

FILE

PUCO EXHIBIT FILING

Date of Hearing: 7/17/13

Case No. 13-1170-EL-AEC

PUCO Case Caption: In the Matter of the
Application of an Amendment to a Contract
for Electric Service Between Ohio Power
Company and Globe Metallurgical, Inc.

List of exhibits being filed:

Joint Exhibit No. 1

PUCO

Reporter's Signature: Valerie Soos
Date Submitted: 7/17/13

2013 JUL 19 PM 3:06

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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application for Approval of :
an Amendment to a Contract : Case No.
for Electric Service Between : 13-1170-EL-AEC
Ohio Power Company and Globe :
Metallurgical, Inc. :

- - -

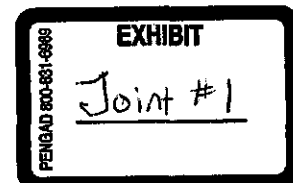
PROCEEDINGS

Before Jonathan J. Tauber, Attorney Examiner, at the
Public Utilities Commission of Ohio, 180 East Broad
Street, Room 11-C, Columbus, Ohio, called at 10:16
a.m. on Wednesday, July 17, 2013.

- - -

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application)	
for Approval of an Amendment to a)	
Contract for Electric Service between)	Case No. 13-1170-EL-AEC
Ohio Power Company and Globe)	
Metallurgical, Inc.)	

STIPULATION AND RECOMMENDATION

Rule 4901-1-30 of the Ohio Administrative Code provides that two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such proceeding. The purpose of this document is to set forth the understanding and agreement of Ohio Power Company (“OPCO”), Globe Metallurgical, Inc. (“Globe”) and the Staff of the Public Utilities Commission of Ohio (“Staff”)¹ (collectively, the “Signatory Parties”), and to recommend that the Public Utilities Commission of Ohio (“PUCO” or the “Commission”) approve and adopt this Stipulation and Recommendation, as part of its Opinion and Order resolving all of the issues in the above-captioned proceeding.

This Stipulation and Recommendation is supported by adequate data and information; represents, as an integrated and complete document, a just and reasonable resolution of all issues in this proceeding; violates no regulatory principle or precedent; is in the public interest; and is the product of serious bargaining among knowledgeable and capable parties, and parties that are representative of many interests and stakeholders in a cooperative process undertaken by the Signatory Parties. While this Stipulation and Recommendation is not

¹ For purposes of entering into this Stipulation and Recommendation, the Staff will be considered a party pursuant to Rule 4901-1-10(C) of the Ohio Administrative Code.

binding on the Commission, it is sponsored by the Signatory Parties who have a significant cross-section of interests, and as such, it is entitled to careful consideration by the Commission.

If the Commission approves the Stipulation and Recommendation, the Signatory Parties agree not to cite either this Stipulation and Recommendation or the information and data contained herein or attached herein as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, unless for enforcement purposes. The Signatory Parties' agreement to this Stipulation, in its entirety, shall not be interpreted in a future proceeding before this Commission as their agreement to only an isolated provision of this Stipulation. More specifically, no specific element or item contained in or supporting this Stipulation and Recommendation shall be construed or applied to attribute the results set forth in this Stipulation and Recommendation as the results that any Signatory Party might support or seek, but for this Stipulation and Recommendation in these proceedings or in any other proceeding.

For purposes of resolving certain issues raised by this proceeding, the Signatory Parties stipulate and recommend as follows:

1. OPCO is a public utility as defined by Section 4905.02, Revised Code, and is subject to regulation by the Commission.
2. Globe is a mercantile customer of OPCO with facilities at 1598 Sparling Road, Beverly, Ohio. It manufactures silicon metal, specialty alloys, and ferroalloys at its Beverly plant. It is a mercantile customer of OPCO taking service under the GS-4 rate schedule.

3. Pursuant to Section 4905.31, Revised Code and Rule 4901:1-38-05(B), of the Ohio Administrative Code, a mercantile customer of an electric utility may apply to the Commission for a Unique Arrangement with the electric utility.

