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Via Overnight Mail

April 7, 2011

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

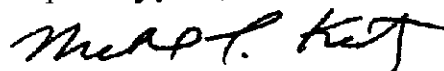
In re: Case No. 11-2336-EL-AEC

Dear Sir/Madam:

Please find enclosed the original and ten (10) copies each of: 1) REDACTED APPLICATION OF CALISOLAR, INC. FOR APPROVAL OF A UNIQUE ARRANGEMENT; and 2) MOTION FOR PROTECTIVE ORDER for filing in the above-referenced docket. I also enclose three copies of the CONFIDENTIAL pages to be filed under seal.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,



Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Encl.

Cc: Steve Debenham, Esq., V.P., Corporate Development & General Counsel, Calisolar, LLC
Eileen M. Mikkelsen, Director - Rates and Regulatory Affairs - Ohio, FirstEnergy Service Company
James W. Burk, Esq., Managing Counsel, FirstEnergy Service Company

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BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF AN APPLICATION OF CALISOLAR, INC. FOR APPROVAL OF A UNIQUE ARRANGEMENT FOR CALISOLAR, INC'S ONTARIO, OHIO FACILITY	: : : :	Case No. 11-2336-EL-AEC
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APPLICATION

I. Introduction

Pursuant to Sections 4905.31 and 4928.66, Revised Code, and Rules 4901:1-38-05 and 4901:1-39-05(G) of the Ohio Administrative Code, Calisolar, Inc. ("Calisolar") respectfully submits this Application to the Public Utilities Commission of Ohio ("PUCO" or "Commission") for approval of a Unique Arrangement between a mercantile customer and Ohio Edison Company ("Ohio Edison" or "Company").

Calisolar is in the process of acquiring, equipping and improving the former General Motors stamping plant (the "Ohio site") located in the City of Ontario, Ohio to provide for a new manufacturing facility (the "New Facility"). The New Facility is expected to employ between eight hundred and thirty (830) and one thousand and one hundred (1,100) full-time employees. Such employees will earn an average annualized base and incentive wage of not less than forty five thousand dollars (\$45,000), exclusive of benefit costs. In addition to this direct employment, the New Facility is expected to produce thousands of indirect jobs. Calisolar will export its product around the U.S. and the world. This will bring new dollars into Ohio and thereby lift firms in linked industries, as well as the incomes

of Ohio households. As household incomes grow, so do sales and employment in support industries that provide goods and services to households. An export based industry is an engine of economic growth.

The New Facility is expected to result in a capital investment of approximately seven hundred and fifty two million dollars (\$752,000,000), inclusive of working capital, contingency, assumed infrastructure and building costs and start-up needs. The New Facility will be a mercantile customer, as defined in Section 4928.02(A)(19), Revised Code, and is expected to consume up to approximately 840,000 MWh annually with a peak demand of up to approximately 100 MW, but within four years after the start of production not less than approximately 460,000 MWh annually with a peak demand of not less than approximately 75 MW, but in no event during the term of the Unique Arrangement will the usage level at the New Facility fall below that required to be a mercantile customer.

The cost of electricity will be a significant component of the New Facility's total cost of operations and is a significant factor in determining whether the New Facility can be economically constructed and operated in Ohio Edison's service territory in Ohio. While other states and governmental entities have offered economic development packages, including incentives related to electric power pricing for Calisolar to locate the New Facility in their jurisdictions, the New Facility will be located in the certified electric service territory of Ohio Edison for the duration of this Unique Arrangement.

Calisolar will assist Ohio Edison in achieving the benchmarks set forth in Section 4928.66, Ohio Revised Code. Calisolar has agreed to contribute its customer-sited energy efficiency and demand response capabilities for integration into Ohio Edison's portfolio at no cost.

