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December 3, 2015

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 E. Broad St., 11th Floor
Columbus, OH 43215-3793

Re: Case No. 15-1857-EL-AEC
Stipulation and Recommendation

Dear Ms. McNeal:

Please find attached for filing a Stipulation and Recommendation signed by TimkenSteel Corporation and Staff. Copies of this Stipulation and Recommendation are being delivered to all parties of record via email today.

Thank you in advance for your cooperation.

Very truly yours,



Michael J. Settineri
Attorney for TimkenSteel Corporation

MJS/jaw
Enclosure

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
of TimkenSteel Corporation for Approval)	
of a Unique Arrangement for the TimkenSteel)	Case No. 15-1857-EL-AEC
Corporation's Stark County Facilities)	

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code ("O.A.C."), provides that two or more parties to a proceeding may enter into a written stipulation to resolve some or all of the issues presented in such proceeding. The purpose of this document is to set forth the understanding and agreement of the parties that have signed below ("Signatory Parties") and jointly recommend that the Public Utilities Commission of Ohio ("Commission") approve and adopt this Stipulation as part of its Opinion and Order resolving all of the issues in the above-captioned proceeding.

This Stipulation and Recommendation ("Stipulation") is supported by adequate data and information and represents a just and reasonable resolution of all issues in this proceeding. The Stipulation violates no regulatory principle or precedent and is in the public interest. The Stipulation was the product of serious bargaining among knowledgeable and capable parties. Further, there were no adverse comments filed by non-parties or members of the public.

Except for enforcement purposes, neither this Stipulation nor the information and data contained herein shall be cited as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves the Stipulation. The Signatory Parties' agreement to this Stipulation is only in its entirety. The Stipulation shall not be interpreted in a future proceeding before this Commission as an agreement by a particular Signatory Party to an isolated provision of this Stipulation. In sum, the Stipulation must be taken in whole and applies only to the matters at bar in this proceeding.

For purposes of resolving certain issues raised by this proceeding, the Signatory Parties stipulate and recommend that the Commission find as follows:

1. Ohio Power Company (“AEP Ohio”) is a public utility as defined by Section 4905.02, Revised Code and is subject to regulation by the Commission.

2. TimkenSteel Corporation (“TimkenSteel”) is an Ohio corporation with its worldwide headquarters in Canton, Ohio. It has seven manufacturing/operating facilities in Akron, Stark County (three) and Eaton, Ohio; Columbus, North Carolina and Houston, Texas. In addition to these facilities, TimkenSteel owns or leases warehouse and distribution facilities in the United States, Mexico and China.

3. TimkenSteel’s products are manufactured primarily at its three contiguous plants in Stark County: the Faircrest Plant in Perry Township; the Harrison Plant in Canton and the Gambrinus Plant in Canton Township (collectively with TimkenSteel’s corporate headquarters, the “Stark County Facilities”).

4. TimkenSteel qualifies as a mercantile customer as that term is defined in Section 4928.01, Revised Code.

5. Pursuant to Section 4905.31, Revised Code, and Rule 4901:1-38-05(B), O.A.C., a mercantile customer of an electric utility may apply to the Commission for a unique arrangement with the electric utility. TimkenSteel has submitted such an application to the Commission in this proceeding (the “Application”).

6. TimkenSteel competes nationally and internationally in the special bar quality steel large bars and seamless mechanical tubing market. Section 4928.02(N), Revised Code, establishes as part of the State energy policy, that the Commission facilitate Ohio’s effectiveness in the global economy.

7. Energy is one of the largest items in the cost of TimkenSteel's manufacture of special quality alloy steel large bars and seamless mechanical tubing products and certainty of energy prices is essential to the competitiveness of its Stark County facilities, to build upon and protect the nearly half-billion dollars in capital investments made at the Stark County facilities and to facilitate the State's effectiveness in the U.S. economy as well as in the global economy.

