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190

The Public Utilities
Commission of Ohio

A report by the Staff of the Public Utilities Commission of Ohio

FirstEnergy
Ohio Edison Company

Case Nos. 07-551-EL-AIR
07-552-EL-ATA
07-553-EL-AAM
07-554-EL-UNC

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STAFF'S REPORT
OF
INVESTIGATION

In the Matter of the Application of Ohio	)	
Edison Company, The Cleveland Electric	)	Case No. 07-551-EL-AIR
Illuminating Company and The Toledo	)	Case No. 07-552-EL-ATA
Edison Company for Authority to Increase	)	Case No. 07-553-EL-AAM
Rates for Distribution Service, Modify	)	Case No. 07-554-EL-UNC
Certain Accounting Practices and for	)	
Tariff Approvals.	)	

Submitted
to
The Public Utilities Commission

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 Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices and for Tariff Approvals.	)	Case No. 07-551-EL-AIR Case No. 07-552-EL-ATA Case No. 07-553-EL-AAM Case No. 07-554-EL-UNC

Alan R. Schriber, Chairman
Paul A. Centolella, Commissioner
Ronda Hartman Fergus, Commissioner
Valerie A. Lemmie, Commissioner
Donald L. Mason, Commissioner

To The Honorable Commission:

In accordance with the provisions of R.C. Section 4909.19, the Commission's Staff has conducted its investigation in the above matter and hereby submits its findings in the within Staff Report.

The Staff Report has been jointly prepared by the Commission's Utilities Department and Service Monitoring and Enforcement Department.

In accordance with R.C. Section 4909.19, copies of the Staff Report have been filed with the Docketing Division of the Commission and served by certified mail upon the mayors of all affected municipalities and other public officials deemed representative of the service area affected by the application. A copy of said report has also been served upon the utility or its authorized representative. Interested parties are advised that written objections to any portion of the Staff Report must be filed within thirty (30) days of the date of the filing of said report after which time the Commission will promptly set this matter for public hearing. Written notice of the time, place, and date of such hearing will be served upon all parties to the proceeding.

The Staff Report is intended to present for the Commission's consideration the results of the Staff's investigation. It does not purport to reflect the views of the Commission nor should any party to said proceeding consider the Commission as bound in any manner by the representations or recommendations set forth therein. The Staff Report, however, is legally cognizable evidence upon which the Commission may rely in reaching its decision in this matter. (See *Lindsey v. Pub. Util. Comm.*, 111 Ohio St. 6 (1924)

Respectfully submitted,

Utilities Department

Steven R. Brennen
Director

Service Monitoring and Enforcement Department

Doris E McCarter

Doris McCarter
Director

STAFF ACKNOWLEDGEMENTS

The Staff Report components reflect the results of investigations conducted by the Staff of the Applicant's rate application. The Staff person responsible for each component is shown below:

Utilities Department

Operating Income and Rate Base	L'Nard Tufts
Rate of Return	Steve Chaney
Rates and Tariffs	Robert Fortney
Management and Operations Review	Frank Rack

Service Monitoring and Enforcement Department

Reliability and Service Analysis Division	Peter Baker
Investigations and Audits Division	Mary Vance
Facilities and Operations Division	Mario Scaramellino

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

BACKGROUND

The Applicant, the Ohio Edison Company, was incorporated in Ohio on July 5, 1930, as a consolidation of Northern Ohio Power and Light, The Pennsylvania Ohio Power and Light Company, The Ohio Edison Company, The Akron Steam Heating Company and the London Light and Power Company. In 1997, Ohio Edison Company and its subsidiary, Pennsylvania Power, merged with the former Centerior Energy Corp. to create the FirstEnergy Corp. (FE), headquartered in Akron, Ohio.

The Applicant is a public utility and an electric light Company providing retail distribution services to approximately 1,000,000 customers in central and northeastern Ohio, in all or part of 36 counties.

The Applicant's current distribution rates were part of the bundled rates established in its last base rate proceeding, Case No. 89-1001-EL-AIR. The Applicant's operation as a vertically integrated utility encompassing generation, transmission, and distribution functions was the basis for the bundled rates.

On June 22, 1999, the Ohio General Assembly passed Amended Substitute Senate Bill No. 3 of the 123rd General Assembly (S.B. 3). Senate Bill 3 restructured the electric utility industry and provided for electric utilities to file a transition plan that included unbundling electricity rates into generation, transmission, and distribution components. Senate Bill 3 further provided for a Market Development Period (MDP), January 1, 2001 through December 31, 2005, to allow a competitive market to develop for the generation function. Unbundled distribution rates were to remain unchanged during the MDP. The Governor signed the legislation on July 6, 1999 and it became effective on October 5, 1999.

In accordance with S. B. 3, the Commission issued an opinion and order on July 19, 2000, approving and modifying the stipulation and recommendation with regard to the Applicant's electric transition plan, Case No. 99-1212-EL-ETP. The Commission authorized base electric distribution rates, as unbundled, to remain frozen beyond the MDP through December 31, 2007.

The Commission, by its Entry in Case No. 03-1461-EL-UNC, encouraged the Applicant to develop plans which balanced rate certainty, financial stability for the distribution utility and further the development of the competitive market. On October 21, 2003, the Applicant filed a Rate Stabilization Plan (RSP) in Case No. 03-2144-EL-ATA in response to the Commission's request. Under the RSP, distribution rates were to remain frozen through December 31, 2007, except for revenues to recover costs related to changes in laws, environmental compliance, taxes, emergencies and reliability.

On September 9, 2005, the Applicant filed a Rate Certainty Plan (RCP) in Case No. 05-1125-EL-UNC, et seq. The rate-certainty plan, among other things, intended to maintain level distribution rates for 2006 through 2008.

On May 8, 2007, the Applicant filed a notice of intent to file an application to increase rates for electric distribution service in its entire service territory. The Applicant requested that its test period begin March 1, 2007, and end February 29, 2008, and that the date certain be May, 31, 2007. The Commission approved the Applicant's requested test year and date certain by its entry of May 30, 2007.

On June 7, 2007, the Applicant filed an application to increase distribution rates. By entry dated August 1, 2007, the Commission ordered that the application be accepted as of June 7, 2007.

The rates proposed by the Applicant for increase, when applied to test year sales volumes, would generate $160,762,886 of additional base distribution revenues or an increase of 31.05%.

OPERATING INCOME AND RATE BASE

SCOPE OF INVESTIGATION

The scope of the investigation was designed to determine if the Applicant's filed exhibits concerning operating income, rate base and other data are reasonable for ratemaking purposes, and if the financial and statistical records supporting the data can be relied upon. The Staff interviewed Applicant's key management personnel and reviewed both internal and published financial reports to assure understanding of the Applicant's operation and organization. The Staff's investigation of test year operating income and date certain rate base included a review of the Applicant's budget and forecasting techniques, verification of the operating revenue computation, and an examination of the Applicant's continuing property records. In addition, the existence and the used and useful nature of the assets were verified through physical inspections. Other independent analyses were performed as the Staff considered necessary under the circumstances.

The Staff reviewed and analyzed the Applicant's proposed adjustments to operating income and rate base and traced them to supporting work papers and to source data. As a result of its review and analysis, the Staff accepted some of the proposed adjustments as appropriate, changed some proposed adjustments using alternative approaches, and proposed new adjustments as required to make the test year operating income and date certain rate base consistent with sound regulatory accounting practices, more representative of normal operations and appropriate for ratemaking purposes.

The purpose of the Staff's investigation was to develop financial data for ratemaking purposes; it was not intended to provide a basis for expressing an opinion on the financial statements of the Company as a whole. The following sections of this report summarize the results of the Staff investigation which it believes are relevant to the determination of test year operating income and rate base.

REVENUE REQUIREMENTS

The Staff's recommended revenue increase range is detailed on Staff's Schedule A-1.

RATE BASE

The rate base represents the Applicant's net investment in plant, materials and supplies, and other assets as of the date certain, May 31, 2007, which were used and useful in providing electric distribution utility service to its customers and upon which its investors are entitled to the opportunity to receive a fair and reasonable rate of return.

The Staff's analysis of the rate base is divided into Plant in Service, Depreciation Reserve, Construction Work in Progress, Working Capital, and Other Rate Base Items. A comparison of the rate base submitted by the Applicant and that which is recommended by the Staff is shown on Schedule B-1. Schedules B-2 through B-6 provide additional support for the Staff's findings.

Plant in Service

The plant in service, as presented by the Applicant, is the surviving original cost of the distribution, sub-transmission, and general plant that is used and useful in providing electric service to its distribution customers. The Staff reviewed and tested the Applicant's plant accounting system to ascertain if the information in the Applicant's plant ledgers and supporting continuing property records (CPR) represent a reliable source of original cost data. The testing included a sample selection of plant additions, retirements and transfers since the prior base rate case. Plant additions as well as various items from the CPR were selected for on-site inspections for complete verification of existence and their used and usefulness. The Staff determined that there were no significant discrepancies and that the Applicant's plant accounting system represented a reliable source of original cost data.

As a result of its investigation, the Staff recommends certain adjustments be made to the Applicant's date certain plant investment for ratemaking purposes. These adjustments are identified below and summarized on Schedule B-2.2 and reflected on Schedule B-2.1.

Transmission Land Plant Adjustment

In Case No. 99-1212-EL-AIR, the Commission adopted the FERC seven factor test set forth in Order No. 888, for the purpose of classifying transmission and distribution facilities to be transferred to American Transmission System Incorporated (ATSI). The FirstEnergy operating companies continue to own all land, easements, franchises, and other rights associated with the transmission facilities leased by ATSI from the FirstEnergy operating companies pursuant to a Ground Lease. The Staff's investigation has determined that the Ground Lease has not been renegotiated since the original agreement effective September 1, 2000. Staff is of the opinion that the revenue received from ATSI does not support the revenue required on the land investment. Therefore, the Staff has excluded all Transmission land in Account 350 as shown on Schedule B-2.3. The Staff also excluded all revenues associated with the Ground Lease as shown on Staff's Schedule C-3.2. This adjustment to land is shown on Schedule B-2.2a.

Transportation Equipment and Power Operated Equipment

The Staff adjusted accounts 392 and 396 to exclude vehicles that either should have been retired or are no longer part of the distribution Company. This adjustment is shown on Schedule B-2.2b.

Reclassification of Transportation Equipment and Power Operated Equipment

During its investigation, the Staff discovered that some vehicles and some power operated equipment had been transferred between Ohio Edison, CEI and Toledo Edison but not reflected in the companies' plant accounting systems. This adjustment recognizes the reclassification of these items to the appropriate operating companies and is shown on Schedule B-2.2c.

General Plant

As a result of discrepancies associated with the Applicant's General Office Transportation Plant Account, the Staff determined further analysis of all General Office assets was necessary. At the time of the writing of this Staff Report, the Staff requested additional documentation to assure Staff of the proper classification of all General Office plant accounts. The Staff's review is still in progress and the results of this review will be provided prior to making a final determination of the appropriate level of plant in service for purposes of this proceeding.

Depreciation

Depreciation is the process which distributes the original cost of depreciable assets, adjusted for net salvage, over the normal life of the property in a systematic and rational manner. The Staff's investigation of depreciation is segregated into two areas: Depreciation Reserve, and Depreciation Accrual Rate and the corresponding Depreciation Expense. Each of these is discussed in detail in the following sections.

Depreciation Reserve

The Applicant maintains depreciation reserve, by account, on a total Company basis. In order to determine if the Applicant's booked reserve for depreciation is proper and adequate, the Staff generally finds it useful to compare the book reserve with a calculated theoretical reserve, as a guide to whether past accrual rate calculations have been appropriate. The Staff compared the Applicant's booked reserve level with a calculated theoretical reserve, based on the Staff's recommended accrual rates and May 31, 2007 plant balances. The Staff determined that the overall booked reserve is in close agreement with the theoretical reserve calculation. Therefore, it is the Staff's opinion that the actual jurisdictional reserve for depreciation, as adjusted by the Staff on Schedule B-3, is proper and adequate and should be used for purposes of this proceeding. The Staff adjusted the Applicant's depreciation reserve to exclude reserve associated with the adjustments discussed in the Plant in Service section. These adjustments are summarized on Schedule B-3.1.

Depreciation Accrual Rates and Depreciation Expense

The Applicant's current depreciation accrual rates were prescribed by this Commission in Case No. 92-1424-EL-AAM.

The Applicant filed a depreciation study for its electric plant. The Applicant's accrual rates, for most electric accounts, were developed using the straight line whole life method. With exception, the Accounts 370 and 371, Meters and Installation on Customer Premises, were developed using the straight line remaining life method.

The Staff conducted an independent depreciation study utilizing actuarial methods and judgment to develop its accrual rate parameters and based its accrual rates on the straight line whole life method. The Staff recommended accrual rates are shown on Schedule B-3.2a. The Staff recommends that the Applicant be ordered to use the accrual rates shown on Schedule B-3.2a for book depreciation purposes, effective concurrently with customer rates from this proceeding.

The Staff's calculation of depreciation expense based on the adjusted jurisdictional plant in service balances at date certain and the accrual rates discussed above, is shown on Schedule B-3.2.

Also included in the depreciation expense on Schedule B-3.2 is the Staff's calculation of depreciation on the gross-up of the net of tax AFUDC created as a result of implementing SFAS No. 109. The Staff recalculated the SFAS No. 109 accrual rate to reflect a composite based on the Staff's recommended accrual rates as opposed to the Applicant's proposed accrual rates.

Construction Work In Progress (CWIP)

The Applicant did not request an allowance for CWIP in its filing and the Staff, as shown on Schedule B-4, did not recommend an allowance.

Working Capital

Working Capital has been generally defined as the average amount of capital provided by investors in the Company, over and above the investment in plant and other specifically identified rate base items, to bridge the gap between the time expenditures are required to provide service and the time collections are received for that service. As such, the objective of including a working capital allowance in rate base is to produce a total rate base that will result in allowing investors the opportunity to earn a fair return on all capital invested by them in utility operations.

The Applicant conducted and submitted a lead/lag study in the current proceeding. The Staff performed a detailed review of the Applicant's sponsored study. The review included testing the mathematical accuracy of the study, tracing information to source documents, and a detailed review including interviewing Applicant employees regarding the assumptions and methodologies used by the Applicant in its study. Based on its review, the Staff made certain adjustments to the Applicant's study to reflect the Staff's position and past Commission decisions.

The Staff's working capital calculation is comprised of three different components. The calculation contains a revenue lag allowance component, an expense lag allowance component and an allowance for materials and supplies component.

The Staff conducted a thorough review of the Applicant's revenue lag calculation. Based on that review, Staff agrees with the Applicant's calculated revenue lag of 24.4 days. The Applicant's revenue lag of 24.4 days was determined by netting its electric and generation revenue lag days against the Applicant's revenue lead days associated with its Energy for Education program revenue.

The Staff also undertook a review of the Applicant's expense lag calculation. Based on its review and understanding of how the Applicant calculated its expense lag, Staff made certain adjustments to the Applicant's calculated expense lag days to reflect past Commission decisions relative to uncollectibles account expense, vacation pay and interest expense. Also, the Staff made some adjustments to the study related to purchase power expense, payroll, outside services employed other expenses, Ohio property tax, Pennsylvania franchise tax, Ohio sales use tax and Municipal tax.

The Staff's working capital allowance for materials and supplies is based on a thirteen-month average balance ending February 29, 2008 for materials and supplies held for normal operating and repair purposes.

Other Rate Base Items

The Applicant's Other Rate Base Items are detailed on its Schedule B-6. Certain of Applicant's Other Rate Base Items are estimated beyond the date certain. The Staff's valuation of Other Rate Base Items is as of the date certain. Several items have been eliminated by Applicant utilizing zero percent allocation factors to the distribution operation. Also, the Applicant proposed adjustments to several of these balances. These adjustments are detailed on the Applicant's Schedules B-6.1A through B-6.1T.

The Staff accepted some of the Applicant's adjustments, revised or corrected others, and proposed new adjustments.

As a result of the August 29, 2007 Ohio Supreme Court ruling in *Elyria Foundry Co. v. Pub. Util. Comm.*, 114 Ohio St. 3d 305, 2007-Ohio 4164, the Applicant's Date Certain, Deferred Fuel Regulatory Asset balance and the Applicant's Date Certain, Accumulated Deferred Income Taxes balance (associated with the Deferred Fuel Regulatory Asset above) was reduced to zero and excluded from Rate Base. The Staff's summary of these adjustments is presented on Schedule B-6 (line 9 and line 125).

The mechanism to recover certain increased fuel costs incurred during the 2006-2008 timeframe is the subject of review in Case No. 07-1003-El-ATA and Case No. 07-1004-EL-AAM. These cases are currently pending before the Commission.

ALLOCATIONS

The process of jurisdictional allocations for plant in service, depreciation reserve, and operating income has been drastically simplified by the corporate reorganizations undertaken subsequent to the legislation providing for industry restructuring. With only a few exceptions, the generation and transmission assets previously owned by the Company have been transferred to unregulated FirstEnergy affiliates. Therefore, most rate base and operating income accounts are either 100% jurisdictional or 100% non-jurisdictional. For those accounts for which allocations are necessary (such as administrative and general expenses or balances for various employee benefits), allocation factors have been constructed as the weighted average of accounts which are themselves either 100% or 0% jurisdictional.

The Staff reviewed the Applicant's working papers supporting the proposed allocation factors, the methods and the calculations used in their derivation, and the supporting source documents. The Staff is of the opinion that the allocation factors proposed by the Applicant are appropriate and reasonable for the purposes of this proceeding.

OPERATING INCOME

The Applicant's test year operating income combined three months of actual data for the period March 1, 2007, through February 29, 2008, with nine months of forecast data for the period June 1, 2007, through February 29, 2008. The Staff adjusted the Applicant's test year operating income as required to render it appropriate as a basis for setting rates.

The Staff's proforma operating income is the Staff's adjusted test year operating income modified to reflect the Applicant's proposed increase in revenues and the associated increases in uncollectible accounts expense, commercial activities taxes, and federal income taxes.

Schedules C-1 and C-2 present the Staff's determination of operating income. The calculations, methodologies, and rationale used to develop the Staff's adjusted proforma operating income are detailed on Schedules A-1.1, C-1.1, C-3.1 through C-3.18, and C-4.

Proforma Adjustments

Schedule C-1.1 sets forth the Applicant's proposed increase in distribution operating revenues and affected expenses. The increase in revenues is the combined result of the increase in base revenues created by the Applicant's proposed tariffs and an increase for bad check and reconnection charges. Further discussion of the Applicant's proposed revenue increases can be found in various other sections of this report. Associated increases in uncollectible accounts expense, commercial activities taxes, and federal income taxes are also summarized on this schedule.

Current Adjustments

Base Revenue

The Applicant and the Staff adjusted current base revenues to annualize test year sales volumes using the most recent rates granted by the Commission, weather normalized sales volumes, and customer growth. Moreover, the Applicant and Staff also adjusted current revenue by deducting other miscellaneous current revenues from Schedule E-4 (current). The Staff also adjusted the Applicant's Schedule E-4 current revenues by adding employee discounts back. Staff is of the opinion that this employee benefit should be reflected as an expense. Staff's adjustment is presented on Schedule 3.1.

Labor Annualization

The Applicant annualized test year labor expense to reflect estimated employee and wage levels expected for the end of the test year. The Applicant included in its labor expense estimate payroll costs including straight time labor, overtime labor, and incentive compensation. Also included are allocated costs for shared services provided by FirstEnergy Service Co. employees.

The Staff annualized test year labor expense to reflect the average employee levels for the six month period ending with August 2007 for both CEI and FE Service Co. Wage rates for non bargaining employees include a 3.5% annual wage increase to be effective February 1, 2008. Wage rates for bargaining employees include a 3.5% annual wage increase effective May 1, 2007. Test year labor expense also includes incentive pay at 6% of straight time pay for bargaining employees and 12% of straight time pay for non bargaining employees. Test year labor also includes a three-year average expense for bonus pay and severance pay. The Staff's adjustment is shown on Schedule C-3.2.

Miscellaneous Expense

The Staff adjusted test year operating expense to exclude advertising costs associated with public relations and goodwill in Accounts 923, Outside Services Employed and 930.2, Advertising Expense; a loan amount that was incorrectly charged to Account 903, Customer Record and Collection Expense; and amounts charged to Account 514, Steam – Maintenance Miscellaneous Steam Plant, for expenses incurred for security and other maintenance costs associated with a plant that was retired prior to the transfer of assets to non-regulated generation. The Staff also adjusted operating expense to exclude the expenditures incurred for various sporting events and golf outings in Accounts 593, Maintenance of Overhead Line and 921, Office Supplies and Expenses. Applicant was able to provide the Staff actual expenditures for sporting events for the months of March through May; however, specific sporting events are not budgeted for individually, making it virtually impossible to determine the forecasted amounts for specific events. Therefore, the Applicant provided the actual expense amounts for the calendar year 2006 and stated that they would provide an accurate representation of test year expenses. Staff concurs and eliminated these identified costs from test year expenses. The Staff's adjustment is presented on Schedule C-3.3.

Depreciation Expense

Depreciation expense is adjusted to reflect the Staff's recommended depreciable plant in service as of the date certain. This adjustment is presented on Schedule C-3.4 with the supporting calculations shown on Schedule B-3.2. Further discussion on depreciation can be found in the Rate Base Section of this report.

Regulatory Assets Amortization

The Applicant and the Staff proposed adjustments to test year operating expenses to reflect the amortization of deferred amounts associated with fuel, distribution reliability, transition taxes, line extensions, and demand side management. The Applicant estimated deferred balances for these items through the end of the rate stabilization period, December 31, 2008, and proposed to amortize the estimated deferred amounts. The Staff amortized the date certain balances of these items with the exception of deferred fuel.

Consistent with the recommendation in the rate base section of this report, the Staff did not propose an amortization adjustment for deferred fuel in this proceeding as a result of the Ohio Supreme Court ruling in *Elyria Foundry Co. v. Pub. Util. Comm.*, 114 Ohio St. 3d 305, 2007-Ohio 4164. The Staff's adjustments are shown on Schedule C-3.5.

Pension and Other Post-Retirement Employee Benefits (OPEB) Expense

Both the Staff and the Applicant adjusted test year pension and OPEB expenses to eliminate the effect of financing and other non-service related expenses. The adjustment also adjusts for the difference between the test year budget expenses for pension and OPEB and the test year budget amounts for ongoing service costs of the operating Company. The Staff's adjustment can be found on Schedule C-3.6.

Social and Service Club Dues

Both the Staff and the Applicant adjusted test year operating expenses to eliminate social and service club dues. The Staff's adjustment is shown on Schedule C-3.7.

Federal Income Taxes

The Staff computed test year federal income taxes to reflect the recommended adjustments to operating revenues and expenses. The Staff's federal income tax computation reflects inter-period interest allocation and the normalization of tax accelerated depreciation and other tax-to-book timing differences.

Schedule C-3.8 shows the calculation of the federal income tax adjustment. Schedule C-4 shows the detailed calculation of federal income taxes.

Reclassification of Assessments

The Staff reclassified test year PUCO and OCC assessments from operation and maintenance expense to taxes other than income. The Staff's reclassification adjustment is shown on Schedule C-3.9. The Staff's calculation of PUCO and OCC assessments is shown on Schedule C-3.9.

Taxes Other Than Income Taxes

Taxes other than income taxes were adjusted to reflect the proper base and the latest known tax rates. For example, property taxes were computed by applying the latest known property tax rate to the property valuation at date certain, F.I.C.A. taxes were calculated based on test year adjusted payroll and so forth. Schedule C-3.10 provides a summary of the calculated taxes and the resultant tax adjustment. The supporting calculations are provided on Schedules C-3.10a through C-3.10g.

Vehicle Lease Costs

The Staff and the Applicant adjusted the test year to annualize the increase in vehicle lease cost. The Staff's adjustment is shown on Schedule C-3.11.

Uncollectible Expense

The Applicant's test year uncollectable expense account is based on total Company revenues, such as generation, transition and transmission. Staff calculated the uncollectable expense using a ratio based on the jurisdictional operating revenue components and the total uncollectable expense provision. The Staff's adjustment is presented on Schedule C-3.12.

Amortization Associated with Deferred Tax Balance True-up

The Applicant conducted a preliminary study to determine the appropriate accumulated deferred income tax balances related to distribution property. The Applicant proposes an amortization of the differential between booked balances and those determined through the study over the net plant balance average life remaining. The Applicant proposes 100% allocation factor of the amortization amounts. The Staff is investigating the calculation of the deferred income tax balances and waiting for final approved balances. In the meantime, the Staff has included the estimated amortization amounts in the revenue requirements until the final amounts have been determined. The Staff also utilized the accelerated vs. book deprecation jurisdictional allocation factor to allocate its adjustment as shown on Schedule C-3.13.

Advertising Expense

Both the Staff and the Applicant adjusted test year operating expenses to remove expenses related to promotional advertising. The Staff's adjustment is presented on Schedule C-3.14.

Other Operating Revenue and Distribution Expense

The Staff adjusted account 456- Other Electric Revenue, to remove the annual ATSI lease revenue for the reasons detailed in the Staff's plant in service text. Staff's adjustments are shown on Schedule C-3.15.

Reclassification of Interest on Customers' Deposits

Consistent with the treatment of customers' deposits as an offset to the Applicant's rate base, the Staff reclassified the associated interest expense to operating expenses. The Staff's adjustment is on Schedule C-3.16.

Rate Case Expense

The Staff used the Applicant's estimated rate case expense of $447,000 for this proceeding, for all three operating companies and the service Company. The Staff amortized the expense over a three-year period. The Staff's adjustment can be found on C-3.17.

The Staff recommends that the Commission review the Applicant's revised estimate of rate case expense which should be submitted as a late filed exhibit before making a final determination of the appropriate level of rate case expense for use in this proceeding.

Forfeited Discounts Revenue

The Staff adjusted test year forfeited discounts revenues to reflect the Staff's adjustment to operating revenues. Staff's adjustments are shown on Schedule C-3.18.

RATE OF RETURN

The Staff believes that a rate of return in the range of 7.90% to 8.35% is fair and reasonable. The recommended rate of return was developed using a corporate consolidated cost of capital approach, which reflects a market-derived cost of equity, the Applicant's embedded cost of long-term debt and preferred stock, and the embedded capital structure. See Schedule D-1.

Capital Structure

The Applicant, Ohio Edison Company, is a wholly-owned subsidiary of First Energy Corporation which is a publicly traded, public utility holding company. As a result, the Staff used First Energy Corporation's consolidated capital structure to estimate a rate of return for the Applicant. Substituting the parent company's capital structure for the wholly owned subsidiary is legitimate as parent and subsidiary capital structures would be equivalent under a regimen of efficient capital budgeting, and capital costs could not be separated for each corporate entity. The Staff used the consolidated capital structure of the First Energy Corporation, from Applicant's Schedule D-1A, in the rate of return determination.

Cost of Long Term Debt

The Staff employed the embedded cost of long term debt of First Energy Corporation, as of May 31, 2007, on a parent-consolidated basis, from Applicant's Schedule D-3A. In the calculation of the weighted cost of debt, the annual interest is divided by the carrying value. The debt calculation includes the effect of unamortized debt expense, unamortized discount or premium on sale, and unamortized gain or loss on reacquisition on both the interest cost and the carrying value. Staff utilized the embedded cost of long term debt of 6.22% on Schedule D-1.

Cost of Common Equity

The Staff considered a group of utilities which are representative of the industry for purposes of cost of equity estimation. This group consists of companies publicly traded on the New York Stock Exchange, and are categorized in the sectors of electric utilities, gas distribution utilities, and gas and electric utilities. These companies have market capitalizations of greater than $1.5 billion, and have Value Line betas of one or less. Applying further criteria enabled Staff to select the following comparable group of twenty-three:

Company Name	Ticker
AGL Resources, Inc.	ATG
Atmos Energy Corporation	ATO
CenterPoint Energy, Inc.	CNP
Consolidated Edison, Inc.	ED
Constellation Energy Group, Inc.	CEG
DPL Inc	DPL
DTE Energy Company	DTE
Energen Corporation	EGN
Entergy Corporation	ETR
Exelon Corporation	EXC
FirstEnergy Corporation	FE
FPL Group, Inc.	FPL
MDU Resources Group, Inc.	MDU
National Fuel Gas Company	NFG
OGE Energy Corporation	OGE
Piedmont Natural Gas Company, Inc.	PNY
Pinnacle West Capital Corporation	PNW
Public Service Enterprise Group Inc.	PEG
Questar Corporation	STR
The Southern Company	SO
WGL Holdings, Inc.	WGL
Wisconsin Energy Corporation	WEC
Xcel Energy Inc.	XEL

Staff believes this group possesses risk characteristics roughly corresponding to that of the business function of providing distribution energy utility service to retail customers. The Staff has explicitly *not* considered any additional risk factors relating to provision of electric generation service, inasmuch as FirstEnergy's proposed auction plan is designed to relieve the Company of such risk.

The Staff employed a cost of equity estimate for the comparable group companies that are the average of their capital asset pricing model (CAPM) and discounted cash flow (DCF) derived estimates. In calculating its CAPM cost of common equity estimate, the Staff employed the average of the Value Line betas, being .85 and the Ibbotson[1] derived spread of arithmetic mean total returns between large company stocks and long term government bonds (i.e., "risk free return"; 6.5%). These were used in the CAPM formulation with the weighted average of 10 year and 30 year weekly closing Treasury yields for the period from September 18, 2006 through September 10, 2007. The weighting was done in a manner that emphasized later quarters to a greater degree.

[1] * Ibbotson Associates <u>2007 Yearbook: Stocks, Bonds, Bills and Inflation; Valuation Edition</u>

The averaged 10 year yield is 4.76%. The averaged 30 year yield is 4.93%. These average to 4.85%. This was added to the product of the beta and the 6.5% spread, and resulted in a CAPM cost of equity estimate of 10.39%. See Schedule D-1.3.

In calculating its DCF cost of common equity estimate, for each comparable company, the Staff employed the annual average stock price, the sum of the last four quarterly declared dividends, estimates of the expected rate of growth of earnings, and generic issuance costs related to the external equity financing. The stock price employed is the average weekly closing price for the period from September 18, 2006 through September 10, 2007.

The DCF model assumes that earnings growth and dividends growth are the same. The Staff averaged earnings per share estimates from Reuters, Yahoo, MSN, and Value Line to get DCF growth estimates for each company. See Schedule D-1.2. The Value Line average incorporates both the explicit long-range earnings estimate shown in the "box" and the implicit continuous growth rate calculated from the estimates of earnings per share.

For the Staff's determination of DCF cost of equity, a non-constant DCF growth rate was assumed. Dividends were assumed to grow at a rate derived from financial analysts' growth estimates for the first five years. The Staff's DCF growth estimates were used for the first five years, as they are averages of estimates from various investor news services. From the twenty-fifth year on, the growth rate was assumed to equal the long-term growth rate in GNP. For the sixth through twenty-fourth years, dividends vary between the two rates in a linear fashion. The long-term growth rate in GNP was the average annual change in GNP from the U. S. Department of Commerce for 1929 through 2005. See Schedule D-1.4.

Based on long-term GNP growth, the respective company DCF growth estimate and dividend, a stream of annual dividends was calculated. The internal rate of return derived from the dividend stream and the stock price was used for Staff's non-constant growth DCF cost of equity estimate.

The comparable group non-constant DCF cost of equity estimates average 10.29%. When averaged with the 10.39% CAPM estimate, the result is 10.34%. See Schedule D-1.2. Using a 100 basis point range of uncertainty, the cost of equity estimate becomes 9.84% to 10.84%. See Schedule D-1.1. To provide for this return, allowance must be made for issuance and other costs, as shown on Schedule D-1.1, resulting in an adjustment factor of 1.02288. Applying this factor to the baseline cost of common equity range, results in a recommendation of 10.06% to 11.09%.

RATES AND TARIFFS

By its application in Case No. 07-551-EL-AIR, et al, Ohio Edison requests authority to modify its electric distribution service tariffs, schedules, rates and charges applicable to service under direct Commission jurisdiction.

The Commission Staff has investigated the rates and tariffs matters proposed by the Applicant. The results of that investigation are herein reported. It is the intent of Staff to provide analysis with regard to the acceptability and reasonableness of the rules, regulations, terms, conditions, and revenue recovery mechanisms contained in the proposed tariffs. The proposals made by Staff may require adjustments based on the revenue authorized by the Commission in these proceedings.

In its analyses, Staff utilizes various documents provided by the Applicant (the Notice of Intent To File of May 8, 2007; the Original Filing of June 7, 2007; the Update Filing of August 6, 2007; and the responses to data requests issued by Staff), as well as formal and informal discussions with various Company personnel. When applicable, Staff will identify the source documents utilized in its analyses. Because of the use of various source documents, some of the figures used in this section (e.g. current revenue, proposed revenue, increase requested) may not exactly match the numbers used in determining the revenue requirement in other sections of this report. The Staff of the Rates and Tariffs Division has, however, utilized the documents to best-reflect the reasonableness of its recommendations

TARIFF ANALYSIS

Electric Service Regulations

In general, FirstEnergy has proposed to modify the Electric Service Regulations of the current tariffs of Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company so that they are consistent. To describe every individual proposed modification to each Company's tariffs would not be efficient. The following analysis is presented in the form of an "exception" report, including Staff's (of the Rates and Tariffs Division of the Utilities Department and the Investigation and Audit Division of the Service Monitoring and Enforcement Department) recommended "fix." Unless otherwise noted, Staff recommends approval of the other proposed provisions.

Section I – General Provisions

The Applicant is proposing to delete the language that tells customers where they can inspect copies of the Electric Service Regulations and the Schedule of Rates. The Applicant's rationale for this proposed change is that tariffs are available in multiple locations. Staff is of the opinion that the Applicant should not delete this language, but should modify it to include the other locations and sources in which these tariffs are being made available.

Section II – Applications and Contracts

(E): This language was previously located in Section II A. The Applicant also modified this language to include a distinction between Same Day Connection and Re-Connection Charges. Although Staff agrees with this proposed change, the proposed language could be easier understood by customers if it read:

"If the customer requests service for the same day on which the request has been made and the service is presently not connected, the Company will charge the customer the Same Day Connection Charge pursuant to the Company's Tariff Sheet 75, Miscellaneous Charges. This fee may be charged at the time of the request or charged with the customer's next monthly billing, at the Company's discretion, and only if the Company provides the service on the same date requested. (The Same Day Connection Charge does not apply to requests for reconnection after nonpayment which is governed by Electric Service Regulations, Sheet 4, Section XI, Paragraph D)".

Section III - Credit Worthiness and Deposits

(A): This section states that "customers are required to establish creditworthiness, which may include a deposit, as a condition to furnishing or continuing to furnish service". Staff believes that since customers are required to establish creditworthiness, this section should include language that either states all the options to establish credit or references the rule governing the establishment of credit. Staff recommends that this section should read: "Customers are required to establish creditworthiness in accordance with the provisions of 4901:1-10-14, O. A.C., which lists options for satisfying this requirement, which must be met as a condition to furnishing or continuing to furnish service".

(B): This paragraph incorrectly cites Chapter 4901:1-17 of the Ohio Administrative Code (O.A.C.) as a reference on how interest will be paid on the deposit. The reference should be Chapter 4901:1-10-14 (J), O.A.C.

Section V - Rate Schedule Alternatives

(A): Staff recommends the last sentence in the paragraph be removed. The last sentence states, "No refund will be made representing the difference in charges under different rate schedules applicable to the same class of service". This tariff appears to violate the Commission ruling in *White Plastics v. Columbus Southern Power*, Case No. 83-0650-EL-CSS. This case held that a Company may owe refunds to a customer for placing that customer on the wrong rate schedule if the customer makes an inquiry regarding its rates and the Company fails to properly investigate the customer's rate.

Section VI – Billing and Payment

(D): The Applicant is proposing to delete the current language "the Company's filed tariffs and its Standard Rules and Regulations, as are applicable to that customer, provided that such transfer of a final bill shall not be used to disconnect service to a residential Customer who is not responsible for such bill. This provision shall not be construed to permit disconnection of a residential account for an unpaid final bill at such a second location if the customer initiated another such account at least ninety (90) days prior to termination of service to the account for which the final bill was rendered." Staff recommends the Applicant should not delete this language.

(I): This is new language being proposed by the Applicant. Staff feels this section would read clearer to customers if specific dates were being used instead of terms such as "billing portion 9 meter readings in mid-June". Staff is recommending the Applicant use specific dates in this proposed language.

