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October 11, 2007

Docketing Division
PUCO
180 East Broad Street
Columbus, Ohio 43215

Re: Case Nos. 07-796-EL-ATM and 07-797-EL-AAM

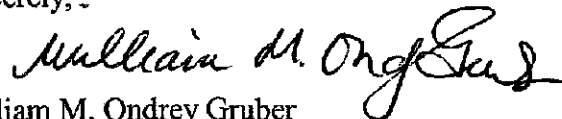
To Docketing:

Please accept the enclosed original and fifteen copies of the Comments of Citizen Power in the above-named cases.

Please file the original and fourteen copies of the Motion in the above-named cases, and send a time-stamped copy to me in the enclosed self-addressed envelope.

Thank you for your assistance and cooperation.

Sincerely, .



William M. Ondrey Gruber

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison)	
Company, The Cleveland Electric Illuminating)	
Company and The Toledo Edison Company for)	Case No. 07-796-EL-ATM
Approval of a Competitive Bidding Process for)	Case No. 07-797-EL-AAM
Standard Service Offer Electric Generation Supply,)	
Accounting Modifications Associated with)	
Reconciliation Mechanism and Phase-in, and)	
Tariffs for Generation Service.)	

Comments of Citizen Power
On the Application of the FirstEnergy Companies

Citizen Power hereby respectfully submits its comments on the comments filed in this proceeding by other interested persons and the Staff of the Public Utilities Commission of Ohio ("Commission"), and its proposals, pursuant to the Attorney Examiners' Entries of September 12, and September 13, 2007. Those Entries extended the date for "any interested person" to file a response to the comments filed already by other interested persons and/or to propose alternatives to the comments or to the Application of the Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (the "Companies").¹

Citizen Power urges the Commission to defer any decision on the Companies' Application until completion of the consideration by the Ohio General Assembly of legislation related to the hybrid electricity regulation structure proposal announced by the Governor of Ohio on August 29, 2007 as part of his proposed energy plan. Citizen Power agrees with the

¹ Citizen Power Moved to Intervene in this proceeding on August 8, 2007. The Companies filed a Memorandum Contra Citizen Power's Motion on August 23, 2007. Citizen Power submitted its Reply on September 14, 2007. No ruling has been made on Citizen Power's Motion to Intervene, or on the Motions to Intervene of any potential party. However, the Examiners' Entries do not require intervention in order to file comments in this proceeding, since they allow any "interested person" to file comments.

Ohio Partners for Affordable Energy (OPAE), as set forth in its Initial Comments, which also urged the Commission to defer consideration of the Companies' Application pending the action of the Ohio legislature. The Commission certainly should not be pressured by the Companies or by the 2008 deadline to rush into any decision in this proceeding. If the legislative process has not concluded in time prior to the expiration of the current rate stabilization period (RSP), the RSP should be extended from six months to a year beyond the current expiration date. However, if the RSP is extended, the rate stabilization charge (RSC) should not be extended.

If the Commission is determined to proceed despite the likelihood that the General Assembly and Governor will change the rules affecting and possibly making moot any decision here, then the Commission should hold a hearing on the merits of the Companies' proposals. In this regard Citizen Power joins with Direct Energy and the Industrial Energy Users (IEU), which provide a number of reasons why a hearing is necessary in their Initial Comments.

As to the merits of the Application as filed, Citizen Power agrees with the Staff's Comments and conclusions, particularly its conclusion that "neither retail nor wholesale electricity markets have developed sufficiently to warrant confidence in a CBP (Competitive Bid Process) process that relies on the fairness and efficiency of those markets... (and that) the Commission (should) reject the CBP as a means of establishing the price of a standard service offer for its customers." Given the failure of the last CBP by FirstEnergy, there is no reason to believe that this one will be successful, especially since the market is, if anything, less competitive than it was then. The threshold issue then for the Commission, is whether

there are any facts that are different now in the Companies' proposals that would likely bring about a different result this time. The facts appear to indicate that it is no more likely to workout this time around.

