

DOCKETING DIVISION
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. 96- 1009 -EL-AEC

1. Ohio Power Company (the Company), a public utility in the State of Ohio as defined by Section 4905.02 of the Ohio Revised Code, and subject to regulation by the Public Utilities Commission of Ohio (the Commission), pursuant to the provision of Section 4905.31 of the Revised Code, respectfully requests approval of its Contract for Electric Service with Globe Metallurgical, Inc. The Contract (attached hereto as Exhibit A) provides for an innovative rate design that incorporates advanced demand-side management characteristics and offers operational flexibility to the customer. The Contract is similar to the Company's previous agreement with Globe Metallurgical, Inc. that the Commission approved in its November 27, 1993 Finding and Order in Case No. 93-1247-EL-AEC.

2. **Globe Metallurgical, Inc. (the Customer) is located in Beverly, Ohio, and is a major producer of silicon metal and ferrosilicon.**

3. In recognition of the Company's need for the efficient use of existing generation and transmission facilities, and in recognition of the Customer's goal of maximizing energy value, the Company and the Customer have negotiated an innovative 85,000 KW interruptible service contract (Contract) that utilizes variable pricing and incorporates significant demand-side management characteristics. The

proposed Contract varies the price of electricity during the day in approximate relation to the cost of providing that electricity.

4. The interruptible service charges under the Contract include a customer charge and four ascending energy price levels: P1 through P4. The lowest priced billing hours, P1, will comprise those hours when the internal load of the American Electric Power (AEP) System is projected to be less than or equal to 80% of the AEP System's previously established all-time internal peak load. P2 will comprise those hours when the internal load of the AEP System is projected to be greater than 80% but less than or equal to 90% of the AEP System's previously established all-time internal peak load. P3 will comprise those hours when the internal load of the AEP System is projected to be greater than 90% but less than or equal to 95% of the AEP System's previously established all-time internal peak load. P4 will comprise those hours when the internal load of the AEP System is projected to be greater than 95% of the AEP System's previously established all-time internal peak load.

The interruptible service charges also include a reactive charge as well as all the applicable riders contained in the Company's Schedule GS-4. Service under the Contract is subject to a minimum monthly charge. The interruptible charges are subject to change should the Company's Schedule GS-4 rate change as a result of a base rate case or other order of the Commission.

5. The proposed energy rates are designed to discourage heavy consumption during the hours the AEP internal load is high and, consequently, generation costs are high. The energy rates also provide the Customer with the

operational flexibility to take on short lead time business which it might otherwise be reluctant to accept under a demand charge rate structure.

6. Under the Contract the Company has the right to interrupt the Customer's service in the event of an emergency or in the event that, in the Company's judgment, the operations of AEP System requires an interruption of the Customer's service. The Company shall make the customer's full capacity requirements available for at least 145 hours during each calendar week and for at least 630 hours during each month.

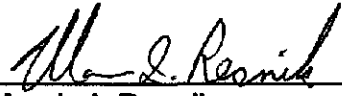
7. The Contract also provides for an alternate 4 KV non-interruptible service fixed at 1,000 KW of capacity. Electric energy provided under the 4 KV service shall be delivered under the provisions of the Company's Schedule GS-2 except for specific modifications for the determination of the monthly billing demand and the monthly minimum charge.

8. Subject to Commission approval, the date service shall be deemed to have commenced under the Contract will be August 31, 1996. The initial Contract period is one year and the Contract will remain in effect thereafter until either party gives at least one-year's written notice.

9. This Contract will not have any adverse impact on the Company's other customers.

WHEREFORE, the Company requests the Commission issue an order approving said contract.

Ohio Power Company



Marvin I. Resnik
Counsel for
Ohio Power Company
1 Riverside Plaza
Columbus, Ohio 43215
(614) 223-1606

CONTRACT FOR ELECTRIC SERVICE

This Contract, entered into the 31st day of August, 1996, by and between OHIO POWER COMPANY d/b/a AMERICAN ELECTRIC POWER COMPANY, hereafter called the Company, and GLOBE METALLURGICAL, INC., 6450 Rockside Woods Boulevard South, Suite 390, Cleveland, Ohio, 44131, or his or its heirs, successors or assigns, hereafter called the Customer,

WITNESSETH:

WHEREAS, the Company is a corporation organized and existing under the laws of the state of Ohio with its principal place of business at Columbus, Ohio, and owns and operates facilities for the generation, transmission and distribution of electric power and energy in the state of Ohio; and

WHEREAS, the Customer is a corporation chartered and existing under the laws of the state of Delaware with its principal place of business in Cleveland, Ohio; and

WHEREAS, in recognition of the need for the efficient use of existing utility generation and transmission facilities, the Company and the Customer agree to implement an innovative rate design that incorporates advanced demand side management characteristics; and

WHEREAS, the service the Company is to provide the Customer pursuant to this Contract will provide benefits to the Company, the Customer, the Company's ratepayers, and the state of Ohio.

