

ENERGY MANAGEMENT CONSULTING

6470 Strausser Street N. W.

North Canton, Ohio 44720

March 12, 2012

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2012 APR -5 PM 4:08

PUCO

Honorable Todd A. Snitchler
Chairman
Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

**RE: American Electric Power Electric Security Plan;
PUCO Case Nos. 11-346-EL-SSO & 10-2929-EL-UNC**

Dear Chairman Snitchler:

On behalf of Saint Gobain Norpro (with factories in Stow and Canton, OH) I am writing to encourage the Public Utilities Commission of Ohio to end the disadvantage for electric consumers obtaining generation supply from a competitive supplier in the Ohio Power Company and Columbus Southern zones of AEP-Ohio.

Your March 7, 2012 restoration of a capacity charge of \$255 per MW day and application to transactions involving most shopping customers is the source of this disadvantage. But for this disadvantage, consumers would have access to suppliers offering electric prices at the lowest level in ten years. Instead of being able to reduce electric bills through Ohio's customer choice structure, the anti-competitive \$255 capacity charge makes most consumers captive to AEP-Ohio, the supplier with the highest price.

Since 2006, the electric prices of AEP-Ohio have increased annually and significantly as a result of AEP-Ohio pointing to higher prices in the electric market operated by PJM. These annual and significant increases have allowed AEP-Ohio to earn very high returns in Ohio; in some cases, these returns have been thought to be "significantly excessive".

In response to objections that these high returns would not be approved under cost-based regulation, AEP-Ohio has successfully claimed that its actual cost of service and high profitability are not relevant to Ohio ratemaking laws and customer choice structure.

Now that market prices are finally providing an opportunity for consumers to reduce their electric bills, AEP-Ohio seems to be claiming, again successfully, that this opportunity must be blocked because it may interfere with AEP-Ohio's financial objectives.

In effect, AEP-Ohio is being allowed to set prices based on the method that AEP-Ohio prefers and the method that produces the highest price.

This is to certify that the images appearing are an
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Technician MM Date Processed APR 05 2012

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North Canton, Ohio 44720
March 12, 2012

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street, 13th Floor
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**RE: American Electric Power Electric Security Plan;
PUCO Case No. 11-346-EL-SSO**

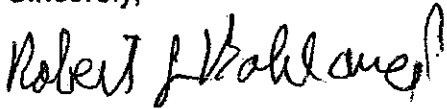
Dear PUCO Commissioners:

On behalf of Saint Gobain Norpro (with factories in Stow and Canton, OH) and Saint Gobain CertainTeed (with a factory in Milan, OH), I am writing to encourage upholding Ohio's market-based approach to assure affordable, reliable and inexpensive energy for all Ohioans. Recently, some utilities have attempted to limit shopping and a customer's choice in the provision of their electric generation. Efforts to institute government regulation and limitations on electric choice should be rejected as they will only serve to raise costs and destroy a vibrant market for energy. This would be certain to have a deleterious effect on factory hires and job creation in Ohio.

Energy costs are a substantial part of these companies operating budget each year. Presently, companies in Ohio have an advantage in that they are permitted to shop beyond the boundaries of their town for the best energy prices for their businesses. If Ohio begins to limit this right to choose an electric provider and, in turn, drive up energy costs, these companies will have a difficult time sustaining their business model in Ohio.

The best policy for the State of Ohio is to encourage a healthy and vibrant market for electric choice. Please support an Ohio energy policy that encourages energy options for Ohio customers so that all of us can continue to invest and grow in our state.

Sincerely,



Robert J. Bohland, CMfgE

CC: Chairman; Todd A. Snitchler
Commissioner Paul A. Centolella
Commissioner Cheryl Roberto
Commissioner Steven D. Lesser
Commissioner Andre T. Porter



March 15, 2012

Commissioners
Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

Office of the Governor
RECEIVED

MAR 16 2012

John R. Kasich

**RE: American Electric Power Electric Security Plan;
PUCO Case No. 11-346-EL-SSO**

Dear Commissioners:

On behalf of Kraton Polymers U.S. LLC, I am writing to encourage the Public Utilities Commission of Ohio to end the disadvantage for electric consumers obtaining generation supply from a competitive supplier in the Columbus Southern zone of AEP-Ohio.