As the Staff points out, less than 2% of the total electricity consumed by customers in the FirstEnergy service territory is provided by non-affiliated CRES providers. There are no CRES providers offering individual residential customers service at this time in the FirstEnergy service territory, as evidenced by the lack of any such CRES providers being listed on the Commission's website page for "Apples to Apples" rate comparisons. The Staff is obviously correct in saying that the lack of customer choice in retail markets means that the CBP process would simply create a "deregulated monopoly." Moreover, the lack of choice would result in a wholesale bidding scenario that would be to the "disadvantage of consumers." The ultimate result for consumers already paying by far the highest rates in the State would be, as the Staff predicts, "dramatic price increases such as those that have resulted in states where competitive procurements relying on wholesale markets have been used."

The Staff is not alone in concluding that dramatic price increases are likely from the bid process under current market conditions in Ohio. The Office of Consumers Counsel (OCC) agrees with the Companies' proposal to phase in rate increases for residential customers because of its concern over substantially higher rates resulting from the auction process. The Industrial Energy Users (IEU) predict higher rates considering the experience in other states where similar processes have been employed. The Northeast Ohio Public Energy Council (NOPEC) states that the magnitude of the rate increases is likely to be large, producing rates that are not just and reasonable as required by law, because of, among other

things, the lack of the availability of effective retail generation and the ability of the FirstEnergy affiliates to garner the overwhelming majority of the Standard Service Offer (SSO) electric generation market.

OPAE explains in its Initial Comments that the conduct of an auction in the current highly concentrated and dysfunctional market that exists in Ohio is unlikely to establish just and reasonable rates, as required under Section 4909.18, which is still applicable even under the provisions of Chapter 4928. If the auction is held, the Commission cannot lawfully accept the results simply because the auction is held in compliance with Commission directed bidding procedures. Rather the Commission can only accept the actual results of the auction if they provide just and reasonable rates under Section 4909.18 ORC. As OPAE correctly points out, the Commission is under no obligation under Ohio law, i.e. Section 4928.14 ORC, to approve the competitive bid as the SSO.

There is simply no cost-based justification for rates to rise at all considering that the impact of transition costs is imputed to the generation assets, as OPAE states. Yet higher rates are likely as transmission constraints continue to hinder development of competitive markets in Ohio. This factor only makes it more likely that the FirstEnergy affiliates will retain the overwhelming market power in the provision of generation service that they currently possess. The Companies not surprisingly propose to allow a single supplier to provide as much as 75% of the SSO supply. The probable supplier for 75% of the supply will, therefore, be First Energy Solutions (FES). As OPAE says, the Companies are not neutral to the profits of their affiliates, and their proposals give an unfair advantage to FES.

To the extent that the Companies' proposals are to be considered, Citizen Power has the following specific comments:

1. The definition of the types of resources that could fill the renewable tranche needs to be modified to eliminate those resources that are not renewable (i.e. coal mine methane and waste coal), and pumped storage and compressed gas should not be included.

This is also urged by OCC and the Cleveland Foundation.

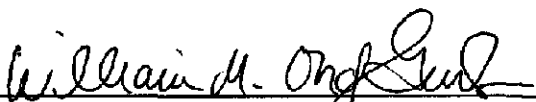
2. At least 2 tranches, about 2% of FirstEnergy's load, should be renewables, and the amount should increase annually, as proposed by OCC.

3. The Commission should include procurement of demand side management (DSM) resources as a least cost option, after completion of the supply side auction, as OCC recommends. DSM tranches could then be implemented in the second round of auctions.

4. As OCC states, the Master Supply Agreement gives an unfair advantage to FirstEnergy's affiliate, and thus, the Commission should require all suppliers to be given the same information that FirstEnergy's affiliate has by virtue of its supply of electricity to the Companies' service territories, or the affiliate should be excluded from the bidding.

Therefore, considering all of the circumstances surrounding the current market and the Companies' proposals, as well as the pending legislation before the General Assembly, Citizen Power urges the Commission to defer any decision in this proceeding until after the legislature completes its work on the Governor's proposals.

Respectfully submitted,


William M. Ondrey Gruber

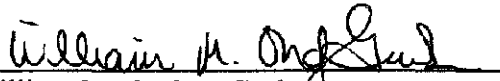
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October 12, 2007

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Certificate of Service

I certify that a copy of these Comments has been sent to the Applicant and all persons filing Comments and all Intervenors by regular U. S. mail the 11th day of October, 2007.


William M. Ondrey Gruber