

LARGE FILING SEPERATOR SHEET

CASE NUMBER: 07-551-EL-AIR
07-552-EL-ATA
07-553-EL-AAM
07-554-EL-UNC

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EXHIBIT

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

UPDATE TESTIMONY OF

KEVIN R. BURGESS

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

<input type="checkbox"/>	Management policies, practices, and organization
<input checked="" type="checkbox"/>	Operating income
<input type="checkbox"/>	Rate base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of return
<input type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other

1 Q. PLEASE STATE YOUR NAME FOR THE RECORD.

2 A. My name is Kevin R. Burgess.

3 Q. ARE YOU THE SAME KEVIN R. BURGESS THAT PROVIDED INITIAL
4 TESTIMONY THAT WAS FILED IN THIS PROCEEDING ON JUNE 7,
5 2007?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF YOUR UPDATE TESTIMONY?

8 A. The purpose of my update testimony is to explain new adjustments that are set forth
9 on Schedule C-3.7, related to Social and Service Club Dues (FERC Account Nos.
10 923 and 930.2); Schedule C-3.14, related to Advertising Expense (FERC Account
11 Nos. 903, 913 and 923); and Schedule C-3.20, related to an adjustment to "Other
12 Operating Revenues". I will also be discussing changes to Schedule C-11.2 and
13 explaining why the uncollectible expense adjustment, originally set forth on
14 Schedule C-3.12 of the application filing, is now zero.

15 Q. DO THESE CHANGES AFFECT THE UPDATE FILINGS OF ALL THREE
16 OPERATING COMPANIES?

17 A. Yes, they do.

18 Q. PLEASE DESCRIBE THE ADJUSTMENT MADE TO SOCIAL AND
19 SERVICE CLUB DUES SET FORTH ON SCHEDULE C-3.7.

20 A. Schedule C-5, as originally filed in the Companies' application, inadvertently
21 included in operating expense amounts for social and service club dues. The
22 adjustment on Schedule C-3.7 removes these types of costs from Account 923 and
23 930.2, which were taken directly from revised Schedule C-5.

1 **Q. PLEASE DESCRIBE THE ADJUSTMENT MADE TO ADVERTISING**
2 **EXPENSE INCLUDED ON SCHEDULE C-3.14.**

3 A. Schedule C-7, as originally filed in the Companies' application, inadvertently
4 included costs for advertising that is institutional and promotional in nature. The
5 adjustment on Schedule C-3.14 removes these costs from operation and
6 maintenance expenses included in this filing. The details for this adjustment can be
7 found in my workpapers at WPC-3.14.

8 **Q. PLEASE DESCRIBE THE TYPE OF ADVERTISING COSTS FOR WHICH**
9 **THE COMPANIES NOW SEEK RECOVERY.**

10 A. The Companies now only seek recovery of costs incurred for advertising with
11 informational or conservational messages. Samples of the print advertisements and
12 script copy of audio advertising to which these costs pertain are included in the
13 Supplemental Information at Chapter II, Section C-17.

14 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO "OTHER OPERATING**
15 **INCOME" SET FORTH ON SCHEDULE C-3.20.**

16 A. This adjustment is necessary simply to reconcile the annual budgeted amount of
17 other operating revenues, taking into account three months of actual data. In the
18 original filing, the Companies equally prorated total estimated "Other Operating
19 Revenues" over the twelve months of the test year, thus reporting the same level of
20 revenues in each month. With three months of actual revenues included in the
21 update filing, the remaining months had to be adjusted so that the total still equals
22 the budgeted annual amount. The details for this adjustment are included in my
23 workpapers at WPC-3.20.

1 Q. YOU ALSO INDICATED THAT THE ADJUSTMENT FOR
2 UNCOLLECTIBLE EXPENSE INCLUDED WITH THE ORIGINAL
3 APPLICATION IS NOW ZERO. WHY IS THAT?

4 A. The accounting adjustment for the test year amount estimated by the Companies for
5 uncollectible expense was made after the filing of the original application and is
6 currently reflected in the three months of actual data. Therefore, the adjustment
7 originally included on Schedule C-3.12 is no longer necessary.

8 Q. DO YOU KNOW IF THE UNCOLLECTIBLE EXPENSE ADJUSTMENT
9 INCLUDES UNCOLLECTIBLE EXPENSE RELATED TO GENERATION
10 SERVICE?

11 A. Yes, it does.

12 Q. PLEASE EXPLAIN WHY THIS WAS DONE.

13 A. The Companies recently filed an application for 2009 generation service in PUCO
14 Case No. 07-796-EL-AIR ("Generation Case"). In the application filed in that case,
15 the Companies requested that the estimated uncollectible expense associated with
16 the generation component be added to the rate charged to customers for generation
17 service. It also included a quarterly reconciliation with a true-up for timely
18 recovery of the uncollectible expense actually incurred by the Companies. Until the
19 Companies are assured that the uncollectible expense associated with generation
20 will, indeed, be recovered in the Generation Case, they cannot remove it from this
21 distribution case. The Companies are not attempting to collect costs associated with
22 uncollectible expense twice. Rather, they simply want to ensure that all such costs
23 are properly recovered and look to the Commission to determine the best approach

1 for achieving this. A Commission decision that includes in the Generation Case
2 recovery of uncollectible costs associated with generation service should be
3 accompanied by the exclusion of these costs in this distribution rate case. If, on the
4 other hand, the Commission concludes that the uncollectible costs associated with
5 generation service will not be recovered in the Generation Case, then, in order for
6 the Companies to have a reasonable opportunity to achieve full cost recovery, the
7 rates established in this distribution case must include recovery of the entire amount
8 of uncollectible expense included in this filing.

9 **Q. ARE THERE ANY OTHER ADJUSTMENTS TO UNCOLLECTIBLE**
10 **EXPENSE THAT ARE NECESSARY AT THIS TIME?**

11 A. No. However, in recent discussions at the Ohio Department of Development, there
12 has been some thought of shifting to electric distribution utilities ("EDUs") the
13 credit risk for the Percentage of Income Payment Plan ("PIPP") balances that go
14 uncollected. In other words, if this idea comes to fruition, any PIPP payment
15 obligations that the EDUs fail to collect would no longer be reimbursed through the
16 Universal Service Fund, resulting in an increase in uncollectible expense beyond
17 that budgeted in this proceeding.

18 **Q. HAVE THE COMPANIES ESTABLISHED A RESERVE FOR POTENTIAL**
19 **PIPP UNCOLLECTIBLE EXPENSE?**

20 A. No. But if the Ohio Department of Development modifies the PIPP Program in
21 such a way as to shift to the utilities this additional collection risk before the close
22 of the evidentiary record, the Companies reserve the right to adjust their respective
23 uncollectible expense balances.

1 **Q. PLEASE EXPLAIN THE CHANGES TO SCHEDULE C-11.2**

2 A. Three changes were made to Schedule C-11.2 included in this update filing. First,
3 like all schedules included in this update filing, Schedule C-11.2 reflects the three
4 months of actual data. Second, several of the line item descriptions for income
5 included on page 3 of 3 of the original Schedule C-11.2 were inaccurate and have
6 been updated to better describe the nature of the income. And finally, in the
7 original Schedule C-11.2 the five year historical income in certain instances was
8 misclassified among the income line items. The updated Schedule C-11.2 corrected
9 these misclassifications. It should be noted, however, that there is no effect on
10 rates, given that the reclassifications pertain to historical data only.

11 **Q. DOES THIS CONCLUDE YOUR UPDATE TESTIMONY?**

12 A. Yes, it does.

EXHIBIT

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SUPPLEMENTAL TESTIMONY OF

KEVIN R. BURGESS

ON BEHALF OF

**OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY**

- ☐ Management policies, practices, and organization
- ☒ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☐ Rates and tariffs
- ☐ Other –Case Overview,
Revenue Requirements
Gross Rev. Conversion Factor

1 **I. Background**

2 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

3 A. My name is Kevin R. Burgess.

4 **Q. ARE YOU THE SAME KEVIN R. BURGESS THAT PROVIDED INITIAL**
5 **AND UPDATE TESTIMONY THAT WAS FILED IN THIS PROCEEDING**
6 **ON JUNE 7, 2007 AND AUGUST 6, 2007, RESPECTIVELY?**

7 A. Yes, I am.

8 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

9 A. The purpose of my Supplemental Testimony is to address certain objections to the
10 Staff Reports of Ohio Edison Company, The Cleveland Electric Illuminating
11 Company ("CEI") and The Toledo Edison Company (collectively, "Operating
12 Companies").

13 **Q. WHICH OF THE OPERATING COMPANIES' OBJECTIONS WILL YOU**
14 **BE ADDRESSING?**

15 A. I will be addressing Objection Nos. 1, 2, 4, 24 and 27 in Section II of the Operating
16 Companies' Objections to the Staff Reports of Investigation that were filed with the
17 Commission on January 3, 2008.

18 **Q. DOES YOUR TESTIMONY REGARDING THESE OBJECTIONS APPLY**
19 **TO ALL THREE OPERATING COMPANIES?**

20 A. Unless otherwise stated, yes, it does.

II. Advertising Costs

Q. WHAT IS THE BASIS FOR THE OPERATING COMPANIES' OBJECTION NO. 1 IN SECTION II OF THE OPERATING COMPANIES' OBJECTIONS TO THE STAFF REPORTS?

A.. This Objection deals with the Staff's removal of costs associated with advertising recorded in FERC Account No. 923 on Schedule C-3.3 that provides valuable information to the Operating Companies' customers.

Q. WITH WHICH ADVERTISING COSTS ARE THE OPERATING COMPANIES TAKING ISSUE?

A. The costs with which each of the Operating Companies are taking issue are included on Exhibit KRB-1.

Q. ARE THE NATURE OF THE COSTS FOR EACH CATEGORY INCLUDED ON KRB-1 THE SAME FOR EACH OF THE OPERATING COMPANIES?

A. Yes, they are.

Q. WHAT IS THE NATURE OF THE COSTS INCURRED UNDER THE CATEGORY "RECRUITING/JOB POSTINGS"?

A. These costs pertain to Ohio Edison's and CEI's allocated portion of recruiting costs incurred by FirstEnergy Service Company and include costs related to (i) job postings on Monster.com; (ii) the printing of recruiting brochures; and (iii) the printing of ads for college placement periodicals -- all of which inform interested persons of potential job opportunities within FirstEnergy, thus allowing FirstEnergy to attract talented employees.

1 Q. PLEASE DESCRIBE THE NATURE OF THE COSTS INCURRED UNDER
2 THE CATEGORY "TELEVISION".

3 A. These costs were incurred for television spots in which customers were informed of
4 the significant improvements that the Operating Companies have made to both their
5 customer service and service reliability.

6 Q. DO YOU HAVE EXAMPLES OF THE TYPES OF ADS TO WHICH COSTS
7 INCLUDED IN THIS CATEGORY PERTAIN?

8 A. Samples of the types of ads to which the costs included under the "Television"
9 category can be found on the DVD included with my testimony as Exhibit KRB-
10 1(a). The examples included on the DVD typify all of the television spots to which
11 all of the costs included under the "Television" category pertain.

12 Q. PLEASE DESCRIBE THE NATURE OF THE COSTS INCURRED UNDER
13 THE CATEGORY "RADIO".

14 A. These costs were incurred for radio spots that also informed the Operating
15 Companies' customers of improvements that the companies made to customer
16 service and service reliability.

17 Q. DO YOU HAVE EXAMPLES OF THE TYPES OF ADS TO WHICH COSTS
18 INCLUDED IN THIS CATEGORY PERTAIN?

19 A. Yes, examples that typify all of the advertising spots to which all of the costs
20 included under the "Radio" category pertain are attached to my testimony as
21 Exhibits KRB-1(b)-(d).

1 Q. WHAT ADJUSTMENT IS NECESSARY IN ORDER TO ADD BACK THE
2 COSTS INCLUDED IN THE THREE CATEGORIES SET FORTH ON
3 EXHIBIT KRB-1?

4 A. The costs included on KRB-1 for each of the respective Operating Companies must
5 be added back to FERC Account No. 923 on Staff's Schedule C-3.3.

6 **III. Uncollectible Expense**

7 Q. PLEASE EXPLAIN THE BASIS FOR OBJECTION NO. 2 IN SECTION II
8 OF THE OPERATING COMPANIES' OBJECTIONS TO THE STAFF
9 REPORTS.

10 A. This objection deals with the Staff's failure to recommend a mechanism for
11 recovery of uncollectible expense related to generation service. The Operating
12 Companies incur uncollectible expense for both generation and distribution service,
13 yet in this proceeding only the latter is being addressed. The Operating Companies
14 are concerned that there has been no definitive statement in the Staff Report, or by
15 the Commission in any other proceeding, as to the proper proceeding in which
16 uncollectible expense related to generation service is to be addressed. The
17 Operating Companies believe that recovery of such expense should be addressed in
18 their generation procurement cases and, if this, indeed, is how the Commission
19 intends to address the matter, then the Operating Companies ask that the
20 Commission clarify this in the Order that it ultimately issues in this proceeding. If
21 the Operating Companies have assurance that they will have the opportunity to
22 recover uncollectible expense associated with generation service in their generation
23 case or some other appropriate proceeding, and if the Commission either

1 (i) authorizes an appropriate rate recovery mechanism for these costs that becomes
2 effective concurrent with the date on which distribution rates take effect or
3 (ii) authorizes recovery of costs arising from any lag between the dates on which
4 distribution and generation rates become effective, then the Operating Companies
5 will withdraw their objection on this matter.

6 **IV. Ground Lease Revenues**

7 **Q. WHAT IS THE BASIS FOR OBJECTION NO. 4 IN SECTION II OF THE**
8 **OPERATING COMPANIES' OBJECTIONS TO THE STAFF REPORTS?**

9 A. This objection involves a misclassification of revenues among the Operating
10 Companies. When making its Schedule C-3.15 adjustment (as presented on
11 Schedule C-3.15 for Ohio Edison and Toledo Edison, and as further supported on
12 workpaper C-3.15a for CEI), the Staff used lease revenue balances reported in a
13 1999 report, rather than using the test year balances, the latter reflecting certain
14 transfers of property among the Operating Companies since 1999. Although the
15 total net impact of this issue among the three Operating Companies is only two
16 dollars, without a reclassification adjustment, the Operating Companies' revenues
17 are either over- or understated.

18 **Q. WHAT IS THE IMPACT ON EACH OF THE OPERATING COMPANIES'**
19 **REVENUE LEVELS AS A RESULT OF STAFF'S ADJUSTMENT?**

20 A. As indicated on attached Exhibit KRB-2, revenues at Ohio Edison are understated
21 by \$261,487, and overstated at CEI and Toledo Edison, respectively, by \$257,455
22 and \$4,034.

1 **V. Rate Case Expense**

2 **Q. WHAT IS THE BASIS FOR OBJECTION NO. 24 IN SECTION II OF THE**
3 **OPERATING COMPANIES' OBJECTIONS TO THE STAFF REPORTS?**

4 **A. This objection deals with the Staff's recommendation to amortize rate case expense**
5 **over three years, rather than one year as proposed by the Operating Companies.**
6 **Inasmuch as Staff provided no rationale for selecting a three year amortization**
7 **period, it is difficult to address its proposal. Regardless, given the uncertainty**
8 **surrounding the state of the electric industry in Ohio, as well as the increased**
9 **emphasis on reliability and the deployment of new metering technologies, there is a**
10 **distinct possibility that the Operating Companies will file another rate case within**
11 **the next three years. This becomes even more likely if the Commission adopts the**
12 **Staff's use of date certain balances for deferrals and related amortization expense**
13 **and for purposes of calculating property tax and depreciation expense. Moreover,**
14 **even if no such rate case is filed during this period, given the same uncertainty in**
15 **the industry and the refocus on reliability and metering technology, it is quite likely**
16 **that the Operating Companies, while possibly not involved in a rate case per se, will**
17 **be involved in cases requiring equivalent resources as those required in a rate case.**
18 **Accordingly, the Operating Companies believe that the use of a three year**
19 **amortization period for rate case expense is unreasonable.**

1 Q. WHAT IS THE ADJUSTMENT THAT IS REQUIRED IF THE
2 COMMISSION ADOPTS A ONE YEAR AMORTIZATION PERIOD AS
3 PROPOSED BY THE OPERATING COMPANIES?

4 A. As indicated on Ohio Edison's Schedule C-3.18, CEI's Schedule C-3.17 and Toledo
5 Edison's Schedule C-3.18, Staff expensed only one-third of each Operating
6 Companies' total rate case expense. Therefore, this adjustment should be increased
7 for each of the Operating Companies by two-thirds of their respective total rate case
8 expense, or \$298,000.

9 VI. PUCO/OCC Assessments

10 Q. PLEASE EXPLAIN THE BASIS FOR OBJECTION NO. 27 IN SECTION II
11 OF THE OPERATING COMPANIES' OBJECTIONS TO THE STAFF
12 REPORTS.

13 A. This objection deals with the reclassification of PUCO and OCC assessments from
14 O&M expense to general tax expense and only affects CEI. CEI does not object to
15 the reclassification in general. However, as indicated on CEI's Schedule C-3.9,
16 Staff removed \$2,554,779 from O&M expense, but as indicated on CEI's Schedule
17 C-3.10, Staff only included \$2,464,741 when reclassifying this expense to general
18 tax expense. As a reclassification adjustment, both the amount deducted and the
19 amount added should be the same.

20 Q. WHAT ADJUSTMENT IS NECESSARY TO CORRECT THIS ERROR?

21 A. CEI's expense for taxes other than income must be increased by \$90,038.

22 Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

23 A. Yes, it does.

Ohio Edison Company
The Toledo Edison Company
The Cleveland Electric Illuminating Company
Case No. 07-551-EL-AIR, et al.

Exhibit KRB-1
Supplemental Testimony
of Kevin R. Burgess

Line No.	Operating Company	Advertising Description	Test Year Expense	Source <i>(from the Company's Update Filing)</i>
1	CEI	Recruiting / Job Postings	\$ 8,888	WPC-3.14
2	CEI	Television	\$ 604,230	WPC-3.14
3	CEI	Radio	\$ 126,480	WPC-3.14
4		Total	\$ 739,398	
5	OE	Recruiting / Job Postings	\$ 11,461	WPC-3.14
6	OE	Television	\$ 1,094,743	WPC-3.14
7	OE	Radio	\$ 314,999	WPC-3.14
8		Total	\$ 1,421,203	
9	TE	Television	\$ 135,606	WPC-3.14
10	TE	Radio	\$ 89,077	WPC-3.14
11		Total	\$ 224,683	

Exhibit KRB-1a

**Supplemental Testimony
of Kevin R. Burgess
Case No. 07-551-EL-AIR, et al.
RE: Television Advertising Expense**

Television: Ashley :30 FE0222-IL
Football :30 FE0223-IL
Teens :30 FE0224-IL

Digital Video Disc attached:

See video supported *.IFO* files

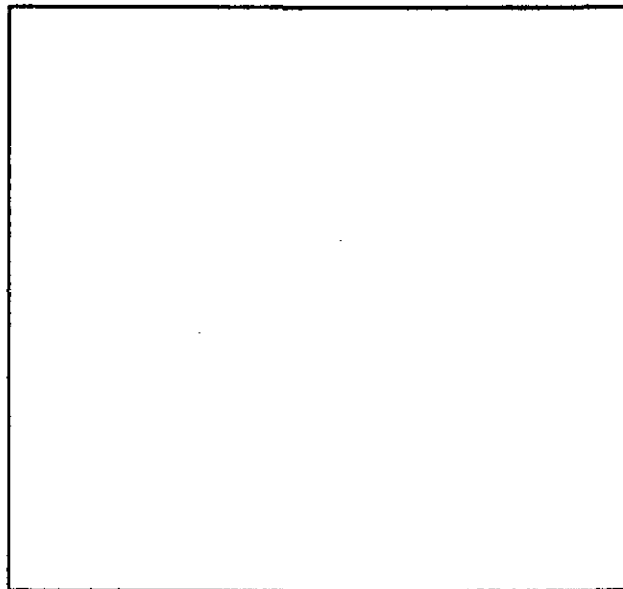


Exhibit KRB-1b

**Supplemental Testimony of
Kevin R. Burgess
Case No. 07-551-EL-AIR, et al.
RE: Radio Advertising Expense**

Radio :30 "Hello Larry"

Larry: Hello, my name is Larry and it has been fifteen minutes since I last called FirstEnergy's new phone system.

