

# VORYS

Vorys, Sater, Seymour and Pease LLP  
Legal Counsel

16  
52 East Gay Street  
P.O. Box 1008  
Columbus, Ohio 43216-1008

614.464.6400 | www.vorys.com

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Stephen M. Howard  
Direct Dial (614) 464-5401  
Direct Fax (614) 719-4772  
Email smhoward@vorys.com

September 5, 2013

Ms. Barcy F. McNeal, Secretary  
Public Utilities Commission of Ohio  
180 E. Broad St., 11th Floor  
Columbus, OH 43215-3793

Re: Case No. 09-119-EL-AEC  
Redacted Exhibits and Transcript Pages

Dear Ms. McNeal:

I am filing redacted versions of the confidential exhibits and transcript pages from the August 27-28 2013 hearing in the above styled proceeding.

The redacted transcript pages include all but the confidential information contained on pages 205 and 215-218 as well as OCC exhibit 3 and 4 in part.

This public version of the transcript pages and the OCC exhibits can be placed in the public for review. A motion for protective order has been filed addressing the redacted information and three copies of the unredacted transcript pages and exhibits have been submitted under seal.

Thank you in advance for your consideration.

Sincerely yours,

*Stephen M. Howard*

Stephen M. Howard  
Attorneys for Ormet Primary Aluminum Corporation

SMH/jaw

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1 the annual prices.

2 A. Okay.

3 Q. And would you agree with me that your  
4 margin of error from your forecast for annual 2012  
5 prices in April 2011 was 53.47 percent?

6 A. Correct. Correct.

7 Q. Thank you.

8 And with respect to your forecast for  
9 2013 prices for the annual, you projected a price in  
10 April and July of 2011 for the annual price for 2013  
11 of \$[REDACTED]; is that correct?

12 A. Correct. Yeah.

13 Q. And what is your projection of 2013  
14 prices in total now currently?

15 A. Today? It's [REDACTED].

16 Q. Would you agree with me that in  
17 forecasting aluminum prices there are always factors  
18 that can't be accurately predicted?

19 A. There are factors that you cannot  
20 anticipate, yes.

21 Q. Would you agree that one factor that you  
22 didn't accurately predict for the current market  
23 cycle was the psychological effect Europe had on the  
24 market?

25 A. Yeah, we didn't anticipate that effect.

1           A.    This is the Aluminum Intelligence report  
2   that we released in July of this year.

3           Q.    And would you agree that this document  
4   provides the basis for the forecast you include in  
5   your testimony?

6           A.    Yes.

7           Q.    Could you turn to page 11 of IEU-Ohio  
8   Exhibit No. 5.

9           A.    Yes.

10          Q.    And if you look at HARBOR base case  
11   scenario, under the column for 2014 and 2015, do  
12   those numbers match up with the forecast in your  
13   testimony?

14          A.    Yes, they -- hold on.

15                Yes, they match.

16          Q.    And HARBOR attaches a 50 percent  
17   probability that the base case scenario will occur,  
18   correct?

19          A.    Correct.

20          Q.    And if you look underneath that, HARBOR  
21   attaches a 40 percent probability that the downside  
22   scenario will occur, correct?

23          A.    Correct.

24          Q.    The downside scenario for 2014 is \$ [REDACTED],  
25   correct?

1 A. Correct.

2 Q. And the downside scenario for 2015 is  
3 \$[REDACTED], correct?

4 A. Correct.

5 Q. So the difference between the base case  
6 and the downside in 2014 is \$[REDACTED] correct?

7 A. Correct.

8 Q. And in 2015 the difference is \$[REDACTED]  
9 correct?

10 A. Correct.

11 Q. Could you turn to page 5, please, of that  
12 document.

13 A. Yes.

14 Q. Would you agree that the June-July report  
15 decreased the probability of the base case scenario  
16 occurring in 2013 through 2015 from 60 percent to  
17 50 percent?

18 A. Correct.

19 Q. And HARBOR raised the probability of the  
20 downside scenario occurring from 2013 to 2015 from  
21 30 percent to 40 percent, correct?

