

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Globe     )  
Metallurgical, Inc. for Approval of a     ) Case No. 16-737-EL-AEC  
Reasonable Arrangement for its Beverly,     )  
Ohio Plant.     )

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**MOTION TO INTERVENE AND COMMENTS OF  
THE OHIO MANUFACTURERS' ASSOCIATION ENERGY GROUP**

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Pursuant to R.C. 4903.221 and Ohio Adm. Code 4901-1-11 and 4901:1-38-05(F), the Ohio Manufacturers' Association Energy Group (OMAEG) respectfully moves the Public Utilities Commission of Ohio (Commission) to intervene and submit comments in this matter with the full powers and rights granted to intervening parties. OMAEG has a real and substantial interest that may be adversely affected by this proceeding and that interest cannot be adequately represented by any existing parties. Because OMAEG satisfies the standard for intervention set forth in the Commission's rules and by statute, the motion should be granted. A memorandum in support is attached.

Respectfully submitted,



Kimberly W. Bojko (0069402)  
Ryan P. O'Rourke (0082651)  
Carpenter Lipps & Leland LLP  
280 North High Street, Suite 1300  
Columbus, Ohio 43215  
Telephone: (614) 365-4100  
Email: [Bojko@carpenterlipps.com](mailto:Bojko@carpenterlipps.com)  
(willing to accept service by email)  
[O'Rourke@carpenterlipps.com](mailto:O'Rourke@carpenterlipps.com)  
(willing to accept service by email)

*Counsel for the OMAEG*

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**MEMORANDUM IN SUPPORT**

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On April 11, 2016, Globe Metallurgical, Inc. (Globe) filed an application seeking approval of a five-year unique arrangement.<sup>1</sup> Globe's current unique arrangement is set to expire on May 31, 2016;<sup>2</sup> therefore, Globe is seeking approval of its application for a new unique arrangement by no later than May 26, 2016 so that the proposed features of the unique arrangement will correspond with the June 2016 billing cycle and run through May 31, 2021.<sup>3</sup>

Globe requests that the Commission approve a unique arrangement that establishes a contract rate for distribution service and all non-bypassable transmission and ancillary services, including all non-bypassable riders such as the purchase power agreement rider approved in Case No. 14-1693-EL-RDR.<sup>4</sup> The contract rate for distribution service will be either a fixed rate per MWh or a discount off of the Ohio Power Company's (AEP Ohio) monthly tariff charges for wire service.<sup>5</sup> The difference between the contract rate for the distribution or wire services and what Globe would otherwise pay for the same services under the then-current tariff will create

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<sup>1</sup> Globe's Application at 1, 3 (April 11, 2016).

<sup>2</sup> Id. at 1. Globe's current unique arrangement has been in existence since 2008 and was amended in 2013 and 2015. Id. at 10-11.

<sup>3</sup> Id. at 1, 3.

<sup>4</sup> Id. at 3.

<sup>5</sup> Id.

delta revenue that will be recovered from other customers through AEP Ohio's Economic Development Cost Recovery Rider (EDR Rider).<sup>6</sup> The discounted distribution contract rate is subject, however, to a fixed delta revenue cap and an annual delta revenue cap.<sup>7</sup> Under the terms of the unique arrangement, Globe will also participate in AEP Ohio's interruptible program and will receive a monthly demand credit during the five-year term in the amount available under the interruptible tariff or in the amount of \$8.21/kW-month.<sup>8</sup> The interruptible credit is recovered from other customers through AEP Ohio's energy efficiency rider and is not subject to the delta revenue cap.

As support for the application, Globe cites to growing competition from foreign markets, steeply declining silicon metal prices, the strength of the U.S. dollar, and dramatically increasing electricity costs.<sup>9</sup> Globe also explains that it has been operating under a reasonable arrangement since 2008.<sup>10</sup> Given these collective elements, Globe asserts that the proposed unique arrangement is necessary to support and sustain the operations at its plant located in Beverly, Ohio.<sup>11</sup>

Ohio Adm. Code 4901-1-11 permits intervention by a party who has a real and substantial interest in the proceeding and who is so situated that the disposition of the proceeding may impair or impede its ability to protect that interest and whose interest is not adequately represented by an existing party. Likewise, R.C. 4903.221 authorizes intervention where a party:

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<sup>6</sup> Id. at 14.

<sup>7</sup> Id. at 3, 14.

<sup>8</sup> Id. at 3-4, 14.

<sup>9</sup> Id. at 8-10.

<sup>10</sup> Id. at 10-11.

<sup>11</sup> Id. at 4.

may be adversely affected by the proceeding; will contribute to a full development and equitable resolution of factual issues; and will not unduly prolong or delay the proceedings.

