

# AEP customers might pay Ormet's bills

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Monroe County in southeastern Ohio has lost its largest employer, and American Electric Power has lost its largest customer, with ramifications that continued to emerge yesterday.

Ormet Corp. said on Friday that it was shutting down its remaining production lines at the plant in Hannibal, leading to the loss of about 700 jobs.

The aluminum smelter along the Ohio River was the largest electricity user in AEP's 11-state territory. It also is in bankruptcy, with much of its 2012 and 2013 electricity charges unpaid.

Because Ormet cannot pay those bills, the unpaid balance might be passed on to the rest of AEP's customer base in Ohio.

This is a common practice for utilities, which are reimbursed for uncollectable balances through a charge on all customers' bills.

Terri Flora, an AEP Ohio spokeswoman, did not have an estimate of how much Ormet owes or any comment on whether AEP customers will need to pick up the slack.

At the same time, the apparent demise of Ormet means that the company will no longer receive an electricity subsidy that has added up to \$308 million in approved benefits since 2009. Each AEP Ohio household pays \$2 to \$3 per month for the subsidy, which is the largest of its type in the state.

It was not clear yesterday when the subsidy will stop being collected in monthly bills. This, like many other details, is being determined.

Ormet's managers decided to shut the plant down last week after the Public Utilities Commission of Ohio took action on the company's request for an increase in the subsidy. The increase the panel approved was not enough to allow the company to remain in business, the managers said.

The company struggled in recent years because of low aluminum prices and increases in the cost of electricity.

At full employment, Ormet had more than 1,100 employees, who came from Ohio and West Virginia.

State officials are taking steps to help the people who have lost their jobs, said Rob Nichols, spokesman for Gov. John Kasich. “The governor pulled his senior staff together Saturday to identify the state resources that can be deployed to help the workers and the community, and we worked over the weekend to set that in motion,” Nichols said. “A team of senior people were on the ground today to meet with the county commissioners and local workforce officials, and that work is ongoing.”

Although Ormet was AEP’s largest customer, the Columbus-based utility will not need to revise its financial outlook to deal with the shutdown, said spokeswoman Melissa McHenry.

“Because of their heavily discounted rates, our margins related to Ormet are so small that the shutdown does not impact our earnings-guidance range,” she said.

When all of Ormet’s six production lines were running, the plant accounted for 2 percent of AEP’s retail sales and 7 percent of its industrial retail sales. That is a huge share, considering that AEP has 5.3 million customers in 11 states.

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