22 A. Correct.

23 Q. Would you agree that HARBOR's June-July  
24 report also lowered its price forecast for the base  
25 case scenario in 2013 from \$[REDACTED] to [REDACTED]?

1 A. Correct.

2 Q. And would you agree that the June-July  
3 report lowered its price forecast for the downside  
4 scenario for 2013 from \$[REDACTED] to \$[REDACTED]?

5 A. Correct.

6 Q. The June-July report lowered its price  
7 forecast for the 2014 downside scenario from \$[REDACTED] to  
8 \$[REDACTED]

9 A. Correct.

10 Q. Please turn back to page 11.

11 A. Okay, I'm here.

12 Q. On the second line down where it says  
13 "Average Forecast." The average forecast is the  
14 average LME forecast from 60 different analysts,  
15 correct?

16 A. Correct.

17 Q. And the average forecast provided that  
18 aluminum prices will average \$[REDACTED] in 2014 and  
19 \$[REDACTED] in 2014, correct?

20 A. Correct.

21 Q. Sorry, I think I stated that incorrectly.  
22 You understood that I meant 2015 in the second part  
23 of that question, correct?

24 A. Oh, can you rephrase it, please?

25 Q. Sure. The average of those forecasts

1 provided that the aluminum prices will average  
2 \$[REDACTED] in 2014 and \$[REDACTED] in 2015, correct?

3 A. Correct.

4 Q. Mr. Vazquez, would you agree that  
5 disappointing global end-user demand in China, the  
6 U.S., India, Brazil, and Europe has increased bearish  
7 sentiment in the market toward aluminum given  
8 overproduction and overcapacity and unprecedented  
9 overhang of aluminum?

10 A. Can you repeat it, please?

11 Q. You would agree that disappointing global  
12 end-user demand in China, U.S., India, Brazil, and  
13 Europe has increased bearish sentiment the market has  
14 toward aluminum given the overproduction,  
15 overcapacity, and unprecedented overhang of aluminum.

16 A. Correct. At that point in time that was  
17 the case, yes.

18 Q. And you agree that there is currently a  
19 record oversupply of aluminum.

20 A. We have a record nominal overhang of  
21 metal, but in terms of weeks of consumption, we  
22 don't. So if we are talking about nominal level  
23 aluminum metrics, we do have a record, but in terms  
24 of how many weeks of consumption that equals to, we  
25 don't. So it depends on what metric we want to use.

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Harbor Aluminum  
Forecasts v. Actual  
Base Case (Realistic) Scenario  
Feb 2009 to August 2013

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Month	Actual Price
Feb-09	1,329.00
Mar-09	1,335.00
Apr-09	1,424.00
May-09	1,458.00
Jun-09	1,573.00
Jul-09	1,667.00
Aug-09	1,931.00
Sep-09	1,833.00
Oct-09	1,878.00
Nov-09	1,949.00
Dec-09	2,181.00
Jan-10	2,234.00
Feb-10	2,048.00
Mar-10	2,205.00
Apr-10	2,318.00
May-10	2,047.00
Jun-10	1,931.00
Jul-10	1,988.00
Aug-10	2,113.00
Sep-10	2,162.00
Oct-10	2,346.00
Nov-10	2,332.00
Dec-10	2,354.00

Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
Feb '09	% Error	May '09	% Error	Sep '09	% Error	Jan '10	% Error	April '10	% Error
1275	-4.49%								
1350	-5.20%								
1450	-0.55%								
1650	4.90%	1550	-1.46%						
1650	-1.02%	1600	-4.02%						
1800	-6.78%	1700	-11.96%						
1800	-1.80%	1750	-4.53%						
1900	1.17%	1800	-4.15%	1900	1.17%				
2000	2.62%	1900	-2.51%	2070	6.21%				
2000	-8.30%	2000	-8.30%	2250	3.16%				
		1950	-12.71%	2420	8.33%				
		2000	-2.34%	2315	13.04%	2100	2.54%		
		2080	-5.67%	2350	6.58%	2280	3.40%		
		2170	-6.38%	2600	12.17%	2438	5.18%		
		2250	9.92%	2885	40.94%	2600	27.02%	2420	18.22%
		2130	10.31%	2815	45.78%	2697	39.67%	2350	21.70%
		2350	18.21%	2985	50.15%	2770	39.34%	2570	29.28%
		2440	15.48%	2890	36.77%	2847	34.74%	2747	30.00%
		2375	9.85%	2800	29.51%	2815	30.20%	2715	25.58%
		2520	7.42%	2840	21.06%	2840	21.06%	2740	16.79%
		2650	13.64%	3020	29.50%	2931	25.69%	2831	21.40%
		2690	14.27%	3000	27.44%	2980	26.59%	2880	22.34%

Harbor Aluminum  
Forecasts v. Actual  
Base Case (Realistic) Scenario  
Feb 2009 to August 2013

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Month	Actual Price	Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
		Aug '10	% Error	Oct '10	% Error	Nov '10	% Error	Dec '10	% Error	Jan '11	% Error	Mar '11	% Error
Sep-10	2,162.00	2100	-2.87%										
Oct-10	2,346.00	2230	-4.94%										
Nov-10	2,332.00	2300	-1.37%	2400	2.92%								
Dec-10	2,354.00	2340	-0.59%	2440	3.65%	2350	-0.17%						
Jan-11	2,440.00	2450	0.41%	2450	0.41%	2450	0.41%	2480	1.64%				
Feb-11	2,508.00	2520	0.48%	2520	0.48%	2520	0.48%	2550	1.67%	2520	0.48%		
Mar-11	2,552.00	2450	-4.00%	2450	-4.00%	2450	-4.00%	2480	-2.82%	2480	-2.82%		
Apr-11	2,669.00	2530	-5.21%	2530	-5.21%	2530	-5.21%	2560	-4.08%	2560	-4.08%	2610	-2.21%
May-11	2,592.00	2650	2.24%	2650	2.24%	2650	2.24%	2680	3.40%	2680	3.40%	2550	-1.62%
Jun-11	2,555.00	2450	-4.11%	2450	-4.11%	2450	-4.11%	2480	-2.94%	2480	-2.94%	2480	-2.94%
Jul-11	2,512.00	2400	-4.46%	2400	-4.46%	2400	-4.46%	2430	-3.26%	2430	-3.26%	2430	-3.26%
Aug-11	2,391.00	2490	4.14%	2490	4.14%	2490	4.14%	2520	5.40%	2520	5.40%	2520	5.40%
Sep-11	2,297.00	2410	4.92%	2410	4.92%	2410	4.92%	2440	6.23%	2440	6.23%	2440	6.23%
Oct-11	2,172.00	2500	15.10%	2500	15.10%	2500	15.10%	2530	16.48%	2530	16.48%	2530	16.48%
Nov-11	2,074.00	2675	28.98%	2675	28.98%	2675	28.98%	2705	30.42%	2705	30.42%	2705	30.42%
Dec-11	2,020.00	2800	38.61%	2800	38.61%	2800	38.61%	2830	40.10%	2830	40.10%	2830	40.10%



Harbor Aluminum  
Forecasts v. Actual  
Base Case (Realistic) Scenario  
Feb 2009 to August 2013

