Ohio Aggregates & Industrial Minerals Association

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Chairman Andre T. Porter
The Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

May 15, 2015

Re: Duke Energy Ohio, Case #14-0841-EL-SSO

Dear Chairman Porter:

We are writing to you on behalf of the nearly 200 members of the Ohio Aggregates & Industrial Minerals Association to express our concern regarding Duke Energy's Load Factor Adjustment (Rider LFA).

Many of our members have been adversely affected by Rider LFA which was implemented in January 2012 as a result of Duke Energy's last ESP case (#11-3549-EL-SSO). Some of our members experienced increases in the neighborhood of 30 to 40 percent of their total cost of electric service which was hard for many to absorb; some plants have even closed as a result.

It has come to our attention that some our members have discovered that their bills from Duke Energy for distribution service decrease when they operate more hours and increase when they operate less hours as a result of Rider LFA. Some members have indicated they believe they could reduce their bills by leaving their equipment running even when they are not operating, which concerned us.

The following example assumes a single piece of equipment uses 1000 kWh/hour. Rider LFA produces the following amounts for the corresponding number of hours of operation:

kW	# Hours	kWh	$	$/ kWh
1000	1	1,000	$7,980.49	$7.980
1000	100	100,000	$6,049.00	$0.060
1000	200	200,000	$4,098.00	$0.020
1000	300	300,000	$2,147.00	$0.007
1000	400	400,000	$196.00	$0.000
1000	500	500,000	($1,755.00)	-$0.004
1000	600	600,000	($3,706.00)	-$0.006
1000	700	700,000	($5,657.00)	-$0.008
1000	730	730,000	($6,242.30)	-$0.009
demand charge			$8.00	
energy charge			($0.019510)	

The table above shows that the amount charged by Rider LFA varies from a charge of $7,980.49 for using the equipment one hour yet unbelievably it would provide a credit of $6,242.30 if that same piece of equipment were left on the entire monthly billing period. In other words, a customer could avoid a charge of $7,980.49 and receive a credit of $6,242.30, a difference of $14,222.79, by leaving the equipment running all month.

PUCO Staff and other Parties argued that Rider LFA should be eliminated but not immediately but rather should be phased out over time because the customers receiving the credits have gotten used to them and taking the credits away would impact their bills.

We don't believe that it is good public policy to leave a rate in place that could encourage the wasteful use of energy merely because some customers have become accustomed to the discounts the rider provides at the expense of so many other Ohio electric customers.

Respectfully Submitted,

Patrick A. Jacomet

Patrick Jacomet
Executive Director
Ohio Aggregates & Industrial Minerals Association

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