Your March 7, 2012, restoration of a capacity charge of \$255 per MW-day and application to transactions involving most shopping customers is the source of this disadvantage. But for this disadvantage, consumers would have access to suppliers offering electric prices at the lowest level in ten years. Instead of being able to reduce electric bills through Ohio's customer choice structure, the anticompetitive \$255 per MW-day capacity charge makes most consumers captive to AEP-Ohio, the supplier with the highest price.

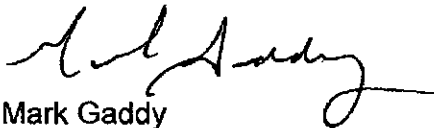
In AEP-Ohio's rejected ESP, AEP-Ohio had proposed a two-tiered capacity pricing scheme. Although the ESP was rejected, the two-tiered capacity scheme was reinstated on March 7, 2012. AEP-Ohio's proposed \$255 per MW-day capacity charge should be compared with the current PJM Interconnection Reliability Pricing Model (RPM) price of \$16.46 per MW-day. This large discrepancy in price between AEP-Ohio and the open market is highly anticompetitive and highly disadvantageous to Kraton Polymers. This difference in capacity pricing has a >\$1,600,000 impact to Kraton's annual energy costs.

Since 2006, Kraton's electric costs have increased an average of 11% per year under AEP-Ohio tariff. This increase has caused the tariff rate to exceed the pricing available in the open PJM market. With the 2009 electric deregulation, Ohioans should not be restricted in accessing competitive electric pricing. We at Kraton have to compete for our Customers every day in every way. In addition, Kraton is competing in a global market, with intense cost pressures from overseas competition. Access to cost effective energy is critical to sustaining Kraton operations here in Belpre, Ohio. In addition, cost

effective and reliable energy is critical to continued investment in the Belpre Site, such as the recent multi-million dollar projects for Isoprene Rubber expansion and the Semiworks Research Facility. Finally, cost effective power is critical for a competitive Kraton business that employs >420 full-time Kraton employees and >100 full time Contractors.

In addition to Kraton's business, the best policy for the State of Ohio is to encourage a healthy and vibrant market for electric choice. So in summary, we at Kraton urge you to end the electric bill disadvantage for electric consumers obtaining generation supply from a competitive supplier in the Columbus Southern zone of AEP-Ohio.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Gaddy', with a stylized flourish at the end.

Mark Gaddy
Plant Manager

CC: Governor Kasich
President Neihaus
Speaker Batchelder
Commissioners Roberto, Lesser, Porter and Centolella
Representative Slaby (Commissioner Appointee)
Representative Phillips (92nd District)
Senator Balderson (20th District)

MARK R. GRINDLEY

VICE-PRESIDENT
OPERATIONS
PLASKOLITE INCORPORATED

March 22, 2012

Chairman Todd Snitchler
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Dear Chairman Snitchler:

Plaskolite has manufacturing plants in Columbus and Zanesville with a combined total of 250 employees. Electricity is our largest utility cost, and we have shopped the generation / transmission portions of our electric bills in recent years to take advantage of the attractive market rates - so we can continue to be competitive in our market sector.

We have become aware of AEP's plan to compel retail electric suppliers to pay an additional \$255 per megawatt-day (MWD) capacity charge above market rates - which will be passed on to us. For one of our facilities, this capacity charge could add approximately \$200,000+ to our annual electric cost - which is a SIGNIFICANT increase.

We are seeing increased costs and regulatory hurdles to doing business here in Ohio, and this dramatic increase in our electricity costs only adds to that. Not only will we be less competitive in the market place as we attempt to recover these costs in our product sales, but we will have less funds for capital investments, worker training, hiring of new employees, and retention of existing employees.

In summary, here are some reasons why AEP Ohio's \$255/MWD capacity charge is anti-competitive and bad public policy:

- It inhibits customers' ability to shop for alternative suppliers and save money.
- It holds customers captive to higher rates.
- It functions essentially as a tax on shopping.
- It is inconsistent with Ohio's policy goal of ensuring that customers benefit from whichever is lower: market prices or regulated rates.
- It will slow Ohio's transition to a robust electricity competition.

We respectfully request the PUCO to provide relief from AEP's exorbitant AEP capacity charge.

Sincerely,

Mark R. Grindley

MRG/jmc

cc: The Honorable John Kasich

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