

FILE

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application for  
Approval of a Contract for Electric  
Service Between Ohio Power Company  
and Globe Metallurgical, Inc.

)  
)  
) Case No. 08- 884 -EL-AEC  
)

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APPLICATION

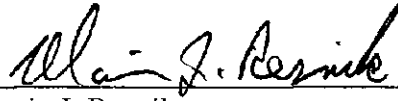
1. Ohio Power Company (OPCO) is a public utility as defined by §4905.02 Ohio Rev. Code, and is subject to regulation by the Public Utilities Commission of Ohio (the Commission). Pursuant to the provision of §4905.31 Ohio Rev. Code, OPCO respectfully requests approval of its Contract for Electric Service with Globe Metallurgical, Inc. (the Customer).
2. The Contract, including the Addenda, (attached hereto as Exhibit A) applies to the Customer's facilities at 1598 Sparling Road, 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 ninety percent of the otherwise applicable Standard Service Offer rate for firm and interruptible generation service, including all applicable tariff riders. In addition, the customer will pay OPCO's prevailing tariff rates for standard offer transmission and distribution service, including all Commission approved riders applicable to such service.
3. The Customer manufactures silicon metal, specialty alloys, and ferroalloys at its plant in Beverly, Ohio.

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4. The Customer estimates that its manufacturing facility in Beverly, Ohio has a total payroll of 180 and has paid \$15 million in payroll and benefits through the 11 months of the current fiscal year. Customer estimates that it has made payments in excess of \$60 million for taxes, materials and services over the same time frame. The Customer represents that the rates proposed in this Application are critical to maintaining the competitiveness of Customer's facilities so that it can continue to provide employment and other economic benefits in 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 OPCO, over the ten-year period of the contract, of the difference between what the Customer's bill for Standard Service Offer generation service would have been under the rate schedules applicable to the Customer and what the Customer's bill for such service is under this contract. Recovery by OPCO of this difference can be accomplished through a rider which recovers economic development costs, or some other rider that 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 OPCO 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, Ohio 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 dark ink, appearing to read "Marvin I. Resnik", is written over a horizontal line.

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

Counsel for Ohio Power Company

This Contract entered into this 11th day of July 2008, by and between Ohio Power Company, hereafter called the Company, and Globe Metallurgical, Inc., P. O. Box 157, 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 subject to the Distribution Service, Designation of Capacity Reservation, and Special Terms and Conditions Addenda as approved by the Commission which are 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 1598 Sparling Road, Waterford, Ohio. In the event the regularly filed Terms and Conditions of Service conflict with this Contract, 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 12 months' written notice given by the Customer of its intention to terminate the contract. 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 at the Company's 138,000-volt switching structure located at the Company's Muskingum River Power Plant, 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 by a meter or meters owned and installed by the Company and located in the control building in the Company's Muskingum River Power Plant 138 kV switchyard, 138 kV metering.

Except as modified by the Special Terms and Conditions Addendum attached hereto, the Customer and the Company agree that the Customer has chosen to receive service under the provisions of the Company's Schedules General Service Large Transmission, code 311, and IRP-D Transmission, code 339. The Customer agrees to pay the Company monthly for electric energy delivered hereunder at the rates specified above and under the provisions of the Company's Schedules General Service Large Transmission, code 311, and IRP Discretionary Transmission, code 339, 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 rates or provisions, and that the Customer will pay for such service at the new rates on and after the date such rates or provisions become effective.

The Customer's contract capacity under the schedules named herein is hereby fixed at 2,500 kW. If a time-of-day demand is available under the schedule and is selected by the Customer, the reservation of capacity aforementioned shall be the peak period reservation of capacity. The amount of capacity requested during the off-peak period is 2,500 kW.

There are no unwritten understandings or agreements relating to the service herein above provided. This Contract cancels and supercedes all previous agreements, relating to the purchase by Customer and sale by Company of electric energy at Customer's premises as referred to above, on the date that service under this Contract commences. 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.

