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Via E-file

June 29, 2018

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

In re: Case No. 18-0450-EL-AEC

Dear Sir/Madam:

Pursuant to Paragraph 16 of the Commission's June 28, 2018 Opinion and Order, attached is an executed final contract implementing the Reasonable Arrangement between AK Steel and Duke Energy Ohio, Inc.

Please place this document of file.

Respectfully yours,



Michael L. Kurtz, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment
Cc: Certificate of Service

REASONABLE ARRANGEMENT

This Reasonable Arrangement ("Arrangement" or "Contract") is between AK Steel Corporation, which is authorized to conduct business in the State of Ohio, and its successors and assigns ("AK Steel" or "Customer"), and Duke Energy Ohio, Inc. ("Duke Energy Ohio" or "Company"), an electric utility duly organized and validly existing under the laws of Ohio, and its successors and assigns, and is effective as set forth below.

WITNESSETH

WHEREAS, the Company currently provides electric service to the Customer at the facility located at 1801 Crawford Street, Middletown, OH 45044, currently billed under Company Account No. 2620-0836-01-3 with such service subject to this Contract as of the July 1 2018 billing cycle;

WHEREAS, it is important that AK Steel's rates and service terms for electric service reflect the economies of scale to supply AK Steel, Duke Energy Ohio's largest single-site customer, and the fact that much of AK Steel's demand is capable of curtailment on short notice in times of energy shortages or transmission/distribution interruptions;

WHEREAS, on March 15, 2018, Customer submitted to the Public Utilities Commission of Ohio ("Commission") an Application for Expedited Approval of a Reasonable Arrangement in Case No. 18-450-EL-AEC;

WHEREAS, on May 11, 2018, Customer submitted to the Commission a Joint Stipulation and Recommendation in Case No. 18-450-EL-AEC that was not opposed by any party to that case;

WHEREAS, the Commission approved the Application as modified by the Stipulation in its Opinion and Order issued June 28 2018 in Case No. 18-450-EL-AEC (the "Order").

NOW, THEREFORE, in consideration of the Order, the Company and the Customer enter into this Contract.

- I. **Effective Date and Term.** The Term of this Arrangement shall commence immediately after the date of a Commission order approving this Application, but no earlier than June 1, 2018. The Term of this Arrangement shall end May 31, 2025. While the end of the Arrangement Term is designed to coincide with the end of Duke Energy Ohio's pending Electric Security Plan ("ESP") proposal in Case No. 17-1263-EL-SSO, this Arrangement will continue in effect irrespective of the results of any legal review of that ESP proposal. Beginning on the effective date of the Arrangement, AK Steel and Duke Energy Ohio will enter into a written contract that is consistent with the Application approved by the Commission in this proceeding, which will be filed at the Commission. During the Term of this Arrangement, as part of the Commission's approval of this Arrangement, Duke Energy Ohio shall be authorized timely and full cost recovery of the costs of the interruptible rate credit contemplated herein through its Economic Competitiveness Fund Rider, or an equivalent recovery mechanism, with such recovery a fundamental term of this Arrangement. If at some point during the Term of this Arrangement, Duke Energy Ohio is not permitted to recover all of the costs of the interruptible rate credit through retail rates, then the Arrangement will be suspended until such full recovery is permitted.
- II. **General Terms and Conditions Applicable Throughout Arrangement Term.**
 - A. Customer will receive a rate credit for its monthly interruptible demand, subject to the terms set forth herein. That rate credit shall be determined by multiplying Customer's monthly interruptible demand times the PJM Base Residual Auction ("BRA") market rate for the Duke Energy Ohio zone times 0.7. The BRA market rate for 2018/2019 delivery year shall be

\$164.77/MW-day. The BRA market rate for the 2019/2020 delivery year shall be \$100.00/MW-day. The BRA market rate for the 2020/2021 delivery year shall be \$130.00/MW-day. The BRA market rate for the 2021/2022 delivery year shall be \$140.00/MW-day. Monthly interruptible demand shall be the difference between the monthly billing demand determined in accordance with the applicable rate schedule under which Customer receives service and Customer's designated firm service contract capacity. In no event shall Customer's monthly interruptible demand be greater than 110 MW.

- B. From June 1, 2021 through May 31, 2025, the annual rate credit received by Customer will be capped at 70% of the 2018/19 RPM BRA clearing price (\$164.77/MW-day), which is \$4.63 million, subject to the additional provisions set forth below. The total amount of rate credit received by Customer throughout the Term of this Arrangement will be capped at \$25.8 million.
- C. In no event will the monthly interruptible rate credit received by Customer pursuant to this Arrangement result in a negative monthly bill to Customer from Duke Energy Ohio for transmission and distribution service, excluding Customer's Universal Service Rider charges (Customer's "wires charges"). If the monthly interruptible credit received by Customer pursuant to this Arrangement would otherwise exceed its wires charges in a given month, then Customer will be permitted to "bank" the difference between the monthly interruptible credit and the monthly wires charges. Customer will then be permitted to draw upon any "banked" interruptible credit for use in offsetting future monthly wires charges during the Term of this Arrangement. Upon expiration of the Arrangement Term, Customer will forfeit any remaining "banked" interruptible credit.
- D. Customer interruptions will be limited to emergency events, whether called by Duke Energy Ohio or PJM. The Company will endeavor to provide Customer as much advance notice as possible of an upcoming emergency interruption, but Customer will not be required to interrupt on less than 120 minutes notice. Such notice will specify the starting and ending hour of the interruption if known. If Customer fails to interrupt load as requested by Duke Energy Ohio for an emergency interruption, then Customer will be required to refund for the load that failed to interrupt the interruptible rate credits received under this Arrangement during the precedent 12 months for the uninterrupted demand.
- E. Customer's interruption capability will be calculated monthly. Customer's initial firm service level will be 85 MWs. Any changes in Customer's firm service level must be communicated by December 1 of each year.
- F. Customer commits to invest a minimum of \$15 million in the Middletown facility or AK Steel's other facilities located in Ohio during each year of the Arrangement Term, for a total capital investment of \$105 million. For the first year of the Arrangement Term, this capital investment commitment will include any investments made since the Application was filed in this proceeding. If AK Steel's capital investment commitment is not achieved in a given Arrangement Term year, without valid justification, then the Commission may reduce the annual rate credit available to AK Steel in the following Arrangement Term year in proportion to the percentage of capital investment commitment that was not achieved (e.g. if AK Steel's first year capital investment commitment is missed by 2%, then the total amount of credit that AK Steel could receive in the second year of this Arrangement may be reduced by 2%). If AK Steel invests a total of \$105 million in the Middletown facility or AK Steel's other facilities located in Ohio after the start of the Arrangement Term, but before the end of the Arrangement Term, then AK Steel's obligations under this provision will have been satisfied and AK Steel will no longer be subject to penalty as set forth herein.
- G. Customer will provide annual reports to Commission Staff on the status of its capital investment in the facility. Duke Energy Ohio shall continue to bill AK Steel under the terms of the approved Arrangement until otherwise directed by the Commission.

