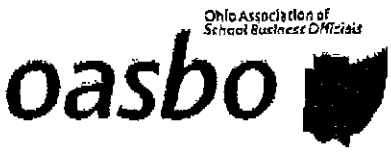

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PUCO

February 21, 2012

11-346-EL-SSO

Todd A. Snitchler, Chairman
Public Utility Commission of Ohio
180 E. Broad St.
Columbus, Ohio 43215

Dear Chairman Snitchler:

On behalf of Ohio's public school districts located within the AEP Utility Service Territory, we are writing to express strong concerns over the alarming increases in electricity rates those districts are experiencing. We urge you to seriously consider the impact these new rates will have on schools and education services to students.

The members of Ohio's education management organizations throughout the state – the Buckeye Association of School Administrators, the Ohio Association of School Business Officials and the Ohio School Boards Association – are very concerned about recent developments with AEP and their PUCO approved ESP. They are the school board members, superintendents, treasurers and business managers responsible for the leadership and management of the public school districts across the state. They work hard to provide high quality education opportunities for students, a job that has become increasingly difficult in the current economic climate.

Rate increases, such as those that are becoming evident with the new ESP, will be devastating to school districts. These new rates will mean further cuts in staff and programs if nothing is done to alleviate the impact on schools.

While it is too soon to know exactly how many districts and school buildings are affected by the increases, early analysis shows that hundreds are seeing double-digit percentage increases, some in excess of 50%. The actual dollar increases affecting schools with the recent mild temperatures are significant. When more normal winter and summer usage occurs, these increases will be even more drastic.

The following are observations based on our initial research:

- The tariff for school buildings does not necessarily reflect their "load" and typical usage (school buildings are generally shut down at the time of peak usage for the typical commercial customer, i.e., after 3:00 PM and between June and August).
- The data assumed in the PUCO's consideration of the AEP ESP was not sufficient to realize the extreme effects on some customers, and on school districts in particular.
- School buildings utilizing 3rd party supply are experiencing significant increases, diminishing the net benefit of utilizing competitive 3rd party supply opportunities.

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Because of the egregious nature of the effects the new ESP is having on school districts, we urge you to reconsider the original PUCO decision of approval. We ask that you consider a special rate for school districts that more fully recognizes their favorable usage patterns. Additionally, we request that you lift the capacity cap for all schools in order that savings could be achieved through 3rd party generation supply.

Thank you in advance for your consideration. If you have questions about our position, please feel free to contact us.

Sincerely,

Richard C. Lewis

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cc: PUCO Commissioners
Governor John Kasich
Ohio House of Representatives
Ohio Senate