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To: OhioCBP@aep.com Service list

Re: Comments of Interstate Gas Supply, Inc. to October 25, 2012 Workshop Presentation

Please accept these comments on behalf of Interstate Gas Supply, Inc. ("IGS"). At this time we are limiting our comments to two provisions in the "Key Elements" document circulated prior to the Workshop. These provisions are as follows:

- Page 2 Item 1(i): "AEP Ohio will bear all transmission, scheduling, and ancillary service costs associated with the load of SSO customers."
- Page 2, Item 1(j): "Suppliers are completely responsible to provide the scheduled energy to the delivery point and to bear all costs that are associated with this responsibility."

IGS believes that as the market transitions from generation service provided by an integrated utility to fully-competitive generation service, it is imperative that default service fully reflect all costs of metered retail service, including default risk and load risk. As such, any cost associated with procuring default service load should be bypassable to shopping customers. To do otherwise would create both short-term and long-term problems. In the short term, competition would be hindered if the default "price to compare" does include all of the costs that must be incurred (whether by a utility or a competitive supplier) to provide retail service. In the long term, an artificially low default price could potentially create stranded costs for the utility, which would need to be resolved at some point. All generation-related costs, including avoided costs, should therefore be reflected in the default SSO rate.

With this background, IGS poses the following questions related to the two Key Elements provisions quoted above:

- Regarding transmission, scheduling and ancillary service costs, will these costs be recovered through Rider TCRR? If not, how does AEP Ohio propose to recover these costs?
- What is AEP Ohio's position concerning whether Rider TCRR will be bypassable?
- Given that AEP Ohio is bearing "all transmission, scheduling and ancillary service costs," what specific costs are encompassed in Item 1(j)?
- Are the transmission, scheduling and ancillary service referenced in 1(i) for the purpose of serving the default service load?

We look forward to AEP Ohio's responses to these questions during future workshops.

Very Truly Yours,

s/ Mark A. Whitt