- H. Duke Energy Ohio will be permitted to recover the costs of the interruptible rate credit contemplated herein through its Economic Competitiveness Fund Rider, or an equivalent recovery mechanism, with such recovery a fundamental term of this Arrangement.
- I. Participation in this Arrangement does not preclude Customer from also participating in other PJM demand response programs through a curtailment service provider. Customer is permitted to retain any compensation received by PJM for its participation in those programs.
- J. Customer shall have the right to opt out of Duke Energy Ohio's energy efficiency and peak demand reduction programs as provided by S.B. 310.
- III. **Assignment.** The Arrangement, including all rights and obligations hereunder, shall be fully assignable by Customer to any new owner or operator of the plant with the prior, written consent of Duke Energy Ohio, which consent shall not be unreasonably withheld, and prior approval of the Commission.
- IV. **Notice.** Any notice required or desired by either party to be given hereunder shall be made:

If to the Company at:

Rocco D'Ascenzo
Elizabeth H. Watts
Jeanne W. Kingery
139 East Fourth Street, 1303-Main
Cincinnati, Ohio 45202

If to the Customer at:

AK Steel Corporation
9227 Centre Pointe Drive
West Chester Township, OH 45069
ATTN: Larry Schutte

Michael L. Kurtz
Jody Kyler Cohn
Boehm Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

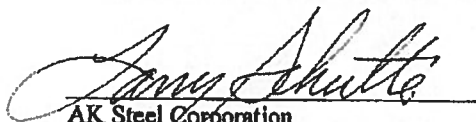
Either party may submit to the other party a written notice of a change in location, address, or title of contact person and such notice shall serve to modify this provision of the Contract. Any communications required to be in writing pursuant to this Contract may be delivered by first class U.S. Mail, courier service or commonly used forms of electronic communication (e.g., fax or email) consistent with the provisions set forth in this Section 7. Notice shall be deemed to be received upon actual receipt if delivered by courier, fax or email, or three (3) days after postmarked if sent by first class U.S. Mail, postage prepaid.

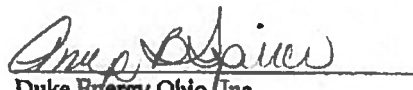
- V. **Termination Rights.** Customer can elect to terminate this Arrangement upon six-month advance written notification to Duke Energy Ohio and the Commission.
- VI. **Repayment.** Customer shall not be required to repay any credit received or accrued under the Arrangement except as authorized by the Arrangement or in the case where Customer commits fraud or misrepresentation.
- VII. **Dispute Resolution.** If a dispute arises out of this Contract, the parties agree first to try in good faith to settle the dispute. If settlement is not possible and the dispute relates to a subject matter which is within the Commission's exclusive or primary jurisdiction, the matter shall be taken to the Commission. If the dispute concerns a question outside of the Commission's jurisdiction, and the parties are unable to resolve such dispute through negotiations then either party may initiate litigation in the appropriate court or forum.
- VIII. **Mutual Cooperation.** The Customer and the Company agree to provide mutual and timely support for purposes of effectively administering this Contract. Such support shall include, without

limitation, reasonable and timely access to documents and personnel of the other party.

- IX. **Governing Law and Continuing Jurisdiction.** The validity, construction and performance of this Contract shall be determined in accordance with the laws of the State of Ohio not taking into account any conflict of law provisions.
- X. **Interpretation.** The Contract, all addendums, exhibits and documents referenced or incorporated by reference herein, and the Company's standard tariffs (including the terms and conditions of service), as applicable to Customer and as amended from time to time by the Commission, sets forth the entire agreement between the parties. In the event of any conflict between the Company's standard tariffs and this Contract, the Contract shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officers or representatives as of the day and year first above written.


AK Steel Corporation
6/26/2018
Date


Duke Energy Ohio, Inc.
6/28/18
Date



CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served (via electronic mail) on the 29th day of June, 2018 to the following:



Michael L. Kurtz, Esq.

Jody Kyler Cohn, Esq.

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in

Case No(s). 18-0450-EL-AEC

Summary: Correspondence Letter with copy of executed final contract of AK Steel and Duke Energy Ohio implementing Reasonable Arrangement electronically filed by Mr. Michael L. Kurtz on behalf of AK Steel Corporation