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January 28, 2016

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

PUCO

Re: Case No.14-1297-EL-SSO
Case No. 14-1693-EL-RDR
Case No. 14-1694-EL-AAM

Dear Chairman Porter:

The undersigned businesses are Ohio electricity customers who believe that the best way to ensure reasonably priced and reliable electricity is through competitive electricity markets. Accordingly, we are very concerned about the settlements recently filed by First Energy regarding the proposed Rider RRS in the company's pending Electric Security Plan (Case No. 14-1297-EL-SSO) and by AEP Ohio regarding the proposed PPA Rider (Case Nos. 14-1693-EL-RDR and 14-1694-EL-AAM). The Rider RRS proposal in the First Energy settlement is projected to cost consumers about \$3.9 billion¹ and the PPA Rider in the AEP-Ohio settlement is projected to cost about \$2 billion.² The proposed settlements are too costly, unfair to shopping customers and harmful to competitive markets. Therefore, we urge you to reject them.

In Ohio, we collectively represent nearly 1500 facilities, with over 41,000 employees and over \$60 million in annual electricity costs as consumers of electricity. Three of the companies signing this letter are headquartered in the state.

Electricity is one of our largest operating costs, and control of these costs enhances growth and profitability. Competitive electricity markets lower costs and give us the flexibility to choose a supplier that best meets our individual business goals with service offerings that provide choices on price, reliability, generation portfolio mix, risk management, and product and service features. Perhaps most important, in competitive markets investors not consumers bear the risk of bad business decisions.

In stark contrast, the settlement inappropriately places the financial risks of First Energy's and AEP-Ohio's generation-related business decisions squarely on the shoulders of electricity customers. It would force all customers on the distribution systems of the First Energy and AEP-Ohio utilities to pay, through a non-bypassable charge, for power from three of

¹ News release of Ohio Consumers' Counsel and Northeast Ohio Public Energy Council, *Ohio Consumers' Counsel and Northeast Ohio Public Energy Council call for protecting Ohioans from FirstEnergy's filing for a corporate bailout*. December 1, 2015.

² News release of Ohio Consumers' Counsel, *1.3 million AEP Ohio customers need protection from new plan for bail-out of old power plants*, December 14, 2015.

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First Energy's least efficient generators (the Sammis coal plant, the Davis-Besse nuclear plant, and its share of the Ohio Valley Electric Company's coal-fired units) and five AEP-Ohio coal plants (the Cardinal, Conesville, Stuart, and Zimmer coal plants, and AEP-Ohio's share of the Ohio Valley Electric Company's coal-fired units). The settlements will reduce the choices and flexibility we need to manage our energy requirements, resulting in higher costs for electricity for Ohio businesses, and will deny Ohio businesses the right to purchase electricity at the lowest possible price.

The settlements will act as an unfair tax on customers that have already procured a supply of power from a competitive retail electric service provider (CRES). Those customers will have to pay twice for some components of their electricity supply: once for power purchased through voluntary contracts with CRES providers, and again for the costly First Energy and AEP-Ohio power plants covered by the riders. As a result, the costs of commercial and industrial customers will be higher than they would be if competitive market forces were allowed to drive prices to the lowest available level. However, state policy, clearly expressed in Ohio law, is to "(e)nsure effective competition in the provision of retail electric service by avoiding anticompetitive subsidies flowing from a noncompetitive retail electric service to a competitive retail electric service or to a product or service other than retail electric service, and vice versa, including by prohibiting the recovery of any generation-related costs through distribution or transmission rates...."³

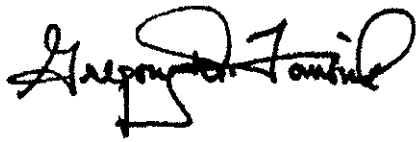
The First Energy and AEP-Ohio settlements put Ohio businesses at a disadvantage compared to businesses in surrounding states that do not require similar non-bypassable generation charges. We urge you to heed the policy embedded in Ohio law and reject the proposed settlements because paying for generation-related costs through non-bypassable riders will seriously erode the customer benefits from competitive electricity markets.

The manner in which the PUCO addresses the proposed First Energy and AEP-Ohio settlements will send a very strong signal regarding the policy direction that Ohio will take. Will Ohio continue down the path to full and open retail and wholesale electric competition or will Ohio once again take a step in the opposite direction and adopt policies that are antithetical to a competitive marketplace and harmful to consumers?

For the reasons discussed above, we urge you to reject the proposed settlements as an initial matter and ultimately to reject both First Energy's proposed Rider RRS and AEP-Ohio's proposed PPA Rider.

Sincerely,

³ Section 4928.02(H) of the Ohio Revised Code



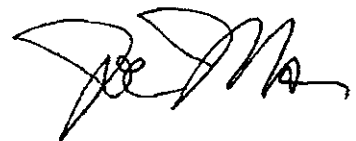
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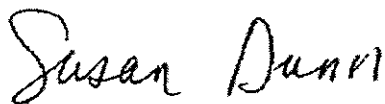
Bill Balsamo
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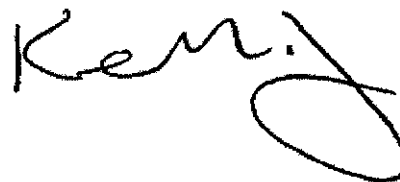
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All parties of record