

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application for Approval of : Case No.
an Amendment to a Contract : 15-327-EL-AEC
for Electric Service between :
Ohio Power Company and :
Globe Metallurgical, Inc. :

- - -

PROCEEDINGS

Before Bryce A. McKenney and Nicholas Walstra,
Attorney Examiners, held at the offices of the
Public Utilities Commission of Ohio, 180 East
Broad Street, Hearing Room 11-D, Columbus, Ohio,
on Wednesday, May 6, 2015, at 2:30 P.M.

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APPEARANCES:

Vorys, Sater, Seymour and Pease LLP
By Mr. M. Howard Petricoff
52 East Gay Street
Columbus, Ohio 43216-1008

On behalf of Globe
Metallurgical, Inc., Applicant.

Mr. Steven T. Nourse
1 Riverside Plaza
Columbus, Ohio 43215

On behalf of Ohio Power Company.

Mr. Thomas W. McNamee
Assistant Attorney General
180 East Broad Street
Columbus, Ohio 43215

On behalf of the Staff of the
Public Utilities Commission
of Ohio.

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DIRECT CROSS

GLOBE METALLURGICAL WITNESSES

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Wednesday Afternoon,
May 6, 2015.

- - -

ATTORNEY EXAMINER WALSTRA: The Public Utilities Commission of Ohio has called for hearing at this time and place Case No. 15-327-EL-AEC being In the Matter of the Application for Approval of an Amendment to a Contract for Electric Service between Ohio Power Company and Globe Metallurgical Incorporated.

My name is Nick Walstra, with me is Bryce McKenney. We are the Attorney Examiners assigned by the Commission to hear this case.

I would like to begin by taking appearances of the parties. On behalf of Globe.

MR. PETRICOFF: Yes, your Honor. On behalf of Globe Metallurgical, Inc. M. Howard Petricoff from the law firm of Vorys, Sater, Seymour and Pease, 52 East Gay Street, Columbus, Ohio.

ATTORNEY EXAMINER WALSTRA: Thank you. On behalf of Ohio Power Company.

MR. NOURSE: Thank you, your Honor. On behalf of Ohio Power Company, Steven T.

1 Nourse, 1 Riverside Plaza, Columbus, Ohio 43215.

2 ATTORNEY EXAMINER WALSTRA: Thank
3 you. On behalf of Staff.

4 MR. MCNAMEE: On behalf of
5 the Staff of the Public Utilities Commission of
6 Ohio, Michael Dewine, Attorney General of the
7 State of Ohio, I am Thomas W. McNamee, Assistant
8 Attorney General, counsel in this case. The
9 address is 180 East Broad Street, Columbus,
10 Ohio.

11 ATTORNEY EXAMINER WALSTRA: Thank
12 you. I understand the parties have agreed to a
13 stipulation; is that correct?

14 MR. PETRICOFF: That's correct, your
15 Honor.

16 ATTORNEY EXAMINER WALSTRA: Thank
17 you. Do we have a witness available in support
18 of that?

19 MR. PETRICOFF: Yes, Your Honor. At
20 this time Globe would like to call to the stand
21 Russ Lang.

22 ATTORNEY EXAMINER WALSTRA: Thank
23 you.

24 (WITNESS SWORN)

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RUSS LANG

called as a witness on behalf of Globe Metallurgical, being first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. Petricoff:

Q. Mr. Lang, could you please state your name, business address and title for the record?

A. My name is Russ Lang, I am the corporate energy manager for Globe Metallurgical, 1595 Starling Road, Beverly, Ohio 45715.

Q. And on whose behalf do you appear today?

A. Globe Metallurgical.

Q. Okay. Could you please describe the business activities of Globe Metallurgical?

A. Sure. Globe produces silicon metal and silicon based alloys for the chemical industry, steel industry, and the foundry industry.

Q. And does it have a facility in Ohio, and if so could you describe that?

A. Yes. Our facility is in Beverly,

1 Ohio.

2 Q. Okay. And how many people are
3 employed at Globe Metallurgical?

4 A. We presently employ 237 people at
5 our Ohio facility.

6 Q. And how does Globe obtain its
7 electric service today?

8 A. Currently we are an interruptible
9 customer, unique arrangement customer, serviced
10 by American Electric Power.

11 Q. And how many employees did Globe
12 have prior to entering into the unique
13 arrangement?

14 A. Prior to our existing arrangement
15 our employment level was right around 180
16 people.

17 MR. PETRICOFF: Your Honor, I would
18 like to have marked as Global Exhibit No. 1 the
19 application in the matter at bar.

