

FILE

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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PUCO

In the Matter of the Application of)
P. H. Glatfelter Company to)
Become Certified as an Eligible) 10-1060-EL-REN
Ohio Renewable Energy Resource)
Generating Facility.)

In the Matter of the Application of)
P. H. Glatfelter Company to)
Incorporate Customer's Peak) 10- -EL-EEC
Demand Reduction Capabilities)
Into Columbus Southern Power)
Company's Demand Response)
Program.)

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code ("O.A.C."), provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. This document sets forth the understanding and agreement of P. H. Glatfelter Company ("Glatfelter") and Columbus Southern Power Company ("CSP") who jointly recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt this Stipulation and Recommendation ("Stipulation") on an expedited basis and without modification, in order to resolve all of the issues raised in this proceeding.

WHEREAS, Section 4928.66, Revised Code, establishes energy efficiency ("EE") and peak demand reduction ("PDR") benchmarks; and Rule 4901:1-39-05(G), O.A.C., establishes requirements for an application to commit customer-sited resources to an electric distribution utility ("EDU").

Glatfelter and CSP hereby agree as follows:

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1. Consistent with the Commission's December 9, 2009, Opinion and Order and March 24, 2010, Entry on Rehearing in Case No. 09-730-EL-REN, the Parties agree that Glatfelter's curtailable capacity registered in the PJM ILR Program for the 2010-2011 Planning Year qualifies as a customer-sited capacity resource under Rule 4901:1-39-05(E)(2)(a), O.A.C., that may be committed to CSP for integration into its portfolio for the purpose of complying with CSP's PDR benchmarks.
2. Glatfelter has already committed its PDR capabilities to CSP for the 2010-2012 PJM planning years in Case No. 09-730-EL-REN. However, Glatfelter agrees by this Stipulation to commit an incremental amount of PDR capabilities to CSP as described herein and in the PJM Demand Response Integration Agreement attached to this Stipulation and incorporated herein by reference. In order to effectuate and memorialize Glatfelter's commitment of its customer-sited PDR capabilities, the Parties' request expedited approval of the PJM Demand Response Integration Agreement attached hereto.
3. The Parties agree that the terms and conditions of the proposed PJM Demand Response Integration Agreement are appropriate for resolving the unique issues presented in Case No. 10-1060-EL-REN and is conditional upon Commission approval of that case.
4. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, and except as otherwise provided herein, it is not to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation.

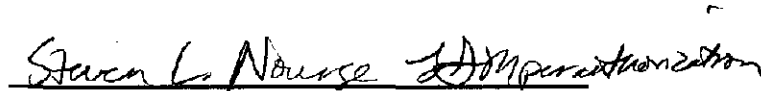
5. This Stipulation is conditioned upon adoption of the Stipulation by the Commission in its entirety and without material modification. If the Commission rejects or modifies all or any part of this Stipulation, the parties shall have the right to apply for rehearing. If the Commission does not adopt the Stipulation without material modification upon rehearing, then within thirty (30) days of the Commission's Entry on Rehearing, the Parties may terminate and withdraw from the Stipulation by filing a notice with the Commission. Upon the filing of such notice, the Stipulation shall immediately become null and void. Neither party shall file a notice of termination and withdrawal without first negotiating in good faith with the other party to achieve an outcome that substantially preserves the original purpose of the Stipulation.

IN WITNESS WHEREOF, this Stipulation and Recommendation has been signed by the authorized agents of the undersigned parties as of this 10th day of December, 2010.

P. H. Glatfelter Company



Columbus Southern Company



PJM DEMAND RESPONSE INTEGRATION AGREEMENT

This PJM Interconnection, L.L.C. ("PJM") Demand Response Integration Agreement ("Agreement") is entered into by and between Columbus Southern Power Company ("Columbus Southern Power") and P. H. Glatfelter Company ("Glatfelter" or "Customer") related to Glatfelter's Power Boiler Number 6 at its Chillicothe, Ohio facility.

