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March 28, 2019

Public Utilities Commission of Ohio

Docketing Division

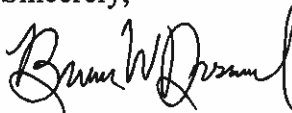
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Re: PRO-TEC Coating Company, LLC Reasonable Arrangement
Case No. 19-124-EL-AEC

To Whom It May Concern:

Pursuant to Paragraphs 30-31 of the Public Utilities Commission of Ohio's (Commission) February 27, 2019 Opinion and Order in the above-captioned matter, PRO-TEC Coating Company, LLC (PRO-TEC) and the Ohio Power Company (AEP Ohio) hereby file the attached, executed contract between PRO-TEC and AEP Ohio. The contract reflects the terms approved in the Commission's Opinion and Order. Please do not hesitate to reach out should you have any questions.

Sincerely,



Brian W. Dressel

Cc: Steven T. Nourse, Esq.
Maureen R. Willis, Esq.

**ADDENDUM TO CONTRACT FOR ELECTRIC SERVICE
SPECIAL TERMS AND CONDITIONS AGREEMENT**

Made a Part of Contract for Electric Service Dated May 6, 1993

This Addendum supplements and amends the Contract for Electric Service dated May 6, 1993 by and between Ohio Power Company (the "Company") and PRO-TEC Coating Company, LLC (the "Customer").

WHEREAS, by Opinion and Order dated March 6, 2019, the Public Utilities Commission of Ohio ("Commission") approved a reasonable arrangement ("Arrangement") in Case No. 19-124-EL-AEC, the purpose of which was to permit the Customer to invest \$400 million to construct a new continuous galvanizing line at its Leipsic, Ohio plant ("CGL3") that will produce advanced, high-strength steels for use in the automotive and appliance manufacturing industries;

WHEREAS, as part of the new project, the Customer has committed to adding 80 full-time employees with average wages above 150% of the federal minimum wage and has agreed to contribute approximately \$4.6-6 million of upfront capital, plus tax incremental financing payments over a 15-year term to the Village of Leipsic's Raw Waterline and Pump Station project.

NOW, THEREFORE, in consideration of the Commission's March 6, 2019 Opinion and Order approving the Arrangement and directing the Company and the Customer to file a final contract implementing the Arrangement, the Company and the Customer agree as follows:

1. **Effective Date and Term.** The Effective Date of this Addendum shall be March 6, 2019. The Addendum shall terminate with the expiration of the Company's current electric security plan approved in Case No. 16-1852-EL-SSO, *et al.* ("ESP IV") on May 31, 2024.
2. **Customer Expansion, Investment, and Employment Commitments.** The Customer commits to undertake an expansion of its Leipsic, Ohio plant to build CGL3, which will allow the Customer to meet automakers' demand for lightweight material options that will meet increasing federal fuel efficiency standards while maintaining high safety standards. In connection with the CGL3 expansion, the Customer agrees that:
 - a. The Customer will make a total of \$400 million in new capital investments.
 - b. The Customer will increase its employment levels at the Leipsic, Ohio plant by 80 workers by December 31, 2020.
 - c. The average wage of the Customer's employees at the Leipsic, Ohio plant will be more than 150% of the federal minimum wage.

- d. The Customer will maintain the employment and wage levels committed to in paragraphs 2.b and 2.c throughout the term of the Arrangement.
 - e. The Customer's commitments contained in this paragraph 2, and its parent companies' backing of the same, will remain in place even if the industry outlook changes unexpectedly.
- 3. **Shopping.** The Customer is permitted to shop for its energy supply and to obtain such supply from a third-party competitive retail electric supplier.
- 4. **Metering and Billing.** The two electric meters associated with the accounts at the Customer's Leipsic, Ohio plant (accounts ending in 150-1 and 500-0), as well as the future meter/account associated with the planned expansion, will be virtually consolidated under a single account for billing and rate purposes. The Company will calculate the Customer's monthly peak demand for the Basic Transmission Cost Rider by using the 1 CP for all accounts that are subject to virtual consolidation. The Customer's monthly allowable kVAR will continue to be based on the 30-minute peak in kW for the month. The Power Purchase Agreement Rider will apply to the Customer's consolidated consumption for the first 833,000 kWh per month.
- 5. **Demand Response Programs.** The Customer will remain enrolled in the Company's IRP Program as approved in the ESP IV Case. The Customer's participation in the Arrangement will not, however, preclude the Customer from participating in other PJM demand response programs.
- 6. **Economic Development Credit.** The Customer will receive an economic development credit in the amount of \$362,699.00 annually.
 - a. The annual economic development credit will be divided into equal installments and provided to the Customer monthly through a bill credit.
 - b. In no event, however, will the monthly bill credit result in the Customer receiving a negative monthly bill. If, for a given month, the Customer's bill credit results in the Customer having a negative bill, the Customer's bill for that month will be \$0.00 and any excess credit remaining will be reserved for use in a future month where the Customer's electric charges exceed the monthly credit.
 - c. The Customer shall not be required to repay any economic development credits received under the Arrangement except in the event of the Customer's misrepresentation, fraud, or other violation of the law.
- 7. **Delta Revenue.** A maximum of \$7 million of delta revenue may be recovered from the Company's other customers during the term of the Arrangement. The Company will recover delta revenue through its Economic Development Rider.

