



*Forging a partnership between farmers and consumers.  
•Working together for Ohio's farmers•*

February 21, 2012

The Honorable Todd Snitchler  
Chairman, Public Utilities Commission of Ohio  
180 E. Broad Street  
Columbus, OH 43215

RE: In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code in the Form of an Electric Security Plan, Case Numbers 11-346-EL-SSO and 11-348-EL-SSO

Dear Chairman Snitchler:

We appreciate The Public Utilities Commission of Ohio's (Commission) interest to further address the impact of American Electric Power's (AEP) Ohio based, investor-owned utilities, Columbus Southern Power Company and Ohio Power Company recent rate increases.

The Ohio Farm Bureau Federation (OFBF) is a member organization whose mission is to forge partnerships between producers and consumers. Next to labor, energy is the largest single cost input in many farm and small business operations. Consumers living in rural, suburban and urban neighborhoods are looking for opportunities to control their energy costs, too. It is our policy to support utility deregulation, market based generation and self-help aggregation groups as effective strategies to help consumers control their energy costs.

Farm Bureau worked with government leaders, utilities, energy service providers and other interested service groups to support passage of SB 1 and HB 3 in 1999. The organization's leaders understand that passage of this legislation provided for a five-year market development period. During this time, utility rates were frozen to allow a competitive retail market to develop.

As the end of the market development period neared, there was a growing concern that an immediate shift to market-based rates in 2006 would not be in the best interest of customers. To further help consumers transition to market-based rates, the Commission worked with all investor-owned utilities to develop rate stabilization plans.

Building upon these efforts, the Ohio General Assembly passed SB 221 in 2008. Along with creating Ohio's Advanced Energy Initiative, additional provisions focusing on keep electric rates stable going forward, creating jobs, and implementing energy efficiency were incorporated in the legislation. The new law incorporated a system under which Ohio's investor-owned utilities would file Electric Security Plans (ESP) detailing their rates. All ESPs would be examined and approved by the PUCO beginning in 2009. Senate Bill 221 also outlined alternative paths for electric utilities to implement different forms of market-based pricing.

Farm Bureau leaders understand that the Commission approved AEP's first ESP in March 2009. The plan detailed gradual increases for the base price of electric generation through December 2011. For Columbus Southern Power customers, total annual bill increases were capped at 7 percent in 2009 and 6 percent in 2010

and 2011. Ohio Power customers saw total bill increases capped at 8 percent in 2009, 7 percent in 2010 and 8 percent in 2011.

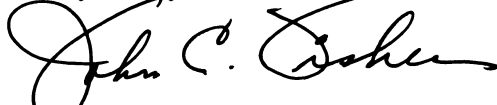
AEP filed a new ESP application in January 2011. AEP proposed a plan implemented in two phases, with the first phase running from January through December 2012, and the second phase from January 2013 through May 2014. The new proposal would recover costs for wholesale electricity purchases and for fuel used to generate electricity. In addition, AEP's application proposed investments in its energy delivery systems, alternative energy, energy efficiency and demand response initiatives, and economic development and job retention programs. Under the approved new ESP, AEP will merge its Columbus Southern Power and Ohio Power operating companies and transition to a market-based generation rate structure over a four and a half year period between January 2012 and May 2016. AEP will sell its generation assets subject to PUCO approval of the company's corporate separation plan.

Farm Bureau leaders understand the challenges each of Ohio's investor-owned utilities face in making the transition from regulated to deregulated markets. We appreciate working with the Commission and the other interested parties referenced above through this process. We also recognize that each utility's ESP is unique and focuses on ultimately creating a process that best employs the utility's resources to help their customers create strategies to control their energy costs.

A variety of issues need to be reexamined while considering changes to AEP's current ESP. The ultimate target needs to be helping AEP employ their assets and resources to position the company by May 2016 to best help its customers create strategies to control their energy costs. Effective cost of generation, service riders and possible non by-passable charges balanced with incorporating market based generation options for all customers need to be part of this mix. In short, a better balance is needed, and discussion on striking this balance will take some time.

The Ohio Farm Bureau Federation respectfully urges that the Commission employ the current regulatory framework and respectfully recommends that AEP withdraw its Energy Security Plan put into effect in January 2012. In its place, the previous Energy Security Plan approved by the Commission in 2009 should continue to be in effect with all program costs, customer rates and the ability for all customer classes to access market-based generation maintained. A new ESP detailing revisions with more affordable, customer friendly and cost effective rates, service riders and access to market-based generation needs to be presented by AEP in 90 days.

Thank you for your consideration.



John C. Fisher  
Executive Vice President, Ohio Farm Bureau

CC: Ohio Farm Bureau Board of Trustees