

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application for
Approval of a Contract for Electric
Service Between Columbus Southern
Power Company and Solsil, Inc.

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) Case No. 08- 883 - EL-AEC
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PUCO

APPLICATION

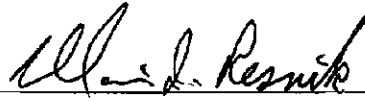
1. Columbus Southern Power Company (CSP) is a public utility as defined by §4905.02 Ohio Rev. Code, and is subject to regulation by the Public Utilities Commission of Ohio (the Commission). Pursuant to the provision of §4905.31 Ohio Rev. Code, CSP respectfully requests approval of its Contract for Electric Service with Solsil, Inc. (the Customer).
2. The Contract, including the Addendum, (attached hereto as Exhibit A) applies to the Customer's facilities at Wells Road in Beverly, Ohio. At the Customer's request this contract is for the ten-year term of January 1, 2009 through December 31, 2018. The pricing for this period is based, in part, on the Customer's rate for Standard Service Offer generation service being equal to forty percent of the winning supply bids received in response to Requests for Proposals to serve the full requirements of the Customer, and on any deviations from the Customer's load forecast. In addition, the Customer will pay CSP's prevailing tariff for standard offer transmission and distribution service, including all Commission-approved riders applicable to such service.
3. The Customer currently operates at a facility in Beverly, Ohio, to manufacture high-purity silicon metal for the solar industry.

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4. The Customer estimates that over the past 12 months it has paid \$4 million in salary and benefits and another \$10.6 million to vendors within the state of Ohio. The rates proposed in this Contract will facilitate a significant expansion by Customer. It is expected that at peak capacity, the Customer has represented that it will employ approximately 350 workers and have a payroll exceeding \$18 million at the proposed site of its expansion, in Beverly, Ohio.
5. The request for approval of this contract is conditioned on the Commission approving, as part of its order in this docket, the full recovery by CSP, over the ten-year period of the contract, of the cost of the generation service resulting from the Request for Proposals, with the amount paid by the Customer for Standard Service Offer generation service serving as a credit against that cost. Recovery by CSP of this cost can be accomplished through a rider which recovers economic development costs, a rider which recovers purchased power costs, or some other rider which provides the same level of recovery on a timely basis. These types of rider mechanisms are within the Commission's general supervisory authority and within specific provisions of recently enacted Am. Sub. S.B. No.221. In the event that CSP is not permitted to put in place, put in place on a timely basis, or maintain full recovery as described herein, the Contract will not become effective unless the parties agree to amend the Contract.

WHEREFORE, Columbus Southern Power Company request that the Commission issue an order approving said Contract and the condition set out in Paragraph 5 of this application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Marvin I. Resnik", is written over a horizontal line.

Marvin I. Resnik
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
Fax: (614) 716-2950
Tele: (614) 716-1606

Counsel for Columbus Southern Power Company

This Contract entered into this 11th day of July 2008, by and between Columbus Southern Power Company, hereafter called the Company, and Solsil, Inc., P. O. Box 99, Beverly, Ohio 45715, or his or its heirs, successors or assigns, hereafter called the Customer,

Witnesseth:

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Company agrees to furnish to the Customer, during the term of this Contract, and the Customer agrees to take from the Company, subject to Company's standard Terms and Conditions of Service as regularly filed with the Public Utilities Commission of Ohio (Commission) and the Special Terms and Conditions Addendum as approved by the Commission which is attached hereto and hereby made part of this Contract, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at Wells Road, Beverly, Ohio. In the event the regularly filed Terms and Conditions of Service conflict with the Special Terms and Conditions Addendum, the latter terms and conditions will be controlling.

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for a period of up to 10 years from the time such service is commenced and ending at midnight on December 31, 2018 or until terminated upon a minimum 12 months' written notice given by the Customer of its intention to terminate the contract, with such termination to become effective at the end of the applicable RFP period. The date that service shall be deemed to have commenced under this Contract shall be January 1, 2009.

The electric energy delivered hereunder shall be alternating current at approximately 138,000 volts, 3-wire, 3-phase and it shall be delivered where the Company's 138 kV conductors from its proposed new structure on the Muskingum - Wolf Creek 138 kV Line connect to the Customer's deadend insulators on the steel structure in the Customer's 138 kV substation, which shall constitute the point of delivery under this Contract. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency, and it shall be measured at 138 kV by a meter or meters owned and installed by the Company and located in the control building in the Customer's 138 kV substation.

The Customer and the Company agree that the Customer has chosen to receive service under the provisions of the Company's Schedule General Service Large, code 311 according to the transmission and distribution (T&D) charges stated therein, including all Commission-approved riders applicable to customers taking T&D service. The charge for electric generation service for the term of this contract, as further described in the Addendum, shall be 40% of the winning bidder(s) solicitation from RFP's for the full requirements of the Customer, as projected by the Customer. The Customer agrees to pay the Company monthly for transmission, distribution, and generation service furnished hereunder at the rates specified above and under the provisions of the Company's Schedule General Service Large, code 311, as regularly filed with the Public Utilities Commission of Ohio, as long as these schedules are in effect. In the event that the schedules chosen by the Customer are replaced by new or revised schedules incorporating different rates or provisions, or both, the Company and Customer understand and agree that the Company will continue to provide service, and the Customer will continue to take service, under this Contract, subject to such changed provisions, and that the Customer will pay for such service at the new rates on and after the date such rates become effective.