NOW THEREFORE, in consideration of the promises and the mutual covenants herein contained, and subject to the terms and conditions herein contained, the Parties hereby agree as follows:

ARTICLE 1

DELIVERY

1.1 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, all the electric energy of the character specified herein that shall be purchased by the Customer in the premises located at the Customer's Beverly Plant on County Road 32 in Waterford Township, Washington County, Ohio.

1.2 The electric energy delivered hereunder shall be alternating current at approximately 138,000 volts, 3-wire, 3-phase, and it shall be delivered at Company's 138,000 volt switching structure located at Company's Muskingum River Power Plant (see attached sketch), 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 at Company's control building (see attached sketch) and metered at 138,000 volts.

1.3 The Customer shall own, operate and maintain all necessary substation and appurtenances thereto for receiving and purchasing all electric energy at the transmission delivery voltage. All telemetering and communications equipment within the Customer's premises required for service under this Contract shall be paid for by the Customer and shall be owned and maintained by the Company. Switching facilities provided by the Company shall be at all times under the control of the Company's personnel.

ARTICLE 2

EFFECTIVE DATE AND TERM OF CONTRACT

2.1 The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for an initial period of one (1) year from the time such service is commenced, and shall remain in effect thereafter until either party shall give at least one (1) year's written notice to the other party of its intention to terminate the Contract. The Customer is required to provide five (5) years' written notice prior to transferring to firm service. The date that service shall be deemed to have commenced under this Contract shall be August 31, 1996.

ARTICLE 3

CAPACITY RESERVATION

3.1 The Customer's Contract capacity is hereby fixed at 85,000 kW of interruptible capacity.

3.2 The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.

ARTICLE 4

RATE, BILLING AND PAYMENT

4.1 Interruptible service under this Contract shall be rendered at the following rates, which rates may change as provided in Sections 4.2 and 4.3 of this Contract:

Customer Charge:	\$560.00 per month
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Energy Charge:

All kWh consumed during P1 billing hours	\$0.00668
All kWh consumed during P2 billing hours	\$0.00964
All kWh consumed during P3 billing hours	\$0.06495
All kWh consumed during P4 billing hours	\$0.72238

Reactive Charge:

For each kilovar of lagging demand in excess of 50% of the kW metered demand for such month.	\$0.50
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4.2 The Company reserves the right to adjust the charges in Sections 4.1 and 4.7 consistent with any change in the Company's Schedule GS-4 approved by the Public Utilities Commission of Ohio.

4.3 All energy consumed under this Contract shall be subject to all applicable riders including the Electric Fuel Component Rider, the Interim Emergency and Temporary Rider, the Emissions Fee Recovery Rider and the Mirrored CWIP Rider, as well as any additional riders as approved by the Public Utilities Commission of Ohio and applicable to Schedule GS-4.

4.4 P1 billing hours comprise those hours when the internal load of the American Electric Power (hereinafter known as "AEP") System is projected to be less than or equal to 80% of the AEP System's previously established all-time internal peak load. P2 billing hours comprise those hours when the internal load of the AEP System is projected to be greater than 80% but less than or equal to 90% of the AEP System's previously established all-time internal peak load. P3 billing hours comprise those hours when the internal load of the AEP System is projected to be greater than 90% but less than or equal to 95% of the AEP System's previously established all-time internal peak load. P4 billing hours comprise those hours when the internal load of the AEP System is projected to be greater than 95% of the AEP System's previously established all-time internal peak load. Should the AEP System establish one or more new all-time internal peak loads during the term of this Contract, future billing hours will be based on the latest established all-time internal peak load except as provided for in Section 4.5.

4.5 The Company will endeavor to make available to the Customer as early as possible, but no later than 4 p.m. local time, the Company's projection of whether each hour of a succeeding day will, for the purposes of Section 4.4 above, be a P1, P2, P3 or P4 billing hour. In the event that the latest established all-time internal peak load occurs on the day the

Company's projection of billing hours is made, the previous all-time internal peak load will be used for the determination of the succeeding day's billing hours.

