



Public Utilities Commission

Application to Commit Energy Efficiency/Peak Demand Reduction Programs (Mercantile Customers Only)

Case No.: 14-1607-EL-EEC

Mercantile Customer: Presrite Corporation.

Electric Utility: The Cleveland Electric Illuminating Company

Program Title or
Description: Energy Efficiency Savings Projects for 2011

Rule 4901:1-39-05(F), Ohio Administrative Code (O.A.C.), permits a mercantile customer to file, either individually or jointly with an electric utility, an application to commit the customer's existing demand reduction, demand response, and energy efficiency programs for integration with the electric utility's programs. The following application form is to be used by mercantile customers, either individually or jointly with their electric utility, to apply for commitment of such programs in accordance with the Commission's pilot program established in Case No. 10-834-EL-POR

Completed applications requesting the cash rebate reasonable arrangement option in lieu of an exemption from the electric utility's energy efficiency and demand reduction (EEDR) rider will be automatically approved on the sixty-first calendar day after filing, unless the Commission, or an attorney examiner, suspends or denies the application prior to that time. Completed applications requesting the exemption from the EEDR rider for a period of up to 12 months will also qualify for the 60-day automatic approval. However, all applications requesting an exemption from the EEDR rider for longer than 12 months must provide additional information, as described within the Historical Mercantile Annual Report Template, that demonstrates additional energy savings and the continuance of the Customer's energy efficiency program. This information must be provided to the Commission at least 61 days prior to the termination of the initial 12 month exemption period to prevent interruptions in the exemption period.

Complete a separate application for each customer program. Projects undertaken by a customer as a single program at a single location or at various locations within the same service territory should be submitted together as a single program filing, when possible.

Check all boxes that are applicable to your program. For each box checked, be sure to complete all subparts of the question, and provide all requested additional information. Submittal of altered or incomplete applications may result in a suspension of the automatic approval process or denial of the application.

Any confidential or trade secret information may be submitted to Staff on disc or via email at ee-pdr@puc.state.oh.us.

Section 1: Mercantile Customer Information

Name: Presrite Corporation

Principal address: 3665 East 78th Street, Cleveland, Ohio 44105-2048

Address of facility for which this energy efficiency program applies:

Jefferson Division - 322 Cucumber Street, Jefferson, Ohio 44057

Name and telephone number for responses to questions:

Gary W. Davis - Senior Vice President (216-206-3409)

Electricity use by the customer (check the box(es) that apply):

- ☒ The customer uses more than seven hundred thousand kilowatt hours per year at the above facility. (Please attach documentation.)
- ☐ The customer is part of a national account involving multiple facilities in one or more states. (Please attach documentation.)

Section 2: Application Information

A) The customer is filing this application (choose which applies):

- ☐ Individually, without electric utility participation.
- ☒ Jointly with the electric utility.

B) The electric utility is: The Cleveland Electric Illuminating Company

C) The customer is offering to commit (check any that apply):

- ☐ Energy savings from the customer's energy efficiency program. (Complete Sections 3, 5, 6, and 7.)
- ☐ Capacity savings from the customer's demand response/demand reduction program. (Complete Sections 4, 5, 6, and 7.)
- ☒ Both the energy savings and the capacity savings from the customer's energy efficiency program. (Complete all sections of the Application.)

Section 3: Energy Efficiency Programs

A) The customer's energy efficiency program involves (check those that apply):

- ☒ Early replacement of fully functioning equipment with new equipment. (Provide the date on which the customer replaced fully functioning equipment, and the date on which the customer would have replaced such equipment if it had not been replaced early. Please include a brief explanation for how the customer determined this future replacement date (or, if not known, please explain why this is not known)). If Checked, Please see Exhibit 1 and Exhibit 2
- ☐ Installation of new equipment to replace failed equipment which has no useful life remaining. The customer installed new equipment on the following date(s): _____.
- ☐ Installation of new equipment for new construction or facility expansion. The customer installed new equipment on the following date(s): _____.
- ☐ Behavioral or operational improvement.

B) Energy savings achieved/to be achieved by the energy efficiency program:

- 1) If you checked the box indicating that the project involves the early replacement of fully functioning equipment replaced with new equipment, then calculate the annual savings [(kWh used by the original equipment) - (kWh used by new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Annual savings: 571,392 kWh

- 2) If you checked the box indicating that the customer installed new equipment to replace failed equipment which had no useful life remaining, then calculate the annual savings [(kWh used by new standard equipment) - (kWh used by the optional higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Annual savings: _____ kWh

Please describe any less efficient new equipment that was rejected in favor of the more efficient new equipment. Please see Exhibit 1 if applicable

- 3) If you checked the box indicating that the project involves equipment for new construction or facility expansion, then calculate the annual savings [(kWh used by standard new equipment) - (kWh used by optional higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Annual savings: _____ kWh

Please describe the less efficient new equipment that was rejected in favor of the more efficient new equipment. Please see Exhibit 1 if applicable

- 4) If you checked the box indicating that the project involves behavioral or operational improvements, provide a description of how the annual savings were determined.

Annual savings: _____ kWh

Section 4: Demand Reduction/Demand Response Programs

A) The customer's program involves (check the one that applies):

- ☐ This project does not include peak demand reduction savings.
- ☒ Coincident peak-demand savings from the customer's energy efficiency program.
- ☐ Actual peak-demand reduction. (Attach a description and documentation of the peak-demand reduction.)
- ☐ Potential peak-demand reduction (check the one that applies):
 - ☐ The customer's peak-demand reduction program meets the requirements to be counted as a capacity resource under a tariff of a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission.
 - ☐ The customer's peak-demand reduction program meets the requirements to be counted as a capacity resource under a program that is equivalent to an RTO program, which has been approved by the Public Utilities Commission of Ohio.

B) On what date did the customer initiate its demand reduction program?

See Exhibit 2

C) What is the peak demand reduction achieved or capable of being achieved (show calculations through which this was determined):

76 kW

Section 5: Request for Cash Rebate Reasonable Arrangement, Exemption from Rider, or Commitment Payment

Under this section, check all boxes that apply and fill in all corresponding blanks.

A) The customer is applying for:

☒ A cash rebate reasonable arrangement.

☐ An exemption from the energy efficiency cost recovery mechanism implemented by the electric utility.

☐ Commitment payment

B) The value of the option that the customer is seeking is:

A cash rebate reasonable arrangement.

☒ A cash rebate of \$34,284. (Rebate shall not exceed 50% project cost. Attach documentation showing the methodology used to determine the cash rebate value and calculations showing how this payment amount was determined.)

An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider.

☐ An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for _____ months (not to exceed 24 months). (Attach calculations showing how this time period was determined.)

☐ Ongoing exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for an initial period of 24 months because this program is part of the customer's ongoing efficiency program. (Attach documentation that establishes the ongoing nature of the program.) In order to continue the exemption beyond the initial 12 month period, the customer will need to complete, and file within this application, the Historical Mercantile Annual Report

Template to verify the projects energy savings are persistent.

- ☐ A commitment payment valued at no more than \$____. (Attach documentation and calculations showing how this payment amount was determined.)

Section 6: Cost Effectiveness

The program is cost effective because it has a benefit/cost ratio greater than 1 using the (choose which applies):

- ☐ Total Resource Cost (TRC) Test. The calculated TRC value is: ____ (Continue to Subsection 1, then skip Subsection 2)
- ☒ Utility Cost Test (UCT). The calculated UCT value is: See Exhibit 3 (Skip to Subsection 2.)

Subsection 1: TRC Test Used (please fill in all blanks).

The TRC value of the program is calculated by dividing the value of our avoided supply costs (generation capacity, energy, and any transmission or distribution) by the sum of our program overhead and installation costs and any incremental measure costs paid by either the customer or the electric utility.

The electric utility's avoided supply costs were _____.

Our program costs were _____.

The incremental measure costs were _____.

Subsection 2: UCT Used (please fill in all blanks).

We calculated the UCT value of our program by dividing the value of our avoided supply costs (capacity and energy) by the costs to our electric utility (including administrative costs and incentives paid or rider exemption costs) to obtain our commitment.

Our avoided supply costs were See Exhibit 3

The utility's program costs were See Exhibit 3

The utility's incentive costs/rebate costs were See Exhibit 3

Section 7: Additional Information

Please attach the following supporting documentation to this application:

- Narrative description of the program including, but not limited to, make, model, and year of any installed and replaced equipment.
- A copy of the formal declaration or agreement that commits the program or measure to the electric utility, including:
 - 1) any confidentiality requirements associated with the agreement;
 - 2) a description of any consequences of noncompliance with the terms of the commitment;
 - 3) a description of coordination requirements between the customer and the electric utility with regard to peak demand reduction;
 - 4) permission by the customer to the electric utility and Commission staff and consultants to measure and verify energy savings and/or peak-demand reductions resulting from your program; and,
 - 5) a commitment by the customer to provide an annual report on your energy savings and electric utility peak-demand reductions achieved.
- A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results. Additionally, identify and explain all deviations from any program measurement and verification guidelines that may be published by the Commission.



**Public Utilities
Commission**

Application to Commit
Energy Efficiency/Peak Demand
Reduction Programs
(Mercantile Customers Only)

Case No.: 14-1607-EL-EEC

State of Ohio :

Gary W. Davis, Affiant, being duly sworn according to law, deposes and says that:

1. I am the duly authorized representative of:

Presrite Corporation, Jefferson Division

[insert customer or EDU company name and any applicable name(s) doing business as]

2. I have personally examined all the information contained in the foregoing application, including any exhibits and attachments. Based upon my examination and inquiry of those persons immediately responsible for obtaining the information contained in the application, I believe that the information is true, accurate and complete.

