

News from the **Oklahoma Corporation Commission**

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HIGH-VOLTAGE JOBS

Corporation Commissioners approve a special contract expected to pump millions into Oklahoma's economy

OKLAHOMA CITY – The Oklahoma Corporation Commission has approved a special contract between Public Service Company of Oklahoma (PSO) and Elkem Metals Company that will result in more jobs and capital for Oklahoma's economy. The terms of the contract will allow Elkem to resume production at its calcium carbide facility in Pryor. The plant ceased production in 2001.

Commission Chairman Denise Bode says it's good news for all of Oklahoma.

“Testimony in the case shows that not only will the plan add approximately 50 jobs and a 2 million dollar payroll to the economy of Mayes County, the firm expects to spend some 8 to 15 million dollars a year in Oklahoma,” said Bode. “This case perfectly illustrates the essential role electric power plays in economic development efforts.”

Bode praised PSO, Elkem, and Commission staff for their work on the contract.

“This contract represents the kind of fresh, creative thinking we must have if Oklahoma is to reach its economic potential,” she added.

Commission Vice-chairman Bob Anthony agreed, calling the contract “innovative.”

“The agreement includes protections for other ratepayers, while at the same time allowing PSO to offer Elkem the kind of rates Elkem needs if it is to reopen the plant,” said Anthony.

Anthony said the agreement protects the wallets of PSO's ratepayers, since the Elkem contract will not change the costs paid by other customers. In addition it protects the service ratepayers expect and deserve.

“The contract allows PSO to interrupt service to the Elkem plant if, during times of high demand on the PSO system, that power is needed for other customers,” Anthony explained.

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Commissioner Jeff Cloud said the agreement shows what can be done when “a company steps up to meet the needs of customers.”

“Electric power is the highest cost raw material in the production of calcium carbide, accounting for approximately 40 to 50 percent of direct raw material costs,” Cloud noted. “Elkem’s only U.S. competitor in this field enjoys cheap hydroelectric service in its areas of operation, at rates below that which PSO could normally offer. The answer was this special contract based on interruptible service.”

The contract will cover a period of 4 years.

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