

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application for)
Establishment of a Reasonable Arrangement)
Between U.S. Steel Seamless Tubular) Case No. 16-2020-EL-AEC
Operations, LLC, Lorain Tubular Operations)
and The Ohio Edison Company)

**MOTION TO INTERVENE AND COMMENTS OF
THE OHIO MANUFACTURERS' ASSOCIATION ENERGY GROUP**

Pursuant to R.C. 4903.221 and Ohio Adm. Code 4901-1-11 and 4901:1-38-05(F),¹ the Ohio Manufacturers' Association Energy Group (OMAEG) respectfully moves the Public Utilities Commission of Ohio (Commission) to intervene, and hereby submits comments in this matter with the full powers and rights granted to intervening parties. OMAEG has a real and substantial interest that may be adversely affected by this proceeding and that interest cannot be adequately represented by any existing parties. Because OMAEG satisfies the standard for intervention set forth in the Commission's rules and by statute, the motion should be granted. A memorandum in support is attached.

Respectfully submitted,



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¹ The Application states that it is being submitted pursuant to Ohio Adm. Code 4901:1-38-05. Application at 2, n.2.

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MEMORANDUM IN SUPPORT

On October 13, 2016, U.S. Steel Seamless Tubular Operations, LLC, Lorain Tubular Operations (LTO) filed an application seeking approval of a six-year unique arrangement, with an effective date of January 1, 2017 (Application).² Specifically, LTO requests that the Commission approve a unique arrangement that establishes “‘all-in’ kWh-based pricing” for firm electricity service “in such amount as may be sufficient to meet its full requirements.”³ LTO requests that the delivered price per kWh includes all generation, transmission, and distribution charges, as well as any surcharges, riders or other adders.⁴ LTO states that it intends to shop for its generation supply and is willing to commit its demand response capability to the Ohio Edison Company (Ohio Edison) in exchange for credits pursuant to approved tariff provision(s) or rider(s) (i.e., receive service and credits pursuant to the interruptible credit provisions and tariffs (become an ELR customer)).⁵ Finally, LTO urges the Commission to address the treatment of delta revenue in considering the costs and benefits of the arrangement consistent with R.C. 4905.31 and Ohio Adm. Code 4901:1-38-08, O.A.C.⁶

² Application at 2, n.2, and 3 (October 13, 2016).

³ Id. at 3.

⁴ Id.

⁵ Id.

⁶ Id. at 4.

In support of its Application, LTO cites to global competition, general economic conditions, and natural gas prices as factors that have led to curtailed operations of LTO.⁷ LTO states that it is evaluating actions that could reduce or eliminate curtailment, expand employment, and increase the use of its productive capacity.⁸ LTO explains that it is currently making a significant capital investment necessary for it to become a direct mercantile customer of Ohio Edison. LTO states, however, that Ohio Edison's applicable rate schedule will not allow LTO to achieve these measures; therefore, it is requesting a unique arrangement in order to be become economically viable and sustain current employment.⁹

Ohio Adm. Code 4901-1-11 and 4901:1-38-05(F) permits intervention by an affected party who has a real and substantial interest in the proceeding and who is so situated that the disposition of the proceeding may impair or impede its ability to protect that interest and whose interest is not adequately represented by an existing party. Likewise, R.C. 4903.221 authorizes intervention where a party: may be adversely affected by the proceeding; will contribute to a full development and equitable resolution of factual issues; and will not unduly prolong or delay the proceedings.

OMAEG is a non-profit entity that strives to improve business conditions in Ohio and drive down the cost of doing business for Ohio manufacturers. OMAEG members and their representatives work directly with elected officials, regulatory agencies, the judiciary, and the media to provide education and information to energy consumers, regulatory boards and suppliers of energy; advance energy policies to promote an adequate, reliable, and efficient supply of energy at reasonable prices; and advocate in critical cases before the Commission.

⁷ Id. at 2.

⁸ Id.

⁹ Id.

OMAEG members purchase electric services from Ohio Edison and may be responsible for paying the costs arising from this unique arrangement.

OMAEG has been a participant in other cases involving unique arrangements,¹⁰ and has an interest in ensuring that any benefits accruing to customers, and the resultant discounted rates that are wholly funded by other Ohio Edison ratepayers, are just and reasonable.¹¹ OMAEG also has an interest in ensuring that the unique arrangement furthers the policy of the state of Ohio prescribed by R.C. 4928.02.¹² Finally, OMAEG has an interest in ensuring that no unreasonable or anticompetitive effects arise from LTO's unique arrangement.

