


To: Public Utilities Commission of Ohio

From: Paul F. Shaw CPA, RSBFO 
Treasurer and Chief Fiscal Officer
Logan-Hocking Local School District
Logan, Hocking, Perry and Vinton Counties, Ohio

RE: Local Hearing on Modified AEP Electric Security Plan
Wolfe Park Shelter House
Sworn Testimony

Date: April 30, 2012

My name is Paul F. Shaw and I come to you today from the Hocking Hills of Southeast Ohio, representing Logan-Hocking Local School District. I am a Certified Public Accountant and Registered School Business Finance Officer. I have served in this capacity for nearly twenty years. Prior to this I served American Electric Power Service Corporation, Columbus, Ohio for five years, and at times worked on rate cases for PUCO, FERC, and other state's regulatory commissions. I also come today representing over 300 fellow employees who filed a complaint with PUCO over this case in February of this year, and also representing the taxpayers of our School District.

In January 2012 the School District saw its overall electric bill go up nearly \$12,000 (30%), from approximately \$40,000 to \$52,000. At two schools – Logan High School and Union Furnace Elementary School - we had aggressively “shopped” our electric provider and had contracted with Direct Energy for power. Both of these schools experienced the largest increase in electric bills. Logan High School saw its AEP bill for the month of January go up nearly \$6,000, or 139%! Union Furnace Elementary saw its AEP bill go up \$1,000, or 91%. These increases caught the School District by surprise.

We were blind-sided by this huge increase. It had not been anticipated! With budgets already stressed, this caused us major concern.

Facing decreasing revenues and rising expenditures in the fall of 2010, a concerted effort was by the Logan-Hocking Board of Education, its administration and employees to implement an aggressive Energy Conservation Program. One of the main goals of this program was to keep our valuable resources IN the classroom – our teachers and staff. By reducing utilities expense, we could keep more employees serving our students. We hired an internal energy specialist, via a supplemental contract, to coach us. Our buildings are monitored/audited daily. Heating/cooling equipment is monitored – temperatures are set back. Computers, monitors, printers, lights, refrigerators are turned off when not in use. Our efforts paid off – our utilities expense decreased \$225,000 for the seven month period July 2011 to January 2012 (compared to the similar seven month period in the prior fiscal year). This was huge – but we had anticipated much of this savings, and it had allowed us to keep additional personnel employed this year. When our unexpected huge bills were received in late January/February the School District faced the unanticipated consequence of taking the money that was saved to pay for teachers and turn around and send it to AEP! Resources would now flow OUT of the classroom instead of into it! Thus, as the School District stated in its complaint filed in February 2012:

HELP US KEEP OUR ENERGY (AND DOLLARS!) IN THE CLASSROOM

To simply and quickly illustrate the inequity of the new rate that were in effect at January 2012, I would direct your attention to these three graphs. GRAPH #1 reflects the decrease in kWh utilization for Logan High School, our biggest consumer. As you can clearly see, consumption in January 2012 went **DOWN 37.5%** (80,100 kwh) when compared to January 2011 (source AEP bills for the respective months). Much of this resulted from our energy conservation efforts, maybe some from the milder. You would expect our AEP bill to go down somewhat as a result of this 37.5% decrease in consumption. However, the Logan High School AEP bill actually went **UP 53%** for January 2012, compared to the January 2012 AEP bill. As stated in the School District complaint filed in February 2012:

**PUCO's MATH DOESN'T WORK FOR PUBLIC SCHOOLS, SMALL
BUSINESS, AND INDIVIDUAL CUSTOMERS**

Conclusion

School districts, small business owners, and individuals across the state are facing huge financial challenges. School districts such as Logan-Hocking are doing everything they can to sustain their operations – they are actively reducing energy consumption by employing conservation measures; they are shopping the market to obtain the best rates available; and they are employing any and all other means they can to survive.

Electricity rates, such as those requested by AEP presently and to be approved by the Public Utilities Commission, should not **punish** the efforts of consumers like Logan-Hocking who do what anyone does facing such challenges – to conserve and shop wisely.

They should encourage conservation and access to free market rates. To set rates otherwise is a slap in the face to consumers, and puts our education and financial systems at risk.

Thank you for your time and consideration.

Paul F. Shaw CPA RSBFO
Treasurer and Chief Fiscal Officer,
Logan, Hocking Local School District
pshaw@lhsd.k12.oh.us
www.loganhocking.k12.oh.us

School District Information

4,100 students, serving Hocking, Perry and Vinton Counties
County wide school district
Five elementaries, one middle school and one high school
Approximately 1,100 students at Logan High School

District Wide Utilities Expenditures – Fiscal Year 2011

- Electricity	\$725,000
- Natural Gas	\$233,000
- Total	\$958,000

**Logan-Hocking Local School District
Electricity Expense
December 2011 versus January 2012**

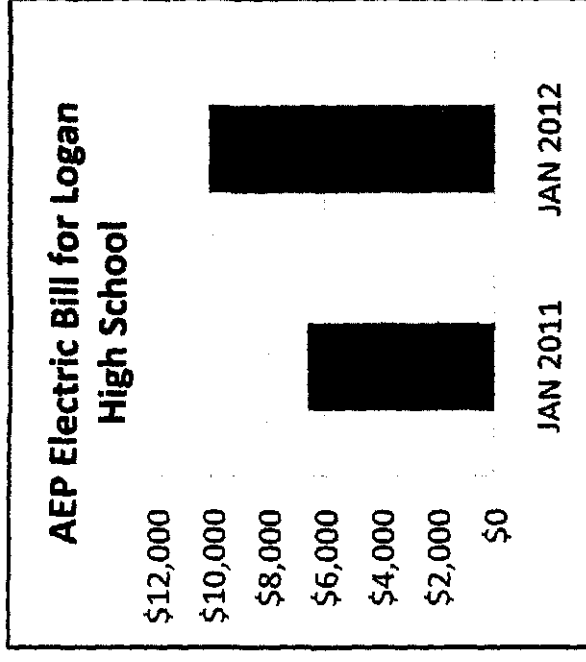
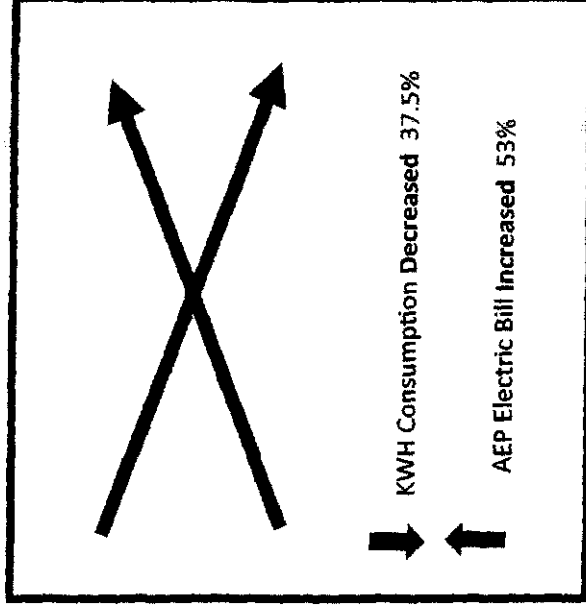
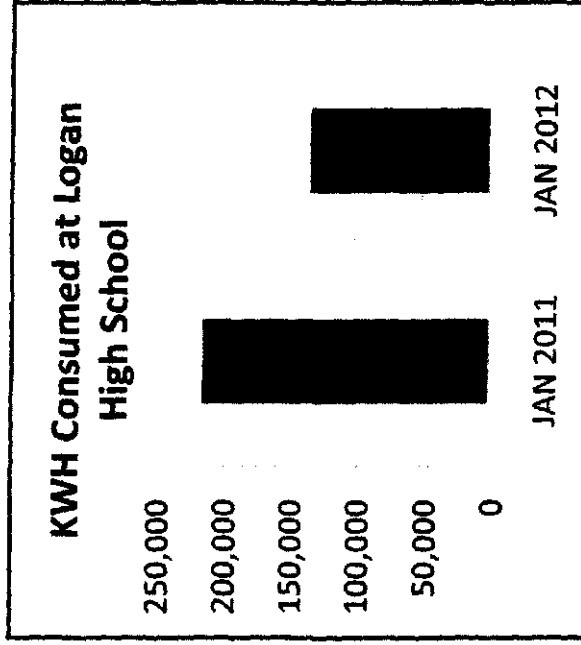
PFS
02-Feb-2012
AEP212.wk4

