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**Economic Development agreement between
Toldeo Edison Co. and North Star BHF Steel
LTD. filed. (FILED UNDER SEAL) (FILED ON
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NORTH STAR STEEL
ECONOMIC DEVELOPMENT AGREEMENT

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ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN

THE TOLEDO EDISON COMPANY

AND

NORTH STAR BHP STEEL LTD

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**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE TOLEDO EDISON COMPANY
AND
NORTH STAR BHP STEEL, L.L.C.
D/B/A NORTH STAR BHP STEEL LTD**

This Agreement is made and entered into this 26 day of July, 1995, by and between THE TOLEDO EDISON COMPANY, a corporation organized and existing under the laws of the State of Ohio, hereinafter the "Company" or "TE", and NORTH STAR BHP STEEL, L.L.C. D/B/A NORTH STAR BHP STEEL LTD, a limited liability company organized and existing under the laws of the State of Delaware and registered to do business in the State of Ohio, hereinafter the "Customer", and individually or collectively known as the "Party" or "Parties".

WITNESSETH

WHEREAS, the Customer has purchased land, may build and operate a mini mill (Facility) on a site located in York Township, Village of Delta, Fulton County, Ohio (Customer-Owned Site); and,

WHEREAS, the Customer and the Company desire to enter into this Economic Development Agreement, hereinafter known as the "Agreement", to encourage the development, operation, and expansion of the Facility; and,

WHEREAS, the Customer desires to purchase firm and interruptible power for its Facility which requires special conditions not provided for by the electric schedules of the Company, and the Company is willing to supply such firm and interruptible power under the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises herein contained, it is agreed as follows:

POINT OF DELIVERY

The Company shall provide electric power to the Point of Delivery which is defined as the termination of the Company's 345 kV transmission line on the Customer-owned dead-end structure located in its Sydney Electric Distribution Substation (Sydney Substation) located on the Customer's owned site. The Parties agree that certain equipment associated with the major 345 kV tap, 345 kV line and protective relaying system equipment will be owned by the

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Company. Mutually agreeable substation equipment will be purchased and owned by the Company.

The Company shall provide and retain ownership of the revenue metering equipment installed at the Sydney Substation, any breakers required to serve Affiliates' loads, and the 345 kV line feed from its existing 345 kV system to the Point of Delivery on the Customer's dead-end structure at the Sydney Substation. The Company shall also provide from its 138 kV system a back-up source for the Firm Contract Demand including a Company-owned substation, the York Distribution Substation. The Customer shall cooperate with the Company to minimize the cost of this back-up source to the Company. The Company shall provide and retain ownership of the 138 kV line and 138 kV Company-owned York Substation equipment down to the low-voltage (34.5 kV) bushing studs of the stepdown transformer and any revenue metering equipment. The Customer shall be responsible for the cost of purchasing and installing all low voltage (34.5 kV) equipment necessary in the York Substation at which electric power will be transformed for utilization at the Facility.

The Company shall provide four million two hundred and twenty thousand dollars (\$4,220,000) toward the installation of static var compensators and equipment as a contribution for system stabilization which shall be paid at the commencement of electrical service at the Sydney Substation. At no time, including after the normal and timely expiration of this Agreement pursuant to the "Terms and Effective Date" section, shall the capital costs for any equipment, lines, stations, and similar utility assets installed to provide initial service to the Facility be included in the rates or charges to the Customer for transmission services.

The Customer shall be responsible for the cost of purchasing and installing electrical equipment required for protection of the Company's electrical system and power quality monitoring of the Facility.

FIRM ELECTRIC POWER

Firm electric power shall be provided, purchased, billed and paid for under the rates, terms, and conditions of the Company's General Rules and Regulations, the PV-44 Schedule, and all riders herein, including the Electric Fuel Component ("EFC") and Interim Emergency and Temporary Recovery of Percentage of Income Payment Plan Arrearages ("PIPP"), within PUCO No. 7, Electric Service, as are approved by The Public Utilities Commission of Ohio ("PUCO"), and taxes, in effect at the time service is rendered. The Party agree that under the Company's PV-44 Schedule during the period firm electric power is provided hereunder the Firm Contract Demand shall be 10,000 kW, which shall be measured on an integrated hourly demand basis.

