

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Power Company for Approval of a) Case No. 24-734-EL-AEC
Reasonable Arrangement Under R.C. 4905.31)
and OAC Chapter 4901:1-38)

**JOINT MOTION OF OHIO POWER COMPANY AND INTEL CORPORATION
FOR RELIEF IN SUPPORT OF THE APPROVED REASONABLE ARRANGEMENT**

Pursuant to Rules 4901-1-12 and 4901-1-32, Ohio Administrative Code, Ohio Power Company (“AEP Ohio” or “Company”) and Intel Corporation (“Intel” or “Customer”), collectively “Joint Movants” or “Parties”, respectfully move that the Commission approve the relief in support of the approved reasonable arrangement. Specifically, Joint Movants request accounting authority for AEP Ohio to continue capitalizing AFUDC during the delay period following the completion of the Green Chapel Station and continuing until such time that the equipment is placed in service.

A memorandum in support of this motion is attached.

Respectfully submitted,

/s/ Steven T. Nourse

Steven T. Nourse (0046705), Counsel of Record
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Telephone: (614) 716-1608
Fax: (614) 716-2950
Email: stnourse@aep.com

(willing to accept service by email)
Counsel for Ohio Power Company

/s/ Michael L. Kurtz

Michael L. Kurtz, Counsel of Record
Jody Kyler Cohn
36 E. Seventh St., Ste. 1510

Cincinnati, Ohio 45202
Telephone: (513) 421-2255
Fax: (513) 421-2764
Email: mkurtz@BKLawfirm.com
jkylercohn@BKLawfirm.com

(willing to accept service by email)
Counsel for Intel Corporation

**MEMORANDUM IN SUPPORT OF
THE MOTION FOR RELIEF IN SUPPORT OF
THE APPROVED REASONABLE ARRANGEMENT**

On July 19, 2024, AEP Ohio and Intel filed a joint application for approval of a reasonable arrangement under R.C. 4905.31 and Ohio Administrative Code 4901:1-38. (Finding & Order ¶ 3, Case No. 24-734-EL-AEC (Sept. 9, 2024) (“Finding and Order”).) This arrangement was intended to support Intel’s planned semiconductor manufacturing facilities, referred to as “fabs,” in Licking County. (*Id.* ¶¶ 9-10.) The Application explained that Intel’s Licking County project would “support more than 20,000 jobs in the state, including approximately 3,000 direct Intel jobs generating an annual payroll of \$405,000,000 (plus benefits), 7,000 construction jobs over the course of the build, and over 10,000 additional indirect and support jobs including contracted positions, electricians, engineers, and jobs in restaurants, healthcare, housing, entertainment and more.” (*Id.* ¶ 10.) The project has been described as the “largest single private sector company investment in Ohio history.”¹

The reasonable arrangement included several components, one of which was the construction of a new substation, named “Green Chapel Station,” to support Intel’s fabs. (Finding & Order ¶ 14.) The distribution portion of the substation, which would comprise up to six transformers, was projected to cost \$95.1 million. (*Id.* ¶ 25.) As part of the reasonable arrangement, the Commission authorized AEP Ohio to recover the capital and related costs of Green Chapel Station through its Distribution Investment Rider (“DIR”), above the annual

¹ Press Release, JobsOhio, Governor DeWine Announces Monumental Investment by Intel to Bring Their Most Advanced Semiconductor Manufacturing Plants to Ohio (Jan. 21, 2022), <https://www.jobsohio.com/news-press/intel-chooses-ohio-for-chip-manufacturing>.

revenue caps that would otherwise apply to the DIR, until the investment is included in rate base in a base distribution rate case. (*Id.*) Additionally, the arrangement stipulated that Intel would receive service at a distribution voltage of 34 kV but be billed under the transmission voltage rates in AEP Ohio's Schedule GS (General Service). The Commission approved this reasonable arrangement on September 9, 2024 in this proceeding. (*Id.* ¶ 1.)

AEP Ohio has efficiently and diligently constructed the Green Chapel Station to align with Intel's initial timeline, which required the station to be completed and operational by April 2025. (*Id.* ¶ 14.) AEP Ohio has substantially met this expected timeline and now anticipates the Green Chapel Station to be completed and ready to be placed in service, but not serving any load, by August 2025. Furthermore, AEP Ohio has completed the construction significantly under budget, with the final project cost expected to be approximately \$84.7 million, about \$10.4 million less than the original estimate of \$95.1 million.

