

**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. 15-327-EL-AEC
Ohio Power Company and Globe)	
Metallurgical, Inc.)	

STIPULATION AND RECOMMENDATION

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

This Stipulation and Recommendation ("Stipulation") is supported by adequate data and information and represents a just and reasonable resolution of all issues in this proceeding. The Stipulation violates no regulatory principle or precedent and is in the public interest. The Stipulation was the product of serious bargaining among knowledgeable and capable parties. The Signature Parties include all parties of record. Further, there were no adverse comments filed by non-parties or members of the public.

¹ For purposes of entering into a Stipulation, the Staff is considered a party by virtue of Rule 4901-1-10(C), O.A.C.

While this Stipulation is not binding upon the Commission, it is entitled to careful consideration by the Commission because the Stipulation is sponsored by all the parties including the Commission Staff.

Except for enforcement purposes, neither this Stipulation nor the information and data contained herein shall be cited as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves the Stipulation. The Signatory Parties' agreement to this Stipulation is only in its entirety. The Stipulation shall not be interpreted in a future proceeding before this Commission as an agreement by a particular signatory party to an isolated provision of this Stipulation. In sum, the Stipulation must be taken in whole and applies only to the matters at bar in this proceeding.

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

1. AEP Ohio is a public utility as defined by Section 4905.02, Revised Code and is subject to regulation by the Commission.
2. Globe is a transmission voltage, GS-4 customer of AEP Ohio, with facilities at 1598 Sparling Road, Beverly, Ohio. Globe manufactures silicon metal, specialty alloys, and ferroalloys at its Beverly plant, located in the area designated as part of Appalachia.
3. Globe is eligible for an economic development arrangement under Rule 4901:1-38-03(a)(2), O.A.C. because it qualifies as a mercantile customer as that term is defined in Section 4928.01, Revised Code. Further, Globe is financially viable, has expanded its operation by more than 25 employees, and it pays those expansion employees well over 150% of the federal minimum wage.

4. Pursuant to Section 4905.31, Revised Code, and Rule 4901:1-38-05(B), O.A.C., a mercantile customer of an electric utility may apply to the Commission for a unique arrangement with the electric utility.

5. In Case No. 08-884-EL-AEC, the Commission approved a unique arrangement between AEP Ohio and Globe 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. That unique arrangement contained a discount in recognition of Globe's high load factor rate and the discount was conditioned on Globe maintaining an expanded employee level. That unique arrangement was modified, which modification was approved by the Commission in Case No. 13-1170-EL-AEC.

6. Globe buys some 2.5 megawatts ("MW") of firm power under Schedule GS-4 and some 85 MW of interruptible power. Thus, Globe is one of the few and largest interruptible power customers on AEP Ohio system.

7. The term of Globe's original Unique Arrangement in Case No. 08-884-EL-AEC was to terminate with the December 2018 billing cycle. As a result of the modification in Case No. 13-1170-EL-AEC, the current Unique Arrangement will terminate with the June 2015 billing cycle. The Parties now agree that the termination date for the Unique Arrangement should be extended until the end of the May 2016 billing cycle.

8. Globe competes nationally and internationally in the worldwide metal market. Section 4928.02(N), Revised Code, establishes as part of the State Energy Policy, that the Commission must assist to facilitate Ohio's effectiveness in the global economy.

9. Energy is the second largest item in the cost of Globe's manufacture of specialty metal products and certainty of energy prices is essential to the competitiveness of its Ohio facilities and to maintain the promised full-time employment levels.

10. Globe currently employs 237 full-time employees with an Ohio payroll over of \$12 million. In addition, Globe paid over \$56 million to Ohio vendors for goods and services and paid state and local taxes of \$2.5 million in calendar year 2014.

11. In the matter at bar, Globe seeks to extend the current Unique Arrangement one additional PJM Interconnection year.²

12. During the extension period, Globe pledges to continue the employment level at 200, which is approximately ten percent higher than the current pledge. Further, Globe pledges to invest an additional five million dollars of capital into the Beverly, Ohio facility.