Calisolar has also agreed to develop, install and operate a demonstration solar project using solar panels made out of silicon and/or solar cells produced by Calisolar. Calisolar will contribute the renewable attributes (renewable energy certificates) of the demonstration project to Ohio Edison at no

cost. Such renewable attributes will be used toward meeting Ohio Edison's in-state solar generation requirements.

Under Section 4905.31, Revised Code, and Rules 4901:1-38-05 and 4901:1-39-05 of the Ohio Administrative Code, an electric utility company and mercantile customer are authorized to enter into a Unique Arrangement, subject to approval by the PUCO, for the purpose of promoting economic development, capital investment and job creation in Ohio.

Ohio Edison is authorized to recover all costs incurred by it associated with a Unique Arrangement, including the timely recovery of delta revenue, as delta revenue is defined in this Unique Arrangement and notwithstanding any PUCO rules to the contrary. A condition precedent to this Application is the waiver by the PUCO of any rules, including without limitation the definition of delta revenue, that may be contrary to any provision hereof or that would prevent or hinder the recovery of delta revenues as defined herein.

II. Description of Calisolar Inc.

Calisolar is a vertically integrated private company with expertise in silicon purification, ingot production, wafering and cell processing. Calisolar has its headquarters in Sunnyvale, California. It has manufacturing operations in Ontario, Canada and in the United States. Calisolar also has a research and development center located in Germany, which is currently the largest solar power market in the world.

Calisolar produces solar silicon and high performance multicrystalline solar cells. The company's products are shipped globally into the renewable energy supply chain and are being used in grid-tied photovoltaic systems to produce electricity directly from the sun.

Calisolar uses unique manufacturing technologies and processes that reduce costs and increase performance. The result is cost-effective solar cells that surpass industry standards for use in large-scale applications. The company's innovations and proprietary processes drive down production costs by using standard foundry equipment at a much lower cost, purifying silicon in a liquid state at temperatures far below the distillation temperatures of vapor phase silicon purification, and enabling economic production at smaller scale.

Calisolar silicon has been used to create millions of cells at demonstrated quality levels as good or better than conventional multicrystalline cells. To assure predictable performance, Calisolar continuously monitors incoming material quality, equipment process states, silicon purity levels, and cell performance. The company also conducts accelerated life module testing and outdoor application testing. Calisolar's silicon production can be rapidly and cost-effectively ramped in smaller increments to keep a steady pace with demand, eliminating the cyclical availability that has plagued the industry.

If this Unique Arrangement is approved, then Calisolar expects to begin production in Ohio after a construction schedule of approximately 18 months.

III. Description of Motor Liquidation Company (formerly General Motors Corporation) Site

The Motor Liquidation Company ("MLC") (formerly General Motors Corporation ("GM")) site is located in Ontario, Richland County, Ohio. The site consists of a one-story owner-occupied manufacturing facility containing almost two million square feet. The improvements were constructed circa 1955, with some later additions, and are situated on a 267 acre site. The property was used as a metal stamping/auto parts production facility for General Motors. Approximately 80 acres on the south side of the site are undeveloped.

Electricity is supplied by Ohio Edison via two independent feeds. The primary switch yard operates with two transformers. A new high voltage switchyard and switch house with capacitor banks were installed from 1985-1989. High voltage controls were upgraded in 2007. Water and sewer is supplied by the City of Mansfield.

On June 1, 2009, MLC and certain subsidiaries filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the US Bankruptcy Code for the Southern District of New York. On July 10, 2009 MLC sold substantially all of its assets to a new and independent company. The former Mansfield stamping property located in Ohio was not part of the transaction described above and remains owned by MLC. The site has been under lease from MLC to a newly formed GM entity since July 2009. Production at the site ceased in February 2010.