The lack of detail and information provided in LTO's Application makes it difficult to quantify the impacts of the unique arrangement on other customers. For example, although LTO requests an "all-in" delivered price per kWh, the Application does not propose a specific rate, or any limitations on such rate. Additionally, while the Application implies that Ohio Edison may request or the Commission may order the recovery of costs associated with the delta revenue resulting from the proposed unique arrangement pursuant to R.C. 4905.31(E) and Ohio Adm. Code 4901:1-38-08, the amount of delta revenue that will be collected from other customers or a delta revenue cap limiting the amount that may be collected from other customers is not specified or proposed. The Application is also silent as to whether Ohio Edison will be responsible for a portion of the delta revenue created under the unique arrangement. Without

¹⁰ See, e.g., *In the Matter of the Application of Globe Metallurgical, Inc. for Approval of a Reasonable Arrangement for its Beverly, Ohio Plant*, Case No. 16-737-EL-AEC, Entry at 1 (August 4, 2016) (granting OMAEG's motion to intervene); *In the Matter of the Application of the TimkenSteel Corporation for Approval of a Unique Arrangement for the TimkenSteel Corporation's Stark County Facilities*, Case No. 15-1857-EL-AEC, Entry at 2 (November 24, 2015) (granting OMAEG's motion to intervene); *In the Matter of the Application of Republic Steel for Approval of a Unique Arrangement for Republic Steel's Lorain, Ohio Facility*, Case No. 13-1913-EL-AEC, Entry at 2 (November 12, 2013) (granting OMAEG's motion to intervene).

¹¹ Ohio Adm. Code 4901:1-38-05(B)(1) ("Each customer applying for a unique arrangement bears the burden of proof that the proposed arrangement is reasonable and does not violate [R.C.] 4905.33 and 4905.35 * * *").

¹² Ohio Adm. Code 4901:1-38-05(C) ("Each applicant applying for approval a unique arrangement * * * shall describe how such arrangement furthers the policy of the state of Ohio embodied in [R.C.] 4928.02 * * *").


this information, OMAEG cannot quantify the impact of the unique arrangement on other customers, which could be substantial depending on the all-in kWh rate that LTO will receive under the unique arrangement (including generation supply sourced from an unknown competitive supplier at an unknown price). Further, the Application is void of any detail related to specific commitments by LTO regarding capital investment and employment levels that may provide public interest benefits or further the policy of the state.

A proposed unique arrangement should balance any purported benefits to the state and local economies with the costs required to achieve such benefits. The cost-benefit analysis should consider all of the applicant's rate discounts paid for by other customers and compare that to the capital investment dollars, employment level commitments, and any other commitments made by the applicant. LTO's Application lacks specificity, detail, and information to properly conduct a cost-benefit analysis and quantify the impact of the proposed unique arrangement on other customers. LTO should be required to provide supplemental information in order to ensure there is proper alignment between benefits received under the proposed arrangement and any commitment(s) undertaken by LTO.

OMAEG has a direct, real, and substantial interest in the issues raised in this proceeding and is so situated that the disposition of the proceeding may, as a practical matter, impair or impede its ability to protect that interest. OMAEG is regularly and actively involved in Commission proceedings and, as in previous proceedings, OMAEG's unique knowledge and perspective will contribute to the full development and equitable resolution of the factual issues in this proceeding. OMAEG's interest will not be adequately represented by other parties to the proceeding and its timely intervention will not unduly delay or prolong the proceeding.

Because OMAEG satisfies the criteria set forth in R.C. 4903.221 and Ohio Adm. Code 4901-1-11 and 4901:1-38-05(F), it is authorized to intervene with the full powers and rights granted by the Commission to intervening parties. OMAEG respectfully requests that the Commission grant this motion to intervene and that OMAEG be made a full party of record. OMAEG further requests that the Commission give due consideration to the comments articulated herein.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served upon the following parties via electronic mail on November 2, 2016.


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Summary: Motion To Intervene And Comments Of The Ohio Manufacturers' Association Energy Group electronically filed by Debra A Gaunder on behalf of Ohio Manufacturers' Association Energy Group