



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555



June 5, 1981

Donald A. Kaplan, Esq.  
Chief, Energy Section  
Antitrust Division  
U.S. Department of Justice  
P.O. Box 14141  
Washington, DC 20044  
Attention: Robert Fabrikant, Esq.

Re: In the Matter of Cincinnati Gas  
& Electric Co., et al. (Zimmer  
Nuclear Power Station), Docket  
No. 50-358A

Dear Mr. Kaplan:

I am enclosing for your review and comment, pursuant to Section 105(c)(2) of the Atomic Energy Act and the Commission's rules thereunder, a draft evaluation, entitled "Zimmer Nuclear Power Station, Unit 1: NRC Staff's Analysis of Whether CSOE's Acquisition by AEP Constitutes A 'Significant Change' Requiring A Further Antitrust Review." The NRC Staff previously (in 1977) reviewed the application for an operating license for this facility to determine whether any significant changes in the activities or proposed activities of the licensees (Cincinnati Gas & Electric Company, Dayton Power & Light Company, and Columbus & Southern Ohio Electric Company) had occurred since the antitrust review conducted at the construction permit stage. At the time, the Staff concluded that no significant changes had occurred that warranted an antitrust review at the operating license stage. In reaching that conclusion we consulted informally with the Antitrust Division and the Division concurred in our finding. The further analysis which we have undertaken is limited to a consideration of whether American Electric Power Company's acquisition of Columbus & Southern Ohio Electric Company has or will result in a significant change in the activities of CSOE.

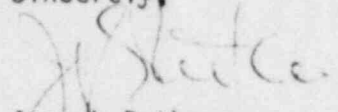
Since construction of this facility is presently estimated to be completed by late 1981 and since our present procedures require that we offer sixty days for requests for reevaluation of our proposed finding, we request that you provide any comments the Division may have on our proposed finding as soon as possible.

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If you should have any questions, please contact Steve Lewis on 492-8655.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Rutberg", written over a vertical line that extends downwards from the signature.

Joseph Rutberg  
Assistant Chief Hearing  
Counsel/Antitrust Counsel

Enclosures:  
As Stated

ZIMMER NUCLEAR POWER STATION, UNIT 1  
NRC STAFF'S ANALYSIS OF WHETHER CSOE'S  
ACQUISITION BY AEP CONSTITUTES A "SIGNIFICANT  
CHANGE" REQUIRING A FURTHER ANTITRUST REVIEW

INTRODUCTION

On May 10, 1975, the Cincinnati Gas and Electric Company (CGE), Columbus and Southern Ohio Electric Company (CSOE), and The Dayton Power & Light Company (DPL) tendered their joint application to obtain an operating license for the William H. Zimmer Nuclear Power Station, Unit 1 (Zimmer 1). The operating license for Zimmer 1 is presently expected to be issued in late 1981.

By statute the Nuclear Regulatory Commission (NRC) is required to determine the need for an antitrust review of each operating license application on the basis of whether "significant changes in the licensee's activities or proposed activities have occurred subsequent to the previous [construction permit] review by the Attorney General and the Commission."<sup>1/</sup> Based upon procedures in effect at the time of the operating license application submittal, the NRC staff conducted an internal review of the antitrust information and concluded "that changes in the Applicants' activities occurring since the construction permit antitrust review do not represent significant changes that would now warrant another antitrust review at the operating license stage."<sup>2/</sup>

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<sup>1/</sup> Section 105c(2) of the Atomic Energy Act of 1954, as amended (42 USC § 2135(c)(2)).

<sup>2/</sup> Memorandum of November 28, 1977, from Argil Toalston, Antitrust and Indemnity Group, NRR to I. Peltier, Licensing Project Manager (hereafter referred to as Memorandum), p. 8.

At the construction permit stage of Zimmer 1, the Cities of St. Marys and Piqua, Ohio and the American Municipal Power-Ohio, Inc. (AMPO), a planning entity then representing 30 Ohio municipal electric systems, filed intervention petitions principally seeking the procurement and use of power from Zimmer. Negotiations were undertaken between Applicants and the petitioners regarding participation in Zimmer. Pursuant to the provisions of Section 105(c)(8) of the Atomic Energy Act<sup>3/</sup> and consistent with the recommendation of the Department of Justice, a construction permit was issued for Zimmer 1 prior to completion of these negotiations and of the Department's and staff's antitrust review. The construction permit was conditioned to provide that a post-construction permit antitrust hearing could be held (which would determine reasonable terms of conditions for participation of petitioners in Zimmer 1) if Applicants and petitioners were unable to reach agreement and that the construction permit could be continued as issued, rescinded, or conditioned on the basis of the findings made in such proceeding. Subsequently, the petitioners withdrew their petitions to intervene stating that they had no further interest in the proceeding. The Commission thereafter deleted the antitrust condition from the construction permit.

