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Hunter, Donielle

From: ContactThePUCO@puc.state.oh.us  
Sent: Thursday, March 18, 2010 9:08 AM  
To: Docketing  
Subject: FirstEnergy Rate Case

Public Utilities Commission of Ohio  
Investigation and Audit Division

Memorandum

Date: 3/18/2010

Re: Denise Clouse  
1133 Hartville Rd N  
Hartville, OH 44632

RECEIVED-DOCKETING DIV  
2010 MAR 18 AM 9:13  
PUCO

Docketing Case No.: 10-0176-EL-ATA

Notes: Dennis R. Clouse 1133 Hartville Road N. Hartville, OH 44632-9207 330-325-2237

RE: All Electric Homes Discount Rate

This is not merely about a discount rate, but about another instance where individuals make decisions based on agreements with a company. Down the road, when the company decides the agreement no longer works for them, they want to change it and leave the individual hung out to dry.

The discounted rate to all electric homes was not a freebee. It came with obligations from the homeowner also. There were demand controllers, radio controlled relays to allow the utility to turn off water heaters if they needed to reduce demand, minimum 80 gallon water heaters to store enough hot water to get through the time the utility turned off the water heater, dual fuel heating components, etc., all requiring financial commitment from the homeowner. I built and live in an all electric home that was built and the mechanical systems were installed during construction according to Ohio Edison's guidelines and rate structure.

In order to understand the thought process behind the discounted rates, one needs to understand that Ohio Edison must have electricity generated and available whether it is used or not, just in case someone turns on a device and needs the electricity. If the device is turned off the electricity is generated and available, but not being used. The utility was trying to sell more electricity to make use of this energy that was being generated but not sold. They marketed all electric homes with radio controls, they supported and financed demand controllers (purchased by the homeowner) to even out demand on the utility, they marketed dual fuel programs where a gas, oil, or propane

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customer would purchase additional electric heating devices to convert to all electric. I am an electrician by trade and actually sold and installed some of these devices, many of which were financed through Ohio Edison.

In a nutshell, Ohio Edison marketed all electric to sell more electricity. They gave discounted rates if the homeowner would allow radio control, if the homeowner would purchase a demand controller, if the homeowner would purchase a larger water heater, if the homeowner would purchase electric heating to replace other fuel types, etc. It was a win-win for everybody. The homeowner saved money, the utility sold unused electricity, the utility was able to keep other customers' rates lower due to the efficiency total electric customers bring to the system and by selling that unused electricity, allowing the generators to run at a more efficient level.

It is interesting that the utilities need to raise the rates because usage is down. They still need to generate and have power available, but if people are using less, due to the inefficiencies, each KWH is more expensive. Remember the compact fluorescent debacle? Part of what they wanted to charge the customer was because of the lost revenue due to reduced energy usage. An all electric home uses more energy, yes, but at an efficient level, thereby using electricity that otherwise would need to be generated but not sold. It is simplistic to say that other electric customers are subsidizing all electric homes when all electric homes bring efficiency and stability to the system, thereby reducing rates for everyone. If the discount rates go away, all electric homes will be forced to look at more cost effective heating solutions, reducing electric usage, making the system less efficient, thereby raising rates across the board.

I am not sure of the dates, but some time ago there was a cut-off where the rate would no longer be available for new construction. OK. That is a known going in. The all electric customer has committed financially based on agreements made between the customer and the utility. I believe that when a building was constructed or converted in accordance with Ohio Edison guidelines due to their rate structure, that rate should be available to that structure as long as the heating for that building remains essentially the same. At the very minimum the commitment should be kept to the original homeowner. It is still a win-win for everybody. The only difference, in my opinion, is that there are now different people in place at Ohio Edison looking at this discount differently and making different decisions. The homeowner has not made a different decision and the agreement and rate should stay in place.

Please docket the attached in the case number above.