



FOUNDRY ASSOCIATION OF MICHIGAN

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EXECUTIVE SECRETARY



PRESIDENT

April 18, 2008

BILL TELLEFSEN
Betz Industries, Inc.
Grand Rapids, Michigan

Orjiakor N. Isiogu, Chairman
Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

DIRECTORS

JEFF COOK
Eagle Alloy, Inc.
Muskegon, Michigan

**SUBJECT: Case U-15245 – Proposed Phase Out of Consumers Energy
Metal Melting Rate Schedule J**

JIM FLASCK
Wolverine Bronze
Roseville, Michigan

Dear Commissioner Isiogu:

CORBIN GRIMES
FAM Treasurer
Coldwater, Michigan

The Foundry Association of Michigan (FAM) represents the majority of foundry and foundry-related businesses in Michigan. Our membership includes foundries of all sizes and types from those employing several hundred to a dozen or fewer employees. Foundries melt metal and pour it into molds to make parts of all shapes and sizes and for a multitude of applications.

STEVE HAY
Melting Solutions LLC
South Lyon, Michigan

CHUCK JULIAN
City Aluminum
Waterford, Michigan

Foundries are a critical component in our state's manufacturing economy; supporting the automotive, military, aircraft, medical, municipal infrastructure and other industries. Michigan foundries make everything from engine blocks and parts, motorcycle parts, military hardware, heavy equipment parts, medical equipment, municipal castings (hydrants, valves, etc.) wind turbine parts, and much more.

ROB KILLIPS
Great Lakes Castings Corp.
Ludington, Michigan

MIKE LENAHAN
Resource Recovery Corp.
Coopersville, Michigan

Our membership only recently became aware of Consumers Energy's proposal in Case U-15245 to "close the furnace metal melting discount to new customers, with the understanding that this discount will begin to be phased out following Consumers' next rate case" (Notice of Proposal For Decision in Case No. U-15245 at page 105). We strongly urge the Commission take no action on this proposal to eliminate or otherwise replace the current metal melting rates (Schedule J).

DAN OMAN
RMT
Ann Arbor, Michigan

GENE TUOHY
General Motors
Pontiac, Michigan

Recognizing the critical role foundries play in our state's and nation's economy, foundries (and others melting metal in their processes) have been provided with special metal melting rates in the DTE and Consumers service territories for decades. Further, the rationale for establishing and maintaining the current furnace and metal melting rates has not changed and is even more critical today than when originally established. (Case Nos. U-1231 and U-7743). The threat of global competition and subsidized foreign imports is continuing and relentless on foundries. Over the past ten years, China surpassed the United States as the #1 producer of metal castings. Michigan retains its position as one of the top 6 states producing metal castings in the U.S.

BOB ZAYKO
Carpenter Brothers, Inc.
Muskegon, Michigan

The Administrative Law Judge's March 31, 2008, Notice of Proposal For Decision in Case U-15245 to eliminate and replace the current metal melting tariff schedule (Rate J) would cripple Michigan foundries' ability to compete both nationally and globally. In the direct testimony of Hubert W. Miller III, (See 10Tr 1459), Mr. Miller clearly acknowledged the proposed change would result in "rate shock" and further noted that foundries would experience "an increase of roughly 80%." I was particularly struck by the ALJ's characterization of the elimination and replacement of current metal melting rate schedules as one of several "non-controversial changes" (Infra at Page 105).

The Michigan Economic Development Corporation has been working diligently to preserve the viability of Michigan foundries. When the CMI foundry in Cadillac was scheduled to close in 2005, a former executive worked with the MEDC, legislature and community leaders to form a new company (Cadillac Castings), and saved hundreds of jobs and millions of dollars in payroll and tax base. In September of 2007, the Governor announced that Allegheny Technologies Incorporated was revitalizing the closed Thunder Bay foundry in Alpena, investing \$15 million, creating 368 jobs and adding new equipment to build parts for wind turbines.

These outstanding efforts by the Governor, MEDC, Michigan Legislature and local communities to revitalize Michigan's foundry industry, preserve jobs and stabilize local economies could be jeopardized by the proposed 80% energy rate hike.

I respectfully urge the Michigan Public Service Commission to reject the proposal by Consumers Energy and the Administrative Law Judge to eliminate and replace the current furnace and metal melting rate (Schedule J).

Thank you for your thoughtful consideration of these comments on Case U-15245.

Respectfully,



William R. Lievens
Director – Legislative & Regulatory Affairs

Honorable Jennifer Granholm
Skip Pruss – Energy Policy Advisor – Office of the Governor
James Epilito, Chief Executive Officer - MEDC
Gary Kitts, Chief Administrative Officer - MPSC
Commissioner Steven A. Transeth
Commissioner Monica Martinez