

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the :
Application of Globe :
Metallurgical Inc. for :
Approval of a Reasonable : Case No. 16-0737-EL-AEC
Arrangement for Its :
Beverly, Ohio Plant. :

- - -

PROCEEDINGS

before Mr. Nick Walstra and Mr. Bryce McKenney,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-A,
Columbus, Ohio, called at 10:00 a.m. on Wednesday,
October 19, 2016.

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APPEARANCES:

Vorys, Sater, Seymour and Pease, LLP
By Mr. Michael J. Settineri
and Mr. William A. Sieck
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008

On behalf of the Applicant.

Bruce E. Weston, Ohio Consumers' Counsel
By Ms. Jodi Bair,
Assistant Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215-3485

On behalf of the Residential Consumers of
the Ohio Power Company's Territory.

Carpenter Lipps & Leland LLP
By Ms. Kimberly W. Bojko
280 North High Street, Suite 1300
Columbus, Ohio 43215

On behalf of the Ohio Manufacturers'
Association Energy Group.

American Electric Power Service Corporation
By Mr. Steven T. Nourse
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215

On behalf of the Ohio Power Company.

Mike DeWine, Ohio Attorney General
By Mr. William L. Wright, Section Chief
Public Utilities Section
Mr. Steven Beeler
and Mr. Thomas McNamee,
Assistant Attorneys General
30 East Broad Street, 16th Floor
Columbus, Ohio 43215

On behalf of the Staff of the PUCO.

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1 Wednesday Morning Session,
2 October 19, 2016.

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4 EXAMINER WALSTRA: The Public Utilities
5 Commission of Ohio has called for hearing at this
6 time and place Case No. 16-0737-EL-AEC, being in the
7 Matter of the Application of Globe Metallurgical
8 Incorporated for Approval of a Reasonable Arrangement
9 for Its Beverly, Ohio Plant.

10 My name is Nick Walstra. With me is
11 Bryce McKenney. We are the Attorney Examiners
12 assigned by the Commission to hear this case.

13 We will begin by taking appearances of
14 the parties, and we'll start with the company.

15 MR. SETTINERI: Thank you, your Honor.
16 On behalf of Globe Metallurgical Inc., Michael
17 Settineri, William Sieck, law firm of Vorys, Sater,
18 Seymour and Pease, 52 East Gay Street, Columbus, Ohio
19 43215.

20 EXAMINER WALSTRA: Thank you. We'll just
21 go left to right.

22 MS. BAIR: Thank you, your Honor. On
23 behalf of the residential consumers of Ohio Power's
24 territory, Bruce Weston, Consumers' Counsel, Jodi
25 Bair, Assistant Consumers' Counsel, 10 West Broad

1 Street, Columbus, Ohio 43215.

2 EXAMINER WALSTRA: Thank you.

3 MR. BEELER: Thank you, your Honors. On
4 behalf of the Staff of the Public Utilities
5 Commission of Ohio, Attorney General Mike DeWine,
6 Steven Beeler and Thomas McNamee, Assistant Attorneys
7 General, 30 East Broad Street, 16th Floor, Columbus,
8 Ohio.

9 EXAMINER WALSTRA: Thank you.

10 MR. NOURSE: Thank you, your Honor. On
11 behalf of Ohio Power, Steven T. Nourse, 1 Riverside
12 Plaza, Columbus, Ohio 43215. Thanks for waiting for
13 me.

14 EXAMINER WALSTRA: No problem.

15 MS. BOJKO: Thank you, your Honors. On
16 behalf of the Ohio Manufacturers' Association Energy
17 Group, Kimberly W. Bojko with the law firm Carpenter
18 Lipps & Leland, 280 North High Street, Suite 1300,
19 Columbus, Ohio 43215.

20 EXAMINER WALSTRA: Thank you.

21 And I understand there was a stipulation
22 filed this morning. We are in receipt of that but if
23 you would like to speak to that, Mr. Settineri.