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<sup>3/</sup> 42 UCS § 2135(c)(8). This section provides that for a construction permit application on file at the time of enactment of the provision (which includes Zimmer 1), the Commission may determine, after consultation with the Attorney General, that issuance of the construction permit is necessary in the public interest to avoid unnecessary delay.

The NRC staff's review of whether any "significant changes" had occurred since the construction permit antitrust review was conducted in 1977 and concluded, as noted above, that there were no such changes warranting another antitrust review. The staff did, however, note the pendency before the Securities and Exchange Commission ("SEC") of an application under the Public Utility Holding Company Act of 1935 (15 USC § 79, et. seq.) by American Electric Power Company, Inc. ("AEP") to acquire CSOE. In 1973, an initial decision had been rendered by the Administrative Law Judge presiding over that proceeding which had denied the application primarily upon the basis of competitive considerations and an inadequate showing that savings would result.<sup>4/</sup> At the time of the staff's review the matter was under appeal to the SEC, but a decision had not yet been rendered. The staff was interested in the possible impact of the acquisition on the competitive situation in Ohio, should the application be approved by the SEC.

Subsequent to the Staff's "significant change" review, the SEC reversed the initial decision and approved the acquisition. By its Opinion of July 21, 1978,<sup>5/</sup> the Commission found that the proposed

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<sup>4/</sup> In the Matter of American Electric Power Co., Inc., Administrative Proceeding File No. 3-1476, Initial Decision (July 20, 1973), pp. 95-98, 147.

<sup>5/</sup> In the Matter of American Electric Power Company, Inc., (HCAR No. 20633), a copy of which is Exhibit No. 1 to a letter of December 22, 1980 from W. S. White, Jr., Chairman of the Board and Chief Executive Officer of AEP, and B. T. Ray, President of CSOE, to Jerome Saltzman, then Chief of the Utility Finance Branch, NRC. This document will hereafter be referred to as "Opinion."



acquisition met all of the standards of the Public Utility Holding Company Act. Among other things, the Commission concluded that the acquisition "will not burden or impair competition to an extent which will contravene the public interest standard stated in the Act."<sup>6/</sup> A significant factor in reaching this conclusion was a proposed settlement which had been reached among the municipal systems which had been opposing the acquisition and AEP. Among other features, that settlement would afford the municipals the possibility of access to large-scale generation and supplementary coordination services.<sup>7/</sup> In the SEC's view the proposal would (1) allow the municipal systems to attain economies of scale and (2) lessen concentration of control of the utility industry in Ohio.<sup>8/</sup> The SEC conditioned its ultimate approval of the acquisition, however, partly on the executing of a contract between AEP and the municipals which would reflect the settlement proposal.<sup>9/</sup> Subsequently, on May 1, 1979, AEP, Ohio Power Company (an AEP affiliate), CSOE, and AMPO entered into a coordination agreement.<sup>10/</sup> By order of February 13, 1980, the SEC issued an order approving the acquisition of SCOE by AEP.<sup>11/</sup>

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<sup>6/</sup> Id. at 392.

<sup>7/</sup> Id. at 378.

<sup>8/</sup> Id. at 393.

<sup>9/</sup> Id.

<sup>10/</sup> Exhibit No. 2 to the December 22, 1980 letter.

<sup>11/</sup> In the Matter of American Electric Power Co., Inc. Supplemental Memorandum and Order, (HCAR No. 21433) (hereafter, "Supplemental Memorandum") a copy of which is supplied as Exhibit No. 3 to the December 22, 1980 letter.

On the basis of the SEC's approval of AEP's acquisition of CSOE, the NRC Staff published a "Notice of Supplementary Antitrust Review of Operating License Application."<sup>12/</sup> That notice invited comment on whether the acquisition would result in a significant change in the activities or proposed activities of CSOE.<sup>13/</sup> No comments were received in response to the notice.

