

JONES DAY

51 LOUISIANA AVENUE, N.W. • WASHINGTON, D.C. 20001.2113
TELEPHONE: +1.202.879.3939 • FACSIMILE: +1.202.626.1700

December 19, 2011

US Department of Energy

DEC 19 2011

Electricity Delivery and
Energy Reliability

VIA HAND DELIVERY

Mr. Christopher Lawrence
Electric Industry Specialist
U.S. Department of Energy
Office of Electricity Delivery and Energy Reliability
OE-20, Room 8G-024
1000 Independence Avenue, SW
Washington, DC 20585-0350

**Re: Application for Renewal of Authorization to Export Electricity
from the United States to Mexico:
AEP Energy Partners, Inc.,
Docket No. EA-318-B**

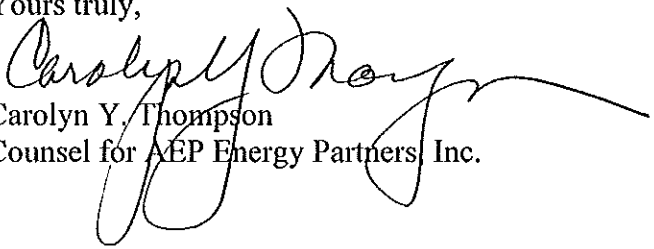
Dear Mr. Lawrence:

Enclosed please find an original and three (3) copies of the Application of AEP Energy Partners, Inc. for Renewal of Authorization to Export Electricity from the United States to Mexico. AEP Energy Partners respectfully requests that the renewed authorization be for a period of ten (10) years, or the longest period available.

Also enclosed is a check in the amount of \$500 for the filing fee.

If there are any questions regarding this filing, please contact the undersigned.

Yours truly,


Carolyn Y. Thompson
Counsel for AEP Energy Partners, Inc.

Enclosures

cc: Jay E. Jadwin

WAI-3051147v1

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UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

AEP Energy Partners, Inc.

)

Docket No. EA-318-B

APPLICATION OF
AEP ENERGY PARTNERS, INC. FOR RENEWAL OF
AUTHORIZATION TO EXPORT ELECTRICITY
FROM THE UNITED STATES TO MEXICO

Pursuant to Section 202(e) of the Federal Power Act, 16 U.S.C. § 824(e) ("FPA"), and the Department of Energy ("DOE") regulations, 10 C.F.R. § 205.300, *et seq.* (2011),¹ AEP Energy Partners, Inc. ("AEP Energy Partners" or "Applicant") hereby submits an Application for Renewal of its currently effective authorization to export electricity from the United States to Mexico.

Background

By order of February 22, 2007, in OE Docket No. EA-318, the Office of Electricity Delivery and Energy Reliability (hereinafter referred to as "DOE") issued an export authorization to CSW Power Marketing to be effective for a period of five (5) years from February 22, 2007.² Subsequently, by order of June 27, 2007, DOE rescinded Order No. EA-318 and issued Order No. EA-318-A to correct some errors and omissions in the original order and to recognize the corporate restructuring, including the change in name to AEP Energy Partners, Inc. Order No. EA-318-A authorized AEP Energy Partners to export electricity to Mexico under the same terms

¹ The authority to administer the International Electricity Program through the regulation of electricity exports and the issuance of Presidential Permits was delegated to the Director of the Office of Electricity Delivery and Energy Reliability in Order No. 00-002.10A, issued on January 30, 2007.

² *Order Authorizing Electricity Exports to Mexico*, Order No. EA-318.

and conditions, including the effective date of February 22, 2007, as had the earlier Order No. EA-318.

Application for Renewal

AEP Energy Partners respectfully requests expedited review of this Application for Renewal and further requests that such renewal be effective no later than the expiration date of the current authorization in order to avoid any lapse in AEP Energy Partners' authority to export power and energy to Mexico. Specifically, AEP Energy Partners seeks to extend, for an additional ten (10) years, the authorization it currently holds to sell electric energy and/or capacity to Mexico. The source of such energy and capacity for export is primarily from purchases on the wholesale market in addition to purchase agreements that AEP Energy Partners has entered with the owners of the coal-fired Oklaunion Unit No. 1 near Vernon, Texas and various wind farms in the state of Texas.