Gary W. Davis Sr. Vice President
Signature of Affiant & Title

Sworn and subscribed before me this 10th day of DECEMBER, 2014 Month/Year

Margarette M. Vinyard
Signature of official administering oath

Print Name and Title

My commission expires on 8/24/15

MARGARETTE M. VINYARD, NOTARY PUBLIC
IN AND FOR THE STATE OF OHIO
MY COMMISSION EXPIRES 8/24/15

Customer Legal Entity Name: Presrite Corporation

Site Address: Jefferson Division

Principal Address: 322 Cucumber Street

| Project No. | Project Name | Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment: | Description of methodologies, protocols and practices used in measuring and verifying project results | What date would you have replaced your equipment if you had not replaced it early? Also, please explain briefly how you determined this future replacement date. | Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment. |
|-------------|--------------------------------|--|---|--|--|
| 1 | 4000 kW Ajax Induction Furnace | At Presrite's Jefferson Division, substantial investment was made to replace an older, American Induction Heating system furnace, with a more efficient and reliable, Ajax Tocco induction heating system and furnace (Pacer II power system, solid state constant converter rated 4000kW, 200 Hz, 2750 volt). Application is for heating carbon steel billets prior to forging. Billets of identical length and diameter will be driven through the induction heating coils by a pusher assembly. Final mean temperature is 2250 degrees F. | Please refer to energy savings analysis report submitted by ADM Associates, Sodexo, and Ajax Tocco Magnethermic. Production data, provided by Presrite Corporation, was compared between press lines utilizing downtime, scrap, productivity, and comparative coil size data. | 5 years. | N/A |
| 2 | 2500 kW Ajax Induction Furnace | At Presrite's Jefferson Division, substantial investment was made to replace an older, American Induction Heating system furnace, with a more efficient and reliable, Ajax Tocco induction heating system and furnace (Pacer II power system, solid state constant converter rated 2500kW, 200 Hz, 2750 volt). Application is for heating carbon steel billets prior to forging. Billets of identical length and diameter will be driven through the induction heating coils by a pusher assembly. Final mean temperature is 2250 degrees F. | Please refer to energy savings analysis report submitted by ADM Associates, Sodexo, and Ajax Tocco Magnethermic. Production data, provided by Presrite Corporation, was compared between press lines utilizing downtime, scrap, productivity, and comparative coil size data. | 5 years. | N/A |

Docket No. 14-1607

Site: 322 Cucumber Street

Exhibit 2

Customer Legal Entity Name: Presrite Corporation

Site Address: Jefferson Division

Principal Address: 322 Cucumber Street

| | Unadjusted Usage, kwh (A) | Weather Adjusted Usage, kwh (B) | Weather Adjusted Usage with Energy Efficiency Addbacks, kwh (c) <i>Note 1</i> |
|----------------|------------------------------|------------------------------------|---|
| 2013 | 36,061,255 | 36,061,255 | 36,632,647 |
| 2012 | 52,750,539 | 52,750,539 | 53,321,150 |
| 2011 | 54,020,735 | 54,020,735 | 54,531,857 |
| Average | 47,610,843 | 47,610,843 | 48,161,885 |

| Project Number | Project Name | In-Service Date | Project Cost \$ | 50% of Project Cost \$ | KWh Saved/Year (D) counting towards utility compliance | KWh Saved/Year (E) eligible for incentive | Utility Peak Demand Reduction Contribution, KW (F) | Prescriptive Rebate Amount (G) \$ | Eligible Rebate Amount (H) \$ <i>Note 2</i> | Commitment Payment \$ |
|----------------|--------------------------------|-----------------|-----------------|------------------------|--|---|--|-----------------------------------|--|-----------------------|
| 1 | 4000 kW Ajax Induction Furnace | 01/04/2011 | \$944,700 | \$472,350 | 285,696 | 285,696 | 38 | \$22,856 | \$17,142 | |
| 2 | 2500 kW Ajax Induction Furnace | 03/16/2011 | \$710,000 | \$355,000 | 285,696 | 285,696 | 38 | \$22,856 | \$17,142 | |
| | | | | | - | - | - | | | |
| | | | | | - | - | - | | | |
| | | | | | - | - | - | | | |
| | | | | | - | - | - | | | |
| | | | | | - | - | - | | | |
| Total | | | \$1,654,700 | | 571,392 | 571,392 | 76 | \$45,712 | \$34,284 | \$0 |

Docket No. 14-1607

Site: 322 Cucumber Street

Notes

(1) Customer's usage is adjusted to account for the effects of the energy efficiency programs included in this application. When applicable, such adjustments are prorated to the in-service date to account for partial year savings.

2. The eligible rebate amount is based upon 75% of the rebates offered by the FirstEnergy Commercial and Industrial Energy Efficiency programs or 75% of \$0.08/kWh for custom programs for all energy savings eligible for a cash rebate as defined in the PUCO order in Case NO.10-834-EL-EEC dated 9/15/2010, not to exceed the lesser of 50% of the project cost or \$250,000 per project. The rebate also cannot exceed \$500,000 per customer per year, per utility service territory.

Exhibit 3 Utility Cost Test

UCT = Utility Avoided Costs / Utility Costs

| Project | Total Annual Savings, MWh (A) | Utility Avoided Cost \$/MWh (B) | Utility Avoided Cost \$ (C) | Utility Cost \$ (D) | Cash Rebate \$ (E) | Administrator Variable Fee \$ (F) | Total Utility Cost \$ (G) | UCT (H) |
|--------------|----------------------------------|------------------------------------|--------------------------------|------------------------|-----------------------|--------------------------------------|------------------------------|------------|
| 1 | 286 | \$ 308 | \$ 88,074 | \$ 2,025 | \$17,142 | | \$ 19,167 | 4.6 |
| 2 | 286 | \$ 308 | \$ 88,074 | \$ 2,025 | \$17,142 | | \$ 19,167 | 4.60 |
| Total | 571 | \$ 308 | 176,149 | 4,050 | \$34,284 | \$0 | 38,334 | 4.6 |

Notes

(A) From Exhibit 2, = kWh saved / 1000

(B) This value represents avoided energy costs (wholesale energy prices) from the Department of Energy, Energy Information Administration's 2009 Annual Energy Outlook (AEO) low oil prices case. The AEO represents a national average energy price, so for a better representation of the energy price that Ohio customers would see, a Cinergy Hub equivalent price was derived by applying a ratio based on three years of historic national average and Cinergy Hub prices. This value is consistent with avoided cost assumptions used in EE&PDR Program Portfolio and Initial Benchmark Report, filed Dec 15, 2009 (See Section 8.1, paragraph a).

(C) = (A) * (B)

(D) Represents the utility's costs incurred for self-directed mercantile applications for applications filed and applications in progress. Includes incremental costs of legal fees, fixed administrative expenses, etc.

(E) This is the amount of the cash rebate paid to the customer for this project.

(F) Based on approximate Administrator's variable compensation for purposes of calculating the UCT, actual compensation may be less.

(G) = (D) + (E) + (F)

(H) = (C) / (G)

Presrite Corporation ~ Jefferson Division

Docket No. 14-1607

Site: 322 Cucumber Street



Ohio Edison • The Illuminating Company • Toledo Edison

Mercantile Customer Program - Custom Project Rebate Calculator

| | |
|---------------------------------|---------------------------------------|
| Project Name and Number: | Project #1- 4000 kW Induction Furnace |
| Site Name: | Jefferson Division |
| Completed by (Name): | Presrite Corp. |
| Date completed: | 1/4/2011 |

| Energy Conservation Measure | Annual Energy Savings kWh | Eligible Prescriptive Rebate Amount kWh * \$0.08 |
|---|---------------------------|--|
| Ajax Tocco Magnethermic Induction Furnace | 285,696 | 22855.68 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Project Energy Savings kWh | 285,696 | |
| Total Custom Prescriptive Rebate Amount \$ | | \$ 22,855.68 |

| Notes about this rebate calculation: |
|--|
| Annual energy savings associated with replacement of 25 year old American Induction Heating system with more efficient Ajax Tocco induction furnace. A study was performed by independent evaluators, using actual production data, that determined more tons of product was produced using less energy. |



December 30, 2010

Quotation No. H-10-35481-JGG
Amendment No. 4

Boaz, AL
Madison Hts, MI
Cleveland, OH
North Canton, OH
Warren, OH
Longview, TX
Ajax, Canada
Shanghai, China
Birmingham,
England
Hemer, Germany
Sinsheim, Germany
Tokyo, Japan
Queretaro, Mexico
Poznan, Poland

PRESRITE CORPORATION
Jefferson Plant
322 Cucumber St.
Jefferson, OH 44057

Attention: Mr. Jerry Westfall
E-mail: westfall.jerry@presrite.com

Reference: Induction Heat for Forging System Similar to System
H-2P500

Gentlemen,

Subsequent to your December 28th, 2010 meeting with our Regional Sales Manager, Mr. Joe Koren, we are pleased to offer our amended proposal for your review. This proposal outlines the final bill of material for the system you have requested and supersedes all previous quotations.

We appreciate this opportunity to work with you on your induction heating requirements and hope we can be of further service. If any additional information is required, please feel free to contact this office or our Regional Sales Manager, Mr. Joseph Koren, located at 1745 Overland Ave. N.E., Warren, OH 44483; phone (330) 372-8573.

Very truly yours,
AJAX TOCCO MAGNETHERMIC CORPORATION

A handwritten signature in black ink, appearing to read "James G. Gaida".

James G. Gaida
Product Manager-Forging Products

JGG/jk
cc: Joe Koren - ATM

1745 Overland Avenue N.E. • Warren, OH 44483 • 330-372-8511
1506 Industrial Boulevard • Boaz, AL 35957 • 256-593-7770

SYSTEM PARAMETERS

APPLICATION: Heating Carbon Steel Billets Prior to Forging

BAR SIZE: 4.0" to 9.0" diameter

BAR CUTS: Saw cut

MATERIAL: Carbon steel

THROUGHPUT: 20,000/hr

TEMPERATURE: Initial Mean Temperature 70°F
Final Mean Temperature 2250°F

AVAILABLE POWER: 4160 volts, 3 Phase, 60 Hertz (power supply)
480 volts, 3 Phase, 60 Hertz (controls)

SEQUENCE OF OPERATION

Billets of **identical length and diameter** will be driven through the induction heating coils **by a customer supplied pusher assembly**.

Upon exiting the coil line, the billets will exit onto the **customer supplied** discharge conveyor which will transfer the billets to a **customer supplied** discharge chute for operator pickup.

The above sequence of operation will continue until the operator stops the system.

For your review and consideration, we offer the following:

SCOPE OF SUPPLY

ITEM 1 HIGH VOLTAGE SWITCHGEAR (PRIMARY SIDE)

One (1) 5 KV, 1200 Amp load break switch with a stationary vacuum contactor (mounted on the transformer).

ITEM 2 INPUT POWER TRANSFORMER

One (1) Input Power Transformer to supply the 4000 kW, 200 Hz power supply below. Primary supply voltage is 4,160 volt, 3 phase, 60 Hz. The secondary will have dual windings.