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FIRM ELECTRIC POWER INCENTIVE

The Company agrees to provide the Customer only an incentive on the initial Firm Contract Demand usage. The Company shall commence billing for the Firm Contract Demand on the date of Commercial Operation. When calculating the monthly billing for Firm Contract Demand usage under the PV-44 Schedule, a 35% discount shall be applied to the Non-Fuel Revenue portion of the PV-44 Schedule. Non-Fuel Revenue shall be defined as the total monthly bill as computed on the PV-44 Schedule excluding EFC and PIPP.

INTERRUPTIBLE ELECTRIC POWER

The Interruptible Electrical Power will be provided, purchased, billed, and paid for under the terms and conditions of this Agreement. All load in excess of the Firm Contract Demand of 10,000 kW shall be considered Interruptible Electric Power. The initial interruptible load is estimated to be 160,000 kW. The Customer, with eighteen (18) months advance written notice, may specify additional interruptible load requirements and the Company shall provide those requirements. The Company shall perform a system study to determine whether the proposed capacity of the transmission system will be adequate to accept an increase of 130,000 kW at the Facility. The results of the system study, including system upgrades required and estimates of cost, shall be provided to the Customer. The Customer shall be responsible for additional investment which may be needed to upgrade the system to serve its increased load requirements.

Interruptible Electric Power will be delivered to the Customer by the Company except during such times, as in the sole judgment of the Company, such power is not available or, while available, the cost to the Company of providing such power exceeds the price payable by the Customer for such power under the Interruptible Power Rate in this Agreement. If sufficient power is available, but exceeds the price payable under the Interruptible Power Rate provided in this Agreement, the Customer may opt to purchase this power under the rates and charges for Economic Dispatch Power as defined in this Agreement.

The operating characteristics of the Customer shall be such as to permit interruption of the supply of Interruptible Electric Power with minimal notice for indefinite periods of time. The Customer will provide equipment at its Facility to make possible a load reduction, rather than a complete interruption, should such a load reduction be called for by the Company. Further, during periods of interruption or load reduction, the Customer shall not transfer interruptible load to firm service.

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SCHEDULING OF INTERRUPTIBLE POWER

The Customer shall, to the fullest extent practicable, provide a weekly schedule to the Company of the Interruptible Electric Power which it desires to use during the succeeding calendar week. The furnishing of such schedule by the Customer is for the convenience of the Company in planning system operation and shall not affect any payments to be made under the Agreement. In turn, the Company shall, to the extent practicable, inform the Customer of any known periods when such Interruptible Electric Power will not be available to the Customer. The Company will endeavor to give the Customer as much advance notice as possible of the time and duration of interruptions or reductions of Interruptible Electric Power hereunder. Except for the circumstances described in the next paragraph and consistent with its good faith efforts to give as much advance notice of interruption as possible, the Company shall provide no less than ten minutes notice for the electric arc furnace and related loads and four hours notice for the continuous caster and rolling mill loads.

Notwithstanding the foregoing, the Company reserves the right to interrupt or reduce the Customer's Interruptible Electric Power without notice if, in the Company's sole determination:

- (1) Emergency Electrical Procedures are implemented;
- (2) Customer's service causes, or likely will cause, a transmission line overload; or
- (3) Any other circumstance exists whereby the Company's system security and reliability could be affected.

Recognizing that circumstances or system conditions may change after an advance notice of interruption has been given or that the Company, having made reasonable efforts to obtain replacement energy, the Company at any time may withdraw or cancel said advance notice of interruption without penalty or liability for such withdrawal or cancellation.

TECHNICAL SERVICES COMMITTEE

The Company and the Customer agree to establish a Technical Services Committee of authorized representatives to coordinate the provision of electric service by the Company to the Customer's Facility. Each Party may appoint up to three (3) people, along with alternates, to serve as representatives of the Party on the Committee. The representatives and the alternates shall be familiar with the terms of this Agreement and the facilities used in the furnishing of electric service to the Facility. The Committee will develop a mutually agreed upon Operating Agreement, using generally accepted utility practices and/or other criteria mutually agreed to by the Parties. The Committee shall cooperate in good faith, as the

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occasion arises, to discuss and resolve operating matters arising under the provision of electric service under this Agreement. The representatives on the Committee shall, from time to time, exchange information regarding the expected maintenance schedules of their facilities relevant to this Agreement.

