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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO 2016 OCT 13 PM 1:03

In the Matter of the Application for)
Establishment of a Reasonable)
Arrangement Between U. S. Steel)
Seamless Tubular Operations, LLC.,)
Lorain Tubular Operations and)
The Ohio Edison Company)

Case No. 16-2020-EL-AEC PLUCO

APPLICATION FOR UNIQUE ARRANGEMENT

1. The Lorain Tubular Operations ("LTO") is within the U. S. Steel Seamless Tubular Operations, LLC business segment and is located in Lorain, Ohio. U. S. Steel Seamless Tubular Operations, LLC business segment is wholly owned by U. S. Steel Tubular Holdings, LLC.
2. During the term of the unique arrangement proposed herein, LTO will be a "mercantile customer"¹ as defined by Section 4928.01, Revised Code, and a producer of Oil Country Tubular Goods ("OCTG"), casing, drill pipe, standard and line pipe and coupling stock. LTO's rolling mill operations currently employ 264 people with a significant annual payroll. LTO also supports employment at numerous local and regional Ohio businesses which provide various products and services to LTO and LTO currently pays about \$6 million annually in state and local taxes. LTO produces products that are sold directly to customers throughout the United States.
3. LTO is within the certified service area of The Ohio Edison Company ("OE"), an electric distribution utility ("EDU") as defined by Section 4928.01, Revised Code, and presently indirectly receives electricity through OE. More specifically, the electricity consumed at LTO is directly delivered to the adjacent manufacturing facility of Republic Steel ("Republic") and LTO is directly connected to Republic's internal network. As compared to other facilities in the U. S. Steel Seamless Tubular Operations business segment with which LTO competes, LTO's delivered cost of electricity is a significant component of its variable operating cost.

¹ For purposes of Rule 4901:1-38-03(A)(2)(a), Ohio Administrative Code ("O.A.C."), LTO uses electricity for non-retail purposes.

4. As a result of various factors including global competition on an uneven playing field, general economic conditions and natural gas prices that are limiting exploration and development, LTO's operations were curtailed in March of 2016. LTO is evaluating actions that can be taken to reduce or eliminate this curtailment, rationally expand employment and increase the utilization of its productive capacity. To this end, it is necessary for a significant amount of capital to be invested by LTO so that it can become a direct mercantile customer of OE. While LTO is moving forward with this necessary capital investment, this capital investment is not sufficient to position LTO so that it can rationally expand employment and increase the utilization of its productive capacity. OE's otherwise applicable rate schedule will not permit LTO to rationally expand employment and increase the utilization of its productive capacity. Accordingly, LTO is seeking approval of a unique arrangement to position itself to be viable for many years allowing for improvements and sustaining current employment (264 direct employees). LTO has received strong and active support for its efforts to invest capital, expand employment and increase the utilization of its productive capacity from local and state officials.
5. Section 4905.31, Revised Code, permits the Public Utilities Commission of Ohio ("Commission") to approve and authorize a reasonable schedule or arrangement between a mercantile customer and an EDU or a public utility electric light company upon application by a mercantile customer. By this Application,² LTO is requesting that the Commission authorize and approve a schedule or arrangement that will permit LTO to rationalize and invest the capital required to become a direct mercantile customer of OE, position the facility to expand employment and position the facility to increase the utilization of its Lorain, Ohio productive capacity. Due to the competitively sensitive nature of the details of pricing and other terms of this arrangement, LTO is requesting that the Commission take such action as may be necessary to prohibit public access to such details. In this Application, LTO shall generally describe the structure and content of the schedule or arrangement it is requesting herein and commits to providing the Commission's Staff with additional details provided that such details receive appropriate protection as confidential or trade secret information.

A. Plant Facilities and Equipment

Under the proposed schedule or arrangement, LTO shall be responsible for all on-premise electrical facilities as well as all customer substation requirements, including transformers, necessary to take electric service at 138 kV and OE shall be responsible, in accordance with applicable rules or tariff provisions, for the installation of all upstream facilities, plant and equipment that may be reasonably required to reliably supply LTO with electricity. LTO intends to competitively source generation supply based

² The Application is submitted pursuant to Rule 4901:1-38-05, O.A.C. and, pursuant to such Rule, an affidavit as to the veracity of the information contained in this Application is included below.

on its belief that such competitive procurement of generation supply will operate to reduce the amount of any "delta revenue" that might otherwise arise if LTO obtained electricity pursuant to OE's otherwise applicable standard service offer tariff.