IV. Summary of Unique Arrangement

The essence of this Unique Arrangement is to provide the requisite fixed price power so that the New Facility can be constructed and economically operated, while at the same time resulting in the minimum Delta Revenue expense to consumers. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The difference between the non-discounted rate ([REDACTED]) and the Fixed Price will be treated as Delta Revenue and recovered from all retail customers of the three FirstEnergy operating companies. After the first year of production, if the non-discounted rate for any month is less than the Fixed Price for any

month, then that difference will be credited to customers (reflected as negative Delta Revenue in Rider DRR). The maximum Delta Revenue contribution over the 10-12 year term of the Unique Arrangement is \$100 million, but increases to \$125 million if full-time employees exceed 1,100. The maximum Delta Revenue contribution for any year is \$25 million. A \$25 million maximum annual Delta Revenue contribution would cost the average residential customer approximately \$0.36 per month.

Under the structure of this Unique Arrangement, Calisolar has every incentive to use power efficiently and to schedule its usage so as to result in the lowest non-discounted rate possible since that will preserve its \$100-\$125 million economic development funding for as long as possible. This in turn will spread recovery of the Delta Revenue contribution over a longer period. In this way, the interests of Calisolar and other customers are aligned. This Unique Arrangement is structured to provide adequate economic incentive to have this important new facility built in Ohio, while at the same time minimizing the Delta Revenue recovery. A paragraph-by-paragraph summary of the Unique Arrangement follows.

1. The duration of the Unique Arrangement is for the earlier of: a) the 12-year period beginning with the first month of construction at the New Facility; or b) the 10-year period beginning with the first month of production at the New Facility; provided, however, that if under applicable law the PUCO disallows or Ohio Edison is not otherwise permitted during the term of the Unique Arrangement the full and timely recovery of the delta revenue, then this Unique Arrangement shall be immediately terminated. During construction of the New Facility electricity will be provided to the New Facility by Ohio Edison at its standard tariff Rate GT and Rider Gen, or their successor tariffs, including all other applicable riders. After Calisolar's production starts, electricity will be provided to the New Facility by Ohio Edison pursuant to the pricing provisions in paragraphs 3 through 9 below. Except for upgrades or other work at the New Facility on

property or facilities owned or subject to lease by Calisolar, any transmission or other infrastructure upgrades to the system needed to maintain reliable service to the general area of the New Facility, including meeting the demand at the New facility during the period of the Unique Arrangement, will not be directly charged to Calisolar as a line extension project. Ohio Edison and Calisolar will work collaboratively to identify the electrical needs and timing of those needs to meet production demand at the New Facility. Ohio Edison will endeavor to complete the necessary infrastructure upgrades to meet Calisolar's production demand during the period of the Unique Arrangement.

2. If Calisolar has not notified Ohio Edison of the commencement of production within two (2) years of electricity first being provided to the Ohio site for purposes of construction of the New Facility, then either Calisolar or Ohio Edison shall have the option to petition the PUCO to terminate this Agreement upon ninety (90) days written notice to the other Party. If Calisolar has not notified Ohio Edison of the commencement of production within three (3) years of electricity first being provided, then either Party shall have the option to terminate this Agreement upon ninety (90) days written notice to the other Party.
3. During the term of the Unique Arrangement, Calisolar will be eligible following the commencement of production for electric rate discounts of up to One Hundred Million Dollars (\$100,000,000) if its total full time employment at the New Facility is 1,100 or less and up to One Hundred Twenty Five Million Dollars (\$125,000,000) as of the time its total full-time employment at the New Facility exceeds 1,100. This is the maximum Delta Revenue Contribution, which availability shall be determined based on its quarterly filings during the term of this Unique Arrangement.