8. TimkenSteel's employment levels and payroll provide a significant positive economic impact on the surrounding region and on the State. TimkenSteel purchases goods and services from over 1,800 Ohio businesses totaling approximately \$850 million a year. Its purchases from its Ohio base supply chain result in a multiplier effect for the state and local economies, having a job multiplier effect of 4.952 and a payroll multiplier of 3.069. In addition, the State and local governments received large amounts of tax revenues in 2014 (as stated at paragraph 20 of the Application) as a result of TimkenSteel's operations at its Stark County facilities.

9. The unique arrangement proposed in this stipulation will apply to TimkenSteel's operations and facilities in Stark County and will:

(a) Run for a 65 month term (January 1, 2016 to May 31, 2021) during which TimkenSteel will receive generation from a competitive retail electric service ("CRES") provider;

b) Allow TimkenSteel to receive a discount as set forth in the Application on Ohio Power's monthly tariff charges (excluding Basic Transmission Cost Rider charges) during the term of the unique arrangement and such discount shall only apply to TimkenSteel's Stark County facilities;

c) Be subject to the fixed delta revenue cap over the term of the unique arrangement and a separate fixed delta revenue cap in any 24 month period, both cap amounts being as stated in the Application;

d) Allow TimkenSteel to begin paying for transmission service through the new Basic Transmission Cost Rider ("BTCR"), recently approved in AEP Ohio's ESP III proceeding, based on TimkenSteel's annual single EDU transmission coincident peak; and

e) Allow TimkenSteel to serve as an interruptible resource for Ohio power during the term of this unique arrangement and receive the interruptible service credit regardless whether that credit or program is available through tariff.

10. With these features in place, the proposed unique arrangement will benefit all of Ohio, allowing TimkenSteel to make continued capital investments in its Stark County facilities and to maintain a minimum employment level of full-time equivalent associates during the term of the unique arrangement, with a goal of achieving an increased level of employment of full-time associates by the end of 2020, with minimum and pledged increased levels of employment as stated in the Application.

11. The proposed Application has received widespread support from state and local government officials, business officials and local labor, as evidenced by the letters of support attached to the Application.

12. Based on the foregoing and the statements in the Application, a reasonable basis exists for approving the proposed unique arrangement without modification. The Signatory Parties agree and recommend that the terms and conditions as proposed in the Application, including reporting requirements, be adopted by the Commission. The Signatory Parties also

recommend that the Commission retain continuing jurisdiction over the proposed unique arrangement.

13. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, the Signatory Parties shall have the right, within 30 days of issuance of the Commission's Order, to file an application for rehearing, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding, including service to all the Signatory Parties.

14. The Signatory Parties agree that they will not oppose or argue against any other Signatory Party's application for rehearing that seeks to uphold the original, unmodified Stipulation. Upon the Commission's issuance of an Entry on Rehearing that does not adopt the Stipulation in its entirety without material modification, any Signatory Party may withdraw its participation from the Stipulation by filing a notice with the Commission within 30 days of the Commission's Entry on Rehearing. Other Signatory Parties to the Stipulation agree to not oppose the withdrawal and termination of participation in the Stipulation by any other Signatory Party.¹

15. For the reasons discussed above, the Signatory Parties respectfully request that the Commission adopt this Stipulation in its entirety and approve the Application as proposed without modification.

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¹ Any Signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for purposes of that Signatory Party withdrawing from the Stipulation.

The undersigned hereby stipulate and agree that each represents that it is authorized to enter into this Stipulation on this 2nd day of December, 2015. This Stipulation may be signed in counterparts.

STAFF OF THE PUBLIC UTILITIES
COMMISSION OF OHIO

By: Thomas W. McNamee
Thomas W. McNamee
Assistant Attorney General

TIMKENSTEEL CORPORATION

By: Michael J. Settineri
Michael J. Settineri
Attorney for TimkenSteel Corporation

The undersigned executes this Stipulation not as a Signatory Party but solely to state its non-opposition to the Application filed in this proceeding and non-opposition to the Stipulation.

OHIO ENERGY GROUP

By: _____
David F. Boehm
Attorney for the Ohio Energy Group

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

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in

Case No(s). 15-1857-EL-AEC

Summary: Stipulation and Recommendation electronically filed by Mr. Michael J. Settineri on behalf of TimkenSteel Corporation