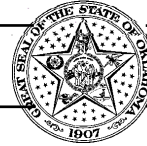


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Brandy Wreath, Acting Director
Public Utility Division



To: Investor Owned Utilities (IOUs) and Electric Cooperatives
Re: Interest Rates to Be Paid on Customer Deposits for the Year 2012
Date: December 8, 2011

(The calculated 2012 one-year T-Bill rate is 0.11%, and the 10-year T-Note rate is 2.06%.)

For Gas and Electric IOUs and Electric Cooperatives

For Calendar Year 2012 the effective interest rate for customer deposits held one year or less will not change from the 2011 rate. This interest rate remains the same because the 2012 1-year T-Bill rate did not change by more than 50 basis points. Under Commission Rules OAC 165:35-19-10(g) and 165:45-11-1(f) the interest rates on customer deposits held one year or less, therefore, will remain the same at 0.37%.

The effective interest rate for customer deposits held more than one year will be 2.06%. This interest rate modification occurs because the 2012 10-Year T-Note rate changed by more than 50 basis points. Under Commission Rules OAC 165:35-19-10(g) and 165:45-11-1(f) the interest rates on customer deposits held more than one year, therefore, must change from 2.64 to 2.06%.

For Telecommunications and Water

For Calendar Year 2012, the effective interest rate for customer deposits held one year or less will not change from the 2011 rate. This interest rate remains the same because the 2012 one-year T-Bill rate did not change by more than 200 basis points. Under Commission rules OAC 165:55-9-14(e) and 165:65-11-3(f), the interest rates on customer deposits held one year or less, therefore, remains the same at 1.48%.

The effective interest rate for customer deposits held more than one year will not change from the 2011 rate. The interest rate remains the same because the 2011 10-year T-Note rate did not change by 200 basis points or more. Under Commission rules 165:55-9-14(e) and 165:65-11-3(f), the interest rates on customer deposits held more than one year, therefore, will remain unchanged at 3.95%.

Summary of Effective 2012 Interest Rates for Customer Deposits

Gas and Electric IOUs and Electric Cooperatives

Customer deposits held one year or less:	0.37%
Customer deposits held more than one year:	2.06%

Telecommunication and Water

Customer deposits held one year or less:	1.48%
Customer deposits held more than one year:	3.95%

Sincerely,

Brandy Wreath, Deputy Director