Section VII - Service Connections and Line Extensions

The issue of cost recovery for line extensions was a significant issue in the electric transition plans. The issue was ultimately resolved via a series of Commission-approved stipulations in Case No. 01-2708-EL-COI. For FirstEnergy, the cost recovery mechanism was a blend of up-front capital payments, periodic customer payments, and deferrals as regulatory assets. The stipulation was intended to be a "stop-gap" measure to allow the Company a cost recovery mechanism during the time its distribution rates were frozen.

In Case No. 07-551-EL-AIR, the Applicant proposes to continue only the up-front payments concept. It proposes the following:

Residential:
Standard Single Family $300 ($100 if geothermal)
Non-Standard Single Family $300 + 100% of the cost > $5000
Multi Family Installation $100 per unit

General Service 40% of the cost
Transmission Installations 100% of the cost

The distribution rate freeze ends with the outcome of this case. While Staff is not adverse to an up-front payment as one of the cost recovery mechanisms, it recommends a slightly different approach. Staff proposes the following:

Standard Single Family $100 ($50 if geothermal)
Non-Standard Single Family $200 + 100% of the cost > $5000
Multi Family Installation $50 per unit
General Service 40% of the cost
Transmission Installations 60% of the cost

Staff further recommends that for the non-standard single family costs exceeding $5000, the customer be offered a monthly extended payment option (including interest) of up to four years.

Section VIII – Use of Service

(D): This section would require customers who want parallel interconnection with the Company's distribution system to pay for a dedicated telephone line for an interval meter. To make this section consistent with the requirements of Rule 4901:1-28 (C), Staff recommends that the following sentence be added stating that: "The requirement for a dedicated telephone line does not apply to service for net metering"

Section IX - Meters, Transformers and Special Facilities

(A): Staff recommends the proposed language "by the customer at his expense in accordance with the Company's standards" be replaced with "consistent with the Company's standards, by the customer at the customer's expense".

(B): Staff recommends the language "for any reason whatsoever" be removed.

(C): The language in this paragraph which reads, "the period specified in Chapter 4901:1-10 of the O.A.C.", would force the customer to look in a different place to determine the time period during which the customer is allowed one free meter test. Staff recommends that the above mentioned language be replaced with: "a 36 month period".

(F): Staff recommends the proposed language "in the sole discretion of the Company" be replaced with the current tariff language "subject to the approval of the Company".

(G): This paragraph advises the customer of the Company's right to access a customer's premise. Staff believes this provision should also state the customer's right to request the employee to provide Company ID as required by Rule 4901:1-10-13, O.A.C.

(G): The second paragraph concerns failure to grant access by a customer or landlord and states "If a customer or a landlord fails to grant access for reasons described above, and judicial redress is necessary to secure such access, . . .". Staff believes the term "judicial redress" should be changed to "court order", which Staff believes is easier for a customer to understand.

(G): The second sentence of this section's second paragraph concerns what the Company may collect if judicial redress is necessary and states "This would include, without limitation, any court costs and attorney's fees, which may be added to an account of the customer or if applicable, the landlord, and shall be due with the current charges on that account". The tariff, as it currently reads, would allow the Company to charge court costs and attorney fees to the customer even if the Company was unsuccessful in litigation against the customer. Staff recommends that the Company only be allowed to add court costs and attorney fees to a customer or landlord's bill when a judicial officer awards the Company those costs and fees. Staff also recommends replacing the word "may" with the word "would" in the second sentence of the second paragraph.

Section X - Customer's Wiring, Equipment and Special Services

(A): Staff recommends that this paragraph cite the specific rule and not just the chapter regarding the requirement for inspection on a new service installation. Chapter 4901:1-10 is a very large chapter, which has no section titled "installation". These circumstances would make it difficult for a customer to find the specific rule pertaining to this paragraph. Staff recommends that the words, "Rule 4901:1-10-05 (E) replaces the words "Chapter 4901:1-10", in this paragraph.

Section XI. Collection of Past Due Bills and Disconnection of Service

(B): Field Collection Charge - Staff recommends that the Company add language that will limit the number of times the Company can assess this charge for a delinquent account. Staff recommends the following language be added: "The Company shall not charge this fee more than once prior to either collecting the delinquent amount or disconnecting the service".

Tariff Structure

As with the service regulations, FE has proposed to modify the structure of the distribution electric service schedules of Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company so that they are consistent. In doing so, the number of schedules has been reduced to eight: Residential (RS), General Service - Secondary (GS), General Service - Primary (GP), General Service - Subtransmission (GSU), General Service – Transmission (GT), Street Lighting (STL), Traffic Lighting (TL) and Private Outdoor Lighting (POL). For example, OE currently has seven Residential Rate Sheets in effect. In this application, that number has been reduced to one. The significant tariff structure modifications not only create occasional anomalous results to individual customers, but also create problems in Staff's traditional comparisons of "current" to "proposed." Those problems will be addressed in the applicable section of this report.

The current tariff structure has evolved through the years as the individual components have been requested by the Company and approved as reasonable, at the time, by the Commission in various rate and tariff proceedings. In recent years Staff and the Applicant have had informal discussions regarding the need to reduce the number of schedules, simplify the rates and have a consistent tariff format for the three FE operating companies. The four proposed General Service schedules are voltage-based. Customers receiving like services should be facing the same charges and provisions. Therefore, as a whole, Staff finds that the proposed structure is a reasonable reflection of distribution-related costs and recommends the structure be approved.

REVENUE DISTRIBUTION AND RATE DESIGN ANALYSIS

Rate and Revenue Guidelines

General guidelines or objectives are followed in Staff's review of rate schedules and design. The applicable schedules should provide the utility the opportunity of recovering an authorized revenue. The various schedules should represent a reasonable distribution of revenue between and among the various customer groups. The particular schedules should be equitable and reasonable, should provide for customer understanding and continuity of rates, and should cause minimal customer impact. When employing these standards to develop and design rates, the results should be understandable to all the customers billed under the schedule.

Rate design criteria are to be viewed as a package, in that they are interrelated. Although each item can be separately identified and applied to rate schedule determinations, no single standard is overriding in determining proper rate design. The rate schedules which comprise a particular utility's tariff should provide for recovery of expenses found proper in the course of a regulatory proceeding. If the rate schedule is designed on the basis of cost causation, it will provide for expense recovery in the long term, given changes in the customer consumption characteristics. Normally, and to the extent sufficient information is available, cost of service studies and related expense analyses are necessary to determine the appropriate level of revenue to be generated and the appropriate recovery of such revenue.

The rate schedules should be designed to be equitable and reasonable to the customers served pursuant to their applicability. This criterion involves several considerations. The rate schedules should, to the extent practicable, be predicated upon the cost associated with a particular service rendered. Customers receiving like services should be facing the same charges and provisions. Also, differences in applicable charges should be representative of differences in costs.

From a practicable rate design standpoint, absolute equality between costs and revenues may be difficult to achieve in the short term. While it may be viewed as equitable to set rates at cost, if there is a substantial divergence from the current rates, the resulting impact on individual customers may be viewed as unreasonable. While desiring cost supported charges, Staff considers such items as resulting typical customer billings and resulting revenue increases which would necessarily occur. These tests help provide benchmarks with regard to reasonableness of charges in rate forms. While it is the Staff's position that rate schedules reflect costs, it is also important to consider the continuity associated with current and proposed pricing structures. This may result in movement towards more closely aligning revenue with costs rather than an absolute match at a particular time period.

In summary, electric rates should:

- Be predicated on costs
- Be fair, equitable and reasonable
- Provide for customer understanding
- Cause minimal impact (sometimes called "gradualism")
- Provide continuity in pricing structures
- Provide the utility the opportunity to recover an authorized revenue by providing for the recovery of costs found proper in a regulatory proceeding

To this list might be added:

- Promote conservation
- Promote energy efficiency
- Promote economic development
- Promote the energy policies of the State

The preceding paragraphs in this section are "boilerplate," in that they are used, in one form or another, in all rate-related Staff Reports. The standards are true and they are important. Each of the standards has value. They are, however, subjective, and it is generally impossible to fully accomplish them all. Sometimes one standard (the most obvious being that the rates must provide the utility with the opportunity to recover its authorized revenue requirement) supersedes, to a degree, the others. Sometimes the standards are in conflict (e.g. in this application, the standard for cost-based rates and the standard for providing for customer understanding conflicts with the need to provide continuity in pricing structures).

From discussions with the Company, and from the application and supporting testimony, it is apparent to Staff that the Applicant, in its proposal, has taken the standards into consideration. It is also apparent that, while this is a "distribution" rate case, the Applicant has placed an emphasis on the rate impacts, as proposed in the application, on "total" bills (including "generation" and "transmission" rates, and also including the impact of the elimination of the Regulatory Transition Charges). Staff does not find this to be an unreasonable approach; but, it does have its limitations, as will be later discussed.

Cost of Service Analysis

Cost of service studies approximate the costs incurred by an Applicant in providing service and identifies the cause of the costs. These are determined by assigning the costs to the customer class relative to what each class imposes on the system. There are several steps involved, as listed below:

- Functionalization: The separation of costs according to production, transmission or distribution function.

- Classification: The separation of costs as being customer, demand or energy related. Customer costs are independent of customer usage characteristics and are costs which are associated with customer service connections to the system and vary with the number of customers served. Demand and capacity costs are those expenses which vary with the rate in which the service is used, such as the cost of meeting peak demand. Energy costs are the costs which vary according to the volume of energy consumed, or the customer's kilowatt-hour consumption.

- Allocation: The last step is the allocation of costs to each customer class. This is determined by a combination of the number of customers, class demands, and energy usage.

The Cost of Service Study filed by the Applicant is an embedded fully allocated cost of service study by rate class for the test period ended February 29, 2008, as adjusted. The Cost of Service Study first functionalizes items such as plant investment, operating expenses and taxes between the distribution function and to "all other." These costs are then classified as customer, demand or energy related. Next, those costs that have been determined to be distribution-related are allocated to the various customer classes. Finally, the Cost of Service Study calculates the revenue responsibility of each class required to generate the recommended rate of return.

The Applicant further delineated distribution plant costs by sub-functionalizing assets through the identification and separation of primary and secondary voltages. The voltage peaks are based on the average of three summer coincident voltage peak months (June, July, August). The allocation factors were developed based on customer, energy and demand statistics for the test period. These costs were then classified as customer, energy or demand-related.

Cost of service studies are subjective, especially the allocation of costs to customer classes. Staff, admittedly, did not do a line-by-line review of each expense and rate-base-related item. From its analysis, Staff concluded that the Applicant generally followed acceptable allocation guidelines (e.g. the National Association of Regulatory Commissioners Electric Utility Cost Allocation Manual). The cost of service study results are, of course, considered by Staff in developing its recommendations; but, by no means, are they the sole consideration.

Revenue Distribution

The allocation of the authorized revenue requirement between and among the various customer classes is of obvious importance. Just as the rates, in total, must give the utility the ability to recover its authorized revenue requirement, so must the rates in a particular schedule give the utility the opportunity to recover the revenue authorized for that schedule. Traditionally, Staff presents tables which compare "current revenues," by class to "proposed revenues" (both Applicant-proposed and Staff-proposed), by class. As previously discussed, the Applicant has proposed (and the Staff has accepted) a significant tariff restructuring. Thus, the traditional presentation by Staff becomes somewhat convoluted.

Therefore, Staff's analysis (including the current, Applicant-proposed and Staff-proposed revenue distribution) is presented in Table 1. In this Table, the current revenues (tariff revenues only) are taken from the Applicant's cost of service study (Exhibit E-3.2) and the proposed revenues (less miscellaneous charges) are taken from the updated filing (Exhibit E-4, as supported by Exhibit E-4.1). While these revenues may not exactly match the current and proposed revenues in the application, Staff finds that they are appropriate for its analysis of the revenue distribution. It is also important to note that the Staff-proposed revenue, in total, is designed to match the Applicant-proposed revenue, in total. This is not a recommendation, in any way, that the Applicant's proposed revenue requirement be approved. It is done only for illustrative and comparison purposes.

The Table reflects Staff's proposed modifications to the revenue distribution at the full proposed revenues. Adjustments have been recommended to the revenue assigned to the General Service schedules and the Private Outdoor Lighting schedule to better reflect costs

Table 1

TABLE 1 Proposed Schedules	Total Retail	RS	GS	GP	GSUB	GT	TL	SL Incl ESIP	POL	Contract
Rate Base	1,628,182	993,662	433,889	75,960	12,983	52,284	975	24,726	11,993	21,710
NOI	36,861	26,262	9539	903	435	-1945	15	-364	424	1,592
Current Rate of Return	2.26%	2.64%	2.20%	1.19%	3.35%	-3.72%	1.54%	-1.47%	3.54%	7.33%
Current ROR Index	1.00	1.17	0.97	0.53	1.48	-1.64	0.68	-0.65	1.56	3.24
NOI Levelized	36,861	22,496	9,823	1,720	294	1,184	22	560	272	492
Change in NOI	0	-3,766	284	817	-141	3,129	7	924	-152	-1,100
Change in Current Rev	0	-6,066	457	1,315	-227	5,039	11	1,488	-246	-1,773
Current Tariff Revenue	486,914	308,155	119,322	25,372	5,112	8,945	307	7,835	4,134	7,731
Current Rev to Levelize	486,914	302,089	119,779	26,687	4,885	13,984	318	9,323	3,888	5,958
Proposed Rev	646,864	397,677	173,454	33,315	5,358	18,058	398	7,829	4,152	6,624
% Increase	32.85%	29.05%	45.37%	31.31%	4.81%	101.88%	29.64%	-0.08%	0.44%	-14.32%
Applicant Proposed Rev	646,864	397,677	173,454	33,315	5,358	18,058	398	7,829	4,152	6,624
Rev Dist	100.0%	61.5%	26.8%	5.2%	0.8%	2.8%	0.1%	1.2%	0.6%	1.0%
App Proposed Increase	159,950	89,522	54,132	7,943	246	9,113	91	-6	18	-1,107
Distribution of Pro Incr	100.00%	55.97%	33.84%	4.97%	0.15%	5.70%	0.06%	0.00%	0.01%	-0.69%
App Proposed % Increase	32.85%	29.05%	45.37%	31.31%	4.81%	101.88%	29.64%	-0.08%	0.44%	-14.32%
Staff Proposed Rev	646,864	397,677	170,685	34,000	6,000	19000	398	7,829	4,652	6,624
Rev Dist	100.00%	61.48%	26.39%	5.26%	0.93%	2.94%	0.06%	1.21%	0.72%	1.02%
Staff Proposed Incr	159,950	89,522	51,363	8,628	888	10,055	91	-6	518	-1,107
Dist of Staff-proposed Incr	100.00%	55.97%	32.11%	5.39%	0.56%	6.29%	0.06%	0.00%	0.32%	-0.69%
Staff Proposed Incr %	32.85%	29.05%	43.05%	34.01%	17.37%	112.41%	29.64%	-0.08%	12.53%	-14.32%
NOI Levelized at 8.3630%	136,165	83,100	36,286	6,353	1,086	4,373	82	2,068	1,003	1,816
Curent NOI	36,861	26,262	9,539	903	435	-1,945	15	-364	424	1,592
Change in NOI	99,304	56,838	26,747	5,450	651	6,318	67	2,432	579	224
Change in Rev	159,951	91,550	43,082	8,778	1,048	10,176	107	3,917	933	360
Levelized Proposed Rev	646,865	399,705	162,404	34,150	6,160	19,121	414	11,752	5,067	8,091

RS	Residential
GS	General Service Secondary
GP	General Service Primary
GSUB	General Service Subtransmission
GT	General Service Transmission
TL	Traffic Lighting
SL	Street Lighting
POL	Private Outdoor Lighting

Staff Recommendation

Applicant is proposing an increase in tariff-related base revenues of approximately $160,000,000. The analysis, however, is based on the inclusion of Deferred Fuel (per the Rate Certainty Plan, Case No. 05-704-EL-ATA). The Supreme Court has remanded this issue to the Commission. Staff has made adjustments to its revenue distribution recommendations to reflect the exclusion of the deferred fuel component in Table 2.

Table 2

	Tot	RS	GS	GP	GSUB	GT	TL	S L	POL	Con
Fuel def RB	146886	53664	39397	17524	5074	26962	134	745	215	3170
NOI at 8.3630%:	12284	4488	3295	1466	424	2255	11	62	18	265
Assoc Rev:	19786	7229	5307	2361	683	3632	18	100	29	427
Prev Staff Rec Rev.:	646864	397677	170685	34000	6000	19000	398	7829	4652	6624
Adj Staff:										
Rec Rev:	627078	390448	165378	31639	5317	15368	380	7729	4623	6197
Current Rev:	486914	308155	119322	25372	5112	8945	307	7835	4134	7731
Increase:	140164	82293	46056	6267	205	6423	73	-106	489	-1534
% Increase:	28.79%	26.71%	38.60%	24.70%	4.00%	71.81%	23.76%	-1.36%	11.83%	-19.84%
Adj Incr.:	140164	82293	46056	6267	205	6423	73	-106	489	-1534
Adj % of Incr.:	100.00%	58.71%	32.86%	4.47%	0.15%	4.58%	0.05%	-0.08%	0.35%	-1.09%
Original Staff pro. %:	100.00%	55.97%	32.11%	5.39%	0.56%	6.29%	0.06%	0.00%	0.32%	-0.69%

RS	Residential
GS	General Service Secondary
GP	General Service Primary
GSUB	General Service Subtransmission
GT	General Service Transmission
TL	Traffic Lighting
SL	Street Lighting
POL	Private Outdoor Lighting

In the event that the deferred fuel component of this case is excluded and/or in the event the Commission authorizes revenues other than the requested revenue, Staff recommends that the increase in tariff-based revenues, to the extent possible, be distributed as follows.

Distribution of Tariff-Related Increases

RS	58.70%
GS	32.84
GP	4.45
GSUB	0.14
GT	4.56
TL	0.05
SL	0.00
POL	0.35
Contract	(1.09)
Total	100.00%

Rate Design

Changes have been made in all proposed schedules for "clean-up" purposes (e.g. removing the RTC charges, changing the name of the "customer charge" to "service charge", removing generation charges from the distribution tariffs), for "clarity" purposes and for "consistency" among the three operating companies. Unless otherwise addressed in this section, Staff recommends approval of the changes as proposed.

Residential Service Schedule- RS

Applicant proposes to simplify the residential distribution rates from multiple schedules to one uniform tariff design. In doing so, the resulting bills of customers on certain schedules have been rather drastically impacted. To mollify this impact, the Applicant has proposed Rider RDC – Residential Distribution Credit. Staff recommends approval of the uniform tariff and the credit rider.

In Ohio Edison's territory, there appears to be approximately 150,000 residential load meters (customers on current Rate 17 – Load Management). While Staff, at this time, is not recommending that this rate be re-opened or extended in this application for an increase in distribution rates, Staff requests that the Applicant provide an historic analysis of this schedule describing why it should not be continued as a load management tool.

Applicant is proposing a $4.00 Service Charge and a two-block energy charge. The second energy block (in excess of 500 kWh) is "inverted" (i.e. higher than the first block).

Although traditional Staff analysis supports a higher fixed charge, FE has proposed a $4.00 Service Charge for each of the operating companies. Given the other complex issues in this case, Staff recommends approval at this time, but puts the industry on notice that, in future proceedings, a higher Service Charge will probably be supported by Staff to better represent the fixed costs of distribution rate schedules.

Staff, however, does not support or recommend the inverted energy block. The appropriate mechanism to promote conservation through rates is not the distribution component. Staff recommends a flat energy rate to best reflect costs.

Applicant has also proposed a special metering provision offering a time-of-day meter option. Staff recommends approval.

General Service Schedules – GS, GP, GSUB & GT

Applicant proposes to simplify the general service distribution rates from multiple schedules to a voltage-based concept that better matches how the distribution system is designed and how customers physically take service. In doing so, the resulting bills of customers on certain schedules have been rather drastically impacted. To mollify this impact, the Applicant has proposed Rider BDC – Business Distribution Credit. Staff recommends approval of the uniform tariffs and the credit rider.

For each schedule, Applicant is proposing a service charge and a capacity charge (and a reactive demand charge, if applicable) to reflect the infrastructure-based recovery of general service distribution charges. The GS schedule has a fixed charge for up to 5 kW and a capacity charge for the remaining kW. Staff recommends approval of those structures. Also, for the GS schedule, the Applicant has proposed that for customers not having a demand meter and using over 1000 kWh per month, "measured demand" shall equal the kWh used divided by 200. Customers using under 1000 kWh shall have a 5 kW billing demand. While the factor of "200" appears to be reasonable (27.4% load factor), Staff requests the Applicant to address the rationale supporting this calculation in its testimony filed with its objections to the staff report.

While testimony and Schedule E-3 reflects a two-year minimum contract term for customers on Schedule GT, the tariff sheet in Schedule E-1 reflects only a one-year minimum. This sheet should be corrected.

Applicant has also proposed a special metering provision offering a time-of-day or an interval meter option for the General Service schedules. Staff recommends approval.

Lighting Service Schedules – STL, TRF & POL

The lighting distribution schedules have been modified for consistency and simplicity. The unmetered service usage figures for billing purposes have been standardized. Street Lighting Service (Rate STL) reflects three plans: (1) company owned and maintained; (2) customer owned and maintained; and, (3) customer owned with limited company maintenance. Plan (3) is not available for new installations. Staff recommends approval of the proposed tariff structures, unless otherwise noted

Rate POL indicates that it is available only for units in service as of December 31, 2008. Staff recommends that this provision be held in abeyance pending the outcome of Case No. 07-363-EL-ATA.

There is also proposed language in Case No. 07-915-EL-ATA (regarding optional shielded light offerings), which is still under review, that will have an impact on the street lighting and private outdoor lighting schedules. Some of the language proposed in those schedules, in that case, also is related to the outcome of Case No. 07-363-EL-ATA. Staff recommends that any language related to the withdrawal of Schedule POL for new customers not be included in the tariffs until Case No. 07-363-EL-ATA is resolved.

Staff Recommended Rates

For comparative purposes only, Staff recommends the following adjustments to the Applicant's proposed rates. Once again, this does reflect any recommendation as to the total revenue requirement recommended by Staff in other sections of this report. It is only intended to reflect any Staff- recommended changes to the rate design and/or revenue distribution (from Table 1) that the Applicant has proposed at the full amount it has requested in the application. Unless otherwise noted, Staff recommends approval of the Applicant's proposed rates.

Residential:

Applicant Proposed:		Staff Proposed:
First 500 kWh	$ 0.034000	All kWh: $.037203
> 500 kWh	.040643	

General Service:

Applicant Proposed Capacity Charges:		Staff Proposed:
GS	$ 6.653	$ 6.498
GP	3.052	3.154
GSUB	1.218	1.522
GT	0.930	1.014

POL: The POL charges, as proposed by the Applicant would need to be increased by 12.57% to meet the Staff proposed revenue distribution.

Miscellaneous Charges

Staff, in general, supports cost-based miscellaneous charges. The customer who causes the cost should pay, to the extent practicable, the cost of the service provided. The Applicant has proposed miscellaneous charges that are consistent across the three operating companies. The results of Staff's investigation are as follows:

	FE Proposed Miscellaneous Charges	Applicant Proposed*	CEI Support	OE Support	TE Support	Staff Proposed
1	Same Day Connection Charge	$ 35	$ 35.58	$ 34.58	$ 31.97	$ 35
2	Field Collection Charge	$ 12	$ 12.37	$ 11.26	$ 11.10	$ 12
3	Reconnection Charge					
	Standard	$ 35	$ 35.77	$ 32.04	$ 31.25	$ 35
	Premium					
	Next day	$ 35	$ 35.77	$ 32.04	$ 31.25	$ 35
	Same day	$ 60	$ 61.30	$ 54.92	$ 51.87	$ 60
	Seasonal Reconnect	$ 15	$ 15.84	$ 15.84	$ 14.74	$ 15
4	Returned Payment Charge (including penalty)	$ 15	$ 14.95	$ 14.95	$ 14.95	$ 15
5	Unauthorized Use Investigation Charge (minimum)	$ 125				
6	Meter Test Charge	$ 55				$ 55
	Level 1		$ 51.80	$ 51.79	$ 51.80	
	Level 2		$ 57.08	$ 57.08	$ 57.08	
7	Disconnect/Reconnect For Customer Work Charge					
	Residential	$ 0				$ 0
	Non residential	cost				cost
8	Temporary Service Drop Charge	$ 200				$ 200
9	Meter Service Charge					
	Replace with Interval Meter and Modem	$ 550	$ 554.00	$ 554.00	$ 554.00	$ 550
	Replace with T-O-D Meter	$ 105	$ 105.00	$ 105.00	$ 105.00	$ 105
	Company Installed Communication Link	$ 50/mo				$ 50/mo
	Site Visit	$ 50				$ 50
10	Annual Escalator Adjustment	CPI-U index				NO

3, Reconnection Charge: This paragraph concerns the cost to the customer who request reconnection of service on the same day and states that if payment is made "Before the time prescribed by Chapter 4901:1-18 of the Ohio Administrative Code then service would be connected by...". The Company should specify the times when the different reconnection charges apply, instead of referencing Chapter 4901:1-18 of the Ohio Administrative Code. Staff recommends the words, "time prescribed by Chapter 4901:1-18 of the Ohio Administrative Code" be replaced with "before 12:30 pm."

6, Meter Test Charge: This paragraph concerns the meter test charge and states "The first test within the period specified in Chapter 4901:1-10 Ohio Administrative code shall be at no charge to the customer". The language which reads, "the period specified in Chapter 4901:1-10 of the O.A.C.", would force the customer to look in a different place

to find the time period during which the customer is allowed one free meter test. Staff recommends that the above mentioned language be replaced with: "a 36 month period".

8, Temporary Service Drop Connection Charge: This paragraph concerns the charge for a temporary service drop connection charge and states, "When requested by a customer, the Company may provide a Temporary Service Drop Connection for a charge to the customer of $200". Staff recommends changing the word "may" back to "will", to reflect the fact that if the Company provides a temporary service drop, the charge to the customer will be $200.

#10, Annual Escalator Adjustment: Staff strongly recommends that the Commission reject this proposed annual adjustment based on the Consumer Price Index to certain miscellaneous charges. These costs do not need to be updated on a more frequent basis than a comprehensive rate proceeding.

Staff Observation

From a rates and tariffs standpoint, this is not your typical application to increase rates. The current distribution rates have been in place since the Applicant's last rate case in 1989. At that time, they were embedded in a total rate and, later, were unbundled in the transition plans. This application, therefore, not only updates rates that have been in place for several years, but also modifies some of the oddities resulting from the unbundling process. In addition, the application significantly alters the current tariff structure, the current rate schedule structure and the current rate design. Staff recognizes the effort put into the application. Further, the Company has been extremely cooperative with Staff of Rates & Tariffs in not only providing data, but also providing it in a format requested by Staff. This was not an easy application to prepare, nor an easy one to analyze.

Typical Bills

In its filings, Applicant has presented a typical bill analysis. It has demonstrated the bill comparisons between the total bill a customer would pay on its current schedule and what it would pay (a) under the proposed schedule; (b) at the proposed rates, including the credit riders; (c) at the fully requested increase; (d) reflecting the elimination of the RTC; and, (e) reflecting "current" transmission and generation rates.

Given the fact that, to most customers, the bottom line question is "how much is my bill going to go up (or down) as a result of this case," Staff believes the typical bill analysis by the Applicant is reasonable for comparison purposes. However, the analysis does make assumptions that may or may not match "reality." Obviously, the Commission may not grant the proposed tariff restructuring and rate design and may approve a different revenue requirement. While Staff knows of no other method of reflecting what transmission and generation rates will be like in 2009, it is quite likely that they will not be the same as the current rates.

While the typical bill analysis has some value as a tool for comparison, it has little or no value as to reflecting the final results of this case until the Commission determines the final revenue requirement, schedule structure and rate design. To that end, Staff recommends that the Commission require the Applicant to provide a typical bill analysis with tariffs to be filed in compliance with the Order in this case.

Nevertheless, Staff has provided, as follows, a typical total bill analysis (in the same format and with the same assumptions as the Applicant's) to reflect its proposed single-block rate structure for residential customers at the Staff-proposed increase (from Table 1).

Sheet 10 (Residential Service Standard Rate)	(Summer)		Staff Proposed	Increase	Increase%
0	150	$ 19.89	$ 21.04	$ 1.15	5.8%
0	200	$ 25.67	$ 26.68	$ 1.01	3.9%
0	250	$ 31.47	$ 32.33	$ 0.85	2.7%
0	300	$ 37.28	$ 37.99	$ 0.71	1.9%
0	350	$ 43.07	$ 43.64	$ 0.57	1.3%
0	400	$ 48.87	$ 49.29	$ 0.42	0.9%
0	450	$ 54.65	$ 54.93	$ 0.28	0.5%
0	500	$ 60.47	$ 60.59	$ 0.12	0.2%
0	550	$ 66.70	$ 66.49	($0.21)	-0.3%
0	600	$ 72.95	$ 72.41	($0.54)	-0.7%
0	650	$ 79.17	$ 78.30	($0.87)	-1.1%
0	700	$ 85.43	$ 84.24	($1.19)	-1.4%
0	800	$ 97.89	$ 96.02	($1.87)	-1.9%
0	900	$110.37	$ 107.84	($2.53)	-2.3%
0	1,000	$122.85	$ 119.67	($3.19)	-2.6%
0	1,200	$147.81	$ 143.30	($4.50)	-3.0%
0	1,500	$185.23	$ 178.74	($6.49)	-3.5%

Sheet 10 (Residential Service Standard Rate) (Winter)				Staff Proposed	Increase	Increase%
0	150	$	19.73	$ 20.95	$ 1.23	6.2%
0	200	$	25.43	$ 26.54	$ 1.11	4.4%
0	250	$	31.19	$ 32.17	$ 0.97	3.1%
0	300	$	36.92	$ 37.79	$ 0.87	2.3%
0	350	$	42.67	$ 43.41	$ 0.74	1.7%
0	400	$	48.40	$ 49.03	$ 0.62	1.3%
0	450	$	54.15	$ 54.64	$ 0.50	0.9%
0	500	$	59.90	$ 60.27	$ 0.37	0.6%
0	550	$	65.64	$ 65.89	$ 0.24	0.4%
0	600	$	71.39	$ 71.52	$ 0.13	0.2%
0	650	$	77.12	$ 77.12	$ 0.00	0.0%
0	700	$	82.83	$ 82.73	($0.11)	-0.1%
0	800	$	94.33	$ 93.97	($0.36)	-0.4%
0	900	$	105.81	$ 105.21	($0.60)	-0.6%
0	1,000	$	117.31	$ 116.46	($0.84)	-0.7%
0	1,200	$	140.23	$ 138.91	($1.32)	-0.9%
0	1,500	$	174.67	$ 172.62	($2.05)	-1.2%

Sheet 10 (Residential Service Standard Rate) (Summer)				Staff Proposed		Increase	Increase%
0	300	$	40.18	$	37.99	($2.18)	-5.4%
0	400	$	48.17	$	47.20	($0.97)	-2.0%
0	500	$	52.58	$	54.31	$ 1.73	3.3%
0	600	$	57.01	$	61.45	$ 4.43	7.8%
0	700	$	61.40	$	68.56	$ 7.16	11.7%
0	800	$	73.89	$	80.38	$ 6.49	8.8%
0	900	$	86.37	$	92.19	$ 5.83	6.7%
0	1,000	$	98.83	$	103.99	$ 5.16	5.2%
0	1,100	$	111.31	$	115.81	$ 4.50	4.0%
0	1,200	$	123.78	$	127.63	$ 3.85	3.1%
0	1,300	$	136.27	$	139.45	$ 3.19	2.3%
0	1,400	$	148.74	$	151.26	$ 2.52	1.7%
0	1,500	$	161.21	$	163.07	$ 1.86	1.2%
0	1,600	$	173.68	$	174.87	$ 1.19	0.7%
0	1,700	$	186.17	$	186.71	$ 0.54	0.3%

Sheet 10 (Residential Service Standard Rate) (Winter)			Staff Proposed	Increase	Increase%
0	300	$ 39.84	$ 37.81	($2.03)	-5.1%
0	400	$ 47.79	$ 46.99	($0.80)	-1.7%
0	500	$ 52.20	$ 54.10	$ 1.90	3.6%
0	600	$ 56.63	$ 59.47	$ 2.84	5.0%
0	700	$ 61.02	$ 64.81	$ 3.79	6.2%
0	800	$ 72.57	$ 74.35	$ 1.78	2.4%
0	900	$ 84.10	$ 83.86	($0.24)	-0.3%
0	1,000	$ 95.64	$ 93.39	($2.25)	-2.3%
0	1,100	$ 107.18	$ 102.92	($4.26)	-4.0%
0	1,200	$ 118.73	$ 112.46	($6.27)	-5.3%
0	1,300	$ 130.28	$ 121.99	($8.29)	-6.4%
0	1,400	$ 141.81	$ 131.51	($10.30)	-7.3%
0	1,500	$ 153.36	$ 141.05	($12.31)	-8.0%
0	1,600	$ 164.88	$ 150.55	($14.32)	-8.7%
0	1,700	$ 176.44	$ 160.11	($16.33)	-9.3%

Sheet 10 (Residential Service Standard Rate)	(Summer)			Staff Proposed		Increase	Increase%
0	300	$	38.57	$	37.05	($1.52)	-3.9%
0	400	$	50.58	$	48.03	($2.55)	-5.0%
0	500	$	62.63	$	59.04	($3.59)	-5.7%
0	700	$	86.67	$	81.02	($5.65)	-6.5%
0	900	$	110.72	$	102.98	($7.74)	-7.0%
0	1,000	$	123.01	$	114.11	($8.90)	-7.2%
0	1,200	$	147.61	$	136.38	($11.22)	-7.6%
0	1,400	$	172.20	$	158.64	($13.56)	-7.9%
0	1,500	$	184.49	$	169.78	($14.71)	-8.0%
0	2,000	$	245.95	$	225.42	($20.53)	-8.3%
0	2,500	$	307.20	$	280.84	($26.35)	-8.6%
0	3,000	$	368.43	$	336.26	($32.17)	-8.7%
0	3,500	$	429.68	$	391.69	($38.00)	-8.8%

Sheet 10 (Residential Service Standard Rate) (Winter)			Staff Proposed	Increase	Increase%
0	300	$ 37.05	$ 36.26	($0.80)	-2.1%
0	400	$ 48.57	$ 46.97	($1.60)	-3.3%
0	500	$ 60.11	$ 57.71	($2.40)	-4.0%
0	700	$ 83.16	$ 75.62	($7.53)	-9.1%
0	900	$ 106.19	$ 93.51	($12.67)	-11.9%
0	1,000	$ 110.55	$ 98.71	($11.84)	-10.7%
0	1,200	$ 119.29	$ 109.09	($10.19)	-8.5%
0	1,400	$ 128.04	$ 119.48	($8.57)	-6.7%
0	1,500	$ 132.40	$ 124.67	($7.73)	-5.8%
0	2,000	$ 154.23	$ 150.62	($3.61)	-2.3%
0	2,500	$ 175.85	$ 176.34	$0.49	0.3%
0	3,000	$ 197.46	$ 202.06	$4.61	2.3%
0	3,500	$ 219.08	$ 227.79	$8.71	4.0%

Sheet 10 (Residential Service Standard Rate) (Summer)				Staff Proposed		Increase	Increase%
0	500	$	65.52	$	58.95	($6.57)	-10.0%
0	700	$	78.07	$	74.86	($3.21)	-4.1%
0	900	$	86.82	$	88.79	$ 1.97	2.3%
0	1,000	$	99.12	$	99.92	$ 0.81	0.8%
0	1,100	$	111.42	$	111.07	($0.34)	-0.3%
0	1,200	$	123.71	$	122.20	($1.51)	-1.2%
0	1,300	$	136.00	$	133.33	($2.67)	-2.0%
0	1,400	$	148.30	$	144.46	($3.84)	-2.6%
0	1,500	$	160.59	$	155.60	($5.00)	-3.1%
0	1,600	$	172.87	$	166.69	($6.18)	-3.6%
0	1,800	$	197.47	$	188.94	($8.53)	-4.3%
0	2,000	$	222.05	$	211.15	($10.91)	-4.9%
0	2,250	$	252.68	$	238.81	($13.87)	-5.5%
0	2,500	$	283.30	$	266.48	($16.82)	-5.9%
0	3,000	$	344.54	$	321.81	($22.73)	-6.6%
0	3,500	$	405.79	$	377.14	($28.65)	-7.1%
0	3,800	$	442.52	$	410.33	($32.19)	-7.3%
0	4,000	$	467.01	$	432.45	($34.56)	-7.4%

