

FILE



COOPER TIRE & RUBBER COMPANY
701 Lima Avenue • Findlay, OH 45840

THOMAS N. LAUSE
VICE PRESIDENT & TREASURER

(419) 427-4741

January 13, 2016

The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

Subject: Cases 14-1693-EL-RDR (AEP); 14-1297-EL-SSO (First Energy)

To The Public Utilities Commission of Ohio,

Attached is the letter pertaining to Cases 14-1693-EL-RDR (AEP); 14-1297-EL-SSO (First Energy), sent by our CEO, Roy Armes, to key parties and we felt it was appropriate to share this letter with The Public Utilities Commission of Ohio.

Sincerely,

Cooper Tire & Rubber Company

Thomas N. Lause
Vice President & Treasurer

TNL/pmp

Attachment

cc: Anthony Smith
Frank Schrum
Ryan Augsburg

RECEIVED-DOCKETING DIV
2016 JAN 15 PM 1:36
PUCO

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician DM Date Processed JAN 15 2016



Cooper Tire & Rubber Company
701 Lima Avenue • Findlay, OH 45840-2315

ROY V. ARMES
CHAIRMAN
CHIEF EXECUTIVE OFFICER
PRESIDENT

Telephone: (419) 423-1321
Facsimile: (419) 420-6050
Internet: www.coopertires.com

January 11, 2016

Office of the Governor
Honorable John Kasich
77 S. High Street – 30th Floor
Columbus, OH 43215

Dear Governor Kasich,

I am writing to urge you to act to prevent the Public Utilities Commission of Ohio from approving the recently negotiated settlements of FirstEnergy and AEP. These settlements will enable the utilities to implement costly Power Purchase Agreement riders (PPAs) and other cost-driving provisions that will make it more difficult for Cooper Tire and other Ohio manufacturers to remain competitive in the global markets. Should the PUCO approve the deals, both FirstEnergy and AEP will be able to collect fees over 8 years from all of their customers to subsidize their uneconomical generation assets, thus protecting these utility companies from cost and risk, and also guaranteeing their profits by requiring customers to reward the utilities with significant profit margins on these otherwise uneconomic assets. Ohio's Consumers' Counsel has estimated that the FirstEnergy settlement could cost manufacturers and consumers \$3.9 billion over the eight-year duration of the PPAs, and the AEP settlement could cost manufacturers and consumers \$2 billion. We have estimated the specific impact on Cooper Tire's Ohio operations and it is significant and impactful.

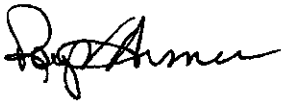
These proposed PPAs serve only to benefit First Energy and AEP while severely compromising the competitiveness of all Ohio manufacturers and other businesses who must use these providers for their electricity needs. The PPAs would allow First Energy & AEP to run unproductive and non-competitive operations and then simply pass these costs onto their customers. Even worse, these PPAs would actually allow First Energy & AEP to become less productive and they would simply be able to pass these costs (plus a guaranteed profit margin) on to their customers. Thus while the entire utility deregulation efforts of 16 years ago were meant to enhance productivity within the utility industry, these proposed agreements would actually move the entire state back to an era of uncompetitiveness.

In an industry like the global tire industry, where margins are extremely tight and business is won or lost based on cost competitiveness, forcing our Findlay, Ohio tire

plant, our Findlay, Ohio mold manufacturing plant, our Findlay, Ohio technical centers and our Findlay, Ohio corporate headquarters to bear these higher cost burdens adds risk to our business in Ohio and impedes our ability to sustain or grow our operations here. Every day, Cooper Tire competes for business with other American manufacturers and with foreign manufacturers from lower cost parts of the world. Every day, Cooper Tire strives to sustain and improve its cost competitiveness through innovation, improved productivity and in some unfortunate cases, staff reductions....all to stay competitive in the global market. And every day, Cooper determines where to allocate its production and resources among its global network of facilities, with cost being a significant factor. To give First Energy & AEP a blank check with these proposed PPAs is fundamentally wrong and a severely incorrect direction for our great state. Approval of these agreements will put Cooper Tire's Ohio facilities at a competitive disadvantage compared to other states, as electricity costs are a significant part of our expenses.

The PUCO is expected to act in early 2016. We respectfully request that you express your opposition of these PPAs to the PUCO. Cooper Tire would be glad to discuss this issue in more detail so as to provide you with greater context and details if you should so desire. Please feel free to contact me (419-424-4363; rvames@coopertire.com) or our General Counsel Steve Zamansky (419-420-6059; szamansky@coopertire.com) if you have any questions or would like to discuss this matter further.

Respectfully yours,



Roy V. Armes
Chairman, Chief Executive Officer & President
Cooper Tire & Rubber Company

RVA/smd

cc: Wayne Struble
Senator Cliff Hite
Representative Robert Sprague