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Via E-file

July 3, 2018

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

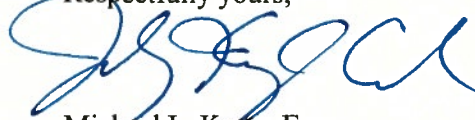
In re: Case No. 17-2132-EL-AEC

Dear Sir/Madam:

Pursuant to Paragraph 42 of the Commission's May 2, 2018 Opinion and Order, attached is an executed final contract implementing the Reasonable Arrangement between Acero Junction, Inc. and Ohio Power Company.

Please place this document of file.

Respectfully yours,



Michael L. Kurtz, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

MLKkew
Attachment
Cc: Certificate of Service

ECONOMIC DEVELOPMENT AND REASONABLE ARRANGEMENT

This Economic Development and Reasonable Arrangement (“Arrangement” or “Contract”) is between JSW Steel Ohio Inc., which is authorized to conduct business in the State of Ohio, and its successors and assigns (“JSW Steel Ohio” or “Customer”), and Ohio Power Company (“AEP Ohio” or “Company”), an electric utility duly organized and validly existing under the laws of Ohio, and its successors and assigns, and is effective as set forth below.

WITNESSETH

WHEREAS, the Company currently provides electric service to the Customer at the facility located at 1500 Commercial Avenue, Mingo Junction, OH 43938, currently billed under Company Account No. 0747892007, with such service subject to this Contract as of the June 2018 billing cycle;

WHEREAS, the Customer asserts that it wishes to restart its steelmaking operations at the Jefferson County facility, which requires access to and successful deployment of capital predicated, in part, on the Customer's ability to secure a reliable supply of electricity pursuant to terms and conditions that will provide it with a reasonable and predictable price over a term sufficient to justify a significant capital expenditure; and

WHEREAS, in order to obtain such a supply of electricity, Customer and Company submitted to the Public Utilities Commission of Ohio (“Commission”) a Joint Application For Approval of an Economic Development and Reasonable Arrangement in Commission Case No. 17-2132-EL-AEC (the “Application”) and a Joint Stipulation and Recommendation recommending that the Application be approved without modification (“Stipulation”).

WHEREAS, the Commission approved the Application as set forth in the Stipulation without modification in its Opinion and Order issued May 2, 2018 in Commission Case No. 17-2132-EL-AEC (the “Order”).

NOW, THEREFORE, in consideration of the Order, the Company and the Customer enter into this Contract.

- I. Effective Date and Term.** The Effective Date of this Contract shall be May 2, 2018. The Contract shall be in effect until May 31, 2024 pursuant to the terms of the Economic Development and Reasonable Arrangement proposed in the Application and Stipulation as approved by the Commission in its Order.
- II. Pricing.**
 - a. Once the Electric Arc Furnace (“EAF”) starts commercial operation, Customer will receive a monthly rate credit as set forth in the AEP Ohio New Industry interruptible power (“IRP”) tariff approved by the Commission on April 25, 2018 in Case No. 16-1852-EL-SSO based upon Customer’s actual interruptible demand up to a maximum of 120 MW of Customer’s interruptible load. The 120 MW total can include the rolling mill, Continuous Caster, and/or EAF load. In order to receive the monthly IRP credit for the 120 MW total load, Customer will comply with the applicable terms and conditions of the New Industry IRP tariff that was approved on April 25, 2018 in Case No. 16-1852-EL-SSO. The costs of the IRP rate credit will be collected from customers in the same manner as other IRP tariff costs. Customer’s receipt of a monthly IRP rate credit pursuant to this provision will be subject to the total IRP credit cap of \$22.2 million established in Case No. 16-1852-EL-SSO.
 - b. Customer will have the opportunity to bid its interruptible capability into the PJM Reliability Pricing Model (“RPM”) auctions or participate in any other PJM demand response program occurring during the term of this Arrangement and to retain any revenue from PJM associated

with that interruptible capability.