Ohio Power Company

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

Title: Manager - Customer Services

Date: 7/11/08

Globe Metallurgical, Inc.

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

Title: CEO

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 Ohio Power Company, hereafter called Company, and Globe Metallurgical, Inc., P. O. 157, Beverly, Ohio 45715, hereafter called Customer. This Special Terms and Conditions Agreement is required due to deviation from standard Company tariffs because of the perceived economic development benefits of this project by the Customer for the State of Ohio. Such special terms and conditions are as follows:

- 1) During the term of the contract, the Customer's total rate will be 90% of the Company's prevailing tariff rates for firm and interruptible standard offer service, including all Commission-approved riders. The interruptible portion of the Customer's load shall be interruptible consistent with the prevailing standard offer interruptible service tariff. The Customer shall self-assess the kWh tax. Under no circumstances will the customer be allowed to participate in PJM demand response programs unless it is at the direction of AEP Ohio.
- 2) In the event that the Company is not permitted to put in place, put in place on a timely basis, or maintain cost recovery through an economic development rider or other appropriate Commission-approved mechanism, the Contract will not become effective unless the parties agree to amend the Contract.
- 3) 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 the Company has the first claim on any deposit held 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 Paragraph 3 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.

Ohio Power Company

By: 

(Signature)

Mark Grindel/Kinger  
(Printed Name)

Title: Manager - Customer Services

Date: 7/11/08

Globe Metallurgical, Inc.

By: 

(Signature)

ARDEN SIMS  
(Printed Name)

Title: CEO

Date: 07/11/08

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE  
DESIGNATION OF CAPACITY RESERVATION AGREEMENT  
Made a Part of Contract for Electric Service Dated July 11, 2008**

This Addendum supplements and amends the Electric Service Contract dated July 11, 2008, by and between Ohio Power Company, hereafter called the Company, and Globe Metallurgical, Inc., hereafter called the Customer.

The Capacity Reservation contracted for by the Customer is 87,500 kW on-peak and 90,000 kW off-peak. The on-peak and off-peak demand designations are as follows:

The first 2,500 kW of both the on-peak and off-peak capacity reservations are designated as firm service not subject to interruption in accordance with the GS-4 rate schedule.

The next 85,000 kW of both on-peak and off-peak capacity reservations are designated as interruptible and subject to interruption in accordance with the IRP-D rate schedule.

On-peak demand exceeding 87,500 kW shall be billed in accordance with the GS-4 rate schedule.

Coincident metered demands from both points of metering will be combined for billing allocation as specified above, and for determining compliance with interruptions.

Ohio Power Company

By: Mark Gundelfinger  
(Signature)  
Mark Gundelfinger  
(Printed Name)  
Title: Manager - Customer Services  
Date: 7/11/08

Globe Metallurgical, Inc.

By: Arden Sims  
(Signature)  
ARDEW SIMS  
(Printed Name)  
Title: CEO  
Date: 07/11/08

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE  
DISTRIBUTION SERVICE AGREEMENT**

**Made a Part of Contract for Electric Service Dated July 11, 2008**

Ohio Power Company, hereafter called the Company, agrees to furnish a distribution 4 kV service. The electric energy delivered shall be approximately 2400/4160 volts, 4-wire 3 phase and it shall be delivered at the Company's primary meter pole number 1052/118. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency.

The contract capacity shall be 1000 kW. Globe Metallurgical, hereafter called the Customer, shall pay monthly for electric energy delivered under the provisions of the Company's Schedule GS-2. The Customer's monthly billing demand shall be the single highest 30-minute integrated peak in kW as registered during the month by a 30-minute integrated demand meter or indicator, or at the Company's option, as the highest registration of a thermal-type demand meter.

Ohio Power Company

By: Mark Gundelfinger  
(Signature)

Mark Gundelfinger  
(Printed Name)

Title: Manager Customer Services

Date: 7/11/08

Globe Metallurgical, Inc.

By: Arden Sims  
(Signature)

ARDEN SIMS  
(Printed Name)

Title: CEO

Date: 07/11/08