Group: Hello Larry!

Larry: Ever since the electric company installed its new voice recognition and response system, I can't stop calling.

Leader: It's okay, Larry.

Larry: I get all kinds of great information whenever I need it – like my account balance, products and services – I can even enter my meter reading! You know, you guys are great.

Leader: Larry, you need a hobby.

Anncr: Ohio Edison and The Illuminating Company, we're serious about customer service.

FirstEnergy

Toledo Edison

Penn Power

Penelec

Met-Ed

Jersey Central Power & Light

Supplemental Testimony
Kevin R. Burgess
Case No. 07-551-EL-AIR, et al.
RE: Radio Advertising Expense

FirstEnergy
Radio :30

Husband: Hi Hon, you sure look happy.

Wife: Well, you know how I'm a little compulsive about planning and sticking to a schedule?

Husband: Yes, we have the only 4-year-old who carries a day planner.

Wife: And she's never late to pre-school, anyway, good news! The electric company installed new technology that tracks a customer's electric history to help them improve service. Soon, it will provide an estimate for the time your power will be back on and notify you should the estimate change.

Husband: That's great. Do we have any ketchup?

Wife: In the fridge, alphabetically under "K."

Anncr: Ohio Edison and The Illuminating Company, we're serious about customer service.

FirstEnergy

Toledo Edison

Penn Power

Penelec

Met-Ed

Jersey Central Power & Light

Exhibit KRB-1d

Supplemental Testimony

Kevin R. Burgess

Case No. 07-551-EL-AIR, et al.

RE: Radio Advertising Expense

Radio :30 "Impatient"

Reporter: Hello, I'm here with the most im-

I-Man: Impatient man in the world, next question.

Reporter: What makes you the world's most impatient m-

I-Man: I'd have to say it's my outlook on life. Microwave ovens cook too slow, short films are too long and instant oatmeal isn't really instant.

Reporter: You are impatient, so, what makes you happy?

I-Man: My service from Ohio Edison. They installed new technologies so if my power should go out, it can be restored faster.

Reporter: Ohio Edison makes you happy, anything else? (pause) Where'd he go? He left? You're kidding?

Anncr: Ohio Edison and The Illuminating Company, we're serious about customer service.

FirstEnergy

Toledo Edison

Penn Power

Penelec

Met-Ed

Jersey Central Power & Light

ATSI Ground Lease Revenues

<u>Company</u>	<u>PUCO ¹</u>	<u>FE ²</u>	<u>Delta</u>
OE	\$10,364,970	\$10,626,457	\$261,487
CEI	\$7,393,759	\$7,136,304	(\$257,455)
TE	\$1,739,366	\$1,735,332	(\$4,034)
	<u>\$19,498,095</u>	<u>\$19,498,093</u>	<u>(\$2)</u>

¹ Amounts excluded from other operating revenues in Staff's Schedule C-3.15 for each of the Operating Companies, based on a report from 1999.

² Amounts included in FERC Account 456 in the test year budget for each of the Operating Companies.

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Modify Certain Accounting Practices)	Case No. 07-554-EL-UNC
and for Tariff Approvals)	

DIRECT TESTIMONY OF

Michael J. Swartz

ON BEHALF OF

**OHIO EDISON COMPANY
THE TOLEDO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY**

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating Income
<input checked="" type="checkbox"/>	Rate Base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of Return
<input type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Michael J. Swartz, and my business address is FirstEnergy Corp.
3 ("FirstEnergy"), 76 South Main Street, Akron, Ohio 44308.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed as Manager, Business Analytics by FirstEnergy Service Company,
7 a subsidiary of FirstEnergy. FirstEnergy Service Company provides support
8 services to the FirstEnergy affiliates, including Ohio Edison Company ("OE"),
9 The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison
10 Company ("TE") (collectively, the "Companies").

11

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL, PROFESSIONAL, AND**
13 **WORK EXPERIENCE.**

14 A. I hold a Bachelor of Business Administration degree from Ohio University, where
15 I majored in Finance. Additionally, I hold a Master of Business Administration
16 degree from the Fisher College of Business at The Ohio State University. I joined
17 FirstEnergy in 2000 as an Assistant Business Analyst in a three year financial
18 group rotation program. Upon completion of the financial rotation program, I
19 held a Business Analyst position in the Business Development Group for two
20 years where I conducted valuation assessments and supported the financial and
21 operational oversight of various assets held for divestiture. I have held my current
22 position as Manager of the Business Analytics Group since December 2006.

1 Beyond the formal education and work experience outlined above, I have
2 submitted written testimony as an expert witness on cash working capital for
3 FirstEnergy's Pennsylvania and New Jersey operating companies and have orally
4 testified on behalf of the latter.
5

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. The purpose of my testimony is to describe the process I used in determining a
9 cash working capital requirement of \$9,070,362 for OE, \$-10,423,749 for CEI,
10 and \$4,670,345 for TE. Detailed support for these calculations can be found in
11 WPB-5a through WPB-5n.
12

13 **Q. PLEASE DEFINE THE TERM "CASH WORKING CAPITAL" AS IT**
14 **PERTAINS TO THIS PROCEEDING.**

15 A. "Cash working capital" as used for ratemaking purposes is the average amount of
16 cash over and above investments in plant and other separately identified rate base
17 items provided by investors in the company to bridge the gap between the time
18 expenditures are required to provide service and the time collections are received
19 for that service.
20

21 **Q. WHY HAS CASH WORKING CAPITAL BEEN INCLUDED IN RATE**
22 **BASE?**

1 A. The Companies' inclusion of cash working capital in rate base recognizes the fact that
2 a productive company normally expends cash in order to provide goods or services
3 prior to receiving payment from customers. The Companies believe that cash
4 working capital is a necessary business investment and should be included in rate
5 base. Reflecting what the Commission has done in the past, our proposed cash
6 working capital requirement is based on a detailed lead/lag study.
7

8 **Q. PLEASE DEFINE THE TERMS "LEAD" AND "LAG" AND EXPLAIN**
9 **HOW EACH IS CALCULATED.**

10 A. In general, a "lead" or a "lag" measures the amount of time that elapses between
11 when a product or service is provided by a party and when the providing party is
12 compensated for that product or service. A lead would be defined as payment for
13 a product/service in advance of receiving that product/service. A lag would be
14 defined as payment for a product/service after the product/service has been
15 rendered. A lead/lag study quantifies lead or lag times in days.
16

17 **Q. WHAT TIME PERIOD WAS USED FOR THE COMPANIES' LEAD/LAG**
18 **STUDY?**

19 A. This study incorporates projected financial data for the 12-month period ending
20 February 29, 2008. Projected revenues were used to determine the revenue
21 component for cash working capital.
22

1 **Q. HAVE ANY ADJUSTMENTS BEEN MADE TO THE PROJECTED**
2 **FINANCIAL STATEMENTS FOR PURPOSES OF CASH WORKING CAPITAL?**

3 A. Yes. Adjustments were used to reflect the true operating position of the
4 Companies. The operating income statement adjustments have to be made to
5 correct certain individual estimates to properly report expected income and
6 expenses for the test period. These jurisdictional adjustments were made to
7 Operating Revenues, Operations and Maintenance ("O&M") expenses,
8 Depreciation/Amortization, Taxes Other than Income Taxes, and Income Taxes.
9 For details refer to schedules C-3.1 to C-3.19. To further reflect realistic revenue
10 and expenses during the test period, an additional adjustment was made to
11 operating revenues and purchased power for the power supply costs and fuel
12 expenses. These additional adjustments are necessary to capture costs that are
13 incurred in order to provide distribution.

14
15 **Q. PLEASE LIST THE CATEGORIES IN WHICH LEADS AND LAGS**
16 **WERE CALCULATED.**

17 A. The income statement used for this lead/lag study is shown on WPB-5a. The
18 majority of the line items on this income statement were categories in which
19 lag/(lead) days were determined. Column 'H' references the supporting
20 document that outlines how each category lag/(lead) time was calculated. These
21 categories include Electric Revenues, Other Revenues, Payroll, Employee
22 Benefits, Other O&M, Depreciation/Amortization, Taxes Other than Income,
23 Income Taxes, Interest Expense, and Return on Common Equity.

1
2 **Q. HOW DID YOU CALCULATE THE LEAD OR LAG ASSOCIATED**
3 **WITH ELECTRIC REVENUES?**

4 A. Because payment for electric service occurs after service is provided, a lag was
5 calculated for Electric Revenues. In order to calculate the total lag, I divided the
6 electric revenue lag into three separate periods: *lag of billing to cash collections*,
7 *lag from meter reading-to-billing*, and *lag from service period to meter reading*.
8 The *lag of billing to cash collections* is the elapsed time between the mailing of a
9 customer's bill and the receipt of its payment. This lag was calculated utilizing an
10 Accounts Receivable Method, which is outlined on WPB-5c. Although the
11 Companies are parties to Receivables Sales Agreements (which I address later in
12 this testimony), the Companies do not receive cash payment until the customer
13 payments are received. Therefore, the calculation of the *lag of billing to cash*
14 *collections* was determined to be 23.5 days for OE, 22.8 days for CEI, and 24.1
15 for TE. The *lag from meter reading-to-billing* equals the period of time that
16 elapses from the reading of the meter to the mailing of the bill the subsequent day.
17 However, exceptions to this generalization are as follows: 1) the meter reading of
18 the large industrial customers can take an additional day due to the added
19 complexity associated with reading their meters, and 2) weekends, holidays, and
20 severe weather days require additional time in reading and/or billing of customers.
21 Allowing for these exceptions, the lag associated with meter reading-to-billing is
22 1.5 days. The *lag from service period to meter reading* covers the period from
23 when electric service is rendered to when the meter is read. Because meters are

1 typically read once a month, or twelve times per year, a midpoint of 15.2 days
2 (365 days per year / 12 meters per year / 2) was calculated to be the service period
3 lag assuming uniform electric usage throughout the month. The overall electric
4 revenue lag has been calculated to be 37.7 days for OE, 37.5 days for CEI, and
5 38.8 days for TE.
6

7 **Q. WHAT IS A RECEIVABLES SALE AGREEMENT?**

8 A. It is an agreement whereby a company receives consideration in exchange for its
9 receivables.
10

11 **Q. ARE THE COMPANIES PARTY TO RECEIVABLES SALES**
12 **AGREEMENTS?**

13 A. Yes.
14

15 **Q. DO THE COMPANIES RECEIVE A CASH PAYMENT AT THE TIME OF**
16 **THE SALE?**

17 A. No, the Companies do not receive a cash payment at the time they sell their
18 receivables, they receive a cash payment for the receivables when customer
19 payments are received.
20

21 **Q. WHY DON'T THE COMPANIES RECEIVE A CASH PAYMENT AT THE**
22 **TIME THEY SELL THEIR RECEIVABLES?**
23

1 A. Under the terms of their Receivables Sales Agreements, the Companies sell their
2 receivables to bankruptcy remote special purpose entities ("SPE") whose cash
3 flow reflects the income received from the receivables. The SPE's do not and
4 cannot pay the Companies until they receive customer payments. The
5 Companies, however, receive a promissory note from the SPE's at the time of the
6 sale in order to document the SPEs' obligation to pay. A significant benefit to the
7 Companies (and their customers) under these agreements, is that they can
8 negotiate secured debt financing facilities without encumbering their real property
9 assets.

10

11 **Q. DO THE RECEIVABLES SALES AGREEMENTS REDUCE THE**
12 **COMPANIES' CASH COLLECTION LAG?**

13 A. No. As I stated, the SPE's do not pay the Companies for the purchased
14 receivables until customer payments are received. When an SPE receives
15 customer payments it uses such payments to pay down the promissory note.
16 Hence, the appropriate cash collection lag period is from the point of billing until
17 receipt of customer payment through the SPE.

18

19 **Q. HOW DID YOU CALCULATE THE LEAD LAG OR LAG ASSOCIATED**
20 **WITH OTHER REVENUES?**

21 A. The Other Revenues lag calculation is supported by WPB-5d. This work paper
22 lists each of the individual components making up Other Revenues and the
23 respective lead and/or lag. As an example, late payment and miscellaneous

1 service revenues all were calculated with the same lag as electric revenues
2 because each is billed with electric revenues. The footnotes at the bottom of
3 WPB-5d details how each of the other leads and lags were calculated. To arrive
4 at the total Other Revenue lag, a weighted average lag time was calculated using
5 each of the line items on WPB-5d.
6

7 **Q. WHY HAVE YOU INCLUDED A LAG ASSOCIATED WITH**
8 **PURCHASED POWER EXPENSE?**

9 A. The Companies have a POLR obligation and there is a timing difference between
10 when the Companies pay for the purchased power to meet their POLR obligation
11 and when the Companies collect revenue from customers. The Companies have
12 included the costs associated with this lag.
13

14 **Q. HOW WAS THE LAG ASSOCIATED WITH PURCHASED POWER**
15 **DETERMINED?**

16 A. The Purchased Power lag calculation is supported by WPB-5e. In order to
17 calculate the total lag days, I determined that purchased power costs and fuel
18 expenses occurred evenly throughout the month creating a 15.2 day lag
19 $(365/12/2)$, with a billing period of 2 days and since these costs are paid within 10
20 days of receipt of the invoice, a total of 27.2 lag days were provided.
21

22 **Q. WHY HAVE YOU INCLUDED A LINE ITEM FOR ENERGY FOR**
23 **EDUCATION INTO REVENUES?**
24

1 A. The Companies receive payment in advance for services provided to members of
2 the Ohio Schools Council pursuant to a program called Energy for Education.
3 This prepayment creates a lead from the time payment is made to the time such
4 members receive services. The Companies have accounted for this lead in their
5 lead/lag study.

6
7 **Q. HOW WAS THE LAG ASSOCIATED WITH PAYROLL DETERMINED?**

8 A. The Payroll lag calculation is supported by WPB-5f and WPB-5g. The work
9 papers divide payroll into four categories: bi-weekly payroll, weekly payroll,
10 payroll-miscellaneous, and performance compensation. A midpoint of 7 days
11 (14 / 2) was calculated for bi-weekly payroll and 3.5 days (7 / 2) for weekly
12 payroll. In addition, paychecks for all bi-weekly employees are disbursed 6 days
13 following the end of the pay period, and paychecks for all weekly employees are
14 disbursed 5 days following the end of the pay period. This brought the total lag
15 days for bi-weekly and weekly employees to 13.0 and 8.5 days, respectively. The
16 payroll miscellaneous and incentive compensation calculations are explained in
17 WPB-5g. A weighted average was taken of all four components to determine the
18 total lag time calculation.

19

20 **Q. PLEASE OUTLINE THE ITEMS INCLUDED IN EMPLOYEE BENEFITS**
21 **AND HOW THE LEADS AND/OR LAGS WERE CALCULATED.**

22 A. The Employee Benefits lag calculation is supported by WPB-5h and WPB-5i and
23 lists each of the items included in Employee Benefits. Because of the numerous
24 items making up Employee Benefits, WPB-5i details the payment lag

1 explanations for each of the listed benefits. A weighted average was taken to
2 determine the total lag time calculation.

3

4 **Q. HOW WAS THE LEAD OR LAG CALCULATED FOR OTHER O&M?**

5 A. The Other O&M category includes tree trimming contracting fees, outside
6 services employed, uncollectibles, and other O&M. A weighted average was
7 taken to determine the total lag time calculation and is supported by WPB-5j.

8

9 **Q. HOW DID YOU CALCULATE THE LEADS AND LAGS ASSOCIATED**
10 **WITH THE VARIOUS TAX ITEMS?**

11 A. The lag days associated with the tax component of the study were calculated
12 using a weighted average of several different taxes, as shown on WPB-5k &
13 WPB-5l for Taxes Other Than Income Taxes, and WPB-5m and WPB-5n for
14 Income Taxes. The required test-year period liability and associated payment
15 amounts of tax expense for each tax listed on the schedule were used in the
16 calculation of the lag/(lead) dollar amounts.

17

18 **Q. HOW WERE THE LEAD/LAG FOR DEPRECIATION EXPENSE AND**
19 **THE PROVISION FOR DEFERRED INCOME TAXES DETERMINED?**

20 A. Because accumulated depreciation is deducted from rate base, a zero lag was
21 determined for depreciation expense. A zero lag was also used in the provisions
22 for deferred income taxes because it is deducted from rate base.

23

1 Q. WHAT LEAD/LAG TIME WAS ASSIGNED FOR RETURN ON
2 INVESTED CAPITAL?

3 A. A zero lag time was assigned to interest on long-term debt and common stock
4 dividends. Both long term debt and common stock dividends are paid from
5 operating income. Operating income, the residual which remains following
6 recognition of operation and maintenance expense, depreciation, amortizations,
7 and taxes, is the property of the investor. Conceptually, the investor's entitlement
8 to operating income arises at the point of rendition of service. Also, conceptually,
9 it is at this point that the equity investor(s) decides whether to obtain further
10 capital for the Companies through the acquisition of long-term debt or the
11 issuance of common stock and, in so doing, also inherently assumes the risk of
12 meeting the contractual interest and dividend payments (on common), as well as
13 earning an overall return.

14
15 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

16 A. Yes it does.

17

EXHIBIT

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

UPDATE TESTIMONY OF

Michael J. Swartz

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating income
<input checked="" type="checkbox"/>	Rate Base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of return
<input type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other

1 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

2 A. My name is Michael J. Swartz.

3 **Q. ARE YOU THE SAME MICHAEL J. SWARTZ THAT PROVIDED INITIAL**
4 **TESTIMONY THAT WAS FILED IN THIS PROCEEDING ON JUNE 7, 2007?**

5 A. Yes, I am.

6 **Q. WHAT IS THE PURPOSE OF YOUR UPDATE TESTIMONY?**

7 A. The purpose of my update testimony is to explain adjustments to the lead lag study.

8 **Q. DO THE CHANGES THAT YOU WILL BE DESCRIBING APPLY TO ALL**
9 **THREE OPERATING COMPANIES' THREE MONTH UPDATE FILINGS?**

10 A. Yes they do.

11 **Q. WHAT CHANGES WERE MADE TO THE LEAD LAG STUDY?**

12 A. The lead lag study includes new adjustments and changes to the jurisdictional dollar
13 amounts in the cash working capital income statement; the lead days and
14 jurisdictional revenue for Energy for Education; the classification of Short-
15 Term/Long-Term Disability; Income Taxes and Taxes Other than Income Taxes; and
16 Outside Services Employed and Other O&M. I will also be discussing the reason for
17 the inclusion of the cash working capital requirement of purchased power.

18 **Q. PLEASE DESCRIBE THE ADJUSTMENT TO THE JURISDICTIONAL**
19 **DOLLAR AMOUNTS IN THE CASH WORKING CAPITAL INCOME**
20 **STATEMENT?**

21 A. I updated the jurisdictional revenue, expenses and adjustments to reflect 3 months of

1 actual data as of May 31, 2007. The updated adjustments include additional C-3
2 adjustments which are addressed in the testimony of K. Burgess or the testimony of
3 G. Young.