RATES AND CHARGES FOR INTERRUPTIBLE ELECTRIC POWER

Interruptible Electric Power shall be provided at the following rates and charges for the term of this Agreement:

Interruptible Power Rate

Demand Charge	\$6.24/kWd
Reactive Demand Charge	\$0.20/rkVAd
Energy Charge	\$0.0094/kWh
EFC & PIPP	as billed under PV-44

The Customer's targeted 12 month rolling average load factor, calculated based upon an hourly integrated demand, shall be 70% or greater. This entitles the Customer to be served under the Interruptible Capped Rates (ICR) below, which rates already shall include all taxes, EFC and PIPP:

Interruptible Capped Rates:

1997	\$0.027/kWh	2002	\$0.031/kWh
1998	\$0.027/kWh	2003	\$0.032/kWh
1999	\$0.028/kWh	2004	\$0.032/kWh
2000	\$0.029/kWh	2005	\$0.033/kWh
2001	\$0.030/kWh	2006	\$0.033/kWh

Interruptible Capped Rates shall be subject to an ICR Adjustment Factor when the Customer's twelve month rolling average load factor, measured in whole numbers and rounded to the next highest whole number, is less than required by this Agreement. The ICR Adjustment Factor shall be equal to the sum of the ICR times one until the twelve month rolling average load factor is not greater than or equal to .771 times the targeted load factor. During any month when the twelve month rolling average load factor is greater than or equal to .714 or less than or equal to .771 times the targeted load factor, the ICR Adjustment Factor of \$0.0005 per kilowatt-hour shall be applied to the number of kilowatt-hours of interruptible energy purchased by Customer. During any billing month when the twelve month rolling average load factor is greater than or equal to .643 or less than or equal to .713 times the

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targeted load factor, the ICR Adjustment Factor shall be increased by 100% and applied to the number of kilowatt-hours of interruptible energy purchased by Customer. During any billing month when the twelve month rolling average load factor is greater than or equal to .571 or less than or equal to .643 times the targeted load factor, the ICR Adjustment Factor shall be increased by 300% and applied to the number of kilowatt-hours of interruptible energy purchased by Customer. During any billing month when the twelve month rolling average load factor is less than or equal to .570 times the targeted load factor, interruptible energy shall be billed at the Interruptible Power Rate.

In the event the Customer experiences a significant production outage, the Company shall exclude the month in which the outage occurred when calculating the Customer's 12 month rolling average load factor.

In the event the Company interrupts a portion of the Customer's Interruptible Electric Power under the provisions of this Agreement, and the Customer, as a result, fails to achieve a 70% load factor for that month, the Company shall exclude the month in which such a interruption occurred when calculating the Customer's 12 month rolling average load factor.

For a start-up period of not to exceed six (6) months, Interruptible Electric Power shall be delivered under the Interruptible Capped Rate in effect for that period without use of the ICR Adjustment Factor; provided, however, that if Customer requires Interruptible Electric Power prior to 1997, then the Interruptible Capped Rate for 1997 shall apply. The calculation of the 12 month rolling average load factor shall commence on the date six months after start-up, provided, however, that for the first eighteen months, a load factor of 70% shall be assumed. At the conclusion of the eighteenth month following the initial start-up, the 12 month average rolling load factor shall be calculated and shall apply to Customer.

In the event the Customer does not, within ten (10) minutes of notification, reduce its load to the load level called for by the Company per the requirements of this Agreement, the Company shall bill the Customer at the rate of fifty dollars (\$50.00) per kW for the difference between the measured demand and the level called for by the Company during such period of interruption.

ADJUSTMENT OF RATES AND CHARGES FOR INTERRUPTIBLE POWER

In the event that the Company's EFC, Rider No. 1, exceeds \$0.02 per kWh, the Interruptible Capped Rate will increase by the amount per kWh in excess of \$0.02. If the Company's EFC thereafter decreases so it is \$0.02 or less, the Interruptible Capped Rate will decrease by the amount per kWh which falls below \$0.02, provided, however that under no circumstances shall the Interruptible Capped Rate be decreased below the rates specified herein.