Sheet 10 (Residential Service Standard Rate) (Winter)				Staff Proposed	Increase	Increase%
0	500	$	63.01	$ 57.62	($5.39)	-8.5%
0	700	$	75.28	$ 69.86	($5.43)	-7.2%
0	900	$	84.04	$ 80.25	($3.79)	-4.5%
0	1,000	$	88.41	$ 85.45	($2.96)	-3.3%
0	1,100	$	92.79	$ 90.65	($2.14)	-2.3%
0	1,200	$	97.14	$ 95.83	($1.31)	-1.4%
0	1,300	$	101.51	$ 101.02	($0.49)	-0.5%
0	1,400	$	105.90	$ 106.22	$ 0.33	0.3%
0	1,500	$	110.26	$ 111.42	$ 1.16	1.1%
0	1,600	$	114.60	$ 116.57	$ 1.96	1.7%
0	1,800	$	123.35	$ 126.92	$ 3.57	2.9%
0	2,000	$	132.08	$ 137.26	$ 5.18	3.9%
0	2,250	$	142.90	$ 150.08	$ 7.18	5.0%
0	2,500	$	153.71	$ 162.89	$ 9.18	6.0%
0	3,000	$	175.31	$ 188.52	$ 13.21	7.5%
0	3,500	$	196.93	$ 214.14	$ 17.21	8.7%
0	3,800	$	209.89	$ 229.50	$ 19.62	9.3%
0	4,000	$	218.53	$ 239.76	$ 21.23	9.7%

Sheet 10 (Residential Service Standard Rate) (Summer)						Staff Proposed		Increase	Increase%
	5	625	$	84.38	$	81.50		($2.87)	-3.4%
	5	875	$	92.10	$	95.50	$	3.40	3.7%
	5	1,125	$	99.84	$	109.51	$	9.67	9.7%
	7	875	$	114.85	$	112.45		($2.41)	-2.1%
	7	1,225	$	125.69	$	132.07	$	6.37	5.1%
	7	1,575	$	136.50	$	151.67	$	15.16	11.1%
	8	1,000	$	130.10	$	127.92		($2.18)	-1.7%
	8	1,400	$	142.47	$	150.32	$	7.86	5.5%
	8	1,800	$	154.84	$	172.74	$	17.90	11.6%
	10	1,250	$	160.60	$	158.89		($1.71)	-1.1%
	10	1,750	$	176.07	$	186.91	$	10.84	6.2%
	12	1,500	$	191.10	$	189.85		($1.25)	-0.7%

Sheet 10 (Residential Service Standard Rate) (Winter)			Staff Proposed	Increase	Increase%
5	625	$ 84.38	$ 81.50	($2.87)	-3.4%
5	875	$ 92.10	$ 95.50	$ 3.40	3.7%
5	1,125	$ 99.84	$ 109.51	$ 9.67	9.7%
7	875	$ 114.85	$ 112.45	($2.41)	-2.1%
7	1,225	$ 125.69	$ 132.07	$ 6.37	5.1%
7	1,575	$ 136.50	$ 151.67	$ 15.16	11.1%
8	1,000	$ 130.10	$ 127.92	($2.18)	-1.7%
8	1,400	$ 142.47	$ 150.32	$ 7.86	5.5%
8	1,800	$ 154.84	$ 172.74	$ 17.90	11.6%
10	1,250	$ 160.60	$ 158.89	($1.71)	-1.1%
10	1,750	$ 176.07	$ 186.91	$ 10.84	6.2%
12	1,500	$ 191.10	$ 189.85	($1.25)	-0.7%

Sheet 10 with Sheet 18 (Residential Service Water Heating Service) (Summer)

Col (B) includes 200 KWH of Waterheating				Staff Proposed		Increase		Increase%
0	350	$	41.10	$	43.64	$	2.54	6.2%
0	400	$	46.88	$	49.29	$	2.41	5.1%
0	450	$	52.68	$	54.93	$	2.24	4.3%
0	500	$	58.49	$	60.59	$	2.10	3.6%
0	550	$	64.28	$	66.49	$	2.21	3.4%
0	600	$	70.08	$	72.41	$	2.33	3.3%
0	650	$	75.86	$	78.30	$	2.44	3.2%
0	700	$	81.68	$	84.24	$	2.56	3.1%
0	750	$	87.91	$	90.13	$	2.22	2.5%
0	800	$	94.16	$	96.02	$	1.86	2.0%
0	850	$	100.38	$	101.94	$	1.56	1.6%
0	900	$	106.64	$	107.84	$	1.20	1.1%
0	1,000	$	119.10	$	119.67	$	0.56	0.5%
0	1,100	$	131.58	$	131.48		($0.10)	-0.1%
0	1,200	$	144.06	$	143.30		($0.76)	-0.5%
0	1,400	$	169.02	$	166.91		($2.11)	-1.2%
0	1,700	$	206.44	$	202.39		($4.05)	-2.0%

Sheet 10 with Sheet 18 (Residential Service Water Heating Service) (Winter) Col (B) includes 200 KWH of Waterheating			Staff Proposed	Increase	Increase%
0	350	$ 40.94	$ 43.64	$ 2.70	6.6%
0	400	$ 46.64	$ 49.29	$ 2.65	5.7%
0	450	$ 52.40	$ 54.93	$ 2.52	4.8%
0	500	$ 58.13	$ 60.59	$ 2.46	4.2%
0	550	$ 63.88	$ 65.61	$ 1.73	2.7%
0	600	$ 69.61	$ 70.64	$ 1.03	1.5%
0	650	$ 75.36	$ 75.65	$ 0.29	0.4%
0	700	$ 81.11	$ 80.70	($0.41)	-0.5%
0	750	$ 86.85	$ 85.70	($1.16)	-1.3%
0	800	$ 92.60	$ 90.71	($1.88)	-2.0%
0	850	$ 98.33	$ 95.75	($2.58)	-2.6%
0	900	$ 104.05	$ 100.76	($3.28)	-3.2%
0	1,000	$ 115.54	$ 110.82	($4.72)	-4.1%
0	1,100	$ 127.02	$ 120.86	($6.15)	-4.8%
0	1,200	$ 138.52	$ 130.91	($7.60)	-5.5%
0	1,400	$ 161.44	$ 150.98	($10.46)	-6.5%
0	1,700	$ 195.88	$ 181.15	($14.73)	-7.5%

Sheet 17 (Residential Service Load Management Rate) (Summer)			Staff Proposed	Increase	Increase%
5.0	500	$ 66.82	$ 62.15	($4.66)	-7.0%
5.0	625	$ 82.31	$ 77.04	($5.27)	-6.4%
5.0	875	$ 91.04	$ 93.52	$ 2.48	2.7%
6.0	600	$ 79.21	$ 74.06	($5.15)	-6.5%
6.0	750	$ 97.78	$ 91.91	($5.88)	-6.0%
6.0	1,050	$ 108.26	$ 111.68	$ 3.43	3.2%
7.0	700	$ 91.59	$ 85.96	($5.63)	-6.2%
7.0	875	$ 113.28	$ 106.79	($6.48)	-5.7%
7.0	1,225	$ 125.51	$ 129.88	$ 4.37	3.5%
10.0	1,000	$ 128.79	$ 121.70	($7.08)	-5.5%
10.0	1,250	$ 159.74	$ 151.45	($8.30)	-5.2%
10.0	1,750	$ 177.23	$ 184.43	$ 7.20	4.1%
15.0	1,500	$ 190.72	$ 181.21	($9.50)	-5.0%
15.0	1,875	$ 237.17	$ 225.85	($11.32)	-4.8%
15.0	2,625	$ 263.08	$ 275.01	$ 11.93	4.5%

Sheet 17 (Residential Service Load Management Rate) (Winter)				Staff Proposed	Increase	Increase%
5.0	500	$	66.23	$ 61.80	($4.43)	-6.7%
5.0	625	$	80.48	$ 73.74	($6.74)	-8.4%
5.0	875	$	89.22	$ 85.80	($3.42)	-3.8%
6.0	600	$	77.63	$ 71.33	($6.29)	-8.1%
6.0	750	$	94.73	$ 85.66	($9.07)	-9.6%
6.0	1,050	$	105.20	$ 100.13	($5.07)	-4.8%
7.0	700	$	89.01	$ 80.88	($8.13)	-9.1%
7.0	875	$	108.96	$ 97.58	($11.38)	-10.4%
7.0	1,225	$	121.19	$ 114.47	($6.72)	-5.5%
10.0	1,000	$	123.23	$ 109.52	($13.70)	-11.1%
10.0	1,250	$	151.70	$ 133.37	($18.33)	-12.1%
10.0	1,750	$	169.19	$ 157.51	($11.68)	-6.9%
15.0	1,500	$	180.19	$ 157.23	($22.96)	-12.7%
15.0	1,875	$	222.92	$ 193.01	($29.91)	-13.4%
15.0	2,625	$	248.83	$ 228.90	($19.93)	-8.0%

Sheet 17 (Residential Load Mgt. Rate + Controlled Electric Wtr. Htg.) (Summer)			Staff Proposed	Increase	Increase%
4	400	$ 55.30	$ 50.77	($4.53)	-8.2%
4	600	$ 70.31	$ 68.74	($1.57)	-2.2%
4	900	$ 80.78	$ 88.52	$ 7.73	9.6%
5	500	$ 66.82	$ 62.15	($4.66)	-7.0%
5	750	$ 86.68	$ 85.28	($1.40)	-1.6%
5	1,125	$ 99.78	$ 110.02	$10.23	10.3%
7	700	$ 91.59	$ 85.96	($5.63)	-6.2%
7	1,050	$ 119.39	$ 118.33	($1.06)	-0.9%
7	1,575	$ 137.73	$ 152.95	$ 15.22	11.1%
10	1,000	$ 128.79	$ 121.70	($7.08)	-5.5%
10	1,500	$ 168.49	$ 167.94	($0.55)	-0.3%
10	2,250	$ 194.56	$ 217.26	$ 22.70	11.7%
15	1,500	$ 190.72	$ 181.21	($9.50)	-5.0%
15	2,250	$ 250.16	$ 250.45	$ 0.29	0.1%
15	3,375	$ 288.94	$ 324.11	$ 35.17	12.2%

Sheet 17 (Residential Load Mgt. Rate + Controlled Electric Wtr. Htg.) (Winter)			Staff Proposed	Increase	Increase%
4	400	$ 54.82	$ 50.47	($4.34)	-7.9%
4	600	$ 69.73	$ 66.62	($3.11)	-4.5%
4	900	$ 80.20	$ 81.09	$ 0.89	1.1%
5	500	$ 66.23	$ 61.80	($4.43)	-6.7%
5	750	$ 84.86	$ 79.77	($5.09)	-6.0%
5	1,125	$ 97.96	$ 97.87	($0.09)	-0.1%
7	700	$ 89.01	$ 80.88	($8.13)	-9.1%
7	1,050	$ 115.07	$ 106.03	($9.05)	-7.9%
7	1,575	$ 133.41	$ 131.34	($2.07)	-1.6%
10	1,000	$ 123.23	$ 109.52	($13.70)	-11.1%
10	1,500	$ 160.45	$ 145.44	($15.00)	-9.4%
10	2,250	$ 186.52	$ 181.49	($5.02)	-2.7%
15	1,500	$ 180.19	$ 157.23	($22.96)	-12.7%
15	2,250	$ 235.90	$ 210.97	($24.93)	-10.6%
15	3,375	$ 274.69	$ 264.71	($9.97)	-3.6%

Sheet 19 (Residential Service Optional Electrically Heated Apartment Rate) (Summer)				Staff Proposed	Increase	Increase%
0	200	$	26.48	$ 26.34	($0.14)	-0.5%
0	300	$	38.46	$ 37.46	($1.01)	-2.6%
0	400	$	50.62	$ 48.66	($1.96)	-3.9%
0	500	$	62.94	$ 59.97	($2.97)	-4.7%
0	600	$	75.26	$ 71.26	($4.00)	-5.3%
0	700	$	87.57	$ 82.56	($5.01)	-5.7%
0	800	$	99.89	$ 93.86	($6.03)	-6.0%
0	900	$	112.20	$ 105.14	($7.05)	-6.3%
0	1,000	$	124.52	$ 116.46	($8.06)	-6.5%
0	1,100	$	136.82	$ 127.74	($9.08)	-6.6%
0	1,200	$	149.14	$ 139.05	($10.09)	-6.8%

Sheet 19 (Residential Service Optional Electrically Heated Apartment Rate) (Winter)				Staff Proposed	Increase	Increase%
0	200	$	26.25	$ 26.21	($0.05)	-0.2%
0	300	$	38.12	$ 37.28	($0.84)	-2.2%
0	400	$	46.23	$ 46.29	$0.06	0.1%
0	500	$	50.59	$ 53.27	$ 2.68	5.3%
0	600	$	54.93	$ 56.53	$ 1.60	2.9%
0	700	$	59.29	$ 63.52	$ 4.23	7.1%
0	800	$	63.65	$ 70.51	$ 6.86	10.8%
0	900	$	68.00	$ 77.49	$ 9.48	13.9%
0	1,000	$	72.36	$ 84.47	$ 12.11	16.7%
0	1,100	$	76.73	$ 93.40	$ 16.67	21.7%
0	1,200	$	88.06	$ 102.40	$ 14.33	16.3%

SERVICE MONITORING AND ENFORCEMENT DEPARTMENT

The Service Monitoring and Enforcement Department (SMED), Facilities & Operations Field Division (FOFD), conducted various investigations (corporate office audits and PUCO field Staff site inspections) of the First Energy Service Company (FE), Ohio Edison Company (OE) distribution system, administrative operations, and specific physical facilities. The purpose of the audits was to assess the compliance of (FE) OE's programs to maintain system safety and service reliability with rule 4901:1-10-27, Ohio Administrative Code (O.A.C.), [Inspection, Maintenance, Repair, and Replacement of Transmission and Distribution Facilities (Circuits and Equipment)], and others. Rule 4901:1-10-27 (E)-(2)-(a), O.A.C. requires each electric utility to submit a plan for the inspection, maintenance, repair, and replacement of circuits and equipment, as stated in paragraph (E) (1) of the rule, for review and acceptance by SMED. This report also addresses compliance with rules 4901:1-10-04 (voltage), 05 (metering), 06 (National Electric Safety Code), and 11(distribution circuit performance).

O.A.C. 4901:1-10-27 (D) (1)
Scheduled Inspections: Circuits & Equipment

Rule 4901:1-10-27 (D) (1), O.A.C. lists inspection requirements for distribution facilities (circuits and equipment) to maintain safe and reliable service on the following scheduled basis:

> *(D) (1) Distribution – at least one-fifth of all distribution circuits and equipment shall be inspected annually. All distribution circuits and equipment shall be inspected at least once every five years.*

Staff conducted a baseline audit in 2005 and a follow-up audit in 2006, to determine how OE implements rule 27(D) (1). Specifically, Staff audited OE's overhead distribution circuits & equipment inspection program to review various components of the distribution system: pole leaning or rotted; cross arm damage; transformer; down ground; insulators; conductor condition; conductor slack; twisted loops; guy wires; anchors; tree conditions; vehicular damage; and clearance.

Staff conducted one hundred and nineteen (119) routine field inspections of OE's rule 27 (D) (1), O.A.C., overhead distribution circuits & equipment facilities from April, 2003 to March, 2007: twenty-six (26) circuits (conductor); fourteen (14) recloser; thirty-six (36) capacitor; and, forty-three (43) vegetation control maintenance practices.

Findings

The audits and field inspections confirmed OE's compliance with its inspection program and with its requirement to annually inspect at least one fifth of all distribution circuits and equipment. It was difficult to confirm OE's compliance with the required 20% yearly 2004 inspection requirement due to OE transitioning its records from the hard copy (spreadsheet) format to an electronic database (SAP) system that had not been fully deployed, leaving some inspections unaccounted for. Upon subsequent auditing Staff was able to confirm compliance for 2005.

Recommendations

As a result of the audits, Staff issued recommendations to OE, requesting the Company have all circuit information incorporated into the SAP database and that OE return all spreadsheets, denoting circuit inspection discrepancies and repair items recorded from the actual inspection form, to the central records location for filing with each circuit inspection folder. In addition, it was recommended that OE establish minimum qualifications for their distribution line patrol inspectors. OE instituted these changes and no further recommendations are needed at this time.

O.A.C 4901:1-10-27 (D) (3)
Scheduled Inspections: Substations

Rule 4901:1-10-27 (D) (3), O. A. C., specifies the inspection frequency requirement for substations and equipment to maintain safe and reliable service:

> *(D) (3) Substations – all transmission and distribution substation and equipment shall be inspected at least once each month.*

Staff conducted baseline audits in 2004 of OE's substation monthly inspection activities. Staff then conducted field verification audits for monthly substations inspections in 2005 for the Ohio Edison/Adron distribution substation region.

Staff conducted seventy-eight (78) routine field inspections of the rule 27 (D) (3), O.A.C., physical condition and security protection of OE substation facilities from April 2003 to March 2007.

Findings

OE's Substation Preferred Practices and Methods procedures manual contain the directions for performing substation inspections and maintenance. Staff conducted a random sample survey of OE substations. Monthly inspections are performed by qualified inspectors and recorded electronically with a focus on major substation equipment. Staff also verified maintenance practices for transformers, including frequency, types, methodology, and personnel. The 2006 audit visually verified substation monthly inspections by viewing a Company displayed database program and work papers. Transformer maintenance (major and minor) records were also reviewed. Staff found that the OE records in this area were in order, that there were no discrepancies evident for the samples audited and that the work had been performed by qualified electrician grade personnel.

Recommendations

No recommendations are requested at this time with respect to substations.

O.A.C 4901:1-10-27 (E) (1) (a), (b), (c), (d), (e), (f), and (g)
Distribution Inspection, Maintenance, Repair, and Replacement Programs

Rule 4901:1-10-27 (E) (1) (a), O. A. C. requires each electric utility to:

(E) (1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(a) *Poles and towers;*

Staff conducted initial baseline audits of the OE program for distribution wood pole inspection & maintenance in 2004 with limited success. Further baseline audits were conducted of OE in 2005.

Staff conducted five (5) routine field inspections of poles and towers from April, 2003 to March, 2007 to assess compliance with rule 4901:1-10-27 (E) (1) (a), O.A.C., requirements.

Findings

Due to the method of record retention, Staff's assessment of OE's adherence to the pole inspection and maintenance program could not be made on an OE specific level. The 2005 Staff audits confirmed that OE was not following a poles & tower program in accordance with rule 4901:1-10-27 (E) (1) (a), O.A.C., which requires companies to perform an inspection, maintenance, repair, and replacement program for distribution poles. Rather, OE was substituting the visual (only) inspection of distribution circuits and equipment at least once every five (5) years or 20% per year as required by the prior rule section (D) (1). FE conducts annual random sample inspections of its pole population. Its inspection consisted of a visual external examination accompanied, at times, with a hammer sounding to indicate voids in the pole interior. At the time of audit, FE provided Staff data indicating the poles they had examined in the years 2001, 2002, 2003, 2004 among the 3 operating companies (including OE), The volume examined indicates that less than (<) 5% of the pole population was inspected. In addition, Staff believes that OE's visual only and soundings inspections did not meet the requirements of rule 4901:1-10-27 (E) (1) (a), O.A.C..

In response to the Staff's audit findings, the FE (responding for the three operating companies, including OE), developed, and Staff approved, a new Poles & Tower program to commence in the third quarter of 2006 that would meet the requirements of rule 4901:1-10-27 (E) (1) (a), O.A.C.. Staff conducted a follow up audit at OE in the fall of 2006 which disclosed that OE contract personnel had completed 95% of the scheduled pole inspections for 2006.

Recommendations

As the required 2006 program was being developed by the FE to resolve the noncompliance, Staff conducted numerous reviews of the proposed program and made constructive recommendations to finalize the plan in accordance with rule requirements, which OE incorporated. To date, OE is following its new program and therefore no further recommendations are necessary at this time.

O.A.C 4901:1-10-27 (E) (1) (a), (b), (c), (d), (e), (f), and (g) Inspection, Maintenance, Repair, and Replacement: Conductors

The O.A.C. requires each electric utility to:

> *(E) (1)* *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*
>
> *(b)* *Conductors;*

Staff conducted baseline and follow-up audits to determine how OE implements the requirements of rule 4901:1-10-27 (E) (1) (b), O.A.C., for conductors. The audits showed that the Company has existing programs and procedures in accordance with the rule. OE utilizes rule 4901:1-10-27 (D) (1), O.A.C., [Overhead Distribution Circuits & Equipment Inspection Program] to implement conductor inspection and maintenance.

In addition to the baseline and follow-up audits, Staff conducted twenty-six (26) routine field inspections of rule 27 (E) (1) (b), O.A.C., for this requirement from April 2003 to March 2007.

Findings

The findings were the same as the (D) (1) for distribution circuits & equipment portion above as OE uses the same process for both. It was difficult to confirm OE's compliance with a possible noncompliance for not meeting the required 20% yearly 2004 inspection requirement due to the transitioning of records from a hard copy (spreadsheet) format to an electronic database system that had not been fully deployed throughout the OE operating Company's territories, leaving some inspections unaccounted for. A subsequent data response showed compliance with the 20% rule 27 (D) (1) for OE. A 2006 follow-up disclosed OE 20% rule (D) (1) compliance as well.

Recommendations

The recommendations were the same as in the section above on (D) (1) for distribution circuits & equipment because OE uses the same process for both inspections. As a result of the findings in the initial audit, staff recommended that the FE (all three operating companies, including OE), should have all circuit information incorporated into the electronic database. The later audit recommended OE return all spreadsheets, denoting circuit inspection discrepancies and repair items recorded from the actual inspection form, to the central records location for filing with each circuit inspection folder. In addition, all FE (including OE) should establish and implement minimum qualifications for their distribution line patrol inspectors. To date, OE is following its new program and therefore no further recommendations are necessary at this time.

O.A.C. 4901:1-10-27 (E) (1) (a), (b), (c), (d), (e), (f), and (g) Inspection, Maintenance, Repair, and Replacement: Pad-Mounted Transformers]

The O.A.C. requires each electric utility to:

> *(E) (1)* *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*
>
> *(c) Pad-mounted transformers;*

Staff conducted statistical sample audits of OE pad-mount transformer inspections (visual inspections to check the locking mechanism and integrity of the cabinet). Staff's baseline audit conducted in 2006 disclosed that OE's circuit inspections include pad-mounted transformers as well. In verification audit conducted in 2006 Staff confirmed that OE was monitoring circuits using a pad-mounted transformer inspection form which included criteria for: pad-mount identification; locking mechanism; bolt type; cabinet condition (rust); door hinges (condition); pad foundation; tank leakage; accessibility; and physical damage.

Staff revisited the Company in 2007 and conducted a verification audit of OE pad-mounted transformer inspections.

Staff also conducted twenty-one (21) routine field inspections of rule 27 (E) (1) (c), O.A.C., for pad-mounted transformers from April 2003 to March 2007.

Findings

Staff field inspections in the fall 2006 found probable non-compliance with the pad-mounted transformer security inspection program at one of the other FE operating Company's territory (CEI). After discussion with Staff, FE senior management immediately initiated a Special Security Inspection Project (SSIP) to determine the extent of the problem by conducting quality control (QC) inspections in all three (3) FE operating companies in the State of Ohio. Almost immediately, it became apparent that OE had the same types of probable non-compliance(s) within its territory as CEI had. The third FE operating Company (Toledo Edison Company - TE) was not affected.

As part of the FE senior management's aggressive corrective action to rectify the non-compliances, OE agreed to completely re-inspect their entire pad-mounted transformer population for security issues by, 09/01/07. Additionally, as part of the remediation agreement, OE was to:

(1) Modify documentation (procedures for inspection checklists);

(2) Match work distributed versus work completed;

(3) Update mapping for more complete location records; and,

(4) Retrain inspectors to properly secure and inspect pad-mounted transformers.

Staff conducted a follow-up audit in the fall 2007 to verify that OE completed re-inspection of their entire pad-mounted transformer population for security issues by the commitment date, 09/01/07. During the audit, OE advised Staff that all pad-mounted transformers in OE territory were re-inspected.

Recommendations

In 2006 Staff reviewed the OE practices for QC. In response to a Staff data request, OE affirmed that it was not conducting any random sampling for quality control for pad-mounted transformer inspections. The practice had been to review completed inspection forms by OE employees for completeness and to check for the inspector's signature prior to accepting and processing inspection data.

Based upon the identified probable noncompliance(s) of 4901:1-10-27 (E) (1) (C), O.A.C., that occurred during the time that OE was not conducting any random QC sampling to assure that pad mounted transformer inspections were being performed properly, Staff recommends that the Commission order OE to:

(1) Immediately institute a statistically valid random sample QC audit program for pad-mounted transformer inspections whereby trained personnel would re-inspect pad-mounted transformers previously inspected in order to verify original inspection documents as a routine practice, not just for noncompliance corrective action. Records should be kept to verify the QC inspections; and,

(2) Use random (statistical valid sample) QC audits to examine other activities associated with supporting the pad mounted inspection process to assure accuracy:

(A) Modify documentation (procedures for inspection checklists);

(B) Match work distributed versus work completed;

(C) Update mapping for more complete location records; and,

(D) Retrain inspectors to properly secure and inspect pad-mounted transformers.

O.A.C. 4901:1-10-27 (E) (1) (a), (b), (c), (d), (e), (f), and (g)
Inspection, Maintenance, Repair, and Replacement: Line Reclosers/Capacitors

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(e) Line reclosers;
(f) Line capacitors;

Staff conducted statistically valid sample audits of OE's line recloser and line capacitor inspection programs. Line reclosers are visually inspected for any damage along with the counter reading on each device being recorded. Line capacitors get annual inspections divided into two primary parts; a visual inspection (for both fixed and switched banks) and an operational test (for switched banks only). Staff conducted baseline audits in the fall 2005 and early 2006 to determine the specific details of both programs. Maintenance Minimum Practices are used for each: line reclosers (Recloser Maintenance Practice – RMP) and line capacitors (Capacitor Maintenance Practice – CMP). The RMP and CMP are corporate practices maintained by the Energy Delivery Operations Services Department in the FE.

As part of the new audit schedule for 2007-2008, Staff conducted a verification audit of OE line reclosers and line capacitors in 2007.

Staff conducted fifty (50) routine field inspections for rule 27 (E) (1) (d) & (e), O.A.C., for line reclosers and line capacitors from April 2003 to March 2007.

Findings

Staff's 2007 verification audit identified that OE practices were in probable noncompliance with 4901:1-10-27 (E) (1) (d) & (e), O.A.C., for not conducting operational tests on switched capacitor banks (line capacitors) as required by its programs filed in their 2005 and 2006 Rule 26 reports. Specifically, there was insufficient source documentation to demonstrate that operational tests were performed on switched capacitor banks for the years 2005 and 2006.

Staff also reviewed OE's QC practices to assure the 4901:1-10-27(E) (1) (d) & (e), O.A.C., requirements for line reclosers and line capacitors inspection are implemented correctly. Staff discovered that prior to Staff's finding the noncompliance, OE did not perform any QC oversight practices (second level of verification of inspection results) to ensure quality control for inspection, maintenance, repair and replacement for reclosers or capacitors. Rather, OE conducted programmatic reviews of inspection forms to assess whether they were filled out correctly, as was the case in pad-mounted transformers above.

OE responded to Staff's probable noncompliance letter confirming that OE was not following documented maintenance practice for distribution capacitors. OE committed to have every OE switched capacitor bank operationally tested by June 1, 2007. The response also noted that there were no control points for audit or second level verification of inspection results. As preventative action, OE was to develop a review process with audit checkpoints. In-process and completion audits were to be incorporated into the distribution maintenance process and would be the responsibility of the Engineering Supervisor of Distribution Maintenance and Systems Support.

Staff conducted a follow-up audit in the summer 2007 to measure the overall status of the OE corrective and preventative actions for the operational tests on switched capacitor banks that were due to be completed by, 06/01/07. The audit disclosed that sufficient objective evidence existed to conclude that OE performed inspection and testing of switched banks in their territory, as required.

Recommendations

Based upon the identified probable noncompliance(s) that occurred while OE was not conducting any quality control random sampling to assure inspections were being performed properly, and their commitment to establish a review process with audit checkpoints for in-process and completion audits, Staff recommends that the Commission order OE to:

(1) Immediately initiate and continue to conduct an independent QC random (statistically valid sample) audit program of line recloser and line capacitor inspections. The program would include a review process with audit checkpoints for both in process and completed work as a regular practice,

not just for corrective action. Records should be kept to verify inspections were conducted; and,

(2) Assure QC random audits examine other associated activities that support the inspection process to assure accuracy of the inspection records:

(A) Train OE operations personnel involved in the administration, execution, and reporting of distribution inspection programs (line reclosers and line capacitors) on OE's Preferred Practices (Recloser Maintenance Practice – RMP) and line capacitors (Capacitor Maintenance Practice- CMP) to assure understanding; clearly communicated requirements, and define accountability; and,

(B) The Manager of Engineering Services, the Directors of Operations Services & Support Services and the Region President will verify that the necessary actions are taken to ensure compliance.

O.A.C. 4901:1-10-27 (E) (1) (a), (b), (c), (d), (e), (f), and (g)
Inspection, Maintenance, Repair, and Replacement: Right-of-Way Vegetation

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(g) *Right-of-way vegetation control;*

In 2004, Staff conducted baseline audits to determine OE's right-of-way vegetation control – distribution circuit program practices. The purpose of the audits was to check documentation of circuit work and that the chosen circuits had indeed been trimmed pursuant to OE's stated (4-year cycle) program. In the fall of 2004 and 2005, Staff conducted audits of OE to verify objective evidence of program activity for the 2004 Annual Work Plan (schedule).

As continued follow-up, in 2007, Staff initiated a desk audit of OE's right-of-way vegetation control – distribution circuit practices (tree trimming). The purpose of the desk audit was to verify that records were available, as objective evidence, to confirm that the 4-year cycle vegetation management program had been adhered to by OE using the years 2003 – 2006 as the sample 4-year cycle. OE's rule 26 reports stated the 4-year cycles had been met. In response to Staff's initial data request OE only provided a last maintained year (e.g., 2006) notation for tree trimming conducted on circuits during the years 2003 – 2006. In particular, OE explained that, "If completion of annual work carried into the following year (e.g., due to circumstances such as refusals, crew availability, etc.), the circuits "planned maintenance year" was not changed. Completed carry-over miles are counted in the originally scheduled year's total." Therefore, OE did not provide the specific time periods (start date/end date) to show when the tree trimming process was actually conducted in each calendar year. Compounding Staff's verification of a 4-year cycle OE also explained that, "For the purposes of data retention, tree trimming records are maintained for one cycle or three years, whichever is the longer duration. In addition, the IVMS [Integrated Vegetation Management System] was implemented in 2003. As such, the records for 2000, 2001, and 2002 are no longer available."

As a result, it was difficult for Staff to determine the specific time periods (start date/end date) in which all applicable circuits were actually trimmed. Only the date when a circuit was scheduled to be trimmed or when partial work had begun on the circuit was available. Also, since records could no longer be produced going back a full trim cycle (2003-2006), records no longer existed to demonstrate that OE was implementing a four-year trimming cycle. After further research, OE provided Staff with additional data. Staff then proceeded to complete the audit to measure the 4-year cycle commitment for the years 2003 – 2006.

Staff conducted another verification audit of OE's right-of-way vegetation control – distribution circuit program in 2007.

In addition to the audits noted above, Staff also conducted forty-three (43) routine field inspections for rule 27 (E) (1) (f), O.A.C., vegetation control requirements from April 2003 to March 2007.

Lastly, Staff conducted a complete process review of OE right-of-way vegetation control – distribution circuit program requirements for Circuit #3 (Trimble Road Substation – Mansfield). Under this audit, Staff on-site monitored the process of inspecting and remediating this circuit including observing the initial planning phase; contacting the customers; tagging notification if customers were not home; marking of trees; updating the circuit map; actual tree trimming in-process; and, the Forester's review of contractor work activity.

Findings

Staff's review of the OE data for 2003 – 2006 start date/end date disclosed the following areas of concern:

(1) Missing records prevented a full verification of a 4-year trimming cycle Maintenance program:

- The start date/end date data for a total population of 2,170 FE (OE, TE, and CEI) distribution circuits was requested. The provided data covered only 29.68% circuits, leaving 70.32% FE (OE, TE, and CEI) circuits without records and Staff unable to verify actual start date/end date data or compliance with the 4-Year cycle requirement for the sample period.

- Of the FE total, OE could not provide start date/end date data records for 71.09% circuits.

(2) Inaccurate data was reported; e.g., completion of a 4-year tree trimming cycle circuit when in fact the time was extended to additional years:

- 20.49% FE (OE, TE, and CEI) circuits had inaccurate timeline data listed in the start date/end date fields; e.g., no data listed (blank) or data showed time periods longer than 4 years for tree trimming. For example, data showed a start date in late December, 2006 with end dates extended to the first quarter 2007. However, OE's responses to Staff data requests stated that the circuits were last maintained in the prior calendar year (e.g., 2006).

- Of the FE total questionable data, 06.23% of that total was OE's inaccurate data.

Recommendations

Staff believes OE has violated rule 4901:1-10-03 O.A.C. requirements for failure to maintain three (3) years of records (2004, 2005, and 2006) calendar years to verify achievement of the 4-year (2003 - 2006) tree trimming cycle.

(1) Staff also believes OE has violated its own commitments to the Staff for rule 4901:1-10-27 (E) (1) (f) O.A.C. to maintain tree trimming records for one cycle or three years, whichever is the longer duration; i.e., 4-years (2003 – 2006).

(2) Staff recommends that the Commission order OE to:

(A) Maintain accurate and complete (start date/end date) records of objective evidence within the IVMS [Integrated Vegetation Management System] computer database format for at least 4-years and additional cycles. In addition, a hard copy backup of the records should also be maintained;

(B) Review the hard copy timesheet records (or other contractor records) for calendar years 2003 – 2006 to ascertain the start date/end date data for the missing 632 of 889 (71.09%) circuits and input the dates into IVMS. This would provide at least one full 4-year cycle of records and OE should provide Staff with a copy of the data;

(C) Conduct the same input review (as in B above) for any missing 2007 circuit data and take action to assure future years (2008, etc.) going forward have the same data included; and,

(D) Maintain 4-year cycle tree trimming vegetation management records (items A-C above) for two (2) complete IVMS tree trimming cycles (8 years) since actual time periods to get the work done have extended beyond 4-Years.

O.A.C. 4901:1-10-27 (E) (1) (a) to (g)
Inspection, Maintenance, Repair, and Replacement

The O.A.C. requires each electric utility to:

(E)(1) *Establish and maintain written programs, procedures and schedules for the inspection, maintenance, repair, and replacement of its transmission and distribution circuits and equipment. These programs shall establish preventative requirements for the electric utility to maintain safe and reliable service. Programs shall include, but are not limited to, the following facilities:*

(g) Substations

Staff conducted baseline audits in 2004 of OE's substation inspection activities in order to determine the details of OE's equipment maintenance, scheduling, and tracking program practices. Staff then conducted a field verification audit of OE practices in 2004 to review transformer maintenance activities according to OE's Preferred Practices Power Transformers Manual for 2004 calendar year activities. In the verification audit, Staff reviewed various tests including Dissolved Gas Analysis (DGA), Total Combustible Gas (TCG), and Power Factor Test (Doble). A 2006 verification audit reviewed OE practices for the 2005 calendar year for maintenance on transformer components. In 2007, Staff conducted a substation maintenance program audit focusing upon maintenance activities of four (4) major components (breakers, transformers, relays, and voltage regulators) in the three operating companies of the FE, including OE. The goal was to examine the records of selected equipment prior to failure to see if the FE companies (including OE) were performing inspections, testing and maintenance (ITM) in accordance with National Electric Safety Standards (NESC), the Company practices, and, the Commission's Electric Service and Safety Standards (ESSS).

Staff conducted seventy-eight (78) routine field inspections of OE substation facilities for rule 27 (E) (1) (g), O.A.C., requirements examining physical condition and security protection from April 2003 to March 2007.