4 **Q. PLEASE DESCRIBE THE CHANGES TO THE ENERGY FOR**
5 **EDUCATION LEAD DAYS AND JURISDICTIONAL REVENUE?**

6 A. An error was made in calculating the revenue lead days for the Energy for Education
7 revenue. I corrected the error which increased the lead days from 427.3 to 854.4
8 days. I also separated the Energy for Education Revenue from the Generation
9 Revenue and assigned such revenue 854.4 lead days. Such changes are included on
10 work paper WPB-5.0 a and WPB-5.0 b.

11 **Q. PLEASE DESCRIBE THE CHANGE TO SHORT-TERM/LONG-TERM**
12 **DISABILITY?**

13 A. As originally filed the Short-Term/Long-Term Disability amount was not known
14 and an estimated actuarial determination of the expense for the test period was filed.
15 The actual amount is now known and has been filed as a test year jurisdictional
16 amount. The change is reflected on work paper WPB-5.0 a and WPB-5.0 h.

17 **Q. PLEASE EXPLAIN THE CHANGES TO INCOME TAXES AND TAXES**
18 **OTHER THAN INCOME TAXES?**

19 A. I added Pennsylvania Franchise Tax and Pennsylvania Income Tax paid by the
20 Companies that was inadvertently omitted in the original filing. In addition, I added
21 Taxes Other than Income taxes to provide a more precise understanding on how the
22 lead/lag days are calculated for the following taxes: Federal Highway Use and IFTA

1 Motor Fuel and Federal Excise Tax. Such changes are included on work paper WPB-
2 5.0 a, WPB-5.0 k, WPB-5.0 l, WPB-5.0 m, and WPB-5.0 n.

3 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO OUTSIDE SERVICES**
4 **EMPLOYED AND OTHER O&M?**

5 A. The original filing calculated Outside Services Employed and Other O&M using an
6 accounts payable methodology which yielded a 30 day lag. I have now used a
7 sampling methodology which yields 17.7 days for Outside Services Employed and 50
8 days for Other O&M. The adjustment is reflected on work paper WPB-5.0 a and
9 WPB-5.0 j.

10 **Q. HAVE YOU INCLUDED THE CASH WORKING CAPITAL REQUIREMENT**
11 **OF PURCHASED POWER?**

12 A. Yes.

13 **Q. DO YOU KNOW IF THE COMPANIES ALSO INCLUDED SUCH COSTS IN**
14 **THEIR RECENTLY FILED APPLICATION FOR 2009 GENERATION**
15 **SERVICE IN PUCO CASE NO. 07-796-EL-AIR ("GENERATION CASE")**

16 A. Yes, they did.

17 **Q. PLEASE EXPLAIN WHY THIS WAS DONE.**

18 A. Until the Companies are assured that the costs associated with the cash working
19 capital impact for purchased power will, indeed, be recovered in the Generation
20 Case, such costs will remain in the distribution case. The Companies are not
21 attempting to collect these costs twice. Rather, they simply want to ensure that all
22 such costs are properly recovered.

23 **Q. DO THE COMPANIES PREFER FOR THE COSTS TO BE RECOVERED IN**

1 **THE DISTRIBUTION CASE OR THE GENERATION CASE?**

2 A. The Generation Case.

3 **Q. PLEASE EXPLAIN WHY?**

4 A. The costs associated with the cash working capital requirement are incremental costs
5 associated with the procurement of generation supply through the competitive bidding
6 process, and arguably should be recovered in the revenue established in the
7 competitive bidding process.

8 **Q. DOES THIS CONCLUDE YOUR UPDATE TESTIMONY?**

9 A. Yes, it does.

EXHIBIT

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

SUPPLEMENTAL TESTIMONY OF

Michael J. Swartz

ON BEHALF OF

**OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY**

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating income
<input checked="" type="checkbox"/>	Rate base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of return
<input type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other –Case Overview, Revenue Requirements Gross Rev. Conversion Factor

1 Q. PLEASE STATE YOUR NAME FOR THE RECORD.

2 A. My name is Michael J. Swartz.

3 Q. ARE YOU THE SAME MICHAEL J. SWARTZ THAT PROVIDED INITIAL
4 AND UPDATE TESTIMONY THAT WAS FILED IN THIS PROCEEDING
5 ON JUNE 7, 2007 AND AUGUST 6, 2007, RESPECTIVELY?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

8 A. The purpose of my Supplemental Testimony is to address certain objections of Ohio
9 Edison Company (OE), The Cleveland Electric Illuminating Company (CEI) and
10 The Toledo Edison Company (TE) (collectively, "Operating Companies") to the
11 Staff Reports that were filed with the Commission on December 4, 2007.

12 Q. PLEASE IDENTIFY THE OPERATING COMPANIES' OBJECTIONS
13 THAT YOU WILL BE ADDRESSING.

14 A. I will be addressing Section I.b. ("Working Capital") Objection Numbers 1-5.

15 Q. DOES YOUR TESTIMONY REGARDING THESE OBJECTIONS APPLY
16 TO ALL THREE OPERATING COMPANIES?

17 A. Unless otherwise stated, yes, it does.

18 Q. PLEASE BRIEFLY EXPLAIN THE ITEMS WHICH LEAD TO WORKING
19 CAPITAL OBJECTION NO. 1.

20 A. Related to Working Capital Objection No. 1, Staff calculates the cash working
21 capital requirement incorrectly using Staff adjustments made to the C-3 Schedules.
22 Additionally, Staff makes mathematical errors when calculating Weighted Dollar

1 Days for Electric Revenues, Other Revenues, and Employee Benefits which affect
2 the respective cash working capital amounts.

3 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
4 **RATIONALE FOR THEIR WORKING CAPITAL OBJECTION NO. 1.**

5 A. The merits of specific adjustments Staff performed on the C-3 Schedules will be
6 addressed by other witnesses. However, the Staff failed to reflect the impact of its
7 own adjustments to the C-3 Schedules in calculating the Adjusted Jurisdictional
8 Amount. As a result, the lead/lag days used to calculate the Staff's cash working
9 capital amount (which logically should take into account the Staff's own C-3
10 adjustments) is incorrect. These adjustments include:

- 11 i) Removal of certain ATSI Ground Lease Revenues from Other Revenues
- 12 ii) Additional C-3 adjustments made to Operation and Maintenance Expenses
- 13 iii) Additional C-3 adjustments made to Depreciation and Amortization
- 14 iv) Additional C-3 adjustments made to Taxes Other Than Income
- 15 v) Additional C-3 adjustments made to Income Taxes
- 16 vi) Additional adjustments made to Interest on Long-Term Debt and Return on
17 Common Equity

18 **Q. DO THE OPERATING COMPANIES HAVE ANY FURTHER RATIONALE**
19 **FOR THEIR WORKING CAPITAL OBJECTION NO. 1?**

20 A. Yes. One component of the lead/lag study calculates Weighted Dollar Days.
21 Weighted Dollars Days quantifies the adjusted amount for a product or service with
22 lead/lag days and are computed properly by multiplying the Adjusted Jurisdictional
23 Amount by Lead/Lag Days, which is set forth in Column D and Column E,

1 respectively, of Schedule B-5.1. Staff's mathematical errors occurred when
2 multiplying the Adjusted Jurisdictional Amount by the Lead/Lag Days, in turn
3 improperly calculating the cash working capital requirement amounts for Electric
4 Revenues, Other Revenues and Employee Benefits. Thus, Staff's error in
5 calculating the Weighted Dollar Days created an error in deriving the cash working
6 capital requirement Staff sets forth in Column G.

7 **Q. PLEASE BRIEFLY EXPLAIN THE CALCULATIONS WHICH LEAD TO**
8 **WORKING CAPITAL OBJECTION NO. 2.**

9 A. Related to Working Capital Objection Number 2, Staff made certain modifications
10 to the calculation of Electric Revenues and Other Revenues but did not adjust the
11 lead/lag days to reflect such modifications.

12 **Q. WHAT MODIFICATION DID STAFF MAKE TO ELECTRIC REVENUES?**

13 A. Staff removed all Generation Revenues including Generation Revenues associated
14 with Energy for Education.

15 **Q. HOW DID THAT MODIFICATION AFFECT LEAD/LAG DAYS?**

16 A. The Operating Companies filed Adjusted Jurisdictional Amount to Electric
17 Revenues of \$1,272,240,137 for CEI, \$1,638,033,661 for OE and \$540,512,525 for
18 TE which resulted in 27.7, 22.9 and 29.6 lead/lag days, respectively. Staff reduced
19 the Adjusted Jurisdictional Amount of Electric Revenues to \$421,187,156 for CEI,
20 \$487,733,318 for OE and \$146,976,810 for TE but still used 27.7, 22.9 and 29.6
21 lead/lag days, respectively. Staff needed to complete the revision in its calculation
22 to reflect the change that would occur to the lead/lag days when the amount of
23 Electric Revenues is modified. Using Staff's adjusted number for Electric

1 Revenues, the lead/lag days if properly calculated, would be 28.0 days for CEI, 24.5
2 for OE and 27.3 for TE.

3 **Q. WHAT MODIFICATIONS DID STAFF MAKE TO OTHER REVENUES?**

4 A. Staff made changes to C-3.15 and C-3.17.

5 **Q.. HOW DID THAT MODIFICATION AFFECT LEAD/LAG DAYS?**

6 A. The Operating Companies filed Adjusted Jurisdictional Amounts to Other Revenues
7 of \$20,950,587 for CEI, \$30,012,220 for OE and \$11,326,260 for TE which
8 resulted in 15.6, 106.9 and 112.8 lead/lag days, respectively. Staff reduced the
9 Adjusted Jurisdictional Amount of Other Revenues to \$14,524,221 for CEI,
10 \$20,621,399 for OE and \$9,949,247 for TE and still used 15.6, 106.9 and 112.8
11 lead/lag days, respectively. Staff, just as with Electric Revenue, did not complete
12 the revision in its calculation to reflect the change that would occur to the lead/lag
13 days when the amount of Other Revenues is modified. Using Staff's adjusted
14 number for Other Revenues and the adjusted amount for removal of ATSI Ground
15 Lease Revenues, the lead/lag days if properly calculated, would be 46.7 days for
16 CEI, 183.3 days for OE and 137.8 days for TE.

17 **Q. PLEASE BRIEFLY EXPLAIN THE CALCULATIONS WHICH LEAD TO**
18 **WORKING CAPITAL OBJECTION NO. 3.**

19 A. Relating to Working Capital Objection Number 3, Staff fails to properly apply the
20 service period mid-point to calculate accrued vacation Lead/Lag Days. In addition,
21 Staff does not include the C-3 Adjustment.

22 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
23 **RATIONALE FOR THEIR WORKING CAPITAL OBJECTION NO. 3.**

1 A. In calculating the Lead/Lag Days associated with accrued vacation (which directly
2 impacts the Lead/Lag Days calculated for Payroll), the Staff failed to incorporate a
3 mid-point of service in its methodology. It is standard practice to use the service
4 period mid-point when calculating Lead/Lag Days. The use of the mid-point in
5 calculating accrued vacation recognizes that the total amount of vacation is not
6 accrued on the first day of the year or the last day of the year, but rather accrued
7 throughout the service period. The Staff's approach had the unreasonable effect of
8 placing all accrued vacation on the first day of the year and, therefore,
9 overestimating the Lead/Lags Days. The Operating Companies believe that Staff
10 should have used the standard practice of using the service period mid-point when
11 calculating the Lead/Lag Days. This approach would calculate: $365/2 = 182.5$ days
12 and reduce the Staff reported Lead/Lag Days by 182.5. This is consistent with the
13 lead/lag day calculation methodology used throughout the filed cash working
14 capital study.

15 **Q. DO THE OPERATING COMPANIES HAVE ANY FURTHER RATIONALE**
16 **FOR THEIR WORKING CAPITAL OBJECTION NO. 3?**

17 A. Yes. The Lead/Lag Day is calculated by taking the summation of Bi-weekly
18 Payroll, Weekly Payroll, Vacation Pay, Miscellaneous Payroll and Performance
19 Compensation Lag/Lead Dollars divided by summation of the Total Jurisdictional
20 Amount of categories mentioned earlier which includes the addition of the C-3
21 Adjustment. However, when calculating the Lead/Lag Days associated with
22 accrued vacation (which directly impacts the Lead/Lag Days calculated for Payroll),

1 Staff failed to add in the Labor Wage Annualization C-3 Adjustment which is an
2 integral part of the calculation.

3 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
4 **RATIONALE FOR THEIR WORKING CAPITAL OBJECTION NO. 4.**

5 A. The Staff unreasonably assigned a lag to the interest associated with long-term debt.
6 Interest on long-term debt is part of investor returns paid from operating income.
7 This operating income is the property of the equity investor(s) and is earned at the
8 time of service. At this point, it is up to the equity investor(s) to decide whether to
9 obtain further capital for the company in the form of long-term debt; however, the
10 risk of meeting the contractual interest, as well as earning an overall return, belongs
11 to the equity investor(s). It is inappropriate to treat long-term debt interest as if it
12 were an operating expense (and assign a Lead/Lag Day other than zero in a lead/lag
13 study). Interest on long-term debt is not an operating expense nor any other
14 component of net operating income. Net operating income, from which the interest
15 obligation is satisfied, becomes the property of the investor(s) at the time of service
16 and effectively reduces the allowed return on equity. Using the Staff's methodology
17 essentially results in negative Cash Working Capital for this item. Since interest on
18 debt is a component of calculating the rate of return, the Staff's adjustment
19 effectively lowers the allowed return of the respective Operating Company.

20 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
21 **RATIONALE FOR THEIR WORKING CAPITAL OBJECTION NO. 5.**

22 A. In the Staff's proforma operating income, the Staff adjusted the test year operating
23 income to reflect the Operating Companies proposed increase in revenues and the

1 associated increases in uncollectible accounts expense, commercial activities taxes,
2 and federal income taxes. However these proposed changes made by the Staff were
3 not incorporated in the Jurisdictional Amounts in the Lead/Lag Study. Failure to
4 incorporate these proforma adjustments in revenue can distort the cash working
5 capital level when the rates become effective.

6 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

7 **A.** Yes, it does.

8

EXHIBIT

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

DIRECT TESTIMONY OF

GREGORY F. HUSSING

ON BEHALF OF

**OHIO EDISON COMPANY
THE TOLEDO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY**

- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☒ Rates and tariffs
- ☐ Other – Cost of Service

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION?**

2 A. My name is Gregory F. Hussing. I am employed by FirstEnergy Service Company as
3 Director, Regulatory Analytics. My business address is 76 S. Main Street, Akron,
4 Ohio 44308.

5
6 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY FIRSTENERGY?**

7 A. I have been employed by FirstEnergy or a predecessor company since August 1987.

8
9 **Q. WHAT ARE YOUR EDUCATIONAL AND PROFESSIONAL**
10 **QUALIFICATIONS?**

11 A. I received a Bachelor of Science degree in Engineering Technology from the
12 University of Akron in 1987 and a Masters in Business Administration also from the
13 University of Akron, in 1994. I joined Ohio Edison in 1987 as Distribution
14 Technician, holding a variety of staff and supervisory positions in the Energy
15 Delivery Group. Since the formation of FirstEnergy Corp. in 1997 and prior to my
16 current position, I have held the positions of Manager of Corporate Metering,
17 Manager of Retail Supplier Settlements, Manager of Transmission Operations
18 Support, and Director of Rates and Regulatory Affairs.

19
20 **Q. PLEASE DESCRIBE YOUR AFFILIATION WITH INDUSTRY AND**
21 **PROFESSIONAL ORGANIZATIONS?**

22 A. I am a member of the Edison Electric Institute Rate Research Committee.

23

1 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 **A.** I am testifying on behalf of Ohio Edison Company ("OE"), The Cleveland Electric
4 Illuminating Company ("CEI"), and The Toledo Edison Company ("TE")
5 (collectively the "Companies"). The purpose of my testimony is to support the design
6 of the proposed Residential and General Service distribution rates and associated
7 tariff sheets.

8

9 **Q. WHAT ARE THE SCHEDULES FOR WHICH YOU ARE RESPONSIBLE?**

10 **A.** I am responsible for all or part of the following schedules:

11

12 E-1 Proposed Tariffs
13 E-2 Current Tariffs
14 E-3 Rationale for Tariff Changes
15 E-3.1 Customer Charge/Minimum Bill Rationale
16 E-4 Class and Schedule Revenue Summary
17 E-4.1 Annualized Test Year Revenues at Proposed vs. most Current Rates
18 E-5 Typical Bill Comparison
19 C-3.1 Reconciliation between E-4 and C-2
20 C-12.1-4 Sales and Revenue Statistics

21

22 **Q. WHAT OTHER WITNESSES SUPPORT PORTIONS OF THE E-1, E-2 AND**
23 **E-3 SCHEDULES?**

24 **A.** Kevin Norris, Company Exhibit 15, is responsible for the Electric Service
25 Regulations and the Miscellaneous Charges. Michelle Henry, Company Exhibit 14,
26 is responsible for the Street, Traffic and Private Outdoor Lighting schedules. Ed
27 Stein, Company Exhibit 12, is responsible for the Cost of Service Study. Steve
28 Ouellette, Company Exhibit 16, is responsible for Line Extension, the Demand Side
29 Management Rider, and the Toledo Edison Economic Development (4a) Rider.

1 **Q. WHAT OTHER WITNESSES SUPPORT PORTIONS OF THE E-4 and E-5**
2 **SCHEDULES?**

3 **A.** Michelle Henry, Company Exhibit 14, is responsible for the Street, Traffic and
4 Private Outdoor Lighting E-4 and E-5 schedules and Kevin Norris, Company Exhibit
5 15, is responsible for the E-4 Miscellaneous Charges.
6

7 **CURRENT AND PROPOSED RATE SCHEDULES**

8 **Q. PLEASE DESCRIBE THE CONTENTS OF SCHEDULES E-1 AND E-2?**

9 **A.** Schedule E-1 contains proposed jurisdictional rates scored to highlight the differences
10 between the current and proposed schedules. Schedule E-2 contains current
11 jurisdictional rates in this filing, also scored to highlight proposed changes. Due to
12 the voluminous nature of the changes, portions of the E-1 and E-2 schedules have
13 been completely deleted and replaced. These complete replacements as well as the
14 red-line changes are identified in the table of contents and on the specific page in the
15 schedules.
16

17 **Q. PLEASE DESCRIBE THE REMAINDER OF THE SCHEDULES THAT YOU**
18 **ARE SPONSORING IN THIS PROCEEDING?**

19 **A.** Schedule E-3 contains the rationale for the proposed changes to the existing rate
20 schedules. In large measure, the changes were driven by the Companies' effort to
21 better align the tariff charges with how the Companies facilities are utilized by
22 customers. Now that rates are unbundled, and distribution costs may be separately
23 considered, the Companies also made revisions in an effort to reduce the number of

1 rate schedules and to simplify the remaining tariffs. There is also a desire to make the
2 format of the tariffs more consistent across the three Companies.

3 Schedule E-3.1 shows the development of customer-related costs using the method
4 the PUCO Staff has utilized in a number of previous rate cases. Utilizing the PUCO
5 Staff methodology and consistent with the Companies' goals to provide distribution
6 tariffs that are easier to understand, the customer service charge across each
7 Company's proposed schedules were made consistent, where applicable.

8 Schedule E-4 is the revenue summary schedule depicting revenues on both a current
9 rate schedule and proposed rate schedule basis. The E-4.1 Schedules show the billing
10 determinants and the calculation of the associated distribution revenues by individual
11 tariff schedule by specific rate blocks and riders. The distribution revenue calculated
12 on the E-4.1 is then summarized on the E-4 Schedule by total sales and associated
13 distribution revenue.

14 Schedule E-5 is a typical bill comparison that presents the effect of the proposed
15 rates, showing the amount and percent increases or decrease for bills at various
16 consumption levels. The E-5s also show the impact of the elimination of Regulatory
17 Transition Charges (RTC) in OE and TE, and a reduction in CEI, which were
18 approved in a prior Commission proceeding (Case No. 05-1125-EL-ATA et al.) and
19 will take effect at the same time the outcome of the distribution rate case is
20 implemented.

