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OHIO AGGREGATES & INDUSTRIAL MINERALS ASSOCIATION

162 N. HAMILTON ROAD • GAHANNA, OHIO 43230
(614) 428-7954 • 800 OH ROCKS (647-6257) • FAX (614) 428-7919
WEBSITE: WWW.OAIMA.ORG

FAX

September 4, 2014

Chairman Thomas W. Johnson
The Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

Re: Duke Energy Ohio, Case No. 14-0841-EL-SSO

We write to you on behalf of our members to express our support of Duke Energy's proposal to remove the load factor rider from their rate schedules.

The Ohio Aggregates & Industrial Minerals Association is the trade association in Ohio that represents all of the state's mining operations, except coal. These commodities include mostly construction materials, both natural and manmade, such as aggregates (sand, gravel, slag, and crushed limestone, dolomite and sandstone), salt, clay, shale, gypsum, industrial sand, building stone, lime, cement, and recycled concrete.

The single largest market for aggregates is road and street construction. A ready supply of crushed stone, sand and gravel is necessary to support future economic development and infrastructure improvement. Major users are the state, counties, townships and municipalities in their road and infrastructure programs.

Energy is a significant cost for all of our members. Stable and predictable electric prices are very important to our members because the industry is committed to supplying cost effective construction aggregate materials. Over half of all aggregate is paid for by tax dollars.

The Load Factor Adjustment rider that became effective in Duke Energy's rates in January 2012 resulted in significant impacts to many of our members. Generally, our members have relatively low load factors because they operate a limited number of hours each day usually starting early in the morning and ending early afternoon. The structure of the Load Factor Adjustment rider resulted in extremely large increases to our low load factor members.

For some, their distribution bills more than doubled, and their total electric costs increased thirty to forty percent. Some of our members were not able to pass these excessive cost increases on to their customers and as a result, some plants even closed.

For some of our members, the load factor amount is now one the largest component of the bill, as much as the generation and distribution service costs. We understand that the load factor rider is revenue neutral to Duke Energy and that the charges members are paying is funding the discounts / credits to high

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President Tony L. Price, National Lime & Stone Co., Findlay, OH ~ First Vice President Hugh A. Gunn, East Fairfield Coal Co., Limestone Div., North Lima, OH - Findlay, OH ~ Second Vice President Todd T. Young, Mar-Zane Materials, Inc., Zanesville, OH ~ Immediate Past President Dennis K. Phillips, Phillips Companies, Beavercreek, OH

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load factor customers. It is hard for us to understand the necessity of these charges especially given the magnitude.

We have made inquiry to Duke and to the PUCO regarding these charges and have been informed that it was approved only for Duke's current ESP. We are encouraged that Duke has requested the Commission approve the removal of the Load Factor Rider in this ESP and are hopeful that the Commission will approve their request and remove the Load Factor Adjustment rider from the tariffs.

In its Application, Duke Energy has noted that the Load Factor Adjustment rider should be removed because it is not market based. We agree with Duke that if there is no cost justification for the rider now, that it should be eliminated.

We are requesting the Commission approve Duke Energy's proposal to remove the Load Factor Adjustment rider. If you have any questions please feel free to contact me.

Sincerely,



Patrick A. Jacomet
Executive Director
Ohio Aggregates & Industrial Minerals Association

