

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)	
Globe Metallurgical Inc. for Approval of a)	
Unique Arrangement Between Ohio Power)	Case No. 15-327-EL-AEC
Company and Globe Metallurgical Inc.)	

**UNOPPOSED MOTION FOR A
THREE-MONTH EXTENSION OF A UNIQUE ARRANGEMENT
AND
FOR AN EXPEDITED RULING ON THE MOTION**

Under R.C. 4905.31(E) and O.A.C. 4901:1-38-05(B)(4), Globe Metallurgical Inc. (“Globe”) respectfully moves the Public Utilities Commission of Ohio to extend an existing unique arrangement (“Existing Arrangement”) for three months – from June 30, 2016 through September 30, 2016 – during which:

- (a) Globe will continue to pay a fixed price of \$8.50 per MWh for distribution service and all non-bypassable transmission service, ancillary service and riders, which is the same price Globe has been paying;
- (b) Globe will continue to purchase energy and competitive services from a certificated CRES provider;
- (c) The \$4 million delta revenue cap under the Existing Arrangement will be extended, but not increased; and,
- (d) Delta revenue amounts will be recovered by Ohio Power Company (“Ohio Power”) through the Economic Development Cost Recovery rider.

The three-month extension will provide interim support for Globe’s ability to compete and contribute to Ohio’s economy if Globe’s pending application for a reasonable arrangement in Case No. 16-737-EL-AEC is not decided before June 30, 2016, when the Existing Arrangement would otherwise end.

Under O.A.C. 4901-1-12(C) & (F), and given the importance of this request and the pending expiration of the Existing Arrangement on June 30, 2016, Globe asks for an expedited ruling on this motion effective as of July 1, 2016.

Ohio Power is the only other party to this case and has been contacted regarding this motion. Undersigned counsel certifies that Ohio Power:

1. Does not object to a ruling on this motion without the filing of memoranda; and,
2. Does not oppose the three-month extension of the Existing Arrangement.

Respectfully submitted,

By: /s/ William A. Sieck
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MEMORANDUM IN SUPPORT

I. Background

Globe owns and operates a plant in Beverly, Ohio (the “Beverly Plant”) where it produces silicon metal and silicon-based specialty alloys for a worldwide market. In the last year, market prices for silicon metal have declined approximately 35%. At the same time, energy costs at Globe’s Beverly Plant have remained higher than at any of Globe’s other U.S. plants. Energy costs are Globe’s single greatest production cost. Globe’s competitors outside of Ohio benefit from lower energy costs and, internationally, from the strong U.S. dollar, which decreases the relative production costs of goods manufactured by Globe’s overseas competitors.

Globe’s ability to compete and to contribute to Ohio’s economy despite falling product prices and rising energy costs has been supported by an existing unique arrangement. Under the existing unique arrangement, Globe pays a fixed price of \$8.50 per MWh for all transmission, distribution and non-bypassable riders (“Wire Services”) while shopping for energy and competitive services from a certificated CRES provider. *In re Globe Metallurgical, Inc.*, Case No. 15-327-EL-AEC, Opinion and Order (May 13, 2015).¹ The lost revenue to Ohio Power Company (“Ohio Power”) resulting from the discounted price – the “delta revenue” – was capped at \$4 million and supported by investment and employment commitments from Globe.

The Existing Arrangement was scheduled to end May 31, 2016 but was extended one month and will end June 30, 2016. *In re Globe Metallurgical, Inc.*, Case No. 15-327-EL-AEC, Finding and Order ¶ 7 (May 25, 2016).

¹ In 2008, the Commission approved a reasonable arrangement between Ohio Power and Globe for a ten-year term ending December 31, 2018 (the “Existing Arrangement”). *In re Globe Metallurgical, Inc.*, Case No. 08-884-EL-AEC, Finding and Order (July 31, 2008); *Id.*, Second Finding and Order (Apr. 5, 2011). In 2013, the Existing Arrangement was amended. *In re Globe Metallurgical, Inc.* Case No. 13-1170-EL-AEC, Opinion and Order (July 31, 2013).

II. Globe has filed an application for a new reasonable arrangement given the present market pressures.

Given the pricing pressures and cost-squeeze affecting Globe in the current market, Globe has filed an application for a new reasonable arrangement. *See In re Globe Metallurgical Inc.*, Case No. 16-0737-EL-AEC, Application (Apr. 11, 2016). Globe is in discussions with Staff and proposed intervenors in that case regarding the application. But a decision on that application may not be issued until after the Existing Arrangement ends, leaving Globe exposed to a sudden spike in electrical costs in summer 2016.

III. A three-month extension of the Existing Arrangement is supported by good cause.

A three-month extension of the Existing Arrangement will provide Globe reasonable, predictable electrical costs while the pending application for a reasonable arrangement is pending. Specifically, Globe seeks a three-month extension of the Existing Arrangement through September 2016, during which time:

- (a) Globe will continue to pay a fixed price of \$8.50 per MWh for Wire Services, which is the same price Globe has been paying;
- (b) Globe will continue to purchase energy and competitive services from a certificated CRES provider;
- (c) The \$4 million delta revenue cap under the Existing Arrangement will be extended, but not increased; and,
- (d) Delta revenue amounts will be recovered by Ohio Power through the Economic Development Cost Recovery rider.

The three-month extension will not increase the delta revenue cap. Instead, the existing cap will be extended for three-months and delta revenue resulting from the additional months will be counted against the existing \$4 million cap.

The Commission supervises and regulates the Existing Arrangement and may change, alter or modify the Existing Arrangement. R.C. 4905.31(E); O.A.C. 4901:1-38-05(B)(4). The

Commission has done so and should do so here. The three-month extension will provide Globe much needed predictability, keeping the cost of energy for the Beverly Plant in-line with the cost of energy at Globe's other U.S. facilities, and will support Globe's contribution to the State and local economies and facilitate the State's competitiveness in the U.S. and global economies.

The requested extension is not opposed by the other party to this case, Ohio Power, and will not adversely affect a substantial right of any party. Ohio Power also does not oppose an expedited ruling on this motion without the filing of memoranda. Therefore, Globe asks the Commission to issue an expedited ruling on this motion. O.A.C. 4901-1-12(C)&(F).

III. Conclusion

A three-month extension – from June 30, 2016 through September 30, 2016 – of the existing unique arrangement for Globe's Beverly Plant will support Globe's ability to compete and will protect Globe from a sudden spike in electricity costs that could result if the Existing Arrangement expires on June 30, 2016 before a ruling is issued on Globe's application for a new reasonable arrangement pending in Case No. 16-737-EL-AEC. Given the importance of this request and the pending expiration of the current reasonable arrangement on June 30, 2016, Globe asks for an expedited ruling on this motion with an effective date as of the commencement of the July 2016 billing cycle.

Because Ohio Power does not oppose an expedited ruling on this motion or the proposed extension, and for good cause shown, the Commission should issue an order extending the Existing Arrangement as proposed in this motion.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The Public Utilities Commission of Ohio e-filing system will electronically serve notice of the filing of this document on the parties referenced in the service list of the docket card who have electronically subscribed to this case. In addition, the undersigned certifies that a courtesy copy of the foregoing document is also being served upon the persons below via electronic mail this 28th day of June, 2016.

s/ William A. Sieck

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Summary: Motion Unopposed motion for a three-month extension of a unique arrangement and for an expedited ruling on the motion electronically filed by Mr. William A Sieck on behalf of Globe Metallurgical Inc.