

TIMKEN

Where You Turn

October 31, 2011

FILE

The Honorable Todd Snitchler
88 East Broad Street
12th Floor
Columbus, Ohio 43215

Dear Chairman Snitchler:

As you know, AEP Ohio has reached agreement with a wide range of stakeholders on its Electric Security Plan, Capacity and Merger cases that are before the Commission.

While we remain concerned about the irreversible march to market this structural change imposes, the agreement provides for the best opportunity to affect a smooth transition to a market-based pricing model for customers of all sizes, while encouraging economic development and asset investment in the state of Ohio.

The agreement appropriately addresses important rate design issues--specifically, the Load Factor Provision and the Interruptible Credit. These two features are especially important for energy-intensive industries for which the cost of electricity impacts competitiveness. Retaining these provisions will go a long way toward making Ohio more attractive when decisions are made regarding strategic investment and creation or retention of high-paying manufacturing jobs.

The agreement also eliminates several non-bypassable non-fuel generation related charges, thus providing customers with greater rate certainty, the ability to avoid potential rate increases, and improved prospects of gaining value in the competitive market.

During this transition, AEP Ohio has agreed to provide increasing quantities of its generation to marketers at deeply discounted rates to aid in the development of a robust competitive market.

Furthermore, the stipulation protects Ohio consumers by allowing for dedicated, in-state generation to be built as a hedge against potentially volatile market prices.

AEP Ohio has committed to economic development throughout the state by agreeing to develop the AEP Ohio Growth Fund and will contribute \$5 million annually to the fund, while also investing in new distribution assets to maintain and improve reliability.

AEP Ohio also has committed to facilitate the development of shale gas by entering into competitively priced long-term shale-gas contracts with producers who commit to investment and employment growth in the state.

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.

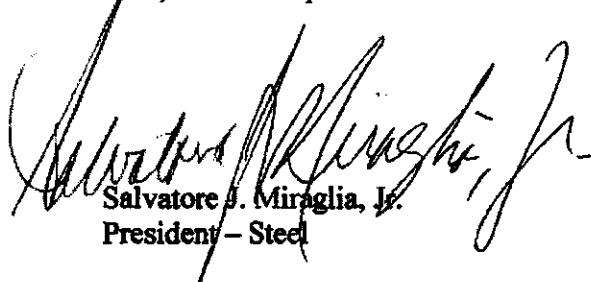
Technician JD Date Processed 11-02-11

PUCO**2011 NOV -2 PM 3:37****RECEIVED-DOCKETING DIV**

This stipulation was signed by more than 20 organizations representing a broad range of residential, commercial and industrial customers, competitive retail electricity suppliers, environmental groups, communities and other key stakeholders.

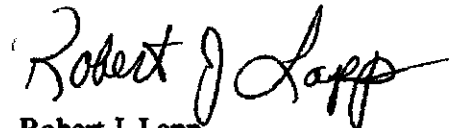
The breadth of support (as evidenced by the signatories) speaks volumes as to the balance and fairness it embodies. The settlement is far better in the aggregate than the Market Rate Option (MRO), does not violate any important regulatory principle or practice, and, as a package, benefits customers and the public interest.

We hereby request the Commission to enter this letter into the docket in case #11-0346-EL-SSO, and respectfully urge the Commission's approval of the stipulation, as filed, as soon as possible.



Salvatore J. Miraglia, Jr.
President - Steel

Sincerely,



Robert J. Lapp
Vice President - Government
Affairs & Community Relations

cc: The Honorable John Kasich
 Commissioner Steven Lesser
 Commissioner Andre Porter
 Commissioner Paul Centolella
 Commissioner Cheryl Roberto
 Beth Hansen
 Wayne Struble
 Jai Chabria
 Craig Butler
 Senator Scott Oelslager
 Rep. Christina Hagan
 Rep. Kirk Schuring
 Rep. Stephen Slesnick
 Senator David Burke
 Rep. Jeffrey McClain
 Senator Jason Wilson
 Rep. Joe Schiavoni
 Rep. Mark Okey
 Rep. Al Landis
 Senator Dave Daniels
 Representative Peter Stautberg
 Denny Larr