



March 25, 2012

Luconda Dager, President
Velvet Ice Cream Company, Inc.
PO Box 588
Utica, OH 43080

Honorable Todd A. Snitchler, Chairman
Public Utilities Commission of Ohio, Docketing Division
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

RE: American Electric Power Electric Security Plan;
PUCO Case Nos. 11-346-EL-SSO & 10-2929-EL-UNC

Dear Commissioners:

I am writing on behalf of Velvet Ice Cream Company to encourage the Public Utilities Commission of Ohio to end the practice of inflating capacity prices for electric consumers obtaining generation supply from a competitive supplier in the Ohio Power Company and Columbus Southern zones of AEP-Ohio.

Your March 7, 2012 restoration of a two-tiered capacity pricing structure penalizes recent shopping customers, such as Velvet Ice Cream, by charging them significantly higher capacity pricing of \$255 per MW day. But for this disadvantage, consumers would have access to suppliers offering electric prices at the lowest level in ten years. Instead of being able to reduce electric bills through Ohio's customer choice structure, the anticompetitive \$255 capacity charge makes most consumers captive to AEP-Ohio for electric generation, the supplier with the highest price.

Since 2006, the electric prices of AEP-Ohio have increased annually and significantly. These increases have allowed AEP-Ohio to earn very high returns in Ohio. In response to objections that these high returns would not be approved under cost-based regulation, AEP-Ohio has successfully claimed that its actual cost of service and high profitability are not relevant to Ohio ratemaking laws and customer choice structure. Now that market prices are finally providing an opportunity for consumers to reduce their electric bills, AEP-Ohio seems to be claiming, again successfully, that this opportunity must be blocked because it may interfere with AEP-Ohio's financial objectives. In effect, AEP-Ohio is being allowed to set prices based on the method that AEP-Ohio prefers and the method that produces the highest price.

We have to compete for our customers every day in every way and continuing to allow AEP-Ohio to set prices based solely on their own financial gain limits our ability to compete. Therefore, we urge you to end the electric bill disadvantage for electric consumers obtaining generation supply from a competitive supplier in the Ohio Power Company and Columbus Southern zones of AEP-Ohio and permanently remove the two-tiered capacity pricing structure favored by AEP-Ohio.

Sincerely,

Luconda Dager
Luconda Dager, President
Velvet Ice Cream Company

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CC: Governor Kasich
President Neihaus
Representative Slaby

Speaker Batchelder
Commissioners Roberto, Lesser, Porter and Centolella
Representatives, Senators

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PO Box 588
Utica, OH 43080

The Honorable Todd Snitchler
Chairman, Public Utilities Commission of Ohio
180 East Broad Street, 13th Floor
Columbus, OH 43215-3793

Dear Chairman:


On behalf of Velvet Ice Cream Company, Inc., I am writing to thank you and the Public Utilities Commission of Ohio for your recent rejection of the American Electric Power's (AEP) new Electric Security Plan (ESP) and requiring AEP to revert back to their 2011 electric rates.

Energy costs constitute a significant portion of our annual operating costs and increases in these costs threaten our ability to thrive and compete with businesses which already have the ability to participate in non-restrictive electricity market. We have entered into a generation contract with the expectation of seeing significant savings. However, restrictions on shopping placed by AEP and the PUCO utilities commission threaten those savings.

We encourage the commission to carefully examine the modified ESP and work with AEP to adopt a plan that ensures that all Ohio businesses have the ability to shop for the lowest electric rates, without penalty and without government restriction.

Thank you for your consideration.

Sincerely,


Luconda Dager, President
Velvet Ice Cream Company, Inc.