Pursuant to Section 205.302 of the regulations, the Applicant provides the following information:

(a) Legal Name of Applicant

The exact legal name of the Applicant is AEP Energy Partners, Inc. Applicant is a Delaware corporation having its principal place of business in Columbus, Ohio and is a wholly-owned subsidiary of the American Electric Power Corporation ("AEP"), also headquartered in Columbus, Ohio. AEP Energy Partners is an affiliate of American Electric Power Service Corporation ("AEPSC") and AEP's affiliated public utility subsidiaries.³ The AEP Operating Companies, except AEP Texas Central Company and AEP Texas North Company, are investor-

³ The utility affiliates of AEP include AEP Texas Central Company, AEP Texas North Company, Appalachian Power Company, Columbus Southern Power Company, Kentucky Power Company, Indiana Michigan Power Company, Ohio Power Company, Public Service Company of Oklahoma and Southwestern Electric Power Company ("AEP Operating Companies").

owned public utilities that own generation, transmission and distribution facilities serving retail customers, as well as wholesale customers, in Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Virginia, and West Virginia. Pursuant to Texas law, AEP Texas Central Company and AEP Texas North Company divested their generation and have operated their respective transmission and distribution functions as separate corporate units since 2007.

AEP Energy Partners buys and sells power for its own account at wholesale pursuant to voluntary contracts with its suppliers and its customers. Applicant has an electric tariff on file with the Federal Energy Regulatory Commission ("FERC") that allows it to sell power at wholesale at market-based rates.⁴ Applicant has no "native load" customers that it has an regulatory obligation to serve but has entered into contracts to make domestic market-based sales within the United States, including in the Electric Reliability Council of Texas ("ERCOT") market.

(b) Legal Name of All Partners

Not applicable.

(c) Persons to Whom Correspondence in Regard to this Application Shall Be

Addressed:

Jay E. Jadwin
Chief Counsel
American Electric Power Service Corporation
155 W. Nationwide Blvd., Suite 500
Columbus, Ohio 43215
Telephone: (614) 583-7634
Fax: (614) 583-1602
jejadwin@aep.com

⁴ AEP Energy Partners, Inc., Electric TCS and MBR, Fifth Revised Rate Schedule FERC No. 1, Docket No. ER07-1130-000.

Carolyn Y. Thompson
Jones Day
51 Louisiana Avenue, N.W.
Washington, DC 20001-2113
Telephone: 202-879-5426
Fax: 202-626-1700
carolynthompson@jonesday.com

(d) State of Incorporation

AEP Energy Partners is incorporated in the state of Delaware.

(e) Government Agencies Having Jurisdiction

Applicant knows of no other Federal, State, or local agency that has jurisdiction over the actions to be taken under the authorization sought in this Application.

(f) Description of the Transmission Facilities

Applicant proposes to export electricity to Mexico through the cross-border transmission facilities between the United States and Mexico that have been authorized for such purpose by DOE. Applicant has complied, and will continue to comply, with the terms and conditions contained in the Presidential Permits and export authorizations applicable to these cross-border facilities as well as any export limitations that the DOE has deemed or may deem appropriate for those facilities. Applicant further understands that it must make arrangements to transmit energy for export from the source of such energy *to* the international border and that such arrangement will require Applicant to enter into transmission service agreements with domestic transmission providers.

(g) Technical Discussion of the Proposed Electricity Export

Section 205.302(g) requires a showing that the proposed export: (i) will not have an adverse impact on the exporter's reliability, fuel use and system stability; (ii) will not impair the sufficiency of electric supply on the exporter's system; and (iii) will not impede or tend to

impede regional coordination of electric utility planning or operation.⁵ DOE evaluates an export application in the context of section 202(e) of the FPA as to the sufficiency of electric supply within the United States and as to the likelihood that such authorization would impede coordination of jurisdictional facilities. Order No. EA-318-A, mimeo at 2-3.