ITEM 3 4000 KW PACER II POWER SYSTEM

One (1) ATM Pacer 12-pulse SCR frequency converter rated for 4000 kW, 200 Hz, 2750 volt, single phase output for operation from a dual 625/3/60 input.

Additional features are described below:

- a. Operating frequency range is 90% to 110% of nameplate rating, if required.
- b. Solid state control system consisting of:
 - Single logic board, four (4) digital meters and self-diagnostics.
 - Fiber-optic interfacing from logic board to bridge.
 - Individual fault condition readout.
 - Monitoring of inlet water and cabinet temperature.
 - Temperature monitoring of water paths in the Pacer with digital display of faulted path.

ITEM 3 4000 KW PACER II POWER SYSTEM (continued)

- Analog differential water pressure gauge and switch.
 - Control capability from an external 4-20 ma signal. (Expansion board)
 - Separate front access to logic with full separation of 24 volt and 110 volt circuitry for safe trouble-shooting and power door closed.
- c. Frequency converter features the following primary components:
- Controllable full bridges to convert the incoming AC to DC utilizing gated SCR's through fiber optic conductors.
 - DC reactor to provide a stable current platform for the inverter section while limiting rate of current change.
 - Controllable inverter sections utilizing gated SCR's through fiber optics to provide optimum voltage control and output frequency.
- d. Ground detector system.
- e. Set of digital meters featuring direct percentage indications.
- Kilowatt meter
 - Ammeter
 - Voltmeter
 - Frequency
- f. Fault diagnostics include:
- Overcurrent
 - Low Frequency
 - Phase Current
 - Tank Voltage
 - High Frequency
 - Start Circuit

ITEM 3 4000 KW PACER II POWER SYSTEM (continued)

g. Protection fault diagnostics include:

- Power Section Door
- Water Conductivity
- Capacitor Section Door
- UVR Auxiliary
- Control Door
- Switch Interlock
- Water Pressure
- Temperature Fault
- Ground Fault

ITEM 4 CAPACITOR STATION

One (1) Ajax TOCCO Magnethermic capacitor station complete with:

- a. Steel cabinet.
- b. Door interlock.
- c. Water manifolds.
- d. Ground detector circuit.
- e. Water-cooled, high frequency capacitors for frequency tuning and power factor corrections as required for the application described above.

The capacitor station will be supplied bolted and interconnected to the power supply cabinet.

ITEM 5 SIDEMOUNT COOLING WATER SYSTEM

One (1) Sidemount Cooling Water System.

Complete with pump, 3600 rpm, T.E.F.C. motor, open non-pressurized water reservoir tank with water level sight gage, plate-type heat exchanger, pressure gauges, and a thermostat controlled raw water valve. The system will be completely plumbed at Ajax TOCCO Magnethermic.

A 480-volt, three phase, 60-Hertz motor starter factory wired and installed.

Note: Customer to provide 95°F, 40 psig water to the plate-type heat exchanger.

ITEM 6 POWER SUPPLY SCHOOL

Tuition for two (2) engineers/technicians in the power supply school. Transportation and living expenses are not included.

ITEM 7 PACER REMOTE CONTROLS

One (1) Lot of Pacer Controls, (shipped loose) to be mounted in the existing control console, complete with:

- a. One (1) digital meter display to monitor the volts, amps, kW and frequency of the Pacer
- b. Power level adjustment potentiometer
- c. Push buttons, indicator lights

ITEM 8 INTERCONNECTING LEADS

One (1) set of water-cooled interconnecting leads. To interconnect from the output of the power supply to the induction heating coil. For costing purposes the length is based on the power supply being located no more than 30 feet from the heating coil.

ITEM 9 COIL MOUNTING FRAME

One (1) Coil Mounting Frame, to hold **three (3) "double-length" and one (1) "single-length" coil** complete with:

- Heavy duty frame
- Water manifolds
- Coil mounting brackets
- Coil bus

ITEM 10 INDUCTION HEATING COILS

Three (3) ATM, **double-length**, "CAST BRICK" design heating coils, each approximately 102" long.

Each casting will house two (2) two section windings and be complete with aluminum mini-frame and water headers with quick disconnects.

Double length skid rails will be included in each coil and include quick disconnects on coil manifold water inlets and outlets.

ITEM 10 INDUCTION HEATING COILS (continued)

Coils will be similar in concept to the double-length coils supplied on H-2P500 per drawing H-05-6612.

Each coil will be designed to heat 9.0" OD billets as outlined above.

ITEM 11 ELECTRICAL CONTROLS

One (1) Lot of Electrical Controls including the "Forge View Plus" controls package complete with:

- Allen-Bradley PLC
- Analog input card
- AB display terminal
- Power supply
- "Creep" control function
- Push buttons, indicator lights
- Free standing cabinet
- 200 Part recipe storage
- I/O cards
- PLC programming

Note 1: The primary function of ForgeView Plus is to allow precise and rapid setup for various production operations. Once a proper operating condition has been established for a specific part or die number, it can be saved for later recall. The operator selects the part/die number from the part selection screen. The programmable controller automatically sets up all of the process set points using the stored information. This includes, but is not limited to, the billet feed rate, power supply settings and temperature set points.

A subsequent screen shows pertinent information such as: part number, die number, material number, billet weight, length and diameter, coil number, final temperature, cycle time, line speed and power level. Other data that can be displayed on the supplemental screen is: over and under temperature set points.

In essence, the operation is completely automatic; however, the system does allow modification by qualified plant personnel.

Note 2: The operator can make slight power and speed adjustments, i.e. 2%, 5%, etc., Presrite can set the limit.

ITEM 12 EVAPORATIVE WATER SYSTEM

One (1) Model EVC closed recirculating water system to provide the required amount of cooling water to the 4000 kW, 200 Hz induction heating system and electrical components per attached Bulletin WS-7.

DESIGN CRITERIA

| | |
|--|-------|
| Maximum Inlet Temperature to Equipment | 95 °F |
| Wet Bulb Temperature Design (1%) | 76 °F |

Water quality as shown under utilities.

The evaporative water-cooling system consists of:

a. Evaporative Cooling Tower

One (1) evaporative air/water closed loop heat exchanger for outdoor mounting, with steel cooling coil, blower/motor, spray pump/motor, float valve, thermostats, and controls.

b. Pump Station-Dual Pump (One Running - One Stand-by)

One (1) Ajax TOCCO Magnethermic pump station featuring automatic makeup, complete with welded steel base frame, close-coupled stainless steel, motor mounted pump with 480/3/60/3600 rpm, TEFC motor, expansion tank, air separator, relief valve, pressure gauges, strainer and internal piping interconnection only.

Interconnection between the pump station and heat exchanger is not included. Standard pump is based on a 160 foot head pressure.

ITEM 12 EVAPORATIVE WATER SYSTEM (continued)

c. Control Center

One (1) electric control station NEMA 12 enclosure with fused disconnect, control transformer, door interlock, full voltage 480/3/60 motor starters, necessary pushbuttons, and indicating lights for the heat exchanger, blower motor, spray pump, sump heater and recirculating pump, and all internal wiring. Control station is supplied for customer mounting and interconnection. This item includes local remote capability.

This system is designed for 40% ethylene glycol by volume, to be supplied by customer.

NET PRICE - ITEMS 1 THROUGH 12 ----- \$944,700.00
(Nine Hundred Forty Four Thousand Seven Hundred Dollars)

TERMS AND CONDITIONS

F.O.B.

Point of Origin.

SHIPMENT

Current shipment for the equipment described herein is approximately twenty (20) to twenty-four (24) weeks following receipt of a written order, down payment and other necessary information. The Ajax TOCCO Magnethermic

Corporation policy is to endeavor to meet its customer's delivery requirements to the best of its ability, subject to the availability of component parts and causes of delay beyond the control of Ajax TOCCO Magnethermic.

START-UP SERVICE

Ajax TOCCO Magnethermic has available experienced service engineers familiar with the quoted equipment. The technical services of one of these engineers to consult with your supervisory personnel on the operation of the Ajax TOCCO Magnethermic supplied equipment may be purchased at \$1200.00/day plus traveling and living expenses. This cost is based on the standard eight (8) hour day, Monday through Friday. Saturday and Sunday rates are \$1800.00/day. The per diem charge will be made for days in transit to and from purchaser's plant as well as time in the plant. The above cost is subject to change, and the actual charge for the service will be based on the prices in effect at the time the service is supplied.

TEST

The proposed equipment will be component tested. The power supply is run at full power for a minimum of 2 hours prior to being released for shipment.

Presrite personnel are welcome to witness the above test.

PAYMENT TERMS

- 25% down payment. (Delivery schedule is activated based on receipt of payment).
- 10% upon release of engineering.
- 30% upon receipt of materials for manufacture.
- 25% upon notification of readiness to ship.
- 10% upon acceptance - not to exceed 60 days after shipment.
- All payments due upon receipt of invoice.

All payments via electronic transfer according to the following remittance advice:

JP Morgan Chase Bank, NA
1300 E. 9th Street
Cleveland, OH 44114

EFT and ACH Payments - ABA #044000037

Wires thru Federal Reserve - ABA #021000021

SWIFT No. CHASUS33 (for International Wires)

Account No. 652195447

Account Name:
Park-Ohio Industries, Inc.
6065 Parkland Blvd.
Cleveland, Ohio 44124

Reference: Ajax TOCCO Magnethermic
Invoice or PO being paid

Payment terms pending credit approval.

WARRANTY

Ajax TOCCO Magnethermic Corporation warrants that the equipment manufactured by it shall conform to the description in this quotation. In the event that any part or parts, excepting expendable items such as, but not limited to coil liners, thermocouples, refractories and similar items, shall fail within the first twelve (12) months from date of shipment due to defects in material or workmanship, Ajax TOCCO Magnethermic shall at its option, repair or replace F.O.B. shipping point, such defective part or parts. The warranty obligations of Ajax TOCCO Magnethermic with respect to equipment not manufactured by Ajax TOCCO Magnethermic shall conform to and be limited to the warranty actually extended to Ajax TOCCO Magnethermic by its suppliers. Notice of a claim for alleged defective equipment must be given within fifteen (15) days after purchaser learns of the defect. THE DEFECTIVE PART OR PARTS SHALL BE RETURNED TO AJAX TOCCO MAGNETHERMIC, FREIGHT PREPAID, UNLESS OTHERWISE DIRECTED BY AJAX TOCCO MAGNETHERMIC. THIS WARRANTY SHALL BE EXCLUSIVE AND IN LIEU OF ANY OTHER WARRANTIES AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OR WARRANTIES OF ANY OTHER KIND, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE, WHICH EXTEND BEYOND THE WARRANTY AS SET FORTH ABOVE. AJAX TOCCO MAGNETHERMIC'S LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES TO PURCHASER RESULTING FROM DEFECTIVE PARTS OF EQUIPMENT SHALL IN NO EVENT EXCEED THE COST OF REPAIR OR REPLACEMENT, F.O.B. SHIPPING POINTS OF DEFECTIVE PARTS OF EQUIPMENT. IN NO EVENT SHALL AJAX TOCCO MAGNETHERMIC BE LIABLE FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.

