

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

<b>In the Matter of the Application of Ormet</b>	)	
<b>Primary Aluminum Corporation for</b>	)	
<b>Approval of a Unique Arrangement with</b>	)	<b>Case No. 09-119-EL-AEC</b>
<b>Ohio Power Company</b>	)	

**TESTIMONY OF DAVID R. MCCALL**

**Q1. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.**

A1. My name is David R. McCall. I am employed as the director of United Steelworkers ("USW") District 1 which covers the State of Ohio. My business address is 777 Dearborn Park Lane, Suite J, Columbus, OH 43085.

**Q2. WHAT IS THE RELATIONSHIP BETWEEN THE UNITED STEELWORKERS DISTRICT 1 AND ORMET PRIMARY ALUMINUM CORPORATION?**

A2. USW has represented the bargaining unit employees at Ormet's facility at Hannibal, Ohio for decades and has seen the ups and downs of the business through difficult market conditions. Ormet currently employs 900 bargaining unit people directly and several thousand people indirectly who supply services or goods to Ormet and its contractors. The unemployment rate in Monroe County in May was 9.6%, and there are few jobs that pay the kind of community-sustaining wages that Ormet currently pays.

**Q3. IS IT YOUR UNDERSTANDING THAT ORMET IS ATTEMPTING TO EMERGE FROM BANKRUPTCY A SECOND TIME?**

A3. Yes.

1 **Q5. IF ORMET WERE NOT ABLE TO EMERGE FROM BANKRUPTCY AND HAD**  
2 **TO BE LIQUIDATED, WOULD THE ORMET EMPLOYEES HAVE READILY**  
3 **AVAILABLE OPPORTUNITIES FOR GAINFUL EMPLOYMENT**  
4 **ELSEWHERE?**

5 A5. As I indicated previously the unemployment rate in the area is substantial and  
6 opportunities are few.

7 **Q6. IF ORMET WERE NOT ABLE TO EMERGE FROM BANKRUPTCY, ARE**  
8 **THERE ANY OTHER GROUPS WHO WOULD BE AFFECTED?**

9 A6. Yes. Ormet also supports thousands of community jobs that depend on the spending of  
10 our employees to maintain their employment. Thus, when Ormet declared bankruptcy, it  
11 was not just an isolated problem for a few people; it threatened the whole community.

12 **Q7. DURING THE PERIOD OF ORMET'S BANKRUPTCY, WERE ANY CHANGES**  
13 **MADE TO THE LABOR AGREEMENT BETWEEN ORMET AND THE USW?**

14 A7. Yes, the USW looked carefully at the circumstances at Ormet, considered the needs of its  
15 members and retirees, and negotiated modified labor agreements which fit the  
16 reorganization requirements at Ormet. We believe that these changes to our labor  
17 agreements, which were ratified by our members, will give Ormet an opportunity to  
18 survive current conditions and succeed long term. The pension liability along with  
19 Ormet's obligation to the retiree VEBA Trust which supports retiree healthcare costs will  
20 be reduced by \$184 million dollars. Similarly, as a result of the bankruptcy process  
21 Ormet's term loan lender reduced their debt by \$94 million dollars. By making the  
22 difficult decisions now, we secure future opportunities for long term viability.

23 **Q8. IS THERE A BUYER FOR ORMET TO BRING IT OUT OF BANKRUPTCY?**

1 A8. Yes.

2 **Q9. WHAT IS KEEPING ORMET FROM EMERGING FROM BANKRUPTCY?**

3 A9. My understanding is that the buyer of Ormet does not have to take the company out of  
4 bankruptcy unless the price of energy is competitive. Electricity makes up more than a  
5 third of the cost of aluminum. The bankruptcy court order specifically conditions the  
6 buyer's obligation to take Ormet out of bankruptcy on an amendment to the current  
7 unique arrangement. As a result, Ormet has asked that during the balance of 2013 that the  
8 price be fixed at its first quarter 2013 price and that Ormet be allowed to buy power on  
9 the open market starting January 2014.

10 **Q10. WHAT DO YOU RECOMMEND TO THIS COMMISSION?**

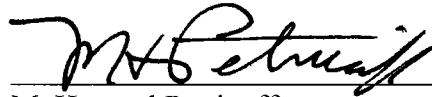
11 A10. I recommend that the Commission grant the emergency and non-emergency relief  
12 requested by Ormet on June 14, 2013 and to modify the price that Ormet must pay for  
13 electricity. The absence of exercising emergency and non-emergency relief could mean  
14 that Ormet may fall into liquidation which would have horrific financial consequences for  
15 its employees, retirees and the Monroe County community.

16 **Q11. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A11. Yes, it does.

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing document has been served upon the persons below via electronic mail this 6th day of August, 2013.

A handwritten signature in black ink, appearing to read "M. Howard Petricoff", written over a horizontal line.

M. Howard Petricoff

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Summary: Testimony Testimony of David R. McCall electronically filed by M HOWARD PETRICOFF on behalf of Ormet Primary Aluminum Corporation