<u>School/Location</u>	<u>Vendor</u>	<u>12/2011</u>	<u>1/2012</u>	<u>One month Change</u>	<u>% Change</u>
Logan High School	AEP	4,233.34	10,119.46	5,886.12	139%
Logan High School	Direct Energy	8,208.00	10,206.00	1,998.00	24%
Total - LHS		12,441.34	20,325.46	7,884.12	63%
Logan Middle School	AEP	10,222.33	10,557.38	335.05	3%
Central Elementary	AEP	3,850.36	3,123.01	(727.35)	-19%
Chieftain Elementary	AEP	2,532.78	4,110.23	1,577.45	62%
Green Elementary	AEP	2,654.89	3,295.73	640.84	24%
Hocking Hills Elem	South Central Pwr	3,349.55	3,145.65	(203.90)	-6%
Union Furn Elementary	AEP	1,044.99	1,991.21	946.22	91%
Union Furn Elementary	Direct Energy	2,016.00	2,520.00	504.00	25%
Total - UF Elementary		3,060.99	4,511.21	1,450.22	47%
Administration Office	AEP	916.89	1,128.48	211.59	23%
Transportation Bldg	AEP	646.04	831.97	185.93	29%
Transporation - Bus Htg	AEP	197.60	632.97	435.37	220%
Parking Lot	AEP	11.90	10.85	(1.05)	-9%
 Grand Total		 39,884.67	 51,672.94	 11,788.27	 30%

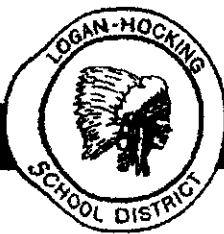
Direct Energy provides generation at Logan High School and Union Furnace Elementary

HELP US KEEP OUR ENERGY (AND DOLLARS!) IN THE CLASSROOM

PUCO'S MATH DOESN'T WORK FOR PUBLIC SCHOOLS, SMALL BUSINESS, AND INDIVIDUAL CUSTOMERS (Example - Logan High School)



As stewards of local taxpayer resources, we, the undersigned employees of Logan-Hocking Local School District, have done our part, through an aggressive energy conservation program, to reduce energy consumption. One of our goals is to keep our valuable resources IN the classroom. AEP's recent changes in electric tariffs, approved by PUCO, is resulting in a drain of financial resources OUT of our classrooms. We therefore file this complaint with PUCO and ask that it reconsider the rate structure approved for AEP.



PAUL F. SHAW, CPA, RSBFO
Treasurer

TO: ATTN: IAD
Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215-3793

From: Logan-Hocking Local School District
ATTN: Paul F. Shaw CPA, RSBFO
Treasurer and Chief Fiscal Officer
2016 East Front Street
Logan, Hocking County, Ohio 43138

RE: COMPLAINT RE: CASE 11-346-EL SSO

Date: February 14, 2012

I file this complaint today on behalf of the Logan-Hocking Local School District, the 317 employees who have signed this complaint (see attached), the students, and the taxpayers of the School District.

As stewards of local taxpayer resources, we believe we have done our part, through an aggressive energy conservation program over the past fifteen months, to reduce energy consumption. One of our goals is to keep our valuable resources IN the classroom. American Electric Power's recent change in tariffs (effective 1/1/12), approved by the Public Utilities Commission of Ohio (PUCO), is resulting in a significant and inappropriate drain of financial resources OUT of our classrooms. We therefore file this complaint with the PUCO and ask that it reconsider the rate structure previously approved for AEP. We believe conservation should be encouraged, not discouraged!

I have attached the following for your consideration:

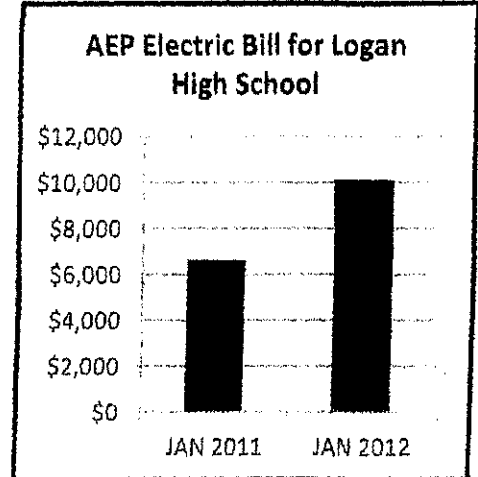
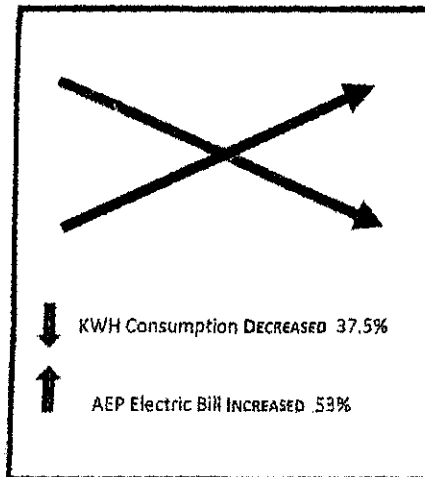
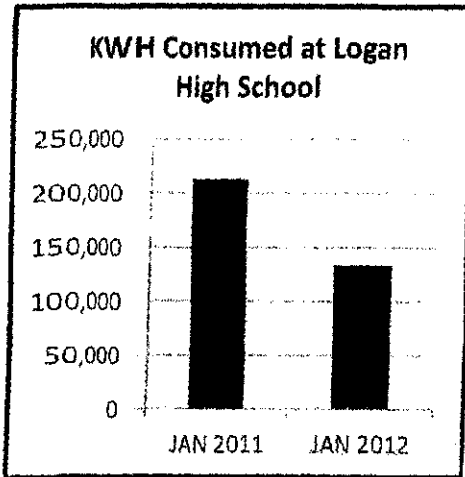
- Voluntary, employee joint-signatures (317) of the this complaint- this also graphically reflects an example of how Logan High School has incurred a dramatic increase in electricity expenditures, despite a significant reduction in electricity consumption 2/- 23/
- Documentation of the School District's 30% increase in electricity expense in January 2012 24/
- AEP account codes for Logan-Hocking School District locations 25/
- Local newspaper coverage of Logan-Hocking School District's situation 26/ - 32/

Please contact me if I can be of any assistance in this matter. Respectfully submitted this 14th day of February, 2012.

page ref

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(For additional information, contact Treasurer Paul Shaw at pshaw@lhds.k12.oh.us)

Paul Shaw
Jeffrey A. Snicker
Cindy Spangler
Jenae Gillespie
Debbie L. Allen
Paula K. Anderson
Julene Grueninger

Christy A. Bosch
Keri L. Kunkler
Lindsay DeMura
Loren Walten
Wendy Cook
Christy Stappeler
Cathy McKenna 2/