4. In Case No. 08-884-EL-AEC, the Commission approved a unique arrangement pursuant to Section 4905.31, Revised Code, for a ten-year term ending December 31, 2018. The purpose of the unique arrangement was to permit Globe to compete in the worldwide specialty metals market from its Beverly, Ohio facility. The arrangement's price discount was in recognition of Globe's high load factor rate and was conditioned on Globe maintaining an expanded employee level.

5. Globe buys approximately 2.5 megawatts ("MWs") of firm power from Schedule GS-4 and 85 MWs of interruptible power. Thus, Globe is one of Ohio Power's largest Rate Schedule IRP – D customers. Schedule IRP-D rates are designed for reliability and economic interruption, which is integrated with OPCO's legacy generation for purposes of the default standard service offer.

6. On May 10, 2013, Globe filed an application in Case No. 13-1170-EL-AEC seeking approval from the Commission of certain amendments to the current special contract to essentially end the unique arrangement upon Ohio Power's transition to market procurement of capacity and energy for standard service on June 1, 2015. Globe agrees to remain an interruptible customer until that time in order to meet OPCO's obligations for reliability and economic interruptions.

7. To achieve a smooth transition between IRP-D service today and the market-based service in June 2015, Globe proposed the three amendments to the current unique

arrangement. A copy of the proposal is attached herein as Attachment A. The three amendments are:

A. The current unique arrangement contract termination date be moved up to June 1, 2015, from December 31, 2018.

B. The price of the unique arrangement be changed from a percentage off the tariff rates (a combination of Schedules IRP-D and GS-4) to a fixed price of \$42.78 per megawatt-hour for the remainder of the shortened term. The proposed fixed price is designed to achieve the same level of savings that Globe is anticipating if the arrangement continued through its full term at the original discount. Foregone revenue (also referred to as “delta revenue”) associated with the unique arrangement shall be fully recovered by OPCO. Delta revenue is the difference between the fixed price and all revenue that would be recoverable from Globe under OPCO tariff rates, including all riders, but for the unique arrangement contract.

C. Globe agrees to forego its right to participate in the competitive market on notice, and agrees to remain an interruptible customer of OPCO for 85 MWs for either reliability or economic reasons and to support OPCO operations until the earlier of June 2015 billing cycle or the date on which OPCO goes to auction to procure 100% of its capacity and energy for the standard service offer.

8. The rates proposed in this Stipulation and Recommendation are critical to maintaining the competitiveness of Globe’s facilities so that it can continue to provide employment and other economic benefits in Ohio.

9. A reasonable basis exists for approving the proposed amended contract.


10. The Signatory Parties believes that this Stipulation and Recommendation represents a reasonable compromise of varying interests. This Stipulation and Recommendation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Nothing in this Stipulation affects OPCO's ability to propose, or the Commission's ability to approve, any provisions as part of the OPCO's future standard service offer cases. Should the Commission reject or materially modify all or any part of this Stipulation and Recommendation, the Signatory Parties shall have the right, within 30 days of issuance of the Commission's Order, to file an application for rehearing, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding, and providing service to all the Signatory Parties. The Signatory Parties agree that they will not oppose or argue against any other Signatory Party's application for rehearing that seeks to uphold the original, unmodified Stipulation and Recommendation. The Signatory Parties agree to not oppose the withdrawal and termination of the Stipulation and Recommendation by any other Signatory Party.² Upon notice of termination or withdrawal by any Signatory Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In any such event, this proceeding shall go forward at the procedural point at which this Stipulation and Recommendation was filed, and the Signatory Parties will be afforded the opportunity to present evidence through witnesses, to cross-examine witnesses, to present rebuttal testimony, and to brief all issues that shall be decided based upon the record and briefs as if this Stipulation and Recommendation had never been executed.

² Any Signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for purposes of that Signatory Party decision to withdraw from the Stipulation and Recommendation.


11. The Signatory Parties respectfully request that the Commission adopt this Stipulation and Recommendation and approve the amendments as set forth in Attachment A to this Stipulation and Recommendation.