- c. If the AEP Ohio New Industry IRP tariff that was approved on April 25, 2018 in Case No. 16-1852-EL-SSO, or its successor, is rejected, suspended, or terminated after the date upon which Customer begins taking service under the tariff, then Customer shall have the option to continue to receive an interruptible rate credit under the same terms and conditions set forth in the rejected, suspended, or terminated New Industry IRP tariff throughout the term of the Arrangement and subject to the New Industry IRP credit cap.
- d. If the monthly rate credit received by Customer under the IRP tariff is not sufficient to completely offset 85% of Customer's monthly transmission and distribution (collectively, "wires") charges, then Customer will receive an additional monthly Economic Development rate credit in an amount necessary to offset 85% of Customer's wires charges. The Economic Development rate credit calculation will exclude state kilowatt hour tax charges, which Customer will self-assess. The costs of any Economic Development rate credit will be collected through AEP Ohio's Economic Development Rider ("EDR"). The total Economic Development rate credit received by Customer during the term of the Arrangement will be capped at \$26.2 million.
- e. Customer agrees not to file a request at the Commission asking to amend this Arrangement by increasing the Economic Development rate credit cap set forth herein or to seek a new unique arrangement with respect to the facility as described in the Application effective before June 1, 2024. Additionally, although R.C. 4905.31 allows otherwise, Customer shall not renew this Arrangement nor begin a new unique arrangement with respect to the facility as described in the Application for two years after the expiration of this Arrangement. Nonetheless, if after the expiration of this Arrangement, but before the end of the two-year stay out described herein, one of the following events occurs, or has occurred in the case of part (ii) of this paragraph, Customer may apply for a new unique arrangement: (i) changes in the applicable legal or regulatory structure for electric service occur that materially and adversely affect Customer; (ii) increases of 25% or more in total wires charges for Customer's facility occur over any 24-month period after the effective date of the Arrangement; (iii) material growth or expansion opportunities occur at Customer's facility that will create significant economic development in the area; or (iv) the Commission approves an economic development or unique arrangement for an entity in competition with Customer. Notwithstanding any other provision of the Arrangement or the Stipulation, if Customer plans to construct a second EAF, then it shall be permitted to seek a new economic development or unique arrangement with respect to the second EAF.
- f. Customer will retain the right to participate in AEP Ohio's Basic Transmission Cost Rider ("BTCR") pilot program, or its successor, as a member of the Ohio Energy Group throughout the term of the Arrangement. If AEP Ohio's BTCR pilot program, or its successor, is suspended or terminated during the term of the Arrangement, then Customer and Company will jointly attempt to develop a replacement program that would allow, subject to Commission approval, Customer to reduce its transmission expense by managing its transmission peak demand and that replicates the BTCR pilot as much as reasonably practicable.
- g. In order to ensure that Customer makes some contribution to AEP Ohio's fixed costs, this Arrangement cannot result in a negative monthly bill for Customer. If the IRP credit would otherwise result in a negative monthly bill for Customer in the absence of any Economic Development rate credit, then any IRP revenue cap established in Case No. 16-1852-EL-SSO as it pertains to this Arrangement will be reduced only by the amount necessary to produce zero wires charges for Customer in that month.
- h. Customer commits to have a minimum of 270 full-time employees at the EAF, LMF, HSM and Continuous Caster within three years of its EAF starting commercial operation. If this job commitment is not achieved, without valid justification, then the Commission may reduce the \$26.2 million Economic Development revenue cap in proportion to the percentage of job commitment that was not achieved (e.g. if Customer's job commitment is missed by 2%, then the

total Economic Development revenue cap may be reduced by 2%). Customer will provide annual reports to Commission Staff and OCC on the status of employment levels. The annual reports will include the number of full-time equivalent contract employees directly related to the EAF operation. AEP Ohio shall continue to bill Customer under the terms of the approved Arrangement until otherwise directed by the Commission.

- i. Customer commits to invest a minimum of \$60 million in the JSW Steel Ohio facility (EAF, LMF, HSM and continuous caster) within one year of its EAF starting commercial operation, including any investments in the facility undertaken prior to the commencement of this Arrangement. If this capital investment commitment is not achieved, without valid justification, then the Commission may reduce the \$26.2 million Economic Development revenue cap in proportion to the percentage of capital investment commitment that was not achieved (e.g. if Customer's capital investment commitment is missed by 2%, then the total Economic Development revenue cap may be reduced by 2%). This proportional Economic Development revenue reduction would be in addition to any reduction due to missed job numbers. Customer will provide annual reports to Commission Staff and OCC on the status of its capital investment in the facility. AEP Ohio shall continue to bill Customer under the terms of the approved Arrangement until otherwise directed by the Commission.
- j. Customer shall have the right to opt out of AEP Ohio's energy efficiency and peak demand reduction programs as provided in S.B. 310.

