May 2, 2016

Mrs. Barcy McNeal
Commission Secretary
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

RE: Case No. 14-1297-EL-SSO

Dear Mrs. McNeal:

Interstate Gas Supply, Inc. ("IGS") hereby files the attached correspondence in response to the Application for Rehearing filed by Ohio Edison Company, Toledo Edison Company, and Cleveland Electric Illuminating Company.

Interstate Gas Supply, Inc. ("IGS") appreciates the reasoned Opinion and Order ("Order") issued by the Public Utilities Commission of Ohio ("Commission") on March 31, 2016. Specifically, IGS appreciates the Commission's approval of the retail incentive rider, initially set at zero.

The Order also indicates that FirstEnergy should submit a proposal to unbundle SSO-related costs from distribution rates. While IGS advocated for unbundling in its direct testimony, IGS was able to reach an amicable resolution of its differences with FirstEnergy through the Competitive Market Enhancement Agreement ("Enhancement Agreement"), which did not directly require FirstEnergy to unbundle additional costs. Specifically, the Enhancement Agreement, stated:

> In an effort to demonstrate continued support for the competitive market, the Companies agree to make a filing that requests the Commission to establish a retail competition incentive mechanism in addition to the bypassable charges applied to non-shopping customers with the purpose of incenting shopping. Prior to such filing, the Companies and IGS will meet and determine the level of the charge to be incorporated into the Companies filing to establish a competition incentive mechanism. The first meeting shall occur no later than 60 days after a final opinion and order has been issued by the Commission in Case Number 14-1297-EL-SSO. Either party may request that Staff participate in the meetings between IGS and the Companies. IGS and the Companies shall use best efforts to reach agreement on the level of charge to be incorporated in the filing. But, the filing advocating the establishment of the mechanism shall occur no later than six months after the date of the first meeting between IGS and the Companies. If the Commission approves a retail competition incentive mechanism, and Rider RRS is in effect, then such mechanism shall be implemented and continue during the period of time in which Rider RRS remains in effect and will apply to all non-Rate GT customers. The mechanism shall be revenue neutral to the utilities. The retail competition incentive mechanism would be bypassable, and any revenues that may be collected through the retail competition incentive mechanism would be credited to all non-Rate GT customers in Rider RRS over the duration of Rider RRS, subject to final reconciliation. Notwithstanding the foregoing, the retail competition incentive mechanism would not apply to PIPP customers for the period that they

> are not permitted to select a competitive supplier or a competitive supplier is not selected on their behalf.[1]

Thus, the Enhancement Agreement did not require unbundling.

While IGS continues to support the concept of unbundling as discussed in IGS's testimony, to the extent that FirstEnergy's application for rehearing is consistent with the intent of the Enhancement Agreement, IGS is supportive of FirstEnergy's requested modification to the Order.

Very truly yours,

/s/ Joseph Oliker

Joseph Oliker
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[1] OMAEG Ex. 24.