Stephen Collins

Susan Rinehart

Edgar

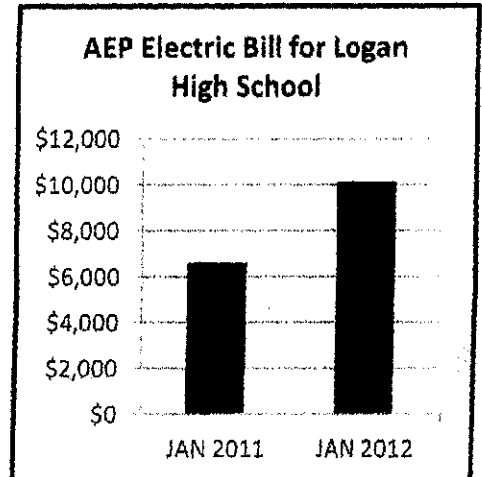
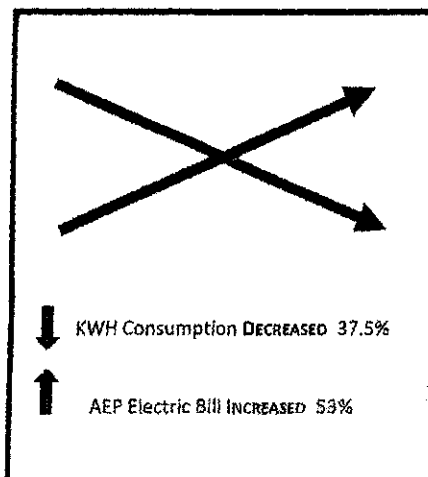
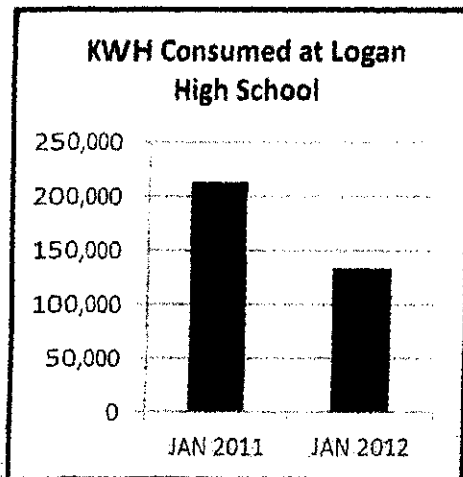
Colleen L. K. L.

La. O. O. O.

Ch. L. L.

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Amanda Thompson
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

Al

John

Matt Stone

Karen M. Baggett

Brenda Davis

R-J

Johnny

John

Dr. B. Holmes

John Butler

Wendell Crane

Karen Carpenter

Carlton H. H. H.

Ceresa L. Stone

David B. Carl

John

Melinda Johnson

Kathy Mara

Kyle Conway

Cimee Roberts-Corby

Carol McGonagle

Autumn Bary

Carol Davis

James M. M.

John

Stella

Rebecca L. Davis

John M. M.

Kendy K. Johnson

Ray V. H. Sherlock

Frederick C. C.

John F. F.

Frederic Lemon
Karen Arroyo
Heidi Schultens

Febe Cooter
Barbara M Smith
Alyssa Buens

Leand Meyer
Luz Landis
Sandy Jorgensen
Phyllis
H. B. B.

Rebekah Leonard

Angie Berchling
H. B. B.

Theresa Entwistle
Bob B.

Nancy Jackson

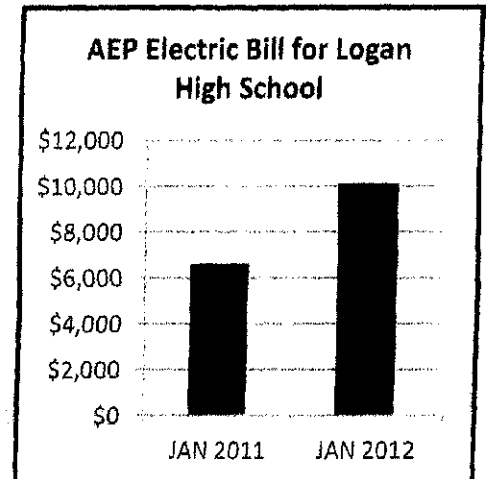
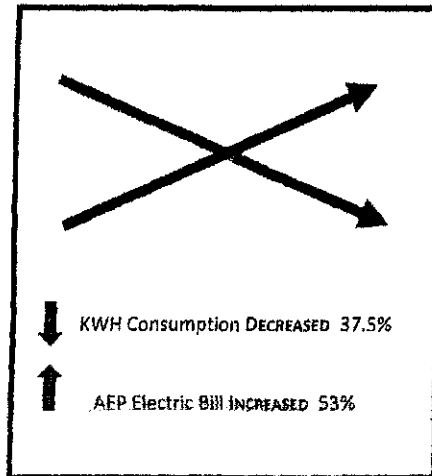
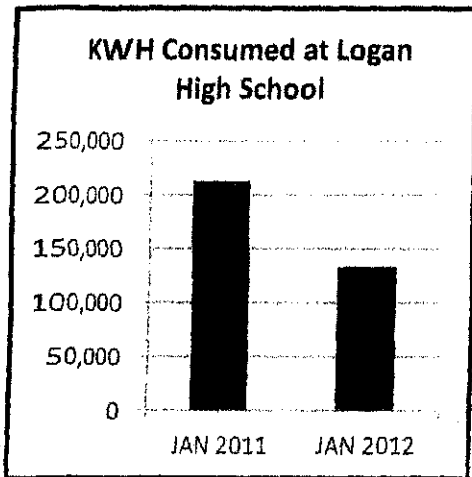
Myra

Dore Schult

Connie Kaye Wolfe

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B. L. Linn

S. M. G. H.

Debbie Hall

Rory Nichols

Gary Swinehart

Jamara Smith

Diggs L. Bowling

Lindsey Perry

Charles W. Huber

Madene Mount

Mary (Inde)

Cinda Proctor

Robert W. Wether

Theresa Gallard

Debbie Cherry

John R. Allen

Melissa Holland

Nancy Campbell

Wally Van

Lydia Burt

Beth Elmdorf

Kristina Grando

Molly Silk

Christen Pasch

Kathy Crisler

~~Linda Howard~~

Linda Shore

Kristopher T. Begley

Steve Harris

Kim M. Warner

Nathaniel P. Klenzin

Bobby Corcoran

Jamie H. Heinlein-Eads

Jane Smith

Jessica Cozad

Himbury Doun

Eileen Schein

Carol S. Buttrick

Sandra Richards

Deborah Perrod

Karen L. Potter

Christina West

Michael Dene

Judy Jones

Jane Willard

Robert H. Robinson

Joel L. Tompkins

Megan Gellone

Christine Hall-White

Dina Metzler

David Bengers

Mary Kilbeger

Both Og

Merrilee Carlson

Don L. De

J. M. Rauschberg

Cheryl Lee

R. and D. Lehman

Mary Y. Sams

Chad H.

Tim Vay H.

J. Z. H. H.

Chad M. Hall

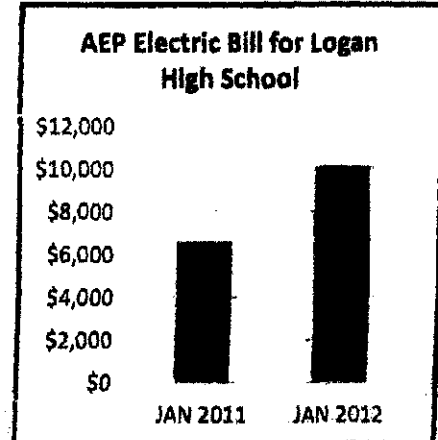
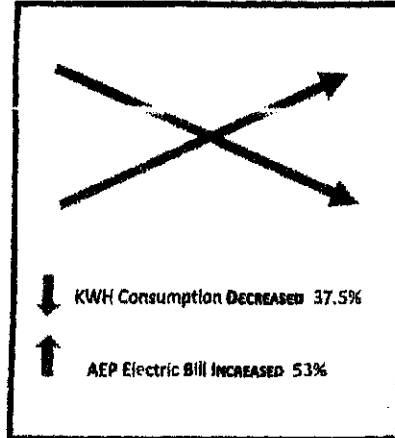
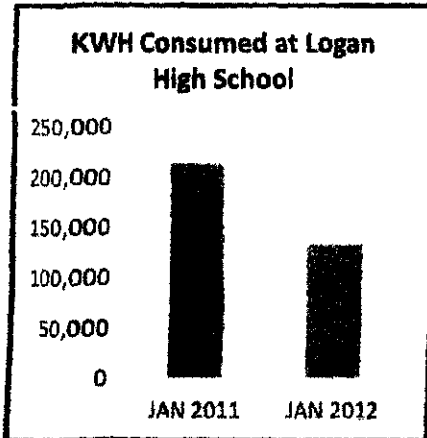
Juan M. Hoffman

