
THE OHIO POWER SITING BOARD**

In the Matter of the Application of	)	
American Municipal Power-Ohio, Inc. for a	)	
Certificate of Environmental Compatibility	)	Case No. 06-1357-EL-BTX
And Public Need for an Electric Power	)	
Transmission Line and Related Facilities.	)	

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**MOTION TO EXTEND THE DURATION OF AMERICAN MUNICIPAL POWER'S  
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED**

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Now comes American Municipal Power, Inc., ("AMP") and respectfully moves the Ohio Power Siting Board ("Board") for an extension of the authority granted in its Certificate of Environmental Compatibility and Public Need for a period of eighteen (18) months for the reasons set forth in the attached Memorandum in Support, which is incorporated herein by reference.

Respectfully submitted,



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**MEMORANDUM IN SUPPORT OF AMERICAN MUNICIPAL POWER’S MOTION  
TO EXTEND THE DURATION OF CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AND PUBLIC NEED**

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**I. INTRODUCTION**

On November 24, 2008, the Ohio Power Siting Board (“Board”) issued a Certificate of Environmental Compatibility and Public Need (“Certificate”) to AMP, a nonprofit Ohio corporation, for the construction, operation and maintenance of an approximately 5-mile long, double circuit 345 kilovolt (“kV”) transmission line in southern Meigs County along the preferred route in order to transmit the electricity generated by the proposed for its proposed American Municipal Power Generating Station (“AMPGS”). Opinion, Order and Certificate (“Order”) at 31 (November 24, 2008). The Certificate contained twenty-six (26) conditions, including, among others, that the Certificate shall become invalid if the applicant (AMP) has not commenced a continuous course of construction of the proposed facility within five years of November 24, 2008. *Id.* at 26.

Pursuant to the Order issued on November 24, 2008, AMP respectfully requests that the Board issue an Order extending the Certificate for eighteen (18) months, until May 24, 2015.

## **II. ARGUMENT**

In support of its request, AMP represents as follows:

1. AMP is a nonprofit Ohio corporation organized in 1971. The members of AMP are all municipalities that own and operate electric utility systems, some of which also operate electric generating and transmission facilities. AMP is a full or partial requirements supplier for most of its 129 members. AMP's primary purpose is to assist its member communities in meeting their electric and energy needs in a reliable and economic fashion. This purpose is served in a number of ways, including through the ownership of electric generating facilities, scheduling and dispatch of member-owned generation, and through power supply and transmission arrangements that AMP makes with third-parties at the request of and on behalf of its members.
2. On May 4, 2007, AMP filed an application for a Certificate of Environmental Compatibility and Public Need to construct the American Municipal Power Generating Station ("AMPGS"), which was proposed to be a 960 megawatt ("MW") electric generation facility consisting of two (2) 480 MW electric generating units in Meigs County, Ohio. *See In the Matter of the Application of American Municipal Power-Ohio, Inc. for a Certificate of Environmental Compatibility and Public Need for an Electric Power Generating Station and Related Facilities*, Case No. 06-1358-EL-BGN, Motion to Extend the Duration of American Municipal Power's Certificate of Environmental Compatibility and Public Need (November 16, 2012) (hereinafter "AMPGS Case").

3. On October 31, 2007, AMP filed an application for a Certificate of Environmental Compatibility and Public Need for an approximately five-mile long, 345 kV transmission line and related facilities (“Transmission Project”), necessary to transmit the electricity generated by the proposed AMPGS.
4. On March 3, 2008, the Board issued a Certificate to AMP for the construction, operation and maintenance of the AMPGS (“AMPGS Certificate”). *AMPGS Case, Opinion, Order and Certificate* (March 3, 2008). However, AMP experienced delays in the development of the AMPGS project as a result of an unexpected increase of approximately thirty-seven (37) percent in the engineer-procure-construct (“EPC”) contractor’s indicative capital costs for the AMPGS project, among other reasons. Accordingly, on November 16, 2012, AMP requested an eighteen (18) month extension of the AMPGS Certificate for good cause. *AMPGS Case, Motion to Extend the Duration of American Municipal Power’s Certificate of Environmental Compatibility and Public Need* (November 16, 2012). The Board granted an extension of the AMPGS Certificate on December 17, 2012. *AMPGS Case, Entry* (December 17, 2012).
5. In its Staff Report, Staff stated that the Transmission Project is not being constructed to relieve current or future reliability issues on the electric grid but that, instead, it is being proposed as an integral part of the AMPGS, and Staff opined that, without the double circuit 345 kV transmission line, the new generating station will be unable to deliver its generation output to the regional transmission grid. Staff stated that the basis of need has been demonstrated

and the Board agreed in its Order issuing the Certificate. See Order at 30; Staff Ex. 1, at 13.

