

FILE

SNR DENTON 

RECEIVED-DOCKETING DIV

2011 OCT -3 AM 9: 27

Emma F. Hand  
202.408.7094  
emma.hand@snrdenton.com  
October 1, 2011

PUCO

VIA FEDERAL EXPRESS

Public Utilities Commission of Ohio  
Docketing Division  
180 East Broad Street  
Columbus, Ohio 43215-3793

Re: Enclosed Document for Filing in Case No. 09-119-EL-AEC

Dear Sir or Madam:

Enclosed on behalf of Ormet Primary Aluminum Corporation ("Ormet") please find an original and seven (7) copies of Schedule A for 2012, as permitted under section 5.03 to the power agreement between Ormet Corporation and Columbus Southern Power Company and Ohio Power Company (collectively "AEP Ohio") submitted in Case No. 09-119-EL-AEC. Two additional copies are enclosed to be date-stamped and returned to me in the enclosed, self-addressed Federal Express envelope.

The Power Agreement between Ormet and AEP Ohio requires Ormet to submit its Schedule A by October 1, 2011 for calendar year 2012. Schedule A contains a Target LME of \$2,846 per metric tonne, as compared to the 2011 Target LME of \$3,392 per metric tonne. The decrease of \$546 per metric tonne, a 16.1% reduction, is due to several factors, both positive and negative.

The Target LME Price was decreased by several factors. Recent LME prices for aluminum, as indicated by the forward curve, are less optimistic than the forecasters' projections, but the anticipated market price for aluminum in 2012 is still sufficient to support Ormet's current plan to operate all six lines for the entire year. The impact on free cash flow of increasing the operating configuration from four to six lines resulting in full employment at Hannibal, decreased the Target LME by \$433 per metric tonne. The alumina market is constrained and we saw significant increases in the price of alumina in 2011 which resulted in Ormet restarting the Burnside Refinery which had been idled since 2006. This submittal is based on transferring alumina at cost from Burnside to the Hannibal facilities, which reduced the Target LME by \$183 per metric tonne. The operating configuration significantly reduced the Working Capital build in 2012 which contributed an additional \$165 per metric tonne.

There were several factors that somewhat mitigated the decrease in the Target LME. The first factor adversely affecting the Target LME Price is the change in AEP's estimated blended GS-4 Rate delivered to Ormet being \$51.17 per MWh for 2012 compared to the estimated 2011 rate of \$48.02 per MWh, which increases the Target LME by \$49 per metric tonne. Other unfavorable items include increased costs for anodes \$39 per metric tonne, increased investment

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.  
Technician  Date Processed 10-03-11

for capital required for operating at capacity \$146 per metric tonne and higher pension and VEBA contributions \$37 per metric tonne.

The combination of all of these factors resulted in the net decrease of the Target LME Price of \$546 per metric tonne.

Thank you for your assistance in this matter. If you have any questions please contact me at the telephone number above.

Sincerely,

A handwritten signature in black ink that reads "Emma F. Hand". The signature is written in a cursive style with a large, looped initial "E".

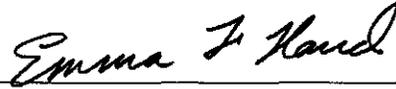
Emma F. Hand

Enclosure

<b>ORMET ALUMINUM ELECTRICITY RATES For the Calendar Year 2012</b>	
<b>LME PRICE</b> (If the LME Price (\$/tonne) is)	<b>ORMET RATE</b> (Then Ormet shall pay (\$/MWh))
Less than the Target LME Price	AEP Ohio Tariff Rate minus \$0.05081/MWh for each \$1/tonne less than the Target LME Price
<b>Target LME Price = \$2,846</b>	<b>AEP Ohio Tariff Rate = \$51.17/MWh</b>
Greater than the Target LME Price but not more than \$300 above the Target LME Price	AEP Ohio Tariff Rate plus 4% = \$53.22
Greater than \$300 above the Target LME Price	AEP Ohio Tariff Rate plus 8% = 55.26
<p><b>NOTES:</b></p> <ol style="list-style-type: none"> <li>The AEP Ohio Tariff Rate reflects the amount Ormet would pay based on a 98.5% load factor if 50% of its load were billed based on the Ohio Power Company Schedule GS-4 Transmission Bundled Service and 50% of its load were billed based on the Columbus Southern Power Company Schedule GS-4 Bundled Service.</li> <li>In the event that the AEP Ohio Tariff is modified prior to or during 2012, this schedule shall be modified as follows to reflect a new Target LME Price consistent with the revised AEP Ohio Tariff Rate: <p style="text-align: center;"><math>TP_1 = TP_0 + (TR_1 - TR_0) / 0.05081</math></p> <p>Where:</p> <p><math>TP_1</math> = Revised Target Price  <math>TP_0</math> = 2012 Target LME Price (i.e., \$2,846/tonne)  <math>TR_1</math> = Revised AEP Ohio Tariff Rate based on a 98.5% load factor  <math>TR_0</math> = Anticipated 2012 AEP Ohio Tariff Rate based on a 98.5% load factor (i.e., \$51.17/MWh)</p> </li> </ol>	

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing filing has been served upon the below-named persons via regular U.S. Mail Service, postage prepaid, this 30<sup>th</sup> day of September, 2009.



Emma F. Hand  
Attorney for Ormet Primary Aluminum Corporation

**SERVICE LIST**

Steven T. Nourse  
American Electric Power Corporation  
1 Riverside Plaza  
Columbus, OH 43215  
stnourse@aep.com

David F. Boehm  
Michael Kurtz  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202  
dboehm@BKLawfirm.com  
mkurtz@BKLawfirm.com

Samuel C. Randazzo, Counsel of Record  
McNees Wallace & Nurick LLC  
21 East State Street, 17<sup>th</sup> Floor  
Columbus, OH 43215-4228  
sam@mwncmh.com

John W. Bentine  
Mark S. Yurick  
Chester Wilcox & Saxbe LLP  
65 East State Street, Suite 1000  
Columbus, OH 43215  
jbentine@cwslaw.com  
myurick@cwslaw.com

Maureen Grady  
Ohio Consumers' Counsel  
10 West Broad Street, Suite 1800  
Columbus, OH 43215  
grady@occ.state.oh.us

Duane Lucky  
Thomas McNamee  
Attorney General's Office  
Public Utilities Commission of Ohio  
180 E. Broad Street, 9<sup>th</sup> Floor  
Columbus, OH 43215  
Thomas.McNamee@puc.state.oh.us

Robert B. Fortney  
Public Utilities Commission of Ohio  
180 E. Broad Street  
Columbus, OH 43215  
Bob.Fortney@puc.state.oh.us