This quotation is also subject to the TERMS AND CONDITIONS as printed on the last page of this quote.

TECHNICAL CRITERIA

CONTROLS:

ATM control enclosures are designed to operate in areas with ambient temperatures between 39°F (4°C) and 110°F (43°C). For application outside this range, please consult the factory.

UTILITIES:

ELECTRICAL

Power - 5120 KVA at 480 volts, 3 phase, 60 hertz.

Accessories - 50 KVA at 480 volts, 3 phase, 60 hertz.

COOLING WATER

Cooling water to the power systems should not exceed 95°F (35°C) and supplied at a flow of approximately 925 GPM at a maximum pressure of 70 psi (4.9 bars) and piped to allow minimum 30 psi (2.08 bar) differential across each component.

ATM recommends the use of CPCV, Copper, or Stainless Steel Tubing.

In any case do not use Galvanized coated piping.

POWER SUPPLY INTERNAL WATER CHARACTERISTICS:

| | |
|---|-------------------------|
| Total hardness as CaCO ₃ ----- | 15 ppm |
| Total dissolved solids ----- | 25 ppm |
| Conductivity ----- | 20 to 50 micro mho/cm |
| (Resistivity) ----- | 50,000 to 20,000 ohm-cm |
| Suspended solids ----- | 10 ppm |
| pH ----- | 7.0 to 7.5 |

PLANT WATER COOLING WATER CHARACTERISTICS:

| | |
|---|-------------------------|
| Total hardness as CaCO ₃ ----- | 100 ppm |
| Total dissolved solids ----- | 200 ppm |
| Conductivity ----- | 100 to 300 micro mho/cm |
| (Resistivity) ----- | 3,300 to 10,000 ohm-cm |
| Suspended solids ----- | 10 ppm |
| pH ----- | 7.0 to 7.5 |

AIR QUALITY REQUIREMENTS:

Air-filtered (5 micron) air at 60-80 psig, dew point below 40°F.

DESIGN/MANUFACTURING STANDARDS

The equipment proposed will be designed and/or manufactured in accordance with Ajax TOCCO Magnethermic standards and the standards of its vendors. In all cases, Ajax TOCCO Magnethermic attempts to satisfy publicly authorized standards and/or regulations in the United States of America.

We meet the applicable sections of various USA standards including the American Welding Society (AWS), Joint Industry Council (JIC), National Electric Code (NEC), National Electrical Manufacturers' Association (NEMA).

The proposed equipment is not UL listed. Third party inspection of the proposed equipment, if required, is not included in our price.

Wherever possible, we make wide use of Underwriter Laboratory (UL) approved components.

PAINT

All equipment manufactured by Ajax TOCCO Magnethermic will be painted Presrite Green unless the customer is advised otherwise.

ENGINEERING INFORMATION

Manuals:

One (1) CD of installation, operation, and maintenance instructions. One (1) set of operating and maintenance instructions on purchased items is included with the Master Manual CD.

Drawings:

To assist the purchaser in the installation and operation of this equipment, Ajax TOCCO will furnish its standard type outline drawings of the SCR power supply, capacitor bank, schematic type wiring, pneumatic and water flow diagrams, and operation and maintenance manuals in PDF format. All drawings and manuals will be in the English language.

Approval drawings, if required, will be submitted showing the equipment as covered by our quotation. The above delivery schedule is predicated on not more than one (1) week for approval. Changes requested that affect either price or delivery will be renegotiated prior to manufacture of the equipment.

INTERCONNECTION

The design and supply of interconnecting wiring and piping between major items is not included in this proposal, unless otherwise specifically quoted above.

All equipment, including interconnecting wiring, piping, and guarding is to be installed by the purchaser. Provision for in plant pits or trenches, if required, shall be the responsibility of the purchaser.

SUPPORT STRUCTURES

Any additional, support structure to mount equipment to mate into existing equipment is the responsibility of the customer.

GUARDING INSTALLATION

It is the responsibility of the purchaser to provide and install all necessary and required guards and shields for the safe operation of the equipment. All required guarding is to be supplied by the customer, during installation, for bus, leads and other exposed electrical items. Suitable guards, railings, shields and safety measures must be installed prior to commissioning to protect personnel from falling or tripping; or from exposure to rotating equipment, metal splash, hot materials, cranes, forklifts, ladles, etc. unless otherwise specified in this proposal.

TERMS AND CONDITIONS

1. **ACCEPTANCE:** No order or agreement for the sale of parts or of equipment shall be binding upon Ajax TOCCO until accepted by an authorized officer of Ajax TOCCO and an acknowledgment sent to the purchaser.
2. **TAXES:** Sales, use, excise, property or similar taxes relating to this order are not included in the price except as specifically stated. Ajax TOCCO shall have the right at any time to bill Purchaser for any such tax which Ajax TOCCO may be called upon to pay.
3. **TRANSIT:** Ajax TOCCO's liability ceases on making delivery to the carrier at the place of manufacture. Ajax TOCCO shall not be liable for losses, damages, or delays in transportation.
4. **ERRORS:** Clerical and stenographic errors are not binding and are subject to corrections.
5. **SAFETY DEVICES:** Safety and/or protective devices furnished with the equipment described herein or as part thereof shall be considered equipment and Ajax TOCCO's liability for failure thereof is limited to the liabilities assumed under the terms of the warranty as set forth on the face hereof.
6. **COMPLIANCE WITH LAWS:** Ajax TOCCO will comply with all applicable Federal laws, rules, and regulations and specifically represents that any goods to be delivered hereunder will be produced in compliance with the requirements of the Fair Labor Standards of 1938, as amended, and Ajax TOCCO further represents that it will comply with the most current Executive Order and/or law pertaining to Equal Employment Opportunity.
7. **INSTALLATION DRAWINGS:** If Ajax TOCCO is, under the terms of this agreement, required to prepare foundation and/or electrical and/or piping installation drawings to augment the equipment being furnished by it and/or others, it will prepare said drawings on the basis of the cost involved in the preparation of the drawings. In the event any said drawings are found to be in error, Ajax TOCCO warrants that it will modify or correct said drawings so that the final drawings represent the installation at the site. THIS WARRANTY SHALL BE EXCLUSIVE, AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OR WARRANTIES OF ANY OTHER KIND, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATIVE TO SAID DRAWINGS. AJAX TOCCO'S LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES TO PURCHASER RESULTING FROM ERRORS, OMISSIONS, ETC., IN SUCH DRAWINGS SHALL IN NO EVENT EXCEED THE COST OF CORRECTING SAID DRAWINGS. IN NO EVENT SHALL AJAX TOCCO BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.
8. **PATENTS:** Ajax TOCCO agrees to indemnify Purchaser against any proven claim and assessed liability for infringement of any United States patent arising from the manufacture or sale of any apparatus furnished Purchaser hereunder except where the specifications, process, design or method of manufacture originated in Purchaser in which event Purchaser agrees to indemnify Ajax TOCCO in like manner.
9. **CANCELLATION OF ORDERS:** Upon acceptance of the cancellation of the order, Ajax TOCCO shall be paid the sum of the following: (1) the total factory cost of the items produced up to the date of acceptance of cancellation including factory direct labor, factory overhead at Ajax TOCCO's standard rate, engineering labor, engineering overhead at Ajax TOCCO's standard rate, materials and other direct costs paid or committed, and standard material overhead; plus (2) the total estimated gross profit on the job; plus (3) interest at the rate of 1½ % per month on the total amount due and payable for cancellation fees from the date of cancellation until actual payment; plus (4) interest at the rate of 1½ % per month until date of cancellation on any progress billing issued prior to cancellation the date of which is 30 days past the date of such billing ; plus (5) storage costs from the date of cancellation to date of payment of cancellation charges; less (6) the refund, if any, actually received by Ajax TOCCO on any purchased items which can be returned to vendors within 90 days of the date of cancellation; and less (7) the cost of any manufactured components transferred by Ajax TOCCO within 90 days of cancellation to another order held by Ajax TOCCO.
10. **SERVICE:** Because it is impossible for one individual to observe the execution of all details of the work done, Ajax TOCCO shall not be responsible for the acts and workmanship of the employees, contractors, subcontractors or agents of Purchaser or the consequences thereof. Ajax TOCCO warrants that the technical field services performed by it will be professionally competent and that any recommendation of its personnel will reflect their best judgement. THIS WARRANTY SHALL BE EXCLUSIVE AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OF ANY OTHER KIND, EXPRESS OR IMPLIED WHICH EXTEND BEYOND THE DESCRIPTION OF THE SERVICES HEREIN SET FORTH. THE LIABILITY OF AJAX TOCCO UNDER THIS WARRANTY SHALL NOT, IN ANY EVENT, EXCEED THE TOTAL CONTRACT PRICE ALLOCATED TO THESE SERVICES AND IN NO EVENT SHALL AJAX TOCCO BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.
11. **CONTROLLING PROVISIONS:** These terms and conditions and the terms and conditions appearing on the face of this document shall supersede any provisions, terms, and conditions contained on any confirmation order, or other writing the Purchaser may give or receive, and the rights of the parties shall be governed exclusively by the provisions, terms, and conditions hereof. Ajax TOCCO makes no representations or warranties concerning this order except such as are expressly contained herein, and this order may not be changed or modified orally. Any clause required to be included in a contract of the type, by any applicable law or administrative regulation having the effect of law shall be deemed to be incorporated herein.
12. **OSHA:** Proper application will enable the equipment herein quoted to meet OSHA Regulations existing as of this date as we interpret them and as we understand your requirement. In certain cases, some of the OSHA Requirements may or may not be applicable depending upon the OSHA inspector and his interpretations of the regulations.
13. **PAYMENT:** Payments shall become due as stated herein. The Company reserves the right at any time to demand full or partial payment or appropriate security before proceeding with the work to be performed hereunder, if in the sole judgement of the Company, the financial condition of Purchaser shall not justify continuance under the terms of payment specified on the face hereof. If delivery is delayed or deferred by Purchaser beyond the scheduled date, payment shall be due in full on the date when the Company is prepared to make delivery. If the work to be performed hereunder is delayed by the Purchaser, payments shall be made based on the purchase price and percentage of completion. Equipment held for the Purchaser shall be stored at the risk and expense of Purchaser. If Purchaser defaults when any payment is due, or in the event of bankruptcy or insolvency of the Purchaser, or in the event any proceeding is brought by or against the Purchaser under the bankruptcy or insolvency laws, then the whole contract price shall become due and payable upon demand; or Company, at its option, without prejudice or other lawful remedies, may defer delivery or cancel any order then outstanding and shall be entitled to receive reimbursement for its reasonable and proper cancellation charges.