20 ATTORNEY EXAMINER WALSTRA: So
21 marked.

22 (EXHIBIT MARKED FOR THE PURPOSE OF
23 IDENTIFICATION)

24 Q. Mr. Lang, do you have a copy of
25 Globe Exhibit No. 1 with you?

1 A. Yes, I do.

2 Q. And could you please describe that
3 document and identify it for the record?

4 A. Yes. This is our application for
5 the one year extension of our arrangement that
6 was filed in early February.

7 Q. Okay. And when did you file the
8 arrangement?

9 A. February 13th.

10 Q. Okay. And were there any
11 interventions or comments filed in response to
12 the application?

13 A. AEP Ohio filed as an intervenor, but
14 there were no other comments by anyone else at
15 that time.

16 Q. Could you just briefly describe what
17 the key items are that are in the application?

18 A. In the application Globe requested a
19 one year extension for the existing arrangement
20 which is a flat rate per megawatt hour. And
21 this arrangement asked to extend that for one
22 year with an escalator in the price.

23 Q. Okay. Did you have, when I say you
24 it's you plural Globe, did you have discussions
25 with American Electric Power after

1 the intervention in this matter?

2 A. Yes.

3 Q. What about the Staff of the
4 Commission?

5 A. Yes. We had several conversations
6 with Staff as well.

7 Q. And did these conversations lead to
8 a stipulated amendment to the application?

9 A. Yes, it did.

10 MR. PETRICOFF: Your Honor, at this
11 time I would like to have marked as Joint
12 Exhibit No. 1 the Stipulation and Recommendation
13 in the matter at bar.

14 ATTORNEY EXAMINER WALSTRA: So
15 marked.

16 (EXHIBIT MARKED FOR THE PURPOSE OF
17 IDENTIFICATION)

18 Q. Mr. Lang, what is your experience
19 buying electricity and natural gas?

20 A. I have been employed at our facility
21 in Ohio for 25 years, and since basically day
22 one electricity contract has been under my
23 umbrella, so I have been involved in buying
24 electricity and natural gas for that duration.

25 Q. And as an active buyer of

1 electricity and natural gas for 25 years do you
2 have a familiarity with the regulations and
3 practices of that market?

4 A. Yes, I do.

5 Q. Okay. Could you describe for me the
6 changes between the application that are called
7 for in the Joint Exhibit No. 1, the stipulation?

8 A. Right. After several discussions
9 with the parties it was decided that Globe would
10 pay a fixed rate per megawatt hour for the wire
11 service supplied by the AEP Ohio.

12 Q. And would that be a discounted rate?

13 A. It would be a discounted rate off
14 the standard tariff offering for those services.
15 And we would continue to provide our roughly 85
16 megawatts of interruptible load as well.

17 Q. Are there any limits -- well, first
18 of all, the difference between the discounted
19 rate for wire service and the regular rate for
20 wire service, where will that delta revenue go?

21 A. That delta revenue will go to the
22 Economic Development Rider.

23 Q. And are there any limits to it that
24 are called for in the stipulation?

25 A. Yes, there is. There is a \$4

1 million hard cap on the delta revenue.

2 Q. Based on your experience in the
3 field would you say that this stipulation was a
4 product of serious bargaining among capable and
5 knowledgeable parties?

6 A. Yes, it was.

7 Q. Does the stipulation taken as a
8 package benefit ratepayers and the public
9 interest?

10 A. It does. It allows us to maintain
11 our employment level at our Beverly facility,
12 and allows our 85 megawatts of interruptable
13 load to be used during peak and emergency
14 purposes.

15 Q. And does the settlement package, to
16 the best of your knowledge, violate any
17 important regulatory principle or practice?

18 A. No, it does not.

19 MR. PETRICOFF: Your Honor, I have
20 no further questions of the witness.

21 ATTORNEY EXAMINER WALSTRA: Thank
22 you. Any cross-examination?

23 MR. NOURSE: No questions for Ohio
24 Power, Your Honor.

25 MR. MCNAMEE: No questions from the

1 Staff. Thank you.

2 ATTORNEY EXAMINER WALSTRA: Thank
3 you. You may step down.

4 THE WITNESS: Thank you.

5 MR. PETRICOFF: Your Honor, at this
6 time we move for addition into the record of
7 both Globe Exhibit No. 1 and the Joint Exhibit
8 No. 1.

9 ATTORNEY EXAMINER WALSTRA: Thank
10 you. Any objections?

11 MR. NOURSE: No objections.

12 MR. MCNAMEE: No objections.

13 ATTORNEY EXAMINER WALSTRA: They
14 will be admitted.

15 (EXHIBITS HEREBY ADMITTED INTO
16 EVIDENCE)

17 ATTORNEY EXAMINER WALSTRA: Anything
18 else to come before us?

19 MR. PETRICOFF: Nothing, Your Honor.

20 MR. MCNAMEE: Nothing from the
21 Staff.

22 ATTORNEY EXAMINER WALSTRA: Thank
23 you. In that case we are adjourned.

24 (At 2:45 P.M. the hearing was
25 concluded)

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings taken by me in this matter on May 6, 2015, and carefully compared with my original stenographic notes.

Michael O. Spencer,
Registered Professional
Reporter.

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/7/2015 3:23:13 PM

in

Case No(s). 15-0327-EL-AEC

Summary: Transcript in the matter of Ohio Power Company and Globe Metallurgical, Inc. hearing held on 05/06/15 electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Spencer, Michael O. Mr.