

FILE

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July 10, 2000

The Ohio Power Siting Board
180 East Broad Street
Columbus OH 43215

Re: Application of Norton Energy Storage,
Case No. 99-~~1629~~-EL-BGN

1626

Attention: Docketing

0017

Dear Board Members:

Attached hereto for filing this day in the informational section of the docket in this case are two newspaper articles appearing in area newspapers Friday, July 7, 2000.

The first article, headlined in the Summit-Portage County area publication of The Cleveland Plain Dealer as "Hugh electric power plant OK'd" describes the finalization of an agreement between Norton Energy Storage and the City of Norton, and does not imply approval by the OPSB of the project, the application for which is yet to be filed. I also wish to point out an erroneous statement improperly attributed to Joyce Miller, spokesperson for the Company, on page two. Reference is made to the plant reaching the full 2,700 megawatt output by 2025. It is expected that level of output will be reached by 2007-2008.

The second article, appearing in the Akron Beacon Journal on the same day and covering the same story does not contain the referenced error.

Sincerely,



Langdon D. Bell

LDB/is

Enclosures

cc: Kim Wissman w/o enclosure
Leon Wingett w/o enclosure
Ray Strom w/o enclosure

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THE PLAIN DEALER

OHIO'S LARGEST NEWSPAPER 35¢ WEEKDAYS

SUMMIT • PORTAGE

CLEVELAND, FRIDAY, JULY 7, 2000

SP

Huge electric power plant OK'd Company plans to draw energy from abandoned Summit County mine

By ZINA VISHNEVSKY
PLAIN DEALER STAFF WRITER

NORTON — A Houston-based company plans to convert a cavernous abandoned limestone mine into a compressed-air power plant that eventually could

produce twice the electricity provided by the Perry nuclear power plant.

The plant envisioned by Norton Energy Storage would be only the third of its kind in the world. The company plans to generate electricity that would be sold to

surrounding communities and other states.

"It's going to be a biggie," said Norton Mayor Amy L. Addis. "It will be one of the largest energy plants in the country because of the size of the mine cavity we are fortunate enough to have under

Norton Energy Storage, backed by five of the nation's largest energy investor groups, will use a 2,200-foot-deep mine formerly owned by PPG Industries. PPG closed the mine in 1976, and its use has been debated since then

in the southwestern Summit County community of 12,200 people.

Company officials yesterday finalized a deal with the city of Norton by signing 16 documents, including a real estate transfer agreement and lease. Norton En-

ergy bought the 92.4 acres from PPG for \$1 million in October.

Under the agreement, Norton Energy will sell the property to the city for \$1 in exchange for a long-term lease to store compressed air in the mine.

SEE POWER10

Company plans compressed-air power plant in Summit

POWER FROM 1-A

Simply put, the mine will become a giant pressurized cylinder — holding air until it is needed to drive turbines that would generate electricity.

The company will invest \$150 million initially to get the project started. Its plan is to produce 307 megawatts of electricity — enough to power a city of 75,000 homes — by 2003.

Norton Energy expects to sink \$1 billion into the plant to increase its output to 2,700 megawatts by 2023, said spokeswoman Joyce Miller. The Perry nuclear plant produces an average of 1,100 megawatts a day.

FirstEnergy Corp., which operates the Perry plant, is closely watching the project, said spokesman Ralph DiNicola.

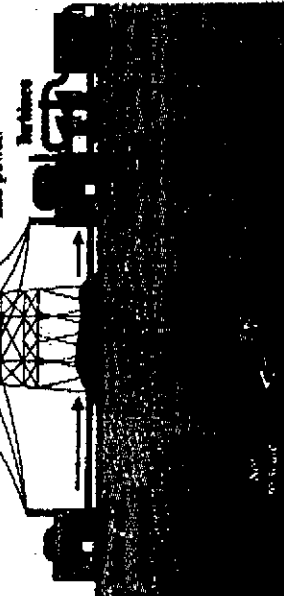
"If they can produce it economically and deliver it to the grid, we might be buying from them," DiNicola said. "We don't have any commitments to or from them. But conceivably, we would be a very large provider and customer."

Norton Energy's parent company, CAES Development Co. LLC, had searched for two years for a geologically sound site to hold compressed air, said Sam Shepard, chief operating officer of CAES. Shepard said investors included Haddington Ventures, Travelers Insurance, Prudential Capital, Indiana Energy and Chase Capital Partners.

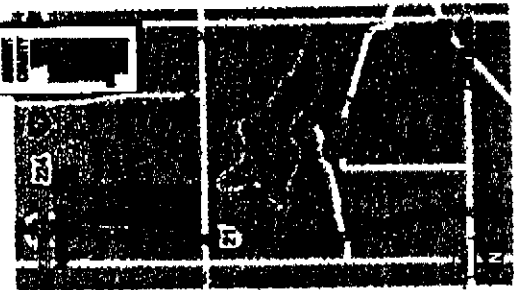
How compressed air makes electricity

Norton Energy Storage signed an agreement yesterday with the city of Norton to pump compressed air into a 2,200-foot mine shaft under Lake Dorothy to produce electricity.