Findings

Staff found the OE records in this area to be in order with no noncompliances for the samples audited, and the work was performed by qualified electrician grade personnel.

Recommendations

Staff recommends the Commission order OE to utilize more computer database records for the substation ITM practices that are currently mostly kept in hard copy format. The computerized data base would provide access to vital data almost instantaneously, the capability to gather statistics expeditiously, and an improved capability to analyze equipment performance.

O.A.C. 4901:1-10-04
Equipment for Voltage Measurements

These portions of the O.A.C. require that:

> *Portable indicating instruments (e.g., electro-mechanical indicating, electronic indicating, and electronic indicating and recording) used to test or record service voltage at the customer's premises in response to a customer inquiry or complaint shall be checked for accuracy against a recognized standard. Accuracy checks shall be conducted as recommended by the manufacturer or annually if no period is specified. The most recent accuracy test record shall be kept with each such instrument, or at a central location for the electric industry.*

Staff verified that OE has a methodology (calibration program) for assuring that its equipment used for voltage measurement was checked for accuracy against a recognized standard with accuracy checks conducted as recommended by the manufacturer or annually if no period is specified, with test records kept.

Staff performed a desk review in 2001 of this process. In 2006, Staff conducted a verification audit of the Central Electric Laboratory and examined voltage meter calibration practices as part of the O.A.C. rule 4901:1-10-05 [Metering] review – see next topic below.

Findings

Staff found that the calibration of the voltage measuring equipment is traceable to the National Institute of Standards and Traceability (NIST). The Central Electric Laboratory met the ANSI C12.1 as well as nuclear and International Standards Organization (ISO) standards. No noncompliances were noted.

Recommendations

No recommendations are requested in this area at this time.

O.A.C. 4901:1-10-05
Metering

This rule requires that:

> *A customer's electric usage shall be metered by commercially acceptable measuring devices that comply with "American National Standards Institute" (ANSI) standards. Meter accuracy shall comply with the 2001 ANSI C12.1 standards. No metering device shall be placed in service or knowingly allowed to remain in service if it violates these standards.*

In 2006, Staff conducted a verification audit of the FE Central Electric Laboratory in Akron, OH used for calibration of meter equipment for customers of all three operating companies.

In 2006, as part of the voltage audit, Staff conducted a review of OE's practices with respect to metering rule compliance to verify that OE has an ANSI C12.1 standard methodology, as required, for assuring that a customer's electric usage shall be metered by commercially acceptable measuring devices Staff examined calibration procedures, practices, and records control.

Findings

Staff found that the meters and other equipment examined had traceability to the National Institute of Standards and Traceability (NIST). The laboratory met ANSI C12.1 as well as other (including nuclear and ISO Standards) requirements. The laboratory not only performs the calibration process for meters used to report customer electric usage but supplies the calibration process for FE as well. No noncompliances were noted.

Recommendations

No recommendations are requested in this area at this time.

O.A.C. 4901:1-10-06
National Electrical Safety Code

This rule requires that:

> *Each electric utility shall comply with the 2002 edition of the American National Standard Institute's, "National Electrical Safety Code". The provisions in "session Order No. 285, "December 1, 1949, referring to the designation of the medium loading district for a part of Ohio remain in effect.*

Staff conducted various inspections of OE facilities for compliance with the National Electric Safety Code (NESC) requirements during the past four (4) years from April 2003 to March 2007. A total of two-hundred seventy six (276) inspections evaluated compliance with rule 4901:1-10-06 O.A.C. requirements for substations; pad-mounted transformers; switch gear; and, other (pole or vegetation Issue) topics.

For example, Substation requirements include a need for rooms and spaces; installations require supply conductors or cables rising from the trench to transformers; switchgear, or other equipment mounted on pads shall be so placed and arranged that they will not bear on the edges of holes through the pad nor the edges of bends or other duct work below the pad. Pad-mounted equipment shall have an enclosure that is either locked or otherwise secured against unauthorized entry.

Findings

The following is a list of the routine field inspections Staff conducted by NESC topic and the number of violations of the NESC that were found.

Topic	Inspections	Exceptions
Substations	36	4
Pad-Mount Transformers	182	138
Switch Gear	35	2
Other (Pole/Vegetation)	23	42
Total	276	186

O.A.C. 4901:1-10-11
Distribution Circuit Performance

Rule portions 11(B) (1) and 11(C) require, among other things, that each EDU:

> *Set forth a method for determining the performance of each EDU's (Electric Distribution Utility) distribution circuits. Each EDU shall submit, no later than ninety days after each reporting period ending on December thirty-first, a report to the director of the consumer services department now the Service Monitoring & Enforcement Department or the director's designee that identifies the lowest performing eight percent (8%) of the EDU's distribution circuits for the previous twelve-month reporting period.*

Since 2001, Staff reviewed OE reports which identified the lowest performing eight percent (8%) of distribution circuits for the previous twelve-month reporting period. Circuits were selected and inspected by field Staff in order to verify that OE had met its corrective and/or preventative actions commitments.

Staff conducted forty-three (43) routine field inspections to measure circuit performance during the past four (4) years from April 2003 to March 2007 of OE facilities.

Findings

No noncompliances were noted during these inspections.

Recommendations

No recommendations relating to carrying out designated remedial activity are necessary at this time.

Two-Pole Conditions

As a result of Staff inspections revealing an increase in the number of two-pole conditions, Staff surveyed the regulated electric and telephone companies, (including Time Warner in a voluntary role), in an attempt to reveal what was causing or contributing to the problem. A two-pole condition is a situation where electric service has been removed from one pole and placed on a new pole, yet the old pole remains in place for several months to several years after the transfer of the electric service. The survey revealed that the level of communication between companies varied, and that the Joint Service Agreement requirements (responsible for who will remove & when) also varied between companies.

Staff then sought to identify the reason(s) for protracted pole transfer activity and old pole removal; develop measurements for such activity; facilitate solution(s) for the root cause(s); eliminate old (pre 2006) two-pole conditions by 2010; and, resolve all future two-pole conditions within 12 months of their creation.

To date FE has indicated that it does not know how many two-pole conditions currently exist, and that a systematic tracking system for identification and remediation has not been developed.

Recommendations

Staff recommends that OE develop a systematic means of tracking all two-pole conditions in its service territory including: location of poles; date of transfer of electric service; and, date of pole removal.

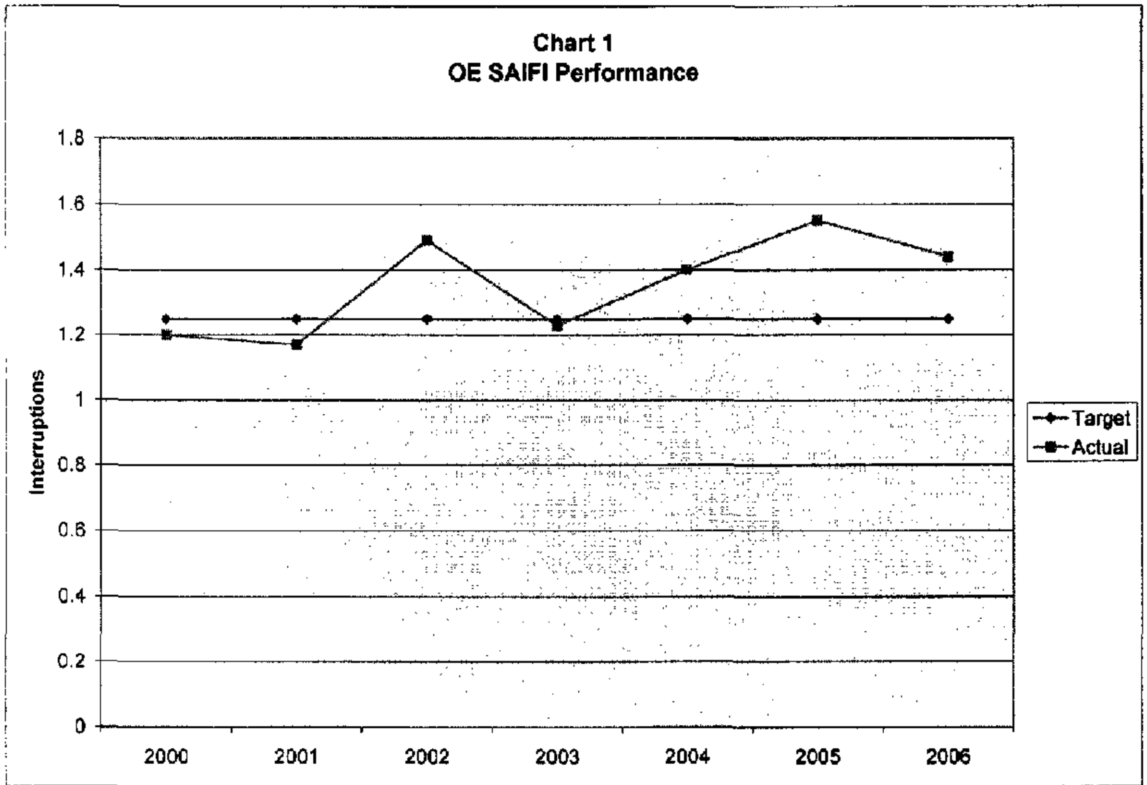
Also, Staff recommends OE develop a process whereby it either retains the right of pole removal or simply executes the removal of the old pole, including if necessary a charge back of costs to other pole attaching companies as a result of inactivity of the attaching parties.

ELECTRIC SERVICE PERFORMANCE RELIABILITY ASSESSMENT

The Reliability and Service Analysis Division (RSAD) develops, analyzes, and enforces reliability and service quality policies and rules for utilities. RSAD examined the Electric Service and Safety Standards, Rule 4901:1-10-10, O.A.C. (ESSS Rule 10) which requires each electric distribution utility (EDU) to provide Staff an annual report of its system-wide performance against a set of reliability targets.[1] These targets relate to the average frequency and duration of service interruptions as well as the average availability of service. In monitoring each EDU's system reliability performance, Staff tracks two primary measures of interruption frequency and duration.

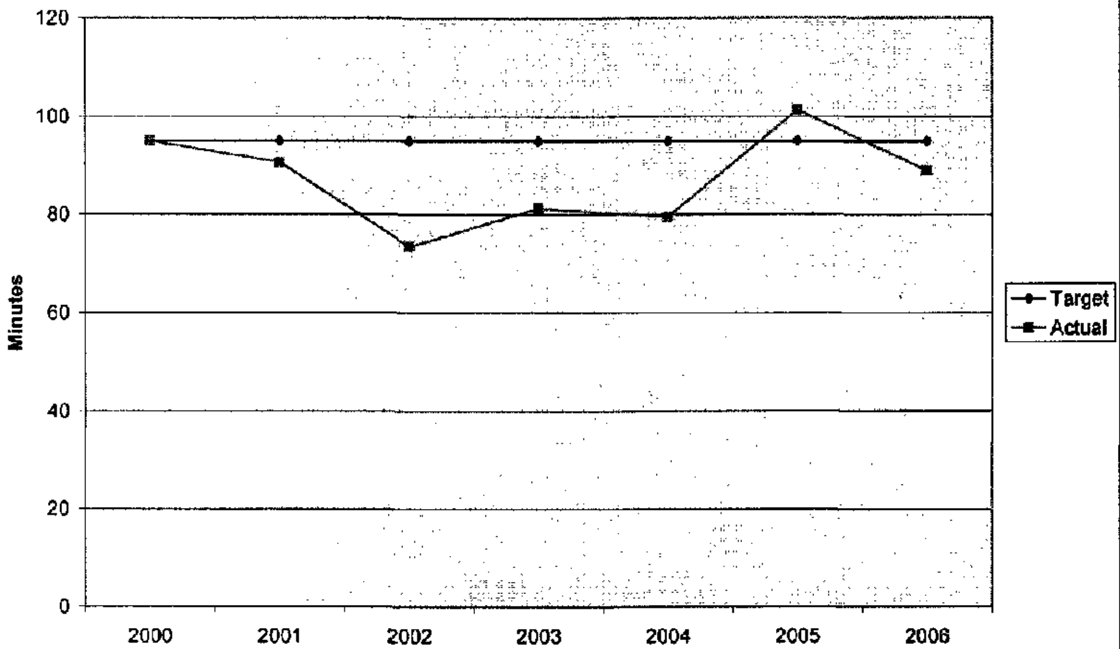
One of these measures is the system average interruption frequency index (SAIFI), which measures the average number of service interruptions per customer. Chart 1 depicts the Applicant's SAIFI performance[2] in relation to its target since the initiation of annual reporting required be ESSS Rule 10. Chart 1 indicates that OE missed its SAIFI target during each of the past three years (2004 through 2006) by generating an average interruption frequency that exceeds its target level.

[1] OE submitted its targets in 1999 to comply with Rule 4901:1-10-10 (B)(2), O.A.C. OE's target levels are based on its performance during the 10-year period 1989 through 1998.
[2] Both performance and targets reflect the exclusion of major storm data as required by Rule 4901:1-10-10 (B)(3), O.A.C.



The other primary reliability measure Staff tracks is the customer average interruption duration index (CAIDI), which indicates the average time it takes the utility to restore service to those customers who experience outages. Chart 2 depicts the Applicant's CAIDI performance in relation to its target since the initiation of annual reporting required be ESSS Rule 10. As Chart 2 indicates, OE has met its CAIDI target during all but one of the past seven years (2000 through 2007) by generating an average restoration time that is less than or equal to its target level.

Chart 2
OE CAIDI Performance



Although Staff is generally satisfied with the Company's CAIDI performance, Staff is concerned about the fact that OE has missed its SAIFI target over several reporting periods. Staff analyzed the Company's outage data during the period 2004 through 2006 to determine the causes of OE's below-target adverse performance and identified the following primary causes:

- Equipment failures on the distribution system and within the substations
- Unknown causes on the distribution system
- Line failures on both the distribution and the sub-transmission systems
- Trees/not preventable-caused outages on the distribution system
- Vehicle accidents affecting the distribution system
- Animal-caused outages on the distribution system and within the substations
- Lightning on both the distribution and the sub-transmission systems and within the substations

Staff performed further analysis on those causes where the Company may assert some control by performing additional maintenance or initiating replacement programs to reduce or prevent customer service outages. This analysis enabled Staff to identify specific root causes of sustained outages. Staff further analyzed the following causes.

Equipment Failures

The leading cause of equipment failures was substation breakers failing to operate properly, which was caused by the failure of breaker controls followed closely by the failure of a high number of porcelain cutouts. Other causes of equipment failures were insulators within the substation and on the distribution and sub-transmission systems, and failures of substation transformers and distribution overhead transformers.

Substation breakers – The Company reported that bad static relay controls caused the breakers not to operate properly at certain substations. The Company is replacing these static relay controls with more reliable microprocessor type controls. The Company is also upgrading select relaying schemes with adaptive relaying. (With these focuses on station relaying, substation coded outages have been reduced in 2007 year-to-date, compared to 2006.)

Porcelain cutouts – Premature failure of porcelain cutouts caused outages on the Company's distribution system. The Company reports that it is addressing these failures in the following ways: purchasing only polymer cutouts; replacing porcelain cutouts in locations experiencing multiple interruptions; and instituting a program in 2007, which identifies all porcelain cutouts on capacitor banks and starting in 2008, the Company will implement a program to replace these cutouts.

Insulators – Insulator failures have occurred in substations and on the transmission system. There has been select rebuilding of poor performing transmission lines, which included the replacement of porcelain insulators with polymer insulators. The insulator failures that occurred in substations were typically on the bus supports. As part of the monthly inspection of substations, the Company is closely inspecting the bus support insulators.

Transformers – The majority of the customers affected by transformer failures have been due to failure of distribution substation transformers. Although the failure rate of a substation transformer is low, a single event can have a large impact on customer service. The Company's monthly substation inspection program collects load information on transformers and the Company uses this information to predict loads and avoid or reduce future transformer failures.

Unknown Causes

Beginning in 2005, the Company began coding more outages as "Unknown". Prior to 2005, there were a higher number of outage events being coded as caused by animal, bird, lightning, and wind. When the Company analyzed these outage events, it discovered that line and/or substation personnel responding to these outages did not always find definite signs of animals, birds, lightning or wind exceeding sixty mile-per-hour (MPH) or 40 miles-per-hour with half-inch ice in the areas of fault locations. The

National Electric Safety Code (NESC) requires that overhead distribution infrastructure be designed to withstand winds up to about 40 MPH with half-inch of ice.

If there were no definite signs of animals, birds, lightning or strong winds, then some other factor caused the outage. If a cause cannot be determined, then the Company's current policy is to code the outage "Unknown". The Company's rationale is that it would be better to code the outage as "Unknown" than to misspend or misdirect remedial activities. When the dispatchers code outages as "Unknown", they also record the weather conditions at the time of the outage. The Company uses the weather condition information when it performs a detailed study as part of the circuit review process.

Once the Company restores service after a distribution outage, it requires the troublemen to perform patrols to try and determine the outage cause as long as the patrol does not delay the restoration of service to other customers. In areas of repeated unknown outages, the Company reported that it uses faulted circuit indicators and additional patrols to help identify the outage cause.

The Company reported that it conducted a protection study targeting distribution circuits with concentrated areas of outages. That study included searching for expulsion arresters, which the Company found to be a major factor in unknown outages. When the Company finds one of these arresters it schedules the arrester to be fused off or replaced.

The Company also reported that after each sub-transmission and transmission outage, it performs a patrol to try and determine the outage cause, and some lines receive a helicopter patrol if no cause can be found.

Staff commends the Company for its detailed focus on determining the root cause of outages. In recognition of the "black box" aspect of the unknown code, and a desire to identify as much as possible the cause of an outage and therefore its appropriate remediation, each usage of the Unknown code should be tracked and trended for patterns. The Company should be required to maintain records documenting its implementation of Staff's recommendation and provide Staff with a yearly report that meaningfully examines the pattern of unknown causes to determine any similarities in its usage (i.e. geographic, facility specific, technology specific, etc.). All remedial activity done on a circuit outage coded "unknown" should be provided to Staff in a Staff designated format. Lastly, efforts to find the root cause of an outage coded as "Unknown" should not hinder the restoration of service to customers.

Line Failures

The leading cause of line failures was the failure of bare overhead conductor on the distribution and sub-transmission systems, followed by failures of underground direct buried conductor on the distribution system. Other causes of line failures were failures of bare overhead conductor on the sub-transmission system, failures of substation reclosers, and failures of jumpers on the distribution and sub-transmission systems.

Bare overhead distribution conductor, underground direct buried distribution conductor, bare overhead transmission/sub-transmission conductor, and jumpers – The Company reported that the failures of these types of conductor were due to breakage, splice failures, and jumper failures. In 2006, the Company implemented a periodic program for the infrared scanning of its distribution system to detect conductor hot spots. The Company began by scanning its worst performing circuits followed by evaluating circuits with the highest number of line failures. The Company also performs distribution circuit inspections on a five-year and on a spot inspection (of poor performing circuits) basis.

Substation recloser – Jumpers (line conductors) have failed because substation breakers did not trip properly. The conductor failure was the result of excessive current flow due to improper operation of the substation breaker (Substation recloser). See discussion of substation breakers in the Equipment Failures section for corrective actions.

Trees/Not Preventable

The Company reported that the increase in the number of outages coded "Trees/not preventable" was due to storms being responsible for causing more trees located outside of its tree trimming right-of-way to fall into its distribution facilities. The Company reported that beginning in 2008 it would be utilizing additional resources to seek out and remove danger and weak trees located outside of its rights-of-ways.

Staff recommends that the Company also perform enhanced vegetation clearance within the first protection zone on the backbone or mainline of its distribution circuits. This enhanced vegetation clearance requires the removal of any overhang that is up to six inches in diameter that contains a heavy canopy of vegetation extending out to the end of the branches and/or limbs even if these branches/limbs are located outside of the Company's tree trimming rights-of-ways. Where there are vegetation clearance barriers such as community or customer prevention, Staff recommends that the Company work with these communities and customers in order to achieve the recommended clearance.

Vehicle

The Company's outage data reveals a continual increase in the number of vehicle caused outage events on the distribution system. The Company has no control over preventing or reducing the number of vehicle caused outage events.

However, Staff believes that the Company should always look for ways to reduce its customer's exposure to outages. In this case, possible ways to reduce exposure may include improved sectionalizing, fusing, and circuit networking.

Animal

The Company continues to experience animal-caused outages both on its distribution lines and inside its substations. Preventing animals from accessing and coming in contact with energized components has always been a struggle with the electric industry. One way the animals access electric distribution lines and get into substations is by way of vegetation. However, based on the Company's outage data, trees located inside the Company's rights-of-ways and around the perimeter of its substations currently do not seem to be an issue.

Staff recommends that the Company continue to install animal guarding on all overhead line equipment and substation equipment protecting all exposed energized components from animal contact. The Company reported that whenever it plans substation maintenance and it installs a mobile substation, it then will animal guard the substation. The Company is encouraged to install animal guarding solutions around the substation perimeter fencing because if animals are unable to enter into a substation they will not be able to cause substation outages.

Lightning

The Company's outage data shows a significant drop in the number of lightning caused outages during 2006 for all parts of the Company's system (Distribution, Substation, Sub-transmission, and Transmission). A lightning damage cause code is only used where lightning damage, such as: a flashed insulator, lightning damaged conductor, blown surge arrester, blown transformer showing lightning damage, or lightning damaged pole are found to be a contributor of the outage event.

The more strict use of the lightning damage cause code supports the Company's initiative to code outages as accurately as possible as was discussed in the aforementioned "Unknown Causes" section. Although this initiative currently reduces the number of outages coded "Lightning", the Company should continue to install lightning protection to mitigate lightning caused outages on its overhead lines and within its substations.

All of the actions that the Company is taking or plans to take along with the actions that the Staff is recommending will help in reducing customer exposure to sustained outages, therefore improving system SAIFI. Other unforeseen factors may offset some of the expected improvement. Most of the improvement should be realized over the next five years with some actions showing immediate improvement while other actions that will take time to complete may not recognize the full impact until the end of the five-year period. The Company reported that it has realized benefits from some of the actions that it has already implemented such as the upgrading of circuit relaying schemes that has shown a reduction in substation-coded outages during 2007 as compared to 2006. Other actions such as the replacement of porcelain cutouts and the completion of the first cycle of enhanced vegetation clearance may take most of the five-year period to realize the full impact of the improvement.

Customer Service Audit

The Service Monitoring and Enforcement Department's Investigation and Audit Division (IAD) educates customers about utility issues, mediates disputes, and audits utilities' customer service practices. Staff receives complaints and inquiries through letters, referrals, and calls to its toll-free hotline.

IAD performs audits of regulated utility companies in order to ensure compliance with current rules and regulations. Overall, Staff found that the customer service practices and policies of the Company, as reviewed and observed by the team, comply with the applicable rules and regulations set forth by the Commission. However, the Company does not provide all service establishment information on its website. Due to the requirement that customers be given all options regarding the establishment of service, Staff recommends that the Company add details to the deposit information on the website regarding the alternatives to establish credit, including the option of providing a guarantor or payment record for history with another electric utility.

Subsequent to the customer service audit, the Company made several changes in their disconnection policies. Among these is a reduction in the hours that customers can make a payment and have service restored the same day. While the new policy is still in compliance with the disconnection rules, it has engendered many customer complaints.

Customer Service Assessment

Staff reviewed the contacts made by Company customers to the Commission's call center for the period of January 1, 2005 through October 15, 2007. Overall, 11,206 contacts were made during this period, with 3,422 in 2005, 3,826 in 2006 and 3,958 in 2007 to date.

Contacts about disconnection issues or payment arrangements prompted the largest number of contacts, with 4,389 for the three year period Two thousand twenty-two customers called IAD before calling the Company. Most of these customers were seeking account information and were directed back to the Company to give the Company the first opportunity to respond to their customers. Next were billing issues with 2,299 contacts.

Service issues, including new service, comprised the next category with 1,576 contacts, including 88 customers who voiced their concerns about the quality of the Company's customer service. Sixty-one customers contacted the Commission's call center over the three year period because they had difficulty reaching the Company. Issues relating to competition including government aggregation accounted for 370 contacts. One hundred eight customers had comments on the Company's policies, while 92 had comments on the Commission. The other 289 were miscellaneous contacts, such as questions about utility easements.

Contact numbers for each category remained relatively consistent each year with the exception of the disconnection category. These contacts increased from 1,286 in 2005 to 1,773 in 2007 to date. These contacts have increased as the Company has tightened its policies on disconnections, while reducing the numbers of customers that can have their service reconnected the same day as they make their restoral payment.

Staff found during customer contacts that when a customer requests to be placed on the Commission-ordered one-third payment plan, the Company does so but then encourages the customer to agree to be placed on the one-sixth payment plan for the remaining balance. If the customer does not agree, then the Company will allow the customer to pay the one-third amount during the winter heating season. However, since the Company's computers are not programmed to accept the one-third plan, the customer must call in each month with a receipt number for the one-third plan amount and state to the representative that he/she wishes to be placed (again) on the one-third plan. The customer should not be subject to a disconnection notice monthly, when he/she is paying on the Commission-ordered one-third payment plan during the winter heating season. The Company needs to allow customers to use the one-third plan without putting the burden on customers to set up the plan monthly. Staff recommends that the Company update the computer system to permit customers to use the one-third plan without burdening customers with extra monthly requirements in order to avoid disconnection of service.

MANAGEMENT AND OPERATIONS REVIEW

Section 4909.154 of the Ohio Revised Code states that the Public Utilities Commission shall consider the management policies, practices, and organization of public utilities in fixing the just, reasonable, and compensatory rates, joint rates, tolls, classification, charges or rentals to be observed and charged for service of any public utility.

In 1985, the Commission approved an amendment to the Standard Filing Requirements. This amendment (4901-7-01) requires medium and large utilities to include in their rate filings a concisely written summary of their management policies, practices, and organization. Among other things, the summary is to include a discussion of policy and goal setting, strategic and long range planning, organization structure, decision making and controlling, and communications for the company's executive management process (Schedule S-4.1) as well as for forty-five functional areas common to most electric utility companies (Schedule S-4.2).

Staff routinely reviews the S-4.1 and S-4.2 schedules, applicant performance, and various events relating to the applicant's management. As a result of these review activities, the Staff selects certain management topics for rate case reporting. In the current rate case, the Staff reports on FirstEnergy's (FE) Programs for Energy Conservation and Demand-Side Management and Corporate Affiliated Transactions.

ENERGY CONSERVATION & DEMAND-SIDE MANAGEMENT

Energy conservation and demand-side management, as a tool of utility company strategy and as a public policy direction has had a spotty history in Ohio over the last twenty years. Demand-side management (DSM) programs are organized utility activities that are intended to affect the amount and timing of customer electricity usage. DSM programs include peak clipping, strategic conservation, load shifting, valley filling, and strategic load growth options. A DSM program is a series of measures intended to encourage specific groups of customers to modify their energy usage patterns in a manner consistent with the utility's objectives while maintaining customer satisfaction.

In the early 1990's, the Commission required electric companies to develop and present integrated resource plans in their Long-Term Forecast Reports to the Commission. Integrated resource planning used both supply-side and demand-side approaches to produce a least-cost plan that met a utility's and its customers' future electric requirements.

In 1999, the passage of Senate Bill 3 restructured the Ohio electric utility industry. The vertically integrated utility industry was split into transmission, generation, and distribution sectors. Only the distribution sector remained under State (P.U.C.O.) regulation. Since an unregulated market would be responsible for future electric generation, investments by the distribution sector into DSM programs waned.

On January 4, 2006, the Commission issued an Opinion and Order in Case No. 05-1125-EL-ATA, et. al., accepting a stipulation entered into by the majority of parties to the case. In the stipulation, FE agreed to implement DSM programs for the years 2006 through 2008 with a budget of $25 million.

To review FE's conservation and Demand-Side Management programs, Staff developed an encompassing data request to gather the significant information related to each energy conservation and demand-side management program. In response, FE supplied a narrative of their current energy conservation and demand-side management programs including the budget and the method(s) for evaluating each program. This narrative is supplied in part below.

FIRSTENERGY'S COMMUNITY CONNECTIONS PROGRAM

FE's Community Connections Program provides traditional energy efficiency and weatherization improvements as well as a partnership with Habitat for Humanity to build Energy Star-rated homes, both for low income residential customers. The Community Connections program piggybacks funds on existing state and federal energy assistance programs that are administered by various groups, such as local community action agencies and county departments of development.

The Ohio Partners for Affordable Energy (OPAE) currently administers FE's energy efficiency program. Roof repair and replacement and electrical upgrades are included as part of the program even though these items are generally not considered to be weatherization or traditional energy efficiency measures. Habitat for Humanity Ohio currently administers FE's Habitat for Humanity Energy Star program. Customers of the Community Connections Program are typically at or below 150% of the federal poverty income level.

The initial funding for the program was for five (5) years (2001-2005) as stated in FE's Electric Restructuring Plan. The current funding for the program is for three (3) years (2006-2008) as stated in FE's Rate Stabilization Plan. The expenses associated with the program are not included in the current rate case.

FIRSTENERGY'S DEMAND-SIDE MANAGEMENT PROGRAMS

FE's (FE) DSM program for the Ohio distribution utilities for the 2006-2008 time-period consists of two separate programs:

1. Home Performance with Energy Star (HPwES), and
2. Air Conditioning Direct Load Control (DLC).

Evaluation

The Supplemental Stipulation included a provision for the evaluation of both DSM programs. The continuation of either of program will be subject to the program passing a Total Resource Cost (TRC) Test, which compares program benefits to program costs.

Objective

Both programs are designed to pass the TRC Test as well as be cost-effective. The HPwES program should create a market for home improvement contracting that targets a whole house approach to energy efficiency improvements. As a result, comprehensive home energy assessments and energy efficiency improvements should be implemented in customers' homes. The DLC program will be implemented in a way that the cumulative effect of devices in the field can be activated so that load can be reduced during critical times. To accomplish this objective, FE must be able to attain verifiable and reliable results of the devices in the field.

Program Availability

The HPwES program will be available to residential homeowners of existing one-to-four family homes. To achieve the desired load reduction results, the DLC program will be available to residential homeowners who have a central air conditioning system and meet summer usage criteria.

Funding, Budget, & the Rate Case

The company has requested in its current distribution rate case that all costs to conduct the DSM programs be deferred and recovered through a semi-annual reconcilable rider, including carrying costs. The deferred costs will include administrative costs and any lost distribution revenue resulting from the implementation of the DSM programs. The proposed DSM rider included in the current rate case is designed to collect all DSM costs incurred from residential customers over a three-year period beginning in 2009.

The Supplemental Stipulation set the budget at $10 million for the HPwES program and $15 million for the DLC program, initially to be spent over the three-year time frame. However, any funding not spent during 2006-2008 rolls over for one year, thereby potentially extending the programs through 2009.

Home Performance with Energy Star

The HPwES program offers customers a comprehensive home energy assessment performed by an independent contractor who has been trained and certified by the Building Performance Institute (BPI). The contractor will perform diagnostic tests and review the customer's home for energy efficiency improvement opportunities. Following completion of the home energy assessment, the contractor will provide the customer a description of the recommended measures the customer could implement to improve the energy efficiency of their home, specifically targeting areas for electricity savings. Customers will then decide which measures to complete to improve the energy efficiency of their home.

To initiate a robust market for the HPwES program, incentives will be offered to participating contractors and customers. For participating contractors there will be incentives for BPI training and certification, diagnostic equipment, and comprehensive jobs completed. For participating customers, a portion of the home energy assessment will be paid for by FE (paid directly to the contractor). In addition, FE will reimburse the customer for a portion of the cost of qualifying improvements, up to a maximum of $1,250 per customer as determined in the Supplemental Stipulation.

Program Administration

In May 2007, FE awarded a contract to ICF Consulting to administer all aspects of the HPwES program. ICF's scope of work includes assisting FE in program design and research, contractor training and recruitment, marketing, quality assurance and control, and continuing program review.

A separate contract was awarded to PA Consulting for evaluation of all aspects of the HPwES program in May 2007. PA Consulting's scope of work includes customer and contractor baseline surveys to measure the interest and awareness for home performance contracting, program evaluation of ICF (tracking systems, contractor enrollment, and quality control), and a final program evaluation and impact report.

Air Conditioning Direct Load Control

The DLC program offers customers a Carrier programmable thermostat where both the unit and the installation are at no cost to the customer. As a participant in the DLC program, customers agree to let FE increase their thermostat setting by up to four (4) degrees Fahrenheit for up to a four-hour time period during days of high demand for electricity. FE will not adjust customers' thermostats more than 20 times per year, which is below the limit of 30 times per year set forth in the Supplemental Stipulation.

The Carrier thermostat has wireless two-way communications capability. The thermostat adjustment is initiated by FE through an internet-based software. The software sends a wireless signal to all participating households through a SkyTel paging system. Following the curtailment event, the thermostat will automatically reset to the customer's previous programmed setting.

The customer has the ability to override the temperature adjustment by pressing a button on the thermostat control panel. The two-way communications feature of the Carrier thermostat allows FE to verify which customers overrode an event and at what time. FE can verify if a household did not receive the signal because of a communications problem. As an incentive to participate, customers receive a gift card upon installation of the thermostat as well as the opportunity to participate in an annual drawing for Energy Star rated appliances.

Program Administration

In May 2007 FE awarded a contract to Carrier to procure the thermostat and communications device for the DLC program. A separate contract was awarded to GoodCents for the administration of all aspects of the DLC program in May 2007. GoodCents' scope of work for the DLC program includes thermostat installation using their technician staff, marketing, contact center staffing, scheduling, and continuing program review.

Conclusion:

Staff concludes that FE is making strides in meeting the objectives of the Supplemental Stipulation in FE's Rate Certainty Plan (RCP). The current DSM program offerings appear to be well designed and conservative in nature in that they are designed to pass the TRC Test as well as be cost-effective. As of the date of FE's rate case filing, the Company had projected (through February 2008) the deferral of $2.49 million for the Toledo Edison service territory, $4.47 million for the Cleveland Electric Illuminating Company service territory, and $5.41 million for the Ohio Edison Company service territory.

As of the preparation of this Staff Report, FE's programs are still in their infancy and therefore premature to consider evaluating for their effectiveness in meeting the Company's objectives as well their respective cost vs. benefit values.

Recommendation:

It is not yet apparent what new state laws, policy initiatives, or regulations might impact conservation and demand-side management efforts. It is clear that conservation and DSM programs make more sense with a vertically integrated utility structure. Under the current electric utility and market structure, DSM may have a role in assisting Regional

Transmission Operators (RTO's) in maximizing the efficiency in their mix of generating options to electricity demands in the regional or local system, but the manner in which these DSM costs may best be recovered are not yet clear. Nevertheless, on a national scale, environmental concerns associated with coal fired generating facilities, uncertainty about the future role of nuclear power, and the resulting increased use of natural gas to fuel electric generation, have all combined to put upward pressure on energy prices. Given this environment, conservation and energy efficiency have a positive role to play in controlling energy costs.

Until such State laws, initiatives, or regulations for restructuring the utility industry are forthcoming, Staff has no specific recommendations regarding FE's Energy Conservation and Demand-Side Management Programs. However, as FE's DSM programs mature, it is recommended that these programs be evaluated for their costs and benefits. At that point in time, perhaps a framework will be in place to better identify the true costs and benefits while assuring that the benefits, like the costs, can be shared by the ratepayers funding the programs.

Staff supports FE's proposal for a DSM Rider to track the costs of the Company's DSM programs. The proposed DSM Rider should be exclusive of any DSM costs included in base rates. The DSM Rider would allow the flexibility for interim changes in FE's DSM programs as the situation merits while also providing an audit trail for Staff and the Company to track the costs of the DSM programs. Staff recommends that FE's DSM Rider be reviewed semi-annually, as proposed, and include an evaluation of the Company's DSM programs to that date when each program includes enough data to perform an analysis.

CORPORATE AFFILIATED TRANSACTIONS

Objective

The objective of the investigation was to determine the appropriateness of the type, and cost of the transactions between CEI, OE and TE (the operating companies) and their affiliates, including First Energy Services (FES).