B. Term

The term of the proposed schedule or arrangement shall be six (6) years commencing with its effective date which shall be the date upon which the Commission permits the schedule or arrangement to become effective. LTO is requesting that such effective date be January 1, 2017. Within this proposed term, LTO is also requesting that it be permitted to seek modification or extension of the schedule or arrangement so that it can be modified and adapted, with Commission approval, as circumstances and conditions may warrant. No modification or extension shall become effective without the Commission's prior approval.

C. Pricing

Under the proposed schedule or arrangement, firm electricity service shall be supplied to LTO in such amount as may be sufficient to meet its full requirements and at a delivered price per kWh that includes all generation, transmission and distribution charges plus any surcharges, riders or other adders. During the term of the arrangement, LTO is requesting "all-in", kWh-based pricing.

D. Service Quality

Under the proposed reasonable arrangement, LTO will obtain competitive retail electric service from a competitive retail electric service ("CRES") supplier. The service quality under the proposed schedule or arrangement shall be firm. LTO does have a demand response capability and is willing to commit its demand response capability to OE provided LTO can gain access to the rider(s) or tariff provision(s) that provide a credit for such demand response.

E. Other Terms and Conditions

The arrangement or schedule LTO seeks herein should be subject to such other terms and conditions as are customary. For example and for illustration purposes only, the arrangement or schedule should be assignable by either party with the written consent of the other party provided that such consent shall not be unreasonably withheld, there should be standard provisions to address default and insolvency by either party, provisions to facilitate the confidential exchange of information between the parties, provisions regarding documentation and mutual

cooperation to address regulatory or other requirements, provisions to address resolution of any conflicts between the arrangement and any otherwise applicable schedule, and provisions designed to facilitate the resolution of any disputes.

6. As indicated by Rule 4901:1-38-08, O.A.C., discussions regarding reasonable arrangements or schedules subject to approval pursuant to Section 4905.31, Revised Code, sometimes include questions regarding the appropriate treatment of the costs and benefits of such arrangements or schedules. Accordingly, LTO urges the Commission to address this subject and the treatment of "delta revenue" in compliance with Section 4905.31, Revised Code, and Rule 4901:1-38-08, O.A.C.
7. For the foregoing reasons, LTO urges the Commission to find that the arrangement described herein appears to be just and reasonable and promptly act to authorize and approve a unique arrangement between OE and LTO on the terms and conditions generally described herein. LTO requests that the Commission provide such authorization and approval so as to allow the schedule or arrangement to be effective on and after January 1, 2017.

Respectfully submitted,


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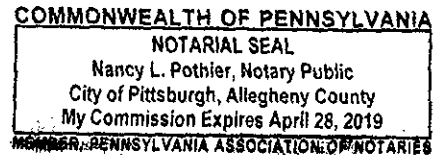
State of Pennsylvania)
) ss:
County of Allegheny _____)

I, Christine S. Breves, the Vice President & Chief Supply Chain Officer of United States Steel Corporation and being first duly sworn, verify that I have reviewed the foregoing Application and that the representations contained in the Application are true and accurate to the best of my knowledge and belief.

Christine S. Breves

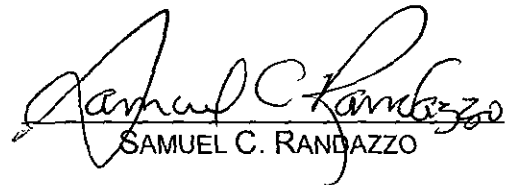
Sworn to and subscribed before me, a Notary Public, this 10th day of October 2016.

Nancy L. Pothier
Notary Public



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Application for Unique Arrangement* was provided to the following persons this 13th day of October 2016, via first class mail, postage prepaid, or electronically via e-mail attachment.


SAMUEL C. RANDAZZO

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