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PUCO

September 14, 2011

The Public Utilities Commission of Ohio
Docketing Division, 11th Floor
180 East Broad Street
Columbus, OH 43215

Dear Chairman Snitchler and PUCO Commissioners:

I am writing in regard to the PUCO Staff Proposal for an Economic Development Tariff Template that was issued by the Public Utilities Commission of Ohio in July of this year. As Chief Executive Officer of Ormet, I am very familiar with the impact that energy prices can have on a business and the critical role played by state policy makers in developing an energy contract that permits a company to compete and grow.

Ormet applauds the efforts of Staff in attempting to streamline the process for seeking an economic development rate from utilities in the state for customers with limited resources. However, Ormet is concerned that the template, as proposed, may be used to limit the availability of reasonable arrangements rather than fostering them, and that with its exclusive focus on new job creation, it overlooks the importance and cost effectiveness of job retention.

It is critical that the Commission clarify that any such template ultimately adopted by the Commission would neither supersede existing reasonable arrangements, nor preclude customers from proposing alternative reasonable arrangements that better meet their needs. It is also extremely important that any template acknowledge that Ohio Revised Code Section 4905.31(E) specifically permits reasonable arrangements to be entered into for the purposes of job retention in addition to new job creation. Preservation of existing jobs of Ohio citizens should be as high a priority as creation of new jobs.

In 2008 and 2009, Ormet negotiated with AEP a unique power agreement with AEP Ohio that was approved by the PUCO in 2009. For purposes of this letter the specifics of the power agreement are not important, but it is considerably more complicated than many other economic development contracts -- the dynamics of the international market in which Ormet competes required a much more complex solution than is contemplated in the proposed template. Without our unique power agreement, Ormet would not be operating today. That is not an exaggeration, and it highlights the importance of the role that reasonable arrangements can play in preserving existing Ohio jobs.

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The PUCO should be proud of what they accomplished by approving our power agreement. It is a case in point for the value of these arrangements. Here are some facts about Ormet.

- We are the largest industrial user of electricity in the State of Ohio.
- We are the 2nd largest aluminum smelter in the United States.
- We employ approximately 1000 people at our Monroe County plant.
- Our current wages and salaries are approximately \$62 million annually.
- Our retirement benefits, health insurance, contributions to Social Security and Medicare combined are almost as much as our wages and salaries.
- Our Ohio taxes paid or withheld exceed \$8.5 million annually.
- When secondary jobs in the region dependent upon Ormet's Hannibal facilities are taken into account, Ormet's total annual net impact in the region is estimated to be 3,117 jobs and \$238 million in total employee compensation.

Again, none of this would exist had we not been able to negotiate a unique power agreement that allows us to compete.

Thank you for the opportunity to comment and convey on behalf of our 1000 employees the vital importance of these unique power agreements and our appreciation for the Commission's help in getting us back up and running.

Sincerely,



Mike Tanchuk
President & CEO