24 MR. SETTINERI: Yes, your Honor. We have
25 a stipulation that was filed this morning in the

1 proceeding. The stipulation has been signed by
2 Staff, Globe, as well as Ohio Power, and then OMAEG
3 has signed as a non-opposing party. So that
4 stipulation will be presented today and we would ask
5 that we -- Mr. Lang take the stand. He would present
6 his direct testimony, and then we would do the
7 stipulation testimony in person versus filed.

8 EXAMINER MCKENNEY: We note there is a
9 motion for a protective order along with the
10 stipulation so that will also be granted.

11 MR. SETTINERI: Thank you, your Honor.

12 EXAMINER WALSTRA: Do you want to go
13 ahead?

14 MR. SETTINERI: Yeah. One matter we
15 would like to start with first today Mr. Barry
16 Kornstein is a witness for Globe. He has prefiled
17 direct testimony along with an economic impact study.
18 We have -- he is an out-of-state witness and we spoke
19 to parties yesterday and our understanding is the
20 parties -- all parties in this proceeding do not have
21 cross for Mr. Kornstein today.

22 And with your Honors' permission and with
23 the agreement of the parties, we would like to
24 stipulate to the admission of Mr. Kornstein's
25 testimony with exhibits into the record today without

1 cross-examination, with your Honors' permission.

2 EXAMINER WALSTRA: Are there any
3 objections?

4 MS. BOJKO: No, your Honor.

5 EXAMINER WALSTRA: Hearing none -- and
6 you are wishing to mark that as Globe Exhibit 3?

7 MR. SETTINERI: Yes, yes, sir. Thank you
8 very much.

9 EXAMINER WALSTRA: That will be so marked
10 and it will be admitted.

11 MR. SETTINERI: And, your Honor, we would
12 also like to note we have -- Globe Exhibit 3 is the
13 public version of Mr. Kornstein's testimony and there
14 should be a Globe Exhibit 3C and that would be a
15 confidential version of Mr. Kornstein's testimony.
16 So we would ask to admit Globe Exhibit 3 and Globe
17 Exhibit 3C.

18 EXAMINER WALSTRA: Okay. They will both
19 be admitted, assuming there are no objections.

20 (EXHIBITS ADMITTED INTO EVIDENCE.)

21 MR. SETTINERI: Thank you, your Honor,
22 and thank you to the parties.

23 At this time, your Honor, if we could go
24 off the record briefly?

25 EXAMINER WALSTRA: Sure.

1 EXAMINER MCKENNEY: Let's go off the
2 record.

3 (Discussion off the record.)

4 EXAMINER WALSTRA: We'll go back on the
5 record and if you want to call your first witness.

6 MR. SETTINERI: Thank you. Thank you,
7 your Honors. At this time we would call Mr. Russell
8 Lang to the stand, please.

9 (Witness sworn.)

10 EXAMINER WALSTRA: Thank you. You may be
11 seated.

12 - - -

13 RUSSELL LANG

14 being first duly sworn, as prescribed by law, was
15 examined and testified as follows:

16 DIRECT EXAMINATION

17 By Mr. Settineri:

18 Q. Good morning, Mr. Lang.

19 A. Good morning.

20 Q. Could you please state your name and
21 business record -- business address for the record,
22 please.

23 A. Yes. Russell Lang, I work for Globe
24 Metallurgical, 1595 Sparling Road, Beverly, Ohio
25 45715.

1 MR. SETTINERI: And, your Honors, at this
2 time we would like to go ahead and mark some
3 exhibits.

4 EXAMINER WALSTRA: Okay.

5 MR. SETTINERI: We'll start first with
6 Globe Exhibit 1. That is the public version of the
7 direct testimony of Mr. Lang.

8 EXAMINER WALSTRA: So marked.

9 (EXHIBIT MARKED FOR IDENTIFICATION.)

10 MR. SETTINERI: We will then mark Globe
11 Exhibit 1C which is the confidential version of
12 Mr. Lang's testimony.

13 EXAMINER WALSTRA: So marked.

14 (EXHIBIT MARKED FOR IDENTIFICATION.)