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RATES AND CHARGES FOR ECONOMIC DISPATCH POWER

In the event the Company determines that Interruptible Electric Power is subject to interruption because the cost to the Company of providing the power exceeds the price payable by the Customer under the Interruptible Power Rate, the Company shall offer the Customer Economic Dispatch Power as provided herein. The Customer shall advise the Company within ten (10) minutes of such offer of whether it wishes to purchase Economic Dispatch Power, pursuant to procedures adopted by the Technical Services Committee.

The rate for Economic Dispatch Power shall be as mutually agreed to by the Company and the Customer at the time of offer and acceptance, but in no event shall the rate exceed one hundred and ten percent (110%) of the actual cost to the Company of producing or purchasing the Economic Dispatch Power, whichever is most economical.

SOLE ELECTRIC POWER REQUIREMENT

The Customer agrees to have the Company as the sole supplier of all electric power to the Facility, and the Company agrees to supply all of the electric power to the Facility.

TERM AND EFFECTIVE DATE

This Agreement shall become effective on the first date written above. This Agreement shall expire on December 31, 2006 or ten (10) years from the date of Commercial Operation, whichever is later. Commercial Operation shall be defined as the date following completion of construction and start-up of the Facility when the Facility begins full production for meeting the requirements of the Customer's customers, which shall be no longer than six months after the first successful heat that produces the first coil of flat rolled steel at the Facility.

SERVICE TO AFFILIATES AND SUPPORT INDUSTRIES

The services, rates, terms and conditions in this Agreement shall be available to activities at the Customer-Owned Site in Delta, Ohio undertaken by North Star BHP Steel Ltd, North Star Steel Company or The Broken Hill Proprietary Company Ltd, affiliates thereof (Affiliate or Affiliates), and support industries engaged in the processing of steel scrap, the direct and primary support of the manufacturing of steel products, the processing of by-products generated in the steel making process, or the further processing of steel produced by these entities (Support Industry or Support Industries).

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Affiliates or Support Industries shall take service under the terms and conditions application to North Star BHP Steel, L.L.C. D/B/A North Star BHP Steel Ltd. Affiliates and Support Industries shall be served from the Sydney Electric Distribution Substation with appropriate equipment, meter and breakers as determined by, and installed, owned and maintained by, the Company, at such Affiliates' or Support Industries' cost.

The firm load and backup power requirements of Affiliates and Support Industries shall be in addition to the 10 MW Customer Firm Contract Demand. Affiliates and Support Industries shall be billed for firm service under the conditions of this Agreement, except for the Firm Electric Power Incentive, and under the terms and conditions of the Company's tariffs then in effect. If an Affiliate or Support Industry requires service from the York Substation, such Firm service may be made available, provided that it does not affect the reliability of the Customer's 10 MW of Firm Contract Demand served from the York Substation.

If an Affiliate or Support Industry is served from the Sydney Substation, the Company shall charge the Affiliate or Support Industry and reimburse Customer for the use of any Customer-owned substation equipment and transformation losses associated with service to the Affiliate or Support Industry. Such reimbursement will be credited to the Customer's account during the same billing period.

OTHER TERMS AND CONDITIONS

1. **Assignment.** The Company and Customer, including a successor owner or occupant of the Facility, agree that this Agreement may not be assigned or otherwise transferred to another, without the written consent of the Company and Customer, which consent shall not be unreasonably withheld; provided, however, that the Customer hereby consents to the assignment of this Agreement to the successor in interest of the Toledo Edison Company in merger proceedings in effect as of the date of execution of this Agreement; that the Company hereby consents to the assignment of this Agreement by the Customer to the collateral agent for the lenders financing the Facility (the "Collateral Agent") and the further assignment by the Collateral Agent to the purchaser of the Facility pursuant to the exercise by the Collateral Agent of rights under the mortgage and security agreements to be executed in connection with such financing. The Company further agrees that it will enter into a consent and agreement with such Collateral Agent containing terms customary to consents and agreements provided in project financings, including, without limitation, restrictions on the Company's right (a) to terminate or suspend its obligations under this Agreement without first giving to the Collateral Agent notice and an opportunity to cure the default or other event which gives rise to the right of the Company to terminate or suspend its obligations under this Agreement; and (b) until the Collateral Agent notifies the Company in writing that the security interest of the lenders in this Agreement has been terminated and released, to make material modifications or amendments or agree to vary or acquiesce in varying this Agreement (except

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for extension to the term of this Agreement) without prior written consent of the Collateral Agent.

