



Chairman Todd Snitchler  
The Public Utilities Commission of Ohio  
180 E. Broad Street  
Columbus, OH 43215

November 28, 2011

Re: Case Nos. 11-346-EL-SSO & 11-349-EL-AAM

Dear Chairman Snitchler:

As our coalition previously expressed in our October 21, 2011 letter to you regarding the above-referenced matter, a great number of our member companies stand to be adversely affected by the AEP rate increase presently before the Commission. This letter offers specific examples of how the proposed rate embodied in the Stipulation will adversely affect GS-2 and GS-3 customers.

At the outset, we understand that the Commission expects that under the Stipulation, those GS-2 and GS-3 customers that have already "shopped" the electric generation component of their rate will see a slight increase in the distribution component of their overall rate, due in large part to the Market Transition Rider ("MTR") and the Load Factor Rider ("LFR"). However, as we stated in our earlier correspondence, and during our meeting with your staff on November 14, 2011, we believe that the effect to the overall rate will be much higher than expected, especially for those customers who are distribution only customers.

These unexpected increases are highlighted by the attached spreadsheet showing the increases that will be experienced by a member of the Ohio Forestry Association, a GS-2 and GS-3 customer. Basically, for the timber mill facilities that have shopped, the increases range from 95.3% to 114.7% under the Stipulation for distribution alone. When combining all facilities for this OFA member, the overall rate increase is 49.6% for the total AEP bill, far in excess of the contemplated increase.

The effect the Stipulation will have on this OFA member is not unique. Many companies in the mining and construction materials industry will also see significant increases as distribution only GS-2 customers. We have also attached a spreadsheet showing the effect the Stipulation will have on an OAIMA member Company. As you can see from this spreadsheet, the member's facilities, which have already "shopped," will see a significant increase.

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We ask that the Commission make a careful study of the effect that the MTR and LFR will have on distribution only GS-2 and GS-3 customers. While these customers do not have the highest load factors, they do represent the backbone of Ohio businesses and many, if not all, will be unable to pass the excessive cost increases to their customers.

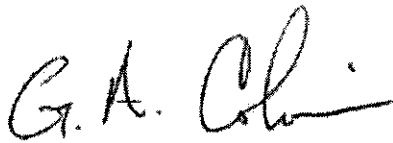
In addition we stand ready to work with the commission or other interested parties to explore mitigation options for our members.

For future contact, please call Patrick A. Jacomet at 614-428-7954 or at [patj@oaima.org](mailto:patj@oaima.org) . We stand ready to meet with your staff at your earliest convenience.

Respectfully Submitted,



Clifford Ursich  
Executive Director  
Flexible Pavements of Ohio



Greg Colvin  
Executive Director  
Ohio Ready Mixed Concrete Association



John Dorka  
Executive Director  
Ohio Forestry Association



Patrick Jacomet  
Executive Director  
Ohio Aggregates & Industrial Minerals Association

**Most Recent Bill Rendered**

Account	Desc	Load Factor	Current Bill	2012		2013	
				\$ Increase	% Increase	\$ Increase	% Increase
070-622-500-1	GS3-Sec	85.09%	\$22,954.21	\$675.18	2.94%	\$77.90	0.33%
	GS2-Sec	21.27%	\$29,362.86	\$6,148.39	20.94%	\$230.63	0.65%
071-951-847-0	GS2-Sec	7.63%	\$16,803.75	\$7,662.68	45.60%	\$203.63	0.83%
072-132-500-1	GS1-Fixed		\$988.03	\$71.62	7.25%	-\$1.45	-0.14%
	GS2-Pri	63.70%	\$41,478.82	\$1,359.88	3.28%	\$121.62	0.28%
	GS2-Pri	13.85%	\$114,320.26	\$33,672.35	29.45%	\$843.75	0.57%
072-699-990-0	GS2-Sec	5.56%	\$830.73	\$259.10	31.19%	\$12.90	1.18%
072-787-200-1	GS2-Pri	44.44%	\$3,188.97	\$327.68	10.28%	\$38.30	1.09%
	GS2-Pri	25.76%	\$386,625.94	\$69,571.11	17.99%	\$2,391.33	0.52%
	GS2-Pri	50.14%	\$698,312.22	\$51,660.66	7.40%	\$2,344.94	0.31%
074-746-231-0	GS2-Sec	8.93%	\$25,971.47	\$8,075.88	31.10%	\$314.00	0.92%
076-490-476-0	GS2-Sec	13.45%	\$3,308.91	\$884.44	26.73%	\$32.61	0.78%
	GS2-Sub	8.72%	\$132,375.91	\$54,611.89	41.26%	\$1,202.60	0.64%
076-961-482-0	GS2-Sec	14.98%	\$2,377.97	\$580.79	24.42%	\$24.14	0.82%
076-967-682-0	GS2-Sec	34.90%	\$2,752.72	\$325.86	11.84%	\$19.92	0.65%
078-224-150-1	GS2-Sec	38.97%	\$11,269.55	\$1,316.91	11.69%	\$66.06	0.52%
079-071-482-0	GS2-Sec	2.15%	\$2,111.44	\$1,332.52	63.11%	\$32.53	0.94%
079-351-847-0	GS2-Sec	21.99%	\$4,953.44	\$970.61	19.59%	\$40.20	0.68%
	GS2-Sec	6.33%	\$18,734.94	\$7,794.69	41.61%	\$199.43	0.75%
Total			\$1,518,722.15	\$247,302.24	16.28%	\$8,195.02	0.46%