The Customer's contract capacity is hereby fixed at 19,500 kVA. The minimum billing demand for this Contract shall be 11,700 kVA.

There are no unwritten understandings or agreements relating to the service herein above provided. This Contract shall be in full force and effect when signed by the authorized representatives of the parties hereto, subject to the approval of the Public Utilities Commission of Ohio, without modification.

Columbus Southern Power Company

By: Mark Grundel Finger
(Signature)

Mark Grundel Finger
(Printed Name)

Title: Manager - Customer Services

Date: 7/11/08

Solsil, Inc.

By: Arden Sims
(Signature)

ARDEN SIMS
(Printed Name)

Title: PRESIDENT

Date: 07/11/08

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE
SPECIAL TERMS AND CONDITIONS AGREEMENT
Made a Part of Contract for Electric Service Dated July 11, 2008**

This Contract entered into this 11th day of July 2008, by and between Columbus Southern Power Company, hereafter called Company, and Solsil, Inc., P. O. Box 99, Beverly, Ohio 45715, hereafter called Customer. This Special Terms and Conditions Agreement is required because of the economic development benefits of this project perceived by the Customer for the State of Ohio. Such special terms and conditions are as follows:

- 1) Since the contract capacity of 19,500 kVA represents a level of demand that the Customer is not projecting to meet until near the end of the year 2009, until January 1, 2010 the Company agrees to use the greater of (a) 60% of the Customer's highest previously established billing demand since the service commencement date or (b) 1000 kVA as the minimum billing demand. After that date, the standard minimum billing demand provisions of the Company's Schedule General Service Large, code 311, which include the minimum billing demand of 11,700 kVA as specified in the Contract, will apply.
- 2) The Company will issue Requests for Proposals (RFP) for the full requirements of the Customer as projected by the Customer. No RFP will be made for a period exceeding three years. Winning suppliers would be obligated to provide the forecast load requirements of the Customer. Forty-five days before commencement of delivery, customer shall provide procurement coordinator (AEPSC or CSP) with a schedule of needs that is derived from their production schedule and facility load (provided hourly in MWhs). The procurement coordinator will issue an RFP for a term to be decided for a Fixed Load Shape product which can be defined as a fixed hourly schedule for the RFP period (varying hourly on-peak and off-peak by month). The customer will be responsible for paying for this load as forecast and will be subject to the benefits or expenses of deviating from that forecast in the hourly energy market. For example, if the customer's actual use exceeds its forecast in a particular hour, the customer shall pay the hourly energy market price and associated imbalance charges for such excess use. In addition, if the customer's actual use is less than its forecast in a particular hour, the Customer will receive a credit of forty percent of the hourly energy market price less associated imbalance charges, not to exceed forty percent of the RFP price, for such unused energy. Under no circumstances will the customer be allowed to participate in PJM demand response programs unless it is at the direction of AEP Ohio.

Should an RFP result in less than two (2) respondents, the RFP shall be determined to be unsuccessful. In such circumstance, Columbus Southern Power Company shall make a filing prior to the start of the RFP period to set a market rate for generation service. Such filing shall be subject to the Commission's review.

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE
SPECIAL TERMS AND CONDITIONS AGREEMENT
Made a Part of Contract for Electric Service Dated July 11, 2008**

- 3) In the event that the Company is not permitted to put in place, put in place on a timely basis, or maintain cost recovery that is accomplished through a rider which recovers economic development costs, a rider which recovers purchased power costs, or some other rider which provides the same level of recovery on a timely basis, the Contract will not become effective unless the parties agree to amend the Contract.
- 4) In lieu of an initial cash security deposit, a Corporate Guarantee will be provided by Globe Specialty Metals on behalf of its subsidiary Solsil, Inc.
- 5) In the event the Customer files a petition for relief under the Bankruptcy Code or an involuntary petition for relief under Bankruptcy Code is filed against the Customer, the Customer acknowledges and agrees that:
 - a. The Customer will not file a pleading with the applicable bankruptcy court that seeks to limit or avoid its obligation under the deposit provision of this Addendum.
 - b. The Customer further agrees that in the event of a bankruptcy the Company has the first claim on any deposit held under this Stipulation for any amounts owed and any future costs to be incurred as result of the Company's service to the Customer.

In the event that the bankruptcy court does not permit the provisions of either Paragraph 5 a. or b. to be implemented, the Customer will provide the Company, within twenty (20) days of the petition date, with a post-petition security deposit, as adequate assurance under § 366 of the United States Bankruptcy Code (11 U.S.C. § 366), in the amount equivalent to 130% of the anticipated monthly billing for the plant at full operation. The Parties specifically agree that this is an acceptable amount of adequate assurance under § 366.

Columbus Southern Power Company

By: Mark Gundelfinger
(Signature)
Mark Gundelfinger
(Printed Name)

Title: Manager - Customer Services

Date: 7/11/08

Solsil, Inc.

By: Arden Sims
(Signature)
ARDEN SIMS
(Printed Name)

Title: President

Date: 07/11/08