21 Schedule C-3.1 is the adjustment necessary to reconcile the difference between the
22 distribution revenue reflected on the E-4, described above, and C-2 schedules, which
23 contain Company budgeted revenue information. This adjustment reconciles the

1 Companies' budgeted revenue with the rate case filed information. This
2 reconciliation adjustment is necessary to recognize differences in revenue levels that
3 were determined at different points in time.

4 Schedule C12.1-3 show distribution Sales and Revenue Statistics over multiple
5 historic and future years.

6
7 **RATE DESIGN**

8 **Q. WHEN WAS THE CURRENT RATE DESIGN FOR EACH COMPANY**
9 **ESTABLISHED?**

10 **A.** Each Company's overall base rate design was established in its last base rate case.

11 For OE, those rates became effective in 1990, while for TE and CEI, those rates
12 became effective in 1996. I should point out, however, that the underlying rate
13 design, as opposed to the particular level of rates, was placed into effect years prior to
14 the dates mentioned above when each of the Companies was an independent
15 company. Ohio Edison had implemented an overall rate freeze in the mid 1990s as
16 part of a regulatory plan. The CEI and TE overall rates were frozen as part of the
17 merger of Ohio Edison and Centerior Energy in 1997. Subsequently, as a result of
18 the implementation of Senate Bill 3 requirements, the Companies unbundled their
19 then existing overall base rates into separate Generation, Distribution, Transmission,
20 and Transition components. During the unbundling process, the rate design structure
21 was not changed, thus the bundled rate design from the last base rate case continued
22 in the unbundled components. The unbundled rates became effective in 2001. The
23 subsequent Rate Stabilization Plan ("RSP") and Rate Certainty Plan ("RCP")

1 arrangements further extended the existing distribution rate through the end of 2008,
2 and for CEI, until the original regulatory transition costs were recovered, a date
3 expected to occur during May 2009. The result of this regulatory activity is that the
4 existing rate design structure is a legacy from three separate companies that has
5 remained in place for many years without a comprehensive review of the rate
6 structure.

7
8 **Q. PLEASE DESCRIBE YOUR PROPOSED UPDATE TO THE COMPANY'S**
9 **EXISTING DISTRIBUTION RATE DESIGN AND WHY IT IS BEING**
10 **UNDERTAKEN AT THIS TIME?**

11 **A.** Changes to existing distribution rate design are needed both because of the length of
12 time since base rate design was last addressed for the Companies. Further, we had the
13 opportunity to design rates for the first time separately for distribution service that
14 focused on the unique characteristics and nature of that service. We also took the
15 opportunity to consolidate and simplify rate structures and to make our distribution
16 rates more uniform across the three Companies.

17
18 **Q. WHAT CONSIDERATIONS, CONCEPTS AND OBJECTIVES UNDERLIE**
19 **THE PROPOSED RATE DESIGN?**

20 **A.** Rate design involves numerous informed judgments in the transition from a
21 company's revenue requirements and cost of service study to the ultimate retail rates
22 to be charged to customers. In making those judgments, we relied upon a number of
23 concepts for the distribution rate design proposed in this proceeding including:

- 1 ○ There should be one unified distribution rate design for the Companies. The
2 Companies are managed on a uniform basis with uniform business processes. The
3 rate structure should be aligned in conformity with the combined company
4 operations.
- 5 ○ Recognition that distribution service has been unbundled for ratemaking purposes.
6 This is the first opportunity the Companies have had to implement rate designs that
7 focus on the specifics of distribution service and not to simply continue concepts or
8 structures inherent in the legacy bundled rate design.
- 9 ○ Distribution rates, all else being equal, should be based on a customer's demand as
10 opposed to customer usage levels. Distribution costs are predominantly fixed costs
11 that do not vary with the level of customer usage, but rather are more related to the
12 level of investment and the operation and maintenance associated with that
13 investment.
- 14 ○ The transition from historic rate levels and structures to proposed rates must be
15 accomplished through a reasoned and gradual approach in order to balance the
16 competing objectives of mitigating significant customer impacts and simplifying and
17 consolidating the tariff design. Incorporating the concept of gradualism is a useful
18 tool in managing overall customer impacts resulting from incorporating the rate
19 design objectives.
- 20 ○ Minimizing the number of meter changes required while developing consistent tariff
21 concepts among the Companies.

- 1 ○ The number of rate options available to customers should be reduced in order to assist
2 in customer understanding of the rate structure and for more efficient tariff
3 administration.

4 **Q. PLEASE DESCRIBE ANY SIGNIFICANT MODIFICATIONS IN THE**
5 **PROPOSED RATE DESIGN AND RATE SCHEDULE NAMES.**

6 **A.** One of the major goals of the new distribution rate design is to simplify the
7 application of rates and align the Companies' rate schedules into a unified process.
8 Because distribution service is predominantly an asset-based business, the proposed
9 distribution rate schedules are based on the assets used to provide delivery service to
10 customers. That is, availability of the proposed tariffs is voltage based, which
11 matches more closely how the distribution system is designed, built and operated, and
12 reflects how our customers are physically connected to and take service from our
13 system. Residential customers take service from secondary voltages (lower voltage),
14 while General Service customers take service from four major voltage levels:
15 Secondary, Primary, Sub-Transmission, and Transmission. The proposed rate
16 classifications mirror these distribution categories by having one Residential
17 distribution schedule (Rate RS) and four General Service distribution schedules:
18 General Service Secondary (Rate GS), General Service Primary (Rate GP), General
19 Service Subtransmission (Rate GSU), and General Service Transmission (Rate GT).

20
21 **Q. WHAT ARE THE PRIMARY CHANGES COMPARING THE PROPOSED**
22 **RATE STRUCTURE AND THE EXISTING RATE STRUCTURE?**

1 A. The first change is that the existing rate structure contained many special-focus rate
2 tariffs with small numbers of customers for which the original economic or business
3 rationale no longer exists. The proposed rate structure is much simpler with only one
4 residential rate and four general service rates. Second, one of the main similarities in
5 the General Service schedules between the existing and proposed tariffs is the
6 continued utilization of demand only distribution charges. For each company, the
7 majority of the distribution revenue component for the existing general service
8 schedules is calculated solely on demand based pricing. Only the existing rates used
9 to serve small general service customers are primarily volume based rates, i.e., the
10 rate itself was fundamentally a kWh rate. The proposed Rate GS, that would serve
11 such customers, is a demand based rate to better reflect the cost structure underlying
12 distribution service and to make it consistent with the other general service schedules.
13 Additional changes are discussed throughout my testimony.

14
15 **Q. HOW DID YOU MAP CUSTOMERS FROM THE EXISTING DISTRIBUTION**
16 **RATE SCHEDULES TO THE PROPOSED DISTRIBUTION RATE**
17 **SCHEDULES?**

18 A. Two major criteria were used in mapping customers to the proposed rate schedules:
19 the first is ownership (i.e., company or the customer) of the transformation used by
20 the customer to connect to the company's distribution system, and the second is the
21 physical voltage at that connection point. For example, under these two criteria all
22 Residential and a majority of General Service customers were mapped to the
23 Company's secondary schedule: (RS) for Residential and (GS) for General Service.

1 Under these schedules, the Company owns the transformation that directly serves the
2 customer and the customer takes service from a secondary voltage (i.e., voltages that
3 are 600 volts or less). Under the same criteria, in order for a General Service
4 customer to be mapped to a schedule other than Rate GS the customer would
5 typically need to own the transformation that directly connects them to the
6 Company's system and the voltage at that connection point would determine the Rate
7 Schedule. The following list sets forth the voltage classification used to map
8 customers to the Primary, Sub-Transmission, and Transmission distribution
9 schedules. Attachment GFH-1 attached to this testimony shows the general
10 movement of customers from existing rate schedules to proposed rate schedules
11 through the mapping process described above. Keep in mind, that Attachment GFH-1
12 shows which proposed schedule a customer would be moved to assuming no changes
13 in the customer's service characteristics. It is not intended to limit a customer's
14 options regarding choice of tariff for distribution service that may otherwise be
15 available.

16
17 **Delivery Voltages**

18 **OE**

- 19 1. Secondary Service - Less than or equal to 600 volts.
20 2. Primary Service - All other available voltages
21 3. Sub-Transmission Service – 23,000 volts three wire and 34,500 volts three wire.
22 4. Transmission Service – Greater than or equal to 69,000 volts.

23 **TE**

- 24 1. Secondary Service - Less than or equal to 600 volts.
25 2. Primary Service - All other available voltages
26 3. Sub-Transmission Service – 23,000 volts three wire and 34,500 volts three wire.
27 4. Transmission Service – Greater than or equal to 69,000 volts.

1 **CEI**

- 2 1. Secondary Service - Less than or equal to 600 volts.
3 2. Primary Service - All other available voltages.
4 3. Sub-Transmission Service – 11,000 volts three wire and 36,000 volts three wire.
5 4. Transmission Service – Greater than or equal to 69,000 volts.

6

7 **Q. HOW DID YOU DESIGN THE PROPOSED DISTRIBUTION RATES?**

8 **A.** I first reviewed the rate of return based upon existing revenues arising under the
9 proposed rate schedules (RS, GS, GP, GSU, and GT) from the Cost of Service Study.

10 A "Cost of Service Study" is useful to provide an overall level of guidance to assist in
11 the development of rates for utility service. In this case, the Cost of Service Study is
12 sponsored by Edward Stein and described in Company Exhibit No. 12. Second, I
13 added the total Company proposed distribution increase to existing revenues, which
14 resulted in an overall rate of return. I then allocated the proposed total increase
15 among the rate schedules so that each proposed rate schedule produced a rate of
16 return equal to the overall return. I did this simply as a way to get to a starting point
17 or a baseline from which distribution rates could be designed. This second analysis
18 showed the general order of magnitude of revenue needed for each rate schedule to
19 move it towards the total company system retail rate of return. In the third step, in
20 fashioning the final rate design, I was guided by the impact on customers' bills
21 resulting from the proposed rate increase for distribution service as well as overall
22 rates including the transition rate credit and reduction in the RTC charge. The
23 proposed rate design utilizes gradualism in managing customer impacts by balancing
24 the competing objectives of simplifying and consolidating the tariff design with
25 implementing rates based solely on cost of service.

1
2 **RESIDENTIAL RATES**

3 **Q. WHY DID YOU OPT FOR A NEW RATE DESIGN FOR RESIDENTIAL**
4 **SERVICE RATHER THAN STANDARDIZE TO ONE OF THE EXISTING**
5 **RATE STRUCTURES?**

6 **A.** The objective of the Companies is to establish a residential tariff schedule that
7 simplifies and consolidates the numerous existing residential rates schedules into one
8 standard schedule that could be utilized efficiently across all three companies. Due to
9 the various legacy designs of each company's existing standard residential schedules,
10 none of the existing structures achieved this objective. Thus, a new standard
11 residential rate was created to which all residential customers will be assigned and
12 provided distribution service. The proposed rate utilizes a two block structure that,
13 together with the residential distribution credit rider, helps mitigate customer impact
14 from the combined changes of movement to a standard rate, the distribution increase,
15 the removal or partial removal of Regulatory Transition Charges, and the expiration
16 of the Transition Rate Credits that currently exist.

17
18 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO RESIDENTIAL RATE**
19 **SCHEDULES?**

20 **A.** The following is a list of changes comparing existing residential rate schedules with
21 the proposed residential rate schedule:
22 ○ Creation of a single distribution rate schedule for all residential customers.

- 1 ○ Creation of a Residential Distribution Credit rider as a step in the process of
- 2 transitioning away from price discounts based upon the end use of the electricity
- 3 consumed.
- 4 ○ Conversion from existing multiple block and declining block designs to a simple two
- 5 block structure that is consistent across all three Companies.
- 6 ○ Renaming the phrase: "Customer Charge" to "Service Charge".
- 7 ○ Simplification of the Service Charge amount to be similar across all three Companies.

8

9 **Q. PLEASE EXPLAIN WHY THE COMPANIES PROPOSED TO ELIMINATE**

10 **THE PERCENTAGE OF INCOME PAYMENT PLAN ("PIPP") RATE**

11 **DIFFERENTIAL THAT EXISTS IN THE CEI AND TE RESIDENTIAL RATE**

12 **SCHEDULES?**

13 A. Consistent with the goals to simplify and unify the rate structure across the three

14 Companies and reduce the number of rates, the Companies have proposed to have

15 only one rate for residential customers regardless of whether the customer participates

16 in the PIPP program. Elimination of the PIPP rates will bring CEI and TE into

17 alignment with OE and all of the other electric utilities in the state on this issue.

18 Further, customers participating in the PIPP program will continue to have their PIPP

19 payment calculated based on their income, just as occurs today under the program.

20 Likewise, the arrearage crediting available to customers when they leave the program

21 will remain in place as it exists today.

22

1 **Q. PLEASE DESCRIBE THE ADDITIONAL CHANGES THAT YOU NEEDED**
2 **TO MAKE TO CEI'S RESIDENTIAL SCHEDULES?**

3 A. Consistent with the Commission's Order in Case No. 05-1125-EL-ATA, et seq.,
4 commencing on January 1, 2009, the RTC for OE and TE will no longer be included
5 in rates, and this is reflected in the Companies' filing. Pursuant to the same order, the
6 RTC for CEI will continue until December 31, 2010, but will be reduced by
7 approximately 30% in or around May 2009 at the same time the new distribution rates
8 go into effect. With the consolidation of the existing residential rates into one
9 residential service schedule, and the estimated reduction in the RTC for CEI, the RTC
10 rate was set to a multi-block charge per kWh. The proposed RTC charge represents a
11 30 percent reduction of total residential test year RTC revenue divided by the total
12 Residential test year sales volume. Similar to the existing RTC rate and consistent
13 with previous Commission Orders, the proposed CEI RTC rate is designed to recover
14 the remaining balance of regulatory transition costs.

15
16 **GENERAL SERVICE RATES**

17 **Q. PLEASE DESCRIBE THE GENERAL CHANGES THAT THE COMPANIES**
18 **MADE TO THE GENERAL SERVICE RATE SCHEDULES?**

19 A. Consistent with the overall goals discussed earlier, changes have been proposed to the
20 general service schedules to better align availability of the schedules with the
21 customer's service voltage as opposed to level of demand or usage, which is more
22 consistent with the distribution system cost structure. As part of the proposed design,
23 efforts were also made to simplify and consolidate the schedules, which make the

1 schedules more understandable for customers. The following is a specific list of
2 differences comparing existing general service rate schedules with the proposed
3 general service rate schedules:

- 4 ○ Simplify and align the distribution rates of the Companies from multiple legacy
5 general service schedules to one uniform tariff design.
- 6 ○ A reduction in the number of rate blocks.
- 7 ○ Conversion from a declining block structure to a flat structure.
- 8 ○ Creation of a Business Distribution Credit Rider as a step in the process of
9 eliminating all discounts based upon type of use.
- 10 ○ Renaming the phrase: "Customer Charge" to "Service Charge".
- 11 ○ Standardization of the Service Charges and reactive billing demand charges across
12 the Companies
- 13 ○ Standardization on demand-only distribution pricing.
- 14 ○ Applicability based on service voltage rather than usage.
- 15 ○ To introduce a contract demand concept at CEI and TE to create consistency across
16 all the Companies.

17

18 **Q. PLEASE DESCRIBE THE CHARACTERISTICS OF PROPOSED RATE GS?**

19 **A.** The proposed Rate GS may be found in Schedule E-1, Sheet No. 20. The
20 characteristics of the proposed Rate GS are outlined below and are consistent across
21 all the Companies.

- 22 1. The billing units will be charged under a two-block rate structure rather than the
23 existing blocked structures, which consist of a number of demand and energy and/or

- 1 hours use blocks. The first block of the proposed rate is a flat, monthly charge for
2 billing demands of 5 kW or less.
- 3 2. Customers served at secondary voltage will be assigned to the GS Schedule. Under
4 the equivalent existing schedules, applicability was determined primarily based upon
5 usage level.
- 6 3. The determination of usage for unmetered accounts will be based on one of two types
7 of operational characteristics of the load. Usage of loads generally operating
8 continuously would be calculated using 730 hours per month. All other loads would
9 be calculated using 350 hours per month.
- 10 4. Duplicate circuit service is a new provision to provide customers for an additional
11 charge the option of connection to a separate distribution circuit to provide
12 redundancy in the event of the unavailability of their main circuit. If a power outage
13 should occur on the main circuit, the duplicate circuit may continue to be energized,
14 enabling the customer to retain service. Any usage registered on this duplicate
15 service would be separately metered and billed under the charges and provisions of
16 the tariff.
- 17 5. A reactive billing demand charge will be included and is a continuation of an existing
18 concept of providing a power factor price signal to customers and permitting the
19 Companies to recover the costs incurred due to customers' low power factors. It also
20 encourages the addition of capacitors by customers as well as investments in more
21 efficient inductive load equipment, such as motors. OE current rates accomplish this
22 by adjusting billing loads when power factors fall below 85%. CEI and TE current
23 tariffs employ reactive billing demand charges. In order to increase consistency

1 among the company's tariffs, a reactive billing demand charge is proposed to be
2 assessed on a per-rkVA basis for all three operating companies. This charge is to
3 apply only to customers with three-phase service. Current tariffs apply power factor
4 based pricing to both single and three phase accounts. This change from current
5 tariffs is proposed in order to simplify tariffs and to recognize that the majority of
6 customer loads that create significant loading issues on distribution lines receive
7 three-phase service.

8 6. The contract term requirement is proposed to be a minimum of one-year for all the
9 Companies. This one year term requirement will ensure some recovery of costs for
10 company facilities installed to serve customers.

11 7. Recognizing that some customers do not have a demand meter, the Company is
12 proposing to derive a measured demand for such customers based on an hours-use
13 factor of 200. The formula is Measured Demand = kWh / 200. The hours-use value
14 of 200 reflects the expected hours-use of these customers as determined by analyzing
15 actual customer usage records.

16
17 **Q. WHAT CHANGES ARE YOU PROPOSING FOR RATE GP?**

18 **A.** The proposed Rate GP may be found in Schedule E-1, Sheet No. 21. The
19 characteristics of the proposed Rate GP are outlined below and are consistent across
20 the Companies.

21 1. Under the Rate GP Schedules, the billing units will be charged under a single per-kW
22 rate block rather than the existing blocked structures consisting of a number of
23 demand and energy and/or hours use blocks.

- 1 2. The GP Schedules are for customers served at specific voltages as opposed to usage
2 based applicability.
- 3 3. Duplicate circuit service is a new provision, identical to the one proposed in the GS
4 tariff described above.
- 5 4. A reactive billing demand charge will be applied to GP customers in the same manner
6 as the proposed GS tariff.
- 7 5. The current tariffs specify minimum contract terms that vary from one year to five
8 years. The proposed tariffs standardize on a minimum contract term of two years to
9 create consistency among the Companies. This term is necessary to ensure some
10 recovery of costs of Company facilities installed to serve customers.

11

12 **Q. WHAT CHANGES ARE YOU PROPOSING FOR RATE GSU?**

- 13 **A.** The proposed Rate GSU tariffs may be found in Schedule E-1, Sheet No. 22. The
14 characteristics of proposed Rate GSU are outlined below and are consistent across the
15 Companies.
- 16 1. Under the Rate GSU Schedules, the billing units will be charged under a single per-
17 kW rate block for CEI with a reactive billing demand charge, and a single per-kVA
18 rate block for OE and TE, rather than the existing blocked structures consisting of a
19 number of demand and energy and/or hours use blocks.
 - 20 2. A reactive billing demand charge will be applied to CEI GSU customers in the same
21 manner as the proposed Rate GS & Rate GP tariff for CEI customers. A separate
22 charge for reactive billing demand is not proposed for customers in OE and TE since
23 the capacity charge for OE and TE is kVA based, i.e., the reactive component is built

1 into the capacity charge itself. The majority of the OE and TE customers being
2 mapped to the proposed Rate GSU are either presently billed or metered by directly
3 obtaining kVA demands from the customer's meter, while existing CEI tariffs did not
4 require such kVA metering capability.