In consideration of the mutual covenants, terms and conditions set forth herein, Columbus Southern Power and Glatfelter hereto agree as follows:

1. CUSTOMER COMMITMENT. Customer represents that it is a participant in the PJM Interruptible Load for Reliability Program ("PJM ILR Program"), and has an existing contract with a PJM-certified Curtailment Service Provider ("CSP Contract") within Columbus Southern Power's service territory for 7072 kw of curtailable capacity for the 2010-2011 PJM Planning year and expect a similar curtailable capacity for the 2011-2012 PJM Planning year. Customer has already committed that curtailable capacity to CSP through a Stipulation in Case No. 09-730-EL-REN. However, Customer represents that for the 2011-2012 PJM planning year, it has additional, incremental peak demand that can be dedicated to help meet CSP's benchmark peak demand reduction ("PDR"). Accordingly, Customer agrees to also curtail the differential between its estimated 2010 Peak Load Contribution ("PLC") and its Firm Service Level ("FSL") during the same curtailment periods called by PJM. The estimated 2010 PLC is based on an estimate of the most recent twelve months electric demand history. Customer's estimated PLC is 18.6 MW. This is the peak demand that could be reasonably tested to measure the demand reduction for compliance with benchmarks. An example of the expected calculation to determine the available peak demand is as follows:

Estimated 2010 PLC:	18.6 MW
Minus PJM PDR	7.4 MW
Minus Load Designated as	
Firm Service Level ("FSL")	6.0 MW
Differential	5.2 MW

Customer further agrees to contact Columbus Southern Power within a reasonable amount of time when called upon by PJM to reduce load, and will notify Columbus Southern Power of its actual load reduction performed in response to PJM's directive. Customer also grants permission to Columbus Southern Power and the Staff of the PUCO to measure and verify energy savings and/or peak-demand reductions resulting from Glatfelter's customer-sited demand response resources. As its curtailment commitment through its CSP Contract, Customer has agreed to curtail in accordance with Customer's election in the PJM ILR Program upon request by PJM. Columbus Southern Power will base the Customer's demand response contribution on this amount.

2. INCENTIVE. Glatfelter and Columbus Southern Power agree that Glatfelter shall not receive any compensation or incentive in exchange for Glatfelter's

agreements set forth herein. Columbus Southern Power and Glatfelter agree that this Agreement complies with Sections 4928.64 and 4928.66, Revised Code, and Rule 4901:1-39-05(G), Ohio Administrative Code, and the PUCO's Opinion and Order and Entry on Rehearing in Case No. 09-730-EL-REN. Additionally, by making its demand response capabilities available to Columbus Southern Power without compensation or incentive, Glatfelter and Columbus Southern Power believe that this agreement reduces peak demand reduction compliance costs.

3. TERM OF CONTRACT AND CANCELLATION. This Agreement shall be in effect commencing upon Commission approval and through May 31, 2012.

4. PENALTY. In the event a curtailment event is called by PJM and Customer does not curtail load by the curtailable amount set forth in Customer's CSP Contract, if Columbus Southern Power is assessed a penalty by the PUCO and to the extent that it can be determined that Customer's failure to curtail resulted in Columbus Southern Power's failure to meet its peak demand reduction benchmarks, Customer shall be jointly and severally liable, along with other customers who failed to curtail, for its pro rata portion of any penalty assessed against Columbus Southern Power due to Columbus Southern Power's failure to comply with its yearly statutory demand reduction target as a result of Customer's failure to curtail, but not to exceed the PJM payment identified in Glatfelter's CSP Contract. The penalty provision set forth herein applies even if Customer would not face a penalty under Customer's CSP Contract for failing to curtail load when called upon by PJM to do so.

5. NOTICE. All Notices relating to this Contract must be effectuated in writing and sent by ordinary U.S. mail, postage prepaid, to:

If to the Company at:
Columbus Southern Power Company
Attn: AEP Ohio President
850 Tech Center Drive
Gahanna, OH 43230


If to the Customer at:
P. H. Glatfelter Company
Attn: President
96 South George Street, Suite 500
York, PA 17401

6. MODIFICATION. No modification of this Agreement is effective unless reduced to writing, signed by both parties, and approved by the PUCO.


7. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and/or assigns, but Customer shall not transfer or assign any of the rights hereby granted to any non-affiliated third-party without the prior written consent of Columbus Southern Power.

8. Regulatory Approval. This contract is dependent upon approval of Customer's Application for authority to become certified as an eligible Ohio renewable energy resource generating facility.

COLUMBUS SOUTHERN POWER COMPANY

By: 
Name: Jon F. Williams
Title: MANAGER EE/PDR
Date: 12/10/10

CUSTOMER: P. H. GLATFELTER COMPANY

By: 
Name: John R. Blind
Title: Division Vice President
Date: 12/10/2010