4. During the first year after the start of production, Calisolar will pay the lower of: a) the non-discounted rate; and b) the Fixed Price for firm delivered power including all costs for generation, transmission, distribution, riders and taxes of [REDACTED] regardless of the number of full time employees.
5. Subsequent to the first year after the start of production and for the remainder of the term of this Unique Arrangement, Calisolar will pay a Fixed Price for delivered power including all costs for generation, transmission, distribution, riders and taxes depending on the number of its full-time employees according to the following schedule: 1-199 employees, [REDACTED]; 200-399 employees, [REDACTED]; 400-599 employees, [REDACTED]; 600-830 employees, [REDACTED]; 831 employees or greater, [REDACTED] (the "Fixed Price"). Calisolar will make quarterly filings with the PUCO no later than the last day of the quarter confirming its number of full-time employees during the prior quarter. For purposes of this Unique Arrangement, including for purposes of determining the maximum Delta Revenue Contribution, in order to recognize the flexible employment practices of Calisolar a full-time employee during the quarterly period is defined on a per employee basis as an employee who: a) qualifies for standard employment related benefits under Calisolar's then existing programs; b) has an average work week of at least thirty six (36) hours; and c) the average annualized base and incentive compensation for all such employees is not less than forty five thousand dollars (\$45,000), exclusive of benefit costs. For purposes of such calculation of full-time employment during the duration of the Unique Arrangement, whether for determination of the Fixed Price or maximum Delta Revenue Contribution, the annualized base and incentive compensation of members of the senior plant management at the New Facility shall not weight the calculation above forty-five thousand dollars. Such quarterly filings will be subject to audit by the PUCO Staff.

6. After the start of production, the electric rate discount necessary to result in the applicable Fixed Price stated above will be determined monthly. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In addition to the charges discussed above, Ohio Edison will include all standard and appropriate transmission and distribution related riders assessed by the utility. New riders implemented by Ohio Edison may be added to the non-discounted rate. Calisolar is not eligible for part (D) of the Economic Development Rider. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Each month Calisolar will be billed and will pay the applicable Fixed Price above plus the Ohio Edison Administrative Charge.

7. Each month Ohio Edison will calculate the difference between the non-discounted rate and the applicable Fixed Price. That difference ("Delta Revenue") will be timely recovered from all retail customers on a proportional basis by all three FirstEnergy Ohio electric utilities (Ohio

Edison, The Toledo Edison Company, and The Cleveland Electric Illuminating Company) through their Delta Revenue Recovery ("DRR") Riders, or successor delta revenue recovery mechanisms as approved by the PUCO. The Ohio Edison Administrative Charge cannot be recovered as delta revenue.

8. Subsequent to the first year after the start of production, if the non-discounted rate is less than the Fixed Price in any month, then Calisolar will pay the Fixed Price. If such monthly difference between the Fixed Price and the non-discounted rate results in a negative delta revenue, the difference between the non-discounted rate and the Fixed Price will be credited to Rider DRR. Any such credit will not impact the balance of Delta Revenue Contribution dollars available to Calisolar. During each month of the first year after the start of production, Calisolar will pay the lower of the [REDACTED] Fixed Price or the non-discounted rate, which cannot result in a negative delta revenue.
9. The level of delta revenue arising during any single 12-month period commencing with the date twelve months after the effective date of the start of production, or any anniversary thereof may not exceed \$25 million. If the delta revenue reaches \$25 million during a single such twelve month contract year, then Calisolar will be billed the non-discounted rate for all kWhs used during the remainder of that contract year.
10. If during any quarterly period the maximum Delta Revenue Contribution is fully used up prior to the end of the term of the Unique Arrangement, then the Unique Arrangement will terminate and Calisolar will have the ability to purchase retail generation service in similar fashion to similarly situated customers at that time.