1. Sufficiency of Supply

As DOE explained in its 2007 Order approving Applicant's current export authorization, DOE must evaluate the impact of the proposed export on the reliability of the U.S. electric system before granting or renewing an export authorization. Specifically, DOE must find that the proposed export will not impair the sufficiency of electric supply within the United States. In the Order in Docket No. EA-318-A, DOE discussed the basis for its finding that the export authorization given to AEP Energy Partners in 2007 would not impair the sufficiency of the U.S. supply:

The power purchased by a power marketer is, by definition, surplus to the needs of the selling entities. With no native load obligations, the power marketer is free to sell its power portfolio on the open market domestically or as an export. Because a marketer has no native load obligations and because power purchased by a marketer would be surplus to the needs of the entities selling the power to the marketer, an export occurring under such circumstances would meet the first statutory criterion of section 202(e) of the FPA of not impairing the sufficiency of supply within the United States.

Order No. EA-318-A, mimeo at 2.

⁵ Section 202(e) of the FPA provides that:

[N]o person shall transmit any electric energy from the United States to a foreign country without first having secured an order from the Commission authorizing it to do so. The Commission shall issue such order upon application unless . . . it finds that the proposed transmission would impair the sufficiency of supply within the United States or would impede or tend to impede the coordination in the public interest of facilities subject to the jurisdiction of the Commission.

16 U.S.C. § 824a(e).

At the time the DOE issued the initial authorization, AEP Energy Partners was a marketer of the type described by DOE and remains such a marketer today. The power and energy purchased by AEP Energy Partners is surplus to the needs of the selling entities. Accordingly, Applicant's proposed exports will not impair the sufficiency of the U.S. electric supply. Applicant itself has no "native load" customers that it has a regulatory obligation to serve although AEP Energy Partners, as a marketer, has contractual obligations to supply power and energy to various entities in the U.S. and in Mexico.

By this Application for Renewal, AEP Energy Partners seeks authority to continue to engage in open-ended transactions to export electricity to Mexico under terms and conditions to be negotiated in the future. As such, Applicant is similarly situated to many power marketers which have previously been authorized by DOE to export electricity.

2. Reliability of the Domestic Electric Transmission System and Regional Coordination

In the 2007 Order, with respect to its responsibility to assure that an export authorization has no adverse operational impacts on the domestic electric transmission system or regional coordination, the DOE further stated as follows:

In evaluating the operational reliability impacts of export proposals, DOE has always used a variety of methodologies and information, including established industry guidelines, operating procedures and/or infrastructure, as well as traditional technical studies where available and appropriate. When determining these impacts for exports by power marketers or other entities operating in a similar manner, it is convenient to separate the export transaction into two parts: (1) moving the export from the source to a border system that owns the international transmission connection; and, (2) moving the export through that border system and across the border.

In order to deliver the export from the source to a border system, AEPEP Inc. must make the necessary commercial arrangements and obtain sufficient transmission capacity to wheel the exported energy to the border system.

Id., mimeo at 3.

With respect the first part of the export transaction, that is, moving the energy to be exported from the source of such energy to the border, DOE contemplated that a power marketer, such as AEP Energy Partners, with no transmission facilities of its own, must necessarily secure transmission under the "FERC Open-Access Same-Time Information System (OASIS)" and would "schedule delivery of the export with the Regional Transmission Organization(s) (RTO), Independent System Operator(s) (ISO), and/or control area operator(s)." *Id.* at 3. DOE concluded that such RTOs, ISOs or control area operators would, on their part, schedule delivery for AEP Energy Partners or others only in accordance with "established operational reliability criteria" and that such criteria "provide adequate assurances that a particular export will not cause an operational reliability problem." *Id.* Therefore, the DOE concluded that the procedures in place applicable to domestic transmission providers with respect to the delivery of electricity over their systems, including energy to be transmitted for AEP Energy Partners, would ensure that the export had no adverse impact on the domestic transmission system. Further, in granting the export authorization, DOE explicitly conditioned the authorization on AEP Energy Partners' complying with such scheduling and operational limits and criteria. *Id.*, Ordering Paragraphs D, E, and J at 7-8.

