Century Aluminum Rejects WV Power Proposal

The Associated Press

CHARLESTON, W.Va. (AP) — Century Aluminum Co. on Tuesday rejected a proposal meant to aid the restart of its West Virginia smelter.

The California-based metals producer announced that the electricity rate offer from the state Public Service Commission falls short.

The utility regulator proposed allowing a special electricity rate for Century's Ravenswood plant for up to 10 years. But the commission's ruling, issued last week, also kept Century ultimately responsible for making up the difference between that rate and actual power costs.

Century said it's looking at other ways to restart the plant, and is also asking the commission to reconsider its decision.

"The order includes several positive elements but, as it stands, is not sufficient for a smelter restart at this time," Century said in a statement. "As previously stated, Century is seeking an enabling power contract that would allow us to operate the plant continuously, well into the future. We regret that the current order does not meet that need."

Future aluminum prices played a major role in the 70-page PSC plan to restart the Ravenswood smelter. More than 650 workers were idled when the smelter closed in 2009. A re-opened plant would then help partly restore health benefits for hundreds of retirees, lost after the shutdown.

The commission's ruling also had kept intact a tax credit worth up to $20 million a year, approved by the Legislature earlier this year, that's also meant to help the smelter restart.

But unlike Century's proposal, the regulator's decision would have required the company to pay toward reducing rates for Appalachian Power's other customers once their special rate agreement ends. Century would have to track the differences between the special rate and a cost-based rate. If it had ended up paying more because of strong market prices, the first $200 million of the difference would have counted toward rate reductions and Century would keep 75 percent of any additional difference, providing the rest for the utility's other customers.

But if weak aluminum prices led to a negative balance in that tracking account, Century would have to pay that amount to Appalachian Power to help the utility offset the burden carried by its other customers.

PSC spokeswoman Susan Small said the commission won't comment until it sees a filing from Century.

Appalachian Power, a unit of American Electric Power Co., said in a statement late Tuesday it was studying the order and was planning to file a petition for reconsideration.

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