Corporate Structure

FirstEnergy Corporation is a diversified energy company headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity as well as energy management and other energy-related services. The Company operates primarily through two core business segments: Regulated Services, which provides transmission and distribution services, and Power Supply Management Services. The Regulated Services segment is comprised of seven electric utility operating companies, including Ohio Edison Co., The Cleveland Electric Illuminating Co., The Toledo Edison Co., Jersey Central Power and Light Co., Pennsylvania Electric Co., Penn Power and Metropolitan Edison Company, and American Transmission Systems Incorporated, which operates the Company's transmission assets. The Power Supply Management Services segment owns and operates most of the Company's generation assets, and is also responsible for wholesale purchase of electricity, energy management and other energy-related services. The primary subsidiaries in this business segment are FirstEnergy Nuclear Operating Company and FirstEnergy Solutions Corporation (formerly FirstEnergy Services Corporation).

Analysis

As part of the investigation Staff reviewed various documents and conducted multiple interviews. The document review included:

- The Service Company Agreement
- A detailed list of all goods and services provided First Energy Solutions (FES) and the operating companies
- The Social Club dues being allocated by FES to the operating companies
- The factors used to allocate cost between FES and its affiliated companies
- 24 months of pre test year data from service company, which is allocated to the operating companies account (923 outside services)

Staff's review of the charges from FES to the operating companies initially encountered inappropriate social club costs being allocated to the operating companies, the company explained that this was an oversight and those costs were removed from the revenue requirement calculation in the supplemental filing. In addition the Staff found that the Service Company Agreement had not been updated since the repeal of the 1935 SEC Act. The Service Company Agreement mentions the Act as a guiding principal and, Staff believes the Service Company Agreement should be amended to reflect the Act's repeal.

Staff typically performs simple linear regression analysis on the labor portion of the service company cost being charged to the operating companies to test the reasonableness of the budgeted portion of the test year fees. However, due to the relatively low R-squared value[1], Staff instead used a moving average of the previous 24 months of charges from FES to the operating companies in account 923 (account 923 captures the largest percentage of charges from FES to the operating companies). Staff found that for CEI, OE and TE the charges, which total $17,197,919 (CEI), $22,315,066 (OE), and $10,165,081 (TE) were within a reasonable range and conclude that no adjustment was necessary.

[1] Percentage of change explained by movement in a benchmark index-in this case time (months)

Findings

Staff found that the Service Company Agreement had not been updated since the repeal of the 1935 SEC Act. The Service Company Agreement mentions the Act as a guiding principal and Staff believes the Service Company Agreement should be amended to reflect the Act's repeal.

AMI/SMART METERING/MODERN GRID

Background

As a part of fulfilling the Energy Policy Act of 2005 the states were charged to investigate whether or not it is appropriate that the First Energy Operating companies provide and install time-based meters and communications devices for each of their customers which enable them to participate in time-based pricing rate schedules and other demand response programs. The Commission initiated such a proceeding, first in case No. 05-1500-EL-COI and then in subsequent Case No. 07-646-EL-UNC through informal workshops held at the Commission to evaluate these issues. The First Energy Operating companies are expected to file with the Staff their initial cost-benefit analysis of an AMI deployment utilizing the McKinsey model on December 13, 2007. The Companies are also expected to file the societal and customer benefits associated with their proposed AMI deployment as well. If such a deployment is determined to be cost-effective, it is expected that the First Energy Operating companies would have a timeline for its deployment .

In addition to an advanced meter infrastructure deployment, parties have also discussed the potential deployment of advanced and automated distribution technologies as a complement to smart meters. Typically, both of these systems would work together and would rely on a common communication network to achieve a larger set of benefits. The AMI benefits alone include increased operating efficiencies, enhanced customer and utility information and communications, demand response savings, and other potential benefits and innovative services (e.g. HAN or Home Area Network).

AMI lays the groundwork for a wide range of operational utility benefits. These benefits include:

- reduced meter reading costs,
- fewer meter-reading errors,
- fewer estimated meter readings,
- fewer billing adjustments,
- reduced need to enter customers' homes to read inside meters
- credit and collection savings
- reduced uncollectible expense
- call center savings
- complaint reduction
- revenue enhancement due to:
  - improved theft detection
  - increased meter accuracy
- remote system monitoring savings

- meter inventory operational savings
- distribution asset management savings

AMI will likely also provide for other, more difficult to quantify benefits including:

- avoided capacity costs due to demand reductions during high price peak periods,
- environmental cost savings,
- additional consumer surplus value from reduced outage times,
- quicker adoption of eCommerce by customers to make payments and understand their consumption patterns

Staff believes that the potential benefits of AMI to First Energy's retail customers justify adopting Rider AMI/Modern Grid as a place-holder. Staff therefore recommends the Commission approve this rider for the Company's operating companies and order the Company to maintain this Rider at a zero-dollar balance until the Staff and the Commission have an opportunity to assess the costs and benefits associated with a FirstEnergy AMI/Modern Grid rollout project as a whole. The Staff recommends that the recovery of such costs through this Rider be net of those utility benefits associated with an AMI/Modern Grid deployment.

Ohio Edison Company
Case No. 07-551-EL-AIR
Overall Financial Summary
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedules B-1, C-1, C-10, D-1, E-4 and WPA-1.0a-b
and Staff's Schedules B-1, C-1, & Rate of Return Section

Schedule A-1
Page 1 of 1

Line No.	Description	Supporting Schedule Reference	Applicant	Staff Lower Bound	Staff Upper Bound
1	Rate base as of date certain	B-1	$1,590,780,196	1,279,063,285	1,279,063,285
2	Current operating income	C-1	$40,000,444	$64,176,536	$64,176,536
3	Earned rate of return (2 / 1)		2.51%	5.02%	5.02%
4	Requested rate of return	Rate of Return Section	9.06%	7.90%	8.35%
5	Rate base associated with RCP deferrals (Reg. Asset and DIT Balance)	B-6	$272,988,462	$68,331,530	$68,331,530
6	Requested rate of return on RCP deferrals	Rate of Return Section	6.47%	6.22%	6.22%
7	Required operating income [(1 - 5) x 4] + (5 x 6)		$137,054,285	$99,898,030	$105,346,323
8	Operating income deficiency (7 - 2)		$97,053,841	$35,721,494	$41,169,787
9	Gross revenue conversion factor	A-1.1	1.6107185	1.5939732	1.5939732
10	Revenue deficiency (8 x 9)		$156,326,420	$56,939,104	$65,623,537
11	*Revenue increase requested*	E-4	160,762,886	56,939,104	65,623,537
12	Adjusted operating revenues	C-1	517,745,537	508,354,717	508,354,717
13	Revenue requirements (11 + 12)		$678,508,424	$565,293,821	$573,978,254
14	*Increase Over Current Revenue (11 / 12)*		31.05%	11.20%	12.91%

The Ohio Edison Company
Case No. 07-551-EL-AIR
Computation of Gross Revenue Conversion Factor
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Work Paper Reference No(s).: Applicant's Schedule WPC-10a-d, and Staff's Schedule C-3.12

Line No.	Description	% of Incremental Gross Revenues
1	Operating Revenues	100.0000%
2	Less:	
3	Uncollectible Accounts	0.7585%
4	PUCO Annual Assessment	0.0000%
5	OCC Annual Assessment	0.0000%
6	CATT Tax	0.1560%
7	Income Before Federal Income Tax = (1) - (3 through 6)	99.0855%
8	State and Municipal Income Tax 2.5918% x (7)	2.5681%
9	Income Before Federal Income Tax	96.5174%
10	Federal Income Tax (9) x 35%	33.7811%
11	Operating Income Percentage (9 - 10)	62.7363%
12	Gross Revenue Conversion Factor 100.000% / (11)	1.5939732

Ohio Edison Company
Case No. 07-551-EL-AIR
Jurisdictional Rate Base Summary
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Schedules B-2, B-3, B-4, B-5 & B-6

Line No.	Rate Base Component	Supporting Schedule Reference	Applicant	Staff
1	Plant in service	B-2	$2,159,098,222	$ 2,066,056,863
2	Reserve for accumulated depreciation	B-3	(803,376,400)	(803,030,498)
3	Net Plant in service (1 + 2)		1,355,721,822	1,263,026,365
4	Construction work in progress 75% complete	B-4	0	0
5	Working capital allowance	B-5	0	0
6	Contributions in aid of construction*	B-6	0	0
7	Other rate base items	B-6	235,058,375	16,036,921
8	Jurisdictional rate base (3) thru (7)		$1,590,780,197	$1,279,063,285

* Contributions in Aid of Construction are netted against gross plant.

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Major Groupings
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2 & Staff's Schedule B-2.1

Line No.	Major Property Groupings	Applicant	Staff
1	Production	$0	$0
2	Transmission	262,556,468	169,322,455
3	Distribution	1,766,447,944	1,766,447,944
4	General	101,739,371	101,932,025
5	Common	0	0
6	Completed construction not classified	0	0
7	Other (specify) Intangible	28,354,439	28,354,439
8	TOTAL	$2,159,098,222	$2,066,056,863

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Accounts and Subaccounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.3, Staff's Schedule B-7, and Staff's Schedule B-2.2

Line No.	Account No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-2.2	Adjusted Jurisdiction
		PRODUCTION PLANT					
1	317	Asset Retirement Costs for Steam Production Plant	$8,366,002	0.00000%			
2	321	Structures & Improvements	94,566,235	0.00000%			
3	322	Reactor Plant Equipment	88,403,127	0.00000%			
4	323	Turbogenerator Units	9,824,411	0.00000%			
5	324	Accessory Electric Equipment	60,737,621	0.00000%			
6	325	Miscellaneous Power Plant Equipment	20,724,255	0.00000%			
7	326	Asset Retirement Costs for Nuclear Production Plant	8,739,145	0.00000%			
8		Total Production	$291,360,795	0.00000%			

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Accounts and Subaccounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.3, Staff's Schedule B-7, and Staff's Schedule B-2.2

Line No.	Account No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-2.2	Adjusted Jurisdiction
		TRANSMISSION PLANT					
9	350	Land & Land Rights	$93,234,013	100.00000%	$93,234,013	($93,234,013)	$0
10	352	Structures & Improvements	10,607,156	100.00000%	10,607,156		10,607,156
11	353	Station Equipment	93,637,505	100.00000%	93,637,505		93,637,505
12	354	Towers & Fixtures	277,504	100.00000%	277,504		277,504
13	355	Poles & Fixtures	22,306,699	100.00000%	22,306,699		22,306,699
14	356	Overhead Conductors & Devices	28,870,699	100.00000%	28,870,699		28,870,699
15	357	Underground Conduit	1,503,635	100.00000%	1,503,635		1,503,635
16	358	Underground Conductors & Devices	12,119,257	100.00000%	12,119,257		12,119,257
17	359	Roads & Trails	0	100.00000%	0		0
18		Total Transmission	$262,556,468	100.00000%	$262,556,468	($93,234,013)	$169,322,455

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Accounts and Subaccounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.3, Staff's Schedule B-7, and Staff's Schedule B-2.2

Line No.	Account No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-2.2	Adjusted Jurisdiction
		DISTRIBUTION PLANT					
19	360	Land & Land Rights	$12,174,020	100.00000%	$12,174,020		$12,174,020
20	361	Structures & Improvements	6,383,647	100.00000%	6,383,647		6,383,647
21	362	Station Equipment	168,236,190	100.00000%	168,236,190		168,236,190
22	364	Poles, Towers & Fixtures	340,631,625	100.00000%	340,631,625		340,631,625
23	365	Overhead Conductors & Devices	355,958,429	100.00000%	355,958,429		355,958,429
24	366	Underground Conduit	60,680,779	100.00000%	60,680,779		60,680,779
25	367	Underground Conductors & Devices	204,426,636	100.00000%	204,426,636		204,426,636
26	368	Line Transformers	324,630,524	100.00000%	324,630,524		324,630,524
27	369	Services	113,225,719	100.00000%	113,225,719		113,225,719
28	370	Meters	109,504,022	100.00000%	109,504,022		109,504,022
29	371	Installation on Customer Premises	19,676,615	100.00000%	19,676,615		19,676,615
30	373	Street Lighting & Signal Systems	50,897,466	100.00000%	50,897,466		50,897,466
31	374	Asset Retirement Costs for Distribution Plant	22,272	100.00000%	22,272		22,272
32		Total Distribution	$1,766,447,944	100.00000%	$1,766,447,944		$1,766,447,944

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Accounts and Subaccounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.3, Staff's Schedule B-7, and Staff's Schedule B-2.2

Schedule B-2.1
Page 4 of 5

Line No.	Account No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-2.2	Adjusted Jurisdiction
		GENERAL PLANT					
33	389	Land & Land Rights	$3,118,757	100.00000%	$3,118,757		$3,118,757
34	390	Structures & Improvements	65,123,867	100.00000%	65,123,867		65,123,867
35	390.3	Leasehold Improvements	108,959	100.00000%	108,959		108,959
36	391	Office Furniture & Equipment	12,151,136	100.00000%	12,151,136		12,151,136
37	392	Transportation Equipment	1,336,977	100.00000%	1,336,977	$23,100	1,360,077
38	393	Stores Equipment	1,463,783	100.00000%	1,463,783		1,463,783
39	394	Tools, Shop & Garage Equipment	8,588,052	100.00000%	8,588,052		8,588,052
40	395	Laboratory Equipment	6,580,082	100.00000%	6,580,082		6,580,082
41	396	Power Operated Equipment	1,701,437	100.00000%	1,701,437	169,554	1,870,991
42	397	Communication Equipment	293,037	100.00000%	293,037		293,037
43	398	Miscellaneous Equipment	969,874	100.00000%	969,874		969,874
44	399.1	Asset Retirement Costs for General Plant	303,410	100.00000%	303,410		303,410
	390	Capital Lease	633,405	0.00000%	0		0
45		Total General	$102,372,775	99.38128%	$101,739,371	$192,654	$101,932,025

Ohio Edison Company
Case No. 07-551-EL-AIR
Plant in Service by Accounts and Subaccounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.3, Staff's Schedule B-7, and Staff's Schedule B-2.2

Line No.	Account No.	Account Title	Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-2.2	Adjusted Jurisdiction
		OTHER PLANT					
46	301	Organization	$89,746	100.00000%	$89,746		$89,746
47	303	Intangible	28,264,693	100.00000%	28,264,693		28,264,693
48		Total Other	28,354,439		28,354,439		28,354,439
49		GRAND TOTAL PLANT	$2,451,092,422	88.087181%	$2,159,098,222	($93,041,359)	$2,066,056,863

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Plant In Service
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.2a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		PRODUCTION				
1	310	Land & Land Rights				
2	311	Structures & Improvements				
3	312	Boiler Plant Equipment				
4	314	Turbogenerator Units				
5	315	Accessory Electric Equipment				
6	316	Miscellaneous Power Plant Equipment				
7	317	Asset Retirement Costs for Steam Production Plant				
8		Total Production				

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Plant In Service
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.2a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		TRANSMISSION PLANT				
9	350	Land & Land Rights	($93,234,013)			($93,234,013)
10	352	Structures & Improvements				
11	353	Station Equipment				
12	354	Towers & Fixtures				
13	355	Poles & Fixtures				
14	356	Overhead Conductors & Devices				
15	357	Underground Conduit				
16	358	Underground Conductors & Devices				
17	359	Roads & Trails				
18	356	Capital Lease				
19		Total Transmission	($93,234,013)			($93,234,013)

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Plant In Service
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.2a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		DISTRIBUTION PLANT				
20	360	Land & Land Rights				
21	361	Structures & Improvements				
22	362	Station Equipment				
23	364	Poles, Towers & Fixtures				
24	365	Overhead Conductors & Devices				
25	366	Underground Conduit				
26	367	Underground Conductors & Devices				
27	368	Line Transformers				
28	369	Services				
29	370	Meters				
30	371	Installation on Customer Premises				
31	373	Street Lighting & Signal Systems				
32	374	Asset Retirement Costs for Distribution Plant				
33		Total Distribution				

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Plant In Service
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.2a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		GENERAL PLANT				
34	389	Land & Land Rights				
35	390	Structures & Improvements				
36	390.3	Leasehold Improvements				
37	391	Office Furniture & Equipment				
38	392	Transportation Equipment		($82,380)	$105,480	$23,100
39	393	Stores Equipment				
40	394	Tools, Shop & Garage Equipment				
41	395	Laboratory Equipment				
42	396	Power Operated Equipment		(67,079)	236,633	169,554
43	397	Communication Equipment				
44	398	Miscellaneous Equipment				
45	399.1	Asset Retirement Costs for General Plant				
46	390	Capital Lease				
47		Total General		($149,459)	$342,113	$192,654

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Plant In Service
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.2a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		OTHER PLANT				
48	303	Intangible				
49		GRAND TOTAL PLANT	($93,234,013)	($149,459)	$342,113	($93,041,359)

Ohio Edison Company
Case No. 07-551-EL-AIR
Transmission Land Plant Adjustment
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-2.1

Schedule B-2.2a

Line No.	Account No.	Account Title	
1	350	Land & Land Rights Transmission Plant	($93,234,013)

Ohio Edison Company
Case No. 07-551-EL-AIR
Vehicle Plant Adjustment
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Derived From Staff's Data Request 88

Schedule B-2.2b

Line No.	Account No.	Account Title	
1	392	Transportation Equipment	($82,380)
2	396	Power Operated Equipment	(67,079)
3		Adjustment	($149,459)

Ohio Edison Company
Case No. 07-551-EL-AIR
Vehicle Plant Reclassifications
As of May 31, 2007

Data: X *Actual* ___ *Estimated*
Reference No(s).: Derived From Staff's Data Request 88

Schedule B-2.2c

Line No.	Account No.	Account Title	
1	392	Vehicles Transferred to CEI	($21,399)
2	392	Vehicles Transferred to Ohio Edison from CEI	81,698
3	392	Vehicles Transferred to Ohio Edsion from Toledo Edison	45,181
4		Adjustment	$105,480
5	396	Vehicles Transferred to Toledo Edison	($110,956)
6	396	Vehicles Transferred to Ohio Edison from CEI	297,937
7	396	Vehicles Transferred to Ohio Edison from Toledo Edison	49,652
8		Adjustment	$236,633

Ohio Edison Company
Case No. 07-551-EL-AIR
Reserve for Accumulated Depreciation
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedules B-2.1 & B-3.1, Staff's Schedule B-7 & B-3.1

Schedule B-3
Page 1 of 5

Line No.	Account No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-3.1	Adjusted Jurisdiction
		PRODUCTION PLANT						
1	317	Asset Retirement Costs for Steam Productio	$8,366,002	$8,366,002	0%	$0		$0
2	321	Structures & Improvements	94,566,235	77,629,117	0%	0		0
3	322	Reactor Plant Equipment	88,403,127	(6.285.851)	0%	0		0
4	323	Turbogenerator Units	9,824,411	240,288	0%	0		0
5	324	Accessory Electric Equipment	60,737,621	(525,888)	0%	0		0
6	325	Miscellaneous Power Plant Equipment	20,724,255	(207,565)	0%	0		0
7	326	Asset Retirement Costs for Nuclear Producti	8,739,145	6,291,821	0%	0		0
8		Total Production	$291,360,795	$85,507,924	0%	$0	$0	$0

Ohio Edison Company
Case No. *07-551-EL-AIR*
Reserve for Accumulated Depreciation
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedules B-2.1 & B-3.1, Staff's Schedule B-7 & B-3.1

Schedule B-3

Line No.	Account No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-3.1	Adjusted Jurisdiction
		TRANSMISSION PLANT						
9	350	Land & Land Rights	$93,234,013	$462,130	100%	$462,130	($462,130)	$0
10	352	Structures & Improvements	10,607,156	6,090,569	100%	6,090,569		6,090,569
11	353	Station Equipment	93,637,505	42,631,610	100%	42,631,610		42,631,610
12	354	Towers & Fixtures	277,504	285,463	100%	285,463		285,463
13	355	Poles & Fixtures	22,306,699	16,286,884	100%	16,286,884		16,286,884
14	356	Overhead Conductors & Devices	28,870,699	14,018,328	100%	14,018,328		14,018,328
15	357	Underground Conduit	1,503,635	687,849	100%	687,849		687,849
16	358	Underground Conductors & Devices	12,119,257	2,607,334	100%	2,607,334		2,607,334
17	359	Roads & Trails	0	0	100%	0		0
18		Total Transmission	$262,556,468	$83,070,167	100%	$83,070,167	($462,130)	$82,608,037

Ohio Edison Company
Case No. 07-551-EL-AIR
Reserve for Accumulated Depreciation
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedules B-2.1 & B-3.1, Staff's Schedule B-7 & B-3.1

Line No.	Account No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-3.1	Adjusted Jurisdiction
		DISTRIBUTION PLANT						
19	360	Land & Land Rights	$12,174,020	($32,005)	100%	($32,005)		($32,005)
20	361	Structures & Improvements	6,383,647	3,734,533	100%	3,734,533		3,734,533
21	362	Station Equipment	168,236,190	65,941,402	100%	65,941,402		65,941,402
22	364	Poles, Towers & Fixtures	340,631,625	159,043,261	100%	159,043,261		159,043,261
23	365	Overhead Conductors & Devices	355,958,429	122,780,938	100%	122,780,938		122,780,938
24	366	Underground Conduit	60,680,779	16,029,946	100%	16,029,946		16,029,946
25	367	Underground Conductors & Devices	204,426,636	43,072,757	100%	43,072,757		43,072,757
26	368	Line Transformers	324,630,524	114,951,989	100%	114,951,989		114,951,989
27	369	Services	113,225,719	55,992,281	100%	55,992,281		55,992,281
28	370	Meters	109,504,022	46,040,009	100%	46,040,009		46,040,009
29	371	Installation on Customer Premises	19,676,615	8,552,838	100%	8,552,838		8,552,838
30	373	Street Lighting & Signal Systems	50,897,466	27,805,918	100%	27,805,918		27,805,918
31	374	Asset Retirement Costs for Distribution Plan	22,272	9,097	100%	9,097		9,097
32		Total Distribution	$1,766,447,944	$663,922,963	100.00000%	$663,922,963	$0	$663,922,963

Ohio Edison Company
Case No. 07-551-EL-AIR
Reserve for Accumulated Depreciation
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedules B-2.1 & B-3.1, Staff's Schedule B-7 & B-3.1

Line No.	Account No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-3.1	Adjusted Jurisdiction
		GENERAL PLANT						
33	389	Land & Land Rights	$3,118,757	$26,231	100%	$26,231		$26,231
34	390	Structures & Improvements	65,123,867	24,496,239	100%	24,496,239		24,496,239
35	390.3	Leasehold Improvements	108,959	89,625	100%	89,625		89,625
36	391	Office Furniture & Equipment	12,151,136	2,204,550	100%	2,204,550		2,204,550
37	392	Transportation Equipment	1,336,977	(642,403)	100%	(642,403)	$16,055	(626,349)
38	393	Stores Equipment	1,463,783	676,231	100%	676,231		676,231
39	394	Tools, Shop & Garage Equipment	8,588,052	1,917,243	100%	1,917,243		1,917,243
40	395	Laboratory Equipment	6,580,082	2,377,572	100%	2,377,572		2,377,572
41	396	Power Operated Equipment	1,701,437	2,590,342	100%	2,590,342	100,173	2,690,515
42	397	Communication Equipment	293,037	395,160	100%	395,160		395,160
43	398	Miscellaneous Equipment	969,874	509,244	100%	509,244		509,244
44	399	Asset Retirement Costs for General Plant	303,410	126,280	100%	126,280		126,280
45	390	Capital Lease	633,405	0	0%	0		0
46		Total General Plant	$102,372,775	$34,766,313	100.00000%	$34,766,313	$116,228	$34,882,541

Ohio Edison Company
Case No. 07-551-EL-AIR
Reserve for Accumulated Depreciation
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedules B-2.1 & B-3.1, Staff's Schedule B-7 & B-3.1

Line No.	Account No.	Major Property Groupings & Account Titles	Total Company Plant Investment	Reserve Balances: Total Company	Allocation %	Allocated Total	Adjustments See Schedule B-3.1	Adjusted Jurisdiction
		OTHER PLANT						
47	301	Organization	$89,746		100%	$0		$0
48	303	Intangible	28,264,693	21.616,957	100%	21,616,957		21,616,957
49		GRAND TOTAL PLANT	$2,451,092,422	$888,884,324	90.38031%	$803,376,400	($345,902)	$803,030,498

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Depreciation Reserve
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-3.1a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		PRODUCTION				
1	310	Land & Land Rights				
2	311	Structures & Improvements				
3	312	Boiler Plant Equipment				
4	314	Turbogenerator Units				
5	315	Accessory Electric Equipment				
6	316	Miscellaneous Power Plant Equipment				
7	317	Asset Retirement Costs for Steam Production Plant				
8		Total Production				

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Depreciation Reserve
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-3.1a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		TRANSMISSION PLANT				
9	350	*Land & Land Rights*	($462,130)			($462,130)
10	352	Structures & Improvements				
11	353	Station Equipment				
12	354	Towers & Fixtures				
13	355	Poles & Fixtures				
14	356	Overhead Conductors & Devices				
15	357	Underground Conduit				
16	358	Underground Conductors & Devices				
17	359	Roads & Trails				
18	356	Capital Lease				
19		Total Transmission	($462,130)			($462,130)

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Depreciation Reserve
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-3.1a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		DISTRIBUTION PLANT				
20	360	Land & Land Rights				
21	361	Structures & Improvements				
22	362	Station Equipment				
23	364	Poles, Towers & Fixtures				
24	365	Overhead Conductors & Devices				
25	366	Underground Conduit				
26	367	Underground Conductors & Devices				
27	368	Line Transformers				
28	369	Services				
29	370	Meters				
30	371	Installation on Customer Premises				
31	373	Street Lighting & Signal Systems				
32	374	Asset Retirement Costs for Distribution Plant				
33		Total Distribution				

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Depreciation Reserve
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-3.1a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		GENERAL PLANT				
34	389	Land & Land Rights				
35	390	Structures & Improvements				
36	390.3	Leasehold Improvements				
37	391	Office Furniture & Equipment				
38	392	Transportation Equipment		($82,380)	$98,435	$16,055
39	393	Stores Equipment				
40	394	Tools, Shop & Garage Equipment				
41	395	Laboratory Equipment				
42	396	Power Operated Equipment		(67,080)	167,253	100,173
43	397	Communication Equipment				
44	398	Miscellaneous Equipment				
45	399.1	Asset Retirement Costs for General Plant				
46	390	Capital Lease				
47		Total General		($149,460)	$265,688	$116,228

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustments to Depreciation Reserve
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-3.1a-c

Line No.	Account No.	Account Title	Transmission Land & Land Rights	Vehicle Exclusions	Vehicle Reclassifications	Total Adjustments
		OTHER PLANT				
48	303	Intangible				
49		GRAND TOTAL PLANT	($462,130)	($149,460)	$265,688	($345,902)

Ohio Edison Company
Case No. 07-551-EL-AIR
Transmission Land & Land Rights Reserve Adjustment
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Applicant's Schedule B-3

Schedule B-3.1a

Line No.	Account No.	Account Title	
1	350	**Land & Land Rights Transmission Plant**	($462,130)

Ohio Edison Company
Case No. 07-551-EL-AIR
Vehcile Reserve Adjustment
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedule WPB-3.1bc

Schedule B-3.1b

Line No.	Account No.	Account Title			
1	392	Transportation Equipment	($82,380)	100.00000%	($82,380)
2	396	Power Operated Equipment	($67,080)	100.00000%	($67,080)
3		Adjustment	($149,460)	100.00000%	($149,460)

Ohio Edison Company
Case No. 07-551-EL-AIR
Vehicle Reserve Reclassifications
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedule WPB-3.1bc

Schedule B-3.1c

Line No.	Account No.	Account Title	
1	392	Vehicles Transferred to CEI	($21,399)
2	392	Vehicles Transferred to Ohio Edison from CEI	74,741
3	392	Vehicles Transferred to Ohio Edsion from Toledo Edison	45,093
4		Adjustment	$98,435
5	396	Vehicles Transferred to Toledo Edison	($110,956)
6	396	Vehicles Transferred to Ohio Edison from CEI	231,610
7	396	Vehicles Transferred to Ohio Edison from Toledo Edison	46,599
8		Adjustment	$167,253

Ohio Edison Company
Case No. 07-551-EL-AIR
Depreciation Accrual Rates and
Jurisdictional Reserve Balances by Accounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.1, B-3, B-3.2a, & WPB-3.2a-c

Line No. (A)	Account No. (B)	Account Title (C)	Adjusted Jurisdiction Plant Investment (D)	Adjusted Jurisdiction Reserve Balance (E)	Current Accrual Rate (F)	Calculated Depr. Expense (G=DxF)
		TRANSMISSION PLANT				
1	350	Land & Land Rights	$0	$0	0.00%	$0
2	352	Structures & Improvements	10,607,156	6,090,569	2.06%	218,507
3	353	Station Equipment	93,637,505	42,631,610	2.20%	2,060,025
4	354	Towers & Fixtures	277,504	285,463	1.82%	5,051
5	355	Poles & Fixtures	22,306,699	16,286,884	2.98%	664,740
6	356	Overhead Conductors & Devices	28,870,699	14,018,328	2.55%	736,203
7	357	Underground Conduit	1,503,635	687,849	1.67%	25,111
8	358	Underground Conductors & Devices	12,119,257	2,607,334	2.00%	242,385
9	359	Roads & Trails	0	0	0.00%	
10		Total Transmission	$169,322,455	$82,608,037		$3,952,022

Ohio Edison Company
Case No. 07-551-EL-AIR
Depreciation Accrual Rates and
Jurisdictional Reserve Balances by Accounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.1, B-3, B-3.2a, & WPB-3.2a-c

			Adjusted Jurisdiction			
Line No. (A)	Account No. (B)	Account Title (C)	Plant Investment (D)	Reserve Balance (E)	Current Accrual Rate (F)	Calculated Depr. Expense (G=DxF)
		DISTRIBUTION PLANT				
11	360	Land & Land Rights	$12,174,020	($32,005)	0.00%	$0
12	361	Structures & Improvements	6,383,647	3,734,533	2.45%	156,399
13	362	Station Equipment	168,236,190	65,941,402	2.55%	4,290,023
14	364	Poles, Towers & Fixtures	340,631,625	159,043,261	2.93%	9,980,507
15	365	Overhead Conductors & Devices	355,958,429	122,780,938	2.70%	9,610,878
16	366	Underground Conduit	60,680,779	16,029,946	1.50%	910,212
17	367	Underground Conductors & Devices	204,426,636	43,072,757	2.07%	4,231,631
18	368	Line Transformers	324,630,524	114,951,989	3.50%	11,362,068
19	369	Services	113,225,719	55,992,281	3.13%	3,543,965
20	370	Meters (See Note 2)	109,504,022	46,040,009	3.24%	3,547,930
21	371	Installation on Customer Premises (See Note 3)	19,676,615	8,552,838	4.44%	873,642
22	373	Street Lighting & Signal Systems	50,897,466	27,805,918	4.20%	2,137,694
23	374	Asset Retirement Costs for Distribution Plant	22,272	9,097	0.00%	0
24		Total Distribution	$1,766,447,944	$663,922,963		$50,644,949

Ohio Edison Company
Case No. 07-551-EL-AIR
Depreciation Accrual Rates and
Jurisdictional Reserve Balances by Accounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.1, B-3, B-3.2a, & WPB-3.2a-c

			Adjusted Jurisdiction			
Line No. (A)	Account No. (B)	Account Title (C)	Plant Investment (D)	Reserve Balance (E)	Current Accrual Rate (F)	Calculated Depr. Expense (G=DxF)
		GENERAL PLANT				
25	389	Land & Land Rights	$3,118,757	$26,231	0.00%	$0
26	390	Structures & Improvements	65,123,867	24,496,239	2.50%	1,628,097
27	390.3	Leasehold Improvements	108,959	89,625	20.78%	4,018
28	391.1	Office Furniture & Equipment	5,001,774	1,843,308	3.80%	190,067
29	391.2	Data Processing Equipment	7,149,362	361,242	17.00%	1,215,392
30	392	Transportation Equipment	1,360,077	(626,349)	7.31%	99,422
31	393	Stores Equipment	1,463,783	676,231	2.56%	37,473
32	394	Tools, Shop & Garage Equipment	8,588,052	1,917,243	3.17%	272,241
33	395	Laboratory Equipment	6,580,082	2,377,572	3.80%	250,043
34	396	Power Operated Equipment	1,870,991	2,690,515	3.48%	65,110
35	397	Communication Equipment	293,037	395,160	5.00%	14,652
36	398	Miscellaneous Equipment	969,874	509,244	4.00%	38,795
37	399	Asset Retirement Costs for General Plant	303,410	126,280	0.00%	0
38		Total General	$101,932,025	$34,882,541		$3,815,310

Ohio Edison Company
Case No. 07-551-EL-AIR
Depreciation Accrual Rates and
Jurisdictional Reserve Balances by Accounts
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: Staff's Schedules B-2.1, B-3, B-3.2a, & WPB-3.2a-c

			Adjusted Jurisdiction			
Line No. (A)	Account No. (B)	Account Title (C)	Plant Investment (D)	Reserve Balance (E)	Current Accrual Rate (F)	Calculated Depr. Expense (G=DxF)
		OTHER PLANT				
39	301	Organization	$89,746	$0	0.00%	$0
40	303	Intangible Software	24,457,389	19,640,977	14.29%	3,494,961
41	303	Intangible FAS 109 Transmission	2,017,955	604,019	2.33%	47,099
42	303	Intangible FAS 109 Distribution	1,593,381	1,221,150	2.89%	46,001
43	303	Intangible FAS 109 General	195,968	150,811	3.87%	7,590
44		Total Other	28,354,439	21,616,957		3,595,651
45		CURRENT RATES GRAND TOTAL PLANT	$2,066,056,863	$803,030,498		$62,007,932

Ohio Edison Company
Case No. 07-551-EL-AIR
Accrual Rate Comparison

FERC Acct. No.	Description	Current Avg. Svc. Life	Current Net Salv. %	Current Accrual Rate % (a)	Staff Proposed Avg. Svc. Life	Staff Proposed Net Salv. %	Staff Proposed Accrual Rate % (b)
	Transmission Plant:						
350	Land and Land Rights						
352	Structures & Improvements	51	(5)	2.06	51	(5)	2.06
353	Station Equipment	50	(10)	2.20	50	(10)	2.20
354	Towers & Fixtures	51	(9)	2.14	60	(9)	1.82
355	Poles & Fixtures	48	(43)	2.98	48	(43)	2.98
356	Overhead conductors & Devices	55	(40)	2.55	55	(40)	2.55
357	Underground Conduit	66	0	1.52	60	0	1.67
358	Underground Conductors & Devices	45	10	2.00	45	10	2.00
359	Roads & Trails						
	Distribution Plant:						
360	Land and Land Rights						
361	Structures & Improvements	51	(25)	2.45	51	(25)	2.45
362	Station Equipment	49	(25)	2.55	49	(25)	2.55
364	Poles, Towers, & Fixtures	42	(25)	2.98	46	(35)	2.93
365	Overhead Conductors and Devices	45	(20)	2.67	50	(35)	2.70
366	Underground Conduit	66	(5)	1.59	70	(5)	1.50
367	Underground Conductors and Devices	44	9	2.07	44	9	2.07
368	Line Transformers	41	(40)	3.41	40	(40)	3.50
369	Services	40	(25)	3.13	40	(25)	3.13
370	Meters	34	(10)	3.24	34	(10)	3.24
371	Installation on Customer Premises	22.5	0	4.44	22.5	0	4.44
372	Leased Property on Customer Premises						
373	Street Lighting & Signal Systems	25	(5)	4.20	25	(5)	4.20
374	Asset Retirement Costs for Distribution Plant						

Ohio Edison Company
Case No. 07-551-EL-AIR
Accrual Rate Comparison

FERC Acct. No.	Description	Current Avg. Svc. Life	Current Net Salv. %	Current Accrual Rate %	Staff Proposed Avg. Svc. Life	Staff Proposed Net Salv. %	Staff Proposed Accrual Rate %
	General Plant:						
389	Land and Land Rights						
390	Structures & Improvements	44	(10)	2.50	44	(10)	2.50
391.1	Office Furniture and Equipment	30	5	3.17	25	5	3.80
391.2	Computer Equipment	5	25	15.00	5	15	17.00
392	Transportation Equipment	13	5	7.31	13	5	7.31
393	Stores Equipment	39	0	2.56	39	0	2.56
394	Tools, Shop & Garage Equipment	30	5	3.17	30	5	3.17
395	Laboratory Equipment	36	5	2.64	25	5	3.80
396	Power Operated Equipment	19	20	4.21	23	20	3.48
397	Communication Equipment	17	0	5.88	20	0	5.00
398	Miscellaneous Equipment	25	0	4.00	25	0	4.00
399.1	Asset Retirement Costs for General Plant						
	Other Plant:						
303	Intangible				7.0	0.0	14.29

(a) Case No. 92-1424-EL-AAM
(b) See Text

Ohio Edison Company
Case No. 07-551-EL-AIR
Construction Work in Progress
As of May 31, 2007

Data: X Actual ___ Estimated
Reference No(s).: NONE

Line No. (A)	Project No. (B)	Description of Project (C)	Construc. Dollars (D)	AFDC Capitalized (E)	Total Cost (E=D+E)	Allocation % (G)	Total Jurisdictional Cost at Date Certain (H)	Estimated Physical Percent Completion (I)

The Company has requested no CWIP in this filing.