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Month	Actual Price	Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
		April '11	% Error	Jul '11	% Error	Sep '11	% Error	Oct '11	% Error	Nov '11	% Error	Dec '11	% Error
May-11	2,592.00	2625	1.27%										
Jun-11	2,555.00	2550	-0.20%										
Jul-11	2,512.00	2490	-0.88%										
Aug-11	2,391.00	2570	7.49%	2485	3.93%								
Sep-11	2,297.00	2510	9.27%	2600	13.19%								
Oct-11	2,172.00	2600	19.71%	2628	20.99%	2240	3.13%						
Nov-11	2,074.00	2785	34.28%	2780	34.04%	2330	12.34%	2130	2.70%				
Dec-11	2,020.00	2900	43.56%	2900	43.56%	2420	19.80%	2250	11.39%	2100	3.96%		
Jan-12	2,144.00			2986	39.27%	2500	16.60%	2500	16.60%	2400	11.94%	2100	-2.05%
Feb-12	2,204.00			3078	39.66%	2570	16.61%	2570	16.61%	2470	12.07%	2162	-1.91%
Mar-12	2,183.00			3104	42.19%	2614	19.74%	2614	19.74%	2514	15.16%	2318	6.18%
Apr-12	2,047.00			3149	53.83%	2653	29.60%	2653	29.60%	2553	24.72%	2440	19.20%
May-12	2,000.00			3073	53.65%	2600	30.00%	2600	30.00%	2500	25.00%	2500	25.00%
Jun-12	1,885.00			2999	59.10%	2525	33.95%	2525	33.95%	2425	28.65%	2440	29.44%
Jul-12	1,874.00			3137	67.40%	2596	38.53%	2596	38.53%	2496	33.19%	2580	37.67%
Aug-12	1,838.00			3134	70.51%	2615	42.27%	2615	42.27%	2515	36.83%	2555	39.01%
Sep-12	2,054.00			3032	47.61%	2563	24.78%	2563	24.78%	2463	19.91%	2592	26.19%
Oct-12	1,975.00			3091	56.51%	2680	35.70%	2680	35.70%	2580	30.63%	2650	34.18%
Nov-12	1,943.00			3149	62.07%	2708	39.37%	2708	39.37%	2608	34.23%	2715	39.73%
Dec-12	2,087.00			3267	56.54%	2734	31.00%	2734	31.00%	2634	26.21%	2780	33.21%

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[illegible]

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Harbor Aluminum  
Forecasts v. Actual  
Base Case (Realistic) Scenario  
Feb 2009 to August 2013

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	Actual Price
Year	
2009	1,664.00
2010	2,173.00
2011	2,398.00
2012	2,020.00
2013	
2014	
2015	

Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
Feb '09	% Error	May '09	% Error	Sep '09	% Error	Jan '10	% Error	April '10	% Error
1635	-1.74%	1605	-3.55%	1682	1.08%				
		2300	5.84%	1743	-19.79%	2629	20.98%	2505	15.28%

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	Actual Price	Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
		Aug '10	% Error	Oct '10	% Error	Nov '10	% Error	Dec '10	% Error	Jan '11	% Error	Mar '11	% Error
Year													
2009	1,664.00												
2010	2,173.00	2155	-0.83%	2186	0.60%	2174	0.05%	2173	0.00%				
2011	2,398.00	2527	5.38%	2527	5.38%	2527	5.38%	2557	6.63%	2551	6.38%	2550	6.34%
2012	2,020.00	2700	33.66%	2700	33.66%	2700	33.66%	2700	33.66%	2700	33.66%	2900	43.56%
2013													
2014													
2015													

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	Actual Price	Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
		April '11	% Error	Jul '11	% Error	Sep '11	% Error	Oct '11	% Error	Nov '11	% Error	Dec '11	% Error
Year													
2009	1,664.00												
2010	2,173.00												
2011	2,398.00	2600	8.42%	2602	8.51%	2459	2.54%	2422	1.00%	2405	0.29%	2399	0.04%
2012	2,020.00	3100	53.47%	3100	53.47%	2613	29.36%	2613	29.36%	2513	24.41%	2486	23.07%
2013													
2014													
2015													

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Harbor Aluminum  
 Forecasts v. Actual  
 Base Case (Realistic) Scenario  
 Feb 2009 to August 2013

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	Actual Price
Year	
2009	1,664.00
2010	2,173.00
2011	2,398.00
2012	2,020.00
2013	
2014	
2015	

Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast		Harbor Forecast	
Jan '13	% Error	Feb '13	% Error	Apr '13	% Error	Jun '13	% Error	Aug' 13	% Error