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10-176-EC-ATA

April 7, 2010

ATTN: IAD  
Public Utilities Commission of Ohio  
180 E. Broad St.  
Columbus, Ohio 43215-3793  
Fax (614) 752-8351

Dear IAD PUCO:

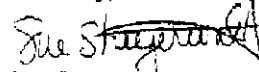
Please file this letter and subsequent two page document in the docket for Case # 10-176.

The attached two page document explains why the all-electric discount was originally offered and also how it benefited FirstEnergy. The document also describes how the non all-electric ratepayers never subsidized the all-electric discount.

This statement was confirmed by a report in the *Akron Beacon Journal* by Betty-Lin Fisher on March 13, 2010 where FirstEnergy spokesperson Ellen Raines is quoted as follows: "Raines said other customers never subsidized the all-electric discounts, but in the newest rates, which went into effect last June, a special rider was added to help recover the distribution still provided to the all-electric customers." The full text of this article is available online at [http://www.ohio.com/news/break\\_news/88272457.html](http://www.ohio.com/news/break_news/88272457.html).

I hope you will consider this document and Raines' confirmation statement along with all the other evidence that suggests the only fair solution is to permanently reinstate the discount and attach it to the home, not the homeowner.

Sincerely,

  
Sue Steigerwald

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**Where is the proof that the gas/electric customers have EVER subsidized the discounted rates offered to the all-electric customers?** Contrary to what First Energy is stating publicly, there is no proof that subsidies were ever charged by them.

The discounted all electric rates were born in the mid 1970s when the electric companies heavily promoted the building of all electric homes to both home builders and consumers. At the time, it was a wise business decision by the electric companies to increase their winter sales of electricity. Since summer was their peak time and their electric plants were built to handle peak capacities, the winter months posed a problem for the electric companies who had to maintain high overhead costs during periods of low electricity sales.

The solution was to dramatically increase their electricity sales in the winter time to offset their high overhead costs. Realizing they needed to sell more electricity during the winter months, the electric companies heavily promoted the sales of all electric homes with the written promise of a quantity discounted all-electric rate that would last forever. This plan helped the electric companies make more profit during off peak times to help pay their high overhead costs.

The plan also helped the all-electric customer to heat their home for similar energy costs as the gas/electric user. Additionally, the plan helped the gas/electric customer because First Energy did not need to raise the gas/electric customer's rates to help offset their high overhead costs. The all electric home program was a win-win-win solution for everyone involved.

This was true for over 30 years under a regulated electricity market. When Ohio approved the de-regulation of its electricity market in 1999 and changes began to be implemented in 2001, First Energy was able to sell its off-peak winter electricity on the grid for more money than it was charging its all-electric customer. Thus, First Energy realized the all-electric customer was no longer needed or desired, and it began plans to eliminate the all-electric rate program. In 2007, it stopped offering the all-electric rate program to new homeowners but grandfathered in current homeowners. In 2009, First Energy completely eliminated the all-electric rate program for current homeowners too.

By eliminating the all-electric rate program which was guaranteed in writing, First Energy has committed a breach of contract. First Energy has used many creative tactics to justify this breach, such as trying to encourage conservation and the "unfairness" of the gas/electric users supposedly subsidizing the all-electric customer. First Energy has yet to prove any of these reasons for eliminating the all-electric rate program. The fact is that First Energy used the all-electric customer for as long as it benefited them, and then they simply dumped them!

First Energy is smart in trying to pit the gas/electric user against the all-electric user by falsely proclaiming that they have been charged more in the past in order to subsidize the all-electric rate. First Energy has temporarily been ordered to continue selling to all-electric customers at the guaranteed discounted rate, and they now have a

large dilemma on their hands! The gas/electric users must realize that First Energy does indeed want to charge them more to make up the difference if they are forced to continue selling the all-electric customer power at the guaranteed discounted rate. However, the gas/electric customer must also realize that they have not been charged more in the past to subsidize the all-electric rate program.

The idea of the quantity discount is widely accepted by consumers in all facets of business. The consumer who buys 10 widgets does not complain that the customer who buys 100 widgets receives a lower per item price. It is also a commonly accepted principle that the merchant accepts less profit per item on the products sold in quantity. This is what First Energy has done for over 30 years until they decided it no longer benefited them.

First Energy must not be allowed to raise other customer's rates to pay for their own breach of contract and poor business planning! Instead, First Energy must pay for their mistake from stockholder profits! First Energy has a recently established history of asking permission to charge consumers for their own business mistakes. This is illustrated by their recent PUCO request to recoup over \$700,000 from customers for their failed CFL distribution plan.

If anyone still has doubts that the all-electric rate was being subsidized by others, then please research whose bills have gone down when the all-electric customer's bills skyrocketed? Likewise, if First Energy truly needed the extra income that they have enjoyed collecting from the all-electric customer since the discount was eliminated, then how can they possibly withstand the sudden loss of this income when the rates become reinstated in mid March? The answer is that since First Energy is both the supplier and the distributor, it can artificially inflate its per kilowatt generation costs, and subsequently deflate the price on its internal books to cover the supposed "loss."

First Energy must not be allowed to raise the rates of others simply to increase stockholder profits. Furthermore, the media must stop reporting that the gas/electric customer has subsidized the all-electric customer because there is no evidence to prove this.