Ohio Edison Company
Case No. 07-551-EL-AIR
Allowance for Working Capital
As of Twelve Months Ending February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule B-5.1 & Staff's Schedule B-5.1 & B-7

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Working Paper Reference No.	Total Company	Allocation %	Jurisdiction
1	Cash Working Capital	Lead-Lag Study	B-5.1	($60,763,011)	100.00000%	($60,763,011)
2	Fuel Stock	13 Month Average for Test Year	B-5.1	0	0.00000%	0
3	Material & Supplies	13 Month Average for Test Year	B-5.1	11,063,199	77.93718%	8,622,346
4	Customers' Deposits	13 Month Average for Test Year	B-5.1	(11,320,834)	0.00000%	0
5	PIP Uncollectibles Balance	13 Month Average for Test Year	B-5.1	194,091,705	0.00000%	0
6	Total			$133,071,060		($52,140,665)
7	Effective Allowance for Working Capital					$0

Ohio Edison Company
Case No. 07-551-EL-AIR
Cash Working Capital
For the Twelve Months Ended February 29, 2008

Schedule B-5.1

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule WPB-5.0a & Staff's Schedule C-3, Staff's Workpapers

Line No.	Description (A)	Jurisdictional 2/29/2008 Amount (B)	Adjustment Amount (C)	Adjusted Jurisdictional Amount (D) = (B)+(C)	Lead/Lag Days (E)	Weighted Dollar Days (F) = (D) * (E)	Cash Working Capital (G) = (F) / 365
1	Operating Revenues						
2	Electric Revenues	$486,620,488	$1,112,830	$487,733,318	22.9	$11,157,723,763	$30,569,106
3	Other Revenues	30,967,029	(10,345,630)	20,621,399	106.9	2,204,065,173	6,038,535
4							
5	Revenue Lag Allowance	$517,587,517	($9,232,800)	$508,354,717	26.3	$13,361,788,936	$36,607,641
6							
7	Operation & Maintenance Expenses						
8	Purchased Power	($57,939,654)	$57,939,654	$0	30.5	$8	$0
9	Payroll	82,606,482	2,879,450	85,485,932	76.3	6,522,576,608	17,870,073
10	Employee Benefits	1,929,275	18,770,382	20,699,657	22.7	469,142,798	1,285,323
11	Other O&M:					0	0
12	Tree Trimming Contracting Fees	15,338,156	0	15,338,156	45.2	693,284,651	1,899,410
13	Outside Services Employed - FE Service	11,993,723	0	11,993,723	26.6	319,033,032	874,063
14	Uncollectibles	$15,634,832	(11,778,880)	3,855,952	24.4	94,085,220	257,768
15	Other	50,005,543	(5,131,692)	44,873,851	52.3	2,346,902,390	6,429,870
16							
17	Total O&M Expense	119,568,357	62,678,914	182,247,271	57.3	10,445,024,707	28,616,507
18							
19	Depreciation and Amortization						
20	Depreciation Expense	57,092,241	4,915,691	62,007,932	0.0	0	0
21	Amortization of Limited-Term Electric Plant	3,338,635	0	3,338,635	0.0	0	0
22	Regulatory Debits / Credits	(83,496,227)	111,956,487	28,460,260	0.0	0	0
23							
24	Total Depreciation and Amortization	(23,065,351)	116,872,178	93,806,827	0.0	0	0
25							
26	Taxes Other Than Income Taxes						
27	Employee Income Taxes	5,319,957	23,081	5,343,038	3.5	18,700,633	51,235
28	Ohio CAT Tax	800,606	(7,573)	793,033	88.3	70,024,846	191,849
29	Ohio KWH Tax	97,000,241	(4,730,846)	92,269,395	35.2	3,247,882,704	8,898,309
30	Ohio Property Tax	57,864,342	(2,731,216)	55,133,126	309.0	17,036,135,909	46,674,345
31	PA Franchise Tax	778,622	0	778,622	30.0	23,358,660	63,996
32	Ohio Sales & Use Tax	71,090	0	71,090	19.8	1,407,582	3,856
33	Other Taxes	9,802	3,140,701	3,150,503	(95.3)	(300,242,916)	(822,583)
34							
35	Total Taxes Other Than Income Taxes	161,844,660	(4,305,853)	157,538,807	127.6	20,097,267,418	55,061,007
36							
37	Income Taxes						
38	Federal Income Taxes	18,489,697	(1,076,801)	17,412,896	37.5	652,983,606	1,788,996
39	Ohio State Income Tax	1,630,682	(798,447)	832,235	274.3	228,281,979	625,430
40	PA State Income Tax	524,804	(365,706)	159,098	30.0	4,772,949	13,077
41	Municipal	510,542	(178,116)	332,426	87.8	29,187,006	79,964
42	Provision for Deferred Income Taxes	52,223,565	(59,085,763)	(6,862,198)	0.0	0	0
43	Investment Tax Credit	(1,289,181)	0	(1,289,181)	0.0	0	0
44							
45	Total Income Taxes	72,090,109	(61,504,833)	10,585,276	86.5	915,225,540	2,507,467
46							
47	Net Operating Income	187,149,742	(122,973,206)	64,176,536			
48							
49	Interest on Long-Term Debt	61,145,527	(16,378,312)	44,767,215	91.2	4,082,770,008	11,185,671
50	Return on Common Equity	126,004,214	(106,594,893)	19,409,321	0.0	0	0
51							
52	Expense Lag Allowance	$517,587,517	($9,232,800)	$508,354,717	69.9	$35,540,287,673	97,370,652
53							
54	Working Capital						($60,763,011)

Data: X Actual ___ Estimated
Work Paper Reference No(s).: Applicant's Schedules WPB-6.0a-b & Schedules B-6.1A-V

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)	Adjusted Jurisdiction (5)
1		Other Regulatory Assets:					
2	182.3	Customer Receivables for Future Inc Tax	$121,862,262	100.00000%	$121,862,262		$121,862,262
3	182.3	T & D Postretirement Benefits	0	79.70607%	0		0
4	182.3	Regulatory Transition Charge	153,900,324	0.00000%	0		0
5	182.3	Nuclear Decontamination/Decommissioning	(26,192)	0.00000%	0		0
6	182.3	Deferred Shopping Incentive:	141,664,518	0.00000%	0		0
7	182.3	MISO Transmission Service Costs	50,182,947	0.00000%	0		0
8	182.3	Municipal Distribution Tax Deferral	(5,768,798)	100.00000%	(5,768,798)		(5,768,798)
9	182.3	RCP - Fuel Deferral	72,117,649	100.00000%	72,117,649	(72,117,649) (a)	0
10	182.3	RCP - Distribution O&M Deferral	107,556,500	100.00000%	107,556,500		107,556,500
11	182.3	Ohio Line Extension	11,330,466	100.00000%	11,330,466	(4,771,620) (b)	6,558,846
12	182.3	Transition Tax Deferral	98,292,740	100.00000%	98,292,740		98,292,740
13	182.3	RCP - Demand Side Management	20,513	100.00000%	20,513		20,513
14	182.3	Ohio Rate Case - Incremental Expenses	39,012	100.00000%	39,012	(39,012) (a)	0
15		TOTAL Account 182.3	751,171,942		405,450,344	(76,928,281)	328,522,063
16	189	Unamortized Loss on Reacquired Debt	23,628,861	100.00000%	23,628,861	(23,628,861) (a)	0
17	252	Customers' Advances for Construction	(1,069,854)	100.00000%	(1,069,854)		(1,069,854)
18		Contributions in Aid of Construction (Netted against Gross Plant)	0	100.00000%	0		0
19		Other Deferred Debits:					
20	186	Ohio Tranche Fees - Admin. Fees for Ohio CBP	920,443	100.00000%	920,443	(920,443) (a)	0
21	186	Reserve For Uncertain Tax Positions	29,378,993	100.00000%	29,378,993	(29,378,993) (a)	0
22	186	OH Real & Personal Property Tax - Net	60,052,664	97.69610%	58,669,114		58,669,114
23	186	All Other TBT 1981	58,512	21.45398%	12,553		12,553
24		TOTAL Account 186	$90,410,612		$88,981,103	($30,299,436)	$58,681,667

Ohio Edison Company
Case No 07-551-EL-AIR
Other Rate Base Items Summary
As of May 31, 2007

Data: X Actual ___ Estimated
Work Paper Reference No(s).: Applicant's Schedules WPB-6.0a-b & Schedules B-6.1A-V

Schedule B-6
Page 2 of 5

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)	Adjusted Jurisdiction (5)
25		Other Deferred Credits:					
26	253	Line Protect Deferred Revenue	($831,575)	100.00000%	($831,575)		($831,575)
27	253	Sale/ Leaseback - Deferred Rent OE01	(134,713,492)	0.00000%	0		0
28	253	OH Real & Personal Property Tax - Net	(60,052,664)	97.69610%	(58,669,114)		(58,669,114)
29	253	ACRS Tax BEN TRSFR - 1981	(5,996,000)	21.45398%	(1,286,381)		(1,286,381)
30	253	ACRS Tax BEN TRSFR - 1982	(1,100,482)	21.45398%	(236,097)		(236,097)
31	253	ACRS Tax BEN TRSFR - 1981 INDEM PMT	949,730	21.45398%	203,755		203,755
32	253	McDonald LP 1998	(404,580)	0.00000%	0		0
33	253	Boston Cap XVII - LIH	(2,176,115)	0.00000%	0		0
34	253	Down Payments SD - Conta	(2,212,389)	100.00000%	(2,212,389)		(2,212,389)
35	253	Energy For Education (E4E2)	(71,015,014)	100.00000%	(71,015,014)	71,015,014 (a)	0
36		TOTAL Account 253	(277,552,580)		(134,046,815)	71,015,014	(63,031,801)
37		Other Regulatory Liabilities:					
38	254	Asset Removal Cost	(1,563,638)	100.00000%	(1,563,638)		(1,563,638)
39	254	Customer Receivables for Future Inc Tax	(44,365,669)	100.00000%	(44,365,669)		(44,365,669)
40		TOTAL Account 254	(45,929,307)		(45,929,307)	0	(45,929,307)
41		Investment Tax Credits:					
42	255	Pre-1971 3% Credit	(15)	98.52124%	(15)		(15)
43	255	1971 4% Credit	(108,141)	98.52124%	(106,542)	2,395 (a)	(104,147)
44	255	1975 6% Add'l Credit	0	0.00000%	0		0
45	255	1981 10% Credit on Recovery Property	(14,853,788)	0.00000%	0		0
46	255	ITC Tax Benefits Sold	(2,950,037)	0.00000%	0		0
47	255	Other	(14,785)	0.00000%	0		0
48		TOTAL Investment Tax Credits	(17,926,766)		(106,557)	2,395	(104,161)
49	257	Unamortized Gain on Reacquired Debt	(9,291)	100.00000%	(9,291)	9,291 (a)	0
50		Deferred Income Taxes:					
51	190	Demand Side Management	389,147	100.00000%	389,147		389,147
52	190	Reserve for Inventory Obsolescence	4,575,147	86.78241%	3,970,423		3,970,423
53	190	Other Taxes	$3,287,805	86.78241%	$2,853,236		$2,853,236

Ohio Edison Company
Case No. 07-551-EL-AIR
Other Rate Base Items Summary
As of May 31, 2007

Data: X Actual ___ Estimated
Work Paper Reference No(s).: Applicant's Schedules WPB-6.0a-b & Schedules B-6.1A-V

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)	Adjusted Jurisdiction (5)
54	190	Severance Estimate	533,879	79.70607%	527,004		527,004
55	190	Post Retirement Benefits	76,493,877	79.70607%	60,970,262		60,970,262
56	190	Banked and Accrued Vacation	5,317,230	79.70607%	4,238,155		4,238,155
57	190	FAS 109	5,528,291	100.00000%	5,528,291		5,528,291
58	190	Investment Tax Credits	6,838,947	0.72975%	49,907		49,907
59	190	Injuries & Damages	2,572,366	79.70607%	2,050,332		2,050,332
60	190	Regulatory Transition Charge - CTC	37,716,354	0.00000%	0		0
61	190	Emission Allowance	1,404,277	0.00000%	0		0
62	190	Merger Transaction Costs	287,974	86.78241%	249,911		249,911
63	190	Tax Benefit Transfer - Net	10,178,926	21.45398%	2,183,785		2,183,785
64	190	BV2 Sale/Leaseback Deferred Rents	45,686,649	0.00000%	0		0
65	190	ESIP Street Lighting	1,677,603	100.00000%	1,677,603		1,677,603
66	190	Nuclear Refueling Outage	20,321	0.00000%	0		0
67	190	Organization Cost	187	86.78241%	162		162
68	190	Springfield Electric Contract	204,210	100.00000%	204,210		204,210
69	190	State NOL	1,873,344	0.00000%	0		0
70	190	Taxes & Property Tax Reserve	48,364,800	67.34657%	32,556,871		32,556,871
71	190	Transmission Substation Sites	266,992	0.00000%	0		0
72	190	Tree Trimming	2,557,739	100.00000%	2,557,739		2,557,739
73	190	Capitalized Repairs	710,950	86.78241%	616,980		616,980
74	190	Executive Deferred Compensation	6,393,513	79.70607%	5,096,018		5,096,018
75	190	Executive Deferred Compensation Interest	4,025,189	79.70607%	3,208,320		3,208,320
76	190	ESOP - Compensation Expense	18,696,093	79.70607%	14,901,921		14,901,921
77	190	GE Settlement	918,107	100.00000%	918,107		918,107
78	190	Asset Retirement Obligation	0	100.00000%	0		0
79	190	Gain/Loss on Sale of Securities	1,721,689	100.00000%	1,721,689	(1,721,689) (a)	0
80	190	Ohio Line Extension	506,419	100.00000%	506,419	(506,419) (a)	0
81	190	Restricted Stock Units	26,242	79.70607%	20,916		20,916
82	190	Extraordinary Gain FIN 47	9,258,389	100.00000%	9,258,389		9,258,389
83	190	Deferred Tax Balances - OE Subs.	786,164	0.00000%	0		0
84	190	Environmental Projects - Other Inc.	0	100.00000%	0		0
85	190	FAS 123R - Stock Options	18,570	79.70607%	14,801		14,801
86	190	Munic. Distr. Tax Deferral	3,284,147	100.00000%	3,284,147		3,284,147
87	190	Line Protection - Deferred Revenues	384,996	100.00000%	384,996		384,996
88		TOTAL Account 190	302,006,533		159,439,741	(2,228,108)	157,211,633
89	281	Pollution Control Facilities	(2,248,776)	0.00000%	0		0
90	282	Accelerated vs Book Depreciation	($204,736,245)	96.25395%	($197,066,719)		($197,066,719)

Ohio Edison Company
Case No. 07-551-EL-AIR
Other Rate Base Items Summary
As of May 31, 2007

Data: X Actual ___ Estimated
Work Paper Reference No(s).: Applicant's Schedules WPB-6 0a-b & Schedules B-6.1A-V

Schedule B-6
Page 4 of 5

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)	Adjusted Jurisdiction (5)
91	283	Pension Expense	($91,635,912)	79.70607%	($73,039,383)		($73,039,383)
92	283	Incentive Compensation	(486,877)	79.70607%	(388,071)		(388,071)
93	283	Nuclear Fuel Disposal	(556,307)	0.00000%	0		0
94	283	Bad Debts	(547,541)	100.00000%	(547,541)		(547,541)
95	283	Savings Plan Minimum Contribution	(349,475)	79.70607%	(278,553)		(278,553)
96	283	Shopping Credit Incentive Deferral	(62,083,510)	0.00000%	0		0
97	283	Perry Audit Contingency-OH Property	(294,612)	0.00000%	0		0
98	283	Transition Tax Deferral	(39,940,205)	100.00000%	(39,940,205)		(39,940,205)
99	283	Reacquired Debt Expense	(8,390,514)	100.00000%	(8,390,514)	8,390,514 (a)	0
100	283	Deferred Intercompany Gain - ATSI	(33,986,733)	0.00000%	0		0
101	283	FICA Tax on Reg. & Banked Vacation	(1,030,825)	79.70607%	(821,630)		(821,630)
102	283	Mark to Market Other Inc.	0	100.00000%	0		0
103	283	Customer Receivable	(36,980,832)	100.00000%	(36,980,832)		(36,980,832)
104	283	Provision for Unclassified Operations	(8,955,122)	86.78241%	(7,771,471)		(7,771,471)
105	283	Pre-Operational Costs & Lease	(5,808,438)	0.00000%	0		0
106	283	Reserve Premium	(83,827)	100.00000%	(83,827)		(83,827)
107	283	ACRS - TBT - Book Amortization	(4,057,660)	21.45398%	(870,529)		(870,529)
108	283	Nuclear Fuel Deferred Gain	(4,385,666)	0.00000%	0		0
109	283	IRS Audit Interest	(817,398)	100.00000%	(817,398)		(817,398)
110	283	PA Public Utility Realty	(1,931,259)	86.78241%	(1,675,993)		(1,675,993)
111	283	Thomas Strip Steel	(435,707)	100.00000%	(435,707)		(435,707)
112	283	Investment Hedging Transactions - Other Inc.	0	100.00000%	0		0
113	283	Terminated construction Projects - Other Inc.	0	100.00000%	0		0
114	283	Nuclear Decommissioning	(67,133,794)	0.00000%	0		0
115	283	Tax Depletion	(38,292)	100.00000%	(38,292)		(38,292)
116	283	Nuclear Fuel In Process	(2,240,435)	0.00000%	0		0
117	283	Limited Partnerships - Other Inc.	0	0.00000%	0		0
118	283	Asset Retirement Obligation	(3,638,421)	100.00000%	(3,638,421)		(3,638,421)
119	283	Like Kind Exchange - Scrap Cable	(437,137)	100.00000%	($437,137)		($437,137)

Data: X Actual ___ Estimated
Work Paper Reference No(s).: Applicant's Schedules B-5, WPB-6.0a-b, and Schedules B-6.1A-V

Line No.	Account No.	Description	Total Company (1)	Allocation % (2)	Allocated Total (3)	Adjustments (4)	Adjusted Jurisdiction (5)
120	283	Transmission & Distribution Deferrals - MISO	$0	0.00000%	$0		$0
121	283	MISO Transmission Deferral	(18,172,601)	0.00000%	0		0
122	283	Fossil Deferred Gain	(238,030,223)	0.00000%	0		0
123	283	FAS 123R - Restricted Stock	(285,397)	79.70607%	(227,479)		(227,479)
124	283	FAS 123R - Performance Shares	(62,490)	79.70607%	(49,808)		(49,808)
125	283	RCP - Fuel Deferral	(26,115,748)	100.00000%	(26,115,748)	26,115,748 (a)	0
126	283	RCP - Distribution O&M Deferral	(39,238,055)	100.00000%	(39,238,055)		(39,238,055)
127	283	OH Line Extension	0	100.00000%	0	(2,375,134) (c)	(2,375,134)
128	283	VEBA	(241,979)	79.70607%	(192,872)		(192,872)
129	283	RCP - Demand Side Management	(7,428)	100.00000%	(7,428)		(7,428)
130	283	FIN 48 RECLASS ENTRY	(38,386,378)	86.99693%	(33,394,972)	33,394,972	0
131	283	PUCO Deferral - 2007 Rate Case	(14,127)	100.00000%	(14,127)	14,127	0
132		TOTAL Account 283	(736,800,915)		(275,395,991)	65,540,227	(209,855,766)
133		TOTAL Deferred Income Taxes	(641,779,403)		(313,023,971)	63,312,119	(249,710,852)
134		Customers' Deposits	(11,320,834)	100.00000%	(11,320,834)		(11,320,834)
135		TOTAL Other Rate Base Items	($130,376,620)		$12,554,679	$3,482,242	$16,036,921

(a) Applicant's Schedule B-6
(b) Staff's Line Extension Workpaper
(c) Derived from Staff Adjusted Date Certain Balance and Applicant's Total Deferred Tax Rate on Schedule WPC-4.1a

Ohio Edison Company
Case No. 07-551-EL-AIR
Jurisdictional Allocation Statistics

Data: 3 Months Actual & 9 Months Estimated
Work Paper Reference No(s).: Applicant's Schedule WPB-7.1a-s

Line No. (A)	Allocation Factor (B)		Statistic Total Company (C)	Adjustment to Total Company Statistic (D)	Adjusted Statistic For Total Company (E=C+D)	Statistic For Rate Area (F)	Allocation Factor (G=F/E)
1	ALLDIST	100% Jurisdictional Items					100.00000%
2	NODIST	Non-Jurisdictional Items					0.00000%
3	AMOR1	Amortization Expense Jurisdictional Allocation	$5,762,615	$0	$5,762,615	$3,338,635	57.93610%
4	BKDEP	Book Depreciation Jurisdictional Allocation	62,654,021	$0	62,654,021	60,430,876	96.45171%
5	DEP1	Depreciation Expense Jurisdictional Allocation	56,891,406	$0	56,891,406	57,092,241	100.35301%
6	DEP2	Accel. vs. Book Depreciation Jurisdictional Allocation	132,560,418	$0	132,560,418	127,594,636	96.25395%
7	FIN48	FIN 48 Jurisdictional Allocation	(38,386,378)	$0	(38,386,378)	(33,394,972)	86.99693%
8	ITC1	Investment Tax Credit Jurisdictional Allocation	(1,308,531)	$0	(1,308,531)	(1,289,181)	98.52124%
9	ITC2	Account 190 ITC Jurisdictional Allocation	4,682,461	$0	4,682,461	34,170	0.72975%
10	M&S1	Materials & Supplies Jurisdictional Allocation	6,268,762,602	$0	6,268,762,602	4,885,696,840	77.93718%
11	PAYROLL	Labor Jurisdictional Allocation	103,638,886	$0	103,638,886	82,606,482	79.70607%
12	REVENUE	Total Revenue Jurisdictional Allocation	2,174,334,305	$0	2,174,334,305	517,587,512	23.80441%
13	PLT1	Net Plant Jurisdictional Allocation	1,562,208,098	$0	1,562,208,098	1,355,721,821	86.78241%
14	PROD1	A&G Jurisdictional Allocation	22,315,066	$0	22,315,066	19,955,010	89.42394%
15	PROD1a	A&G Jurisdictional Allocation	25,390,095	$0	25,390,095	22,122,748	87.13141%
16	PROD2	A&G Jurisdictional Allocation	(6,216,851)	$0	(6,216,851)	(6,837,156)	109.97780%
17	PROD2a	A&G Jurisdictional Allocation	(2,450,026)	$0	(2,450,026)	(3,432,957)	140.11920%
18	PROD3	A&G Jurisdictional Allocation	14,280	$0	14,280	0	0.00000%
19	PROD3a	A&G Jurisdictional Allocation	9,398,164	$0	9,398,164	3,119,335	33.19090%
20	PROD4	A&G Jurisdictional Allocation	970,636	$0	970,636	967,525	99.67956%
21	PROD4a	A&G Jurisdictional Allocation	3,507,342	$0	3,507,342	3,503,289	99.88445%
22	PROD5	O&M Jurisdictional Allocation	16,243	$0	16,243	39	0.23765%
23	PROD5a	O&M Jurisdictional Allocation	272,277	$0	272,277	252,151	92.60811%
24	PROPTAX	Property Tax Jurisdictional Allocation	59,529,095	$0	59,529,095	58,157,607	97.69610%
25	PROPTAX2	Account 190 Prop Tax Jurisdictional Allocation	48,342,286	$0	48,342,286	32,556,871	67.34657%
26	REG1	Regulatory Credits/Debits Jurisdictional Allocation	209,977,619	$0	209,977,619	9,010,823	4.29133%
27	REG2	Regulatory Credits/Debits Jurisdictional Allocation	(105,814,560)	$0	(105,814,560)	(68,951,326)	65.16242%
28	REG3	Regulatory Credits/Debits Jurisdictional Allocation	(34,044,043)	$0	(34,044,043)	(23,555,724)	69.19191%
29	OTHERREV	Other Electric Revenue Jurisdictional Allocation	23,838,689	$0	23,838,689	13,539,159	56.79490%
30	REV451&456	Other Revenue (A/C 451 & 456 Whtd Avg) Jurisdictional Allocation	1,681,358	$0	$1,681,358	954,809	56.78797%

Ohio Edison Company
Case No. 07-551-EL-AIR
Jurisdictional Allocation Statistics

Data: 3 Months Actual & 9 Months Estimated
Work Paper Reference No(s).: Applicant's Schedule WPB-7.1a-s

Line No. (A)	Allocation Factor (B)		Statistic Total Company (C)	Adjustment to Total Company Statistic (D)	Adjusted Statistic For Total Company (E=C+D)	Statistic For Rate Area (F)	Allocation Factor (G=F/E)
31	TAX1	Current Income Tax Jursidictional Allocation	$82,315,717	$0	$82,315,717	$21,155,725	25.70071%
32	TAX2	Deferred Income Tax Jursidictional Allocation	(20,327,107)	$0	(20,327,107)	52,223,565	-256.91588%
33	TAX3	Tax Other than Income Jursidictional Allocation	168,159,395	$0	168,159,395	161,844,660	96.24479%
34	TAX4	Tax Accelerated Depreciation Jurisdictional Allocation	70,186,527	$0	70,186,527	67,114,895	95.62362%
35	TBT	Tax Benefit Transfer Jurisdictional Allocation	126,211,998	$0	126,211,998	27,077,495	21.45398%
36	VEH1	Vehicle Lease Jurisdictional Allocation	$38,536,758	$0	$38,536,758	$33,901,474	87.97179%

Ohio Edison Company
Case No. 07 -551 - EL - AIR
Jurisdictional Proforma Income Statement

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C-1, and Staff's Schedules B-1 , C-1.1, & C-2

Line No.	Description	Adjusted Revenue & Expenses	Proposed Increase	Proforma Revenue & Expenses	Riders: Rider DSM Demand-Side Management	Riders: Rider SKT State kWh Tax	Staff Proforma Base Distribution Rev. & Exp.	Applicant Proforma Base Distribution Rev. & Exp.
1	Operating Revenues	$508,354,717	$160,762,886	$669,117,603	$1,808,138	$92,413,560	$574,895,905	$584,286,725
2	Operating Expenses							
3	Operation & Maintenance	182,247,273	1,219,386	183,466,659	0		183,466,659	201,908,981
4	Depreciation	62,007,932		62,007,932			62,007,932	64,054,337
5	Regulatory Credits/Debits	28,460,260		28,460,260	1,804,471		26,655,789	56,041,993
6	Other Amortization	3,338,635		3,338,635			3,338,635	3,338,635
7	*Taxes Other Than Income Taxes*	157,538,807	250,790	157,789,597	2,821	92,413,560	65,373,216	72,528,955
8	Operating Expenses Before Income Taxes	433,592,906	1,470,176	435,063,082	1,807,292	92,413,560	340,842,230	401,652,035
9	Income Taxes	10,585,274	58,436,005	69,021,279	0		69,021,279	(1,289,181)
10	Total Operating Expenses and Taxes	444,178,180	59,906,181	504,084,361	1,807,292	92,413,560	409,863,509	444,478,868
11	Net Operating Income	$64,176,536	$100,856,705	$165,033,241	$846	$0	$165,032,395	$139,807,857
12	Rate Base	$1,279,063,285		$1,279,063,285	$13,085	$0	$1,279,050,200	$1,590,767,111
13	Rate of Return	5.02%		12.90%	6.47%	0.00%	12.90%	8.79%

Ohio Edison Company
Case No. 07-551-EL-AIR
Proforma Adjustments
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule A-1 and Staff's Schedules C-3.10b & C-3.12

Line No.	Description		
1	Total Proposed Revenue Increase	$	$160,762,886
2	Uncollectible Accounts Expense (1) x 0.758500%	$	1,219,386
3	CAT Tax (1) x 0.156000%	$	250,790
4	Federal Income Tax (1 x 35%)	$	58,436,005

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Test Year Operating Income
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C.2-1, & Staff's Schedule C-3

		Applicant			Staff	
Line No.	Description	Unadjusted Revenue & Expenses	Adjustments	Adjusted Revenue & Expenses	Incremental Adjustments	Adjusted Revenue & Expenses
1	OPERATING REVENUE					
2	Generation					
3	Transition (RTC)					
4	Transmission					
5	Distribution	$486,620,488	$1,112,830	$487,733,318	$0	$487,733,318
6						
7						
8	Other Operating Revenue	30,967,029	(954,809)	30,012,219	(9,390,821)	20,621,399
9	Total Operating Revenues	517,587,517	158,021	517,745,537	(9,390,821)	508,354,717
10						
11	OPERATING EXPENSES					
12	Operation & Maintenance Expense					
13	Fuel Deferral (Credit)	(57,939,654)	57,939,654	0	0	0
14	Other Operation and Maintenance	177,508,012	22,942,106	200,450,119	(18,202,846)	182,247,272
15	Total Operation & Maintenance Expense	119,568,358	80,881,760	200,450,119	(18,202,846)	182,247,273
16						
17	Depreciation Expense	57,092,241	6,962,096	64,054,337	(2,046,405)	62,007,932
18						
19	Amortization of Limited-Term Electric Plant	3,338,635		3,338,635		3,338,635
20						
21	Regulatory Credits/Debits	(83,496,227)	141,342,691	57,846,464	(29,386,204)	28,460,260
22						
23	Taxes Other Than Income Taxes	161,844,660	2,849,885	164,694,546	(7,155,738)	157,538,807
24						
25	Income Taxes	72,090,109	(84,729,118)	(12,639,009)	23,224,283	10,585,274
26						
27	Total Operating Expenses and Taxes	330,437,776	147,307,315	477,745,091	(33,566,911)	444,178,180
28						
29	Net Operating Income	$187,149,740	($147,149,294)	$40,000,446	$24,176,090	$64,176,536

Ohio Edison Company
Case No. 07-551-EL-AIR
Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Work Paper Reference No(s).: C-3.1 - C-3.19

Schedule Reference	Account Nos.	Title of Adjustment	Staff	Applicant	Incremental
		Operating Revenue Adjustments			
		Retail Sales			
C-3.1	440-444	Reconciliation between E-4 and C-2 for rate schedule revenue			
		Distribution Revenues	$1,112,830	$1,112,830	$0
		Other Operating Revenues			
C-3.15	456	Other Electric Revenue Adjustment	(10,364,970)		(10,364,970)
C-3.17	450	Forfeited Discounts Revenue Adjustment	19,340		19,340
		Corporate Budget Revenue Adjustment		(954,809)	954,809
		Total Operating Revenue Adjustments	(9,232,800)	158,021	(9,390,821)
		Operating Expense Adjustments			
C-3.5	555	Fuel Deferral (Credit)	57,939,654	57,939,654	0
		Other Operating Expense Adjustments			
C-3.2		Labor Wage Annualization	2,879,450	3,531,196	(651,746)
C-3.3		Miscellaneous O&M Expense	(2,334,901)		(2,334,901)
C-3.6		Pension & OPEB Adjustment	18,770,382	18,769,000	1,382
C-3.7		Social and Service Club Dues Adjustment	(15,637)	(15,637)	0
C-3.9		PUCO & OCC Reclassification	(3,140,701)		(3,140,701)
C-3.11		Vehicle Lease Cost	761,092	761,092	0
C-3.12	904	Uncollectible Expense Adjustment	(11,778,880)	0	(11,778,880)
C-3.14		Advertising Expense Adjustment	(890,170)	(890,170)	0
C-3.16		Interest Expense on Customers' Deposits	339,625	339,625	0
C-3.18		Rate Case Expense Adjustment	149,000	447,000	(298,000)
		Total Other Operating Expense	4,739,260	22,942,106	(18,202,846)
		Total Operating Expense Adjustments	$62,678,914	$80,881,760	($18,202,846)

Ohio Edison Company
Case No. 07-551-EL-AIR
Summary of Jurisdictional Adjustments to Operating Income
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated

Schedule Reference	Account Numbers	Title of Adjustment	Staff	Applicant	Incremental
		Depreciation/Amortization Expense Adjustments			
C-3.4	403	Depreciation Expense Annualization	$4,915,691	$6,962,096	($2,046,405)
C-3.5	407	Adjustment for Amortization of Regulatory Assets	106,852,709	136,040,282	(29,187,573)
C-3.13	407	Amortization Associated with Deferred Tax Balance True-up	5,103,778	5,302,409	(198,631)
		Total Depreciation/Amortization Expense Adjustments	116,872,178	148,304,787	(31,432,609)
C-3.10		Taxes Other Than Income Taxes Adjustments	(4,305,853)	2,849,885	(7,155,738)
		Income Taxes Adjustments			
C-3.8	409	Federal, State and Local Income Tax Adjustment	(61,504,833)	(84,729,116)	23,224,283
		TOTAL EXPENSE ADJUSTMENTS	113,740,405	147,307,316	(33,566,911)
		NET OPERATING INCOME ADJUSTMENT	($122,973,205)	($147,149,296)	$24,176,090

Ohio Edison Company
Case No. 07-551-EL-AIR
Revenue Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedules E-4 & C-2

Purpose and Description		Total Adjustment	Allocation Factor	Jurisdictional Amount
To adjust revenues				
Reconciliation between E-4 and C-2 for rate schedule revenue				
Schedule E-4 Total Current Revenues	$517,745,537			
Less: Schedule E-4 Other Misc. Current Revenues	30,012,219			
Schedule E-4 Current Distribution Revenues	487,733,318			
Schedule C-2 Unadjusted Jurisdictional Distribution Revenues	$486,620,488			
Difference	$1,112,830	$1,112,830	100.00%	$1,112,830

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustment for Labor Expense Annualization
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedules WPC-3.2a & WPC-3.2b

Purpose and Description	Total Adjustment	Allocation Factor*	Jurisdictional Amount
To adjust test year labor expenses to reflect annualized staffing levels and wages as of the end of the test year.			
Labor Expense Adjustment	$2,879,450	100.00000%	$2,879,450

* Amounts in "Total Adjustment" column have already been jurisdictionalized. Please see Staff's Schedule WPC-3.2a

Ohio Edison Company
Case No. 07-551-EL-AIR
Miscellaneous Operation and Maintenance Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

	Purpose and Description	Total Company	Allocation Factor		Jurisdictional Amount
1	Customer Record and Collection Expense - Account 903 (b)	($250,000)	100.000%	(a)	($250,000)
2	Steam-Maintenance Misc Steam Plant - Account 514 (c)	(375,080)	100.000%	(a)	(375,080)
3	Sporting Events Expense (d)	(137,961)	100.000%	(a)	(137,961)
4	Outside Services Employed - Account 923 (e)	(1,803,684)	87.131%	(a)	(1,571,575)
5	General Advertising Expense - Account 930 (e)	(285)	100.000%	(a)	(285)
6	Total (1 thru 5)	($2,567,010)			($2,334,901)

(a) Staff's Schedule B-7
(b) Derived From Applicant's Schedule C-2.1
(c) Derived From Applicant's Schedule C-2.1 and Applicant's Exhibit 9-A - Update Testimony of T. Fernandez
(d) Derived From Applicant's Schedule C-2.1 and Staff's Data Request 89
(e) Applicant's Workpaper WPC-3.14

Ohio Edison Company
Case No. 07-551-EL-AIR
Depreciation Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule B-3.2 & C-2

	Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
	To adjust test year depreciation expense to reflect annualized amounts based on the proposed depreciation accrual rates in this case and balances as of February 29, 2008			
1	Depreciation Expense	$62,007,932	100.00000%	$62,007,932
2	Test Year Depreciation Expense			57,092,241
3	Adjustment			$4,915,691

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustment for Amortization of Regulatory Assets
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C-2.1 and Staff's Schedules WPC-3.5a & b

Purpose and Description	Eliminate Test Year Activity	Annual Amortization	Total C-3 Adjustment	Allocation Factor	Adj. Jurisdictional Amount
To eliminate the test year impact of the regulatory asset deferrals and recognize the annual amortization of those regulatory assets:					
O & M Adjustment (Acct. 555)					
Fuel Deferral	$57,939,654		$57,939,654	100.00000%	$57,939,654
Total O&M Adjustment					$57,939,654
Amortization Expense Adjustment (Acct. 407)					
Fuel Deferral	$5,506,075		$5,506,075	100.00000%	$5,506,075
Distribution Deferral	74,590,360	$4,302,260	78,892,620	100.00000%	78,892,620
Transition Tax Deferral	12,263,705	19,658,548	31,922,253	100.00000%	31,922,253
Muni Tax Rider	(4,164,569)	(1,922,933)	(6,087,502)	100.00000%	(6,087,502)
Ohio Line Extension	4,160,478	1,311,769	5,472,247	100.00000%	5,472,247
DSM Deferral	151,001	6,838	157,839	100.00000%	157,839
FAS 109 Amortization	(9,010,823)		(9,010,823)	100.00000%	(9,010,823)
Total Amortization Expense Adjustment	$83,496,227	$23,356,482	$106,852,709		$106,852,709

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustment for Pension and OPEB Expense
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule WPC-3.6

Purpose and Description	Total Adjustment	Allocation Factor*	Jurisdictional Amount
To adjust test year pension expense to reflect the estimated service cost during the test year.			
Pension Expense Adjustment (WPC-3.6, Row 11, Column E)	$12,919,667	100.00000%	$12,919,667
To adjust test year OPEB expense to reflect the estimated service cost during the test period.			
OPEB Expense Adjustment (WPC-3.6, Row 22, Column E)	5,850,715	100.00000%	5,850,715
Total Pension and OPEB Adjustment	$18,770,382		$18,770,382

* Amounts in "Total Adjustment" column have already been juridictionalized.