#### SIGNIFICANT CHANGE CRITERIA

The Commission's criteria to be employed in making a "significant change" determination are set forth in a decision issued in the operating license review for the Summer <sup>14/</sup> facility. A finding that a significant change has occurred requires "that the change or changes (1) have occurred since the previous antitrust review of the licensee(s); (2) are

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<sup>12/</sup> 45 Fed. Reg. 75398 (November 14, 1980). The Commission's procedures now call for publication of such notice and for solicitation of comments from the public. The Commission has delegated its authority with respect to "significant change" determinations to the Director of Nuclear Reactor Regulation or the Director of Nuclear Material Safety and Safeguards, as appropriate. "Delegation of Authority to Make 'Significant Change' Determination for Operating License Antitrust Review" (September 12, 1979). These procedures are reflected in a proposed rule which has been published by the Commission for comment. "Implementation of Commission's Delegation of Authority to Determine Whether There Have Been Significant Changes in Operating License Applicant's Activities or Proposed Activities Since the Construction Permit Antitrust Determination," 46 Fed. Reg. 18747 (March 26, 1981).

<sup>13/</sup> AEP has not become a co-holder of the construction permit for Zimmer 1 and an applicant for the operating license by virtue of the acquisition.

<sup>14/</sup> South Carolina Electric and Gas Co. and South Carolina Public Service Authority (Summer Nuclear Station, Unit No. 1), CLI-80-28 11 NRC 817 (1980).

reasonably attributable to the licensee(s); and (3) have antitrust implications that would likely warrant some Commission remedy."<sup>15/</sup> The Commission further explained criterion 3 as involving the following two inquiries: "(a) whether an antitrust review would be likely to conclude that the situation as changed has negative antitrust implications, and (b) whether the Commission has available remedies."<sup>16/</sup>

In applying the three criteria to the Zimmer OL application staff confines the present analysis to AEP's acquisition of CSOE and other events related thereto. Other changes subsequent to the CP antitrust review were the subject of the staff's earlier OL evaluation.

The changes wrought by the acquisition have clearly occurred after the antitrust review conducted at the construction permit stage, thus satisfying the Commission's first criterion. Looking at the acquisition and the coordination agreement with AMPO together, it is clear that these changes are, at least in part, imputable to CSOE and the second criterion is thus also satisfied. The analysis, therefore, turns on whether the acquisition, when considered in conjunction with the 1979 coordination agreement, has antitrust implications that would likely warrant some Commission remedy.

#### ANTITRUST ANALYSIS

##### Market Characteristics of Potentially Affected Utilities

AEP's acquisition of CSOE most directly affects, of course, the behavior of the participants themselves. In addition, however, the

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<sup>15/</sup> Id., 11 NRC at 824-25.

<sup>16/</sup> Id., 11 NRC at 835.



acquisition may also affect the competitive posture of other electric entities with whom CSOE does business or who may look upon CSOE as a potential supplier or purchaser. As reported to FERC in 1979, CSOE sells at wholesale to two electric utility companies (Ohio Edison Company ("OE") and Ohio Valley Electric Corporation) and four municipalities and has "Interchange Power" transactions with Ohio Power Company, DPL, CGE, and OE.<sup>17/</sup> Three of the four municipal customers of CSOE belong to AMPO, the only exception being the Village of Glouster, which purchases approximately one megawatt from CSOE.<sup>18/</sup> Since Ohio Power is an affiliate of AEP, the nature of its transactions with CSOE will, of course, be altered by the acquisition. A description of the market characteristics of the participants and other potentially affected entities follows.<sup>19/</sup>

AEP, the acquiring firm and a holding company, serves parts of seven states with a total generation capacity of over 17,000 Mw. Ohio Power Company, the AEP's largest affiliate, controls over 11,600 Mw of generation capacity and 6,300 circuit miles of transmission lines. Although heavily coordinated with other AEP affiliates, Ohio Power maintains several major interconnections with large adjacent utilities,

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<sup>17/</sup> Exhibit No. 9 to the December 22, 1980 letter.

<sup>18/</sup> Id; information supplied to NRC Staff by AMPO in February 1981. It is our understanding that Glouster could join AMPO if it determined to do so.

<sup>19/</sup> Unless otherwise indicated, the sources for the following data are 1979 Forms 1 and 12 for each utility filed with the Federal Energy Regulatory Commission, and Electrical World Directory of Electric Utilities, 1979-80.

including CSOE, CGE and DPL. As well as providing retail service to over 600,000 customers, Ohio Power also supplies wholesale power to nine municipal electric systems and one generation and transmission cooperative.