Kellie L. Hayden

Logan-Hocking Local School District
Logan, Hocking County, Ohio
February 2012

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Judy Wolfe

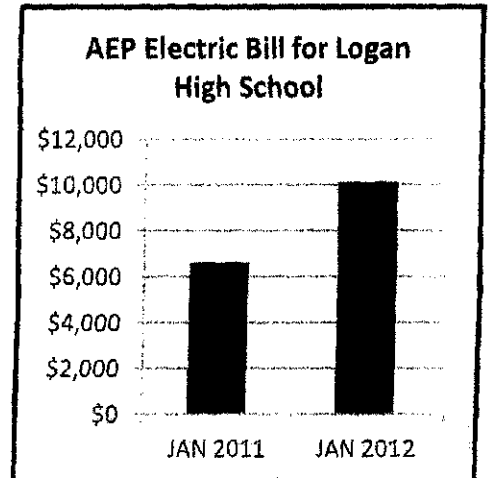
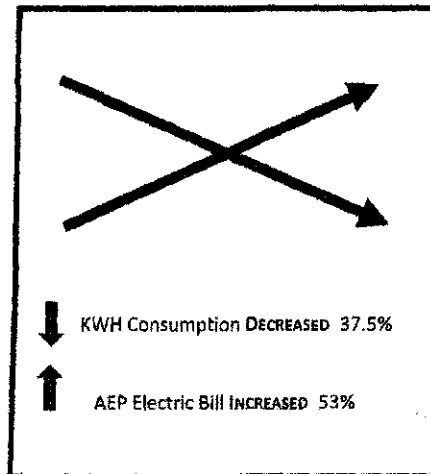
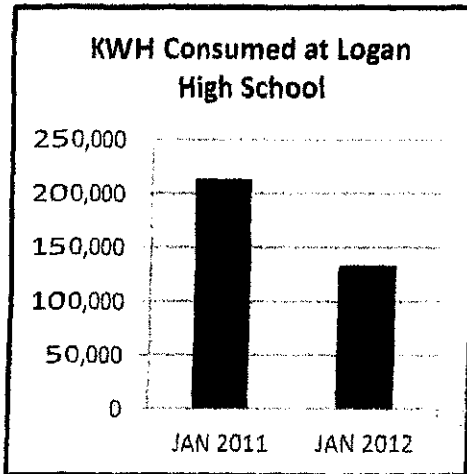
Charmine Retherford

Vicki Lambert

Karen Underwood

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Susan M. Scarnack

Andrew E. Potter

Margaret A. Graham

Amey Eser

Karen E. Nesbitt

Shirley H. Huls

Colleen Hockman

Rachel Leffler

Marcie Beil

Cynthia Patton

Barbara Crawford

Emily T. Dwyer

Mary J. Menckhofer

Alina Nelson

Hester S. Hughes

Carol G. Sams

Rachel R. Kallimannis

Debra L. Kleinman

Martha L. Raditch

Christine J. Ti

Marion B. Kuhn

Vivian K. Croft

Amara J. Poling

Sandy C. C. C.

Connie M. Fleming

Quinn Sipton

Michael Branton

Amanda Stull

Isaac L. Swinn

Heather K.

Holly J. Thero

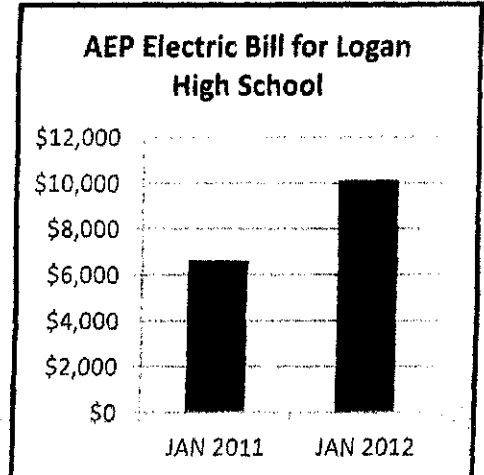
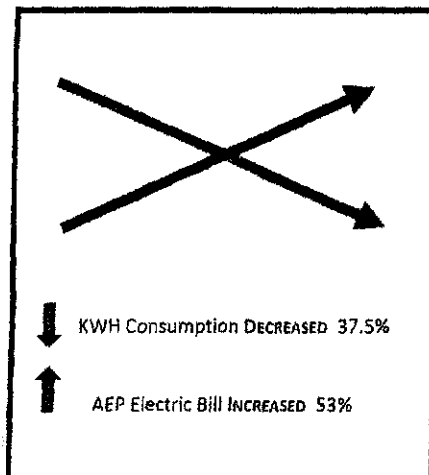
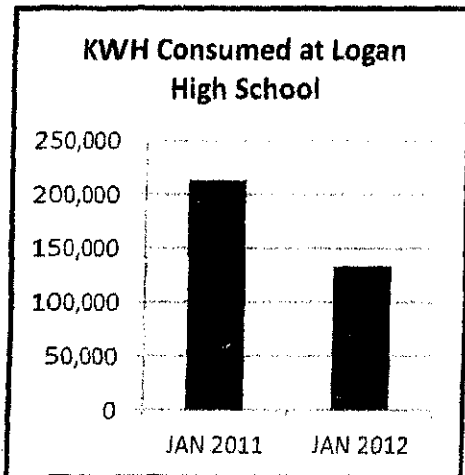
Debbie Heath

Glenn W. W.

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Andrew J. J.
Jack Dutton
Bush J. Duffey
Dawn Ciss
Jodi Cress
Kim Calvert
Deanna J. Hester

Regina M. Case
Angela M. Helber
Karen Shull
Jillan Vollmer
Jackie A. Smith, Jr.
Kathryn E. Lynn
Raissa Cummings 13/

Chrissy Pickrell

Nichelle Baker

Emily VanHoose

Larry Karo

Tim Reed

Karena Yates

Sharon Elder

Ben Galt

Wesley Rice

Ernie Collier

Macroezy

Beck Towers

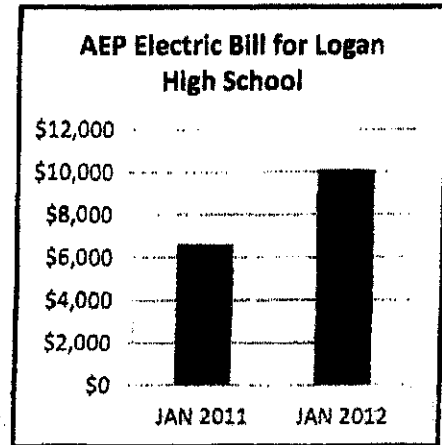
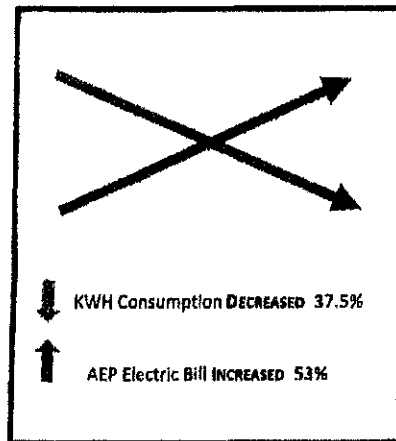
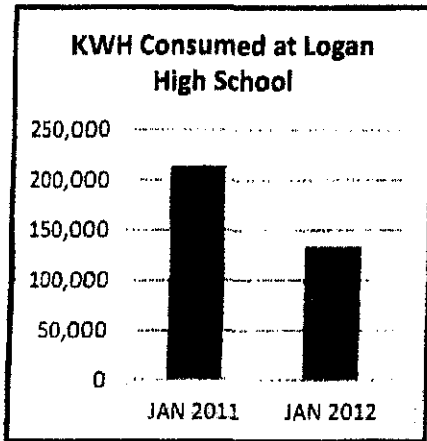
Jennifer Britton

Sheila A. Nott

Logan-Hocking Local School District
Logan, Hocking County, Ohio
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Andrea Zwickert
Jenny Day