11. If the maximum Delta Revenue Contribution is not used up at the end of the term of the Unique Arrangement, then Calisolar and Ohio Edison may enter into negotiations or discussions regarding the remaining balance. Any extension of the Unique Arrangement or use of the remaining balance would be subject to the PUCO's approval.
12. To the extent Calisolar is otherwise eligible to participate in emergency curtailment programs offered by Ohio Edison or any applicable PJM emergency demand response program nothing in the Unique Arrangement shall prevent them from participating.
13. During the term of the Unique Arrangement, Calisolar will work in good faith with Ohio Edison to determine how and to what extent Calisolar's customer-sited energy efficiency and demand response capabilities might be committed to Ohio Edison for integration into the Company's portfolio. Calisolar will contribute these capabilities to Ohio Edison at no cost to the Company or its customers.
14. Calisolar agrees to develop, install and operate after the start of production and during the remaining term of the Unique Arrangement a demonstration solar generation project at the New Facility using solar panels made out of silicon and/or solar cells produced by Calisolar. Calisolar will contribute the renewable attributes (renewable energy certificates) of the demonstration project to Ohio Edison at no cost and such renewable attributes will be used toward meeting Ohio Edison's in-state solar generation requirements.
15. Calisolar shall have reasonable rights of review sufficient to verify PJM and other expenses charged to Ohio Edison and incurred on behalf of Calisolar.

16. Under no circumstances will Calisolar be required to pay back any discount already received or accrued from the Delta Revenue Contribution, except in the case where Calisolar violates the law or commits fraud or misrepresentation.

IV. Request for Approval

This Unique Arrangement benefits the State of Ohio, Ohio Edison, Toledo Edison, the Cleveland Electric Illuminating Company and Calisolar. It benefits the State of Ohio by creating between 830 and 1,100 full time, high-wage and high benefit direct jobs. Thousands of additional indirect jobs will also be created because of the high job multiplier effect of export industries like Calisolar. Approval of this Unique Arrangement will increase state, local and school tax revenues. All of this is consistent with Ohio's state policy related to electric service of facilitating Ohio's effectiveness in the global economy. Section 4928.02(N) Revised Code.

Rule 4901:1-38-05, OAC requires a demonstration that the proposed Unique Arrangement does not violate Sections 4905.33 and 4905.35 Revised Code. This Unique Arrangement is not anti-competitive or discriminatory. But for the Fixed Price and other provisions, the Calisolar facility would not be built in Ohio. Therefore, this Unique Arrangement does not disadvantage any competitive retail electric supplier because but for this contract, there would be no load to serve. The Calisolar facility is unique and different from other customers because of the \$752 million investment in a brown-field existing site and the 830 – 1,100 new direct jobs expected to be created, plus thousands of additional indirect jobs.

WHEREFORE, Calisolar respectfully request that this Unique Arrangement be approved.

A handwritten signature in black ink, appearing to read "Michael L. Kurtz", is positioned above a horizontal line.

Michael L. Kurtz, Esq.

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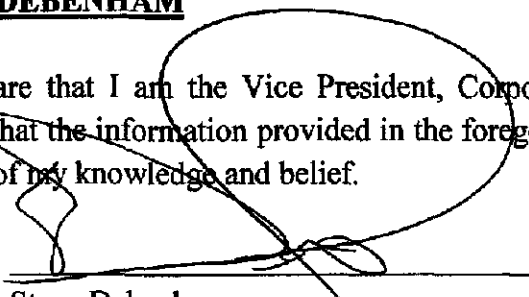
**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

IN THE MATTER OF AN APPLICATION OF CALISOLAR, INC. FOR APPROVAL OF A UNIQUE ARRANGEMENT FOR CALISOLAR, INC'S ONTARIO, OHIO FACILITY	: : : : :	Case No. 11- <u>2336</u> -EL-AEC
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State of California)
) SS
County of Santa Clara)

AFFIDAVIT OF STEVE DEBENHAM

I, Steve Debenham, being first duly sworn, declare that I am the Vice President, Corporate Development and General Counsel of **Calisolar Inc.** and that the information provided in the foregoing application and appendices is true and accurate to the best of my knowledge and belief.



Steve Debenham
Vice President, Corporate Development and
General Counsel

The foregoing instrument was acknowledged before me this 1st day of April, 2011 by Steve Debenham, Vice President, Corporate Development and General Counsel of **Calisolar, Inc.** a California corporation, on behalf of the corporation.





Notary Public