CSOE, the acquired firm, supplies retail power to over 450,000 customers in and about the city of Columbus, Ohio and provides wholesale power to four municipal electric systems, as noted above. CSOE also controls approximately 3,100 Mw of generation capacity and 1,600 circuit miles of transmission lines and is interconnected with and virtually surrounded by facilities of AEP subsidiaries. In addition, CSOE, along with CGE and DPL, formed the Columbus, Cincinnati and Dayton (CCD) power pool for the primary purpose of capturing the economies of scale of large units.<sup>20/</sup> Thus far, the CCD members have placed in operation six large generating units.<sup>21/</sup>

CGE and DPL are similarly fully integrated electric utilities primarily serving urban areas. CGE owns approximately 3,800 Mw of generation capacity and serves over 580,000 customers, including about six utilities at wholesale. DPL accounts for nearly 2,700 of generation capacity and supplies power to over 400,000 retail customers and 14 wholesale customers. In addition to coordination with CSOE in the CCD pool, CGE and DPL are also interconnected with Ohio Power and OE.

Rural electric cooperatives and municipal electric utilities comprise the remainder of the potentially affected electric entities. All of

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<sup>20/</sup> Opinion, at 377.

<sup>21/</sup> Id.

Ohio's 28 cooperatives are members of Buckeye Power, Inc. (Buckeye), a generating arm of the distribution cooperatives. Buckeye came into existence in 1968, at which time it purchased one of Ohio Power's 600 Mw generation units at the Cardinal Station. Since then, the load of Buckeye members has grown to over 800 Mw, sufficient to support the installation of an additional 600 Mw unit at the Cardinal Station <sup>22/</sup> CSOE does not, have any rural electric cooperative customers, although it does transmit power to members of Buckeye.

Many of the municipal electric systems in Ohio are members of AMPO, an organization formed to own and operate generation and transmission facilities. Of the 51 municipal system members of AMPO, 14 own generation capacity, totaling 700 Mw. Ohio Power and CSOE supply power at wholesale to 7 municipal members of AMPO. Some 30 other municipal systems in Ohio do not belong to AMPO and only one of these possesses any notable generation capacity (57 Mw). Instead, nearly all purchase wholesale power from one or another of the state's private utilities. Ohio Power and CSOE supply 6 non-members of AMPO.

#### Effects of the Acquisition

The competitive effects of an acquisition are properly assessed in terms of a relevant market, with both geographic and product dimensions. For the purpose of making a significant change finding, staff believes it appropriate to concentrate the analysis on the market that usually has been the main focus of study in previous proceedings, the bulk power

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<sup>22/</sup> Id.

supply market. This market encompasses the full range of coordination services as well as wholesale power. The choice of bulk power supply as the relevant product market has two bases: (1) a general recognition exists that bulk power markets are much more potentially competitive than retail markets; and (2) retail power costs are a function of bulk power costs, so that it is more in order to study the role of competition at the bulk power level.

The geographic bounds of the market considered encompass the areas served by CSOE and by those electric entities with which it transacts business. We have also considered in our analysis the extent to which CSOE's wholesale customers may have regarded Ohio Power as a bulk power supply alternative, an option which the acquisition has necessarily foreclosed. We have grouped potentially affected utilities into three categories: (1) rural electric cooperatives, (2) the other CCD systems (CGE and DPL) and (3) municipal electric systems.

1. Rural electric cooperatives

As mentioned previously, Ohio's electric cooperatives formed Buckeye in 1968 and assumed ownership of a 600 Mw unit at Ohio Power's Cardinal Station. As part of the coordination arrangement worked out with Ohio Power, the co-operatives were assured access to back-up power and to Ohio Power's transmission system for transmitting the power to the cooperatives.<sup>23/</sup> Subsequently, another 600 Mw unit has been placed in operation by Buckeye.

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<sup>23/</sup> Opinion, p. 5.

The apparent success of this coordination arrangement is just one factor which prompts staff to conclude that the acquisition has not adversely affected the competitive position of the cooperatives. A second factor is that even prior to the acquisition, CSOE, as well as Ohio Power, was offering transmission services to Buckeye for the purpose of transporting power to members of Buckeye.<sup>24/</sup>

2. CCD pool members

By acquiring CSOE, AEP has potentially changed the nature of coordination relationships between CSOE and the other CCD members, CGE and DPL, and in so doing, may also have adversely affected competition between the CCD utilities and AEP. AEP itself has stated that in order to achieve the objectives of the acquisition, "the planning and operation of bulk power supply facilities... must be done on an overall AEP system basis."<sup>25/</sup> and that steps have already been taken "to permit the operation of CSOE's generation capacity and its bulk transmission as an integral part of the AEP system."<sup>26/</sup>

For its part, the SEC has found that the competitive position of the CCD utilities will not substantively change as a result of the acquisition.<sup>27/</sup> In the SEC's view, even a CCD pool including CSOE would

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<sup>24/</sup> Response of CSOE to Question 9, Information Requested from the Attorney General, April 15, 1971.