5 3. Duplicate circuit service is a new provision, identical to the one proposed in Rate GS
6 described above.

7 4. The GSU Schedules are for customers served at specific voltages as opposed to usage
8 based applicability.

9 5. The proposed GSU tariffs require the customer to provide transformation in order to
10 take service on the rate. In standardizing the schedules across the Companies, we
11 recognized the need to consider that CEI's existing rate schedules, unlike OE and TE,
12 are not ownership based but rather usage based. Thus, CEI's proposed Rate GSU is
13 made available to existing secondary service customers that are directly served from a
14 Company-owned transformer that is directly fed by the sub-transmission system. The
15 proposed tariff incorporates a transformer charge applicable to such customers in lieu
16 of the transformer ownership requirement.

17 6. The existing tariffs specify minimum contract terms that vary from one year to five
18 years. The proposed tariffs standardize on a minimum contract term of two years for
19 consistency among the Companies. This term is necessary to ensure some recovery
20 of costs of Company facilities installed to serve customers.

21

Q. WHAT CHANGES ARE YOU PROPOSING FOR RATE GT?

A. The proposed Rate GT may be found in Schedule E-1, Application Exhibit 2, Sheet No. 23. The characteristics of proposed Rate GT are outlined below and are consistent across the Companies.

1. Under proposed Rate GT, the billing units will be charged under a single per-kVA rate block rather than the existing blocked structures consisting of a number of demand and energy and/or hours use blocks.
2. Rate GT will be strictly for customers served at specific voltages as opposed to usage based applicability.
3. A reactive billing demand charge is not being proposed for this schedule, as power factor related costs are inherently included in the billing units, since they are kVA-based. The majority of the OE, TE, CEI customers being mapped to proposed Rate GT are either presently billed or metered by directly obtaining kVA demands from the customer's meter.
4. The proposed Rate GT tariffs require the customer to provide transformation in order to take service on the rate. In standardizing the schedules across the companies we recognized the need to consider that unlike OE's transmission customers, which own their transformation, not all CEI and TE transmission customers own these assets. Thus, in addition, CEI's and TE's Rate GT is available to existing primary customers that are directly served from Company-owned transformation fed from the Transmission system. The proposed GT tariff incorporates a transformer charge applicable to such customers in lieu of the transformer ownership requirement.

1 5. The proposed tariffs specify minimum contract terms that vary from one year to five
2 years. The proposed tariffs standardize on a minimum contract term of two years for
3 consistency among the Companies. This term is necessary to ensure some recovery
4 of costs for company facilities installed to serve customers.
5

6 **Q. PLEASE DESCRIBE ANY OTHER CHANGES THAT YOU HAVE**
7 **INCORPORATED INTO THE GENERAL SERVICE SCHEDULES?**

8 **A.** Although customer demand varies on a day-to-day, month-by-month basis, the
9 distribution system must be able to meet peak capacity at all times. Application of
10 minimum billing demands in all of the proposed General Service Schedules provides
11 for stabilized recovery of infrastructure costs.

12 Second, the rates established for the transformer charge and the reactive billing
13 demand charge are cost-based and derived from the Cost of Service study. The
14 methodology for formulating the reactive billing demand charge is based upon the
15 installation cost of a 600 KVAR capacitor bank on the Company's system, and is
16 consistent with previous Commission practice in TE and CEI cases.

17 Third, with the standardization of moving to four General Service Schedules and the
18 scheduled thirty percent reduction in the CEI Regulatory Transition Charge (RTC),
19 the RTC rate was set to a flat charge per kWh and, consistent with previous
20 Commission Orders, designed to recover the remaining balance of regulatory
21 transition costs. This charge is calculated for each proposed CEI Rate Schedule and
22 represents a 30 percent reduction of the test year RTC revenue divided by the sales
23 volume for customers mapped to each proposed Rate Schedule.

1
2 **SPECIAL CONTRACTS**

3 **Q. HOW WERE SPECIAL CONTRACTS TREATED IN THE RATE DESIGN?**

4 A. Customers served under Special Contracts were classified into three groups: (1)
5 contracts that expire within the test period, (2) contracts where the discount is a
6 specific amount off the applicable tariff price and that expire outside the test period,
7 and (3) contracts where the discount is not based on a tariff price and expire outside
8 the test period. Group 1 customer billing determinants were included with non-
9 contract customer billing determinants in the development of the rates. Group 2
10 customers were mapped to a proposed general service tariff based upon their service
11 voltage. Once the proposed tariff rates were established, Group 2 customers' bills
12 were calculated utilizing their existing discount, but the discount was applied under
13 the proposed tariff pricing. Group 3 customers were also mapped to a proposed
14 general service tariff based upon their service voltage, but these customers'
15 distribution revenue remained the same (no change) per their existing contract
16 provisions.

17
18 **TARIFF RIDERS**

19 **Q. ARE THE COMPANIES PROPOSING TO IMPLEMENT ANY NEW RIDERS**
20 **OR MODIFY ANY EXISTING RIDERS AS PART OF THEIR PROPOSED**
21 **TARIFFS?**

22 A. Yes. The following is a list of riders for which the Companies are seeking approval in
23 this proceeding.

- 1 ○ Demand Side Management Rider
- 2 ○ Summary Rider
- 3 ○ State kWh Tax Rider
- 4 ○ Residential Distribution Credit Rider
- 5 ○ Business Distribution Credit Rider
- 6 ○ Toledo Edison Economic Development (4a) Rider

7 The Demand Side Management Rider and the Toledo Edison Economic Development
8 (4a) Rider rationale and purpose are described by Steve Ouellette in Company Exhibit
9 No. 16.

10

11 **Summary Rider**

12 The Summary Rider's purpose is to provide a straightforward matrix for customers,
13 Company personnel, the Commission and its Staff and others to view which riders are
14 applicable to each specific rate schedule.

15

16 **State kWh Tax Rider**

17 The current OE, TE and CEI State kWh Tax and Local Tax Rider (Sheet No. 92)
18 include Local Tax charges such as taxes imposed by municipalities. The proposed
19 State kWh Tax Rider, as the name implies, only includes the State tax portion of the
20 current rider and includes the impact of the Ohio commercial activity tax as reflected
21 in Schedule E-1, Sheet No. 92. Municipal taxes are imbedded in the base distribution
22 rates filed as part of this proceeding. If this rider should not be adopted by the

1 Commission, then the Companies would seek to include the local tax amounts in the
2 State and Local Tax Rider as is done today.

3
4 **Residential and Business Distribution Credit Riders**

5 First and foremost, the Companies employed the regulatory concept of gradualism as
6 the rationale for establishing both the Residential and Business Distribution Credit
7 Riders. While all customers were mapped to a proposed standard rate, these Riders
8 provide a discount to assist in the gradual transition of moving customers on
9 grandfathered rates to standard rates. To qualify for the RDC and BDC riders, a
10 customer must be served on one of the identified rates at December 31, 2008. So
11 long as the same customer remains at the same premise and continues to comply with
12 the existing tariff requirements, that customer may continue to have the rider applied
13 to their account. When service is transferred at a premise to another customer, the
14 Rider is not transferable and no longer available to that premise.

15
16 **OTHER RATE CHANGES**

17 **Q. PLEASE DESCRIBE ANY DIFFERENCES BETWEEN THE TARIFFS THAT**
18 **WERE INCLUDED IN THE MAY 7TH NOTICE FILING AND THE TARIFFS**
19 **FILED WITH THE APPLICATION ON JUNE 7TH.**

20 **A.** Based upon review of the tariff sheets included with the notice filing, several changes
21 need to be made to the tariff sheets in order to correct errors and omissions, mostly
22 related to the final word processing of the tariffs prior to including them with the
23 notice filing. The corrections identified to date include:

1. Remove the word "11 kV" from the Availability paragraphs in CEI Rate GSU, Sheet No. 22, and the Customer Tariff Option paragraph in Rate GS, Sheet No. 20, and Rate GP, Sheet No. 21.
2. Remove the second paragraph in the Availability Section of Ohio Edison Rate GT, Sheet No. 23.
3. Add additional rate schedule designations to the list of rate schedules set for in the Residential Distribution Credit Rider for all three Companies. See Sheet No. 81 for specific changes.
4. Language was added to the Residential Distribution Credit rider and Business Distribution Credit rider to clarify that in order for the rider to continue applying to a customer account, the customer must comply with the requirements of the previously existing rate.
5. Review of the Cost of Service study led to a decrease in the proposed Transformer charge in the CEI Rate GT. The corrected proposed Transformer Charge is 31 cents per kVA instead of 53 cents per kVA. See Sheet No. 23.
6. CEI E-5 schedules have the wrong case number describing the RTC reduction. It has Case number 05-1128 in the footnote. It should be 05-1125. The Tariff sheets have the correct case number.
7. Removed the Conservation Service Program Audit tariff page, originally submitted as Sheet 19 for all three Companies as explained in Schedule E-3.
8. The Commercial Activity Tax (CAT) was inadvertently left off of the State kWh Tax rider and has now been inserted for all three Companies. See Sheet No. 92.
9. CEI Summary Rider needs to have the designation removed on the Business Distribution Credit Rider for Rate GSU.
10. The "Special Meters" provision allowing customers to purchase a Time of Day Meter was left off the Rate RS of all three companies. In addition, the Special Metering provision had the following language in the General Service Schedules.

"Time of Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges section of the Company's Electric Service Regulations."

The Miscellaneous Charges are not part of the Electric Service Regulations. The correction will be to end the sentence with Miscellaneous Charges.
11. The existing "Cogeneration and Small Power Production" Tariffs (OE Sheet 50, TE Sheet 70, CEI Sheet 48) were inadvertently left off the Table of Contents of the

1 proposed Tariffs. No changes are proposed to these tariffs and they are not part of
2 this filing, but because they remain in effect they need to be included on the table of
3 contents.
4

5 12. Certain E-5 Typical Bill Analyses that were filed with the Application have been
6 changed from those included on the May 7th notice filing. A table of the specific E-5
7 comparisons that have been updated is shown in Attachment GFH-2.
8

9 I have attached the affected tariff sheets reflecting the redline changes discussed
10 above. These sheets are marked at Attachment GFH-2 to my direct testimony. Clean
11 versions of these tariff sheets reflecting the changes discussed above were also
12 included in the tariffs filed with the Companies' Application.
13

14 **MISCELLANEOUS**

15 **Q. WHAT IS THE RATIONALE FOR THE "SPECIAL METERS" SECTION IN**
16 **THE PROPOSED TARIFFS (RATES RS, GS, GP, GSU AND GT) WHEN THOSE**
17 **DISTRIBUTION RATES DO NOT OFFER TIME-OF-DAY RATES?**

18 **A.** This charge is designed to recover the cost of an interval meter installed for the
19 customer. Even though the proposed distribution rates for the residential and general
20 service schedules do not require time-of-day metering there are other purposes for
21 offering this type of metering to customers, such as satisfying current or future generation
22 supplier offerings to customers which may have time-of-day generation pricing.
23

1 Q. IF A GENERATION SUPPLIER DOES MAKE A TIME-OF-DAY
2 GENERATION OFFERING TO CUSTOMERS, SHOULDN'T ANY METERING
3 COSTS ASSOCIATED WITH THAT OFFERING BE IN THE GENERATION
4 RATES?

5 A. No. Metering is a distribution service and any charges related to metering clearly
6 belong in the distribution tariffs.

7

8 Q. WHAT IS THE STATUS OF EXISTING TARIFF SHEETS THAT WERE NOT
9 INCLUDED IN THE COMPANIES' FILING?

10 A. The Companies are not proposing any changes to those tariff sheets and they will
11 simply remain in effect by their existing terms. They are not part of this case.

12

13 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

14 A. Yes, it does at this time.

Toledo Edison

Mapping of Proposed Rates

Line Tariff Sheet Tariff Description

Line	Tariff Sheet	Tariff Description	Residential				General Service				Lighting		
			Secondary	Primary	Sub-Trans	Transmission	Secondary	Primary	Sub-Trans	Transmission	Street Light	Traffic Light	Private Outdoor
			"RS"	"GS"	"GP"	"GSU"	"GT"				"STL"	"TRF"	"POL"
1	2-5	Small water and waste water rate "WR-1"											
2	6-17	Medium water and waste water "WR-2"											
3	10	Res Rate "R-01"											
4	11	Res Rate "R-02" (g)											
5	12	Res Rate "R-01a"											
6	13	Res Optional Heating Rate "R-03" (g)											
7	14	Res Optional Heating Rate "R-06a" (g)											
8	15	Res Rate "R-04" (Water Heating) (g)											
9	16	Res Rate "R-04a" (Water Heating) (g)											
10	17	Res Rate "R-07" (g)											
11	18	Res Rate "R-07a" (g)											
12	19	Res Rate "R-09" (Apartment Rate)											
13	20	Res Rate "R-09a" (Apartment Rate)											
14	40	Small General Service Rate "GS-15" (g)											
15	41	Small School Rate "SR-1a"											
16	42	Large School Rate "SR-2a"											
17	43	Large General Service "GS-12" (g)											
18	44	General Service Rate "GS-14"											
19	45	Small General Service Schedule											
20	46	Medium General Service Schedule											
21	47	General Service Electric Space Condition "GS-1" (g)											
22	48	Unit Heat Proc HTG & Elec Boiler Load "GS-3" (g)											
23	49	General Service Heating Rate "GS-17" (g)											
24	50	Controlled Water Heating Rate "GS-19" (g)											
25	51	Controlled Water Heating Rate "GS-19a" (g)											
26	52	Partial Service Rate "GS-15"											
27	53	Outdoor Night Lighting Rate "GS-13"											
28	54	Outdoor Security Lighting Rate "GS-18"											
29	60	Large Power Rate "PV-44" (g)											
30	61	Large General Service Rate "GV-46"											
31	63	Interruptible Power Rate "PV-46"											
32	71	Street Lighting Rate "SL-1"											
33		Special City of Toledo Rates											

(g) = Grandfathered Schedule

NOTE: This chart reflects the proposed schedule a customer would be moved to assuming no changes in the customer's service characteristics. It is not intended to limit a customer's options regarding choice of tariff for distribution service that may otherwise be available.

The Illuminating Company

Mapping of Proposed Rates

Mapping of Proposed Rates										
Line	Tariff Sheet	Tariff Description	Residential Secondary "RS"	Secondary "GS"	Primary "GP"	Sub-Trans "GSU"	Transmission "GT"	Street Light "STL"	Lighting Traffic Light "TRF"	Private Outdoor "POL"
1	10	Residential	•							
2	10	Residential "Special Provisions" section (g)	•							
3	11	Res, Res Add on Heat Pump (g)	•							
4	12	Res Water Heating (g)	•							
5	13	Res Space Heating (g)	•							
6	14	Res Water and Space Heat Schedule (g)	•							
7	15	Electric Heat Res Apartment Schedule	•							
8	20	General Service		•						
9	31	Electric Space Conditioning Schedule (g)		•	•					
10	32	Small General Service Schedule		•	•					
11	33	Medium General Service		•	•					
12	34	All Electric Large Gen Schd (g)		•	•					
13	35	Large General Service		•	•		•			
14	36	Small School Schedule		•	•					
15	37	Large School Schedule		•	•					
16	38	Low Load Factor		•	•					
17	39	Opt Elect Proc HTG & Elect Boil (g)		•	•					
18	41	Outdoor Night Lighting		•	•					•
19	42	Outdoor Lighting		•	•			•	•	
20	43	Street Lighting		•	•					
21	44	Traffic Control Lighting		•	•					
22	47	Flat Rate Schedules		•	•					
23	70	General Commercial (g)		•	•					
24	71	Large Commercial (g)		•	•					
25	72	Industrial (g)		•	•					
26	73	Large Industrial (g)		•	•					

(g) = Grandfathered Schedule

NOTE: This chart reflects the proposed schedule a customer would be moved to assuming no changes in the customer's service characteristics. It is not intended to limit a customer's options regarding choice of tariff for distribution service that may otherwise be available.

Ohio Edison

Mapping of Proposed Rates

Line	Tariff Sheet	Tariff Description	General Service				Lighting		
			Residential Secondary "RS"	Secondary "GS"	Primary "GP"	Sub-Trans "GSU"	Transmission "GT"	Street Light "STL"	Private Outdoor "POL"
1	10	Res Standard Rate	•						
2	10	Res Standard Rate Water Heater (Special Provision (g))	•						
3	11	Res Space Heating Rate (g)	•						
4	12	Res Optional Time-of-Day (g)	•						
5	14	Res Optional Controlled Service Riders (g)	•						
6	17	Res Load Management Rate (g)	•						
7	18	Res Water Heating Service (g)	•						
8	19	Res Optional Separately Heated Appliance Rate	•						
9	21	Gen Serv - Secondary Voltages		•					
10	22	Gen Serv - Secondary - Space and Water Heat Rider (g)		•					
11	23	Gen Serv - Large Dist Primary and Trans Voltages		•					
12	26	Gen Serv - High Use Manufacturing (g)		•					
13	29	Gen Serv - Interruptible Electric Arc Furnace Rate (g)		•					
14	31	Traffic Lighting Service							
15	32	Private Outdoor Lighting Service							
16	33	Lighting Service - All Right Outdoor Lighting Rate							
17	35	Street Lighting Service - Company Owned							
18	36	Street Lighting Service - Non-Company Owned							
19	73	Interruptible Rider - Large and High Use Manufacturing							
20	74	Interruptible Rider - Metal Milling Load							
21	75	Interruptible Rider - Incremental Interruptible Service							

(g) = Grandfathered Schedule

NOTE: This chart reflects the proposed schedule a customer would be moved to assuming no changes in the customer's service characteristics. It is not intended to limit a customer's options regarding choice of tariff for distribution service that may otherwise be available.

Correction
ers**GENERAL SERVICE - SECONDARY (RATE "GS")****REACTIVE BILLING DEMAND:**

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Measured Demand by the ratio of the measured lagging reactive kilovoltampere hours to the measured kilowatthours by the following formula: $rkVA = \text{Measured Demand} \times (\text{measured lagging reactive kilovoltampere hours} \div \text{measured kilowatthours})$. For all other installations, the reactive billing demand shall be the integrated reactive demand occurring coincident with the Measured Demand.

CUSTOMER TARIFF OPTION:

(1)

A customer qualifying for service under Rate GS may take distribution service under the terms and conditions of Rate GSU (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by an ~~11 kV~~ Subtransmission voltage line since May 8, 2007.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR PRIMARY METERING:

Where a transformer installation (regardless of ownership) is utilized solely to furnish service to a single customer, the Company may meter the service on the primary side of the transformers, and in such case all the demand and energy registrations shall each be reduced 2%.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

UNMETERED SERVICE:

Unmetered service is available to customers with loads of constant wattage such that the monthly use may be calculated accurately and where the Company and the customer agree to unmetered service. The Billing Load shall be the connected load in kilowatts. The monthly billing kilowatt-hours shall be the product of Hours of Use times connected load. Hours of Use shall be 730 hours for continuous operation mode and 350 hours for all other operation modes.

The customer shall notify the Company of the initial connected load and operation mode and shall provide advance notice of each subsequent change in such load or operation mode. The Company may make an inspection of the customer's equipment at any time to verify connected loads and operation mode. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to provide unmetered service at the delivery point thereafter and adjust prior billing amounts accordingly to reflect the increases in load.

