



**FILED WITH
Executive Secretary
October 19, 2009
IOWA UTILITIES BOARD**

October 16, 2009

**Mr. Jeff Kaman
Ms. Amy Christensen
Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319-0069**

RE: NOI-2009-0002 - American Clean Energy and Security Act of 2009

Dear Managers:

PMX Background

PMX Industries, Inc, based in Cedar Rapids, IA, is the leading supplier of high quality copper and copper alloys in North America. PMX is a supplier of bare and tin coated copper, brass and nickel strip for decorative, electrical, electronic, hardware, coinage, ordinance, appliances, and automotive applications. PMX is one of two US suppliers to the Denver and Philadelphia US Mints. Our incoming material is composed of 75% scrap recyclable material and 25% pure material.

In November 1989, the Cedar Rapids location was selected because of its proximity to the brass and copper markets, abundance of recyclable and raw material, and availability of reasonable energy.

The following are PMX Industries, Inc.'s responses to the questions that pertain to our industry:

Q1. The Waxman-Markey Bill sets a declining cap on greenhouse gas emissions

Q1a. Do you support a declining cap on GHG emissions?

PMX supports a declining cap on controls of emissions. This establishes the incentives for research and development of renewable and energy reduction projects. Mandating new energy-saving standards is not a new concept in Iowa. The energy efficiency fund implemented by the Iowa legislature has shown how consumers can pay and participate in GHG reductions.

Place the responsibility of GHG emissions at the state level. Any federal penalties for not meeting certain mandates could be handled by the Utility Board of each state.

Q3. Other Allowance allocation provisions (high-energy-using industries)

Q3a. Please describe whether these provisions provide allowances or revenue from the sale of allowances to Iowans or the state of Iowa.

There is a section in the bill that deals with Protection of Trade-Vulnerable and other

Industries. Energy intensive, trade-exposed industries that make products like iron, steel, cement, and paper will receive allowances to cover their increased costs.

Q3b. What does the bill require regarding the manner in which the State of Iowa or the other entities receiving these allowances may use them?

The bill provides a provision to receive carbon emission allowances if you meet two requirements:

Energy Intensity: 5% or more of value of shipments
Copper and Brass Industry does not meet this requirement.

Trade sensitivity: 15% or more of value of shipments plus imports
Copper and Brass Industry does meet this requirement.

Current Energy Intensity formula:
% of cost of fuel and electricity to total value of shipments

Q3f. Please provide any specific suggestions to change these provisions in the bill and explain your suggestions.

The free-allowance provision does not provide relief for the Copper and Brass mill industry, an industry already shrinking from pressures of foreign-made products unfairly subsidized by misaligned currencies and other unfair trade practices.

Energy-intensive/trade-vulnerable provisions in climate change legislation should consider the impact on industries like the Brass and Copper mill industry that are competing worldwide on the basis of:

Revise formula:
% of cost of fuel and electricity to FABRICATION COST
Fabrication cost does not include raw material cost.

Q4. The Waxman-Markey Bill would create a carbon allowance market and sections of the bill would provide for oversight of the market

Q4a. What are your views on these sections of the bill?

MidAmerican Energy stated that electric rates will increase at least 20% in 2012. This is a result of having to trade for the carbon allowances. Then there is a cost to add improvements to existing power plants at an additional cost.

Interstate Power and Light estimates cost increases to customers due to cap and trade alone to be 8% - 15% in 2013, increasing to 15%-25% by 2030. It requires consumers to pay twice. First for emission allowances and then for the construction of new power plants and improvements to existing plants.

Electric Utilities in Iowa are highly regulated to ensure price stability for their customers. This bill imposes a market based (unregulated) trading program.

Q4c. What types of entities will participate in the market? Will participation by entities other than utilities with compliance obligations affect the market? If so how?

Carbon credit trading will create auctions, speculation, and new Wall Street products as trading tools. This is forcing an unregulated cost onto Iowa companies and residents.

Q4d. Please provide any specific suggestions to change the allowance market and market oversight provisions of the bill and explain your suggestions.

The carbon allowance trading needs to be removed from the bill.

The bill allows capped sources to use offsets to acquire up to 2 billion tons of emission credits annually. Half of these credits must come from domestic sources. If domestic offsets are not available, then up to 1.5 billion tons of emission credits can be obtained from international offset projects.

From the Congressional Budget Office data:
Iowa will have an additional cost: \$249 million
California reduction in cost: \$385 million

Data from EPA, Report from National Mining Association:
Iowa: \$204 million will go to Foreign nations

Q9. The Waxman-Markey Bill establishes a cap and trade system as a way to reduce greenhouse gas emissions and spur additional investments in energy efficiency and renewable electric generation

Q9b. Is there an impact by the Waxman-Markey Bill on sectors of Iowa's economy other than electric utilities?

Yes. The copper and brass industry is a high energy, small margin entity that has major foreign competition. There is no reason to believe that developing countries will increase the cost of energy to their industrial sectors. Several countries like China and India have already made public statements that they will not impose a cap on GHG emissions for fear it will impact their economic growth.

MidAmerican's forecast shows major reduction in coal plants and a major increase in natural gas units.

As electrical power is moved from coal to natural gas, it will drive up natural gas costs. Natural gas is another major component of the Copper and Brass industry. Volatility adds costs and financial risks on top of an already volatile energy commodities market.

Q9d. Are there any other aspects of the Waxman-Markey Bill not covered in the above questions that you think will impact Iowa?

Cap and trade in Europe significantly drove up the prices of electricity. The higher energy costs have resulted in energy intensive businesses moving out of Europe to developing countries that are not likely to have a carbon cap.

It is one thing to have additional cost for carbon emission controls, but an added cost for carbon credits will place PMX Industries in a vulnerable position with our foreign competition.

PMX Industries would like to thank the Iowa Utilities Board for allowing our company to submit comments on this very important topic affecting our company and the State of Iowa.

Sincerely,

S.G.Kim
President
PMX Industries