8. Assignability and Termination.

- a. The Customer may assign the Arrangement, including all rights and obligations associated therewith, to any new owner or operator of the Leipsic, Ohio plant with the Company's prior written consent, which consent will not be unreasonably withheld, and the Commission's prior approval.
- b. The Customer may elect to terminate the Arrangement at any time during its term by providing written notice to the Commission and the Company. The Customer also reserves the right to terminate the Arrangement if the Commission substantially modifies it in the future. Any termination by the Customer would take effect on the first day of the billing period following the Customer's written notice of termination to the Company.
- c. The Arrangement's continuation is contingent upon the Customer meeting its pledged capital investment and employment commitments and is terminable if those commitments are not satisfied.

9. **Notices.** Notices required by or regarding this Addendum or given pursuant to law shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier, facsimile, or email to the persons and addresses listed below, provided however that notice by email and facsimile shall only be effective if followed by written notice as aforesaid. Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a business day, and otherwise shall be effective at the close of business on the next business day. Notice by overnight United States mail or other overnight courier shall be effective on the day it is received. Notice by United States mail other than overnight United States mail shall be deemed effective when so received.

To the Company:

Ohio Power Company
ATTN: Steven Nourse
1 Riverside Plaza, 29th Floor
Columbus, OH 43215-2373

To the Customer:

PRO-TEC Coating Company
ATTN: Brent Rosebrook
5500 PRO-TEC Parkway
Leipsic, OH 45856-9234

With Copy to:

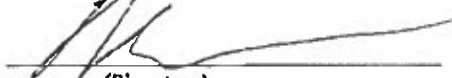
Carpenter Lipps & Leland LLP
ATTN: Kimberly W. Bojko
280 N. High Street, Suite 1300
Columbus, OH 43215

10. **Limitation of Liability.** FOR BREACH OF ANY PROVISION OF THIS ADDENDUM, A PARTY'S LIABILITY SHALL BE EXCLUSIVELY LIMITED TO DIRECT ACTUAL DAMAGES ONLY. IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER THIS AGREEMENT TO THE OTHER FOR INCIDENTAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES, OR OTHER SPECIAL DAMAGES, IN TORT, CONTRACT, OR OTHERWISE.
11. **Governing Law.** This Addendum shall be governed by and interpreted in accordance with the laws of the State of Ohio without regard to any principles of conflicts of laws that would apply the law of another jurisdiction.

IN WITNESS WHEREOF, the Company and the Customer have caused this Addendum to be duly executed the day and year last written below.

OHIO POWER COMPANY

By


(Signature)

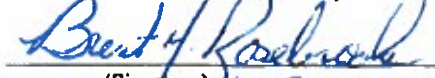
Marc Reitter
(Printed Name)

Title: VP Resolving Finance

Date: 3/26/19

PRO-TEC COATING COMPANY, LLC

By


(Signature)

BRENT H. FOXBROOK
(Printed Name)

Title: V.P. of Finance + Admin

Date: 3/27/2019

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/28/2019 4:36:44 PM

in

Case No(s). 19-0124-EL-AEC

Summary: Contracts Executed Contract for a Reasonable Arrangement electronically filed by
Mr. Brian W Dressel on behalf of PRO-TEC Coating Company, LLC