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PUCO

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May 3, 2012

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

Dear Chairman Snitchler:

On behalf of the Cincinnati Public School District, located within the Duke-OH utility service territory, I am writing to express strong concern over the alarming increase in electric delivery rates our schools are experiencing. I urge you to seriously consider the impact these new rates will have on our schools and the educational services we provide to our students and community.

Over the past several years, our district has undertaken a variety of measures to reduce our electricity costs, including the implementation of a number of energy savings projects. Our schools, along with a number of other independent schools and school districts, have taken advantage of the opening of the electricity market. By leveraging demand side projects as well as the deregulated market, we were able to see a significant reduction in the cost associated with electricity. We are counting on these savings to maintain our student-focused programming during the current economic downturn. However, in light of the utility's new distribution rate structure and in particular through the newly created Generation Rider "LFA" (Load Factor Adjustment), the cost associated with the delivery of our electric is eroding, and in many cases eclipsing, the cost saved regarding the actual commodity.

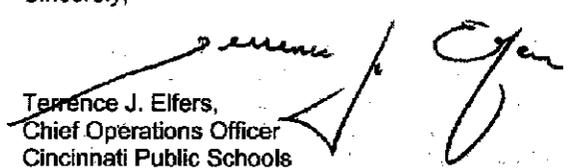
In order to fully gauge the impact of the recent Duke rate changes, an analysis was done to compare our electric delivery costs based upon our actual energy usage for the period of January to December 2011, using both the prior tariff rates and the new rates. That analysis showed that the same usage in 2012 would incur a *delivery cost* increase of more than \$1.1MM. That represents an increase of 66%. Such an enormous increase will have a significant negative impact on our operating budget.

Rate increases such as these are becoming evident with the new ESP and 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.

The effects on schools of the new ESP are egregious. We urge you to reconsider the original PUCO decision of approval. We ask that you consider a special rate for school districts that recognizes the inherent lower load factors associated with a school's hours of operation.

Thank you for your consideration of this matter. We request that you have a copy of this letter filed in PUCO Case No. 11-3549-EL-SSO.

Sincerely,


Terrence J. Elfers,
Chief Operations Officer
Cincinnati Public Schools

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