4.6 Any new federal, state or local taxes or changes in existing taxes which are not reflected in the rates set forth in this Contract shall be reflected in the rates applied to the electric service provided under this Contract.

4.7 Service under this Contract is subject to a minimum monthly charge equal to the sum of (a) the Customer Charge and (b) the product of (i) \$6.31 and (ii) 60% of Contract Capacity and (c) all applicable riders.

4.8 If the Customer fails to interrupt as requested by the AEP System according to the provisions of Article 5, the Company shall bill all energy used during the interruption period at 3 times the P3 price if the interruption occurs during a P1, P2 or P3 period and at the P4 price if the interruption occurs during a P4 period.

4.9 Bills are due and payable in full at the Company's offices or at an authorized agent within 21 days after the mailing of the bill. On accounts not so paid, the Customer shall pay the Company interest on the unpaid amount at the rate of 8% per annum from the due date to the date of payment of said bills.

ARTICLE 5

INTERRUPTIBILITY OF SERVICE

5.1 Energy shall be delivered hereunder to the Customer when the Company has sufficient capacity in operative generating equipment, transmission lines and principal substation transformers over and above the needs of its other customers sufficient to meet the Customer's requirements. The Company will endeavor to provide the Customer as much advance notice as possible of the interruptions or curtailments of service hereunder, but it reserves the right to interrupt the Customer's service without notice in the event of emergency or in the event that,

in the Company's judgement, the operation of AEP's System requires an interruption of the Customer's service. When the Company requests the Customer by either telephone or remote signal to interrupt or curtail service, the Customer shall accomplish such interruption or curtailment within ten (10) minutes of the request. The Company shall make available the full capacity requirements of the Customer within the limits of this Contract for at least 145 hours during each calendar week and for at least 630 hours during each month. This limit shall not apply during a period of extended emergency experienced by the Company.

ARTICLE 6

ALTERNATE DELIVERY

6.1 The Company agrees to furnish an alternate 4 kV service.

6.2 The electric energy delivered on the alternate service shall be alternating current at approximately 2400/4160 volts, 4-wire 3-phase and it shall be delivered at the Company's primary meter at pole No. 1052/118. The said electric energy shall be delivered at reasonably close maintenance to constant potential and frequency.

6.3 The contract capacity under the alternate service shall be fixed at 1000 kW.

6.4 The Customer shall pay monthly for electric energy delivered under the provisions of the Company's Schedule GS-2 except as modified under Sections 6.5 and 6.6; and in the event said schedule is replaced by a new or revised schedule incorporating higher or lower rates than those stipulated in the aforementioned schedule, the Company will continue to furnish service as stipulated in the Contract and the Customer will pay for such service at the higher or lower rates from and after the date when such rates are made effective.

6.5 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 integrating demand meter

or indicator, or at the Company's option, as the highest registration of a thermal-type demand meter. \leq

6.6 The minimum charge shall be the sum of the customer charge, \$.73 times the contract capacity for the alternate delivery and all applicable riders.

ARTICLE 7

LIABILITY

7.1 The Company shall not be responsible or liable for, or on account of, any loss or damage caused by or resulting from any interruption or curtailment of the electric service provided under this Contract.

7.2 The Company shall not be liable for a loss of signal to the Customer's demand control device.

ARTICLE 8

GENERAL

8.1 The failure of the Company to enforce any of the above provisions shall not be construed as an express or implied waiver to preclude future enforcement of the provisions.

8.2 This Contract cancels and supersedes 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.

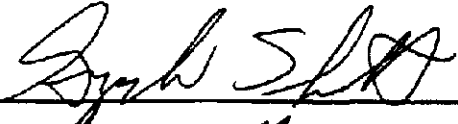
ARTICLE 9

REGULATORY AUTHORITIES

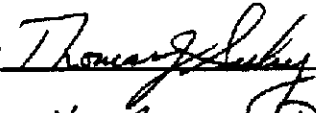
9.1 This Contract is contingent upon approval by the Public Utilities Commission of Ohio and is effective August 31, 1996 or such other date as specified by the Commission in its Order approving this Contract.

IN WITNESS WHEREOF, the Parties hereto have caused the Contract to be duly
executed by their authorized agents.

GLOBE METALLURGICAL, INC.

By 
Title Plant Manager

OHIO POWER COMPANY
d/b/a AMERICAN ELECTRIC POWER

By 
Title Key Accounts Director

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Ohio Power Co.
Muskingum River Plant