13. During the extension period, Globe will continue to make 85 MW of power available for emergency interruption upon call from AEP Ohio. The interruption program under this reasonable arrangement will be administered in a manner consistent with the recently approved IRP program (see the Opinion and Order in Case No. 13-2385-EL-SSO). AEP Ohio shall pay Globe a credit per kilowatt for interruptible service in a manner consistent with the IRP Rider approved in Case No. 13-2385-EL-SSO. AEP Ohio's agreement is premised upon acceptance by the Commission of the clarification requested on rehearing in Case No. 13-2385-EL-SSO to include an imputed PJM revenue offset to the IRP credit (Part III.C of the Company's Application for Rehearing).

14. Globe shall purchase wire service consisting of distribution service, all non-bypassable transmission services, all non-bypassable ancillary services and all non-bypassable

² A PJM year commences June 1st and ends May 31st

riders at the discounted rate of eight dollars and fifty cents (\$8.50) per megawatt hour ("MWh") for all such services. Globe shall purchase its energy and other competitive services from a certificated competitive retail electric service provider.

15. The difference between eight dollars and fifty cents (\$8.50) per MWh and the actual tariff charges per MWh for the applicable distribution, non-bypassable transmission, non-bypassable ancillary services and non bypassable riders as calculated under the then-current tariff shall be deemed the economic development discount or delta revenues. AEP Ohio shall be reimbursed the amount of the economic development discount via a charge to the Economic Development Rider.

16. The Parties agree that there shall be an limit ("cap") for the entire extension period as to the total amount of delta revenues which can be passed through the Economic Development Rider. The cap shall be four million dollars (\$4,000,000) for the extension year. Should the cap figure be reached during any month of the extension year, the economic development discount for that month in which the cap is reached shall be limited to the lesser of the monthly economic development delta revenue or the remainder of the capped funds. There will be no further economic development discounts in any month after the cap is reached, but the Rider IRP credits shall continue for so long as Globe stays in compliance with the terms of the interruptible service called for in the AEP Ohio tariff.

17. The Parties believe that the rates proposed in this Stipulation are critical to maintaining the competitiveness of the Globe Beverly Ohio facility so that Globe can continue to provide employment and other economic benefits in Ohio.

18. A reasonable basis exists for approving the proposed amended unique arrangement.

19. The Signatory Parties believes that this Stipulation represents a reasonable compromise of varying interests. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, 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, including 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. Upon the Commission's issuance of an Entry on Rehearing that does not adopt the Stipulation in its entirety without material modification, any Signatory Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within 30 days of the Commission's Entry on Rehearing. Other Signatory Parties to the Stipulation agree to defend and shall not oppose the withdrawal and termination of the Stipulation by any other Signatory Party.³ 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 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 which shall be decided based upon the record and briefs as if this Stipulation had never been executed.

20. The Signatory Parties respectfully request that the Commission adopt this Stipulation in its entirety.

³ Any Signatory Party has the right, in its sole discretion, to determine what constitutes a "material" change for purposes of that Signatory Party withdrawing from the Stipulation.

The undersigned hereby stipulate and agree that each presents that it is authorized to enter into this Stipulation on this 6th day of May 2015. This Stipulation may be signed in counterparts.

OHIO POWER COMPANY
d/b/a AEP Ohio

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Steven T. Nourse
Counsel for Ohio Power Company

GLOBE METALLURGICAL, INC.

By: MHP
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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/6/2015 1:09:22 PM

in

Case No(s). 15-0327-EL-AEC

Summary: Stipulation and Recommendation submitted by Assistant Attorney General Thomas McNamee on behalf of the Staff of the Public Utilities Commission of Ohio. electronically filed by Kimberly L Keeton on behalf of Public Utilities Commission of Ohio