OMAEG is a non-profit entity that strives to improve business conditions in Ohio and drive down the cost of doing business for Ohio manufacturers. OMAEG members and their representatives work directly with elected officials, regulatory agencies, the judiciary, and the media to provide education and information to energy consumers, regulatory boards and suppliers of energy; advance energy policies to promote an adequate, reliable, and efficient supply of energy at reasonable prices; and advocate in critical cases before the Commission. OMAEG members purchase electric services from AEP Ohio and may be responsible for paying the delta revenue amounts and interruptible credits arising from this unique arrangement via AEP Ohio's economic development and energy efficiency riders.

OMAEG has been a participant in other cases involving unique arrangements,<sup>12</sup> and has an interest in ensuring that any benefits accruing to customers, and the resultant discounted rates that are wholly funded by other AEP Ohio ratepayers, are just and reasonable.<sup>13</sup> OMAEG also has an interest in ensuring that the unique arrangement furthers the policy of the state of Ohio prescribed by R.C. 4928.02.<sup>14</sup> Finally, OMAEG has an interest in ensuring that no unreasonable or anticompetitive effects arise from Globe's unique arrangement.

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<sup>12</sup> See, e.g., *In the Matter of the Application of the TimkenSteel Corporation for Approval of a Unique Arrangement for the TimkenSteel Corporation's Stark County Facilities*, Case No. 15-1857-EL-AEC, Entry at 2 (November 24, 2015) (granting OMAEG's motion to intervene); *In the Matter of the Application of Republic Steel for Approval of a Unique Arrangement for Republic Steel's Lorain, Ohio Facility*, Case No. 13-1913-EL-AEC, Entry at 2 (November 12, 2013) (granting OMAEG's motion to intervene).

<sup>13</sup> Ohio Adm. Code 4901:1-38-05(B)(1) ("Each customer applying for a unique arrangement bears the burden of proof that the proposed arrangement is reasonable and does not violate [R.C.] 4905.33 and 4905.35 \* \* \* .").

<sup>14</sup> Ohio Adm. Code 4901:1-38-05(C) ("Each applicant applying for approval a unique arrangement \* \* \* shall describe how such arrangement furthers the policy of the state of Ohio embodied in [R.C.] 4928.02 \* \* \* .").

Compared to previous unique arrangements approved by the Commission, Globe's application raises concerns as there appears to be a disparity between the benefits it would receive under the proposed arrangement and the commitments it would be required to undertake. The proposed unique arrangement should balance any purported benefits to the state and local economies with the costs required to achieve such benefits. The cost-benefit analysis should consider all of the applicant's rate discounts paid for by other ratepayers and compare that to the capital investment dollars, employment level commitments, and any other commitments made by the applicant. The cost-benefit analysis should also consider prior reasonable arrangements approved for the applicant, as well as the frequency, duration, and costs associated with those prior arrangements. OMAEG asserts that a principle of proportionality should apply to ensure there is a proper alignment between benefits received under reasonable arrangements and commitments undertaken by the applicants.

OMAEG has a direct, real, and substantial interest in the issues raised in this proceeding and is so situated that the disposition of the proceeding may, as a practical matter, impair or impede its ability to protect that interest. OMAEG is regularly and actively involved in Commission proceedings and, as in previous proceedings, OMAEG's unique knowledge and perspective will contribute to the full development and equitable resolution of the factual issues in this proceeding. OMAEG's interest will not be adequately represented by other parties to the proceeding and its timely intervention will not unduly delay or prolong the proceeding.

Because OMAEG satisfies the criteria set forth in R.C. 4903.221 and Ohio Adm. Code 4901-1-11, it is authorized to intervene with the full powers and rights granted by the Commission to intervening parties. OMAEG respectfully requests that the Commission grant

this motion to intervene and that OMAEG be made a full party of record. OMAEG further requests that the Commission give due consideration to the comments articulated herein.

Respectfully submitted,




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Kimberly W. Bojko (0069402)  
Ryan P. O'Rourke (0082651)  
Carpenter Lipps & Leland LLP  
280 North High Street, Suite 1300  
Columbus, Ohio 43215  
Telephone: (614) 365-4100  
Email: [Bojko@carpenterlipps.com](mailto:Bojko@carpenterlipps.com)  
(willing to accept service by email)  
[O'Rourke@carpenterlipps.com](mailto:O'Rourke@carpenterlipps.com)  
(willing to accept service by email)

*Counsel for the OMAEG*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing was served upon the following parties via electronic mail on May 2, 2016.

  
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Kimberly W. Bojko

[mjsettineri@vorys.com](mailto:mjsettineri@vorys.com)  
[wasieck@vorys.com](mailto:wasioek@vorys.com)  
[stnourse@aep.com](mailto:stnourse@aep.com)  
[bill.wright@puc.state.oh.us](mailto:bill.wright@puc.state.oh.us)

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Summary: Motion To Intervene And Comments Of The Ohio Manufacturers' Association  
Energy Group electronically filed by Mrs. Kimberly W. Bojko on behalf of OMA Energy Group