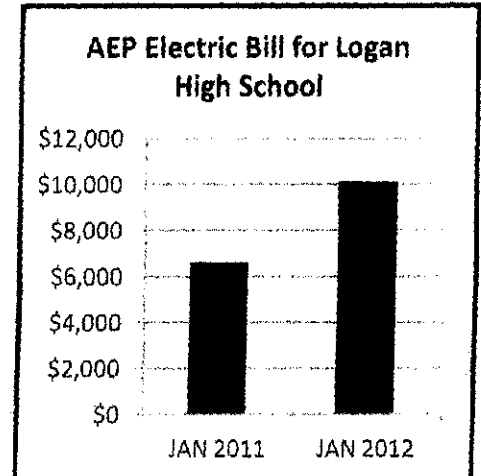
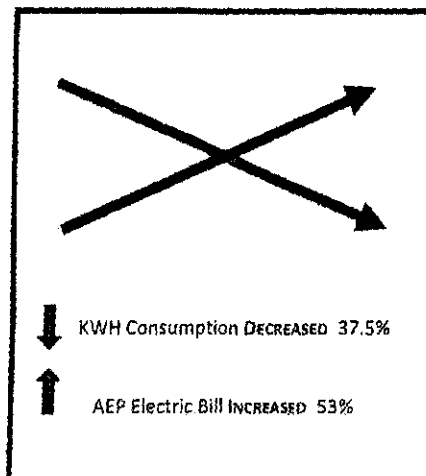
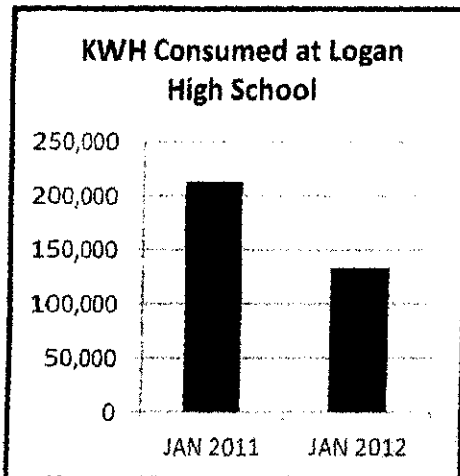
Shana Dixon
Marcia Wilson

Alex Montemayor
Michelle Maniskab
Sara Bates

Edel Spencer
Jessica Dubner
Chris L. Hart
Glenn Snow

Angie Bonds
Janice Stephenson
Robert E. Morgan

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Bettie Baw

Colleen Boyle

Sharon L. Kepley

Brenda Shuck

Tommy L. Dutz

Maia L. Spink

Rebecca L. Spink

Kristen H. H. H.

Amy J. Klein

Sharon L. Kepley

Paul Shaw

Rebecca E. Mahler

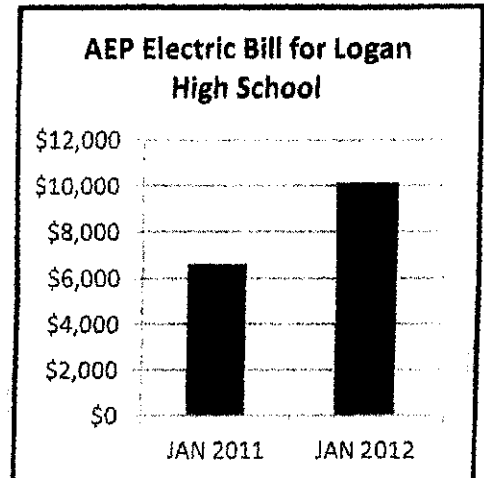
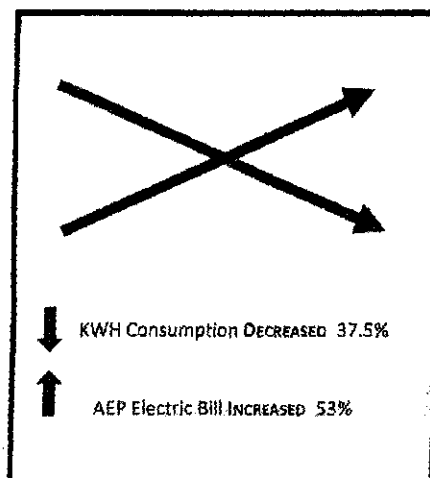
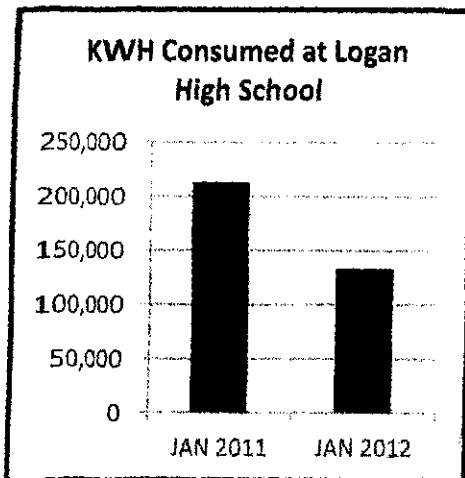
Sharon L. Kepley

Sarah L. Todd

Melinda Travis

HELP US KEEP OUR ENERGY (AND DOLLARS!) IN THE CLASSROOM

PUCO's MATH DOESN'T WORK FOR PUBLIC SCHOOLS, SMALL BUSINESS, AND INDIVIDUAL CUSTOMERS (Example - Logan High School)



As stewards of local taxpayer resources, we, the undersigned employees of Logan-Hocking Local School District, have done our part, through an aggressive energy conservation program, to reduce energy consumption. One of our goals is to keep our valuable resources IN the classroom. AEP's recent changes in electric tariffs, approved by PUCO, is resulting in a drain of financial resources OUT of our classrooms. We therefore file this complaint with PUCO and ask that it reconsider the rate structure approved for AEP.

(For additional information, contact Treasurer Paul Shaw at pshaw@lhsd.k12.oh.us)

Tina Barrell

Alison Cassady

Wendy Busch

Simon Mills

Georgia Johnson

Tim Kelly

Eva Brunken

Jenna Kama

Mark Shaw

Jacqueline Liffitt

Karna H. Ellis

Mike Long

Nancy Mason

Mike Long

Vickie Kaster

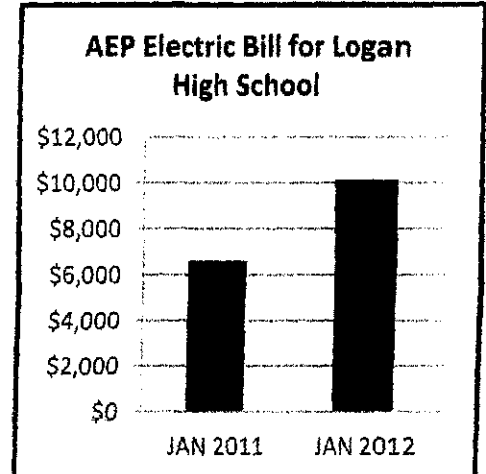
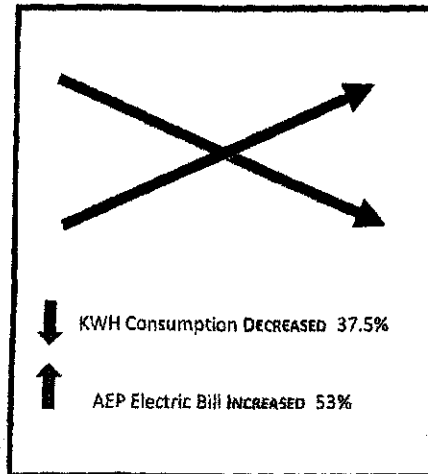
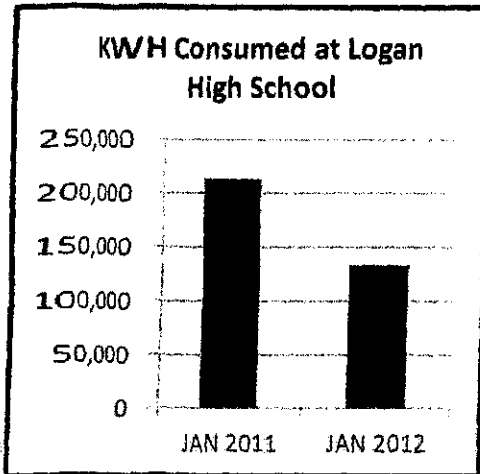
Shannon Jackson

