

Century Aluminum marks anniversary of processing facility

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George Hohmann, Daily Mail business editor

Wayne Hale, Century Aluminum's executive vice president and chief operating officer, briefs state legislators, local leaders and representatives of the media on the benefits of aluminum. He said that 73 percent of all of the aluminum ever produced is still in use today.

Chris Viers, president of Local 5668-4 of the United Steelworkers of America, prepares to hammer protest signs into the ground near the entrance to Century's Ravenswood plant. Viers smiled when asked what the sign with "biscuits" and an arrow means. "That takes some explaining," he said. Century offered workers free food — sometimes a breakfast including biscuits — if the workers participated in the company's safety program and reported no accidents. RAVENSWOOD -- Century Aluminum marked the 50th anniversary of its smelter here with tours of the plant, monetary gifts to the communities of Ripley and Ravenswood, carnival rides, concerts and visits by several of the company's top executives.

Blue balloons festooned the main entrance to the plant and the entrance to the Century Employees Recreation Area off W.Va. 2 as hundreds of the plant's employees, their family members and retirees marked the occasion Saturday.

Wayne Hale, Century's executive vice president and chief operating officer, said at a briefing for state legislators, local leaders and representatives of the media that the plant's success is a testament to its employees' hard work. He said Century is "bound and determined" to see the plant remain successful and "I'm sure we can keep it so for another 50 years."

The Ravenswood plant has 660 employees. The average salary is \$50,700. The plant has a \$34 million annual payroll. It is the third-largest employer in Jackson County, after Alcan Rolled Products and the Board of Education.

Hale worked here from 1986 to 1989. "It's a place where I learned about people," he said. Hale most recently worked in Moscow, where he oversaw operations at 11 aluminum plants in Russia and Ukraine for Sual-Holding.

High energy costs have decimated the smelter industry in the United States, Hale said. In 1974, there were 34 smelters in the United States and they accounted for 34 percent of global aluminum production. Today there are only 13 smelters in the United States and they represent just 7 percent of global production, he said.

The Ravenswood plant is the oldest aluminum smelter operating in the United States. The plant has hundreds of steel pots -- electrolytic cells shaped like giant bathtubs. Anodes manufactured elsewhere in the plant are placed in the pots and the pots are filled with a bath of molten cryolite, which consists of sodium aluminum fluoride. When an electric current is passed through the bath, it generates the heat to keep the bath molten and causes alumina -- the powdery white oxide of aluminum -- to separate into aluminum and oxygen. The aluminum is then siphoned off.

Hale said alumina accounts for 37 percent of the plant's costs, while electricity accounts for 26 percent, labor accounts for 16 percent, carbon accounts for 8 percent and other raw materials

account for 12 percent. Because aluminum is a worldwide commodity, Century can't control the price it receives for its product, Hale said. Therefore, the company focuses on costs in order to keep the plant competitive. Although the price of aluminum is now high -- around \$1.10 a pound -- the price is cyclical and the company has to plan for the long term, knowing that the price can drop, Hale said.

The plant is Appalachian Power Co.'s largest customer in West Virginia. Century has a unique contract with the utility that runs through July 2009. Hale said that when the price of aluminum is high, Century pays Appalachian Power more than the utility's posted tariff for industrial customers. But when the price of aluminum is low, Century pays the utility less than the posted tariff. Ric Love, acting plant manager, said, "This contract changed this plant," because it gave the company an opportunity to plan for the long-term. Hale said Century and Appalachian Power are already evaluating the existing contract and working on renewing it. He said the electricity rates here are among the most competitive in the United States.

Most of the aluminum produced at Ravenswood is used next door at Alcan Rolled Products' rolling mill. The businesses were established as one unit in 1957, but split into two in 1999. Hale said Century just signed a new contract to supply Alcan through 2009. Century, like others in the aluminum smelter business, is expanding in locations where power costs are low. Century owns a giant smelter in Iceland powered with electricity generated using hydro and geothermal power. Century plans to have another in plant in operation in Iceland by 2013. Hale said it will be the only aluminum smelter in the world completely powered with electricity generated using geothermal power. Even though so much is being invested in lower-cost locations, "I am confident this plant will continue to survive," Hale said. "New investment in Iceland does not mean we will not re-invest here." Hale praised state and local political leaders. "In no other state where we operate do we get as much support as we get here," he said. State Sen. Mike Hall, R-Putnam, and State Del. Mitch Carmichael, R-Jackson, who attended the briefing, offered their support to the company.

Love said Century has invested \$32 million at Ravenswood since 1999, mostly on trying to find ways to more safely produce aluminum. He said the company is proud that the plant's recordable injury rate has been cut in half since 2002. Century has spent \$6.8 million on environmental projects at the plant since 2002, Love said. He said that since 1990, the company has been a member of a voluntary group that focuses on reducing greenhouse gas emissions.

Century executives on hand for the anniversary celebration, in addition to Hale and Love, were Steve Schneider, senior vice president, chief accounting officer and controller; Bob Bodycombe, director of operations, accounting and analysis; David Kjos, vice president of Century's operations in Iceland; and Mike Dildine, director of corporate communications. Local leaders on hand, in addition to Hall and Carmichael, were Sen. Karen Facemyer, R-Jackson, who also is president of the Polymer Alliance Zone; Ripley Mayor Carolyn Rader; Ravenswood Mayor Lucy Harbert; and Rolland Phillips, a senior manager in the West Virginia Development Office's Business and Industrial Development Division.

The Ravenswood plant's history includes a lot of labor strife. In August 2006, the United Steelworkers of America, which presents the plant's hourly workers, ratified a three-year contract after stormy negotiations. A strike was barely averted. Several union members set up an informational picket near the plant entrance on Saturday. Chris Viers, president of Local 5668-4, had signs protesting the company's sick days policy; the lack of a cost-of-living increase in the current contract; what he said was the company's lack of emphasis on safety; what he said was the company's attempt to put a preferred provider organization in the employee's health care plan; and the company's policy on shift work. Elijah Morris, chairman of the union's Grievance Committee, said he was on hand as an individual to protest the company's treatment of co-worker Sonny Hinzman. Morris said Hinzman is 62 years old, has heart trouble, and Century cut off his sick pay.

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