Ohio Edison Company
Case No. 07-551-EL-AIR
Social and Service Club Dues Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C-5, and Staff's Schedule B-7

Purpose and Description	Total Company Adjustment	Allocation Factor	Jurisdictional Amount
To remove Social and Service Club dues from O&M expense			
O&M Expense Adjustment	($17,946)	87.13141%	($15,637)

Ohio Edison Company
Case No. 07-551-EL-AIR
Federal, State & Local Income Tax Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule C-4

Purpose and Description	Total Company Adjustment	Allocation Factor	Jurisdictional Amount
To reflect Federal, State and Local income taxes on adjusted jurisdictional net income before income tax, and to annualize the Ohio State income tax rate.			
Deferred Income Taxes			
Federal			($56,219,472)
State - OH			0
State - PA			(1,416,291)
Municipal (Local)			(1,450,000)
			(59,085,763)
Current Income Taxes			
Federal			(1,076,801)
State - OH			(798,447)
State - PA			(365,706)
Municipal (Local)			(178,116)
			(2,419,070)
Total Adjustment			($61,504,833)

Ohio Edison Company
Case No. 07-551-EL-AIR
PUCO & OCC Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Data Request 49 and Staff's Schedule B-7

	Purpose and Description	Total Company	Allocation Factor	Jurisdictional Amount
	To reclassify test year PUCO and OCC assessments from operation and maintenance expense to taxes other than income			
	Test Year Maintenance Assessments			
1	PUCO	($2,921,145)	100.0000%	($2,921,145)
2	OCC	(661,494)	33.1909%	(219,556)
3	Total	($3,582,639)		($3,140,701)

Ohio Edison Company
Case No. 07-551-EL-AIR
Taxes Other Than Income Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedules C-3.22a-h

Line No.	Description	Supporting Schedule	Jurisdictional Amount
1	Property Taxes	C-3.10a	$55,133,126
2	Commercial Activity Tax	C-3.10b	793,033
3	KWH Tax	C-3.10c	92,269,395
4	FICA Taxes	C-3.10d	5,225,886
5	Federal Unemployment Taxes	C-3.10e	59,641
6	State Unemployment Taxes	C-3.10f	57,511
7	PUCO and OCC Assessments	C-3.10g	3,140,701
8	Miscellaneous Taxes	C-3.10h	859,514
9	Total		157,538,807
10	Test Year Taxes Other Than Income		161,844,660
11	Adjustment (9 - 10)		($4,305,853)

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Property Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedules C-3.22a1&2

Line No.	Description	Jurisdictional Amount
1	Personal Property Taxes	$54,239,440
2	Real Property Taxes	893,686
3	Total Property Taxes (1 + 2)	$55,133,126

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Personal Property Taxes
For the Twelve Months Ended February 29, 2008

Schedule C-3.10a1
Page 1 of 1

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

Line No.	Description	Jurisdictional Amount		
		Transmission Plant	Distribution Plant	General Plant
1	Jurisdictional Plant in Service (a)	$169,322,455	$1,766,447,944	$101,932,025
2	Jurisdictional Real Property (b)	10,607,156	18,557,667	68,351,583
3	Jurisdictional Personal Property (1 - 2)	158,715,299	1,747,890,277	33,580,442
	Exclusions and Exemptions			
4	Capitalized Asset Retirement Costs (a)	0	22,272	303,410
5	Exempt Facilities (c)	358,567	2,770,294	0
6	Licensed Motor Vehicles (c)	0	0	626,559
7	Capitalized Interest (c)	6,683,671	108,535,628	0
8	Total Exclusions and Exemptions (4 thru 7)	7,042,238	111,328,193	929,969
9	Net Cost of Taxable Personal Property (3 - 8)	$151,673,061	$1,636,562,084	$32,650,473
10	True Value Percentage (c)	39.87%	45.52%	25.55%
11	True Value of Taxable Personal Property (9 x 10)	$60,478,217	$744,901,608	$8,343,056
12	Assessment Percentage (d)	85.00%	85.00%	24.00%
13	Assessment Value (11 x 12)	$51,406,485	$633,166,367	$2,002,333
14	Personal Property Tax Rate (e)	7.90%	7.90%	7.90%
15	Personal Property Tax (13 x 14)	$4,061,112	$50,020,143	158,184
16	Total Personal Property Tax (15)			$54,239,440

(a) Staff's Schedule B-2.1
(b) Staff's Schedule B-2.1, Accounts 310, 311, 350, 352, 360, 361, 389, 390 and 390.3
(c) Derived from Applicant's Workpapers WPC-3.3c2 thru WPC-3.3f
(d) Applicant's Workpaper WPC-3.3h
(e) Applicant's Workpaper WPC-3.3g
(c) Derived from Applicant's Workpapers WPC-3.3c2 thru WPC-3.3f
(d) Applicant's Workpaper WPC-3.3h
(e) Applicant's Workpaper WPC-3.3g

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Real Property Taxes
For the Twelve Months Ended February 29, 2008

Schedule C-3.10a2
Page 1 of 1

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

Line No.	Description	Jurisdictional Amount		
		Transmission Plant	Distribution Plant	General Plant
1	Jurisdictional Real Property (a)	$10,607,156	$18,557,667	$68,351,583
2	True Value Percentage (b)	43.35%	43.35%	43.35%
3	True Value of Taxable Real Property (1 x 2)	$4,598,343	$8,044,996	$29,631,321
4	Assessment Percentage (d)	35.00%	35.00%	35.00%
5	Assessment Value (3 x 4)	$1,609,420	$2,815,749	$10,370,962
6	Real Property Tax Rate (e)	6.04%	6.04%	6.04%
7	Real Property Tax (5 x 6)	$97,209	$170,071	626,406
8	Total Real Property Tax (7)			$893,686

(a) Staff's Schedule C-3.10a1
(b) Calculated as follows:

(1) Real Property Assessed Value (c)	$40,630,670
(2) Assessment Percentage (d)	35.00%
(3) Real Property True Value (1 / 2)	116,087,629
(4) Real Property Capitalized Cost (e)	$267,783,306
(5) Real Property True Value Percentage (3 / 4)	43.35%

(c) Applicant's Supplemental Information C-43
(d) Statutory Assessment for Real Property
(e) Applicant's Supplemental Information C-4

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Commercial Activity Tax
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule C-2 and Applicant's Schedule C-3.9

Line No.	Description	Jurisdictional Amount
1	Jurisdictional Operating Revenues (a)	$508,354,717
2	Commercial Activities Tax Rate (b)	0.1560%
3	Commercial Activities Tax (1 x 2)	$793,033

(a) Staff's Schedule C-2
(b) Applicant's Schedule C-3.9

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of KWH Tax
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C-3.10

Schedule C-3.10c
Page 1 of 1

Line No.	Description	Jurisdictional Amount
1	Jurisdictional Kwh Tax Rider Revenues	$92,269,395

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of FICA Tax
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule C-3.2 and Staff's Data Request 69

Line No.	Description	Jurisdictional Amount
1	Annualized O&M Labor Expense (Staff's Schedule C-3.2)	$85,485,932
2	Percentage of OASDI Taxable Wages (Staff's Data Reques 69)	97.19%
3	OASDI Taxable Wages (1 x 2)	83,083,777
4	Effective Tax Rate	6.20%
5	Old Age, Survivors and Disability Insurance (OASDI)Portion of FICA Tax (3 x 4)	5,151,194
6	Medicare Effective Tax Rate	1.45%
7	Medicare Expense Portion of FICA Tax (5 x 6)	74,692
8	Test-year FICA Tax Expense (5 + 7)	$5,225,886

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Federal Unemployment Taxes
For the Twelve Months Ended February 29, 2008

Schedule C-3.10e
Page 1 of 1

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

Line No.	Description	Jurisdictional Amount
1	Number of Employees (a)	1,263
2	Federal Unemployment Tax Base (b)	$7,000
3	Total Taxable Wages (1 x 2)	8,841,000
4	Federal Unemployment Tax Rate (c)	0.80%
5	Federal Unemployment Tax (3 x 4)	$70,728
6	O&M Percentage (d)	58.64%
7	Federal Unemployment Tax (5 x 6)	$41,475
8	Jurisdictional Allocation Factor (e)	87.97%
9	Jurisdictional Federal Unemployment Tax (7 x 8)	$36,486
10	Federal Unemployment Tax Allocated From FE Service Co. (f)	23,155
11	Total Company Federal Unemployment Tax (9 + 10)	$59,641

(a) Derived from Applicant's Response to Staff's Data Request 51, Six-Month Average Ended August 2007
(b) 2008 FUTA Earnings Base
(c) Staff's Data Request 68
(d) Applicant's Workpaper WPC-3.2m
(e) Applicant's Workpaper WPC-3.2o
(f) Staff's Schedule WPC-3.10e

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of State Unemployment Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

Line No.	Description	Jurisdictional Amount
1	Number of Employees (a)	1,263
2	State Unemployment Tax Base (b)	$9,000
3	Total Taxable Wages (1 x 2)	11,367,000
4	State Unemployment Tax Rate (c)	0.60%
5	State Unemployment Tax (3 x 4)	$68,202
6	O&M Percentage (d)	58.64%
7	State Unemployment Tax Expense (5 x 6)	$39,994
8	Jurisdictional Allocation Factor (e)	87.97%
9	Jurisdictional State Unemployment Tax Expense (7 x 8)	$35,183
10	State Unemployment Tax Expense Allocated From FE Service Co. (f)	22,328
11	Total Company State Unemployment Tax Expense (9 + 10)	$57,511

(a) Derived From Applicant's Response to Staff's Data Request 51. Six-Month Average Ended August 2007
(b) 2008 FUTA Earnings Base
(c) Staff's Data Request 68
(d) Applicant's Workpaper C-3.2m
(e) Applicant's Workpaper WPC-3.2o
(f) Staff's Schedule WPC-3.23f

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of PUCO & OCC Assessments
For the Twelve Months Ended February 29, 2008

Schedule C-3.10g
Page 1 of 1

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Data Request 49 and Staff's Schedule B-7

Line No.	Description		Jurisdictional Amount
1	PUCO Maintenance Assessment	$2,921,145	
2	Jurisdictional Allocation Factor	100.0000%	
3	Jurisdictional PUCO Assessment (1 x 2)		$2,921,145
4	OCC Funding Assessment	$661,494	
5	Jurisdictional Allocation Factor	33.1909%	
6	Jurisdictional OCC Assessment (4 x 5)		219,556
7	Total PUCO & OCC Assessments (3 + 6)		$3,140,701

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Miscellaneous Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule WPB-7.1f

Line No.	Description	Jurisdictional Amount
1	Pennsylvania Capital Stock Tax	$778,622
2	Ohio Sales and Use Tax	71,090
3	Federal Motor Fuel Tax	1,282
4	Federal Highway Use Tax	8,520
5	Total Miscellaneous Taxes (1 thru 4)	$859,514

Ohio Edison Company
Case No. 07-551-EL-AIR
Vehicle Lease Costs
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule WPC-3.11a-d

Purpose and Description	Total Company O&M Lease Costs	Allocation Factor	Jurisdictional Amount
To adjust test year vehicle lease costs to reflect an annualized increase.	$865,155	87.97179%	$761,092

Ohio Edison Company
Case No. 07-551-EL-AIR
Uncollectible Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: See Footnotes

	Purpose and Description	Jurisdictional Amount
1	Adjusted Total Operating Revenue (a)	$508,354,717
2	Uncollectable Rate (b)	0.7585%
3	Adjusted Uncollectable Expense (1 x 2)	$3,855,952
4	Test Year Uncollectable Expense (c)	15,634,832
5	Adjustment (3 - 4)	($11,778,880)

(a) Staff's Schedule C-2
(b) Staff's Schedule WPC-3.12a
(c) Applicant's Schedule C-2.1

Ohio Edison Company
Case No. 07-551-EL-AIR
Amortization associated with Deferred Tax Balance True-up
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule C-3.13 and Staff's Schedule B-7

Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
To adjust amortization of Account 407 to reflect current estimate of FAS 109			
Adjustment to FERC Account 407 - Regulatory Debits/Credits	$5,302,409	96.25395%	$5,103,778

Ohio Edison Company
Case No. 07-551-EL-AIR
Advertising Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule WPC-3.14

Purpose and Description		Total Company Adjustment	Allocation Factor	Jurisdictional Amount
To remove expenses from the test-year related to promotional advertising. Informational and conservational advertising remains in test-year income.				
	O&M Expense Adjustm	($890,170)	100.00000%	($890,170)

Ohio Edison Company
Case No. 07-551-EL-AIR
Other Electric Revenue Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule WPC-3.16

Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
To remove ASTI Lease Revenues From Account 456, Other Electric Revenues Associated With Related Plant Exclusion			
FERC 456 - Other Electric Revenue	($10,364,970)	100.00000%	($10,364,970)

Ohio Edison Company
Case No. 07-551-EL-AIR
Interest on Customers' Deposits
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedule WPB-5.1a

Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
To be consistent with the treatment of customers' deposits as an offset to the Company's working capital allowances, the interest expense associated with these deposits is added to operating expenses.			
Interest Expense on Customers' Deposits (13-month average)	$339,625	100.00000%	$339,625

Ohio Edison Company
Case No. 07-551-EL-AIR
Forfeited Discounts Revenue Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Staff's Schedule C-2 and Applicant's Schedule C-2.1

	Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
	To adjust annual test year forfeited discounts revenues to reflect changes in base revenues			
1	Adjusted Base Revenue (Staff's Schedule C-2)	$487,733,318		
2	Forfeited Discount Rate (Applicant's Schedule C-2.1, $8,516,969 / $486,620,488)	1.7502%		
3	Adjusted Forfeited Discounts (1 x 2)	$8,536,309		
4	Test Year Forfeited Discounts (Applicant's Schedule C-2.1)	8,516,969		
5	Adjustment (3 - 4)	$19,340	100.00000%	$19,340

Ohio Edison Company
Case No. 07-551-EL-AIR
Rate Case Expense Adjustment
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No(s).: Applicant's Schedules C-8 & WPC-8, and Staff's Text

	Purpose and Description	Total Adjustment	Allocation Factor	Jurisdictional Amount
	To adjust test year expense to reflect estimates of incremental costs associated with filing Case No. 07-551-EL-AIR. (Not in budget)			
1	Adjustment to O&M Expense	$447,000		
2	Amortization Period - Years	3		
3	Net Adjustment to O&M Expense (1 / 2)	$149,000	100.00000%	$149,000

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No.(s): Applicant's Schedules C-3.21, C-4.1, WPC-3.8d, WPC-4.1f & WPC-4a-g, and Staff's Schedule C-1

Schedule C-4
Page 1 of 5

		At Current Rates			At Proposed Rates	
Line No.	Description	Unadjusted (1)	Schedule C-3 Adjustments (2)	Adjusted (3)	Proforma Adjustments (4)	Proforma (5)
1	Operating Income Before Income Tax	$259,239,849	($184,478,038)	$74,761,811	$159,292,710	$234,054,521
2	Reconciling Items					
3	Interest Charges (Sch. B-1, Rate Base x Weighted Cost of Debt)	(61,145,527)	16,378,312	(44,767,215)		(44,767,215)
4	Tax Accelerated Depreciation	(67,114,895)	(3,151,231)	(70,266,126)		(70,266,126)
5	Book Depreciation	60,430,875	4,915,692	65,346,567		65,346,567
6	Excess of Tax Over Book Depr.	(6,684,020)	1,764,461	(4,919,559)		(4,919,559)
7	Other Reconciling Items (Specify & List):					
8	CONTRIBUTION IN AID	9,351,417		9,351,417		9,351,417
9	TBT LEASE EXPENSE	(3,003,557)		(3,003,557)		(3,003,557)
10	TBT INTEREST INCOME	2,145,398		2,145,398		2,145,398
11	TBT-BOOK DEPRECIATION	0		0		0
12	LINE PROTECTION REVENUES	(63,158)		(63,158)		(63,158)
13	SEVERANCE	0		0		0
14	NUCLEAR FUEL DISPOSAL COST	0		0		0
15	INJURIES & DAMAGES	(191,295)		(191,295)		(191,295)
16	PROV UNCLASS.OPER.EXP. (Short-term Incentive Comp.)	(937,170)		(937,170)		(937,170)
17	DEMAND SIDE MANAGEMENT	(115,468)	122,306	6,838		6,838
18	ACCRUED & BANKED VACATION	0		0		0
19	DOE-DECONTAMINATION	0		0		0
20	ESOP - COMPENSATION EXPENSE	2,602,075		2,602,075		2,602,075
21	LONG TERM INCENTIVE	0		0		0
22	RESTRICTED STOCK UNITS EXPENSE	48,327		48,327		48,327
23	STOCK OPTION EXPENSE	5,779		5,779		5,779
24	STOCK OPTION EXERCISE	(86,659)		(86,659)		(86,659)
25	RESTRICTED STOCK UNITS	57,903		57,903		57,903
26	PERFORMANCE SHARES	65,018		65,018		65,018
27	EXEC DEF. COMPENSATION PLAN	2,575,583		2,575,583		2,575,583
28	EXEC DEF. COMPENSATION PLAN - INTEREST	907,381		907,381		907,381
29	DECOMMISSIONING INTEREST NON QUAL	0		0		0
30	DECOMMISSIONING INTEREST QUAL ARO	0		0		0
31	NON QUAL TRUST GAIN DECOMM	0		0		0
32	DEF GAIN - OF NUCLEAR SUB	0		0		0
33	MACRS/ACRS RETIRED PROPERTY	(173,565)		(173,565)		(173,565)
34	DEFERRED GAIN ON SALE - FGSSB	0		0		0
35	DEFERRED GAIN ON SALE TO ATSI	0		0		0
36	BONDS - LOSS ON RETIREMENT	1,365,875		1,365,875		1,365,875
37	BAD DEBTS - PROVISION	(263,506)		(263,506)		(263,506)
38	PERRY AUDIT CONTINGENCY	0		0		0
39	FICA ON REGULAR & BANKED VACATION	44,455		44,455		44,455
40	CAPITALIZED- INTEREST	461,910		461,910		461,910
41	AFUDC - GROSS	(330,259)		(330,259)		(330,259)
42	PENSION EXPENSE	(4,752,819)		(4,752,819)		(4,752,819)
43	PENSION EXPENSE PAYMENT	0		0		0
44	POSTRETIREMENT BENEFIT - EXP.	(2,739,354)		(2,739,354)		(2,739,354)
45	POSTRETIREMENT BENEFIT- DEFERRAL	730,708		730,708		730,708
46	POSTRETIREMENT BENEFIT- PAYMENT	(7,107,840)		(7,107,840)		(7,107,840)
47	SAVINGS PLAN MINIMUM CONTRIBUTION	0		0		0
48	LIMITED TERM LEASES-AMORTIZATION	0		0		0
49	COST OF REMOVAL-BOOK DEPR.	0		0		0
50	COST OF REMOVAL-DEDUCTION	(4,123,404)		(4,123,404)		(4,123,404)
51	DECOMMISSIONING-DEDUCTION	0		0		0
52	ACCRETION EXPENSE ARO	0		0		0
53	FAS 109 ADJUSTMENT-a/c 404	0		0		0
54	FAS 109 ADJUSTMENT-a/c 407	13,563,484	(8,459,706)	5,103,778		5,103,778
55	LIKE KIND EXCHANGE - SCRAP CABLE	(87,916)		(87,916)		(87,916)
56	PY1-BV2 SALE/LEASEBACK DEF RENT	0		0		0
57	TAX LAW CHANGES SB3 DEFERRAL	(10,521,468)	30,180,013	19,658,548		19,658,548
58	CTC REGULATORY ASSET AMORTIZATION	0		0		0
59	SHOPPING CREDIT INCENTIVE DEFERRAL	0		0		0
60	INVESTMENT HEDGING TRANSACTIONS	1,012,635		1,012,635		1,012,635
61	RCP - O&M DEFERRAL	(77,295,743)	81,598,003	4,302,260		4,302,260
62	RCP - FUEL DEFERRAL	(60,680,446)	60,680,446	0		0
63	MUNIC. DISTR. TAX DEFERRAL	4,114,473	(6,037,406)	(1,922,933)		(1,922,933)
64	MISO TRANSMISSION DEFERRAL	0		0		0
65	OHIO LINE EXTENSIONS - DEF CAP COSTS	(2,779,985)	4,091,754	1,311,769		1,311,769
66	PUCO DEFERRAL - 2007 CASE	(39,012)	(258,988)	(298,000)		(298,000)
67	MEAL ALLOWANCE (PERMANENT)	96,860		96,860		96,860
68	MEDICARE PRESC. DRUG SUBSIDY (PERMANENT)	226,771		226,771		226,771
69	MANUFACTURING DEDUCTION (PERMANENT)	0		0		0
70	40.00% OF DIV PD-5.9% & 4.4% (PERMANENT)	0		0		0
71	Total Other Reconciling Items	(135,916,568)	161,916,422	25,999,854	0	25,999,854
72	Total Reconciling Items	(203,746,115)	180,059,195	(23,646,920)	0	(23,646,920)
73	Taxable Income	$55,493,734	($4,418,843)	$51,074,891	$159,292,710	$210,367,601

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No (s): Schedule C-4.1, Applicant's Schedules WPC-3.8d, WPC-4.1d & WPC-4a-g

Line No	Description		At Current Rates: Unadjusted (1)	At Current Rates: Schedule C-3 Adjustments (2)		At Current Rates: Adjusted (3)	At Proposed Rates: Proforma Adjustments (4)	At Proposed Rates: Proforma (5)
1	Operating Income Before F.I.T. and State & Local Income Tax		$259,239,849	($184,478,038)		$74,761,811	$159,292,710	$234,054,321
2	Reconciling Items:		(203,746,116)	180,059,195		(23,686,920)	0	(23,686,920)
3	Federal Taxable Income before State & Local Income Tax to page 3		55,493,734	(4,418,843)		51,074,891	159,292,710	210,367,601
4	Ohio State Taxable Income		55,493,734	(4,418,843)		51,074,891	159,292,710	210,367,601
5	Total Ohio Current Income Tax Expense	2.93850%	($1,630,682)	$798,447	1.62944%	($832,235)	($2,595,579)	($3,627,813)
6	Municipal Taxable Income		$55,493,734	($4,418,843)		$51,074,891	$159,292,710	$210,367,601
7	Current Municipal Income Tax	0.920%	($510,542)	$178,116	0.65086%	($332,426)	($1,036,773)	($1,369,199)
8	PA Taxable Income		$55,493,734	($4,418,843)		$51,074,891	$159,292,710	$210,367,601
9	Current PA State Income Tax	0.9457%	($524,804)	$365,706	0.31150%	($159,098)	($496,197)	($655,295)
10	Total State and Local Income tax expense		($2,666,028)	$1,342,269		($1,323,759)	($4,128,548)	($5,452,307)

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No.(s): Schedule C-4.1, Applicant's Schedules WPC-3.8d, WPC-4.1d & WPC-4a-g

Line No.	Description		At Current Rates: Unadjusted (1)	At Current Rates: Schedule C-3 Adjustments (2)	At Current Rates: Adjusted (3)	At Proposed Rates: Proforma Adjustments (4)	At Proposed Rates: Proforma (5)
1	Federal Taxable Income before State & Local Income Tax		$55,493,734	($4,418,843)	$51,074,891	$159,292,710	$210,367,601
2	State & Local Income Tax Deductible		(2,666,028)	1,342,269	(1,323,759)	(4,128,548)	(5,452,307)
3	Federal Taxable Income		52,827,705	(3,076,574)	49,751,132	155,164,162	204,915,293
4	Federal Income Tax Liability @ 35%		(18,489,697)	1,076,801	(17,412,896)	(54,307,457)	(71,720,353)
16	Investment Tax Credits		1,289,181		1,289,181	0	1,289,181
5	Federal Income Taxes - Current		($17,200,516)	$1,076,801	($16,123,715)	($54,307,457)	($70,431,172)
6	Deferred Federal Income Taxes:						
7	Tax Accelerated Depreciation	34.3470%	($23,051,953)	($1,082,353)	($24,134,306)		($24,134,306)
8	Book Depreciation	34.3470%	20,756,192	1,688,393	22,444,585		22,444,585
9	Excess of Tax Over Book Depr.		(2,295,760)	606,039	(1,689,721)		(1,689,721)
10	Other Deferred Income Tax:	34.3470%					
11	CONTRIBUTION IN AID		3,211,931	0	3,211,931		3,211,931
12	TBE-LEASE EXPENSE		(1,031,632)	0	(1,031,632)		(1,031,632)
13	TBE-INTEREST INCOME		736,880	0	736,880		736,880
14	TBE-BOOK DEPRECIATION		0	0	0		0
15	LINE PROTECTION REVENUES		(21,693)	0	(21,693)		(21,693)
16	SEVERANCE		0	0	0		0
17	NUCLEAR FUEL DISPOSAL COST		0	0	0		0
18	INJURIES & DAMAGES		(65,704)	0	(65,704)		(65,704)
19	PROV UNCLASS OPER EXP (Short-term Incentive Comp.)		(321,890)	0	(321,890)		(321,890)
20	DEMAND SIDE MANAGEMENT		(39,660)	42,008	2,349		2,349
21	ACCRUED & BANKED VACATION		0	0	0		0
22	DOE-DECONTAMINATION		0	0	0		0
23	ESOP - COMPENSATION EXPENSE		893,735	0	893,735		893,735
24	LONG TERM INCENTIVE		0	0	0		0
25	RESTRICTED STOCK UNITS EXPENSE		16,599	0	16,599		16,599
26	STOCK OPTION EXPENSE		1,985	0	1,985		1,985
27	STOCK OPTION EXERCISE		(29,765)	0	(29,765)		(29,765)
28	RESTRICTED STOCK UNITS		19,888	0	19,888		19,888
29	PERFORMANCE SHARES		22,332	0	22,332		22,332
30	EXEC DEF. COMPENSATION PLAN		884,635	0	884,635		884,635
31	EXEC DEF. COMPENSATION PLAN - INTEREST		311,658	0	311,658		311,658
32	DECOMMISSIONING INTEREST NON QUAL		0	0	0		0
33	DECOMMISSIONING INTEREST QUAL ARO		0	0	0		0
34	NON QUAL TRUST GAIN DECOMM		0	0	0		0
35	DEF GAIN - OE NUCLEAR SUB		0	0	0		0
36	MACRS/ACRS RETIRED PROPERTY		(59,614)	0	(59,614)		(59,614)
37	DEFERRED GAIN ON SALE - FOSSIL		0	0	0		0
38	DEFERRED GAIN ON SALE TO ATSI		0	0	0		0
39	BONDS - LOSS ON RETIREMENT		469,137	0	469,137		469,137
40	BAD DEBTS - PROVISION		(90,506)	0	(90,506)		(90,506)
41	PERRY AUDIT CONTINGENCY		0	0	0		0
42	FICA ON REGULAR & BANKED VACATION		15,269	0	15,269		15,269
43	CAPITALIZED INTEREST		158,652	0	158,652		158,652
44	AFUDC - GROSS		(113,434)	0	(113,434)		(113,434)
45	PENSION EXPENSE		(1,632,451)	0	(1,632,451)		(1,632,451)
46	PENSION EXPENSE PAYMENT		0	0	0		0
47	POSTRETIREMENT BENEFIT - EXP.		(940,886)	0	(940,886)		(940,886)
48	POSTRETIREMENT BENEFIT- DEFERRAL		250,976	0	250,976		250,976
49	POSTRETIREMENT BENEFIT- PAYMENT		(2,441,330)	0	(2,441,330)		(2,441,330)
50	SAVINGS PLAN MINIMUM CONTRIBUTION		0	0	0		0
51	LIMITED TERM LEASES-AMORTIZATION		0	0	0		0
52	COST OF REMOVAL-BOOK DEPR.		0	0	0		0
53	COST OF REMOVAL-DEDUCTION		(1,416,266)	0	(1,416,266)		(1,416,266)
54	DECOMMISSIONING-DEDUCTION		0	0	0		0
55	ACCRETION EXPENSE ARO		0	0	0		0
56	FAS 109 ADJUSTMENT-a/c 404		0	0	0		0
57	FAS 109 ADJUSTMENT-a/c 407		4,658,650	(2,905,655)	1,752,995		1,752,995
58	LIKE KIND EXCHANGE - SCRAP CABLE		(30,197)	0	(30,197)		(30,197)
59	PY1-BV2 SALE/LEASEBACK DEF RENT		0	0	0		0
60	TAX LAW CHANGES SB3 DEFERRAL		(3,613,808)	10,365,929	6,752,121		6,752,121
61	CTC REGULATORY ASSET AMORTIZATION		0	0	0		0
62	SHOPPING CREDIT INCENTIVE DEFERRAL		0	0	0		0
63	INVESTMENT HEDGING TRANSACTIONS		347,810	0	347,810		347,810
64	RCP - O&M DEFERRAL		(26,548,768)	28,026,466	1,477,697		1,477,697
65	RCP - FUEL DEFERRAL		(20,841,912)	20,841,912	0		0
66	MUNIC DISTR. TAX DEFERRAL		1,413,198	(2,073,668)	(660,470)		(660,470)
67	MISO TRANSMISSION DEFERRAL		0	0	0		0
68	OHIO LINE EXTENSIONS - DEF CAP COSTS		(954,841)	1,405,395	450,553		450,553
69	PUCO DEFERRAL - 2007 CASE		(13,399)	(88,955)	(102,354)		(102,354)
70	Total Federal Income Tax Deferred		(49,090,181)	56,219,472	7,129,291	0	7,129,291
71	Federal ITC		(442,795)		(442,795)	0	(442,795)
72	Total Federal Income Tax		($66,233,492)	$57,296,273	($9,437,219)	($54,307,457)	($63,744,676)

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No.(s): Schedule C-4.1, Applicant's Schedules WPC-3.8d, WPC-4.1d & WPC-4a-g

			At Current Rates				At Proposed Rates	
Line No	Description		Unadjusted (1)	Schedule C-3 Adjustments (2)		Adjusted (3)	Proforma Adjustments (4)	Proforma (5)
	Municipal Deferred Tax:							
1	Tax Accelerated Depreciation	0.920%	($617,457)	$160,123	0.650860%	($457,334)		($457,334)
2	Book Depreciation	0.920%	555,964	(130,649)	0.650860%	425,315		425,315
3	Excess of Tax Over Book Depr.		(61,493)	29,474		(32,019)		(32,019)
4	Other Municipal Deferred Tax:	0.920%			0.650860%			
5	CONTRIBUTION IN AID		86,033	(25,168)		60,865		60,865
6	TBT-LEASE EXPENSE		(27,633)	8,084		(19,549)		(19,549)
7	TBT-INTEREST INCOME		19,738	(5,774)		13,964		13,964
8	TBT-BOOK DEPRECIATION		0	0		0		0
9	LINE PROTECTION REVENUES		(581)	170		(411)		(411)
10	SEVERANCE		0	0		0		0
11	NUCLEAR FUEL DISPOSAL COST		0	0		0		0
12	INJURIES & DAMAGES		(1,760)	515		(1,245)		(1,245)
13	PROV UNCLASS OPER EXP. (Short-term Incentive Comp.)		(8,622)	2,522		(6,100)		(6,100)
14	DEMAND SIDE MANAGEMENT		(1,062)	1,107		45		45
15	ACCRUED & BANKED VACATION		0	0		0		0
16	DUE DECONTAMINATION		0	0		0		0
17	ESOP - COMPENSATION EXPENSE		23,939	(7,003)		16,936		16,936
18	LONG TERM INCENTIVE		0	0		0		0
19	RESTRICTED STOCK UNITS EXPENSE		445	(130)		315		315
20	STOCK OPTION EXPENSE		53	(16)		38		38
21	STOCK OPTION EXERCISE		(797)	233		(564)		(564)
22	RESTRICTED STOCK UNITS		533	(156)		377		377
23	PERFORMANCE SHARES		598	(175)		423		423
24	EXECDEF. COMPENSATION PLAN		23,695	(6,932)		16,763		16,763
25	EXEC DEF. COMPENSATION PLAN - INTEREST		8,348	(2,442)		5,906		5,906
26	DECOMMISSIONING INTEREST NON QUAL		0	0		0		0
27	DECOMMISSIONING INTEREST QUAL ARO		0	0		0		0
28	NON QUAL TRUST GAIN DECOMM		0	0		0		0
29	DEF GAIN - OE NUCLEAR SUB		0	0		0		0
30	MACRS/ACRS RETIRED PROPERTY		(1,597)	467		(1,130)		(1,130)
31	DEFERRED GAIN ON SALE - FOSSIL		0	0		0		0
32	DEFERRED GAIN ON SALE TO ATSI		0	0		0		0
33	BONDS - LOSS ON RETIREMENT		12,566	(3,676)		8,890		8,890
34	BAD DEBTS - PROVISION		(2,424)	709		(1,715)		(1,715)
35	PERRY AUDIT CONTINGENCY		0	0		0		0
36	FICA ON REGULAR & BANKED VACATION		409	(120)		289		289
37	CAPITALIZED- INTEREST		4,250	(1,243)		3,006		3,006
38	AFUDC - GROSS		(3,038)	889		(2,150)		(2,150)
39	PENSION EXPENSE		(43,726)	12,792		(30,934)		(30,934)
40	PENSION EXPENSE PAYMENT		0	0		0		0
41	POSTRETIREMENT BENEFIT - EXP		(25,202)	7,373		(17,829)		(17,829)
42	POSTRETIREMENT BENEFIT- DEFERRAL		6,723	(1,967)		4,756		4,756
43	POSTRETIREMENT BENEFIT- PAYMENT		(65,392)	19,130		(46,262)		(46,262)
44	SAVINGS PLAN MINIMUM CONTRIBUTION		0	0		0		0
45	LIMITED TERM LEASES AMORTIZATION		0	0		0		0
46	COST OF REMOVAL-BOOK DEPR.		0	0		0		0
47	COST OF REMOVAL-DEDUCTION		(37,935)	11,096		(26,839)		(26,839)
48	DECOMMISSIONING-DEDUCTION		0	0		0		0
49	ACCRETION EXPENSE ARO		0	0		0		0
50	FAS 109 ADJUSTMENT-a/c 404		0	0		0		0
51	FAS 109 ADJUSTMENT-a/c 407		124,784	(91,566)		33,218		33,218
52	LIKE KIND EXCHANGE - SCRAP CABLE		(809)	237		(572)		(572)
53	PY1-BV2 SALE/LEASEBACK DEF RENT		0	0		0		0
54	TAX LAW CHANGES SB3 DEFERRAL		(96,797)	224,747		127,950		127,950
55	CTC REGULATORY ASSET AMORTIZATION		0	0		0		0
56	SHOPPING CREDIT INCENTIVE DEFERRAL		0	0		0		0
57	INVESTMENT HEDGING TRANSACTIONS		9,316	(2,725)		6,591		6,591
58	RCP - O&M DEFERRAL		(711,121)	739,123		28,002		28,002
59	RCP - FUEL DEFERRAL		(558,260)	558,260		0		0
60	MUNIC. DISTR. TAX DEFERRAL		37,853	(50,369)		(12,516)		(12,516)
61	MISO TRANSMISSION DEFERRAL		0	0		0		0
62	OHIO LINE EXTENSIONS - DEF CAP COSTS		(25,576)	34,114		8,538		8,538
63	PUCO DEFERRAL - 2007 CASE		(359)	(1,581)		(1,940)		(1,940)
64	Total Municipal Deferred Taxes		(1,314,903)	1,450,000		135,097	0	135,097
65	Municipal ITC		(11,860)			(11,860)	0	(11,860)
66	Total Muni. Current & Deferred Income Tax		($1,837,306)	$1,628,116		($209,190)	($1,036,773)	($1,245,962)