The undersigned hereby stipulate and agree that they are authorized to enter into this Stipulation and Recommendation on this 17th day of July, 2013. This Stipulation and Recommendation may be signed in counterparts.

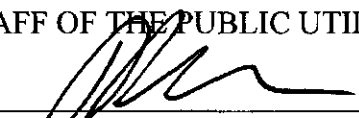
OHIO POWER COMPANY

By: 
Steven T. Nourse
Counsel for Ohio Power Company

GLOBE METALLURGICAL, INC.

By: 
M. Howard Petricoff
Attorney for Globe Metallurgical, Inc.

STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO

By: 
Thomas W. McNamee
Assistant Attorney General

ATTACHMENT A

**ADDENDUM TO CONTRACT FOR ELECTRICAL SERVICE
SPECIAL TERMS AND CONDITIONS AGREEMENT
Made a Part of Contract for Electric Service Dated July ____, 2013**

This Addendum supplements and amends the Electric Service Contract as previously amended, dated July 11, 2008, the three Addendums dated July 11, 2008 and the Addendum dated April 19, 2011 by and between Ohio Power Company, hereafter called the Company, and Globe Metallurgical, Inc., hereafter called the Customer.

WHEREAS, the Public Utilities Commission of Ohio approved a unique arrangement in Case No. 08-884-EL-AEC, the purpose of which was to permit Customer to participate in the worldwide specialty metals market from its Beverly, Ohio facility;

WHEREAS, the unique arrangement contained a price discount that was in recognition of Customer's high load factor rate and was conditioned on Customer maintaining an expanded employee level;

WHEREAS, by June, 2015, the Company will not directly own generation facilities to supply energy or capacity;

WHEREAS, Customer buys approximately 2.5 megawatts ("MWs") of firm power from Schedule GS-4 and 85 MWs of interruptible power;

WHEREAS, Customer is one of the Company's largest Rate Schedule IRP-D customers;

WHEREAS, Schedule IRP-D rates are designed for reliability and economic interruption, which is integrated with the Company's legacy generation for purposes of the default standard service offer;

WHEREAS, Customer will remain an interruptible customer until the Company no longer supplies standard service from utility-owned generation in order to meet the Company's obligations for reliability and economic interruptions;

NOW, THEREFORE, Customer and the Company propose the following three amendments to the current unique arrangement:

1. On page 1, paragraph 3 of the July 11, 2008 contract, the first sentence of that paragraph shall be amended to read as follows:

The Company is to furnish and the Customer is to take electric energy under the terms of this Contract for a period of up to seven years from the time such service is commenced and ending at midnight on May 31, 2015, or until terminated for reasons other than shopping upon written notice written notice given by the Customer of its intention to terminate the contract.

2. The second bullet point contained on the April 19, 2011 addendum shall be modified to read as follows:

- The price of the unique arrangement is to be changed from a percentage off of the tariff rates (a combination of Schedules IRP-D and GS-4) to a fixed price of \$42.78 per megawatt hour for the remainder of the shortened term. The proposed fixed price is designed to achieve the same level of savings that the Customer was anticipating had the contract continued through its full term at the original discount. Foregone revenue (also referred to as Delta revenue) associated with the unique arrangement shall be fully recovered by the Company. Delta revenue is the difference between the fixed price and all revenue that would be recoverable from the Customer under the Company tariff rates, including all riders, but for the unique arrangement contract.

3. A new provision to the agreement shall be added and will read as follows:

The Customer will forego its right under the unique arrangement to participate in the competitive market on notice, and agrees to remain an interruptible customer for 85 MWs for either reliability or economic reasons and to support the Company operations until the earlier of June 2015 billing cycle or the date on which the Company goes to auction to procure 100% of its capacity for its standard service offer.

IN WITNESS WHEREIN, the parties have caused this Addendum to Contract for Electric Service Special Terms and Conditions Agreement Made a Part of Contract for Electric Service Dated July _____, 2013 to be executed by their authorized officers as of the date first above written.

GLOBE METALLURGICAL, INC.

OHIO POWER COMPANY

By: _____

By: _____

Date: _____

Date: _____