

September 9, 2014

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

My name is Paul Hennekes and I am the Chief Financial Officer of Hilltop Basic Resources, Inc. (Hilltop). Hilltop has two Ohio locations served by Duke Energy. One of the locations is a ready mix concrete operation and an aggregates terminal, and the other location is an aggregates terminal.

I am also co-chairman of the Energy Committee for the Ohio Aggregates & Industrial Minerals Association, otherwise known as OAIMA. OAIMA is the trade association that represents all of Ohio's mining operations, except coal. These commodities include aggregates (sand, gravel, slag, crushed limestone, dolomite and sandstone), salt, clay, shale, gypsum, industrial sand, building stone, lime, cement, and recycled concrete.

As CFO of Hilltop, I am always looking for ways to reduce our costs. Energy costs are a significant portion of our company's expenses. We have participated in customer choice for several years, selecting our supplier and negotiating our electric prices. We monitor our electric bills and usage, and we are always looking for ways to reduce both our usage and our costs.

Unfortunately, in January 2012, the Load Factor Adjustment rider that became effective in Duke Energy's rates resulted in significant, negative impacts to Hilltop. Since 2012, we have worked with OAIMA and with Duke Energy to find ways to mitigate the increase, but we've been unsuccessful. It was determined that there really isn't anything we can do to reduce this charge.

In addition, the Load Factor Adjustment rider resulted in significant, negative impacts to many of our OAIMA members. Generally, Hilltop and OAIMA members have relatively low load factors because they operate a limited number of hours each day usually starting early in the morning and ending in the early afternoon. The structure of the Load Factor Adjustment rider resulted in extremely large increases to Duke's low load factor customers.

For Hilltop, the Load Factor Rider adjustment has increased our electric costs by about \$25,000 annually or about \$75,000 since implementation in January 2012. On one of our accounts, the increase was over 28% of the total cost of electric service, and it was over 12% of the total cost on the other account. Hilltop was not able to pass these excessive cost increases on to our customers and, as a result, we experienced lower profitability.

For some OAIMA members, their distribution bills more than doubled, and their total electric costs increased 30% to 40%. Some OAIMA members were not able to pass these excessive cost increases on to their customers and, as a result, some plants even closed.

It <sup>is</sup> ~~was~~ my understanding that the Load Factor Adjustment rider was approved for only the current ESP period which ends in June 2015. ~~We~~ <sup>I</sup> further understand that in this current ESP (~~14-0841-EE-SSO~~), Duke Energy has asked the Commission to approve its proposal to remove the Load Factor Adjustment Rider effective in June 2015. Duke Energy's witness has indicated that the rider is not market based and is no longer necessary.

I am here today to tell you that Hilltop and OAIMA are in support of Duke Energy's proposal to remove the Load Factor Rider. ~~We~~ <sup>I</sup> request the Commission approve their proposal to remove the rider in its entirety effective in June 2015.

Thank you for your time and attention.

I am here tonight to speak out against Duke Energy's latest Electric Stabilization Plan. This latest plan by Duke shows me that they only care about their bottom line profits – they don't care at all about their customers.

My husband and I finally live in a community that has municipal aggregation through a provider that is not Duke Energy. We bought our house in July, 2013, but we were not allowed to join the municipal buying group in our village until we had lived in our house for at least 6 months.

The first six months I noticed our electric costs were higher than I would have expected, but chalked it up to summer time and the early cold weather we had at the end of the year. But since we have been added to the municipal buying group, our rates have gone down considerably – we now have a budget bill that is on average \$40-50 cheaper per month than when we moved in.

I have several complaints about the ESP filed, but to me the most egregious is the fact that customers will be forced to purchase the power from ailing coal plants like the Kyger Creek coal plant in Cheshire, Ohio and the Clifty Creek coal plant in Madison, Indiana. AND ALL CUSTOMERS – since this is a nonbypassable request. Even though we do not receive our energy through Duke, we'd still have to pay for this bailout. Unbelievable.

I am quite familiar with the toxic air emissions near both of these coal plants. As an asthma sufferer I have trouble spending time outside when I'm in the vicinity of these coal plants. They are incredibly inefficient, and have far outlived their usefulness.

Companies like Duke and the other utilities that share portions of these plants through OVEC had plenty of time to make investments in their plants if they expected them to keep running beyond any reasonable retirement time period. But they didn't. They just ran them into the ground. And now they want us to make a promise through our PUCO to keep them on life support. The time has passed for these coal plants to be useful to us, and we shouldn't be forced to be what amounts to a captive market for their aging years. Both of these plants are very old (both went online in 1955 – making them each nearly 60 years old.) These old girls need to be put out to pasture.

Duke has already announced they are planning to sell their Ohio coal plants. They do not have a long term interest in this ESP since they don't even plan to be here.

Deny this ridiculous request. Do not force Duke's customers to have to pay for their bad business decisions any longer.

Originally, I hail from Ann Arbor, Michigan, but I moved to Cincinnati just over a month ago. Since then, I've come to find that Ohio (in general) is not nearly as dreadful as I was lead to believe growing up, and that Cincinnati has its own charm and character. It's a very vibrant, fun, interesting town to live in.

What I *didn't* realize, however, is that the citizens of this fine town, and many others across the state, are in danger of being held hostage by their energy companies.

By now, I'm sure you can see that this proposal is nothing more than a hail Mary from the energy companies. These coal plants they want to save are at least 20 years past their prime.

This proposal could have been avoided if Duke had made the proper investments along the years, but they haven't. They want *us* to save their dying, outdated, and inefficient coal plants because they made poor investment decisions in the past.

We should not have to pay for their bad business practices.

Although I am new to the state, it my understanding that big energy companies like Duke are prioritizing their financial bottom line over their customers, our economy, and even the quality of the air we breathe.

I, for one, will not stand for it. As an asthmatic, there are few things more important to me than reducing toxic air pollution.

Bailing out these coal plants would be like taking a step backward from that goal. We need to hold Duke accountable to move forward towards cleaner, more efficient energy not just for the sake of our wallets, but for the sake of our health as well.

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OPPOSITION COMMENT UNDER CASE #: 14-0841-EL-SSO

It is abundantly clear that Duke Energy is looking for a ratepayer-funded subsidy and risk abatement for aging, environmentally hazardous coal plants that are growing liabilities, both economically and environmentally. As a Duke customer, I certainly don't want to bail out Duke's bad choices, including the continued operation of such plants. Further, Duke's proposed rider violates several aspects of hard-fought-for competitive market regulations. I therefore strongly oppose this rider, and urge the PUCO to deny it.

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Summary: Comments Typewritten comments submitted at the September 9, 2014 hearing in Cincinnati, Ohio electronically filed by Ms. Katrina Dearborn on behalf of Dearborn Reporting Services