

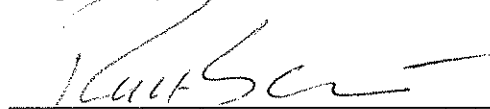
BEFORE
THE OHIO POWER SITING BOARD

In the Matter of the Application of	:	
Lima Energy Company for a	:	
Certificate of Environmental Compatibility	:	Case No. 00-513-EL-BGN
And Public Need for an Electric Power	:	Case No. 04-1011-EL-BGA
Generating Facility in Lima, Ohio	:	

MOTION TO EXTEND THE DURATION OF THE LIMA ENERGY COMPANY'S
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED

Now comes Lima Energy Company and, by its attorney, respectfully moves the Ohio Power Siting Board for an Order extending the outstanding authorization of its Certificate of Environmental Compatibility and Public Need for a period of thirty (30) months. A Memorandum in Support is attached.

Respectfully submitted,



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Attorney for Applicant Lima Energy Company

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MEMORANDUM IN SUPPORT
MOTION TO EXTEND THE DURATION OF THE LIMA ENERGY COMPANY'S
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED

Lima Energy Company, an Ohio corporation, (also "LEC" or "Applicant") is engaged in the development of a gasification based advanced energy production facility, intending to provide superior economic, environmental and social performance in the Lima/Allen County community, pursuant to Certificate of Environmental Compatibility and Public Need ("Certificate") issued on May 20, 2012. Pursuant to the Order issued by the Administrative Law Judge on January 25, 2012, LEC requests that the Board issue an Order extending the Certificate issued on May 20, 2002, as amended on November 22, 2004, for thirty (30) months, until September 1, 2014.

Originally configured as an Integrated Gasification Combined Cycle ("IGCC") facility designed to produce approximately 540 MW of generation into the PJM system via AEP's West Lima 138 kV Substation, due to the depressed economy in the past four years and the evolution of the energy markets in the mean time, the facility may have to be reconfigured. The Board approved Amendment of the Certificate on November 22, 2004 reflected a change in gasification technology but no other aspect of the original facility or Certificate was amended at that time.

Following issuance of a Certificate on May 20, 2002, LEC commenced construction in September 2004 by the award of a contract to design and construct the solid material handling portions of the facility. Field construction began in 2005 following a site kick-off meeting between LEC, the contractor, and OPSB Staff, as required by the Certificate. LEC provided regular progress reports to Staff, and Staff periodically inspected the site during the construction of the 100,000 sq. ft. fuel storage building foundation, as well as other site preparation tasks. While the contractor continued engineering and site presence into 2007, actual on-site construction and progress monitoring by staff continued until late 2006. Though field activity was temporarily suspended at that time, the design-build team continued to develop engineering in support of LEC while it continued to seek financing.

The delay experienced to date in the development of the LEC project is the result of market forces outside the control of LEC which caused a nearly complete withdrawal of investment for major capital projects, including new technology opportunities, such as gasification technology. This resulted in a widespread inability to finance and develop new advanced energy facilities regardless of the federal government's stated need for, and the merits of, individual projects such as LEC's project. Notwithstanding the lingering effects of the changes in capital markets, LEC has, in good faith and due diligence, actively maintained and prudently pursued a continuous development of its project.

After the financial markets began their collapse in mid 2007, and underwriters withdrew, LEC's privately-held, parent company, Global Energy, Inc., began exploring alternative means of raising equity capital and opening other project finance alternatives. This led to the formation of a new public company in mid-2010, separate from Global Energy, known as USA Synthetic Fuel Corporation ("USASF"). Lima Energy Company was transferred to USASF. USASF, a Delaware corporation, has completed required filings with Securities and Exchange Commission

as part of this organizing process. LEC notes that this effort, though having taken considerable time, has significantly increased the financing opportunities available for this project. Applicant is optimistic that financing can be secured in the reasonable future and the project will be able move forward toward final completion and operation.

In addition to increased financing opportunities afforded by improvements in the economy and the creation of USASF, the early financing initiative to seek and receive a bond resolution for Ohio Air Quality Development Authority (“OAQDA”), originally made in 2002, has been renewed. The renewed resolution issued in April 2010 determined that the entire IGCC qualified as an “air quality facility.” The OAQDA issued renewal Bond Resolution is in the amount of \$470 million. LEC plans to place these bonds in the coming year.