With respect to the second aspect of the export transaction, that is, moving the power across the border, DOE noted that technical studies were undertaken before the authorizations were issued to the border systems and indicated that: "DOE relies on the traditional technical studies that were performed in support of electricity export authorizations issued to that border

system" and on the conditions placed on such exports when the DOE authorized the cross-border systems.⁶ *Id.* at 4.

Applicant respectfully suggests that DOE's earlier analysis and conclusion regarding the integrity of the domestic and cross-border transmission systems remains relevant and sound for purposes of evaluating AEP Energy Partners' Application for Renewal. AEP Energy Partners does not own transmission facilities in the U.S. or any cross-border transmission facilities. Accordingly, AEP Energy Partners has secured and will secure transmission from the appropriate domestic transmission providers and will be subject to these providers' established operating criteria. Further, AEP Energy Partners has exported electricity to Mexico under its current authorization and will continue to export across the border facilities in the future in full compliance with any operating criteria or load limitations that DOE has imposed on the border facilities and their respective operators. In short, Applicant will comply with established industry operating standards.

3. Possible Conditions in Renewal Authorization

As just discussed, DOE imposed conditions on the current export authorization held by AEP Energy Partners. Applicant has conformed to those conditions and will abide by any conditions imposed in an order authorizing the requested renewal. Applicant now files quarterly reports with DOE reporting its exports and imports and will similarly report exports and imports resulting from the renewed export authorization as directed by DOE. Further, Applicant is willing to accept general conditions consistent with DOE's previous power marketer export authorizations for AEP Energy Partners and other similarly situated marketers.

⁶ With respect to non-jurisdictional transmission providers, DOE has used information provided by such entities or made available in public filings as a basis for granting such authorization (Order No. EA-150 at 4), and Applicant requests that DOE follow this precedent in ruling on this Application.

(h) Verification:

The signed verification of Jeffrey D. Cross, Vice President of AEP Energy Partners, is attached to this Application.

Pursuant to 10 C.F.R. § 205.303, Applicant provides the following exhibits:

Exhibit A - Agreements

It is AEP Energy Partners' understanding that the DOE no longer requires applicants for an export authorization to submit copies of the agreements that applicants may have executed for cross-border transactions.

Exhibit B - Legal Opinion of Applicant's Counsel

Attached.

Exhibit C – Map of Applicant's Electric System and Location of Cross Border Facilities

Applicant owns no electric system. By this Application, AEP Energy Partners seeks authorization to continue to export electricity to Mexico over the transmission facilities between the United States and Mexico operating under DOE authorization and guidelines. AEP Energy Partners understands that DOE no longer requires that a list of such facilities be included in an application for export authorization.

To the extent it might otherwise be required, Applicant requests waiver of any requirement that it provide a general map of its affiliates' overall electric systems or a detailed map highlighting the location of all facilities to be used for the generation and transmission of the electric energy to be exported. Applicant understands that the DOE's files contain appropriate maps for all U.S.-Mexico border crossing points.

Exhibit D - Residency and Principal Office Statement

Applicant's principal offices are in Columbus, Ohio, within the United States. Therefore, no domestic agent is required.

Exhibit E - Corporate Relationship/Existing Contract Statement

Applicant does not have a corporate relationship or existing contract with any person, corporation, or foreign government, which in any way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy, other than contracts that subject to the jurisdiction of the FERC.