Ohio Edison • The Illuminating Company • Toledo Edison

Mercantile Customer Program - Custom Project Rebate Calculator

| | |
|---------------------------------|--|
| Project Name and Number: | Project #2 - 2500 kW Induction Furnace |
| Site Name: | Jefferson Division |
| Completed by (Name): | Presrite Corp. |
| Date completed: | 3/16/2011 |

| Energy Conservation Measure | Annual Energy Savings kWh | Eligible Prescriptive Rebate Amount kWh * \$0.08 |
|---|---------------------------|--|
| Ajax Tocco Magnethermic Induction Furnace | 285,696 | 22855.68 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
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| | | |
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| | | |
| | | |
| Total Project Energy Savings kWh | 285,696 | |
| Total Custom Prescriptive Rebate Amount \$ | | \$ 22,855.68 |

| Notes about this rebate calculation: |
|--|
| Annual energy savings associated with replacement of 25 year old American Induction Heating system with more efficient Ajax Tocco induction furnace. A study was performed by independent evaluators, using actual production data, that determined more tons of product was produced using less energy. |



Boaz, AL
Madison Hts, MI
Cleveland, OH
North Canton, OH
Warren, OH
Longview, TX
Ajax, Canada
Shanghai, China
Birmingham,
England
Hemer, Germany
Sinsheim, Germany
Tokyo, Japan
Queretaro, Mexico
Poznan, Poland

February 17, 2011

Quotation No. H-11-36240-JGG

PRESRITE CORPORATION
Jefferson Plant
322 Cucumber St.
Jefferson, OH 44057

Attention: Mr. Jerry Westfall
westfall.jerry@presrite.com

Reference: Ajax Machine Serial Number 45-1094

Gentlemen,

In response to your request to our Regional Sales Manager, Mr. Joe Koren, we are pleased to offer our proposal for your review. We trust the information included herein to be generally self-explanatory and sufficient for your immediate requirements, but we are ready, at your convenience, to have further discussions to review it with you in detail.

It is our understanding that you have a requirement for a 2500 kW, 200 kHz Ajax TOCCO Magnethermic induction heating system to be similar to the 2500 kW, 200 Hz Ajax Induction Heating system, Ajax Machine Serial No. 45-1094. The power supply and capacitor station will be mounted on a customer supplied mezzanine. The customer will supply the material handling equipment.

You have requested that the evaporative water cooling system and electrical controls be quoted as an option.

SECTION A: SYSTEM PARAMETERS

APPLICATION: Heating Carbon Steel Billets Prior to Forging

BILLET DIAMETER: 2.50" to 7.0"

BILLET LENGTH: 8.0" to 20.0"

BILLET CUTS: Saw cut

MATERIAL: Carbon steel

THROUGHPUT: 13,000/hr based on heating the 7.0" diameter
billets

TEMPERATURE: Initial Mean Temperature 70°F
Final Mean Temperature 2250°F

AVAILABLE POWER: 4160 volts, 3 Phase, 60 Hertz (power supply)
480 volts, 3 Phase, 60 Hertz (controls)

For your review and consideration, we offer the following:

SECTION B: SCOPE OF SUPPLY

ITEM 1 HIGH VOLTAGE SWITCHGEAR (PRIMARY SIDE)

One (1) 5 KV, 600 Amp load break switch with a stationary vacuum contactor (mounted on the transformer).

ITEM 2 INPUT POWER TRANSFORMER

One (1) Input Power Transformer to supply the 2500 kW, 200 Hz power supply below. Primary supply voltage is 4,160 volt, 3 phase, 60 Hz. The secondary will have dual windings.

ITEM 3 2500 KW PACER II POWER SYSTEM

One (1) ATM Pacer 12-pulse SCR frequency converter rated for 2500 kW, 200 Hz, 2750 volt, single phase output for operation from a dual 625/3/60 input.

Additional features are described below:

- a. Operating frequency range is 90% to 110% of nameplate rating, if required.
- b. Solid state control system consisting of:
 - Single logic board, four (4) digital meters and self-diagnostics.
 - Fiber-optic interfacing from logic board to bridge.
 - Individual fault condition readout.
 - Monitoring of inlet water and cabinet temperature.
 - Temperature monitoring of water paths in the Pacer with digital display of faulted path.
 - Analog differential water pressure gauge and switch.
 - Control capability from an external 4-20 ma signal. (Expansion board)
 - Separate front access to logic with full separation of 24 volt and 110 volt circuitry for safe trouble-shooting and power door closed.
- c. Frequency converter features the following primary components:
 - Controllable full bridges to convert the incoming AC to DC utilizing gated SCR's through fiber optic conductors.
 - DC reactor to provide a stable current platform for the inverter section while limiting rate of current change.

ITEM 3 2500 KW PACER II POWER SYSTEM

- Controllable inverter sections utilizing gated SCR's through fiber optics to provide optimum voltage control and output frequency.
- d. Ground detector system.
- e. Set of digital meters featuring direct percentage indications.
 - Kilowatt meter
 - Ammeter
 - Voltmeter
 - Frequency
- f. Fault diagnostics include:
 - Overcurrent
 - Low Frequency
 - Phase Current
 - Tank Voltage
 - High Frequency
 - Start Circuit
- g. Protection fault diagnostics include:
 - Power Section Door
 - Water Conductivity
 - Capacitor Section Door
 - UVR Auxiliary
 - Control Door
 - Switch Interlock
 - Water Pressure
 - Temperature Fault
 - Ground Fault

ITEM 4 CAPACITOR STATION

One (1) Ajax TOCCO Magnethermic capacitor station complete with:

- a. Steel cabinet.
- b. Door interlock.
- c. Water manifolds.
- d. Ground detector circuit.
- e. Water-cooled, high frequency capacitors for frequency tuning and power factor corrections as required for the application described above.

The capacitor station will be supplied bolted and interconnected to the power supply cabinet.

ITEM 5 SIDEMOUNT COOLING WATER SYSTEM

One (1) Sidemount Cooling Water System.

Complete with pump, 3600 rpm, T.E.F.C. motor, open non-pressurized water reservoir tank with water level sight gage, plate-type heat exchanger, pressure gauges, and a thermostat controlled raw water valve. The system will be completely plumbed at Ajax TOCCO Magnethermic.

A 480-volt, three phase, 60-Hertz motor starter factory wired and installed.

Note: Customer to provide 85°F, 40 psig water to the plate-type heat exchanger.

ITEM 6 PACER REMOTE CONTROLS

One (1) Lot of Pacer Controls, (shipped loose) to be mounted in the existing control console, complete with:

- a. One (1) digital meter display to monitor the volts, amps, kW and frequency of the Pacer
- b. Power level adjustment potentiometer
- c. Push buttons, indicator lights

Note: Presrite to install these controls in the existing control enclosure.

ITEM 7 INFRARED TEMPERATURE MONITOR

One (1) Infrared Temperature Monitoring System complete with:

- Display monitor mounted in main control panel.
- Head mounted on swivel mounting base.

ITEM 8 INTERCONNECTING LEADS

One (1) set of water-cooled interconnecting leads. To interconnect from the output of the power supply to the induction heating coil. For costing purposes the length is based on the power supply being located no more than 30 feet from the heating coil.

ITEM 9 COIL MOUNTING FRAME

One (1) Coil Mounting Frame complete with:

- Heavy duty frame
- Coil mounting brackets
- Water manifolds

ITEM 10 INDUCTION HEATING COILS

Three (3) ATM, **double-length**, "CAST BRICK" design heating coils, each approximately 102" long.

Each casting will house two (2) two section windings and be complete with aluminum mini-frame and water headers with quick disconnects.

Double length ^{SOLID} skid rails will be included in each coil ~~and include quick disconnects on coil manifold water inlets and outlets.~~

Coils will be similar in concept to the double-length coils supplied on 45-1094.

Each coil will be designed to heat 4.0" to 7.0" OD billets as outlined above.

ITEM 11 COMMISSIONING ENGINEERING

Five (5) days of on site commissioning by an ATM service engineer to startup the system, consult with customer personnel on the operation and maintenance of the ATM supplied system once the system has been installed by the customer. Travel and living expenses are included for this time period.

Addition days, if requested and approved by the customer, will be charged at our standard rate of \$1,200/day plus all travel and living expenses.

PRICE - ITEMS 1 THROUGH 11 ----- \$561,000.00
(Five Hundred Sixty-One Thousand Dollars)

OPTIONAL ITEMS**ITEM 12 EVAPORATIVE WATER SYSTEM**

One (1) Model EVC closed recirculating water system to provide the required amount of cooling water to the 2500 kW, 200 Hz induction heating system and electrical components per attached Bulletin WS-7.

DESIGN CRITERIA

| | |
|--|-------|
| Maximum Inlet Temperature to Equipment | 95 °F |
| Wet Bulb Temperature Design (1%) | 76 °F |

Water quality as shown under utilities.

The evaporative water-cooling system consists of:

a. **Evaporative Cooling Tower**

One (1) evaporative air/water closed loop heat exchanger for outdoor mounting, with steel cooling coil, blower/motor, spray pump/motor, float valve, thermostats, and controls.

ITEM 12 EVAPORATIVE WATER SYSTEM (continued)**b. Pump Station-Dual Pump (One Running - One Stand-by)**

One (1) Ajax TOCCO Magnethermic pump station featuring automatic makeup, complete with welded steel base frame, close-coupled stainless steel, motor mounted pump with 480/3/60/3600 rpm, TEFC motor, expansion tank, air separator, relief valve, pressure gauges, strainer and internal piping interconnection only.