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjusted Jurisdictional Income Taxes
For the Twelve Months Ended February 29, 2008

Data: 3 Months Actual & 9 Months Estimated
Reference No.(s): Schedule C-4.1, Applicant's Schedules WPC-3.8d, WPC-4.1d & WPC-4a-g

Line No.	Description		At Current Rates: Unadjusted (1)	At Current Rates: Schedule C-3 Adjustments (2)		At Current Rates: Adjusted (3)	At Proposed Rates: Proforma Adjustments (4)	At Proposed Rates: Proforma (5)
	PA Deferred Tax							
1	Tax Accelerated Depreciation	0.94570%	($634,706)	$415,827	0.31150%	($218,879)	$0	($218,879)
2	Book Depreciation	0.94570%	571,495	(367,940)	0.31150%	203,555	0	203,555
3	Excess of Tax Over Book Depr		(63,211)	47,886		(15,324)	0	(15,324)
4	Other PA Deferred Tax:	0.94570%			0.31150%			
5	CONTRIBUTION IN AID		88,436	(59,307)		29,130	0	29,130
6	TBT-LEASE EXPENSE		(28,405)	19,049		(9,356)	0	(9,356)
7	TBT-INTEREST INCOME		20,289	(13,606)		6,683	0	6,683
8	TBT-BOOK DEPRECIATION		0	0		0	0	0
9	LINE PROTECTION REVENUES		(597)	401		(197)	0	(197)
10	SEVERANCE		0	0		0	0	0
11	NUCLEAR FUEL DISPOSAL COST		0	0		0	0	0
12	INJURIES & DAMAGES		(1,809)	1,213		(596)	0	(596)
13	PROV UNCLASS OPER.EXP (Short-term Incentive Comp.)		(8,863)	5,944		(2,919)	0	(2,919)
14	DEMAND SIDE MANAGEMENT		(1,092)	1,113		21	0	21
15	ACCRUED & BANKED VACATION		0	0		0	0	0
16	DOE-DECONTAMINATION		0	0		0	0	0
17	ESOP - COMPENSATION EXPENSE		24,608	(16,503)		8,105	0	8,105
18	LONG TERM INCENTIVE		0	0		0	0	0
19	RESTRICTED STOCK UNITS EXPENSE		457	(306)		151	0	151
20	STOCK OPTION EXPENSE		55	(37)		18	0	18
21	STOCK OPTION EXERCISE		(820)	550		(270)	0	(270)
22	RESTRICTED STOCK UNITS		548	(367)		180	0	180
23	PERFORMANCE SHARES		615	(412)		203	0	203
24	EXEC DEF COMPENSATION PLAN		24,357	(16,334)		8,023	0	8,023
25	EXEC DEF COMPENSATION PLAN - INTEREST		8,581	(5,755)		2,826	0	2,826
26	DECOMMISSIONING INTEREST NON QUAL		0	0		0	0	0
27	DECOMMISSIONING INTEREST QUAL ARO		0	0		0	0	0
28	NON QUAL TRUST GAIN DECOMM		0	0		0	0	0
29	DEF GAIN - OE NUCLEAR SUB		0	0		0	0	0
30	MACRS/ACRS RETIRED PROPERTY		(1,641)	1,101		(541)	0	(541)
31	DEFERRED GAIN ON SALE - FOSSIL		0	0		0	0	0
32	DEFERRED GAIN ON SALE TO ATSI		0	0		0	0	0
33	BONDS - LOSS ON RETIREMENT		12,917	(8,662)		4,255	0	4,255
34	BAD DEBTS - PROVISION		(2,492)	1,671		(821)	0	(821)
35	PERRY AUDIT CONTINGENCY		0	0		0	0	0
36	FICA ON REGULAR & BANKED VACATION		420	(282)		138	0	138
37	CAPITALIZED- INTEREST		4,368	(2,929)		1,439	0	1,439
38	AFUDC - GXOSS		(3,123)	2,095		(1,029)	0	(1,029)
39	PENSION EXPENSE		(44,947)	30,142		(14,805)	0	(14,805)
40	PENSION EXPENSE PAYMENT		0	0		0	0	0
41	POSTRETIREMENT BENEFIT - EXP.		(25,906)	17,373		(8,533)	0	(8,533)
42	POSTRETIREMENT BENEFIT- DEFERRAL		6,910	(4,634)		2,276	0	2,276
43	POSTRETIREMENT BENEFIT- PAYMENT		(67,219)	45,078		(22,141)	0	(22,141)
44	SAVINGS PLAN MINIMUM CONTRIBUTION		0	0		0	0	0
45	LIMITED TERM LEASES-AMORTIZATION		0	0		0	0	0
46	COST OF REMOVAL-BOOK DEPR.		0	0		0	0	0
47	COST OF REMOVAL-DEDUCTION		(38,995)	26,151		(12,844)	0	(12,844)
48	DECOMMISSIONING-DEDUCTION		0	0		0	0	0
49	ACCRETION EXPENSE ARO		0	0		0	0	0
50	FAS 109 ADJUSTMENT-a/c 404		0	0		0	0	0
51	FAS 109 ADJUSTMENT-a/c 407		128,270	(112,372)		15,898	0	15,898
52	LIKE KIND EXCHANGE - SCRAP CABLE		(831)	558		(274)	0	(274)
53	PY1-BV2 SALE/LEASEBACK DEF RENT		0	0		0	0	0
54	TAX LAW CHANGES SB3 DEFERRAL		(99,501)	160,738		61,236	0	61,236
55	CTC REGULATORY ASSET AMORTIZATION		0	0		0	0	0
56	SHOPPING CREDIT INCENTIVE DEFERRAL		0	0		0	0	0
57	INVESTMENT HEDGING TRANSACTIONS		9,576	(6,422)		3,154	0	3,154
58	RCP - O&M DEFERRAL		(730,986)	744,387		13,402	0	13,402
59	RCP - FUEL DEFERRAL		(573,855)	573,855		0	0	0
60	MUNIC. DISTR. TAX DEFERRAL		38,911	(44,901)		(5,990)	0	(5,990)
61	MISO TRANSMISSION DEFERRAL		0	0		0	0	0
62	OHIO LINE EXTENSIONS - DEF CAP COSTS		(26,290)	30,376		4,086	0	4,086
63	PUCO DEFERRAL - 2007 CASE		(369)	(559)		(928)	0	(928)
64	Total PA State Deferred		(1,351,634)	1,416,291		64,657	0	64,657
65	PA ITC		(12,192)	0		(12,192)	0	(12,192)
66	Total PA Income Tax		($1,888,630)	$1,781,997		($106,633)	($496,197)	($602,830)

Schedule D-1

Rate of Return Summary
First Energy Corporation (Consolidated)
Capital Structure as of May 31, 2007

	Amount	% of Total	% Cost	Weighted Cost %
Long Term Debt	$10,920,839,629	56.25%	6.22%	3.50%
Preferred Stock	0	0.00%	0.00%	0.00%
Common Equity	8,493,079,313	43.75%	10.06% -11.09%	4.40% -4.85%
Total Capital	$19,413,918,942	100.00%		7.90% -8.35%

Equity Issuance Cost Adjustment
First Energy Corporation (Consolidated)
May 31, 2007

(1) Retained Earnings[1]	$3,134,658,315
(2) Total Common Equity[2]	$8,493,079,313
(3) Ratio of (1) to (2)	0.68833
(4) Generic Issuance Cost, f	3.50%
(5) External Equity Ratio, w [1.0 - (3)]	0.63092
(6) Net Adjustment Factor, (w/(1 - f)) + (1 - w)	1.02288
(7) Low End Equity Cost [9.84% x (6)]	10.06%
(8) High End Equity Cost [10.84% x (6)]	11.09%

Sources:

1 First Energy Corporation Consolidated Balance Sheet as of May 31, 2007

2 Applicant's Schedule D-1A

DCF Cost of Equity Estimate

Weekly Stock Prices1 ($):

	FE	MDU	OGE	DPL	CEG	CNP	WEC	PNW	DTE	PEG	FPL	XEL	ED	EXC	ETR	SO	EGN	STR	NFG	ATG	PNY	WGL	ATO
09/18/06	55.0500	22.6000	35.3000	26.9700	59.3000	13.8600	42.2500	44.7300	40.3600	60.9500	44.4600	20.6700	46.0200	59.5300	77.0100	34.2700	41.2000	39.5350	36.2600	35.7300	24.9400	30.6000	27.9600
09/25/06	55.8600	22.3400	36.1100	27.1200	59.2000	14.3200	43.1400	45.0500	41.5100	61.1900	45.0000	20.6500	46.2000	60.5400	78.2300	34.4600	41.8700	40.8850	36.3500	36.5000	25.3100	31.3400	28.5500
10/02/06	57.1200	22.9300	36.6000	27.3500	59.5600	14.3900	44.0600	45.9000	41.9200	59.6800	46.3200	20.7300	46.4300	60.4700	80.6300	34.7700	39.9700	40.4350	35.5900	36.5600	25.9300	31.4700	28.9800
10/09/06	57.9800	23.0300	37.6900	27.8900	59.7200	14.7300	44.6200	45.8700	43.1900	60.7000	46.4300	20.8900	46.7400	60.6400	81.2000	35.0900	40.1000	40.9050	36.4100	37.1300	26.5700	32.0300	29.6500
10/16/06	58.8100	23.7300	37.8400	28.2400	61.7600	15.2600	45.5900	47.9000	45.2800	61.0900	47.9000	21.8500	47.8900	62.3100	85.3000	35.7800	40.2100	41.7850	36.8000	37.5500	26.7800	32.4800	30.1900
10/23/06	59.5300	25.4700	38.5800	28.5200	61.7400	15.4100	46.0100	48.0800	45.1700	60.8500	49.9200	21.8800	48.2300	62.4000	86.4500	36.0300	42.3600	41.4650	37.6900	37.4500	26.9200	32.4700	30.6600
10/30/06	57.8800	25.6900	38.2000	27.6300	62.9000	15.6100	45.4500	47.5600	45.7100	61.3000	50.9800	21.9400	48.0200	60.9500	84.2600	35.7700	43.0600	41.1650	38.1200	37.6100	26.4800	32.2500	31.0000
11/06/06	59.0000	26.1900	39.6400	27.9200	65.8500	16.0800	45.7200	47.8000	46.1600	63.4400	52.9900	22.2300	48.3000	60.0500	86.7300	36.0700	44.1800	42.0000	38.0300	37.7500	27.0700	32.5000	31.7400
11/13/06	58.6400	25.9900	39.3500	28.1000	66.3900	16.0000	46.5900	48.1000	46.9500	65.2500	52.6800	22.6300	47.9900	58.5900	89.3500	36.1800	43.6200	40.7050	37.7300	37.9300	27.8700	33.1700	32.6200
11/20/06	58.9700	25.8500	39.5500	27.9300	66.9800	16.1000	46.4700	47.9400	46.7400	65.3900	52.8100	22.6900	47.8500	59.6500	89.3100	36.1400	44.9300	42.4450	37.1300	37.7400	27.7500	33.2700	32.6000
11/27/06	60.5300	26.5500	39.2800	28.0900	69.0000	16.2600	46.9500	49.3900	47.3100	67.2000	53.1600	22.8500	48.2200	61.3900	90.8300	36.3400	45.5100	43.4900	38.4100	38.5600	27.6700	32.9100	32.7500
12/04/06	60.1800	26.1600	39.2100	27.8700	68.0400	16.1800	47.8300	49.0600	47.2200	66.1200	53.3400	22.8200	47.8300	61.4500	91.2300	36.4600	45.9700	43.8100	39.5300	39.3000	27.7900	32.9200	31.8400
12/11/06	60.8500	26.1400	40.2400	27.9300	68.7400	16.5400	48.5700	50.3000	48.7200	67.3000	54.9400	23.3200	48.6700	62.6000	92.6000	36.9700	47.3100	43.9750	40.0200	39.4400	27.8600	33.3000	32.2500
12/18/06	60.6800	25.4400	39.4800	27.6600	69.1500	16.4900	47.4700	50.2800	48.3000	66.4200	54.6600	23.2200	47.7600	61.4300	92.8000	36.8800	46.7700	41.6150	39.3100	38.9200	26.9200	32.5500	31.8400
12/25/06	60.3000	25.6400	40.0000	27.7800	68.8700	16.5800	47.4600	50.6900	48.4100	66.3800	54.4200	23.0600	48.0700	61.8900	92.3200	36.8600	46.9400	41.5250	38.5400	38.9100	26.7500	32.5800	31.9100
01/01/07	59.1100	25.2400	39.4900	27.5700	70.0200	16.7900	46.9500	50.4600	47.6700	64.9600	54.3300	22.9800	47.6300	60.3900	91.7600	36.4400	43.9900	38.6900	37.2600	38.8000	26.0900	31.7100	31.6000
01/08/07	57.9900	25.0100	38.5800	28.1600	70.1400	16.8400	46.6500	49.8400	45.9500	65.4600	53.8500	22.8700	47.3600	59.6500	90.4600	36.2500	45.9500	39.0350	37.9900	39.0000	26.5700	31.9200	31.3000
01/15/07	58.5700	25.3000	38.2200	28.1200	71.2400	16.7200	46.5300	50.4500	46.0500	66.0000	54.7300	22.9700	47.7400	60.2600	91.0300	36.7300	46.4900	39.2400	38.8100	38.6800	26.4200	31.7000	31.4200
01/22/07	58.9000	25.3000	38.0400	28.6200	71.9200	17.4900	45.9700	50.5900	46.0400	67.4000	56.0000	23.1700	48.1000	59.1800	91.8800	36.3900	46.0400	39.9350	39.8700	38.7900	26.2400	31.4100	31.2300
01/29/07	60.8400	26.2400	39.3600	29.0700	74.0700	17.5000	47.0900	48.7000	46.9400	68.1300	57.6500	23.5500	48.4600	60.7500	95.1300	36.3000	46.0400	40.3650	41.0400	41.1500	26.2100	31.5600	31.5000
02/05/07	63.1500	26.2100	40.8400	29.9200	74.1800	17.9500	48.0500	48.2000	47.3200	71.0900	58.9500	24.0000	49.0300	64.0600	98.1200	36.3900	47.7300	41.0100	43.0100	41.1000	26.4600	31.9800	32.2300
02/12/07	63.0700	26.0900	40.1400	30.6600	75.3100	18.1600	48.3300	48.1500	47.9900	73.6900	59.2400	24.2600	48.7200	63.1900	99.6600	36.4200	46.4600	39.9400	42.1000	42.0400	26.4300	32.0900	32.8700
02/19/07	63.5100	27.1000	40.1300	30.6000	76.0800	18.2300	48.9500	48.0200	47.7500	75.1500	59.6400	24.1800	49.3300	66.9300	100.9500	36.2100	47.6900	40.6200	42.1800	42.2300	26.2300	32.5400	32.3600
02/26/07	61.6500	26.1500	37.8300	30.2000	77.8100	17.5000	47.7600	47.3300	46.6400	73.8700	57.9500	23.2900	48.0800	64.2200	96.2500	35.4000	47.5700	41.2300	41.4100	40.6000	25.2000	31.1100	31.2800
03/05/07	62.2700	26.0300	37.4600	30.2000	80.5000	17.6300	47.8900	46.8200	46.4800	75.0000	58.0000	23.4300	48.4000	64.4900	97.8300	35.2500	47.7500	42.2750	41.2300	40.0000	25.6100	30.7800	31.1800
03/12/07	63.1100	26.1700	37.4500	29.9900	83.5800	17.4600	47.8000	47.0000	46.3100	77.5600	59.6000	23.5100	48.6100	65.7800	99.7800	35.3900	48.0100	42.9250	41.1700	40.3400	26.3200	31.2600	31.7400
03/19/07	66.0500	27.9900	38.7100	30.9100	87.6500	18.2000	49.1500	48.3200	47.7500	81.3400	61.6900	24.5500	50.4200	67.7200	104.0600	36.8500	50.5000	45.1400	43.2100	42.2000	26.8000	32.3800	31.1500
03/26/07	66.2400	28.7400	38.8000	31.0900	86.9500	17.9400	48.5200	48.2500	47.9000	83.0400	61.1700	24.6900	51.0600	68.7100	104.9200	36.6500	50.8900	44.6050	43.2600	42.7200	26.3800	31.9800	31.2800
04/02/07	68.0500	29.2100	39.0300	31.3400	88.0000	18.4900	49.4000	49.5000	48.4100	85.1500	61.4000	24.6700	52.0500	71.7000	109.3000	37.2000	53.4200	46.4100	45.6000	43.3500	26.6100	32.1500	31.6200
04/09/07	66.9900	29.7200	38.7400	31.2700	87.2500	18.2700	49.7000	49.1200	48.7000	86.7600	60.4700	24.5000	51.7900	70.9200	109.7400	37.4500	53.9300	46.8850	46.0700	44.0500	27.0900	32.5400	32.4500
04/16/07	68.8500	30.9700	39.1400	31.4600	90.5000	18.8600	49.7000	49.3500	49.6900	88.9800	62.2500	24.6600	52.0000	73.2800	113.9000	38.1800	54.5900	46.9500	46.1900	43.3400	27.1400	32.7100	32.2000
04/23/07	69.8800	30.8900	38.5100	31.7600	90.1000	19.0600	49.3700	49.1000	50.9800	87.4300	63.9000	24.3900	51.8000	76.2300	114.1200	38.1700	56.0800	49.6500	47.7600	44.1200	27.1500	34.3200	32.0100
04/30/07	69.8300	30.4300	38.8400	31.5000	92.9000	19.5700	49.1200	48.9900	51.3900	89.7500	63.9600	24.1300	51.4200	76.5000	117.2700	37.6100	57.7500	49.4950	47.4900	43.6200	26.8900	34.6400	32.0600
05/07/07	70.8300	30.0900	38.8900	31.1100	94.2300	19.8700	48.4000	48.7500	52.0000	89.9700	64.5900	23.6700	50.9700	76.5300	118.3700	36.9800	57.9600	49.3650	46.2900	43.4600	26.5800	34.7500	32.0700
05/14/07	71.1800	30.6500	38.2000	30.7000	94.9700	19.5600	49.4300	48.4800	52.9200	92.1700	65.0700	24.2100	50.9500	78.4500	118.2700	37.3300	58.3400	50.6500	46.2500	43.4500	26.7800	35.1400	32.8200
05/21/07	68.5400	29.8500	36.2900	30.3500	87.6400	18.7100	47.1900	45.4400	52.2100	86.3900	62.5800	22.9200	48.1200	73.2500	110.9100	35.4700	57.7500	51.8850	45.2200	41.8000	25.9200	34.4100	31.8700
05/28/07	69.3400	30.3700	37.0200	30.7300	90.4500	18.7100	48.4000	46.3000	52.7100	88.8100	63.3400	22.7600	48.4800	76.6100	112.2700	35.8700	58.6000	53.8250	45.6400	42.5400	26.5900	35.4600	32.4800
06/04/07	65.5300	28.6300	34.4400	28.9700	83.9200	17.5600	45.3700	43.1700	50.0600	83.2900	58.5100	21.5000	46.5900	70.6600	106.8000	34.6000	55.2100	52.8150	43.9500	40.5300	25.9100	33.4200	30.6600
06/11/07	66.9000	29.1700	34.9200	29.4500	90.0300	18.0600	45.5800	44.0100	51.3800	88.8300	61.3000	21.8500	47.3700	74.4800	112.3400	35.6100	57.0000	55.4200	45.6000	40.5800	26.9000	33.7500	30.5600
06/18/07	63.5700	28.1900	33.7000	28.0800	85.9400	16.9000	44.2600	41.2400	48.4600	84.5900	57.9800	20.8000	45.2000	70.0300	105.1800	33.9500	55.0800	53.8400	44.5600	39.8400	24.9000	32.0900	29.8300
06/25/07	64.7300	28.0400	36.6500	28.3400	87.1700	17.4000	44.2300	39.8500	48.2200	87.7800	56.7400	20.4700	45.1200	72.6000	107.3500	34.2900	54.9400	52.8500	43.3100	40.4800	24.6500	32.6400	30.0600
07/02/07	65.5800	29.0400	35.9800	28.7600	87.8400	17.7800	43.8800	39.9400	48.6200	90.3800	56.5000	20.4700	45.2100	76.4100	107.2500	34.0800	56.7100	53.1900	43.6600	40.8300	24.7600	32.5600	30.2900

DCF Cost of Equity Estimate
(Continued)

Weekly Stock Prices[1] ($):

	FE	MDU	OGE	DPL	CEG	CNP	WEC	PNW	DTE	PEG	FPL	XEL	ED	EXC	ETR	SO	EGN	STR	NEG	ATG	PNY	WGL	ATO
07/09/07	67.4500	29.8000	36.5700	29.3600	94.2100	17.8800	44.3700	40.6700	50.9000	92.5000	57.4600	20.9800	46.0900	78.1600	110.2500	34.8700	58.6000	56.0500	44.7500	41.3000	25.2500	33.2600	30.6400
07/16/07	56.6400	29.6000	36.0000	28.7300	96.2200	17.2300	45.0800	39.7800	50.8900	90.4100	58.6200	20.8700	45.3700	78.8900	106.7600	34.2600	56.4300	57.8000	46.0000	40.3800	24.6600	32.7000	29.8500
07/23/07	60.4400	27.4500	33.4700	26.9600	84.9100	16.4600	42.9200	38.2700	46.3500	81.4200	54.9200	20.3100	43.6500	69.6200	97.8400	33.7900	52.2000	49.5700	43.5900	37.9000	23.4900	29.9800	28.4500
07/30/07	59.8900	26.7600	32.1500	26.4300	82.5000	16.0100	43.2600	37.1000	46.2200	82.3900	57.1100	19.8000	43.8700	71.0900	98.5600	33.6200	51.6300	49.0900	43.9000	37.7900	23.3400	30.1400	27.3100
08/06/07	60.2800	26.3800	31.2000	27.2500	80.5500	16.1700	42.5900	40.6300	48.0400	82.5900	60.2000	20.9100	47.4300	72.8500	97.9900	36.6600	53.1200	50.7700	44.2300	38.3500	26.5400	33.0900	27.8000
08/13/07	62.7500	26.1800	32.0000	26.4400	83.3000	15.9700	42.8900	40.8400	47.6900	84.0000	60.0000	20.7000	45.9600	71.3200	99.8400	36.0000	52.7300	47.9200	43.2500	37.7900	27.0100	33.6500	27.2300
08/20/07	63.3300	26.4500	33.6100	26.7500	87.4600	17.0400	44.1400	39.9900	49.0600	87.6500	60.0000	20.9800	46.8000	73.1400	105.1100	36.1200	55.4500	50.7100	45.0000	39.5800	26.9100	33.6400	27.8400
08/27/07	61.4400	27.0500	33.7200	26.3500	82.9400	16.2200	44.3100	39.8400	47.8100	84.9900	58.8400	20.6100	45.9400	70.6700	103.6200	35.4900	53.7000	49.9700	44.3400	39.7100	26.4000	32.8900	28.1100
09/03/07	61.6000	26.4500	33.8300	26.5100	83.6300	16.0000	44.6900	39.7300	47.7300	83.3100	58.5900	20.7700	45.5400	73.2600	104.4400	35.3400	53.4000	49.3600	43.7300	39.0100	25.8900	31.9000	27.5400
09/10/07	62.7000	26.4300	32.3600	26.3500	84.9100	16.1400	44.1500	39.9400	48.7600	85.9300	61.3900	21.0600	46.2600	76.4700	105.7000	36.4000	57.0700	50.6500	44.1000	39.9500	24.9800	32.6000	27.5900
AVERAGE ($)	62.7338	26.9831	37.2573	28.7896	78.4273	17.0412	46.3510	45.9771	47.7488	76.5658	56.8948	22.4398	47.9065	67.5450	99.1012	35.9246	50.0154	45.8821	41.9027	39.9708	26.2675	32.5517	30.7504
QUARTERLY DIV[2] ($)	0.4500	0.1350	0.3330	0.2500	0.3780	0.1500	0.2300	0.5250	0.5150	0.5700	0.3750	0.2230	0.5750	0.4000	0.5400	0.3880	0.1100	0.1180	0.3000	0.3700	0.2400	0.3380	0.3200
	0.5000	0.1350	0.3400	0.2600	0.4350	0.1700	0.2500	0.5250	0.5300	0.5850	0.4100	0.2230	0.5800	0.4400	0.5400	0.3880	0.1150	0.1180	0.3000	0.4100	0.2400	0.3380	0.3200
	0.5000	0.1350	0.3400	0.2600	0.4350	0.1700	0.2500	0.5250	0.5300	0.5850	0.4100	0.2230	0.5800	0.4400	0.5400	0.4030	0.1150	0.1230	0.3000	0.4100	0.2500	0.3430	0.3200
	0.5000	0.1450	0.3400	0.2600	0.4350	0.1700	0.2500	0.5250	0.5300	0.5850	0.4100	0.2300	0.5800	0.4400	0.7500	0.4030	0.1150	0.1230	0.3100	0.4100	0.2500	0.3430	0.3200
ANNUAL DIVIDEND ($)	1.9500	0.5500	1.3530	1.0300	1.6830	0.6600	0.9800	2.1000	2.1050	2.3250	1.6050	0.8990	2.3150	1.7200	2.3700	1.5820	0.4550	0.4820	1.2100	1.6000	0.9800	1.3620	1.2800
YIELD	3.11%	2.04%	3.63%	3.58%	2.15%	3.87%	2.11%	4.57%	4.41%	3.04%	2.82%	4.01%	4.83%	2.55%	2.39%	4.40%	0.91%	1.05%	2.89%	4.00%	3.73%	4.18%	4.16%
REUTERS[3]	8.00%	7.30%	3.33%	9.00%	13.00%	10.00%	9.32%	4.65%	6.00%	12.40%	9.00%	5.29%	3.95%	9.52%	9.50%	4.69%	8.00%	8.67%	5.94%	5.00%	4.65%	3.33%	5.36%
MSN[1]	7.60%	7.70%	4.50%	8.70%	12.30%	16.50%	9.30%	5.30%	5.70%	12.80%	10.30%	4.80%	3.50%	10.50%	12.20%	4.40%	12.00%	8.90%	6.70%	4.50%	5.30%	3.00%	5.30%
YAHOO[4]	8.29%	7.35%	4.00%	6.33%	13.67%	16.33%	9.04%	5.73%	5.75%	17.33%	9.37%	5.67%	3.45%	9.70%	10.40%	5.02%	5.75%	8.62%	5.17%	4.87%	4.50%	3.33%	5.62%
VALUE LINE[5]:																							
'07 EARNINGS ($)	4.25	1.70	2.30	1.70	4.65	1.10	2.65	2.55	2.14	5.10	3.45	1.40	3.20	3.90	5.55	2.25	0.46	0.49	2.40	2.80	1.45	2.05	1.90
'11 EARNINGS ($)	5.25	2.00	2.75	1.90	7.75	1.50	3.50	2.90	2.40	6.20	4.35	1.75	3.40	5.75	7.00	2.50	0.60	0.55	2.70	3.10	1.70	2.30	2.45
	5.28%	4.06%	4.47%	2.78%	12.77%	7.75%	6.96%	3.22%	2.87%	4.88%	5.80%	5.58%	1.52%	9.71%	5.80%	2.63%	6.64%	2.89%	2.94%	2.54%	3.98%	2.88%	6.36%
VALUE LINE "BOXED"	9.00%	5.00%	5.50%	7.00%	14.50%	9.50%	7.00%	1.50%	4.00%	11.50%	8.50%	5.50%	3.50%	10.50%	7.50%	3.00%	5.50%	5.00%	1.50%	3.50%	4.50%	2.00%	5.50%
VALUE LINE	7.14%	4.53%	4.98%	4.89%	13.64%	8.63%	6.98%	2.36%	3.43%	8.19%	7.15%	5.54%	2.51%	10.10%	6.65%	2.82%	6.07%	3.94%	2.22%	3.02%	4.24%	2.44%	5.93%
DCF GROWTH ESTIMATE	7.76%	6.72%	4.20%	7.23%	13.15%	12.86%	8.66%	4.51%	5.22%	12.68%	8.95%	5.32%	3.35%	9.96%	9.69%	4.23%	7.96%	7.53%	5.01%	4.35%	4.67%	3.02%	5.55%
DCF COST OF EQUITY ESTIMAT	10.45%	8.93%	9.69%	10.78%	11.21%	13.94%	9.56%	10.63%	10.78%	12.51%	10.57%	10.44%	10.38%	10.58%	10.27%	10.37%	7.88%	7.99%	9.29%	10.06%	9.94%	9.74%	10.69%
DCF AVERAGE			10.29%																				
CAPM COST OF EQUITY ESTIMATE			10.39%																				
COST OF EQUITY ESTIMATE			10.34%																				

Sources:
1 moneycentral.msn.com
2 moneycentral.msn.com & Value Line Investment Guide
3 www.investor.reuters.com
4 finance.yahoo.com
5 Value Line Investment Guide

CAPM Cost of Equity Estimate

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
09/18/06	4.6000	4.7400
09/25/06	4.6300	4.7700
10/02/06	4.7000	4.8400
10/09/06	4.8100	4.9400
10/16/06	4.7800	4.9000
10/23/06	4.6800	4.8000
10/30/06	4.7200	4.8100
11/06/06	4.5900	4.6900
11/13/06	4.6100	4.6900
11/20/06	4.5500	4.6300
11/27/06	4.4300	4.5400
12/04/06	4.5500	4.6600
12/11/06	4.6000	4.7200
12/18/06	4.6200	4.7600
12/25/06	4.7100	4.8200
01/01/07	4.6500	4.7400
01/08/07	4.7700	4.8600
01/15/07	4.7700	4.8600
01/22/07	4.8800	4.9800
01/29/07	4.8300	4.9300
02/05/07	4.7800	4.8600
02/12/07	4.6900	4.7900
02/19/07	4.6800	4.7800
02/26/07	4.5100	4.6500
03/05/07	4.5900	4.7200
03/12/07	4.5500	4.7000
03/19/07	4.6100	4.8000
03/26/07	4.6500	4.8500
04/02/07	4.6700	4.8700
04/09/07	4.7600	4.9300
04/16/07	4.6700	4.8400
04/23/07	4.7000	4.8900

CAPM Cost of Equity Estimate
(Continued)

Date	Close 10Yr Yld (%)	Close 30Yr Yld (%)
04/30/07	4.6400	4.8000
05/07/07	4.6700	4.8500
05/14/07	4.8000	4.9600
05/21/07	4.8600	5.0100
05/28/07	4.9600	5.0600
06/04/07	5.1200	5.2200
06/11/07	5.1700	5.2600
06/18/07	5.1400	5.2600
06/25/07	5.0300	5.1300
07/02/07	5.2000	5.2800
07/09/07	5.1100	5.1900
07/16/07	4.9600	5.0600
07/23/07	4.7900	4.9500
07/30/07	4.7000	4.8700
08/06/07	4.7800	5.0100
08/13/07	4.6700	5.0000
08/20/07	4.6300	4.9000
08/27/07	4.5400	4.8300
09/03/07	4.3700	4.6900
09/10/07	4.3200	4.6400
Averages:		
Last13 weeks	4.7877	4.9854
Last 26 weeks	4.7892	4.9673
Last 39 weeks	4.7577	4.9128
Last 52 weeks	4.7269	4.8717
	4.7654	4.9343

4.8498

10.3890

CAPM = risk free return + β(large company total return - risk free return)
= 4.92% + .7625(6.6%)

Source: Yahoo.com

Growth in U.S. Gross National Product, 1929 to 2005

Year	GNP ($billion)	Change ($billion)	Growth%
1929	104.4		
1930	91.90	-12.70	-12.32%
1931	77.00	-14.60	-16.15%
1932	59.10	-17.80	-23.48%
1933	56.70	-2.40	-4.14%
1934	66.30	9.50	17.09%
1935	73.60	7.10	10.91%
1936	84.00	10.30	14.27%
1937	92.20	7.90	9.58%
1938	86.50	-5.70	-6.31%
1939	92.50	6.60	7.79%
1940	101.70	9.10	9.97%
1941	127.20	25.10	25.00%
1942	162.30	33.50	26.69%
1943	198.90	33.70	21.19%
1944	220.10	18.70	9.70%
1945	223.40	2.00	0.95%
1946	222.90	-1.00	-0.47%
1947	245.30	22.80	10.73%
1948	270.60	26.40	11.22%
1949	268.60	-1.20	-0.46%
1950	295.20	27.90	10.71%
1951	341.20	45.10	15.64%
1952	360.30	18.20	5.46%
1953	381.30	20.00	5.69%
1954	382.50	0.90	0.24%
1955	417.20	33.40	8.97%
1956	440.30	22.30	5.49%
1957	464.10	22.80	5.32%
1958	469.80	5.80	1.29%

Growth in U.S. Gross National Product, 1929 to 2005

Year	GNP ($billion)	Change ($billion)	Growth%
1959	509.30	53.50	11.71%
1960	529.50	20.30	3.98%
1961	548.20	18.70	3.52%
1962	589.70	41.40	7.54%
1963	622.20	32.50	5.50%
1964	668.50	46.20	7.41%
1965	724.40	56.10	8.38%
1966	792.90	69.00	9.51%
1967	838.00	45.00	5.66%
1968	916.10	78.10	9.30%
1969	990.70	73.90	8.05%
1970	1,044.90	54.60	5.51%
1971	1,134.70	90.10	8.61%
1972	1,246.80	112.90	9.94%
1973	1,395.30	149.10	11.94%
1974	1,515.50	118.50	8.48%
1975	1,651.30	131.70	8.68%
1976	1,842.10	192.60	11.68%
1977	2,051.20	211.10	11.47%
1978	2,316.30	265.90	12.96%
1979	2,595.30	281.30	12.14%
1980	2,823.70	231.50	8.91%
1981	3,161.40	335.30	11.84%
1982	3,291.50	129.60	4.09%
1983	3,573.80	276.10	8.38%
1984	3,969.50	396.30	11.10%
1985	4,246.80	270.30	6.81%
1986	4,480.60	229.90	5.42%
1987	4,757.40	287.90	6.44%
1988	5,127.40	370.60	7.79%

Growth in U.S. Gross National Product, 1929 to 2005

Year	GNP ($billion)	Change ($billion)	Growth%
1989	5,510.60	382.60	7.46%
1990	5,837.90	322.80	5.86%
1991	6,026.30	178.70	3.06%
1992	6,367.40	331.40	5.51%
1993	6,689.30	324.40	5.11%
1994	7,098.40	404.40	6.07%
1995	7,433.40	349.80	4.95%
1996	7,851.90	410.30	5.53%
1997	8,337.30	473.80	6.05%
1998	8,768.30	445.00	5.36%
1999	9,302.20	486.20	5.56%
2000	9,855.90	553.70	5.95%
2001	10,171.60	315.70	3.20%
2002	10,514.10	342.50	3.37%
2003	11,059.20	545.10	5.18%
2004	11,778.90	719.70	6.51%
2005	12,520.80	741.90	6.30%
Average			6.77%

Sources: (1) National Income and Product Accounts (NIPA) from the U. S. Bureau of Economic Analysis and Econostats; BEA Data; NIPA Index; Section 1. Domestic Product and Income Table 1.7.5 Relation of Gross Domestic Product, Gross National Product, Ne