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PUCO

March 23, 2009

Renee J. Jenkins
Secretary
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

**RE: In the Matter of the Application for Establishment of a Reasonable
Arrangement Between the Ohio Edison Company and V&M Star;
PUCO Case No. 09-80-EL-AEC**

Dear Secretary Jenkins:

Pursuant to the Commission's March 4, 2009 Opinion and Order in the above-captioned matter, attached is a redacted (PUBLIC VERSION) copy of the executed contract between the Ohio Edison Company and V&M Star.

Sincerely,



Samuel C. Randazzo

SCR:dsr
Attachment

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REASONABLE ARRANGEMENT FOR ELECTRIC SERVICE

THIS REASONABLE ARRANGEMENT is entered into on this 20th day of March 2009, by and between Ohio Edison Company, its successors and assigns ("Company"), and V&M Star LP, its permitted successors and assigns ("Customer"), and is effective as set forth below ("Effective Date").

WITNESSETH

WHEREAS, the Company currently provides electric service to the Customer at certain of its facilities; and

WHEREAS, Customer is evaluating an expansion of its facilities served by the Company, which includes as a significant factor and a prerequisite for a successful expansion, the securing of a reliable supply of electricity under terms and conditions that provide it with a reasonable and predictable price over a term sufficient to justify a significant capital expenditure; and

WHEREAS, in order to obtain such a supply of electricity, Customer submitted to the Public Utilities Commission of Ohio ("Commission") an application for a reasonable arrangement in Commission Case No. 09-80-EL-AEC, which was, pursuant to a Stipulation and Recommendation, approved by the Commission on March 4, 2009; and

WHEREAS, in accordance with the Commission's approval of the Stipulation and Recommendation as modified by the Commission and as set forth in its March 4, 2009 Opinion and Order ("Order"), the Company and the Customer enter into this Reasonable Arrangement ("Arrangement").

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

- 1 **Electric Service.** This Arrangement shall be applicable to the aggregated electric supply furnished by Company and any successors or assigns approved by the Commission to the facilities, plant and equipment associated with Customer's manufacturing operations located in or around Youngstown and Girard, Ohio ("Customer's Facility"). Pursuant to this Arrangement, Company shall provide, and the Customer shall receive, all of Customer's electric service needs at the Customer's Facility with a current billing address of 2669 Martin Luther King Jr. Blvd., Youngstown, Ohio 44510. Unless otherwise agreed by Company and Customer pursuant to Section 5 of this Arrangement, all electric service supplied by Company shall be firm service and such service shall be supplied by Company to Customer through one billing meter. Nothing herein shall preclude Customer from installing or using submeters provided that Customer shall coordinate such installation and use with Company. Customer shall be responsible for all transforming, controlling, regulating and protective equipment and its operation and maintenance as well as all Customer substation requirements necessary to receive electric service at 138 kilovolts. Company shall apply the rates and charges specified in Exhibit A, attached hereto and incorporated herein, for purposes of billing and collecting for the electric service provided to Customer pursuant to this Arrangement.
- 2 **Assignment.** The Customer may assign this Arrangement with the written consent of both the Commission and the Company. Such consent shall be deemed to have been received in the event that neither the Commission nor the Company objects to Customer's proposed assignment within thirty (30) days of receipt of Customer's written request to do so.
- 3 **Notices.** Any notice required or desired by either party to be given hereunder shall be made:

If to the Company at:

FirstEnergy Corp.
76 South Main Street
Akron, OH 44308

Attn: Stephen E. Ouellette
Director of Rates Ohio

Email: seouellette@firstenergycorp.com
Tele. 330-761-4200
Fax 330-761-4281

If to the Customer at:

V&M Star, LP
2669 Martin Luther King Jr. Blvd.
Youngstown, Ohio 44510

Attn: Jerry Tipton

Email: jerry.tipton@na.vallourec.com
Tele 330-742-6337
Fax: 330-742-6315

Either party may submit to the other party a written notice of a location, address, or title of contact person change and such notice shall serve to modify this Section 3 of this Arrangement. Any communications required to be in writing pursuant to this Arrangement 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 3. 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. Any notices required under the Company's interruptible program are separate from and unaffected by the requirements set forth in this Section 3.

