



## OHIO STEEL COUNCIL URGES RETURN TO COST-BASED ELECTRICITY PRICING

As the state's largest energy consuming sector, Ohio's steel industry is applauding electricity legislation proposed by Gov. Ted Strickland and adopted by the Ohio Senate.

However, as the House takes up the bill, steelmakers are looking for assurance that the rate-making process will be transparent and that fair pricing and reliability will be ensured for the long term.

The legislation, Substitute S.B. 221, passed the Senate by a vote of 32-0 on October 31, 2007. The House of Representatives has said it intends to hold hearings extending into early 2008.

Failure by the House to act will cause Rate Stabilization Plans (RSPs) to expire at the end of 2008, with immediate, sharp increases in electricity as Ohio turns to a non-competitive market. According to several recent studies, the outcome would be, in effect, an unregulated monopoly.

"We commend the Strickland administration and the Senate for recognizing the gravity of this problem and acting with the necessary speed to pass the legislation," said Roger Lindgren, president and chief executive officer of V&M STAR and acting industry co-chairman of the Ohio Steel Council.

S.B. 221 would return Ohio to a cost-based pricing structure except in cases where utilities can prove that a competitive market for supplying electricity exists. The Ohio Coalition for Affordable Power, to which most steel producers belong, has endorsed the legislation, saying it will bring the pricing predictability which businesses need to plan and invest for the long term.

Once the legislation becomes law, the Public Utilities Commission will require the better part of a year to implement the change; that's why legislation must be enacted as soon as possible.

"Time is of the essence. Without new legislation, Ohioans will pay a high price, not only in electricity but also in missed growth and business opportunities," said Lindgren.

In other states where electricity has been permitted to operate in a market-based system, consumers have paid, on average, 30 percent more for electricity compared with



Six of the nine members of the Senate Energy and Public Utilities Committee review recently passed energy legislation. Seated: Senator Bob Schuler, chairman. Standing, left to right: Senators Tom Niehaus, Lance Mason, Ray Miller, Bob Spada and Jason Wilson.

regulated states, according to an Associated Press survey of federal data.

In Maryland, for example, when RSPs were permitted to expire, electricity prices skyrocketed, forcing Alcoa to shutter an aluminum smelter, with the loss of 600 jobs. Later, Alcoa opened smelters in Brazil and Trinidad.

In Pennsylvania, PP&L, one of the state's largest utilities, said it plans to raise rates as much as 30 percent in 2010 when price caps expire. Rates in Illinois have gone up by as much as 60 percent for some customers, while in Texas prices in 2006 were up 56 percent compared to 1999 before a market-based system took effect.

## KACZKA APPOINTMENT



Joseph A. Kaczka

The Ohio Steel Council welcomes Joseph A. Kaczka, vice president, finance and chief financial officer for Republic Engineered Products. Kaczka brings to the council more than 27 years of experience in the Ohio steel industry. In that time, he has established working relationships with steel company owners and played major roles in business restructurings, labor negotiations, and strategic and financial planning. He holds a B.A. and an M.B.A. in finance from the University of Pittsburgh.

## STEEL INDUSTRY SEEKS RULE CHANGE ON TRUCKING WEIGHT LIMITS

Ohio's steel producers are asking the state government to allow three – not just two – steel coils on trucks traveling in Ohio. They are also asking for an overall weight limit increase.

The Ohio Transportation Task Force, co-chaired by Sen. Kirk Schuring, who is a member of the Ohio Steel Council, was to hear testimony regarding the change. The Transportation Task Force will provide recommendations for changes as part of a year-end report to the legislature.

Dramatic improvements in trucking technology have enabled the industry to address issues such as safety and road wear and tear that brought about the original 1982 law governing weight limits. Trucks today are structurally more sound and the tires are better.

"There is now no good safety reason to limit trucks to two steel coils," said Steve Sobat, director of state governmental affairs for United States Steel Corporation Lorain Tubular Operations and PRO-TECH Coating Company.

"More coils per truck, in effect, reduces the number of trucks on the road, which means less congestion, less driver time, less cost to the consumer and improved energy efficiency," Sobat explained.

Current federal law permits trucks to haul a maximum weight of 80,000 pounds. However, the Ohio Department of Transportation may grant permits to carry two steel coils with a maximum weight of 120,000 pounds, or three coils with a maximum weight of 92,000 pounds.

Steel producers want the rules changed to allow up to three coils per truck with a maximum weight of 120,000 pounds.

Modifying the law would also benefit steel customers. With larger coils, steel users could change coils less frequently, thereby improving efficiency on the production line.

# STEEL INDUSTRY CAUTIONS READERS ABOUT OHIO EPA'S LIST



Gases from blast furnaces such as this one at ArcelorMittal Cleveland are captured and recycled to produce electricity.

Ohio steel producers believe a list of 100 "Top Toxic Release Inventory Reporters" compiled by the Ohio Environmental Protection Agency (OEPA) may mislead some readers. Further, it does not reflect the industry's tremendous environmental progress.

The list is part of the Ohio EPA's "Tox-Minus Pollution Reduction Initiative," a program encouraging Ohio companies to reduce the quantity of toxic materials they "release into the environment."

However, Ohio steel companies take considerable care to manage

toxic materials in an environmentally responsible fashion.

"While the Ohio EPA's *Tox-Minus* program may be a worthwhile and valuable initiative, we are concerned that the list itself may leave the impression that the steel industry is not environmentally responsible because it uses certain elements in the production of steel, which is just not the case," explained Roger Lindgren, president and chief executive officer of V&M STAR and acting industry co-chairman of the Ohio Steel Council.

Certain alloys used in steelmaking create byproducts, such as cadmium, zinc, vanadium and lead compounds, which must be reported to the U.S. EPA. Steel producers capture such byproducts in their emissions control systems and isolate them. Then, they send them to regulated facilities where they are either recycled and reused or disposed of in certified hazardous waste landfills.

"Many people do not realize how hard we work to isolate and control these materials. We are very proud of our advances in meeting or exceeding EPA environmental standards," Lindgren added.

Ohio EPA's "Top Toxic Release Inventory Reporters" is based on a federal EPA inventory of 650 chemicals used in manufacturing known as the Toxic Release Inventory (TRI). Companies are required to report to the U.S. EPA when they use any of the TRI chemicals in their production or treatment processes.

## STEEL PRODUCERS GAIN IN ENERGY EFFICIENCY, ENVIRONMENTAL STEWARDSHIP

- Ohio's steel producers have made great strides in energy efficiency and environmental stewardship in recent years.
- Water used in steel production is cleaner when it exits a steel plant than it is when it enters.
- The industry has reduced energy consumption by as much as 17 percent at some locations.
- By re-burning blast furnace gases, Ohio steel companies heat their own buildings, provide heat and steam for production operations, and generate 351,197 MkwH of new electricity per year.
- Steel producers prevent mercury, which is in older automobiles, from entering the steelmaking process.

Steel is the most recycled material on the planet. According to the latest figures from the Steel Recycling Institute, the worldwide recycling rate for steel is 68.7 percent.

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