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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Commission's )  
Response to Provisions of the Federal )  
Energy Policy Act of 2005 Regarding Net )  
Metering, Smart Metering and Demand ) Case No. 05-1500-EL-COI  
Response, Cogeneration and Power )  
Production Purchase and Sale )  
Requirements, and Interconnection )

FIRSTENERGY OPERATING COMPANIES' MEMORANDUM CONTRA  
APPLICATION FOR REHEARING OR REQUEST FOR CLARIFICATION OF  
INDUSTRIAL ENERGY USERS - OHIO

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**FirstEnergy Operating Companies' Memorandum Contra Application for Rehearing or  
Request for Clarification of Industrial Energy Users - Ohio**

The FirstEnergy Ohio Operating Companies of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively "FE Companies") hereby submit their memorandum contra Industrial Energy Users - Ohio ("IEU") Application for Rehearing or Request for Clarification.

In its Application for Rehearing, IEU requests that the Commission mandate Electric Distribution Utilities ("EDUs") "to offer tariffs that are at a minimum differentiated according to on and off-peak wholesale periods." (IEU AFR, p. 5.) IEU further requests that the Commission mandate that time differentiated rates include "features that 'shall be pre-established and known to consumers in advance of such consumption, allowing them to vary their demand and usage in response to such prices and manage their energy costs by shifting usage to a lower cost period or reducing their consumption overall.'" (Id. at 6.) And finally, IEU asks the Commission to mandate that Electric Distribution Utilities offer a service "that provides credits for consumers with large loads who enter into pre-established peak load reduction agreements that reduce a utility's planned capacity obligations." (Id. at 6-7.)

As a preliminary matter, the FE Companies already provide time differentiated rates based on both seasonal and on-off peak usage, with prices for these time periods pre-established and included in the FE Companies' distribution tariffs. Further, based on IEU's request, it appears that IEU is confusing the services provided by an EDU with those provided by generation providers. As a competitive service, the pricing products for electric generation should be developed and offered through the competitive market as demand for such products grows. The EDU's responsibilities with regard to generation service are limited to providing generation service as a last resort, when no other supplier is available or when such supplier defaults on its obligations. The costs of such service are simply passed through based on the quotes received from generation suppliers in the EDU's POLR procurement process. IEU's request is misplaced

in this proceeding and is better left for discussion in a proceeding involving the procurement of POLR service. Accordingly, the FE Companies respectfully ask that IEU's first two requests be denied.

Finally, with regard to IEU's third request, as IEU acknowledges in its Application for Rehearing (at page 7), EAct 2005 does not *require* an EDU to offer the credits requested by IEU. Indeed, EAct 2005 lists this option as one of several available to meet EAct 2005 requirements. Moreover, the EDU is, in fact, a *distribution* utility, with the vast majority of its costs incurred, regardless of when a customer consumes electricity. This fact, especially when coupled with the intricacies of capacity planning, makes the credits requested by IEU impractical. Like its other two requests, IEU's third request is also better left to the competitive generation market, where such flexibility in electricity consumption can be better addressed through various pricing products.

In light of the foregoing, as well as the fact that the Commission's March 28, 2007 Order is consistent with EAct 2005, the FE Companies urge the Commission to reject IEU's request for rehearing or clarification on all three issues.

Respectfully submitted,



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Representing Ohio Edison Company, The  
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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company was delivered via electronic mail to the following this 7<sup>th</sup> day of May, 2007:

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