Correction
ers**GENERAL SERVICE - PRIMARY (RATE "GP")****REACTIVE BILLING DEMAND:**

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Measured Demand by the ratio of the measured lagging reactive kilovoltampere hours to the measured kilowatthours by the following formula: $rkVA = \text{Measured Demand} \times (\text{measured lagging reactive kilovoltampere hours} \div \text{measured kilowatthours})$. For all other installations, the reactive billing demand shall be the integrated reactive demand occurring coincident with the Measured Demand.

CUSTOMER TARIFF OPTION:

(1)

A customer qualifying for service under Rate GP may take distribution service under the terms and conditions of Rate GSU (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by an ~~an 11 kV~~ Subtransmission voltage line since May 8, 2007.

A customer qualifying for service under Rate GP may take distribution service under the terms and conditions of Rate GT (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by a Transmission voltage line since May 8, 2007.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

Correction
Years**GENERAL SERVICE - SUBTRANSMISSION (RATE "GSU")****AVAILABILITY:**

Available to general service installations requiring Subtransmission Service. Subtransmission Service is defined in the Company's Electric Service Regulations. Choice of voltage shall be at the option of the Company.

- (1) A customer qualifying for service under Rate GS may take distribution service under the terms and conditions of Rate GSU (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by an ~~11 kV~~ Subtransmission voltage line since May 8, 2007.

- (1) A customer qualifying for service under Rate GP may take distribution service under the terms and conditions of Rate GSU (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by an ~~11 kV~~ Subtransmission voltage line since May 8, 2007.

SERVICE:

All service under this rate schedule will be served through one meter for each installation.

The customer will be responsible for all transforming, controlling, regulating and protective equipment and its operation and maintenance unless the Transformer Charge applies to the customer.

The Transformer Charge is applicable to a customer premise with existing transformation in the immediate vicinity having been provided by the Company for the customer's use since May 8, 2007, in addition to all other applicable tariff charges.

If an increase in capacity of existing transformation owned by the Company is necessary or if the customer requires a change in service voltage on or after January 1, 2009, all necessary transforming, controlling, regulating and protective equipment shall be provided by the customer.

RATE:

All charges under this rate schedule shall be calculated as described below and charged on a monthly basis.

Distribution Charges:

Service Charge:	\$180.00
-----------------	----------

Capacity Charge:	
For Each kW of billing demand	\$1.875

Reactive Demand Charge applicable to three phase customers only	
For each rKVA of reactive billing demand	\$0.36

Regulatory Transition Charge: *

Energy Charge	
All kWh, per kWh	1.803¢

* Charges are estimated and will be calculated consistent with Commission Order, Case No. 05-1125-EL-ATA, et. seq.

Filed pursuant to Order dated _____, in Case No. 07-551-EL-AIR, before

The Public Utilities Commission of Ohio

Issued by: Anthony J. Alexander, President

Effective: May __, 2009

GENERAL SERVICE - TRANSMISSION (RATE "GT")**AVAILABILITY:**

Available to general service installations requiring Transmission Service. Transmission Service is defined in the Company's Electric Service Regulations. Choice of voltage shall be at the option of the Company.

A customer qualifying for service under Rate GP may take distribution service under the terms and conditions of Rate GT (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by a Transmission voltage line since May 8, 2007.

SERVICE:

All service under this rate schedule will be served through one meter for each installation.

The customer will be responsible for all transforming, controlling, regulating and protective equipment and its operation and maintenance.

RATE:

All charges under this rate schedule shall be calculated as described below and charged on a monthly basis.

Distribution Charges:

Service Charge:	\$320.00
-----------------	----------

Capacity Charge:	
For Each kVA of billing demand	\$0.930

BILLING DEMAND:

The billing demand for the month shall be the greatest of:

1. Measured Demand, being the highest thirty (30) minute integrated kVA.
2. 100.0 kVA
3. The Contract Demand

The Contract Demand shall be specified in the Contract for electric service, which shall reflect the customer's expected, typical monthly peak load.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

Correction
to
the
above

RIDER RDC
Residential Distribution Credit

APPLICABILITY:

- (4) Applicable to any customer taking service under Rate Schedule RS who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address subsequent to December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

Residential Space Heating Rate	Original Sheet No. 11
Residential Optional Time-of-Day	Original Sheet No. 12
Residential Optional Controlled Service Rider	Original Sheet No. 14
Residential Load Management Rate	Original Sheet No. 17
Residential Water Heating Service	Original Sheet No. 18
Residential Optional Electrically Heated Apartment Rate	Original Sheet No. 19

- (3) In addition to those rate schedules listed above, customers served solely under the "Special Provisions" section specified in the Residential Standard Rate Schedule, Original Sheet 10.

RATE:

A customer's distribution charges as set forth in Rate Schedule RS shall be reduced by 1.77¢ per kWh for all kWh in excess of 500 which are consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.I.1., Seasonal Price Changes.

Correction
ers**RIDER RDC**
Residential Distribution Credit**APPLICABILITY:**

Applicable to any customer taking service under Rate Schedule RS who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address subsequent to December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

- | | | |
|-----|---|--|
| (4) | <p>Residential Add-On Heat Pump</p> <p>Residential Water Heating</p> <p>Residential Space Heating</p> <p>Residential Water Heating and Space Heating</p> <p>Optional Electrically Heated Residential Apartment Schedule</p> | <p>Original Sheet No. 11</p> <p>Original Sheet No. 12</p> <p>Original Sheet No. 13</p> <p>Original Sheet No. 14</p> <p>Original Sheet No. 15</p> |
|-----|---|--|

In addition to those rate schedules listed above, customers served solely under the "Optional Load Management Rate" section specified in the Residential Schedule, Original Sheet 10.

RATE:

A customer's distribution charges as set forth in Rate Schedule RS shall be reduced by 1.70¢ per kWh for all kWh in excess of 500 which are consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.1.1., Seasonal Price Changes.

Correction
ers**RIDER RDC**
Residential Distribution Credit**APPLICABILITY:**

Applicable to any customer taking service under Rate Schedule RS who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address subsequent to December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

- | | | |
|-----|---|--|
| (4) | <p>Residential Rate "R-02" (Add-On Heat Pump)</p> <p>Residential Rate "R-06" (Space Heating and Water Heating)</p> <p>Residential Rate "R-06a" (Space Heating and Water Heating)</p> <p>Residential Rate "R-04" (Water Heating)</p> <p>Residential Rate "R-04a" (Water Heating)</p> <p>Residential Rate "R-07" (Space Heating)</p> <p>Residential Rate "R-07a" (Space Heating)</p> <p>Residential Rate "R-09" (Apartment Rate)</p> <p>Residential Rate "R-09a" (Apartment Rate)</p> | <p>Original Sheet No. 11</p> <p>Original Sheet No. 13</p> <p>Original Sheet No. 14</p> <p>Original Sheet No. 15</p> <p>Original Sheet No. 16</p> <p>Original Sheet No. 17</p> <p>Original Sheet No. 18</p> <p>Original Sheet No. 19</p> <p>Original Sheet No. 20</p> |
|-----|---|--|

RATE:

A customer's distribution charges as set forth in Rate Schedule RS shall be reduced by 1.76¢ per kWh for all kWh in excess of 500 which are consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.1.1., Seasonal Price Changes.

Correction
Numbers**RIDER BDC**
Business Distribution Credit**APPLICABILITY:**

Applicable to any customer taking service under Rate Schedules GS or GP who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address or a change to qualifying conditions subsequent to December 31, 2008. Qualifying conditions are those in effect in the below rate schedules as they existed on December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

(4)

General Service Secondary Voltages (Optional Space and Water Heating) Original Sheet No. 22

RATE:

A customer's distribution charges as set forth in Rate Schedules GS or GP shall be reduced by 2.000¢ per kWh for all kWhs consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.1.1., Seasonal Price Changes.

Correction
Numbers**RIDER BDC**
Business Distribution Credit**APPLICABILITY:**

Applicable to any customer taking service under Rate Schedules GS or GP who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address or a change to qualifying conditions subsequent to December 31, 2008. Qualifying conditions are those in effect in the below rate schedules as they existed on December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

(4)

Electric Space Conditioning
All Electric Large General Service
Optional Electric Process Heating and
Electric Boiler Load Management

Original Sheet No. 31

Original Sheet No. 34

Original Sheet No. 39

RATE:

A customer's distribution charges as set forth in Rate Schedule GS shall be reduced by 1.50¢ per kWh for all kWhs consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.I.1., Seasonal Price Changes.

A customer's distribution charges as set forth in Rate Schedule GP shall be reduced by 0.50¢ per kWh for all kWhs consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.I.1., Seasonal Price Changes.

Correction
Numbers**RIDER BDC**
Business Distribution Credit**APPLICABILITY:**

(4)

Applicable to any customer taking service under Rate Schedules GS, GP or GT who on December 31, 2008 took service from the Company under one of the following rate schedules and has not had a change of service address or a change to qualifying conditions subsequent to December 31, 2008. Qualifying conditions are those in effect in the below rate schedules as they existed on December 31, 2008 and continues to comply with the requirements of the previously applicable rate schedule set forth below:

General Service Electric Space Conditioning Rate "GS-1"
Optional Electric Process Heating and
Electric Boiler Load Management "GS-3"

Original Sheet No. 47

Original Sheet No. 48

RATE:

A customer's distribution charges as set forth in Rate Schedule GS shall be reduced by 1.50¢ per kWh for all kWhs consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.I.1., Seasonal Price Changes.

A customer's distribution charges as set forth in Rate Schedules GP and GT shall be reduced by 0.50¢ per kWh for all kWhs consumed by the customer during winter billing periods, as defined in the Electric Service Regulations, Tariff Sheet 4, Section VI.I.1., Seasonal Price Changes.

GENERAL SERVICE - TRANSMISSION (RATE "GT")**BILLING DEMAND:**

The billing demand for the month shall be the greatest of:

1. Measured Demand, being the highest thirty (30) minute integrated kVA.
2. 100.0 kVA
3. The Contract Demand

The Contract Demand shall be specified in the Contract for electric service, which shall reflect the customer's expected, typical monthly peak load.

TRANSFORMER CHARGE:

- (5) A monthly Transformer Charge of ~~5331~~ cents per kVA of Measured Demand shall be charged for existing transformation, and the Company will continue to own, operate and maintain all such necessary transforming, controlling, regulating and protective equipment. Any equipment costs incurred by the Company necessary to maintain or update such substation facilities shall be paid in full by the customer before such equipment is installed.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

- (10) Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 ~~section of the Company's Electric Service Regulations.~~

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service. The Company's general policy of supplying regulated voltages does not apply to this rate schedule.

Correction
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The Public Utilities Commission of Ohio

Issued by: Anthony J. Alexander, President

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The Public Utilities Commission of Ohio

Issued by: Anthony J. Alexander, President

Effective: May __, 2009

Correction
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Correction
Numbers**RIDER SKT**
State kWh Tax**APPLICABILITY:**

A state kWh tax shall be applied to each kWh delivered to a customer taking service under Rate Schedules RS, GS, GP, GSU, GT, STL, TRF and POL consistent with Section 5727.81 of the Ohio Revised Code, unless a customer elects to be a self-assessing purchaser that has been approved by the Ohio Department of Taxation. A self-assessing purchaser is any customer taking service from the Company that consumed over the course of the previous calendar year more than 45,000,000 kWhs of electricity and meets the requirements set forth in Section 5727.81 of the Ohio Revised Code.

RATE:

First 2,000 kWhs	0.465¢ per kWh
Next 13,000 kWhs	0.419¢ per kWh
All Excess Over 15,000 kWhs	0.363¢ per kWh

In the event that the customer's meter is not actually read for the billing period, the estimated kWhs used to collect the Company charges may be used to collect the State kWh Tax.

ADDITIONAL TAXES:

(8)

The Ohio Commercial Activity Tax (CAT) rate (expressed in decimal form as 0.00156) as established in Section 5751.02 of the Ohio Revised Code shall be applied to the above charges according to the formula $1 / (1 - \text{CAT})$.

Correction
ers**RIDER SKT**
State kWh Tax**APPLICABILITY:**

A state kWh tax shall be applied to each kWh delivered to a customer taking service under Rate Schedules RS, GS, GP, GSU, GT, STL, TRF and POL consistent with Section 5727.81 of the Ohio Revised Code, unless a customer elects to be a self-assessing purchaser that has been approved by the Ohio Department of Taxation. A self-assessing purchaser is any customer taking service from the Company that consumed over the course of the previous calendar year more than 45,000,000 kWhs of electricity and meets the requirements set forth in Section 5727.81 of the Ohio Revised Code.

RATE:

First 2,000 kWhs	0.465¢ per kWh
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State kWh Tax**APPLICABILITY:**

A state kWh tax shall be applied to each kWh delivered to a customer taking service under Rate Schedules RS, GS, GP, GSU, GT, STL, TRF and POL consistent with Section 5727.81 of the Ohio Revised Code, unless a customer elects to be a self-assessing purchaser that has been approved by the Ohio Department of Taxation. A self-assessing purchaser is any customer taking service from the Company that consumed over the course of the previous calendar year more than 45,000,000 kWhs of electricity and meets the requirements set forth in Section 5727.81 of the Ohio Revised Code.

RATE:

First 2,000 kWhs	0.465¢ per kWh
Next 13,000 kWhs	0.419¢ per kWh
All Excess Over 15,000 kWhs	0.363¢ per kWh

In the event that the customer's meter is not actually read for the billing period, the estimated kWhs to collect the Company charges may be used to collect the State kWh Tax.

ADDITIONAL TAXES:

(8)

The Ohio Commercial Activity Tax (CAT) rate (expressed in decimal form as 0.00156) as established in Section 5751.02 of the Ohio Revised Code shall be applied to the above charges according to the formula $1 / (1 - \text{CAT})$.

Correction
Riders**SUMMARY RIDER**

Rates and charges included in the rate schedules listed in the matrix shall be modified consistent with the terms and conditions of the indicated Riders in the order shown:

Rider - (Sheet)	Rate Schedule							
	RS	GS	GP	GSU	GT	STL	TRF	POL
Net Energy Metering Rider [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (93)	•	•	•	•	•			
Residential Distribution Credit Rider - (81)	•							
(9) | Business Distribution Credit Rider - (86)		•	•	•				
Transmission Rider [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (83)	•	•	•	•	•	•	•	•
Residential Transition Rate Credit [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (89)	•							
Generation Rider [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (88)	•	•	•	•	•	•	•	•
Universal Service Rider [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (90)	•	•	•	•	•	•	•	•
Energy Efficiency Rider [PLACE HOLDER - OUTSIDE SCOPE OF CASE] - (91)	•	•	•	•	•			
State kWh Tax Rider - (92)	•	•	•	•	•	•	•	•
Demand Side Management Rider - (97)	•							

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The Public Utilities Commission of Ohio

Issued by: Anthony J. Alexander, President

Effective: May __, 2009

Correction
Numbers**RESIDENTIAL SERVICE - (RATE "RS")****AVAILABILITY:**

Available for residential service to installations served through one meter for each family unit in a residence or apartment.

When service is used through the same meter for both residential and commercial purposes the applicable general service rate schedule shall apply.

This rate schedule is not available for service to a commercial, institutional or industrial establishment. The hallways and other common facilities of an apartment building or apartment complex are to be billed on the appropriate general service rate.

SERVICE:

Service is provided per the Electric Service Regulations at a secondary voltage.

RATE:

All charges under this rate schedule shall be calculated as described below and charged on a monthly basis.

Distribution Charges:

Service Charge:	\$4.00
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Energy Charges:

First 500 kWh, per kWh	3.4000¢
------------------------	---------

All excess kWh, per kWh	4.0643¢
-------------------------	---------

MULTI-FAMILY DWELLINGS:

Where two or more families, with separate cooking facilities, occupy a residential dwelling, the wiring shall be arranged so that the service to each family can be metered and billed separately. If the wiring is not so arranged and two or more families are served through one meter, the energy blocks as determined on a single-family basis shall be multiplied by the number of families served.

SPECIAL METERS:

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75.

(10)

Connection
Numbers**RESIDENTIAL SERVICE - (RATE "RS")****SPECIAL METERS:**

- (10) Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

Connection
Fees**RESIDENTIAL SERVICE - (RATE "RS")****AVAILABILITY:**

Available for residential service to installations served through one meter for each family unit in a residence or apartment.

When service is used through the same meter for both residential and commercial purposes the applicable general service rate schedule shall apply.

This rate schedule is not available for service to a commercial, institutional or industrial establishment. The hallways and other common facilities of an apartment building or apartment complex are to be billed on the appropriate general service rate.

SERVICE:

Service is provided per the Electric Service Regulations at a secondary voltage.

RATE:

All charges under this rate schedule shall be calculated as described below and charged on a monthly basis.

Distribution Charges:

Service Charge: \$4.00

Energy Charge:

First 500 kWh, per kWh 3.4000¢

All excess kWh, per kWh 4.2679¢

MULTI-FAMILY DWELLINGS:

Where two or more families, with separate cooking facilities, occupy a residential dwelling, the wiring shall be arranged so that the service to each family can be metered and billed separately. If the wiring is not so arranged and two or more families are served through one meter, the energy blocks as determined on a single-family basis shall be multiplied by the number of families served.

SPECIAL METERS:

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75.

(10)

Correction
to
Riders**GENERAL SERVICE - SECONDARY (RATE "GS")****APPLICABLE RIDERS:**

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR PRIMARY METERING:

Where a transformer installation (regardless of ownership) is utilized solely to furnish service to a single customer, the Company may meter the service on the primary side of the transformers, and in such case all the demand and energy registrations shall each be reduced 2%.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

UNMETERED SERVICE:

Unmetered service is available to customers with loads of constant wattage such that the monthly use may be calculated accurately and where the Company and the customer agree to unmetered service. The Billing Load shall be the connected load in kilowatts. The monthly billing kilowatt-hours shall be the product of Hours of Use times connected load. Hours of Use shall be 730 hours for continuous operation mode and 350 hours for all other operation modes.

The customer shall notify the Company of the initial connected load and operation mode and shall provide advance notice of each subsequent change in such load or operation mode. The Company may make an inspection of the customer's equipment at any time to verify connected loads and operation mode. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to provide unmetered service at the delivery point thereafter and adjust prior billing amounts accordingly to reflect the increases in load.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

Correction
Riders**GENERAL SERVICE - PRIMARY (RATE "GP")****APPLICABLE RIDERS:**

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75-section of the Company's Electric Service Regulations.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

CONTRACT:

Electric service hereunder shall be furnished in accordance with a written contract, which by its term shall be in full force and effect for a minimum period of two years and shall continue in force thereafter from year to year unless either party shall give to the other not less than 60 days notice in writing prior to the expiration date of any said yearly periods that the contract shall be terminated at the expiration date of said yearly period. When a contract is terminated in the manner provided herein, the service will be discontinued.

When the service is reestablished for the benefit of the same customer at the same location within a period of less than twelve months from the date when service was discontinued, all of the conditions during the previous contract period applicable to billing shall apply and the contract demand shall not be less than 60% of the highest billing demand during the last eleven months of the previous contract period.

If the customer's capacity or service requirements increase, the Company, at its sole and exclusive judgement, may at any time require the customer to enter into a new contract for electric service.

Correction
pers**GENERAL SERVICE - SUBTRANSMISSION (RATE "GSU")****SPECIAL METERS:**

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service. The Company's general policy of supplying regulated voltages does not apply to this rate schedule.

CONTRACT:

Electric service hereunder shall be furnished in accordance with a written contract, which by its term shall be in full force and effect for a minimum period of two years and shall continue in force thereafter from year to year unless either party shall give to the other not less than 60 days notice in writing prior to the expiration date of any said yearly periods that the contract shall be terminated at the expiration date of said yearly period. When a contract is terminated in the manner provided herein, the service will be discontinued.

When the service is reestablished for the benefit of the same customer at the same location within a period of less than twelve months from the date when service was discontinued, all of the conditions during the previous contract period applicable to billing shall apply and the contract demand shall not be less than 60% of the highest billing demand during the last eleven months of the previous contract period.