Kelley Hollen

Carmen P. Murray

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Susan J. Masner

Deann K. Hacker

Angela L. Stimmel

Rebecca A. Kack

Carol A. Bartholomew

Timothy J. Miller

Sabrina B. Benedict

Quande A. Corder

Teresa A. McCort

Lynne J. Jones

Quinn D. Speier

Jeanne M. Miller

Robert D. King

Robin L. Line

Crystal Cole

~~Lucie Kinsland~~

~~Wendy Armstrong~~

Amy Bonnette

~~Mon Ling Bui~~

Debra A. Baker

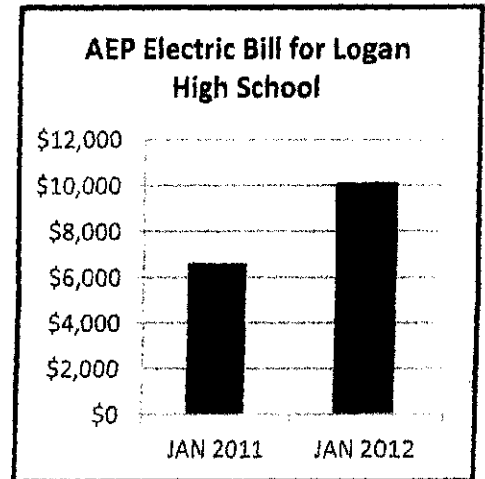
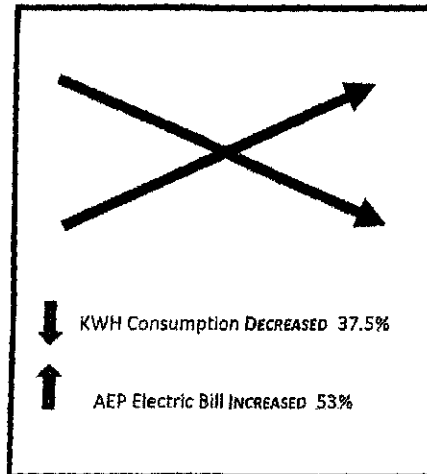
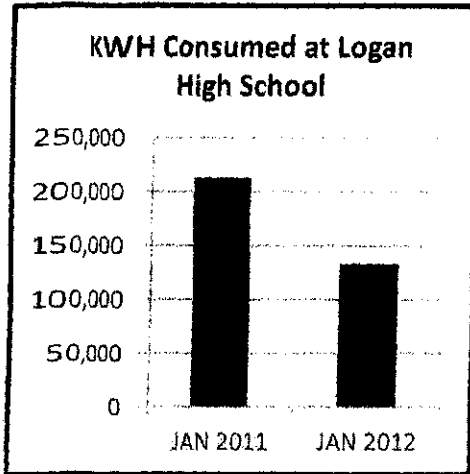
Qivi R.E. Fuller

~~Lucy B.~~

Harvey S. Thompson

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BUSINESS, AND INDIVIDUAL CUSTOMERS**
(Example - Logan High School)



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Stanley M. Wilk

2. Samuel Rye

Jerry E. Kinney

Carol A. McDaniel

John F. Thompson

Dennis W. Morgan

Robert Krametz

Wendy Hester

Carol Y. Morley

Peggy Williams

Deborah Bazzell

Paul Cwings

Julie Reeves

Tim Lawrence

Ricky Burns

Emily Reese

Lester Gird

Tom Poff

Clifton K. Lester

Rita Thomas

Bert Williams

John P. Kell

H. J. G.

Dale Keirns

Michael Hollbrook

Ry. P.

John & Will

Stu A. Sauer

Nolan

Ed. Sen

**Logan-Hocking Local School District
Electricity Expense
December 2011 versus January 2012**

PFS
02-Feb-2012
AEP212.wk4

<u>School/Location</u>	<u>Vendor</u>	<u>12/2011</u>	<u>1/2012</u>	<u>One month Change</u>	<u>% Change</u>
Logan High School	AEP	4,233.34	10,119.46	5,886.12	139%
Logan High School	Direct Energy	<u>8,208.00</u>	<u>10,206.00</u>	<u>1,998.00</u>	24%
Total - LHS		<u>12,441.34</u>	<u>20,325.46</u>	<u>7,884.12</u>	63%
Logan Middle School	AEP	<u>10,222.33</u>	<u>10,557.38</u>	<u>335.05</u>	3%
Central Elementary	AEP	<u>3,850.36</u>	<u>3,123.01</u>	<u>(727.35)</u>	-19%
Chieftain Elementary	AEP	<u>2,532.78</u>	<u>4,110.23</u>	<u>1,577.45</u>	62%
Green Elementary	AEP	<u>2,654.89</u>	<u>3,295.73</u>	<u>640.84</u>	24%
Hocking Hills Elem	South Central Pwr	<u>3,349.55</u>	<u>3,145.65</u>	<u>(203.90)</u>	-6%
Union Furn Elementary	AEP	1,044.99	1,991.21	946.22	91%
Union Furn Elementary	Direct Energy	<u>2,016.00</u>	<u>2,520.00</u>	<u>504.00</u>	25%
Total - UF Elementary		<u>3,060.99</u>	<u>4,511.21</u>	<u>1,450.22</u>	47%
Administration Office	AEP	<u>916.89</u>	<u>1,128.48</u>	<u>211.59</u>	23%
Transportation Bldg	AEP	<u>646.04</u>	<u>831.97</u>	<u>185.93</u>	29%
Transporation - Bus Htg	AEP	<u>197.60</u>	<u>632.97</u>	<u>435.37</u>	220%
Parking Lot	AEP	<u>11.90</u>	<u>10.85</u>	<u>(1.05)</u>	-9%
 Grand Total		 <u>39,884.67</u>	 <u>51,672.94</u>	 <u>11,788.27</u>	 <u>30%</u>

Direct Energy provides generation at Logan High School and Union Furnace Elementary

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Please send all account numbers listed below to Logan Hocking Local Board of Education
2019 East Front Street
Logan, Ohio 43138

101-533-178-0-4	High School
070-820-200-1-2	Middle School
079-593-323-0-0	Central Elementary
070 350 065 1 4	Chieftain Elementary
072 247 08 0 6	Chieftain Elementary
070-366-092-0-9	Green Elementary
108 655 353 0 5	Union Furnace Elementary
078-220-200-1-7	Board Office
079-043-344-0-1	Transportation
076-185-386-0-2	Transportation

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THE LOGAN DAILY NEWS

Vol. 171-No. 30

Weekend Edition, February 4-5, 2012

www.logandaily.com

School district impacted by electricity rate hike

By **LESLIE GRAY**

Logan Daily News Reporter
lgray@logandaily.com

LOGAN – Residents aren't the only ones impacted by American Electric Power's rate hike that took effect in January – Logan High School's cost for electricity has increased 53 percent compared to last year.

In January of 2011, the high school consumed 213,600 kWh and its AEP bill was \$6,595. This January, the high school consumed 133,500 kWh, a decrease of 37.5 percent, and the electricity bill was \$10,119, an increase of 53 percent.

"[These tariffs] are very punitive for small businesses, etc., and damaging to the schools," Logan-Hocking School District Treasurer Paul Shaw said. "We weren't expecting it."

The school district has been taking measures over the past year to reduce its energy consumption, including starting an energy conservation program. The district's energy conservation specialist has helped schools change their habits – setting back thermometers, reducing lighting, etc.

The school district also has taken advantage of AEP Gridsmart incentive programs, such as switching to energy-efficient light bulbs. Overall, the dis-

trict has spent tens of thousands of dollars for the incentive programs to become more energy efficient.

"In the past six months, compared to same time period in the prior school year, the district has been able to cut its electricity expense by \$124,000 with the energy conservation program. We've worked hard to cut our utility bill down," Shaw said. "We have budgeted for that and [the saving] has allowed us to keep people employed. Now we will have to give that money we saved to the utility company and can't keep it in the classroom."

■ "We have budgeted for that and [the saving] has allowed us to keep people employed. Now we will have to give that money we saved to the utility company and can't keep it in the classroom."