**Bill Rendered in Summer (mostly July)**

Account	Desc	Load Factor	Current Bill	2012		2013	
				\$ Increase	% Increase	\$ Increase	% Increase
070-622-500-1	GS3-Sec	79.70%	\$12,848.49	\$516.90	4.02%	\$56.78	0.42%
	GS2-Sec	19.03%	\$24,388.39	\$5,457.08	22.38%	\$187.22	0.63%
071-951-847-0	GS2-Sec	5.48%	\$18,058.16	\$7,814.08	43.27%	\$204.47	0.79%
072-132-500-1	GS1-Fixed		\$256.33	\$25.85	10.08%	\$3.86	1.37%
	GS2-Pri	67.53%	\$31,547.78	\$685.42	2.11%	\$75.29	0.23%
	GS2-Pri	25.30%	\$176,348.71	\$32,544.46	18.45%	\$1,015.05	0.49%
072-699-990-0	GS2-Sec	36.67%	\$1,953.06	\$240.58	12.32%	\$16.48	0.75%
072-787-200-1	GS2-Pri	62.06%	\$37,593.56	\$1,376.75	3.66%	\$105.17	0.27%
	GS2-Pri	29.46%	\$469,002.06	\$75,176.23	16.03%	\$2,483.46	0.46%
	GS2-Pri	14.95%	\$418,093.73	\$117,042.61	27.99%	\$2,883.91	0.54%
074-746-231-0	GS2-Sec	9.02%	\$20,337.58	\$7,171.45	35.26%	\$197.70	0.72%
076-490-476-0	GS2-Sec	28.64%	\$2,914.99	\$457.86	15.71%	\$24.00	0.71%
	GS2-Sub	10.52%	\$140,494.36	\$47,914.12	34.10%	\$1,468.43	0.78%
076-961-482-0	GS2-Sec	16.90%	\$2,256.80	\$508.15	22.52%	\$22.48	0.81%
076-967-682-0	GS2-Sec	35.81%	\$1,921.95	\$242.06	12.59%	\$16.43	0.76%
078-224-150-1	GS2-Sec	48.67%	\$14,908.02	\$1,221.53	8.19%	\$70.72	0.44%
079-071-482-0	GS2-Sec	0.90%	\$3,267.66	\$2,189.80	67.01%	\$50.51	0.93%
079-351-847-0	GS2-Sec	30.08%	\$3,786.73	\$572.83	15.13%	\$28.97	0.66%
	GS2-Sec	5.57%	\$19,383.71	\$8,104.35	41.81%	\$226.96	0.83%
Total			\$1,399,362.08	\$309,242.12	22.10%	\$9,137.90	0.53%

Ohio Forestry Association Member  
Estimated Stipulation Impact

	Location	Utility	Tariff	Avg kW	Load Factor	Current Annual AEP Amount			Stipulation Annual Amount*			Stipulation Increase	
						Gen & Trans	Distn**	Total	Gen & Trans	Distn**	Total	Annual Increase	Percent Increase
1)	Jackson	CSP	GS-3 Primary	537	43%	\$0	\$41,904	\$41,904	\$0	\$62,219	\$62,219	\$20,315	48.5%
2)	McArthur	CSP	GS-2 Secondary	457	26%	\$0	\$35,799	\$35,799	\$0	\$76,847	\$76,847	\$41,048	114.7%
3)	McArthur	CSP	GS-2 Secondary	37	50%	\$0	\$3,423	\$3,423	\$0	\$7,293	\$7,293	\$3,870	113.1%
4)	McArthur	CSP	GS-2 Secondary	10	37%	\$0	\$774	\$774	\$0	\$1,512	\$1,512	\$738	95.3%
5)	Jackson	CSP	GS-2 Secondary	13	38%	\$0	\$1,641	\$1,641	\$0	\$3,349	\$3,349	\$1,708	104.1%
6)	Barlow	CSP	GS-3 Secondary	475	23%	\$0	\$35,007	\$35,007	\$0	\$63,865	\$63,865	\$28,858	82.4%
7)	Barlow	CSP	GS-3 Secondary	91	56%	\$0	\$10,810	\$10,810	\$0	\$13,475	\$13,475	\$2,665	24.7%
8)	Barlow	CSP	GS-3 Secondary	203	53%	\$0	\$21,852	\$21,852	\$0	\$27,838	\$27,838	\$5,986	27.4%
9)	Cambridge	OPCO	GS-2 Secondary	468	28%	\$87,882	\$33,012	\$120,894	\$90,504	\$60,270	\$150,774	\$29,880	24.7%
						\$87,882	\$184,222	\$272,104	\$90,504	\$316,668	\$407,172	\$135,068	49.6%

\* 2012 Amounts, as estimated by AEP (see attached comparisons)

\*\* Distribution includes generation non-bypassable riders proposed by AEP to also be applicable to distribution only customers.