Interconnection between the pump station and heat exchanger is not included. Standard pump is based on a 160 foot head pressure.

c. Control Center

One (1) electric control station NEMA 12 enclosure with fused disconnect, control transformer, door interlock, full voltage 480/3/60 motor starters, necessary pushbuttons, and indicating lights for the heat exchanger, blower motor, spray pump, sump heater and recirculating pump, and all internal wiring. Control station is supplied for customer mounting and interconnection. This item includes local remote capability.

This system is designed for 40% ethylene glycol by volume, to be supplied by customer.

NET PRICE - ITEM 12 ----- \$113,000.00
(One Hundred Thirteen Thousand Dollars)

ITEM 13 ELECTRICAL CONTROLS

One (1) Lot of Electrical Controls including the "Forge View Plus" controls package complete with:

- Allen-Bradley PLC
- Analog input card
- AB display terminal
- Power supply
- "Creep" control function
- Push buttons, indicator lights
- Free standing cabinet
- 200 Part recipe storage
- I/O cards
- PLC programming

Note 1: The primary function of ForgeView Plus is to allow precise and rapid setup for various production operations. Once a proper operating condition has been established for a specific part or die number, it can be saved for later recall. The operator selects the part/die number from the part selection screen. The programmable controller automatically sets up all of the process set points using the stored information. This includes, but is not limited to, the billet feed rate, power supply settings and temperature set points.

A subsequent screen shows pertinent information such as: part number, die number, material number, billet weight, length and diameter, coil number, final temperature, cycle time, line speed and power level. Other data that can be displayed on the supplemental screen is: over and under temperature set points.

In essence, the operation is completely automatic; however, the system does allow modification by qualified plant personnel.

Note 2: The operator can make slight power and speed adjustments, i.e. 2%, 5%, etc., Presrite can set the limit.

PRICE - ITEM 13 ----- \$ 71,900.00
(Seventy-One Thousand Nine Hundred Dollars)

ITEMS 1-THRU 13

— \$710,000⁰⁰



SECTION C: TERMS AND CONDITIONS**PRICES**

The prices herein are valid for 30 days. Thereafter prices must be reconfirmed. These prices are based on the above described equipment and application specifications. The price will be adjusted for any changes required by the purchaser which materially affect the cost of equipment, but only after the purchaser has been notified and has approved the changes.

F.O.B.

Point of Origin.

SHIPMENT

Normal shipment for the equipment described herein is approximately twenty (20) to twenty-four (24) weeks following receipt of a written order, down payment and other necessary information. The Ajax TOCCO Magnethermic

Corporation policy is to endeavor to meet its customer's delivery requirements to the best of its ability, subject to the availability of component parts and causes of delay beyond the control of Ajax TOCCO Magnethermic.

START-UP SERVICE

Ajax TOCCO Magnethermic has available experienced service engineers familiar with the quoted equipment. The technical services of one of these engineers to consult with your supervisory personnel on the operation of the Ajax TOCCO Magnethermic supplied equipment may be purchased at \$1200.00/day plus traveling and living expenses. This cost is based on the standard eight (8) hour day, Monday through Friday. Saturday and Sunday rates are \$1800.00/day. The per diem charge will be made for days in transit to and from purchaser's plant as well as time in the plant. The above cost is subject to change, and the actual charge for the service will be based on the prices in effect at the time the service is supplied.

TERMS

- 25% down payment. (Delivery schedule is activated based on receipt of payment).
- 10% upon release of engineering.
- 30% upon receipt of materials for manufacture.
- 25% upon notification of readiness to ship.
- 10% upon acceptance - not to exceed 60 days after shipment.

All payments due upon receipt of invoice.

All payments via electronic transfer according to the following remittance advice:

JP Morgan Chase Bank, NA
1300 E. 9th Street
Cleveland, OH 44114

EFT and ACH Payments - ABA #044000037

Wires thru Federal Reserve - ABA #021000021

SWIFT No. CHASUS33 (for International Wires)

Account No. 652195447

Account Name:

Park-Ohio Industries, Inc.
6065 Parkland Blvd.
Cleveland, Ohio 44124

Reference: Ajax TOCCO Magnethermic
Invoice or PO being paid

Payment terms pending credit approval.

WARRANTY

Ajax TOCCO Magnethermic Corporation warrants that the equipment manufactured by it shall conform to the description in this quotation. In the event that any part or parts, excepting expendable items such as, but not limited to coil liners, thermocouples, refractories and similar items, shall fail within the first twelve (12) months from date of shipment due to defects in material or workmanship, Ajax TOCCO Magnethermic shall at its option, repair or replace F.O.B. shipping point, such defective part or parts. The warranty obligations of Ajax TOCCO Magnethermic with respect to equipment not manufactured by Ajax TOCCO Magnethermic shall conform to and be limited to the warranty actually extended to Ajax TOCCO Magnethermic by its suppliers. Notice of a claim for alleged defective equipment must be given within fifteen (15) days after purchaser learns of the defect. THE DEFECTIVE PART OR PARTS SHALL BE RETURNED TO AJAX TOCCO MAGNETHERMIC, FREIGHT PREPAID, UNLESS OTHERWISE DIRECTED BY AJAX TOCCO MAGNETHERMIC. THIS WARRANTY SHALL BE EXCLUSIVE AND IN LIEU OF ANY OTHER WARRANTIES AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OR WARRANTIES OF ANY OTHER KIND, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE, WHICH EXTEND BEYOND THE WARRANTY AS SET FORTH ABOVE. AJAX TOCCO MAGNETHERMIC'S LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES TO PURCHASER RESULTING FROM DEFECTIVE PARTS OF EQUIPMENT SHALL IN NO EVENT EXCEED THE COST OF REPAIR OR REPLACEMENT, F.O.B. SHIPPING POINTS OF DEFECTIVE PARTS OF EQUIPMENT. IN NO EVENT SHALL AJAX TOCCO MAGNETHERMIC BE LIABLE FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.

This quotation is also subject to the TERMS AND CONDITIONS as printed on the last page of this quote.

POWER SUPPLY SCHOOL

Ajax TOCCO Magnethermic offers a full week's instruction course on the operation and maintenance of the Solid State Frequency Converter. The cost is \$900.00 per person. Transportation and living expenses are not included.

The course starts with basic integrated circuit card logic theory. The instruction continues through the operation, maintenance, and trouble-shooting of the power supply. The school is a combination of classroom work and actual laboratory work on operating power units.

If you are interested, please call (330) 372-8637 for additional details and schedule dates.

TEST

The proposed equipment will be component tested. The power supply is run at full power for a minimum of 2 hours prior to being released for shipment.

Presrite personnel are welcome to witness the above test.

SECTION D: TECHNICAL CRITERIA

CONTROLS

ATM control enclosures are designed to operate in areas with ambient temperatures between 39°F (4°C) and 110°F (43°C). For application outside this range, please consult the factory.

UTILITIES

ELECTRICAL

Power - 3200 KVA at 4160 volts, 3 phase, 60 hertz.

Accessories - 10 KVA at 480 volts, 3 phase, 60 hertz.

COOLING WATER

Cooling water to the power systems should not exceed 95°F (35°C) and supplied at a flow of approximately 700 GPM at a maximum pressure of 70 psi (4.9 bars) and piped to allow minimum 30 psi (2.08 bar) differential across each component.

ATM recommends the use of CPCV, Copper, or Stainless Steel Tubing.

In any case do not use Galvanized coated piping.

POWER SUPPLY INTERNAL WATER CHARACTERISTICS:

| | |
|---|-------------------------|
| Total hardness as CaCO ₃ ----- | 15 ppm |
| Total dissolved solids ----- | 25 ppm |
| Conductivity ----- | 20 to 50 micro mho/cm |
| (Resistivity) ----- | 50,000 to 20,000 ohm-cm |
| Suspended solids ----- | 10 ppm |
| pH ----- | 7.0 to 7.5 |

PLANT WATER COOLING WATER CHARACTERISTICS:

| | |
|---|-------------------------|
| Total hardness as CaCO ₃ ----- | 100 ppm |
| Total dissolved solids ----- | 200 ppm |
| Conductivity ----- | 100 to 300 micro mho/cm |
| (Resistivity) ----- | 3,300 to 10,000 ohm-cm |
| Suspended solids ----- | 10 ppm |
| pH ----- | 7.0 to 7.5 |

AIR QUALITY REQUIREMENTS:

Air-filtered (5 micron) air at 60-80 psig, dew point below 40°F.

DESIGN/MANUFACTURING STANDARDS

The equipment proposed will be designed and/or manufactured in accordance with Ajax TOCCO Magnethermic standards and the standards of its vendors. In all cases, Ajax TOCCO Magnethermic attempts to satisfy publicly authorized standards and/or regulations in the United States of America.

We meet the applicable sections of various USA standards including the American Welding Society (AWS), Joint Industry Council (JIC), National Electric Code (NEC), National Electrical Manufacturers' Association (NEMA).

The proposed equipment is not UL listed. Third party inspection of the proposed equipment, if required, is not included in our price.

Wherever possible, we make wide use of Underwriter Laboratory (UL) approved components.

PAINT

All equipment manufactured by Ajax TOCCO Magnethermic will be painted ~~Ajax TOCCO Magnethermic's standard Hammertone Beige~~. If requested at the time of purchase, the equipment can be painted any color the customer desires. It is the responsibility of the customer to provide the special paint and have the paint available to our manufacturing plant in a timely manner to avoid any conflicts in shipment of the equipment.

PRESRITE
GREEN
JK
3-14-11

SECTION E: ENGINEERING INFORMATION

Manuals:

One (1) CD of installation, operation, and maintenance instructions. One (1) set of operating and maintenance instructions on purchased items is included with the Master Manual CD.

Drawings:

To assist the purchaser in the installation and operation of this equipment, Ajax TOCCO will furnish its standard type outline drawings of the SCR power supply, capacitor bank, schematic type wiring, pneumatic and water flow diagrams, and operation and maintenance manuals in PDF format. All drawings and manuals will be in the English language.

Approval drawings, if required, will be submitted showing the equipment as covered by our quotation. The above delivery schedule is predicated on not more than one (1) week for approval. Changes requested that affect either price or delivery will be renegotiated prior to manufacture of the equipment.

INTERCONNECTION

The design and supply of interconnecting wiring and piping between major items is not included in this proposal, unless otherwise specifically quoted above.