—Paul Shaw, Logan-Hocking School District
Treasurer

Please see HIKE, page A3

See graphs
n Complaint
Form →
Re This

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The Logan-Hocking School District isn't the only district hurting from the increase. Shaw has been in contact with several others including Bexley, Westerville, Madison Plains Local and South-Western City. Logan-Hocking's AEP representative told Shaw the rate change will most likely be in effect until the next rate case in 2015, so the school districts have decided to work together to make a case to the Public Utilities Commission of Ohio to resolve the issue.

"They're not promoting conservation. It's very frustrating," Shaw said. "We do understand they have costs, but we're incurring them."

According to the Associated Press, AEP's residential rates in Ohio have gone up by as much as 5 percent and small businesses have complained that their electric rates have soared by as much as 40 percent as a result of the agreement between AEP and Ohio regulators.

AEP's deal with the PUCO meant price cuts for many large manufacturers essentially paid for by other ratepayers, according to the

Associated Press. AEP says some rate increases may seem big because the old prices were artificially low for some customers.

"We're going to continue to work on this," Shaw said. He hopes to make progress with the issue in the coming month.

SUNDAY, FEBRUARY 5, 2012

AEP RATE INCREASE CREATING STATIC

Schools, governments join small businesses in disbelief over hike

By Charlie Bass
and Dan Gearino
THE COLUMBUS DISPATCH

Small businesses aren't the only ones upset about the sudden increase in American Electric Power bills. Schools and governments are reacting with disbelief that their bills are jumping so dramatically. And the fallout will affect taxpayers.

A few customers will get refunds, AEP says. Economists, meanwhile, say the rising costs are bad news for Ohio's struggling economy because they could put the state at a competitive disadvantage.

The state appears to be counting on the Public Utilities Commission of Ohio, the agency that approved the rate hike in December. The agency has received 100 complaints about the rate increase, most of which were made in the past few days, a spokesman said.

Most complaints are about small-business rates, but school districts said they also are filing complaints.

"It blindsided us," said Paul Shaw, director of Logan-Hocking schools.

Logan-Hocking County District 5th

AEP Page A10

AEP

FROM PAGE A1

many others, has cut its energy consumption through various steps, including reducing lighting, keeping computers off at night and closing buildings during holiday breaks.

But the increase in AEP's distribution rates offsets any potential savings, officials say. Shaw's district, like many other taxpayer-funded groups, has buildings that are in the same rate category as small businesses.

"We've done our part, but we're getting hammered by these increases," Shaw said.

AEP says the rates are part of a transition toward greater competition among electricity providers. The company realizes that the transition is "adversely impacting certain customer groups that in the past have enjoyed partially subsidized rates," said spokesman Jeff Rennie.

For customers who feel blindsided, Rennie noted that the PUCO approved the rates on Dec. 14, which allowed only about two weeks before they went into effect.

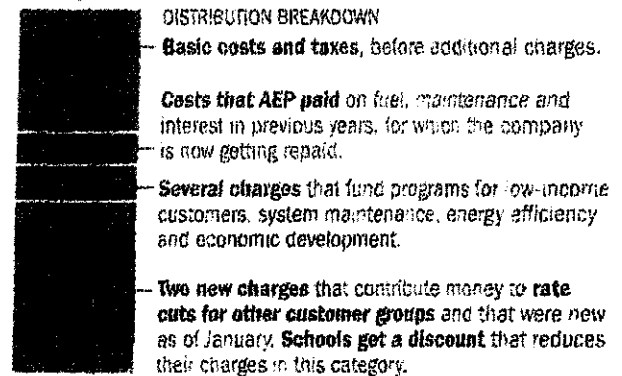
"There simply was not enough time to provide advance notice to customers," Rennie said.

The PUCO's governing board has said it will review its decisions, a move that is

Rates on the rise

Small businesses, schools and municipal buildings are seeing big rate increases from AEP. In the example below, a business with 80,000 kilowatt-hours of use and maximum demand of 500 kilowatts is seeing its overall rates go up 25 percent from a year ago. Much of the increase is because of new distribution charges. A look at the charges that make up that part of the bill:

BILL COMPONENTS	ELECTRICITY GENERATION	TRANSMISSION
DISTRIBUTION		\$1,135
\$6,882	\$4,891	



Source: Dispatch analysis of AEP rates

THE COLUMBUS DISPATCH

common in major cases such as this. But the panel has not specified which parts of the case it is reviewing.

There is concern that the PUCO's decision, left unchanged, will harm Ohio's efforts to create jobs here.

The rate increases will "have a devastating effect on job creation," predicted James Newton, chief eco-

nomics adviser for Commercial National Bank in Columbus. "It is basically shooting a torpedo into the economic ship of state, and it's just plain stupid and self-destructive."

Gov. John Kasich will not step in, said his spokesman. Rob Nichols, Kasich is going to let the PUCO handle the situation. "We don't micro-

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"It is basically shooting a torpedo into the economic ship of state, and it's just plain stupid and self-destructive."

JAMES NEWTON

chief economic adviser, Commerce National Bank in Columbus

manage utility-rate cases."

In this case, rates are rising because of provisions the PUCO approved that shift costs from the largest businesses to small ones, and because of AEP costs that were deferred from previous years. All the components add up to rare increases of up to 40 percent for some customers.

The city of Columbus has its own electric utility, which powers many city facilities. But it pays AEP for facilities that aren't on the city grid.

Laura Young Mohr, spokeswoman for the city's Division of Power and Water, provided six examples comparing AEP electricity bills from December 2011 and last month. Two of the bills rose by 26 percent, and one rose by 13 percent.

But how the increases will affect Columbus' finances won't be known until the city does a quarterly financial review at the end of March, she said.

Franklin County and COTA

leaders also are monitoring the issue, but they did not have estimates about their overall rate changes.

Some school districts that invested in energy-saving upgrades are dumbfounded by the size of their latest electric bills.

Grandview Heights schools, for example, used 5 percent less electricity in January than in December, but their total bill increased 23 percent, to \$6,011.

"I could certainly find better ways to spend the money," said Superintendent Ed O'Reilly.

Worthington schools spent about \$129,000 on electricity in January, an 18 percent increase from the previous month. Treasurer Jeff McCuen said the impact of changes in AEP delivery charges, which rose by 65 percent, "seem out of line with reality."

District leaders said the mild winter will help them absorb the additional costs.

But Logan-Hocking

schools might have to cut positions to balance the budget, Shaw said. The district's total electric bill last month was \$51,673, a 30 percent increase from the December bill.

Shaw had forecast a drop in electricity expenses this school year because of an energy-saving program that shaved about \$124,000 off those bills in the past six months compared with the same period the previous school year.

Some school districts switched to alternative electricity providers in recent years to get lower prices or electricity generation. But customers pay AEP for the delivery of power, which is the part of the bill that has risen the most.

Schools would be paying even higher rates if not for several discounts the PUC included in the plan. For example, schools are exempt from the "market-transit rider," a charge that is the largest part of the rate increase for some businesses.

But that merely reduces the size of the increase at a time when many school districts cannot afford any unexpected costs.

Dispatch reporter Doug Caruso contributed to this story.

choss@dispatch.com
dgarino@dispatch.com

The Athens Messenger

Your Hometown News Source

com

Friday, Feb. 3, 2012

50 Cents

Fair board learns rate shocker was an AEP billing error ...



Anthony Debord, a customer service representative with American Electric Power, tells members of the Athens County Fair Board that a more than \$6,300 bill they received for the month of January was due to a billing error.

By SARA BRUMFIELD
Messenger staff journalist

Athens County Fair Board members said they will sleep better after being told the more than \$5,000 increase in their American Electric Power bill for January was mainly due to a billing error.

On Thursday, The Messenger reported the fair board received an electric bill totaling more than \$6,300 for the month of January — a 536 percent increase over December's \$990 electric bill. Fair board treasurer Paula Carpenter told The Messenger the board would be bankrupt within a few months if it continued to receive bills in the \$5,000 range.

Carpenter said the shocking utility bill was passed during the board's meeting Monday.

