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BEFORE
THE OHIO POWER SITING BOARD

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

MEMORANDUM OF THE CITY OF LIMA, OHIO IN
SUPPORT OF THE REQUESTED THIRTY MONTH
EXTENSION OF LIMA ENERGY'S CERTIFICATE
OF ENVIRONMENTAL COMPATIBILITY
AND PUBLIC NEED

The City of Lima, Ohio

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I - INTRODUCTION:

The City of Lima, Ohio has – from the inception of the Lima Energy Company's development of the instant project – supported the certification and development of this project for the economic and societal benefits it offers the citizens of the City of Lima and Allen County, Ohio.

The City need not remind this Board of the overwhelming cost in both time and resources in the financing, certification, permitting, development and construction of such a project, measured in the hundreds of millions of dollars and several years of actual development and construction under the best of circumstances. Nor need the City remind the Board of the substantial change of conditions that has occurred in the economy, energy and financial markets since the instant project was certified by the Board. These market changes were not peculiar to Lima Energy and they adversely impacted the entire power generation industry – stifling the financing and continued construction of new power generation projects by ingrained electric utilities and independent power

producers alike. Simply stated, the interruption and delay in development and construction of the Lima Energy Company project was beyond the control of Lima Energy Company. Yet in the face of these adversities Lima Energy Company has continued to invest substantial personnel and economic resources necessary to maintain the viability of this project pending the return of normal market conditions enabling the continued development of this needed facility.

II - CURRENT CONDITIONS AND THE PUBLIC'S NEED FOR THIS FACILITY

As federal and state government administrations are heralding a return to normal conditions of economic growth and employment, and their respective efforts to reduce needless and costly regulation that does not service the public purpose, the City of Lima is of the firm belief and opinion that cancellation of Lima Energy's Certificate of Public Need and Convenience at this time is not a suitable alternative to the requested thirty month extension requested by Lima Energy Company. Were the former option selected, as some have suggested, Lima Energy Company would be relegated to commence from the beginning, meeting again all of the developmental, financing, regulatory and permitting hurdles that must be overcome in a project of this size. And, for what purpose and to what end???? The purpose advanced by those opposing the requested extension is to require Lima Energy secure a new Air Permit to Install ("PTI"), which Lima Energy has already committed itself to obtain, and which – in any event – it must obtain to complete the project. One must ask: What is the risk and possible harm associated with a brief thirty (30) month extension in the currently issued Certificate of Public Need and Environmental Compatibility? Simply stated: **Where there's no harm, there's no foul** in granting the requested extension.

While the City of Lima concurs with the Lima Energy Company's assertion that there exists no legitimate reason to require the company to reapply for a Certificate from the Board merely because a previously issued single air permit has expired, the City respectfully suggests that requiring the Company to apply anew for a Certificate itself creates harmful effects upon the Company and – more importantly – upon the public of the State of Ohio. With this option there **is both harm and a foul!**

As the Chairman and some other members of this Board are well aware, on January 20, 2012 First Energy Corporation announced that its subsidiaries would retire six coal fired plants with a combined capacity of 2,689 megawatts by September 1, 2012. These include several plants located in Ohio: Bay Shore Plant Units 2 - 4 in Oregon, Ohio; the Eastlake Plant in Eastlake, Ohio; The Ashtabula Plant located in Ashtabula, Ohio; and, the Lake Shore Plant located in Cleveland, Ohio. These retirements were based upon the U.S. Environmental Protection Agency's Mercury and Air Toxic Standards (MATS) recently finalized.

Similarly, American Electric Power also announced its plans to comply with the standards proposed by retiring 6,000 megawatts of coal fueled power plants. In making its June 9, 2011 announcement, AEP expressed its concern about the impact of the proposed regulations on its customers and local economies.

While the City of Lima supports regulation's long term environmental benefits while protecting customers, the economy and the reliability of the electric grid, it does not support any regulatory action that would impede continuing development of a facility in which construction has started and that, when completed, would serve to timely off-set the substantial void created by the retirement of hundreds of megawatts of Ohio based generation in 2012 ... while remaining

committed to meeting all the current requirements for a PTI. It is one thing to oppose the continued operation of existing generating facilities violating environmental standards and an entirely different thing to oppose proposed generating plants committed to meeting those same standards.

III. A PUBLIC HEARING ON THE REQUESTED EXTENSION IS NEITHER REQUIRED OR MERITED

In the comments filed in response to the requested thirty month extension, the commentators: “Request the opportunity to present these and other arguments in more detail at a hearing on LEC’s motion to extend the duration of the Certificate.” The City of Lima opposes such request as being without either merit or support. Several reasons dictate that conclusion.

First, and perhaps foremost, as demonstrated above, the entire argument advanced in opposition to the requested extension is “irrelevant” to the request that is before this Board. Second, one can hardly imagine what “greater detail” might be offered in support of this irrelevant argument than that contained in the eight attachments of thirty-eight pages of documents appended to those comments.

And, one is left to speculate as to what “other arguments” the commentator desires to offer in addition to its primary, documented, but irrelevant, argument advanced in support of its opposition to a brief extension of the duration of the existing certificate. In its motion Lima Energy Company proposed no substantive change in its Certificate which would give rise to the need for any examination in a hearing thereon, and the Commentator offers no such change that would require such an examination.

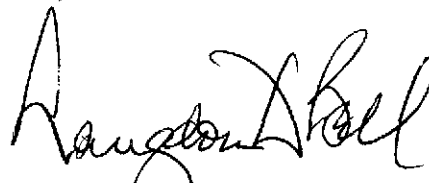
Requiring Lima Energy Company to begin anew on the long regulatory path to secure another

Certificate of Environmental Compatibility and Public Need would likely be viewed with apprehension by the investment community in today's stringent financial markets – markets that must be accessed for completing the construction of this project. And, while perhaps less so, subjecting the Applicant's request for a brief extension of its Certificate to a public hearing, based upon the irrelevant and meritless arguments advanced by the Commentator, is likely to be viewed in the same light, presenting a further regulatory impediment to the successful financing and completion of this needed project. Granting such an unsupported request for a hearing can only add to the cost burden borne by the Applicant, the City of Lima, and the Commission, while simply providing the Commentator a pond for an undefined "fishing expedition."

For all the foregoing reasons the City respectfully supports granting the Applicant's request extension without a hearing.

The City of Lima, Ohio
By its Attorneys of Record

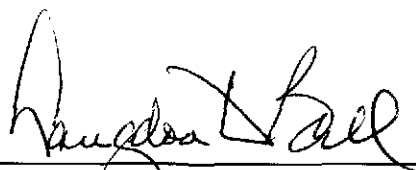
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A handwritten signature in black ink, appearing to read "Langdon D. Bell". The signature is written in a cursive style with a large initial "L".

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon the following parties by first class US mail, postage prepaid, this 9th day of March 2012.



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