<sup>25/</sup> December 22, 1980 letter, p. 6.

<sup>26/</sup> Id., p. 7.

<sup>27/</sup> Opinion, p. 19.



not produce the economies available from the AEP system and, as a result, the pool could not credibly expect to close the gap in costs between it and AEP.<sup>28/</sup>

The staff, in attempting to arrive at a judgment on this matter, directed a series of questions to AEP<sup>29/</sup> and conducted conversations with knowledgeable personnel from CSOE, CGE and DPL. In its response AEP indicated that the acquisition of CSOE "is not expected to change, in any way the existing close working relationship among CGE, CSOE and DPL"<sup>30/</sup> and has not given CSOE a larger proportional vote in the deliberations of the CCD committees. For their part, CGE and DPL feel that together they can now build economically sized fossil units. It was understood, by CGE at least, that CSOE would not have built additional fossil units jointly with CGE and DPL, even if it had not been acquired by AEP. Yet, the sharing of future nuclear units among AEP, CGE, and DPL has not been ruled out. The acquisition also is not expected to affect operational coordination among the utilities since interchanges of power have always occurred under bilateral contracts, not under the pool agreement.

Based primarily on these responses the staff concludes that the acquisition will not adversely affect the coordination opportunities of DPL and CGE, or their ability to achieve economies of scale and compete in bulk power markets.

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<sup>28/</sup> Id., pp. 15, 19.

<sup>29/</sup> Letter from Jerome Saltzman, Nuclear Regulatory Commission, to E. A. Borimann, The Cincinnati Gas and Electric Company, November 19, 1980.

<sup>30/</sup> December 22, 1980 letter, p. 5.

### 3. Municipal electric systems

Aside from the possible implications of the acquisition for the coordination relationship among the CCD utilities, the primary focus of the effects of the acquisition has been on the competitive position of municipal electric systems in Ohio. As noted above, CSOE sells at wholesale to four municipalities. Three of these municipalities will benefit from the access to large-scale generation and to coordination services made possible by 1979 Coordination Agreement. CSOE would also undertake obligations to municipal systems outside its service territory by virtue of the terms of the Agreement. An understanding of the role played by the Coordination Agreement in improving the competitive posture of the AMPO members requires a review of aspects of the SEC proceeding.

In August 1972, prior to the initial decision, AMPO joined with AEP, the City of Orrville, Ohio, and the Ohio Municipal Electric Association (OMEA) in a proposal to the SEC that the acquisition be approved subject to certain conditions.<sup>31/</sup> Subsequently, in April 1974, AMPO and Ohio Power Company entered into an interconnection agreement ("1974 interconnection agreement") providing that Ohio Power would render transmission service, emergency service, short-term service, and limited term service to AMPO and that AMPO in turn would offer emergency service,

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<sup>31/</sup> Appendix No. 4 to the "Coordination Agreement among American Municipal Power-Ohio, Inc., Columbus and Southern Ohio Electric Company, Ohio Power Company, and American Electric Power Company, Inc.," p. 2. (The Coordination Agreement is hereafter referred to as the "1979 Coordination Agreement").

short-term service, and limited term service to Ohio Power.<sup>32/</sup> Utilizing the 1974 interconnection agreement AMPO has acted as a broker in the sale of power to Orrville and arranged a seasonal power exchange between Buckeye and the Cities of Cleveland and Hamilton.<sup>33/</sup>

The main coordination option lacking in the 1974 interconnection agreement was access to generation, but this void was filled with the execution of the 1979 Coordination Agreement. Under the agreement, AMPO could elect to either (1) purchase one or two previously planned units (Poston Nos. 5 & 6) from CSOE or (2) arrange, with cooperation and support from CSOE and Ohio Power, to construct generation facilities with capacity between 600 Mw and 1,300 Mw at another site.<sup>34/</sup> AEP has recently advised AMPO that it is discontinuing construction of Poston No. 5 and Poston No. 6 and is extending the decision date for AMPO to exercise the first option to June 30, 1981.<sup>35/</sup> The most recent information available to the Staff is that AMPO does plan to acquire Poston No. 5 and No. 6.<sup>36/</sup>

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<sup>32/</sup> Agreement between American Municipal Power-Ohio, Inc., and Ohio Power Company, April 1, 1974, Appendix 1 to the 1979 Coordination Agreement.

