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11-346-EL-SSO  
11-348-EL-SSO

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Aubrey K. McClendon  
Chairman and Chief Executive Officer

November 14, 2011

Chairman Todd Snitchler ([todd.snitchler@puc.state.oh.us](mailto:todd.snitchler@puc.state.oh.us))  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

Dear Chairman Snitchler:

Please allow me to add my support to the growing number of businesses, communities, organizations and individuals speaking out in favor of the AEP Ohio Electric Security Plan Stipulation.

Chesapeake Energy Corporation is the most active driller of new natural gas and oil wells in the U.S., as well as the nation's second-largest producer of natural gas and a Top 15 oil producer. Our operations are focused on discovering and developing large scale and high potential natural gas and oil fields in the U.S. We discovered and own the leading position in the new Utica Shale play in eastern Ohio. Over the next few years, we expect to become the largest natural gas and oil producer in Ohio and the largest creator of new, high quality jobs in the state as well.

In the Electric Security Plan Stipulation, AEP Ohio has committed to facilitate the development and utilization of Ohio shale gas by entering into competitively priced long-term shale gas contracts with producers, such as Chesapeake, who commit to investment and employment growth in the state. AEP Ohio's commitment should increase its total annual natural gas volumes to approximately 60 BCF by mid-decade for the existing Waterford and Darby natural gas-fired units, as well as a conversion at the Muskingum River Unit 5 from coal to a new combined cycle natural gas-fired power plant.

Chesapeake commends AEP for recognizing an opportunity to promote Ohio natural gas and incorporating this clean burning and affordable fuel into its Electric Security Plan. Greater use of Ohio natural gas is good not only for AEP Ohio, but also for the entire Ohio economy and its tax base. As a policy matter, the greater use of clean burning natural gas is a common sense choice for Ohio and I am hopeful the Public Utilities Commission recognizes this opportunity to minimize the impact to ratepayers in the wake of costly federal air regulations in a manner that is beneficial for the overall economy of the state.

In addition to the acceleration of Ohio shale gas development through its commitment to fleet transformation and fuel diversification, AEP Ohio will contribute to the state's economic development efforts through the AEP Ohio Growth Fund. The fund is designed to significantly expand AEP Ohio's ongoing support of economic development to help attract new capital investment and associated job growth across their service territory which includes much of Ohio's Shale play.

The enormous potential of the 21st century's "Age of Natural Gas" is now fully in view in Ohio and across the United States. These newly discovered shale reservoirs are a remarkable addition to America's natural resource endowment. They are also essential to helping bring Ohio back to the level of prosperity it has experienced in the past. We are hopeful Ohio's political and regulatory leadership will begin to acknowledge and celebrate this tremendous accomplishment and to recognize the strategic and practical benefits of more aggressively using Ohio's own enormous newfound resources of natural gas.

Chesapeake Energy Corporation

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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 historic agreement supports rate stability, provides a transition to electric generation rates determined by auction, facilitates customer choice for electricity suppliers, promotes investment and job growth, and accelerates Ohio's shale gas development, all while maintaining AEP Ohio's electric rates at levels among the lowest in the state.

For these reasons, I am respectively recommending commission approval of the stipulation, as filed by AEP Ohio, and this letter be docketed in case nos. 11-346-EL-SSO and 11-348-EL-SSO.

Best regards,

A handwritten signature in black ink, appearing to read 'A. McClendon', with a long horizontal flourish extending to the right.

Aubrey K. McClendon  
Chairman of the Board and Chief Executive Officer

CC: The Honorable John Kasich  
Commissioner Steven Lesser  
Commissioner Andre Porter  
Commissioner Paul Centolella  
Commissioner Cheryl Roberto  
Ms. Beth Hansen  
Mr. Wayne Struble  
Mr. Jai Chabria  
Mr. Craig Butler