

FILE**Hunter, Donielle**

From: ContactThePUCO@puc.state.oh.us
Sent: Tuesday, August 04, 2009 2:07 PM
To: Docketing
Subject: Docketing
Attachments: MJAC073109PN 4031527.pdf

Public Utilities Commission of Ohio
Investigation and Audit Division

Memorandum

Date: 8/4/2009

Re: Mike Jacoby
710 Colgate Dr

Marietta, OH 45750

RECEIVED-DOCKETING DIV
2009 AUG -5 AM 9:00

PUCO

Docketing Case No.: 09-516-EL-AEC

Notes:

Please docket the attached in the case number above.

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8/5/2009



SOUTHEASTERN OHIO PORT AUTHORITY

RECEIVED

Southeastern Ohio Port Authority
W5CC
710 Colegate Drive
Marietta, OH 45750

July 28, 2009

JUL 31 2009

P. 740.568.1958
F. 740.373.7496
www.pioneerspirit.us

Alan R. Schriber, Chairman
Public Utilities Commission of Ohio
80 E. Broad St.
Columbus, OH 43215

Office of Chairman
P.U.C.O.

Re: Case #09-516-EL-AEC

Dear Chairman Schriber:

Mike Jacoby, CEO
Executive Director

Jane Nelson
Executive Assistant

Board of Directors

David Haas
Chairman
Morrison, Inc.

Booby Page
Vice Chairman
Kraton Polymers

Tom Webster
Secretary-Treasurer
McCauley, Webster & Emmitt

Mark Bradley
Vice Secretary-Treasurer
Peoples Bancorp, Inc.

Dave Anner
Pioneer Pipe

Jim Black
Business Consultant

Ronald Cusley
The Peoples Savings Bank

Jack Haessly
Haessly Hardwood
Lumber Co.

Charlotte Hatfield, PhD
Washington State
Community College

Nancy R. Hollister
Former Lt. Governor

Larry Unroe
Business Consultant

For several years I have worked with Eramet Marietta, Inc., historically one of Washington County's largest employers, as the company struggled to reinvest in new technology and remain competitive in Ohio's newly deregulated electric generation environment. Eramet Marietta is the largest user of electricity in the Mid-Ohio Valley. Eramet's 70 megawatt load is roughly equivalent to the electric usage of 56,000 households. The Eramet Marietta facility was originally part of Union Carbide, and the selection of Washington County for this major industrial facility in the early 1950s was no doubt tied to its geographic proximity to the Ohio River, coal and the ability to have low cost electricity.

Affordable electricity is the most critical determinant of the viability of Eramet Marietta, which is already struggling with a downturn in business due to the global recession. Long before Eramet contemplated any filing with the PUCO, local management emphasized to me that electricity is the second largest operating cost to Eramet Marietta. Since August 2004, the company's average electric power price has increased 85% - costing the plant an additional \$14 million per year. The current electricity rate plan for AEP, recently approved by the commission, would mean an additional 16% increase in power costs for the facility in 2009.

As you know, Eramet Marietta is the country's only producer of ferromanganese and one of only two U.S. producers of silicomanganese. These materials are sold as commodities on a global market, and Eramet cannot easily just adjust the price of their product to account for new electric rate increases.

Where The Pioneering Spirit Lives

Mr. Schriber
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While employment at Eramet is down from over 400 to 230 employees, the company still remains a significant contributor to the economy of the region and state. In 2008, Eramet injected approximately \$120 million into the economy through purchased goods, services, payroll and taxes.

A failure to provide affordable power into the future would likely lead to the closure of the plant, devastating the regional economy. In light of the facts, I believe Eramet has filed a reasonable rate request arrangement with AEP's Columbus Southern Power Company. I also believe it is prudent public policy to grant such a request.

It should also be noted that for economic and environmental reasons, the local management and many members of the Marietta community have for years worked to encourage the parent company in France to invest in more efficient and environmentally friendly manufacturing technologies. Last summer, the management, workers and larger Washington County community were all greatly relieved to hear the parent company had approved plans for over \$100 million in capital improvements at the facility that would allow Eramet to be more competitive with lower air emissions. The plan had several phases and was contingent upon economics and regulatory approvals. Eramet has already made some investments; others have been delayed in light of the economic downturn and uncertainty of electric costs.

Eramet has committed in its application to invest \$40 million in capital projects if given a reasonable and stable electricity pricing structure. It would be particularly painful to lose this opportunity to secure a cleaner more efficient facility into the future. I urge you to look favorably upon Eramet's application and act quickly to secure reasonable power rates. I also request that this letter of support be docketed for consideration in the official record of the application.

Sincerely,



Mike Jacoby, CEcD
Executive Director

cc: PUCO Commissioners