

FILE

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

FAX

**In the Matter of the Fuel Adjustment
Clauses for Columbus Southern Power
Company and Ohio Power Company**

) Case No. 09-872-EL-FAC
) Case No. 09-873-EL-FAC

**In the Matter of the Application of
Columbus Southern Power Company and
Ohio Power Company to Modify Their
Standard Service Offer Rates**

) Case No. 09-1906-EL-ATA

**In the Matter of the Application of
Columbus Southern Power Company and
Ohio Power Company to Recover
Commission-Authorized Deferrals Through
Each Company's Fuel Adjustment Clause**

) Case No. 09-1094-EL-UNC

**In the Matter of the Application of
Columbus Southern Power Company and
Ohio Power Company to Adjust Their
Economic Development Cost Recovery
Rider Rates**

) Case No. 09-1095-EL-UNC

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**ORMET PRIMARY ALUMINUM CORPORATION'S REPLY
TO COLUMBUS SOUTHERN POWER COMPANY'S AND OHIO POWER
COMPANY'S MEMORANDUM CONTRA**

On December 15, 2009, Columbus Southern Power Company ("CSP") and Ohio Power Company ("OP") ("collectively "AEP Ohio") filed their memorandum contra Ormet's motion for a hearing. The arguments set forth in AEP Ohio's memorandum contra are unpersuasive and should be rejected, and the Commission should set these proceedings for hearing.

Although, as AEP Ohio argues, Staff has noted that the caps on increases in customer bills are to be applied on a customer class basis such that individual customers may see increases in their bills which are greater than or less than the caps set forth by the Commission, nevertheless, such calculations should be performed in a just and reasonable manner. AEP Ohio has not offered a satisfactory explanation for why it believes that it is appropriate to calculate the

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revenue requirement applicable to Ormet separately from the calculation of the revenue requirement for the rest of its GS-4 customers, but then to apply the GS-4 rate to Ormet. This discrepancy in the treatment of Ormet creates a result where AEP Ohio collects more from Ormet under the GS-4 rate than is indicated by the Ormet-specific revenue requirement calculation. If there is reason not to include Ormet in calculating the overall increase to each Company's GS-4 tariff rates, then AEP Ohio should not apply the GS-4 FAC rate to Ormet, but should apply an Ormet-specific FAC rate. AEP Ohio's failure to apply a consistent methodology to its calculations concerning Ormet increase the amount of revenue AEP Ohio will collect and creates the possibility that AEP Ohio may be over-collecting.

AEP Ohio also appears to argue that the standard tariff rates are irrelevant to the rate Ormet pays because Ormet will pay a special rate under its Unique Arrangement with AEP Ohio. While this was the case through the end of 2009 because Ormet's rates for 2009 have been fixed for the entire year under the Interim Agreement and then under the Unique Arrangement, it is not the case for 2010. Beginning in 2010, under the Unique Arrangement, the rate that Ormet will pay will not be a fixed rate, but will be a rate that would be discounted from the GS-4 tariff rate if the London Metal Exchange ("LME") price of aluminum stays low. If LME prices increase above the Target Price set under the Unique Arrangement, Ormet will be paying a premium above the GS-4 tariff rate. Thus, the GS-4 tariff rate applicable to Ormet directly impacts the rates that Ormet will pay in 2010, and the higher that rate is, the more Ormet (or AEP Ohio's other customers paying delta revenues) will pay. Additionally, the discount that Ormet will receive in 2010 is capped at \$60 million. If the market price of aluminum increases sufficiently in 2010, then under the Unique Arrangement, there is a possibility that Ormet will consume less than the full amount of the discount, which would reduce the amount AEP Ohio's other

ratepayers are required to pay through the EDR rider. This possibility is made more remote, however, the higher that that GS-4 tariff rate applicable to Ormet climbs.

Finally, Ormet supports the motion to consolidate of the Industrial Energy Users-Ohio ("IEU-Ohio") and their argument that under the orders issued in AEP Ohio's electric security plan ("ESP") cases, the economic development rider should be subject to the Commission-mandated limitations on AEP Ohio's rate increases.

WHEREFORE, Ormet respectfully requests that the Commission set these matters for hearing.

Respectfully submitted,



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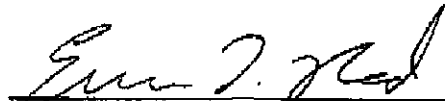
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Dated: December 22, 2009

CERTIFICATE OF SERVICE

I hereby certify that a copy of Ormet Primary Aluminum Corporation's Reply to Columbus Southern Power Company's and Ohio Power Company's Memorandum Contra were served by U.S. Mail upon counsel identified below for all parties of record this 22nd day of December, 2009.


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TOTAL NUMBER OF PAGES TRANSMITTED, INCLUDING THIS SHEET: 5

MESSAGE•

RE: In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company Case Nos. 09-872-EL-FAC and 09-873-EL-FAC; In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Modify Their Standard Service Offer Rates Case No. 09-1906-EL-ATA; In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Recovery Commission-Authorized Deferrals Through Each Company's Fuel Adjustment Clause Case No. 09-1094-EL-UNC; In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Rates Case No. 09-1095-EL-UNC.

Enclosed please find Ormet Primary Aluminum Corporation's Reply to Columbus Southern Power Company's and Ohio Power Company's Memorandum Contra.

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