All equipment, including interconnecting wiring, piping, and guarding is to be installed by the purchaser. Provision for in plant pits or trenches, if required, shall be the responsibility of the purchaser.

SUPPORT STRUCTURES

Any additional, support structure to mount equipment to mate into existing equipment is the responsibility of the customer.

GUARDING INSTALLATION

It is the responsibility of the purchaser to provide and install all necessary and required guards and shields for the safe operation of the equipment. All required guarding is to be supplied by the customer, during installation, for bus, leads and other exposed electrical items. Suitable guards, railings, shields and safety measures must be installed prior to commissioning to protect personnel from falling or tripping; or from exposure to rotating equipment, metal splash, hot materials, cranes, forklifts, ladles, etc. unless otherwise specified in this proposal.

SECTION F: Closing

We appreciate this opportunity to work with you on your induction heating requirements and hope we can be of further service. If any additional information is required, please feel free to contact this office or our Regional Sales Manager, Mr. Joseph Koren, located at 1745 Overland Ave. N.E., Warren, OH 44483; phone (330) 372-8573.

Very truly yours,

AJAX TOCCO MAGNETHERMIC CORPORATION

A handwritten signature in black ink, appearing to read 'Jim Gaida', with a stylized flourish at the end.

James G. Gaida
Product Manager-Forging Products

JGG/js

cc: Joe Koren - ATM

Encls: Forging Brochure
Pacer II Data Sheet
Power Supply Training School

TERMS AND CONDITIONS

1. **ACCEPTANCE:** No order or agreement for the sale of parts or of equipment shall be binding upon Ajax TOCCO until accepted by an authorized officer of Ajax TOCCO and an acknowledgment sent to the purchaser.
2. **TAXES:** Sales, use, excise, property or similar taxes relating to this order are not included in the price except as specifically stated. Ajax TOCCO shall have the right at any time to bill Purchaser for any such tax which Ajax TOCCO may be called upon to pay.
3. **TRANSIT:** Ajax TOCCO's liability ceases on making delivery to the carrier at the place of manufacture. Ajax TOCCO shall not be liable for losses, damages, or delays in transportation.
4. **ERRORS:** Clerical and stenographic errors are not binding and are subject to corrections.
5. **SAFETY DEVICES:** Safety and/or protective devices furnished with the equipment described herein or as part thereof shall be considered equipment and Ajax TOCCO's liability for failure thereof is limited to the liabilities assumed under the terms of the warranty as set forth on the face hereof.
6. **COMPLIANCE WITH LAWS:** Ajax TOCCO will comply with all applicable Federal laws, rules, and regulations and specifically represents that any goods to be delivered hereunder will be produced in compliance with the requirements of the Fair Labor Standards of 1938, as amended, and Ajax TOCCO further represents that it will comply with the most current Executive Order and/or law pertaining to Equal Employment Opportunity.
7. **INSTALLATION DRAWINGS:** If Ajax TOCCO is, under the terms of this agreement, required to prepare foundation and/or electrical and/or piping installation drawings to augment the equipment being furnished by it and/or others, it will prepare said drawings on the basis of the cost involved in the preparation of the drawings. In the event any said drawings are found to be in error, Ajax TOCCO warrants that it will modify or correct said drawings so that the final drawings represent the installation at the site. THIS WARRANTY SHALL BE EXCLUSIVE, AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OR WARRANTIES OF ANY OTHER KIND, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATIVE TO SAID DRAWINGS. AJAX TOCCO'S LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES TO PURCHASER RESULTING FROM ERRORS, OMISSIONS, ETC., IN SUCH DRAWINGS SHALL IN NO EVENT EXCEED THE COST OF CORRECTING SAID DRAWINGS. IN NO EVENT SHALL AJAX TOCCO BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.
8. **PATENTS:** Ajax TOCCO agrees to indemnify Purchaser against any proven claim and assessed liability for infringement of any United States patent arising from the manufacture or sale of any apparatus furnished Purchaser hereunder except where the specifications, process, design or method of manufacture originated in Purchaser in which event Purchaser agrees to indemnify Ajax TOCCO in like manner.
9. **CANCELLATION OF ORDERS:** Upon acceptance of the cancellation of the order, Ajax TOCCO shall be paid the sum of the following: (1) the total factory cost of the items produced up to the date of acceptance of cancellation including factory direct labor, factory overhead at Ajax TOCCO's standard rate, engineering labor, engineering overhead at Ajax TOCCO's standard rate, materials and other direct costs paid or committed, and standard material overhead; plus (2) the total estimated gross profit on the job; plus (3) interest at the rate of 1½ % per month on the total amount due and payable for cancellation fees from the date of cancellation until actual payment; plus (4) interest at the rate of 1½ % per month until date of cancellation on any progress billing issued prior to cancellation the date of which is 30 days past the date of such billing ; plus (5) storage costs from the date of cancellation to date of payment of cancellation charges; less (6) the refund, if any, actually received by Ajax TOCCO on any purchased items which can be returned to vendors within 90 days of the date of cancellation; and less (7) the cost of any manufactured components transferred by Ajax TOCCO within 90 days of cancellation to another order held by Ajax TOCCO.
10. **SERVICE:** Because it is impossible for one individual to observe the execution of all details of the work done, Ajax TOCCO shall not be responsible for the acts and workmanship of the employees, contractors, subcontractors or agents of Purchaser or the consequences thereof. Ajax TOCCO warrants that the technical field services performed by it will be professionally competent and that any recommendation of its personnel will reflect their best judgement. THIS WARRANTY SHALL BE EXCLUSIVE AND AJAX TOCCO MAGNETHERMIC CORPORATION MAKES NO WARRANTY OF MERCHANTABILITY OF ANY OTHER KIND, EXPRESS OR IMPLIED WHICH EXTEND BEYOND THE DESCRIPTION OF THE SERVICES HEREIN SET FORTH. THE LIABILITY OF AJAX TOCCO UNDER THIS WARRANTY SHALL NOT, IN ANY EVENT, EXCEED THE TOTAL CONTRACT PRICE ALLOCATED TO THESE SERVICES AND IN NO EVENT SHALL AJAX TOCCO BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE WHATSOEVER.
11. **CONTROLLING PROVISIONS:** These terms and conditions and the terms and conditions appearing on the face of this document shall supersede any provisions, terms, and conditions contained on any confirmation order, or other writing the Purchaser may give or receive, and the rights of the parties shall be governed exclusively by the provisions, terms, and conditions hereof. Ajax TOCCO makes no representations or warranties concerning this order except such as are expressly contained herein, and this order may not be changed or modified orally. Any clause required to be included in a contract of the type, by any applicable law or administrative regulation having the effect of law shall be deemed to be incorporated herein.
12. **OSHA:** Proper application will enable the equipment herein quoted to meet OSHA Regulations existing as of this date as we interpret them and as we understand your requirement. In certain cases, some of the OSHA Requirements may or may not be applicable depending upon the OSHA inspector and his interpretations of the regulations.
13. **PAYMENT:** Payments shall become due as stated herein. The Company reserves the right at any time to demand full or partial payment or appropriate security before proceeding with the work to be performed hereunder, if in the sole judgement of the Company, the financial

Mercantile Customer Project Commitment Agreement
Cash Rebate Option

THIS MERCANTILE CUSTOMER PROJECT COMMITMENT AGREEMENT ("Agreement") is made and entered into by and between The Cleveland Electric Illuminating Company, its successors and assigns (hereinafter called the "Company") and Presrite Corporation, Taxpayer ID No. 34-1292480 its permitted successors and assigns (hereinafter called the "Customer") (collectively the "Parties" or individually the "Party") and is effective on the date last executed by the Parties as indicated below.

WITNESSETH

WHEREAS, the Company is an electric distribution utility and electric light company, as both of these terms are defined in R.C. § 4928.01(A); and

WHEREAS, Customer is a mercantile customer, as that term is defined in R.C. § 4928.01(A)(19), doing business within the Company's certified service territory; and

WHEREAS, R.C. § 4928.66 (the "Statute") requires the Company to meet certain energy efficiency and peak demand reduction ("EE&PDR") benchmarks; and

WHEREAS, when complying with certain EE&PDR benchmarks the Company may include the effects of mercantile customer-sited EE&PDR projects; and

WHEREAS, Customer has certain customer-sited demand reduction, demand response, or energy efficiency project(s) as set forth in attached Exhibit 1 (the "Customer Energy Project(s)") that it desires to commit to the Company for integration into the Company's Energy Efficiency & Peak Demand Reduction Program Portfolio Plan ("Company Plan") that the Company will implement in order to comply with the Statute; and

WHEREAS, the Customer, pursuant to the Public Utilities Commission of Ohio's ("Commission") September 15, 2010 Order in Case No. 10-834-EL-EEC, desires to pursue a cash rebate of some of the costs pertaining to its Customer Energy Project(s) ("Cash Rebate") and is committing the Customer Energy Project(s) as a result of such incentive.

WHEREAS, Customer's decision to commit its Customer Energy Project(s) to the Company for inclusion in the Company Plan has been reasonably encouraged by the possibility of a Cash Rebate.

WHEREAS, in consideration of, and upon receipt of, said cash rebate, Customer will commit the Customer Energy Project(s) to the Company and will comply with all other terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. **Customer Energy Projects.** Customer hereby commits to the Company and Company accepts for integration into the Company Plan the Customer Energy Project(s) set forth on attached Exhibit 1. Said commitment shall be for the life of the Customer Energy Project(s). Company will incorporate said project(s) into the Company Plan to the extent that such projects qualify. In so committing, and as evidenced by the affidavit attached hereto as Exhibit A, Customer acknowledges that the information provided to the Company about the Customer Energy Project(s) is true and accurate to the best of its knowledge.

- a. By committing the Customer Energy Project(s) to the Company, Customer acknowledges and agrees that the Company shall control the use of the kWh and kW reductions resulting from said projects for purposes of complying with the Statute. By committing the Customer Energy Project(s), Customer has the ability to either:
- i. Take ownership of the Energy Efficiency resource credits resulting from their Customer Energy Project(s) and may be able to bid - or sell - the Energy Efficiency resource credits into the market operated by the grid operator, PJM Interconnection, Inc. (PJM), provided several prerequisites are met; or
 - ii. Allow the Company to take ownership of the Energy Efficiency resource credits associated with their Customer Energy Project(s). The Company shall, at its sole discretion, aggregate said capacity into the PJM market through an auction. Any proceeds from any such bids accepted by PJM will be used to offset the costs charged to the Customer and other of the Company's customers for compliance with state mandated energy efficiency and/or peak demand requirements.