15 MR. SETTINERI: We will mark Globe
16 Exhibit 2 which will be the public version of the
17 application for a reasonable arrangement in this
18 proceeding.

19 EXAMINER WALSTRA: So marked.

20 (EXHIBIT MARKED FOR IDENTIFICATION.)

21 MR. SETTINERI: We will mark as Globe
22 Exhibit 2C the confidential version of the
23 application for unique -- a reasonable arrangement.

24 EXAMINER WALSTRA: So marked.

25 (EXHIBIT MARKED FOR IDENTIFICATION.)

1 MR. SETTINERI: And then we would also
2 like to mark Joint Exhibit 1 which is the stipulation
3 in this proceeding, and then we would then like to
4 mark as Joint Exhibit 1C the confidential version of
5 the stipulation in this proceeding. One thing -- go
6 ahead.

7 EXAMINER WALSTRA: So marked.

8 (EXHIBITS MARKED FOR IDENTIFICATION.)

9 MR. SETTINERI: Thank you. One thing we
10 would like to draw the Bench's attention to is that
11 the initial application had delta revenue caps in
12 place for both annual and aggregate. We had asked
13 for a confidential treatment of those numbers. The
14 testimony we filed for Mr. Lang as well as the
15 stipulation, the public version, we are no longer
16 seeking confidential treatment of those cap numbers
17 for both annual and aggregate, but I wanted to bring
18 that to the Bench's attention.

19 EXAMINER MCKENNEY: Thank you.

20 EXAMINER WALSTRA: Thank you.

21 Q. (By Mr. Settineri) All right. Mr. Lang,
22 if I could turn -- you have before you the exhibit
23 that had been marked, correct?

24 A. Yes, I do.

25 Q. If you could turn to Globe Exhibit 1,

1 please. Do you have that before you?

2 A. I do.

3 Q. Could you identify that exhibit, please.

4 A. Yes. This is the public version of my
5 direct testimony.

6 Q. And if you could turn to Globe Exhibit
7 1C, could you please identify that for the record,
8 please.

9 A. Yes. This is the confidential version of
10 my direct testimony.

11 Q. And could you please identify for the
12 record Exhibit 2.

13 A. Yes. Exhibit 2 is the public version of
14 our arrangement.

15 Q. And just to be clear for the record,
16 Globe Exhibit 2 is the public version of the
17 application?

18 A. Of the application, correct.

19 Q. Thank you. And then turning to Globe
20 Exhibit 2C, could you identify that for the record,
21 please.

22 A. Yes. 2C is the confidential version of
23 our application.

24 Q. Okay. And as to your direct testimony
25 and the application, were those prepared by you or at

1 your direction?

2 A. Yes, they were.

3 Q. Okay. If you could turn to Joint Exhibit
4 1, if you could identify that for the record, please.

5 A. Yes. Joint Exhibit 1 is the public
6 version of the stipulation.

7 Q. And, finally, if you could please
8 identify for the record Joint Exhibit 1C, please.

9 A. Yes. Joint Exhibit 1C is the
10 confidential version of the stipulation.

11 Q. And were you involved in negotiations of
12 the stipulation?

13 A. Yes, I was.

14 Q. Turning back to your direct testimony, do
15 you have any corrections or revisions to your
16 testimony?

17 A. Yes, two small modifications. The first
18 is at page 1, line 19, after the sentence ending
19 "arrangement" and before the sentence beginning "I'll
20 also explain," I would like to add the following
21 sentence, "A copy of the public version of the
22 Application has been marked as Globe Exhibit 2, and a
23 copy of the confidential version of the Application
24 has been marked as Globe Exhibit 2C."

25 Q. And do you have any other changes or

1 revisions to your testimony today, sir?

2 A. Yes, one other at page 10, the second
3 answer of -- the second sentence of that answer
4 starting on line 14 and ending on line 15 should be
5 deleted.

