

FILE

**SMURFIT-STONE**

solving it from all sides

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Case No. 10-2929-EL-UNC

VIA US Mail

Chairman Steven D. Lesser  
Public Utility Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

January 18, 2011

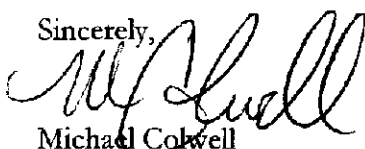
Dear Chairman Lesser:

Smurfit Stone Container Corporation's Coshocton Mill has been a long standing customer of AEP Ohio (AEP). We currently employ 203 people at this location. Smurfit-Stone is served by AEP under their GS-4 rate tariff. We currently consume 111,256,000 kWh annually and spend over \$5.5 million with AEP. I am writing at this time to request your assistance in obtaining a stop charge on a provider of last resort charge (POLR) for our Ohio manufacturing facilities from AEP.

Smurfit-Stone understood the purpose of PUCO approving the charge in April 2006, was to accommodate AEP's costs to provide service to load that did not move to competitive retail suppliers. Smurfit-Stone has paid the POLR charges since that time with no issues. As you are probably aware, most recently, AEP filed with FERC for a change in the calculation of Capacity Compensation Formulas from Competitive Retail Electric Suppliers in Ohio. These changes once approved by FERC will become effective 1/1/2011 and will give AEP a serious competitive advantage compared to third party electric suppliers which must pay the increased charges. *AEP is charging Smurfit-Stone for not seeking third party supply while AEP is seeking to render third party supply uncompetitive by raising its Capacity Compensation charges.* This is being allowed just as our service area was going to become competitive. Now almost five years later, the PUCO approved POLR charge is unfair since AEP is charging Smurfit-Stone for not seeking competitive supply.

Since AEP has taken actions that render alternative supply options uncompetitive with their regulated tariffs, Smurfit-Stone is asking PUCO's assistance in directing AEP to stop charging a POLR charge on our manufacturing accounts effective 1/1/2011. Smurfit-Stone no longer believes it is appropriate to pay AEP an additional \$200,000 in POLR charges in AEP's non-competitive alternative supply market. Or alternatively, please direct us as to the next appropriate steps to take at the PUCO in order to eliminate this unfair and unnecessary POLR charge. We appreciate your assistance in helping an Ohio manufacturer be competitive.

Sincerely,

Michael Colwell  
Smurfit-Stone Container Corporation  
Energy ManagerCC: Valerie A. Lemmie, Commissioner  
Paul A. Centolella, Commissioner  
Cheryl L. Roberto, Commissioner  
Dennis Zvosec, Utilities AnalysisRECEIVED-BOOKETING DIV  
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PUCO

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