<sup>33/</sup> Appendix No. 2 to the 1979 Coordination Agreement, Article 1, Section 0.05; and telephone discussions with George Crosby, AMPO, February 9-10, 1981.

<sup>34/</sup> 1979 Coordination Agreement, Article One, Section 1.3.

<sup>35/</sup> Letter from W. S. White, Jr. AEP to George Crosby, AMPO, December 5, 1980.

<sup>36/</sup> Telephone discussions with George Crosby, AMPO, February 9-10, 1981.

In addition to the generation alternative, the 1979 Coordination Agreement also assures AMPO of back-up power for Poston No. 5 and No. 6 and power delivery.<sup>37/</sup> Further, to cover the period between the purchases of the generating units and the date of commercial operation, the Agreement provides that AMPO may buy as much as 200 Mw from Ohio Power's Gavin Plant.<sup>38/</sup> Thus, AMPO seems to have achieved a wide range of coordination options through the 1979 Coordination Agreement and the 1974 interconnection agreement.

The Staff has been made aware of certain difficulties encountered by AMPO in availing itself of the generation option conferred by the 1979 Coordination Agreement.<sup>39/</sup> These difficulties arise from the vote of the Ohio electorate against a constitutional amendment which would have enabled the legislature to designate AMPO a political subdivision with the power to issue bonds on a tax-exempt basis.<sup>40/</sup> Despite the difficulties, AMPO still feels the purchase of Poston No. 5 and No. 6

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<sup>37/</sup> 1979 Coordination Agreement, pp. 31-45.

<sup>38/</sup> Supplemental Memorandum, p. 2.

<sup>39/</sup> Telephone conversation with George Crosby, AMPO, February 9-10, 1981.

<sup>40/</sup> The proposed constitutional amendment appears as Appendix No. 7 to the 1979 Coordination Agreement. The parties to the Agreement were obligated to use their best efforts to secure adoption of this amendment (Article Three) and AMPO has indicated that the companies did support adoption. Telephone conversation with George Crosby, AMPO, February 9-10, 1981.

is economically and technically feasible.<sup>41/</sup> AMPO has indicated to Staff and AEP that it believes alternative financing and legal arrangements are possible.<sup>42/</sup> In any event, the SEC in approving the acquisition noted that the 1979 Coordination Agreement was not dependent upon passage of the proposed constitutional amendment and that the agreement has apparently satisfied the interests of the Ohio municipal electric systems.<sup>43/</sup>

We conclude that the acquisition of CSOE by AEP, when viewed with AEP's offer of coordination services, does not adversely affect the competitive posture of municipal systems which are members of AMPO. CSOE and AEP have stated that they do not expect the acquisition to affect CSOE's policy with respect to its wholesale customers, nor its coordination activities.<sup>44/</sup> The municipal customers of CSOE (including the Village of Glouster) should not, therefore, be adversely affected by the acquisition.

#### CONCLUSION

Since the initial operating license antitrust review of the Zimmer 1 application was completed in 1977, the SEC has approved the acquisition of CSOE by AEP. The staff has examined the effect of the

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<sup>41/</sup> Discussions with George Crosby, AMPO.

<sup>42/</sup> Id.; See letter from W. S. White, Jr., AEP, to George Crosby, AMPO, p. 2.

<sup>43/</sup> Supplemental Memorandum, p. 3.

<sup>44/</sup> December 22, 1980 letter, responses to Questions 2 and 3.



acquisition upon the coordination and competitive relationships among CSOE and its neighboring electric entities and, in addition, has reviewed the recent coordination agreement entered into by AMPO, AEP, CSOE, and Ohio Power. In the staff's view the acquisition does not adversely affect the competitive or coordination posture of rural electric cooperatives, CGE or DP. The staff is further of the opinion that the acquisition has not detrimentally affected the coordination and competitive position of municipal electric systems and that the 1979 Coordination Agreement possesses the potential for improving the competitive stance of such utilities. Therefore, the staff has concluded that the acquisition does not have any antitrust implications that would likely warrant some Commission remedy and, as a result, does not represent a significant change in CSOE's activities that would warrant another antitrust review at the operating license stage.