- 4 **Effective Date and Term.** The Effective Date of this Arrangement shall be the date upon which the Company receives written notice from Customer that Customer has obtained corporate approvals to proceed with the Ohio-based expansion project described in the application submitted by Customer in Commission Case No. 09-80-EL-AEC. Customer shall also file, for informational purposes, a copy of such written notice in Commission Case No. 09-80-EL-AEC. This Arrangement shall continue in effect for a term of ten (10) years commencing on such effective date provided that if Customer has not substantially completed the expansion described in its application in Commission Case No. 09-80-EL-AEC within three (3) years from the Effective Date of this Arrangement, this Arrangement shall terminate three (3) years from the Effective Date unless such failure is due to reasons substantially beyond Customer's control. During such term, regardless of length, Customer shall maintain operations of its manufacturing facilities at the location or locations receiving service pursuant to this Arrangement.
- 5 **Customer-Sited Capabilities.** The parties understand that Sections 4928.64 and 4928.66, Revised Code, identify opportunities for customer-sited capabilities to be counted towards alternative energy resource compliance obligations that Company may have during the term of this Arrangement. Accordingly, during the term of this reasonable arrangement the parties shall work in good faith to determine how and to what extent Customer's customer-sited capabilities might be committed to Company for integration into Company's portfolio. Among other things, Company and Customer shall consider:
- The frequency and duration of interruptions or curtailments that Customer may be willing to commit to in conjunction with Company's efforts to meet its energy efficiency and peak demand reduction goals;
 - Customer's potential to capture and use waste heat energy to produce electricity;
 - Customer's potential capability to introduce efficiencies in the design and operation of its compressed air system;

- Customer's potential capability to improve the efficiency of its electric furnaces;
- Customer's capability to introduce more efficient lighting;
- Customer's opportunity to replace various continuously operating motors with high efficiency motors including applications of VFDs (variable frequency drives);
- Customer's potential capability to supply ancillary services; and
- Such other customer-sited capabilities that may exist or arise during the term of this Arrangement.

Subject to such approvals as may be required, this Arrangement may be amended or supplemented from time to time to facilitate efforts by Customer to make its customer-sited demand-response, energy efficiency, or peak demand reduction capabilities available to Company. The costs and benefits associated with integration of Customer's customer-sited capabilities may be addressed through the portfolio compliance cost recovery mechanism which is established for the Company and subject to Commission oversight. During the term of this Arrangement, Customer and Company shall cooperate to recommend to the Commission the billing determinants, if any, that the Commission should remove for purposes of computing the Company's portfolio compliance base line pursuant to Sections 4928.64(B) and 4928.66(A)(2)(b), Revised Code.

- 6 Other Events of Default; Termination.** This Arrangement shall not be cancelled without the prior written consent of the Commission. Notwithstanding the foregoing, the parties agree that each of the following events shall individually constitute a breach of this Arrangement that allows the Company the right to cancel without liability to the Customer all or any part of this Arrangement and/or pursue any further remedies available at law or in equity: (1) Customer fails to comply with the Commission's Order; or (2) Customer assigns this Arrangement or any part hereof without obtaining the proper consent; or, (3) Customer becomes insolvent or makes a general assignment for the benefit of creditors or admits in writing its inability to pay debts as they mature or if a trustee or receiver of Customer or of any substantial part of Customer's assets is appointed by any court or proceedings instituted under any provisions of the Federal Bankruptcy Code or any state insolvency law by or against Customer are acquiesced in or are not dismissed within thirty (30) days or result in an adjudication in bankruptcy or insolvency.
- 7 Force Majeure.** Neither party shall be liable to the other for any expenses, loss or damage resulting from delays or prevention of performance arising from a Force Majeure. "Force Majeure" shall mean acts of God, riots, strikes, labor disputes, labor or material shortages, act(s) by any government, governmental body or instrumentality, or regulatory agency (including delay or failure to act in the issuance of approvals, permits or licenses), fires, explosions, floods, breakdown of or damage to plants, equipment or facilities, or other causes of similar nature which are beyond the reasonable control of the party and which wholly or partially prevent the supplying of electricity by the Company or the receiving or utilization of such electricity by the Customer. The party affected by Force Majeure shall give notice to the other party as promptly as practical of the nature and probable duration of such Force Majeure, with the effect of such Force Majeure eliminated insofar as possible with all reasonable dispatch. The performance by the parties hereunder shall be excused only to the extent made necessary by the Force Majeure condition, provided that neither party shall be required to settle a labor dispute on terms unacceptable to the party affected; and provided further, that neither party shall be required pursuant to this Arrangement to rebuild all or a major portion of its facilities which are destroyed or substantially impaired by a Force Majeure Event.
- 8 Confidentiality of Information and Reporting.** The parties agree that except to the extent made public by the Commission, all information included in this Arrangement, as well as any underlying schedules or other documents related to the development of this Arrangement, shall be deemed and

