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Chairman  
Ohio Public Utilities Commission  
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This is a follow-up to the testimony I presented at the PUCO hearing in Canton on April 26, 2012.

I read about AEP's response to my concerns that the punitive rating structure constitutes an unfair trade practice and falls under the FTC as this appears to be an interstate anti-trust activity.

I was offended that AEP dismisses this very serious concern as a "rumor" started by its competitors. We are going to be forced back to AEP as our supplier because we cannot pay the punitive rate. This is prima facie evidence of anti-competition. The simple solution is to get an opinion from the Ohio Attorney General on this issue. The Commission can put the issue to bed by denying the anti-competition pricing structure and ensure that Ohio does not end under FTC scrutiny.

While I did list my credentials at the bottom of the testimony I submitted, I understand the law. I went to law school, passed the Hawaii bar and spent 5 years as a trial attorney. I also hold a Ph.D and two masters degrees. AEP's comments display a shocking level of arrogance.

I found it ironic that this week AEP was in the paper offering rebates to customers who buy more efficient appliances. This was a second point I raised in my testimony. There is a basic level of dishonesty to ask consumers to spend \$800 or more for a \$50 to \$100 dollar rebate, because they will save dollars on their utility bill. There will be no savings

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if AEP rates go up. The consumer will make the real investment and AEP will be take the profit off the consumer's investment. That same day, when I arrived home yesterday, I received an offer from AEP to switch my home service to them with competitive rates, and they of course, will not be subject to the punitive carrying charges as First Energy did not ask the Commission to approve a comparable punitive plan for itself.

The other issues I have with AEP's representation is that it is not recovering its costs on megawatt hours. Once again, this is a deceptive representation. Any costs they don't charge customers is a write off on taxes. They are not losing anything because the cost is passed on to the federal government. Between write-offs and credits, AEP ends up paying little or no taxes even though they report a profit to their shareholders.

I for one am tired of being treated like an ignorant fool. While many may not have the time, interest, or understanding of the game that is being played. This is not true of all of us. Going forward, I will be watching AEP closely. They have lost my trust.

Attached for your easy reference is the testimony I gave at the 4/26/12 hearing.

Sincerely,



Margaret Ann Egbert, Ph.D  
Executive Director

- 1) How can PUCO approve a plan that stops competition? Is the plan even legal under federal anti trust law?

I went to the Federal Trade Commission site. The FTC *"promotes competition in industries where consumer impact is high, such as health care, real estate, oil & gas, technology, and consumer goods;"* and it *"seeks out and challenges anticompetitive conduct in the marketplace, including monopolization"*

Under its guide to anti trust law the FTC states that, *"Free and open markets are the foundation of a vibrant economy. Aggressive competition among sellers in an open marketplace gives consumers — both individuals and businesses — the benefits of lower prices, higher quality products and services, more choices, and greater innovation. The FTC's competition mission is to enforce the rules of the competitive marketplace — the antitrust laws. These laws promote vigorous competition and protect consumers from anticompetitive mergers and business practices."*

Anti-competition is not simple a matter of what a plan states. It includes the real world impact of a plan. The real world impact of the AEP plan is designed to absolutely cut out the competition.

AEP's plan asks PUCO to protect its interests at the expense of its competitors and on the backs of the consumer. If the issue was only the need to raise additional dollars, then the increase on charges to competitors such as on transmission, should be the same as for itself. Instead AEP has three rates. The first is its own self-favoring rate. The next two are penalty rates for the competitors. This is an anti-competition practice that penalizes consumers who dare to exercise choice in what is supposed to be a free market place. The argument that the penalty is only on first 30% who select a competitor is disingenuous. No consumer is going to sign up with a competitor if they are going to be penalty rated. The 30% cap on the consumers who would be penalty rated will never be reached.

Any pricing structure must keep all energy providers on a level playing field.

When PUCO first approved AEP's plan in December, 2011 we saw a 243% for one month in one of our housing sites. Our electric bill increased from \$700 to \$1700. This is a program for disabled homeless. That type of increase will force us to close the housing. Our HUD established rent is \$288 per unit INCLUDING heat, electric, water, sewer and trash. This rent amount already includes our 2012 maximum HUD annual increase. What was our entire annual income increase, \$2,592. The kicker for us is that the YWCA invested in energy efficient systems, such as geothermal and high efficiency lighting, so we cannot improve over what we have already done.

When PUCO turned down the penalty rating system after the initial approval, I received a letter reassuring me that PUCO had resolved the rate problem. A month later the same plan was reapproved, with the modification that the penalty rating

would be placed on the competitor instead of the consumer. Within 48 hours of that approval, I received a federal express letter from the energy supplier I chose, stating that the cost was being passed back to the YWCA.

The YWCA seeks to be a good steward of the dollars we receive to assist the homeless and poor. We do competitive bidding. We are being penalized for being good stewards. **If the YWCA had known that we were going to be penalized for not keeping AEP as our primary provider, we would not have switched service.** If called to testify to this fact, we will. Now we are faced with paying a penalty from AEP if we don't change back to AEP, or we pay a penalty to break our contract with the AEP competitive supplier.

- 2) There is a second betrayal of consumer trust. The federal government, the state of Ohio, and utility providers called on the American consumer to embrace energy efficiency. We were asked to start spending money on a variety of different actions: add insulation to attic and walls, stop air leaks, upgrade appliances, upgrade lighting fixtures, and change to fluorescent and LED light bulbs. We were reassured that if we invested our dollars on these changes, we would see a return on our investment in lower energy bills, get back our investment, and then be ahead through on-going savings.

Many of us did this. Energy consumption has dropped. This also means that corporate earning for utility providers drop. Is this a surprise? Now AEP wants to increase its rates so make up for the loss of income.

Those of us who invested in energy efficiency will be denied the return on investment that was touted as the reason why we should invest. Some of us are still paying off the loans we took to pay for energy efficiency improvements. Our return on investment is being hijacked by AEP. We created the energy savings. They will profit on our investment. Unlike AEP, the American consumer does not get a tax deduction for spending money on energy efficiency. While some homeowners got tax credits, this was only a small to moderate percentage of what was actually spent.

- 3) A third concern is the impact on our fragile recovering economy. The small gains businesses have made will be wiped out. This will put a halt to economic recovery. Ironically, if enough small businesses are wiped out by energy increases, the utility companies will once again lose money, because they will have destroyed part of their own consumer base. This is the type of shortsighted thinking that puts an economy into a death spiral.
- 4) The fourth issue I have with the AEP proposal is that is a disincentive for businesses and individuals to add to the energy grid. It is an AEP windfall strategy.

Get electric from consumers who produce excess electric through their own renewable sources, charge those same consumers for transmitting this energy back

into the grid, then charge the new user of this energy, and charge them a transmission fee. Hmmmmmm – make a profit on energy that someone else paid to produce, and then get double income for transmitting the energy. Who wouldn't want in on that deal? Once again the consumers who invested in alternative energy is left hanging when they cannot recoup the investment they made.

Deregulation was asked for by utility companies not the consumers, so they had more control on rates. It was sold to the voting public as something that would decrease costs through competition in the free market.

The energy companies got what they asked for. Now they have to live with it. Either there is deregulation with fair free market competition, or there is full regulation and no competition. AEP cannot have it both ways.

PUCO needs to do the right thing for the Ohio consumer, and for our economy.

Respectfully Yours,

Margaret Ann Egbert, Ph.D., J.D., MFA, MEd, SCHM, CP6, FHC  
PUCO public hearing, Oakwood Middle School, Canton, OH 4/26/12