III. Assignment. The Arrangement, including all rights and obligations hereunder, shall be fully assignable by Customer to any new owner or operator of the plant with the consent of AEP Ohio, which consent shall not be unreasonably withheld, and the Commission.

IV. Notice. Any notice required or desired by either party to be given hereunder shall be made:

If to the Company at:

Ohio Power Company
1 Riverside Plaza, 29th Floor
Columbus, OH 43215-2373
Attn: Steven T. Nourse

If to the Customer at:

JSW Steel Ohio Inc.
1500 Commercial Avenue, P.O. Box 99
Mingo Junction, OH 43938
Attn: Steven D. Guzy, General Manager
Mark Bolinger, Manager of Purchasing

Michael L. Kurtz
Jody Kyler Cohn
Boehm Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

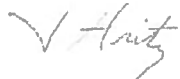
Either party may submit to the other party a written notice of a change in location, address, or title of contact person and such notice shall serve to modify this provision of the Contract. Any communications required to be in writing pursuant to this Contract may be delivered by first class U.S. Mail, courier service or commonly used forms of electronic communication (e.g., fax or email) consistent with the provisions set forth in this Section 7. Notice shall be deemed to be received upon actual receipt if delivered by courier, fax or email, or three (3) days after postmarked if sent by first class U.S. Mail, postage prepaid.

V. Termination Rights. Any time during the term of the Agreement, Customer can elect to terminate the Arrangement with prior written notice to AEP Ohio and the Commission. Such termination may not take effect at the earliest until the first day of the billing period following written notice to AEP Ohio. If Customer does not follow applicable terms and conditions of AEP Ohio's tariffs, then AEP

Ohio will have good cause to request that the Commission terminate the Arrangement.


- VI. Repayment.** Customer shall not be required to repay any credit received or accrued under this Contract except as authorized by this Contract or in the case where: 1) Customer fails to substantially and materially comply with the requirements of Paragraph IV(B)(8) or Paragraph IV(B)(9) of the Stipulation; or 2) Customer commits fraud or misrepresentation.
- VII. Dispute Resolution.** If a dispute arises out of this Contract, the parties agree first to try in good faith to settle the dispute. If settlement is not possible and the dispute relates to a subject matter which is within the Commission's exclusive or primary jurisdiction, the matter shall be taken to the Commission. If the dispute concerns a question outside of the Commission's jurisdiction, and the parties are unable to resolve such dispute through negotiations then either party may initiate litigation in the appropriate court or forum.
- VIII. Mutual Cooperation.** The Customer and the Company agree to provide mutual and timely support for purposes of effectively administering this Contract. Such support shall include, without limitation, reasonable and timely access to documents and personnel of the other party.
- IX. Governing Law and Continuing Jurisdiction.** The validity, construction and performance of this Contract shall be determined in accordance with the laws of the State of Ohio not taking into account any conflict of law provisions.
- X. Interpretation.** The Contract, all addendums, exhibits and documents referenced or incorporated by reference herein, and the Company's standard tariffs (including the terms and conditions of service), as applicable to Customer and as amended from time to time by the Commission, sets forth the entire agreement between the parties. In the event of any conflict between the Company's standard tariffs and this Contract, the Contract shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their duly authorized officers or representatives as of the day and year first above written.



JSW Steel Ohio Inc.
6/29/18

Date



Ohio Power Company
6/27/2018

Date

CERTIFICATE OF SERVICE

In accordance with Rule 4901-1-05, Ohio Administrative Code, the PUCO's e-filing system will electronically serve notice of the filing of this document on the parties referenced on 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 (via electronic mail) on the 3rd day of July, 2018 to the following:



Michael L. Kurtz, Esq.
Jody Kyler Cohn, Esq.

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This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 17-2132-EL-AEC

Summary: Correspondence Letter with copy of executed final contract of Acero Junction and Ohio Power implementing Reasonable Arrangement. electronically filed by Mr. Michael L. Kurtz on behalf of Acero Junction Inc.