"We'd gathered to go over our budget and see where we could cut our cost and raise revenue," he said. "The secretary brought in the bill to me and there it was: AEP bill as in all its glory."

The next morning, Carpenter was making frantic phone calls to the Public Utilities

Commission of Ohio and had later to give some insight on the bill's cost.

On Thursday, Anthony Debord, a customer service representative with AEP, met with Carpenter and other members of the fair board to discuss the bill. Debord told the board that one of the major factors in the high amount was a billing error on AEP's part.

According to Debord, the board's

AEP representative Anthony Debord said the fair board will receive a revised January bill, which will be more in line with its budget. He said the board may still see higher electric rates compared to 2011, but nothing close to what was shown on the bill received Monday.

... But area schools aren't so fortunate

'Low load' patterns of usage now mean high AEP bills for districts

By CASEY S. HILLIOTT
Messenger staff journalist

American Electric Power's latest rate hike isn't just affecting small businesses, the Athens County Fair Board and area residents — Athens County school districts are also feeling the bite from increased rates.

Alexander Local Schools Treasurer Aaron Schirm said Thursday that the rate hike, which took effect Jan. 1, is estimated to increase the district's utility costs by nearly \$50,000 this year compared to last year. And that's despite measures district officials have implemented to improve energy efficiency at school buildings.

Alexander Treasurer Aaron Schirm said the district's January AEP bill included distribution charges 70 percent higher than what it paid in January 2011 — even though the district has reduced its energy consumption.

High electric rates ding schools

(Continued from page 1)

This has nothing to do with consumption of energy. Even though we were saving money from consumption and received less or later through Direct Energy, it is all going to be wiped out by these huge increases in AEP," he said.

The district contracts for electricity through Union Energy, a utility and related services, actually to get a lower post-graduate lower rate, but AEP's Direct Energy are the result of higher electricity rates that were approved by the Public Utilities Commission of Ohio in December.

Schum said the district's January AEP bill included distribution charges that were 70 percent higher than what it paid in January 2010 — even though the district has reduced its energy consumption. He said if that trend continues, the additional charges will cost the district nearly \$500,000 more than it paid for distribution charges last year.

According to Schum, the district's December bill was about \$4,100, January's bill more than doubled — to around \$9,600.

Under AEP's new rate structure, customers in the "low load factor" classification are being hit particularly hard. That classification includes customers who have high electricity usage for short periods of time and low usage most of the time. Customers in that classification, as the January bill also indicates, are in the rate change.

AEP spokesman told it may not be the best example of how the AEP's initial application with the PUCO in January 2010 resulted in a rate increase to recoup its costs "plus a little bit of profit," but that request was altered after more than 20 different groups intervened in the case. He said the company's initial application ought to pass along the increase gradually, but the PUCO decided the utility company had to move to a market-based model, which resulted in the rate increase.

Our original intent was not to do it for customers," he said. But with this order to move toward a market-based environment, it was perfect in some circumstances."

Renick said the rate increase is

applied to all consistent users of energy with lower rates. He said AEP's power plants produce energy at the peak amount required for customers 24 hours a day, so businesses that use that energy more consistently were rewarded with lower rates. Homeowners with short periods of high usage, such as school districts and small businesses, are also the utility company more, so they are paying more for their electricity.

PUCO spokeswoman said the problem is exacerbated as the result of deferral on distribution charges and fuel costs from past PUCO commissions. AEP accrued costs but did not collect those costs from consumers, and the costs are now being billed to customers by AEP through charges called "riders."

What has been happening over the course of the past decade, per commission, allowed several hundred million dollars worth of deferrals on charges like distribution, system upgrades, maintenance and increasing costs of fuel," said PUCO spokeswoman Kristi Butler. "These are costs that AEP accrued but didn't collect from the customers. The thinking at the time was it was an investment and would be paid for the use of power to build and were deferred. Now these costs are coming back to the customers."

At Ashland City School, during its planning team addition, AEP's initial application with the PUCO was approved. Renick noted that the district is paying a high rate for electricity, as its bill indicates — the middle school, high school, Northwood and "The Plains Elementary" — are all affected by the rate increase.

He said the utility company has to be paid for the electric energy it provides, but he said the district is not being paid for the electric energy it provides.

At the "The Plains" School, Treasurer Chad Renick said Thursday that the AEP rate hike was "unpredictable" and that was "given the district's tight budget." About how the district will handle the additional costs,

Renick said the district is not

yet has not yet received its January AEP bill, she has heard other treasurers talking about the increases they were seeing from the changed rate structure.

"I know a lot of treasurers are saying they are going to go to the PUCO and complain, but I don't know whether that'll do any good," she said.

Renick said she's going to be speaking with the district's third-party administrator this week to see if there is anything that can be done to address the problem.

Federal Hocking Local School Treasurer Bruce Steenrod said the district contracts for electricity through a different organization — it was Direct Energy, but starting this month it will change to Champion Energy Services. He said he had not seen the district's AEP bill for January yet, so he does not know what, if any, changes to expect.

Nelsonville-York City School Treasurer Sandi Hund was unavailable for comment Thursday.

Renick said that while the fair board may qualify for reduced rates through an agricultural-use tariff code, there is no such rate-reduction program for schools. Renick added that AEP is willing to work with districts to help them become more energy efficient through its Grid Smart energy efficiency program.

As of Thursday afternoon, the PUCO has received more than 60 complaints regarding AEP's rate, prompting the agency to open the issue up for a rehearing. Customers who would like to provide information to the PUCO can do so by writing to the PUCO at 150 E. Broad St., Columbus, OH 43215 or online at www.puc.ohio.gov (on the PUCO home page under "See Hearings," click "Submit a comment.") Time with comments should include case numbers 11-346-11-550 and 11-351-EL-AEP for the comments to be included in the formal case record.

Butler said there is no set time limit on receiving comments; the rehearing will continue as long as comments are received.

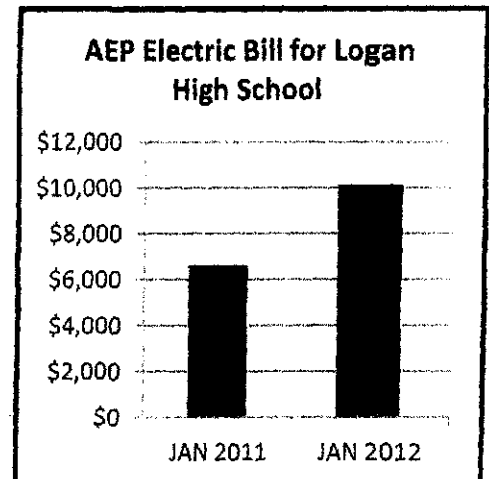
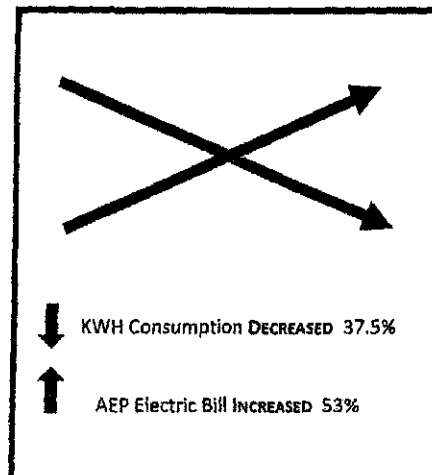
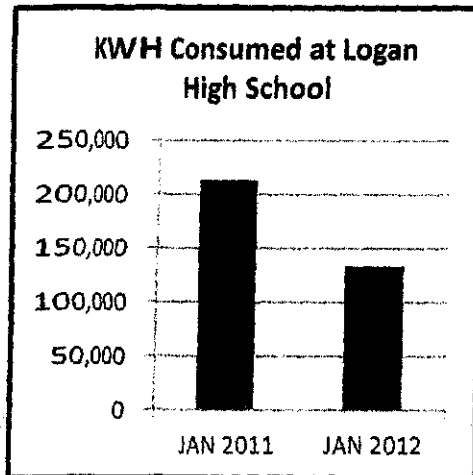
More on this story on page 2.

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February 2012

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See NBC News coverage @

<http://nbc41.com/ar/1923227/>

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