If the customer's capacity or service requirements increase, the Company, at its sole and exclusive judgement, may at any time require the customer to enter into a new contract for electric service.

GENERAL SERVICE - TRANSMISSION (RATE "GT")**ADJUSTMENT FOR SECONDARY METERING:**

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service. The Company's general policy of supplying regulated voltages does not apply to this rate schedule.

CONTRACT:

Electric service hereunder shall be furnished in accordance with a written contract, which by its term shall be in full force and effect for a minimum period of one year and shall continue in force thereafter from year to year unless either party shall give to the other not less than 60 days notice in writing prior to the expiration date of any said yearly periods that the contract shall be terminated at the expiration date of said yearly period. When a contract is terminated in the manner provided herein, the service will be discontinued.

When the service is reestablished for the benefit of the same customer at the same location within a period of less than twelve months from the date when service was discontinued, all of the conditions during the previous contract period applicable to billing shall apply and the contract demand shall not be less than 60% of the highest billing demand during the last eleven months of the previous contract period.

If the customer's capacity or service requirements increase, the Company, at its sole and exclusive judgement, may at any time require the customer to enter into a new contract for electric service.

Connection
Taps**GENERAL SERVICE - SUBTRANSMISSION (RATE "GSU")****BILLING DEMAND:**

The billing demand for the month shall be the greatest of:

1. Measured Demand, being the highest thirty (30) minute integrated kW
2. 30.0 kW
3. The Contract Demand

The Contract Demand shall be specified in the Contract for electric service, which shall reflect the customer's expected, typical monthly peak load.

REACTIVE BILLING DEMAND:

For installations metered with reactive energy metering, the reactive billing demand in rkVA for the month shall be determined by multiplying the Measured Demand by the ratio of the measured lagging reactive kilovoltampere hours to the measured kilowatthours by the following formula: $\text{rkVA} = \text{Measured Demand} \times (\text{measured lagging reactive kilovoltampere hours} \div \text{measured kilowatthours})$. For all other installations, the reactive billing demand shall be the integrated reactive demand occurring coincident with the Measured Demand.

TRANSFORMER CHARGE:

A monthly Transformer Charge of 57 cents per kW of Measured Demand shall be charged for existing transformation, and the Company will continue to own, operate and maintain all such necessary transforming, controlling, regulating and protective equipment.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

(10)

Correction
ers**GENERAL SERVICE - SECONDARY (RATE "GS")****APPLICABLE RIDERS:**

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR PRIMARY METERING:

Where a transformer installation (regardless of ownership) is utilized solely to furnish service to a single customer, the Company may meter the service on the primary side of the transformers, and in such case all the demand and energy registrations shall each be reduced 2%.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 ~~section of the Company's Electric Service Regulations.~~

UNMETERED SERVICE:

Unmetered service is available to customers with loads of constant wattage such that the monthly use may be calculated accurately and where the Company and the customer agree to unmetered service. The Billing Load shall be the connected load in kilowatts. The monthly billing kilowatt-hours shall be the product of Hours of Use times connected load. Hours of Use shall be 730 hours for continuous operation mode and 350 hours for all other operation modes.

The customer shall notify the Company of the initial connected load and operation mode and shall provide advance notice of each subsequent change in such load or operation mode. The Company may make an inspection of the customer's equipment at any time to verify connected loads and operation mode. In the event of the customer's failure to notify the Company of an increase in load, the Company reserves the right to refuse to provide unmetered service at the delivery point thereafter and adjust prior billing amounts accordingly to reflect the increases in load.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

Correction
Bers**GENERAL SERVICE - PRIMARY (RATE "GP")****CUSTOMER TARIFF OPTION:**

A customer qualifying for service under Rate GP may take distribution service under the terms and conditions of Rate GT (including the Transformer Charge) if the transformer that directly serves such customer is: 1) located in the immediate vicinity; 2) is owned by the Company; and 3) has been directly fed by a Transmission voltage line since May 8, 2007.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

(10) Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 ~~section of the Company's Electric Service Regulations.~~

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

Correction
bars**GENERAL SERVICE - SUBTRANSMISSION (RATE "GSU")****ADJUSTMENT FOR SECONDARY METERING:**

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

(10)

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75-section of the Company's Electric Service Regulations.

DUPLICATE CIRCUIT SERVICE:

When service is furnished to provide redundancy to the Company's main service as requested by the customer, a contract demand shall be established by mutual agreement and shall be specified in the service contract. Such installations shall be considered Premium and shall be a separate account from the customer's main service.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service. The Company's general policy of supplying regulated voltages does not apply to this rate schedule.

CONTRACT:

Electric service hereunder shall be furnished in accordance with a written contract, which by its term shall be in full force and effect for a minimum period of two years and shall continue in force thereafter from year to year unless either party shall give to the other not less than 60 days notice in writing prior to the expiration date of any said yearly periods that the contract shall be terminated at the expiration date of said yearly period. When a contract is terminated in the manner provided herein, the service will be discontinued.

When the service is reestablished for the benefit of the same customer at the same location within a period of less than twelve months from the date when service was discontinued, all of the conditions during the previous contract period applicable to billing shall apply and the contract demand shall not be less than 60% of the highest billing demand during the last eleven months of the previous contract period.

If the Customer's capacity or service requirements increase, the Company, at its sole and exclusive judgement, may at any time require the Customer to enter into a new contract for electric service.

GENERAL SERVICE - TRANSMISSION (RATE "GT")**TRANSFORMER CHARGE:**

A monthly Transformer Charge of 13 cents per kVA of Measured Demand shall be charged for existing transformation, and the Company will continue to own, operate and maintain all such necessary transforming, controlling, regulating and protective equipment. Any equipment costs incurred by the Company necessary to maintain or update such substation facilities shall be paid in full by the customer before such equipment is installed.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

ADJUSTMENT FOR SECONDARY METERING:

The Company reserves the right to install the metering equipment on either the primary or secondary side of the transformers serving the customer, and when installed on the secondary side, at the Company's option, the Company shall correct for transformer losses by one of the two following methods: 1.) by using compensating-metering equipment or 2.) by increasing all demand and energy registrations by 2% each.

SPECIAL METERS:

Time-Of-Day and Interval Metering is available from the Company. Charges for such service are specified in the Miscellaneous Charges, Tariff Sheet 75 section of the Company's Electric Service Regulations.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service. The Company's general policy of supplying regulated voltages does not apply to this rate schedule.

CONTRACT:

Electric service hereunder shall be furnished in accordance with a written contract, which by its term shall be in full force and effect for a minimum period of one year and shall continue in force thereafter from year to year unless either party shall give to the other not less than 60 days notice in writing prior to the expiration date of any said yearly periods that the contract shall be terminated at the expiration date of said yearly period. When a contract is terminated in the manner provided herein, the service will be discontinued.

When the service is reestablished for the benefit of the same customer at the same location within a period of less than twelve months from the date when service was discontinued, all of the conditions during the previous contract period applicable to billing shall apply and the contract demand shall not be less than 60% of the highest billing demand during the last eleven months of the previous contract period.

If the customer's capacity or service requirements increase, the Company, at its sole and exclusive judgement, may at any time require the customer to enter into a new contract for electric service.

Schedule E5 Errata Lists

The following list of schedules have updated E5 Typical Bill Analyses from those included in the Pre-Filing Notice.

Toledo Edison

<u>Tariff Sheet</u>	<u>Current Tariff Description</u>	<u>Proposed Schedule</u>
6-11	Medium water and waste water "WR-2"	GP
42	Large School Rate "SR-2a"	GP
43	Large General Service "GS-12" (g)	GP, GSU, GT
46	Medium General Service Schedule	GP, GSU
48	Opt. Elect. Proc. HTG & Elect. Boiler Load "GS-3" (g)	GP
49	General Service Heating Rate "GS-17" (g)	GP
61	Large General Service Rate "PV-15"	GP, GSU, GT

The Illuminating Company

<u>Tariff Sheet</u>	<u>Tariff Description</u>	
14	Residential Space and Water Heating - Opt. Load Mgmt. Rate (Non-Time-of-Day)	RS
14	Residential Space and Water Heating - Opt. Load Mgmt. Rate (Time-of-Day)	RS
34	All Electric Large Gen. Srv. Sched.	GSU
35	Large General Service	GSU, GT, GTX
38	Low Load Factor	GS

Ohio Edison

<u>Tariff Sheet</u>	<u>Tariff Description</u>	
11	Controlled Water Heating Provision	RS
17	Residential Service Load Management	RS
17	Residential Service Load Management + Controlled Electric Wtr Htg	RS
	General Service - Large Distribution Primary and Transmission	
23	Voltages	GSU, GT
28	Gen. Serv. - High Use Manufacturing	GSU, GT

EXHIBIT

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

UPDATE TESTIMONY OF

Gregory F. Hussing

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating income
<input type="checkbox"/>	Rate base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of return
<input checked="" type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other

1 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

2 A. My name is Gregory F. Hussing.

3 **Q. ARE YOU THE SAME GREGORY F. HUSSING THAT PROVIDED INITIAL**
4 **TESTIMONY THAT WAS FILED IN THIS PROCEEDING ON JUNE 7, 2007?**

5 A. Yes, I am

6 **Q. WHAT IS THE PURPOSE OF YOUR UPDATE TESTIMONY?**

7 A. The purpose of my update testimony is to explain the changes from the original June
8 7, 2007 application that are incorporated into the three month update filing.

9 **Q. PLEASE IDENTIFY THE SCHEDULES THAT ARE AFFECTED BY THESE**
10 **CHANGES.**

11 A. Schedule E-4.1 Annualized Test Year Revenues at Proposed Rates

12 Schedule E-5 Typical Bill Comparison

13 Schedule C-12.1 & C12.2 Sales and Revenue Statistics

14 **Q. DO THE CHANGES THAT YOU WILL BE DESCRIBING APPLY TO ALL**
15 **THREE OPERATING COMPANIES' THREE MONTH UPDATE FILINGS?**

16 A. Yes they do.

17 **Q. WHAT CHANGES ARE REFLECTED IN SCHEDULE E-4.1?**

18 A. The proposed Schedule E-4.1 included with the update filing reflects a correction of a
19 typographical error, changing "kW" to "kVA". This correction was made in the
20 description of the capacity charge in General Service Sub-Transmission ("Rate
21 GSU") and General Service Transmission ("Rate GT") for OE and TE, and Rate GT
22 for CEI. The same correction was made to the transformer charge in Rate GT for TE
23 and CEI.

1 **Q. WAS THERE A CHANGE RELATED TO RATE 29 IN SCHEDULE E-4.1?**

2 A. Yes. The Schedule E-4.1 in the June 7th filing calculated the distribution charges
3 utilizing an energy charge for OE Tariff Sheet No. 29 customers. The update filing
4 calculates the distribution revenue with both the demand and energy charges that
5 reflects how the customers are billed.

6 **Q. WERE THERE ANY ADDITIONAL CHANGES TO SCHEDULE E-4.1?**

7 A. Yes. The June 7th filing did not include an amount in the discount row associated
8 with certain customers in the rate schedules listed below. The appropriate amounts
9 have been included in the update filing.

10	<u>Company</u>	<u>E4 Rate Code Designation</u>	<u>Tariff Sheet Number</u>
11	OE	GS21	Sheet 21
12	OE	GS23	Sheet 23
13	TE	GS616	Sheet 41
14	TE	GS614	Sheet 42
15	CEI	GS125	Sheet 32
16	CEI	GS145	Sheet 33
17	CEI	GS116	Sheet 36
18	CEI	GS135	Sheet 37
19	CEI	GS140	Sheet 72
20	CEI	GS175	Sheet 35

21
22 **Q. WERE ANY CHANGES MADE TO THE E-5 SCHEDULES?**

23 A. Yes. Certain E-5 Typical Bill Analyses that are included with the Update filing
24 contain minor mathematical differences as compared to those included in the
25 Application as filed on June 7th 2007. A table setting forth a listing of the affected E-
26 5 tariff sheets is shown in Attachment GFH-3.

27 **Q. WHAT CHANGES ARE REFLECTED IN THE C-12.1 and C-12.2?**

28 A. For CEI and TE, historic cycle Distribution Revenues were updated for years 2002
29 through 2004 and 2006. OE's historic cycle Distribution Revenue was updated for

1 year 2004 and 2006. The changes capture in totality the Distribution Revenue
2 components as defined as the Sum of Distribution Revenue, Distribution Discounts,
3 State kWh Tax and Municipal Tax revenues. In addition, the average Distribution
4 Revenue per customer calculation was updated to correct a mathematical error on the
5 same schedule.

6 **Q. DOES THIS CONCLUDE YOUR UPDATE TESTIMONY?**

7 A. Yes, it does at this time.

Schedule E5 Errata Lists

The following list of schedules have updated E5 Typical Bill Analyses from those included in the Initial Filing.

Toledo Edison

<u>Tariff Sheet</u>	<u>E5 Tariff Description</u>	<u>E5 Page</u>	<u>Proposed Schedule</u>
11	Residential Rate R-01 with Add-On Heat Pump Rate R-02 (Summer)	4	RS
15	Residential Hot Water Rate R-04 (Single Phase)(Summer & Winter)	7-8	RS
16	Residential Hot Water Rate R-04a (Single Phase)(Summer & Winter)	9-10	RS
53	Outdoor Night Lighting Rate GS-13	53	GS

The Illuminating Company

<u>Tariff Sheet</u>	<u>E5 Tariff Description</u>	<u>E5 Page</u>	<u>Proposed Schedule</u>
34	Sheet 34 (All Electric Large General Service Schedule) (Summer & Winter)	71-72	GS

Ohio Edison

<u>Tariff Sheet</u>	<u>E5 Tariff Description</u>	<u>E5 Page</u>	<u>Proposed Schedule</u>
11	Sheet 11 (Controlled Water Heating Provision) (Summer & Winter)	7-8	RS
18	Sheet 10 with Sheet 18 (Residential Service Water Heating Service)(Winter)	12	RS
17	Sheet 17 (Residential Service Load Management Rate) (Summer & Winter)	13-14	RS

EXHIBIT

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

SUPPLEMENTAL TESTIMONY OF

GREGORY F. HUSSING

ON BEHALF OF

**OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY**

- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☒ Rates and tariffs
- ☐ Other –Case Overview,
Revenue Requirements
Gross Rev. Conversion Factor

1 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

2 A. My name is Gregory F. Hussing.

3 **Q. ARE YOU THE SAME GREGORY F. HUSSING THAT PROVIDED**
4 **INITIAL AND UPDATE TESTIMONY THAT WAS FILED IN THIS**
5 **PROCEEDING ON JUNE 7, 2007 AND AUGUST 6, 2007, RESPECTIVELY?**

6 A. Yes, I am.

7 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

8 A. The purpose of my Supplemental Testimony is to address certain objections of Ohio
9 Edison Company, The Cleveland Electric Illuminating Company and The Toledo
10 Edison Company (collectively, "Operating Companies") to the Staff Report that
11 was filed with the Commission on December 4, 2007.

12 **Q. PLEASE IDENTIFY THE OPERATING COMPANIES' OBJECTIONS**
13 **THAT YOU WILL BE ADDRESSING.**

14 A. I will be addressing the following Objection Nos.:

15 Objection No. II.6

16 Objection No. V.c.1

17 Objection No. V.d.1

18 Objection No. V.d.2

19 Objection No. V.d.3

20 **Q. DOES YOUR TESTIMONY REGARDING THESE OBJECTIONS APPLY**
21 **TO ALL THREE OPERATING COMPANIES?**

22 A. Unless otherwise stated, yes, it does

1 Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO
2 OBJECTION NO. V.c.1

3 A. The Operating Company objects to the Staff's percentages for allocating the tariff-
4 related distribution increases to the proposed rate schedules for Toledo Edison.

5 Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING
6 RATIONALE FOR THEIR OBJECTION NO. V.c.1

7 A. The Operating Companies object to the PUCO Staff's allocation of revenue
8 increase between General Service Secondary and Residential Service Schedules for
9 the Toledo Edison Company. The Staff Report increased Residential (RS) by
10 \$15,368,000 and decreased General Service Secondary (GS) by \$13,368,000 as
11 compared to the Operating Companies' proposal. This allocation impacts Staff's
12 proposed recommended increase in tariff-related increases. The Operating
13 Companies utilized gradualism in their allocation to balance the overall bill impacts
14 between the "RS", "GS", and "GP" classes. The Staff's allocation further widened
15 the gap between the percent decrease on total bill for customers between the
16 Residential and General Service schedules. The impact of accepting the Staff's
17 allocation is more than an additional 5% increase for the majority of residential
18 customers, as compared to the Operating Companies' proposed Typical Bill
19 analysis. The specific additional increase over the Companies' proposal that would
20 result if Staff's adjustment is accepted is shown on Table 1 Column L, below. The
21 majority of general service customers that will take service on the proposed "GS"
22 rate are currently served on the GS-14 and Small General Service schedules. The
23 Operating Companies' filed E-5 bill impacts illustrate these customers total bill

comparisons under the Operating Companies' proposed rates were already estimated to be decreased significantly. The Staff's proposed adjustment will make this sizable decrease even larger. While the Staff's allocation adjustment may move the Residential and General Service schedules closer to the proposed overall average rate of return, the Operating Companies' continue to believe their proposal provides more balance between the impacted classes under a gradualism approach, particularly given the magnitude of the typical bill decreases shown on schedule E-5 already proposed for the majority of general service customers that will be taking service under the new GS rate.

Table 1. Current to Proposed Customer Bill Impact Summary

<p style="text-align: center;">The Toledo Edison Company Case No. 07-551-EL-AIR Typical Bill Comparison - Impact of PUCO Proposal Excluding Flat Rate Design</p>											
Company (A)	Level of Usage (KWH) (B)	Total Current Bill (C)	TE Proposed Bill			PUCO Proposed Bill					
			Total Proposed Bill (D)	Dollar Increase vs. Current (E)	Percent Increase vs. Current (F)	As Proposed			Excluding Flat Charge		
				(D - C)	(E / C)	Total Proposed Bill (G)	Dollar Increase vs. Current (H)	Percent Increase vs. Current (I)	Total Proposed Bill (J)	Dollar Increase vs. Current (K)	Percent Increase vs. Current (L)
							(G - C)	(H / C)			(K / C)
TE	Residential Rate R-01 (Single Phase) (Annual) *										
	100	\$11.65	\$13.78	\$2.13	18.3%	\$14.78	\$3.13	26.91%	\$0.62	\$0.62	5.32%
	200	\$23.45	\$23.47	\$0.02	0.1%	\$25.47	\$2.02	8.61%	\$1.24	\$1.24	5.29%
	300	\$35.26	\$33.16	(\$2.10)	-6.0%	\$36.15	\$0.89	2.52%	\$1.86	\$1.86	5.27%
	400	\$47.06	\$42.84	(\$4.22)	-9.0%	\$46.83	(\$0.23)	-0.48%	\$2.48	\$2.48	5.27%
	500	\$58.89	\$52.55	(\$6.34)	-10.8%	\$57.53	(\$1.36)	-2.30%	\$3.10	\$3.10	5.26%
	600	\$70.67	\$63.09	(\$7.58)	-10.7%	\$68.20	(\$2.47)	-3.50%	\$3.72	\$3.72	5.26%
	700	\$82.47	\$73.65	(\$8.83)	-10.7%	\$78.88	(\$3.60)	-4.36%	\$4.34	\$4.34	5.26%
	800	\$94.27	\$84.18	(\$10.09)	-10.7%	\$89.55	(\$4.72)	-5.01%	\$4.96	\$4.96	5.26%
	1,000	\$117.89	\$105.31	(\$12.58)	-10.7%	\$110.93	(\$6.96)	-5.90%	\$6.20	\$6.20	5.26%
	1,200	\$137.71	\$124.77	(\$12.94)	-9.4%	\$130.64	(\$7.07)	-5.14%	\$7.44	\$7.44	5.40%
	1,500	\$167.45	\$153.96	(\$13.49)	-8.1%	\$160.22	(\$7.23)	-4.32%	\$9.30	\$9.30	5.55%

(G) Schedule E-5 calculations using PUCO recommended tariff rate RS.