During non-peak hours: The air is compressed and released into turbines that convert the pressure into power.



SOURCE: Norton Energy Storage



PLANT DESIGNER

The parent company's engineers also studied the world's two other compressed-air power plants — in old salt mines in Hunsdorf, Germany, and McIntosh, Ala.

State geologists have determined the limestone mine would hold compressed air, said Kim Wiseman, executive director of the Ohio Power Siting Board. Her regulatory agency will review plans that the company expects to file by the end of this month.

"It's a positive thing for Ohio and the Midwest to add some-

thing like this to our energy portfolio," Wiseman said. "It's a pretty significant plant."

The plant will be carefully eyed by environmentalists, who generally regard it as a cleaner and safer alternative to coal-burning plants and nuclear power, the most common forms of electrical generation.

"I think it is pretty environmentally benign," said Kevin Soape, executive director of Cleveland Air Conservancy, a Cleveland Heights-based organization with chapters in 22 states. "It depends on what are

day and eight hours Monday finalizing the documents we signed today."

Key components of the agreement included:

- Norton Energy will lease the property for 50 years, with an option for an additional 50 years.
- The company will contribute \$150,000 to pay for sewers and waterlines to the plant and to residential development that is expected to occur within a mile of it. It also will spend \$200,000 on traffic studies.

■ If the project fails, the company will sell the 92.4 acres to the city for \$1.15 million.

■ The company will seal the mine shafts, regardless of whether they ever generate power.

■ Union labor will be used to build the plant. "That will generate income tax," Addis said. "Once the plant is built, the Norton City School District will benefit tremendously from the property tax."

Addis said the agreement ensures nothing other than air will ever be stored in the mine. It wasn't always so.

Some 20 years ago, the densely wooded 338 million-cubic-foot mine was considered for a nuclear waste disposal site. A decade ago, a hydroelectric plant was proposed, but its backers failed to meet licensing requirements.

Small, right: www.nortonenergy.com
Phone (216) 944-2000

Norton ^{ABJ 7/7} proceeds with plans for mine

City signs agreement
to convert site into
electric generation plant

By Jenita McGowan
Beacon Journal staff writer

NORTON: Norton Energy Storage and the City of Norton signed the final agreement yesterday for construction of a Compressed Air Energy Storage (CAES) facility.

The agreement ends 18 months of negotiations about converting the PPG limestone mine into a 2,700-megawatt electric generation plant.

Norton Energy plans to spend about \$1 billion over the next 10 years to develop the mine that has been idle since 1976.

Norton Mayor Amy Addis said she expects the investment to have a domino effect on building and growth in the community, including tax revenue that would benefit Norton City School District.

The project should produce more than 200 construction jobs over the next five years and 25 permanent jobs by 2003, said Joyce Miller, Regional Marketing Manager of Norton Energy Storage.

Norton Energy will sell the subsurface mine to the City of Norton for \$1 and the city will lease the mine to NES for up to 100 years.

"The lease agreement is designed to ensure that nothing except air will be stored in the mine, and if the project fails, the city will have control of the mine," Miller said.

Norton Energy would fill the mine with compressed air at night when electricity rates are cheapest. During peak hours, the

PPG

Union workers will be
hired for the project

Continued from Page D1

compressed air would be released through an electricity producing turbine.

The energy generated would be sold to power companies that provide electricity to consumers.

Under the agreement, Norton Energy will seal the mine's two shafts, and will transfer ownership of the 338 million cubic foot mine and subsurface storage rights to the city by 2025, regardless of the success of the project.

The company will rent the mine from the city for \$1 per year until the start of commercial operations. That amount will increase to \$1,200 a year for the first 10 years of commercial operations.

After that, rent will be \$125,000 a year, plus two percent for each year that passes from when the agreement is signed to when the plant becomes operational. That amount will adjust for inflation every five years.

Norton Energy will pay the city \$150,000 to help provide water and sewer services to residents living near the mine area.

After five years of commercial operations, the city will have the choice of receiving from NES either \$500,000 or 25 acres of land near the power plant with access to Cleveland-Massillon Road.

Should Norton Energy decide to abandon the project, the city will have three months to buy the 92.4-acre site for \$1.15 million. Norton Energy bought the site from PPG Industries in October for \$1 million.

Union workers will be hired for the project whenever possible.

Norton Energy will spend up to \$200,000 for traffic studies

and intersection improvements at the intersection of Limestone Drive and 31st Street.

The city will receive up to \$100,000 for firefighting equipment if adequate equipment is not already available in the area.

Bill Hitchcock, President and CEO of Norton Energy, said the company plans to have the first turbines running by 2003.

He said the plant will be needed as power shortages in Ohio increase especially in the summer months when consumers put a drain on the power system by using more air conditioning.

Hitchcock said the CAES facility will not sell directly to consumers because it is designed to generate wholesale electric power.

Norton Energy plans to file with the Ohio Power Sitting Board for a certificate of public need and environmental compatibility by the end of July.

To: Bill
From: Joyce ☺

Please see PPG, D6