2. Notices. Any notice required to be given hereunder or desired by either party to be given shall be deemed effective when mailed by certified mail, postage prepaid, if to the Customer at:

NORTH STAR BHP STEEL, Ltd.
Chief Financial Officer
P.O. Box 128
Delta, Ohio 43515

and, if to the Company at:

The Centerior Service Company
Vice President - Marketing
P.O. Box 94661
Cleveland, Ohio 44101

3. Minimum Bill. Commencing with the date of Commercial Operation, the minimum bill during the term of this Agreement shall be based on the Firm Contract Demand, multiplied by the demand charge set forth in the PV-44 Schedule, as implemented by this Agreement.

4. Force Majeure. If because of a Force Majeure, either Party shall be unable to carry out any of its obligations under this Agreement or fully to deliver or utilize the electric service of the Company contemplated herein, then the obligations of that party shall be suspended to the extent made necessary by Force Majeure. The Parties agree to provide prompt notice, within five (5) business days, of a Force Majeure and shall take all reasonable action to reduce or eliminate the Force Majeure event. "Force Majeure" shall mean acts of God, riots, material shortages, fires, explosions, floods, breakdown of or damages to plants, equipment or facility, or other causes which are beyond the reasonable control of either party, and which wholly or partially prevent the receiving of such electricity by the Customer or delivery of such electricity by the Company to the Facility.

5. Regulatory Authority. This Agreement is subject to all applicable rules and regulations, and all necessary approvals or authorizations, of any governmental authority. Regulatory approval or authorization of the Agreement is deemed given only if granted without modifications or deletions to its provisions. The Company will use its best efforts to secure any necessary approval of this Agreement by the PUCO with the assistance and cooperation of the Customer. The Company and the Customer also shall use their best efforts to secure any other approvals or authorizations from other governmental authorities that may be necessary.

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6. Confidentiality of Information. All information provided in, or in connection with this Agreement, whether printed, written or oral, is deemed to be commercially sensitive and shall not be disclosed by either Party to any person, entity, or agency, unless specifically exempted from such disclosure by the Customer, except that the Customer may provide a copy of this Agreement to various lenders who are financing the Facility provided that the Customer has in place with such lenders appropriate confidentiality provisions and/or agreements protecting the information contained in this Agreement, and provided further that the Company may provide a copy of this Agreement and such other information as may be required to obtain regulatory approval of this Agreement.

7. Governing of Law. The validity, construction and performance of this Agreement shall be determined in accordance with the laws of the State of Ohio.

8. Clause Heading. The clause headings appearing in this Agreement have been inserted for the purpose of convenience and ready reference. They do not purport, and shall not be deemed to, define, limit, or extend the scope or intent of the sections to which they pertain.

9. No Waiver. Except as expressly provided herein, neither Party shall, by any act, omission or otherwise, be deemed to have waived any of its rights or remedies under this Agreement unless such waiver shall be in writing and signed by a duly authorized officer of the Party against which such act, omission or waiver is asserted. Such written waiver on one occasion shall not be construed as a waiver of any rights or remedies which a Party shall otherwise have on any subsequent occasion.

10. Description of Facility. The services, rates, terms and conditions in this Agreement shall also be available to activities at the Customer owned site in Delta, Ohio undertaken by the Customer, North Star Steel Company, or The Broken Hill Proprietary Company Limited, affiliates thereof, and support industries engaged in the processing of steel scrap, the manufacturing of steel products, the processing of by-products generated in the steel making process, and the further processing of steel produced by these parties, provided that, if such services, rates, or terms and conditions are to be provided to any entity other than the Customer, (1) Company will enter into a separate agreement with such entity; and (2) the provision of electric power to such entity shall not reduce or adversely affect the electric power which is available to the Customer under this Agreement.

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

NORTH STAR BHP STEEL LTD

By: Edward J. Fox

Title: PRESIDENT

THE TOLEDO EDISON COMPANY

By: [Signature]

Title: President, The Toledo Edison Co.