Exhibit F - Operating Procedures

As explained earlier, the electric energy that AEP Energy Partners will purchase for export to Mexico will be surplus to the supplying entities and has been and will continue to be purchased by AEP Energy Partners on the wholesale market. Applicant respectfully requests that the DOE waive the requirement in Section 205.303(f) that Applicant provide an explanation of the methodology for informing neighboring utilities that surplus electricity is available for sale. Neighboring utilities may be informed of any excess capacity and energy in the same manner as AEP Energy Partners learns of such excess capacity or energy, that is, by participating in the competitive wholesale markets in the relevant areas.

Pursuant to the requirements of 10 C.F.R. § 205.309, a copy of this Application is being provided to:

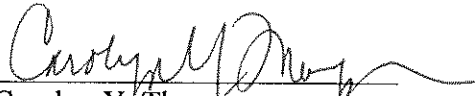
Honorable Kimberly D. Bose
Federal Energy Regulatory Commission
888 First Street, N.E.
Dockets Room, 1A
Washington, D.C. 20426

A check in the amount of \$500.00 for the required filing fee also is enclosed.

WHEREFORE, in consideration of the foregoing, Applicant respectfully request that this Application for Renewal be considered on an expedited basis and be approved.

Respectfully submitted,

AEP Energy Partners, Inc.

By: 
Carolyn Y. Thompson
Jones Day
51 Louisiana Avenue, N.W.
Washington, DC 20001-2113
Telephone: 202-879-5426
Fax: 202-626-1700
carolynthompson@jonesday.com

Counsel for AEP Energy Partners, Inc.

Dated: December 19, 2011

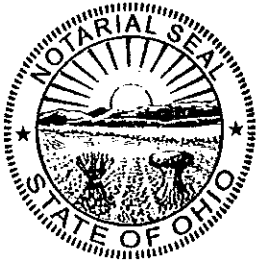
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STATE OF OHIO)
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COUNTY OF FRANKLIN) SS

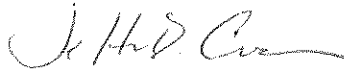
Jeffrey D. Cross being first duly sworn, deposes and states:

1. My name is Jeffrey D. Cross. I am Vice President for AEP Energy Partners, Inc.

2. I have knowledge of the matters set forth in the foregoing Application of AEP Energy Partners, Inc. for Authorization to Transmit Electric Energy from the United States to Mexico. I hereby verify that the factual assertions contained in that Application are true and correct to the best of my knowledge and belief.




Josephine M. Logan
Notary Public, State of Ohio
My Commission Expires 09-20-2016



Jeffrey D. Cross
Vice President

Sworn and subscribed before me this
16 day of December, 2011.



Notary Public



American Electric Power
155 W. Nationwide Blvd., Suite 500
Columbus, OH 43215
AEP.com

Exhibit B

December 16, 2011

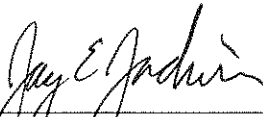
The Department of Energy
Office of Electricity Delivery and Energy Reliability
OE-20, Room 6H-034
1000 Independent Avenue, SW
Washington, DC 20585-0350

**RE: Application for Renewal of Authorization to Export Electric Energy:
AEP Energy Power Partners, Inc.
Docket No. EA-318-B**

Dear Sir or Madam:

The following opinion is given in support of the Application of AEP Energy Partners, Inc. for Renewal of its current authorization to transmit electric energy to Mexico.

1. I am Chief Counsel at American Electric Power Service Corporation and am authorized to practice law in the state of Ohio.
2. AEP Energy Partners, Inc. is duly incorporated in the state of Delaware and is in good standing and is authorized to do business in the states of Ohio and Texas and such other states as may be required by the current nature of its business.
3. AEP Energy Partners, Inc. has full corporate power and authority to buy, sell or act as a marketer in the sale and export of electric energy as requested in the Application for Renewal; and
4. AEP Energy Partners, Inc. is in compliance with all applicable Federal and State laws and shall remain in compliance.



Jay E. Jadwin
Chief Counsel