6 Q. Okay. Do you have any other questions --
7 or any other changes or revisions to your testimony?

8 MS. BAIR: I'm sorry. I didn't hear that
9 last correction. They should be deleted?

10 THE WITNESS: Yes.

11 MS. BAIR: Lines 14 and 15?

12 THE WITNESS: Yes.

13 MS. BAIR: Thank you.

14 Q. (By Mr. Settineri) Just to be clear for
15 the record, why don't we go ahead -- why don't you
16 read that correction again for Ms. Bair.

17 A. At page 10, the second sentence of that
18 answer starting on line 14 and ending on line 15
19 should be deleted.

20 MR. SETTINERI: Jodi, do you have that?

21 MS. BAIR: Yes, thank you.

22 Q. Do you have any other changes or
23 revisions to your testimony at this time?

24 A. No. However, the stipulation that has
25 been filed in the case could supercede some of the

1 answers in my direct testimony. And also the
2 stipulation that we are presenting to the Commission
3 today is -- is really the application as amended by
4 the stipulation.

5 Q. So, in other words, what's being
6 presented to the Commission today is the application
7 as modified by the stipulation, correct?

8 A. That's correct, yes.

9 Q. Okay. If I was to ask you the questions
10 in your direct testimony today as you've modified --
11 I should say would your answer as you've modified
12 today be the same?

13 A. Yes.

14 Q. You mentioned the joint -- the
15 stipulation. If you could turn to Joint Exhibit 1,
16 please.

17 A. Okay.

18 Q. Just ask you some questions about that
19 starting, first, in your view does the stipulation
20 represent a product of serious bargaining among
21 capable and knowledgeable parties?

22 A. Yes, it does. We have had lengthy
23 discussions with all the various parties over a
24 several-month period and in trying to establish a
25 framework that would allow for a stipulation to be

1 reached in the case, and I think we've successfully
2 done that.

3 Q. And in your opinion does the stipulation
4 as a package benefit the public interest?

5 A. My opinion absolutely does. The
6 stipulation accomplishes several things. First of
7 all, it allows for continued employment at our
8 facility in an area -- distressed area of the state
9 that is known as Appalachia and these are above
10 pay -- above average paying manufacturing jobs. It
11 allows for continued investment by the company and
12 capital investments in the facility. It allows the
13 plant to have a competitive electricity rate as
14 compared to Globe's other facilities in the U.S., so
15 it not only keeps us competitive in the marketplace
16 but keeps us competitive even within our own company.

17 Mr. Kornstein's testimony on the economic
18 impact of the plant determined that the -- that the
19 job multiplier is roughly five for our facilities, so
20 every Globe job there are four other jobs created in
21 the state. So the Beverly plant being there
22 represents approximately 1,000 jobs in the State of
23 Ohio and over \$66 million worth of income from those
24 positions.

25 And then lastly is that the aggregate

1 delta revenue in this case has reduced -- been
2 reduced significantly in the stipulation versus what
3 was in the original application, so the impact on
4 residential customers over the long term will be
5 minimized.

6 Q. In your opinion does the stipulation
7 violate any important regulatory principles or
8 practices?

9 A. No, it does not.

10 MR. SETTINERI: Thank you, your Honors.
11 At this time the witness would be available for
12 cross-examination.

13 EXAMINER WALSTRA: We'll go off the
14 record for a second.

15 (Discussion off the record.)

16 EXAMINER WALSTRA: Any cross-examination?

17 MS. BAIR: None for OCC.

18 EXAMINER WALSTRA: Anyone?

19 MR. BEELER: None from staff, thank you.

20 EXAMINER WALSTRA: Thank you.

21 You're all set.

22 THE WITNESS: Thank you.

23 MR. SETTINERI: Yes.

24 EXAMINER WALSTRA: Move your exhibits?

25 MR. SETTINERI: Yes, your Honor. At this

1 time we would move for the admission of Globe Exhibit
2 1, Globe Exhibit 1C, Globe Exhibit 2, Globe Exhibit
3 2C, Joint Exhibit 1, and Joint Exhibit 1C, and I
4 believe Globe Exhibits 3 and 3C were previously
5 admitted.