6. Pursuant to Section 4906.03(D), Revised Code, the Board has the authority to modify and approve applications for certificates.
7. For good cause and in order to prevent further delays in this project, AMP respectfully requests that the Board grant an eighteen (18) month extension of the Certificate.
8. The delay experienced to date in the development of the Transmission Project is a direct result of the delays in the development of the AMPGS project, which are described in full in AMP's certificate extension request. See *AMPGS Case, Motion to Extend the Duration of American Municipal Power's Certificate of Environmental Compatibility and Public Need* (November 16, 2012). Specifically, the new, significantly increased EPC contractor's indicative cost resulted in AMPGS becoming economically infeasible. As a result of the unexpected, substantial increase to the capital costs of the project, the AMP Board of Trustees and AMPGS Participants determined it was in the best interest of the member participants to give termination notices to the EPC contractor, emission control and other equipment vendors on EPC construction and equipment. The thirty-seven (37) percent increase over the indicated capital cost estimated in May 2009 made pursuing alternatives, including conversion to a natural gas combined cycle at the site, the best economic alternative for AMP and the AMPGS Participants at that time.

9. Additionally, the opportunity to purchase a different natural gas combined cycle (“NGCC”) generating unit was presented to AMP. On or around July 1, 2011, AMP completed the purchase of the Fremont Energy Center, a 707 MW (fired) NGCC generation plant then under construction by FirstEnergy Corp. (“FE”) and located predominantly in the City of Fremont, Ohio (“Fremont”). Based on AMP members’ long-term power supply analysis, Fremont would provide a cost-effective, environmentally friendly, asset-based alternative to wholesale energy and capacity markets. Also important to AMP members was the mitigation of construction and permitting risks by acquiring a facility that was largely complete.
10. Even with the addition of Fremont, Prairie State, and other generating assets, AMP members continue to have significant needs for generation. AMP has projected that its members can potentially utilize additional PJM capacity of approximately 1200 MW, as well as potentially up to 1000 MW of peaking energy to be delivered into PJM. Accordingly, notwithstanding the unexpected capital cost increase projection, AMP has, in good faith and with due diligence, actively maintained and prudently pursued continuous development of potential electric generation at the Meigs County site. Because the Transmission Project is dependent on electric generation at the site, AMP’s efforts to pursue continuous development of potential generation at the site advances the continuous development of the Transmission Project as well.
11. In addition to the evidence of AMP’s good faith efforts to actively and prudently pursue continuous development of potential electric generation at the AMPGS site presented in the *AMPGS Case*, AMP also notes that, on July 19, 2013, AMP

issued a Request of Interest for peaking capacity and/or energy supply proposals from selected companies (“ROI”). The purpose of the ROI is to allow AMP the opportunity to review options that may be able to address all or a portion of AMP’s potential future peaking capacity and/or energy needs. In the ROI, AMP specifically noted that it is interested in evaluating various options to fill the capacity and energy needs, including potentially *an AMP self-build option*.

12. It is important to note that the need for the Transmission Project is unaffected by the fuel source of potential electric generation at the Meigs County site.
13. AMP believes that there is value in maintaining the continuity of the existing process, including an amendment of the existing Certificate, rather than submitting a new application. In particular, the amendment process will provide the Board the opportunity to review and approve material changes to the Transmission Project without having to reconsider elements of the project that will not change. Additionally, the amendment process will avoid the disruption of discussions with potential partners on this project and other project development tasks and financing necessary to move forward with this project.
14. AMP has been consistent and diligent in its continuing development of this project, while adapting to the changing financial conditions and opportunities that were presented. AMP has also complied with all of the conditions of the Board’s Order, including the provision of informal status updates to the Board’s staff. AMP represents that it will continue to comply with all of the conditions of its existing Certificate for the period of the extension. AMP will also continue to provide Staff with semi-annual updates on the project’s development during the

extension period to facilitate the Board's regulatory oversight during the extension.

15. AMP believes that the limited period requested for an extension is reasonable and appropriate under the circumstances and that AMP has demonstrated good cause for the extension.

### III. CONCLUSION

For the good cause demonstrated, to facilitate further discussion with a potential partner, and to make positive progress towards bringing this project to fruition, AMP respectfully requests that the Board extend the Certificate for a period of eighteen (18) months until May 24, 2015.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Motion to Extend and Memorandum in Support was served upon the following parties of record as a courtesy, via electronic delivery and/or postage prepaid U.S. Mail, on August 26, 2013.



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**STAFF OF THE OHIO POWER SITING BOARD**

**ON BEHALF OF THE OHIO POWER SITING BOARD**

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Summary: Motion To extend duration of AMP's certificate of environmental compatibility and public need by 18 months to 5/24/2015 electronically filed by Barbara E Johnson on behalf of American Municipal Power, Inc.