Please indicate your preference as to the treatment of your Energy Efficiency resource credits:

- ☐ Customer would like to retain ownership of its Energy Efficiency resource credits.
- ☒ Customer assigns ownership of its Energy Efficiency resource credits to Company for purposes of bidding these credits into PJM.

- b. The Company acknowledges that some of Customer's Energy Projects contemplated in this paragraph may have been performed under certain other federal and/or state programs in which certain parameters are required to be maintained in order to retain preferential financing or other government benefits (individually and collectively, as appropriate, "Benefits"). In the event that the use of any such project by the Company in any way affects such Benefits, and upon written request from the Customer, Company will release said Customer's Energy Project(s) to the extent necessary for Customer to meet the prerequisites for such Benefits. Customer acknowledges that such release (i) may affect Customer's cash rebate discussed in Article 3 below; and (ii) will not affect any of Customer's other requirements or obligations.
- c. Any future Customer Energy Project(s) committed by Customer shall be subject to a separate application and, upon approval by the Commission, said projects shall become part of this Agreement.
- d. Customer will provide Company or Company's agent(s) with reasonable assistance in the preparation of the Commission's standard joint application for approval of this Agreement ("Joint Application") that will be filed with the Commission, with such Joint Application being consistent with then current Commission requirements.
- e. Upon written request and reasonable advance notice, Customer will grant employees or authorized agents of either the Company or the Commission reasonable, pre-arranged access to the Customer Energy Project(s) for purposes of measuring and verifying energy savings and/or peak demand reductions resulting from the Customer Energy Project(s). It is expressly agreed that consultants of either the Company or the Commission are their respective authorized agents.
2. **Joint Application to the Commission.** The Parties will submit the Joint Application using the Commission's standard "Application to Commit Energy Efficiency/Peak Demand Reduction Programs" ("Joint Application") in which they will seek the Commission's approval of (i) this

Agreement: (ii) the commitment of the Customer Energy Project(s) for inclusion in the Company Plan; and (iii) the Customer's Cash Rebate.

The Joint Application shall include all information as set forth in the Commission's standard form which, includes without limitation:

- i. A narrative description of the Customer Energy Project(s), including but not limited to, make, model and year of any installed and/or replaced equipment;
- ii. A copy of this Agreement; and
- iii. A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results.

3. **Customer Cash Rebate.** Upon Commission approval of the Joint Application, Customer shall provide Company with a W-9 tax form, which shall at a minimum include Customer's tax identification number. Within the greater of 90 days of the Commission's approval of the Joint Application or the completion of the Customer Energy Project, the Company will issue to the Customer the Cash Rebate in the amount set forth in the Commission's Finding and Order approving the Joint Application.

- a. Customer acknowledges: i) that the Company will cap the Cash Rebate at the lesser of 50% of Customer Energy Project(s) costs or \$250,000; ii) the maximum rebate that the Customer may receive per year is \$500,000 per Taxpayer Identification Number per utility service territory; and iii) if the Customer Energy Project qualifies for a rebate program approved by the Commission and offered by the Company, Customer may still elect to file such project under the Company's mercantile customer self direct program, however the Cash Rebate that will be paid shall be discounted by 25%; and
- b. Customer acknowledges that breaches of this Agreement, include, but are not limited to:
 - i. Customer's failure to comply with the terms and conditions set forth in the Agreement, or its equivalent, within a reasonable period of time after receipt of written notice of such non-compliance;
 - ii. Customer knowingly falsifying any documents provided to the Company or the Commission in connection with this Agreement or the Joint Application.
- c. In the event of a breach of this Agreement by the Customer, Customer agrees and acknowledges that it will repay to the Company, within 90 days of receipt of written notice of said breach, the full amount of the Cash Rebate paid under this Agreement. This remedy is in addition to any and all other remedies available to the Company by law or equity.

4. **Termination of Agreement.** This Agreement shall automatically terminate:

- a. If the Commission fails to approve the Joint Agreement;
- b. Upon order of the Commission; or
- c. At the end of the life of the last Customer Energy Project subject to this Agreement.

Customer shall also have an option to terminate this Agreement should the Commission not approve the Customer's Cash Rebate, provided that Customer provides the Company with written

notice of such termination within ten days of either the Commission issuing a final appealable order or the Ohio Supreme Court issuing its opinion should the matter be appealed.

5. **Confidentiality.** Each Party shall hold in confidence and not release or disclose to any person any document or information furnished by the other Party in connection with this Agreement that is designated as confidential and proprietary ("Confidential Information"), unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provisions of law; (ii) such document or information is generally available to the public; or (iii) such document or information was available to the receiving Party on a non-confidential basis at the time of disclosure.
 - a. Notwithstanding the above, a Party may disclose to its employees, directors, attorneys, consultants and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, directors, attorneys, consultants and agents have been advised of the confidential nature of this information and through such disclosure are deemed to be bound by the terms set forth herein.
 - b. A Party receiving such Confidential Information shall protect it with the same standard of care as its own confidential or proprietary information.
 - c. A Party receiving notice or otherwise concluding that Confidential Information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall endeavor to: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such Confidential Information, including without limitation, the filing of such information under a valid protective order.
 - d. By executing this Agreement, Customer hereby acknowledges and agrees that Company may disclose to the Commission or its Staff any and all Customer information, including Confidential Information, related to a Customer Energy Project, provided that Company uses reasonable efforts to seek confidential treatment of the same.
6. **Taxes.** Customer shall be responsible for all tax consequences (if any) arising from the payment of the Cash Rebate.
7. **Notices.** Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement must be in writing and must be delivered or sent by overnight express mail, courier service, electronic mail or facsimile transmission addressed as follows:

If to the Company:

FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
Attn: Victoria Nofziger
Telephone: 330-384-4684
Fax: 330-761-4281
Email: vmnofziger@firstenergycorp.com

If to the Customer:

Presrite Corporation - East 78th Street Cleveland Division
3665 East 78th Street
Cleveland, Ohio 44105
Attn: Gary W. Davis (Senior Vice President)
Telephone: 216-206-3409
Fax: 216-441-2644
Email: davis.gary@presrite.com

or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the business day will be deemed received on the next business day; provided that notice by facsimile transmission will be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

8. **Authority to Act.** The Parties represent and warrant that they are represented by counsel in connection with this Agreement, have been fully advised in connection with the execution thereof, have taken all legal and corporate steps necessary to enter into this Agreement, and that the undersigned has the authority to enter into this Agreement, to bind the Parties to all provisions herein and to take the actions required to be performed in fulfillment of the undertakings contained herein.
9. **Non-Waiver.** The delay or failure of either party to assert or enforce in any instance strict performance of any of the terms of this Agreement or to exercise any rights hereunder conferred, shall not be construed as a waiver or relinquishment to any extent of its rights to assert or rely upon such terms or rights at any later time or on any future occasion.
10. **Entire Agreement.** This Agreement, along with related exhibits, and the Company's Rider DSE, or its equivalent, as amended from time to time by the Commission, contains the Parties' entire understanding with respect to the matters addressed herein and there are no verbal or collateral representations, undertakings, or agreements not expressly set forth herein. No change in, addition to, or waiver of the terms of this Agreement shall be binding upon any of the Parties unless the same is set forth in writing and signed by an authorized representative of each of the Parties. In the event of any conflict between Rider DSE or its equivalent and this document, the latter shall prevail.
11. **Assignment.** Customer may not assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the Company, which consent will not be unreasonably withheld. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.
12. **Severability.** If any portion of this Agreement is held invalid, the Parties agree that such invalidity shall not affect the validity of the remaining portions of this Agreement, and the Parties further agree to substitute for the invalid portion a valid provision that most closely approximates the economic effect and intent of the invalid provision.
13. **Governing Law.** This Agreement shall be governed by the laws and regulations of the State of Ohio, without regard to its conflict of law provisions.
14. **Execution and Counterparts.** This Agreement may be executed in multiple counterparts, which taken together shall constitute an original without the necessity of all parties signing the same page or the same documents, and may be executed by signatures to electronically or telephonically transmitted counterparts in lieu of original printed or photocopied documents. Signatures transmitted by facsimile shall be considered original signatures.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year set forth below.

The Cleveland Electric Illuminating Company_
(Company)

By: *John C. Pung*

Title: V.P. Of Energy Efficiency

Date: 12-22-14

Presrite Corporation - East 78th Street Division_
(Customer)

By: *Greg W. Z...*

Title: Sr. Vice President

Date: 12-17-14

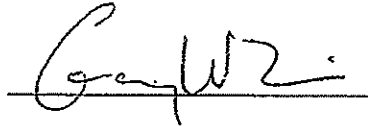
Affidavit of Presrite Corporation – Exhibit __A__

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

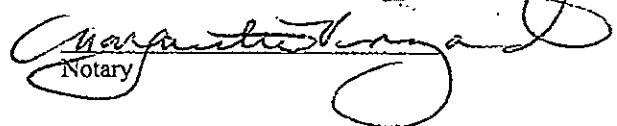
I, Gary W. Davis ,being first duly sworn in accordance with law, deposes and states as follows:

1. I am the Senior Vice President of Presrite Corporation ("Customer") As part of my duties, I oversee energy related matters for the Customer.
2. The Customer has agreed to commit certain energy efficiency projects to The Cleveland Electric Illuminating Company ("Company"), which are the subject of the agreement to which this affidavit is attached ("Project(s)").
3. In exchange for making such a commitment, the Company has agreed to provide Customer with Cash ("Incentive"). This Incentive was a critical factor in the Customer's decision to go forward with the Project(s) and to commit the Project(s) to the Company.
4. All information related to said Project(s) that has been submitted to the Company is true and accurate to the best of my knowledge.

FURTHER AFFIANT SAYETH NAUGHT.



Sworn to before me and subscribed in my presence this 17th day of Dec, 2014


Notary

MARGARETTE M. VINYARD, NOTARY PUBLIC
IN AND FOR THE STATE OF OHIO
MY COMMISSION EXPIRES 8/24/15

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

12/23/2014 5:27:20 PM

in

Case No(s). 14-1607-EL-EEC

Summary: Application to Commit Energy Efficiency/Peak Demand Reduction Programs of The Cleveland Electric Illuminating Company and Presrite Corporation electronically filed by Ms. Jennifer M. Sybyl on behalf of The Cleveland Electric Illuminating Company and Presrite Corporation