6 EXAMINER WALSTRA: Any objections?

7 MS. BAIR: None.

8 MR. BEELER: None.

9 EXAMINER WALSTRA: Hearing none, they
10 will all be admitted.

11 (EXHIBITS ADMITTED INTO EVIDENCE.)

12 EXAMINER WALSTRA: Anything further?

13 MR. SETTINERI: Not from the company,
14 thank you, your Honors.

15 EXAMINER WALSTRA: Thank you.

16 OCC?

17 MS. BAIR: Yes, thank you, your Honor.

18 OCC would like to call Ross Willis to the stand,
19 please.

20 (Witness sworn.)

21 EXAMINER WALSTRA: Whenever you are
22 ready.

23 MS. BAIR: Thank you.

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WILLIAM ROSS WILLIS

being first duly sworn, as prescribed by law, was examined and testified as follows:

DIRECT EXAMINATION

By Ms. Bair:

Q. Would you please state your name and business address.

A. My name is William Ross Willis. My business address is 10 West Broad Street, Suite 1800, Columbus, Ohio 43215.

Q. For whom do you work and in what capacity?

A. I work for the Office of Ohio Consumers' Counsel. I am a senior regulatory analyst.

Q. Thank you. And do you have before you what has been marked as OCC Exhibit 1?

A. I do.

Q. And what is that OCC Exhibit 1?

A. It's my supplemental direct testimony with Attachment 1 of my direct testimony.

Q. Thank you. Was this prepared by you or under your direction?

A. Yes.

Q. Do you have any corrections to make to it?

1 A. No.

2 Q. If I were to ask you the questions today,
3 would your answers be the same as contained in
4 Exhibit 1?

5 A. Yes.

6 MS. BAIR: Thank you. He is available
7 for cross.

8 EXAMINER WALSTRA: Any cross-examination?

9 MR. SETTINERI: Your Honor, if we could
10 take just a few minutes just to catch up on reading
11 the testimony that was prefiled.

12 EXAMINER WALSTRA: Sure. Take 15
13 minutes.

14 EXAMINER McKENNEY: Go off the record.
15 (Discussion off the record.)

16 EXAMINER WALSTRA: Back on the record.
17 Any cross-examination?

18 MR. SETTINERI: Thank you, your Honor.
19 No, we do not have cross-examination for Mr. Willis.

20 EXAMINER WALSTRA: Mr. Beeler?

21 MR. BEELER: No cross, thank you.

22 EXAMINER WALSTRA: Thank you.

23 MS. BAIR: And, your Honor, I would like
24 to move OCC Exhibit 1 into evidence.

25 EXAMINER WALSTRA: Any objection?

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MR. SETTINERI: No, your Honor.

MR. BEELER: No, your Honor.

EXAMINER WALSTRA: It will be admitted.

(EXHIBIT ADMITTED INTO EVIDENCE.)

EXAMINER WALSTRA: Anything else?

MS. BAIR: Nothing.

EXAMINER WALSTRA: From anyone anything further?

MR. SETTINERI: No, your Honor. At this time we would just submit this matter to the Commission on the record with no brief.

EXAMINER WALSTRA: All right. Thank you. The Commission will take it under advisement, and we are adjourned. Thank you.

(Thereupon, the hearing was concluded at 10:45 a.m.)

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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 Wednesday, October 19, 2016, and carefully compared with my original stenographic notes.

Karen Sue Gibson, Registered
Merit Reporter.

(KSG-6261)

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This foregoing document was electronically filed with the Public Utilities

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Case No(s). 16-0737-EL-AEC

Summary: Transcript in the matter of the Globe Metallurgical Inc. hearing held on 10/19/16 electronically filed by Mr. Ken Spencer on behalf of Armstrong & Okey, Inc. and Gibson, Karen Sue Mrs.