Since the project was announced, Intel's construction crews have worked more than 6.4 million hours performing work that includes installing underground pipes, pouring more than 200,000 cubic yards of concrete, completing the sub-utility trenches, and starting on the office buildings. The Licking County site has received 36 "superloads" (a type of oversized load that significantly exceeds regular dimensions and weight limits), including four extra-large superloads containing the fabs' air separation units. Notwithstanding this significant progress, Intel has recently announced that the competitive semiconductor market and unpredictable geopolitical concerns have led them to delay the construction schedule at the Licking County site for two years. At the same time, Intel has reaffirmed its commitment to build the Licking County project and has stated that investing in Ohio fabs remains part of its long-term plans. In sum, construction continues to progress, although at a slower pace.

Intel's construction delay means that the Green Chapel Station will not be supplying power as originally scheduled in August 2025. This alters the initial assumptions of the reasonable arrangement and presents an unanticipated cost recovery impact for AEP Ohio, which this Application seeks to address. Initially, AEP Ohio was set to recover the costs of Green Chapel at all stages – both during and after construction. During construction, AEP Ohio's financing costs would be offset by an allowance for funds used during construction (AFUDC), which is accrued and capitalized according to accounting standards for all distribution construction work in progress ("CWIP"). Once the Green Chapel station was completed, it was to begin serving load and placed in service on the Company's books so that it could be included in AEP Ohio's DIR for timely recovery. However, due to Intel's two-year delay, even though the Green Chapel Station will be ready to use in accordance with the original timeline, Intel is not prepared to take service, preventing AEP Ohio from placing the Green Chapel equipment in service and incorporating it into the DIR. Under normal regulatory accounting practices, capitalization of AFUDC typically ceases once facilities are completed, fully tested, and ready for service, as will be the case for Green Chapel. This combination of factors means that, unless recoverability of AFUDC during the construction delay period is affirmed to permit capitalization of AFUDC, AEP Ohio will incur financing costs for the Green Chapel Station without the ability to recover or capitalize these expenses, resulting in an immediate and ongoing financial loss that was not anticipated in the reasonable arrangement.

To address this issue and support the original plan under the approved reasonable arrangement, AEP Ohio and Intel are requesting approval of accounting authority for AEP Ohio to continue capitalizing AFUDC during the delay period following the completion of the Green Chapel Station and continuing until such time that the equipment is placed in service. While the

continuation of capitalizing AFUDC during this delay will increase the total project cost of Green Chapel, AEP Ohio has managed to complete the Green Chapel Station significantly under budget. This additional accounting relief will ensure that AEP Ohio fully recovers the cost associated with Green Chapel through the DIR as was the plan all along.

Significantly, moreover, Intel has agreed to cover any costs associated with capitalized AFUDC that would push the total project cost beyond the originally forecasted amount of \$95.1 million. For example, if the capitalized AFUDC during the delay results in costs exceeding \$95.1 million, Intel will reimburse AEP Ohio for the excess amount above \$95.1 million on an ongoing monthly basis, and AEP Ohio will credit this to the plant balance. Consequently, under the proposal here, no more than \$95.1 million will be included in the DIR once the equipment is placed in service, thereby maintaining the original intent of the reasonable arrangement and effectively holding ratepayers harmless for the rate impact associated with the delay. Nothing in this Joint Motion affects the 240-month term of the Contract for Reasonable Arrangement and Electric Service.

CONCLUSION

For the foregoing reasons, Joint Movants request that the Commission approve accounting authority for AEP Ohio to continue capitalizing AFUDC during the delay period following the completion of the Green Chapel Station and continuing until such time that the equipment is placed in service.

Respectfully submitted,

/s/ Steven T. Nourse

Steven T. Nourse (0046705), Counsel of Record
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Telephone: (614) 716-1608
Fax: (614) 716-2950
Email: stnourse@aep.com

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Counsel for Ohio Power Company

/s/ Michael L. Kurtz

Michael L. Kurtz, Counsel of Record
Jody Kyler Cohn
36 E. Seventh St., Ste. 1510
Cincinnati, Ohio 45202
Telephone: (513) 421-2255
Fax: (513) 421-2764
Email: mkurtz@BKLawfirm.com
jkylercohn@BKLawfirm.com

(willing to accept service by email)

Counsel for Intel Corporation

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document upon the following parties. In addition, I hereby certify that a service copy was sent by, or on behalf of, the undersigned counsel to the following parties of record this 5th day of June, 2025, via e-mail:

/s/ Steven T. Nourse

Steven T. Nourse (0046705)

Email Service:

mkurtz@bkllawfirm.com

jkyler@bkllawfirm.com

alana.howard@occ.ohio.gov

lindsey.molter@puco.ohio.gov

docketing@puco.ohio.gov

William.michael@occ.ohio.gov

Maureen.willis@occ.ohio.gov

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Summary: Motion JOINT MOTION OF OHIO POWER COMPANY AND INTEL CORPORATION FOR RELIEF IN SUPPORT OF THE APPROVED REASONABLE ARRANGEMENT electronically filed by Mr. Steven T. Nourse on behalf of Ohio Power Company.