treated as confidential information by the parties, their employees, agents, contractors and subcontractors. Neither party shall use for any other purpose or disclose such information without the prior written consent of the non-disclosing party, with such consent to be determined by the latter based on its sole discretion. Notwithstanding the foregoing, the restrictions set forth in this Section 8 shall not apply to any information (i) that is in the public domain at the time it was disclosed to the other party; (ii) is required by law to be disclosed, provided that the non-disclosing party be notified of any such request for disclosure within a reasonable period of time so as to allow it to take measures to prevent such disclosure; or (iii) that is made known to the disclosing party from a non-party to this Arrangement without breach of this or any other confidentiality agreement. Subject to such confidentiality requirements as may be appropriate, Customer shall, during the term of this Arrangement, provide Company with: (1) quarterly reports regarding the status of the expansion project described in Customer's application in Commission Case No. 09-80-EL-AEC; (2) annual reports describing the effect of this reasonable arrangement upon Customer's ability to successfully sustain its Ohio manufacturing operations; and, (3) such other information as the Commission may request for purposes of monitoring compliance with this Arrangement. Upon request, Company shall make such reports available to the Commission's Staff provided that the Staff agrees to comply with confidentiality requirements that apply to the reports furnished by Customer to Company. The parties understand that Customer's periodic reports shall not be filed with the Commission unless otherwise directed by the Commission.

- 9 **Dispute Resolution.** If a dispute arises out of this Arrangement, if the dispute cannot be settled by the parties through negotiation and if the dispute relates to a subject matter which is within the Commission's exclusive or primary jurisdiction, the parties agree first to try in good faith to settle the dispute by mediation before the Commission or such alternative dispute resolution process which the Commission may designate before resorting to arbitration, litigation, or some other dispute resolution procedure. Nothing herein shall be construed or implied to preclude either party from initiating litigation on questions outside of the Commission's jurisdiction if they are unable to resolve such dispute through negotiations with the other party.
- 10 **Mutual Cooperation.** The parties agree to provide mutual and timely support for purposes of effectively administering or otherwise advancing the underlying purpose of this Arrangement. Such support shall include, without limitation, reasonable and timely access to documents and personnel of the other party.
- 11 **Governing Law and Continuing Jurisdiction.** The validity, construction and performance of this Arrangement shall be determined in accordance with the laws of the State of Ohio not taking into account any conflict of law provisions. The parties understand and agree that the Commission shall have continuing jurisdiction to, for good cause shown, modify, amend or terminate this Arrangement and that good cause will be presumed in the event that Customer has not completed the expansion described in its application in Case No. 09-80-EL-AEC within three (3) years of the Effective Date.
- 12 **Interpretation.** This Arrangement, together with Exhibit A, the Company's standard tariff, as applicable and as amended from time to time by the Commission, and the Company's standard electric service application which is being executed concurrent herewith, sets forth the entire Arrangement between the parties. **THE PARTIES EXPRESSLY ACKNOWLEDGE THAT NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, HAVE BEEN MADE BY EITHER PARTY TO THE OTHER.** In the event of any conflict between the terms and conditions set forth in the Company's standard electric service agreement or the Company's standard tariff and this Arrangement, the latter shall control. This Arrangement remains, where applicable, subject to the Company's Electric Service Regulations, as modified from time to time, unless and to the extent otherwise expressly modified herein. If any clause or provision of this Arrangement is deemed to be illegal, or unenforceable by a court or administrative agency of competent jurisdiction, that clause or provision shall be severed from this

Arrangement, and the remaining terms and conditions shall remain in full force and effect. The section and clause headings appearing in this Arrangement have been inserted for the purpose of convenience and ready reference. They do not purport to and shall not be deemed to define, limit or extend the scope or intent of the clauses to which they pertain.

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

V&M Star (Customer)

By:

Title: J.R. Tipton Purchasing

JERRY R. TIPTON

Ohio Edison Company (Company)

By: FirstEnergy Service Company, its
Authorized Agent

By:

David M. Blank
David M. Blank, Vice President
Rates & Regulatory Affairs

Date: 03-18-2009

EXHIBIT A

Rates & Charges

All charges under this reasonable arrangement shall be calculated as described below and charged on a monthly basis. Company shall apply no charges except those authorized herein for purposes of determining Customer's monthly bill.

Monthly Service Charge: Equal to the Service Charge in the otherwise applicable standard rate.

Consumption Charge	Commencing with the effective date:	
	For the first 30,000,000 kWh per month,	\$ [REDACTED] per kWh
	For the next 5,000,000 kWh per month,	\$ [REDACTED] per kWh
	For the next 5,000,000 kWh per month,	\$ [REDACTED] per kWh
	For the next 5,000,000 kWh per month,	\$ [REDACTED] per kWh
	For the next 5,000,000 kWh per month,	\$ [REDACTED] per kWh
	For kWh in excess of 50,000,000 per month,	\$ [REDACTED] per kWh

* The pricing information contained within the shaded area is subject to protection pursuant to an order issued by the Public Utilities Commission of Ohio in Case No. 09-80-EL-AEC and shall not be publicly disclosed.

[End of Exhibit A]