Notwithstanding the delays in the Project occasioned by the changes in financing opportunities in light of the recent economic downturn, the City of Lima has continued to support and advocate for the project’s success. The Lima Locomotive Works site remains available to the project. Lima Energy Company has also remained committed, as memorialized in the draft land purchase agreement, to a significant revenue sharing agreement for the benefit of the Lima community, through funding of a non-profit foundation for the express purpose of providing educational support and job creation opportunities in the community. Finalizing the land purchase is expected to occur immediately upon initial funding. LEC will begin to fund this non-profit foundation upon the property title transfer and each year during construction. The City of Lima supports this request for an extension.

Finally, LEC notes that several construction projects that were necessary to or supported by the project are ongoing. These included:

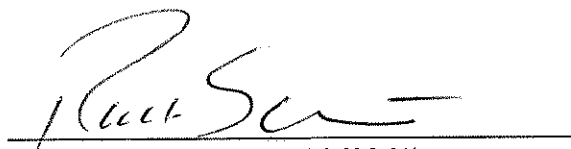
- a. First, a condition of the certificate requires that LEC work with the City of Lima to mutually determine a solution to mitigate vehicle and pedestrian traffic from being impeded by the regular and frequent railroad movements associated with the project. The Vine Street Grade Separation, catalyzed by this project, was dedicated just last November 2011. City public safety services (i.e. fire and police) can now access the south end of the community unimpeded by railroad movements. While the City obtained federal and state funding and led the process, the Applicant contributed to required public meetings, design reviews, and provided other support.
- b. Second, during staff review of the project for the original certificate, considerable effort was applied to ensure that the City of Lima could supply adequate volumes of raw water to the facility for process use. While the City felt its capacity was more than adequate, when LEC changed gasification technology, thereby increasing its water supply requirements, the City began to explore additional storage capacity. That multi-year design and funding process resulted in the new 5 billion gallon Bressler Reservoir expansion, which was completed in late 2011. The City now not only has more than sufficient water supply capacity to support the project but also to support other new companies and other growth in the community.
- c. Third, the City of Lima has proposed, based on the planned existence and capabilities of the LEC project, to create an incubator and technology development site adjacent to the project. State "Job Ready Site" ("JRS") funds enabled the city to acquire unused and blighted properties adjacent to the LEC real estate. Applicant's support included commitments to support operations at the JRS site. As required by the JRS grant, the city negotiated and completed acquisition and demolition of all properties, and preparation of the site for new construction and development in 2010. This included removal of all existing infrastructure, finish grading, and installation of decorative fencing and access controls. Construction of the first building for new tenants is scheduled to begin in the spring of 2012. With respect to the LEC project, purchase and removal of the homes that comprise much of the JRS site, are the same homes that triggered noise abatement conditions in the certificate for this project. Although the Applicant will continue to honor those abatement conditions, the homes that triggered them no longer exist.

For these reasons, and in order to prevent further delays in this Project, Applicant respectfully requests that the Ohio Power Siting Board extend the Certificate of Environmental Compatibility and Public Need for a period of thirty (30) months until September 1, 2014, subject to the following findings and conditions:

1. Applicant will continue to comply with conditions of its existing certificate, for the period of the extension.

2. Applicant will also provide to Staff informal semi-annual updates on the project's development during the extension period so as to facilitate the Board's regulatory oversight during the extension.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert Schmidt", is written over a horizontal line.

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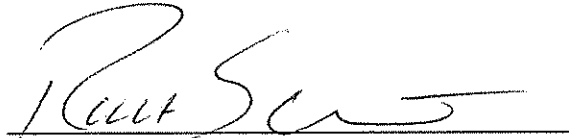
Attorney for Applicant Lima Energy Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Motion for a Board Order Extending the Duration of the Lima Energy Company Certificate of Environmental Compatibility and Public Need" was served upon the following persons by mailing a copy, postage prepaid, on February 7, 2012, addressed to:

Anthony Geiger, Esq.
Law Director
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Langdon D. Bell
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Robert J. Schmidt

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in

Case No(s). 00-0513-EL-BGN, 04-1011-EL-BGA

Summary: Motion Motion and Memorandum in Support to Extend the Duration of the Lima Energy Company's Certificate of Environmental Compatibility and Public Need electronically filed by Mr. Robert J Schmidt on behalf of Lima Energy Company