(J) Schedule E-5 calculations using PUCO recommended tariff rate RS, but excluding the impact of the flat RS rate design on Toledo Edison's proposed revenue requirement.

* Annual current bills reflect 4 months of summer and 8 months of winter, while annual proposed bills reflect 3 months of summer and 9 months of winter.

1 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO**
2 **OBJECTION NO. V.d.1**

3 A. The Operating Companies object to the Staff's rationale used as the basis to
4 eliminate the two block structure proposed by the Companies as well as the
5 elimination of the two block structure itself.

6 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO**
7 **OBJECTION NO. V.d.1**

8 A. The Staff proposed to eliminate the proposed two block residential rate design in
9 favor of a flat charge on the basis that it is inappropriate to promote conservation
10 through distribution rates. While the proposed two block rate design may have the
11 impact of promoting conservation, that was not the main driving force behind the
12 two block rate design, and its elimination should not be based solely thereon.

13 The Companies' two block rate together with the Residential Distribution credit
14 rider, helps mitigate residential customer impact from the combined changes of
15 movement to a standard rate, the distribution increase, the removal or partial
16 removal of regulatory transition charges, and the expiration of the transition rate
17 credits that currently exist. The two block rate design benefits lower use residential
18 customers that will see a larger percent impact on the total bill from the elimination
19 of the transition rate credit.

20 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO**
21 **OBJECTION NO. V.d.3**

22 A. The Operating Companies object to the Staff's recommendation to provide
23 individual notice to customers under the Multi-Family provisions for TE and CEI as

1 such proposal would be unduly burdensome to implement and maintain due to the
2 very few customers being served under this rate provision. In light of Staff's
3 recommendation, the Companies will remove the Multi-Family provisions from the
4 residential tariffs of OE, CEI, and TE. Therefore, a Multi-family premise will be
5 billed in similar fashion to other residential premises, thereby simplifying the notice
6 and billing process for both the Operating Companies and the customers.

7 **Q. PLEASE BRIEFLY EXPLAIN THE OPERATING COMPANIES'**
8 **POSITION RELATED TO OBJECTION NOS. II.6 AND V.d.2**

9 A. The Operating Companies commend the Staff for its recommendation to include a
10 Rider as a placeholder for recovering costs associated with Automated Meter
11 Infrastructure and Modern Grid applications. With full and timely cost recovery,
12 the Operating Companies support the phased and targeted deployment of a cost
13 effective AMI/Modern Grid.

14
15 The Operating Companies object to the Staff Report because it unreasonably:

16 1) asserts that only the McKinsey Model may be used to provide the basis for the
17 substantive terms and conditions of Rider AMI/Modern Grid including the basis for
18 listing operational utility benefits when other reasonable alternatives may exist.

19 The Operating Companies intend to continue to investigate the costs and benefits
20 for various phased and targeted AMI deployment scenarios, and may use the
21 McKinsey Model for that analysis, but they want to avoid being required to do so as
22 a result of this proceeding.

1 2) asserts that certain conclusions must be taken into account in developing the
2 Rider AMI/Modern Grid and attempts to resolve issues including the benefits of
3 AMI/Modern Grid in this proceeding when such issues are to be determined in Case
4 No. 07-646-EL-COI, which is dedicated to that purpose for all electric utilities and
5 is currently pending before the Commission. The Operating Companies should not
6 be bound to the Staff's conclusions or compelled to use only the Staff's benefits as
7 an outcome of this case.

8 3) fails to provide adequate specificity relating to its recommended adoption of
9 Rider AMI/Modern Grid including adequately defining the costs to be recovered
10 through the Rider AMI/Modern Grid. The Operating Companies submit that the
11 following types of costs should be considered for recovery in the 07-646
12 proceeding, to the extent the amounts of these items are not already reflected in
13 rates: the revenue requirement impact of newly installed Advanced Metering
14 Infrastructure (AMI) and the deployment of Advanced Automated Distribution
15 Technologies ("Modern Grid"), less any net utility benefits realized from
16 deployment of AMI/Modern Grid technology, plus the unrecovered investment in
17 meters (Objection No. II.6) and other infrastructure assets that AMI/Modern Grid
18 will replace, plus any reduction in distribution revenues resulting from or associated
19 with the deployment of AMI/Modern Grid technology.

20 **Q. DID THE STAFF ASK FOR ANY ADDITIONAL INFORMATION TO BE**
21 **INCLUDED IN YOUR SUPPLEMENTAL TESTIMONY?**

1 A. Yes. The Staff asked for additional information relating to the General Service
2 Schedule Hours-Use Factor, and additional information relating to Ohio Edison's
3 Residential Schedule 17.

4 **Q. PLEASE EXPLAIN THE DEVELOPMENT OF THE GENERAL SERVICE**
5 **SECONDARY HOURS-USE FACTOR OF 200.**

6 A. The factor was developed by analyzing actual customer demand usage records
7 using Ohio Edison General Service Secondary Rate 21. Rate 21 rate was used
8 because the size and type of customers are most similar to those expected to take
9 service under the new General Service Secondary ("GS") rate. Further, because the
10 overwhelming majority of customers have load meters on Rate 21, it provided the
11 best information to determine the appropriate factor. The analysis supporting the
12 factor is shown in work paper "WPE1.1a" which was included in both the Original
13 and Update filings.

14 **Q. PLEASE PROVIDE DETAILS REGARDING OHIO EDISON**
15 **RESIDENTIAL SCHEDULE 17.**

16 A. Ohio Edison Residential Schedule 17 is a declining block energy rate based on a
17 customer's load factor. It was designed as a bundled rate with load management
18 provisions intended primarily to reduce generation costs, approved under case
19 number 89-1001-EL-AIR. Prior to that case, the standard residential rate had a
20 provision resembling Rate 17, with a load meter requirement. This provision was
21 removed from the standard rate and used to form the basis for Rate 17 as part of that
22 case. This separation was proposed to reduce costs by facilitating a conversion to
23 energy-only meters from relatively more costly demand meters. As approved in the

1 Rate Certainty Plan (Case No. 05-1125-EL-ATA et seq.), this rate is in the process
2 of elimination and is withdrawn except for the customers receiving service as of
3 January 2007.

4
5 The Operating Companies do not oppose the concept of a residential demand rate
6 for recovery of distribution costs, but not in the form of a declining energy block
7 rate. The Operating Companies believe the General Service Secondary demand rate
8 is a more appropriate rate design for distribution rates at secondary voltages, but is
9 not proposing to adopt such a design for residential customers at this time because it
10 would cause the Operating Companies to exchange approximately 1.7 million
11 energy-only meters to relatively more expensive demand meters.

12 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

13 **A.** Yes, it does.

EXHIBIT

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

DIRECT TESTIMONY OF

MICHELLE R. HENRY

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☒ Rates and tariffs – Street Lighting, Traffic Lighting & Private Outdoor Lighting
- ☐ Other

1 **I. INTRODUCTION AND PURPOSE**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Michelle R. Henry. My business address is 76 S. Main St., Akron, Ohio
5 44308.
6

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by FirstEnergy Service Company as Manager of Business Analytics in the
9 Business Performance Department.
10

11 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

12 A. I am testifying on behalf of Ohio Edison ("OE"), The Toledo Edison Company ("TE")
13 and The Cleveland Electric Illuminating Company ("CEI") (collectively, "Companies").
14

15 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
16 **BACKGROUND.**

17 A. Please see Appendix A for a description of my educational and professional background.
18

19 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS MANAGER OF BUSINESS**
20 **ANALYTICS.**

21 A. In my capacity as Manager of Business Analytics, I am responsible for the management
22 of strategic proposals that aid various corporate departments and internal clients in
23 meeting financial and strategic performance goals. My other responsibilities include

1 support of regulatory initiatives such as the rate design of street, traffic, and private
2 outdoor lighting.

3
4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

5 A. The purpose of my testimony is to describe and support the proposed rate design for: (i)
6 Street Lighting (ii) Traffic Lighting and (iii) Private Outdoor Lighting. I will also be
7 sponsoring Schedules E-1, E-2, E-3, E-3.1, E-4, E-4.1 and E-5 related to Street, Traffic
8 and Private Outdoor Lighting.

9
10 **Q. PLEASE DESCRIBE THE INFORMATION CONTAINED IN EACH OF THE**
11 **SCHEDULES THAT YOU ARE SPONSORING.**

12 A. Pursuant to Appendix A of the Standard Filing Requirements, the information contained
13 in Schedules E-1, E-2, E-3, E-3.1, E-4, E-4.1 and E-5 is as follows:

- 14 • Schedule E-1 contains a copy of the proposed Street, Traffic, and Private Outdoor
15 Lighting tariff schedules and provisions. These proposed schedules are
16 designated as ('New') signifying a new rate or regulation.
- 17 • Schedule E-2 contains a copy of the current Street, Traffic, and Private Outdoor
18 Lighting tariff schedules and provisions. These current schedules are designated
19 as ('Delete') signifying a discontinued rate or regulation.
- 20 • Schedules E-3 and E-3.1 contain rationale for Street, Traffic, and Private Outdoor
21 Lighting tariff changes and provisions, which rationale is discussed at length
22 below.

- 1 • Schedule E-4 contains a summary of current and proposed revenues for Street,
2 Traffic, and Private Outdoor Lighting tariffs related to distribution and associated
3 local and state kilowatt-hour (kWh) taxes.
- 4 • Schedule E-4.1 contains a detailed review of current and proposed revenues for
5 Street, Traffic, and Private Outdoor Lighting tariffs related to distribution and
6 associated local and state kilowatt-hour (kWh) taxes. Revenue sources are
7 identified by fixture type, bulb type, and bulb capacity rating and revenue
8 calculations include fixture count, kWh sales, current and proposed rate prices,
9 and fuel cost revenue.
- 10 • Schedule E-5 contains typical Street, Traffic, and Private Outdoor Lighting bill
11 comparisons using both the current and proposed distribution rates. Bill
12 comparisons are performed by fixture type, bulb type, and bulb capacity rating.

14 **II. STREET LIGHTING**

16 **Q. PLEASE EXPLAIN THE BASIS FOR THE STREET LIGHT RATE DESIGN** 17 **PROPOSED IN THIS PROCEEDING.**

18 A. The street light tariffs for the Companies have been revised and consolidated in order to
19 meet the following objectives:

- 20 1. Develop consistency among the Companies
- 21 2. Simplify tariff options which provide customers a better understanding of the
22 tariff and transparency in choice of service
- 23 3. Design rates that generally reflect the cost of service for each plan type

1
2 **Q. PLEASE DESCRIBE THE PROPOSED OWNERSHIP AND MAINTENANCE**
3 **PLANS OFFERED FOR EXISTING LIGHTS.**

4 A. The Companies are proposing three (3) streetlight plans that are consistent within each
5 operating company for existing lights. The plans are as follows:

- 6 1. Company Owned and Company Maintained Lights: These lights are owned and
7 fully maintained by the Company. The rate associated with these lights includes
8 the costs of electricity delivered by the distribution system, as well as a return on
9 lighting assets and recovery of lighting operation and maintenance expenses.
- 10 2. Customer Owned and Customer Maintained Lights: Under this plan, the
11 Customer will be responsible for owning and maintaining the lights. The rate has
12 been designed to recover the costs of delivered electricity by the distribution
13 system, including a component associated with the rate of return on the delivery
14 asset and recovery of delivery expenses.
- 15 3. Customer Owned and Limited Company Maintenance: This plan requires the
16 Customer to own the lighting fixtures while the Company provides limited
17 maintenance. The Company will recover distribution delivery costs as well as
18 operation and maintenance expenses associated with limited maintenance of the
19 lights and fixtures.

20
21 **Q. PLEASE DESCRIBE THE OWNERSHIP AND MAINTENANCE PLANS**
22 **OFFERED FOR NEW LIGHTS.**

1 A. The street lighting plans offered for new lighting installations include the first two plans
2 detailed above. The third plan, which provides for Customer ownership and Company
3 maintenance, will not be available for new installations after December 31, 2008.
4

5 **Q. HOW ARE THE RATES DETERMINED FOR THE VARIOUS STREET LIGHT**
6 **PLANS BY BULB TYPE?**

7 A. Each of the existing street light rate plans were determined to fit within one of the
8 proposed plans based on the cost of service requirement for each. Revenues and
9 associated kWh sales were summarized within the proposed plans and these revenues
10 were uniformly adjusted for the increase determined by the cost of service study for the
11 street light class. Existing plans were consolidated where practical based on bulb rating
12 and type.
13

14 Generally, the following costs are subject to recovery in the proposed plans and allocated
15 accordingly.

16 1. Delivery Cost – This cost includes a return of the delivery asset as well as
17 recovery of expenses associated with delivering electricity to the point of street
18 light service. These costs are allocated on a kWh basis as calculated by bulb type
19 using the rated capacity of the bulb and associated ballast multiplied by 4,200
20 annual burn hours.

21 2. Recovery of Street Light Operation and Maintenance – These expenses are
22 associated with the operation and maintenance of the street light. For plans where
23 this expense is recovered, the costs are allocated on a kWh basis as calculated by

1 bulb type using the rated capacity of the bulb and associated ballast multiplied by
2 4,200 annual burn hours.

- 3 3. *Return on the Street Light Asset* – The return component of rate base associated
4 with the street light asset is recovered for plans where the Company owns the
5 asset without a contribution from the Customer. The return component of these
6 assets is allocated to bulb type based on existing rate structure adjusted for
7 incremental return on investment requirements.
8

9 **Q. ARE THERE ANY OTHER CHANGES PROPOSED FOR THE STREET LIGHT**
10 **BILLING UNITS?**

- 11 A. Yes. In order to maintain consistency in billing units, by bulb type, the Companies are
12 proposing a consistent bulb rating and resulting kWh billed, assuming 4,200 burn hours
13 per year for each bulb type. The prices have been adjusted accordingly so that adjusted
14 billing units multiplied by adjusted price results in revenue neutral billed charges prior
15 to cost of service study changes. This adjustment appropriately reflects the load profile
16 hours used by suppliers to serve the streetlight class.
17

18 **III. TRAFFIC LIGHTING**
19

20 **Q. PLEASE DESCRIBE THE BASIS FOR THE TRAFFIC LIGHT RATE DESIGN**
21 **PROPOSED IN THIS PROCEEDING.**

- 22 A. The Companies are proposing a traffic light rate design consistent across all Companies
23 for the same reasons described above in the street light discussion, that is, to provide for

1 consistency, simplification and a reflection of the cost of service. In order to meet these
2 objectives, a traffic lighting tariff is proposed for Toledo Edison, consistent with OE and
3 CEI.
4

5 **Q. WOULD YOU DESCRIBE THE TRAFFIC LIGHTING RATE THAT IS**
6 **OFFERED FOR EXISTING AND FUTURE TRAFFIC LIGHTS?**

7 A. Traffic lights are the responsibility of the Customer to own and maintain. The rate has
8 been designed to recover the cost of electricity delivered to the point of service including
9 a component associated with a return on the delivery asset and recovery of delivery
10 expenses. The point of service for traffic lights is defined as each intersection. The
11 traffic lights will be billed based on expected demand at the point of service multiplied by
12 8,760 annual burn hours adjusted for an expected load factor.
13

14 **IV. PRIVATE OUTDOOR LIGHTING**
15

16 **Q. PLEASE DESCRIBE THE BASIS FOR THE PRIVATE OUTDOOR LIGHTING**
17 **RATE DESIGN PROPOSED IN THIS PROCEEDING.**

18 A. Again, the Company is proposing a private outdoor lighting rate design consistent across
19 all Companies for the same reasons described above in the street light discussion, that is,
20 to provide for consistency, simplification and a reflection of the cost of service.
21 Additionally, the private outdoor lighting bulb rating and resulting kWh are adjusted
22 based on the same logic as discussed previously for similar bulbs used to serve the
23 streetlight class. As with street lights, the prices have been adjusted accordingly so that

1 adjusted billing units multiplied by adjusted price results in revenue neutral billed charges
2 prior to cost of service study changes.
3

4 **Q. WOULD YOU DESCRIBE THE PRIVATE OUTDOOR LIGHTING RATE THAT**
5 **IS OFFERED FOR EXISTING PRIVATE OUTDOOR LIGHTS?**

6 A. Existing private outdoor lights are the responsibility of the Companies to own and
7 maintain. The rate has been designed to recover the costs of electricity delivered to the
8 point of service including a component associated with a return on the delivery asset and
9 recovery of delivery expenses, as well as a return on lighting assets and recovery of
10 lighting operation and maintenance expenses. The lights will be billed based on the rated
11 capacity of the bulb and associated ballast multiplied by 4,200 annual burn hours.

12
13 **Q. WILL A PRIVATE OUTDOOR LIGHTING RATE BE AVAILABLE FOR NEW**
14 **PRIVATE OUTDOOR LIGHTS?**

15 A. No. Pursuant to Case Nos. 07-0361, 62, 63 – EL-ATA filed April 2, 2007, Private
16 Outdoor Light tariffs will not be available for new installations beginning on a date
17 ordered by the Commission in these cases.
18

19 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes.

Appendix A

Michelle R. Henry

EDUCATIONAL AND PROFESSIONAL EXPERIENCE

6/88 – 6/92	<u>The Cleveland Electric Illuminating Company</u> - Various student engineering positions at the Perry Power Plant
May 1992	<u>Ohio Northern University</u> - Graduated with a Bachelor of Science degree in Civil Engineering
6/92 – Mid93	<u>The Cleveland Electric Illuminating Company</u> - Design engineer at the Perry Power Plant designing pipe supports for safety and non-safety related equipment
Mid93 – Mid96	<u>Centerior Energy</u> - Estimated capital expenditure projects for Board approval in the Controller's Department
April 1997	Received certification as a Professional Engineer in the State of Ohio
Mid96 – 1/02	<u>Centerior/FirstEnergy</u> - Negotiated regulated contracts with large commercial and industrial customers, facilitated contract filings at the Public Utilities Commission of Ohio ("PUCO"), interpreted retail tariffs for large commercial and industrial customers
2/02 – 5/04	<u>FirstEnergy</u> - Served as a consultant for national customers by completing audits and advising on cost savings related to demand and energy use or rate availability unique to each serving utility
6/04 – 12/06	<u>FirstEnergy</u> - Activity within the Rates and Regulatory Affairs Department centered on rate strategy, revenue requirement modeling and FERC and PUCO filings
1/07 – Present	<u>FirstEnergy</u> - Manager of Business Analytics focusing on specific projects that aid various corporate departments in realizing strategic and performance objectives.

Assisted in the development and preparation of the following regulatory matters:

PUCO: Docket No. 04-1932-EL-ATA

PAPUC: Docket No. R-00061366
Docket No. R-00061367

FERC: Docket No. ER05-285-000
Docket No. ER05-285-001
Docket No. ER06-532-000

EXHIBIT

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

UPDATE TESTIMONY OF

MICHELLE R. HENRY

ON BEHALF OF

**OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY**

- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☒ Rates and tariffs – Street Lighting, Traffic Lighting & Private Outdoor Lighting
- ☐ Other

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Michelle R. Henry. My business address is 76 S. Main St., Akron, Ohio
3 44308.

4
5 **Q. HAVE YOU PRESENTED TESTIMONY PREVIOUSLY IN THIS**
6 **PROCEEDING?**

7 A. Yes. I presented Direct Testimony as part of the filing the Companies made on June 7,
8 2007.

9
10 **Q. WHAT IS THE PURPOSE OF THIS UPDATE TESTIMONY?**

11 A. The purpose of this update testimony is to identify errors in the Toledo Edison Streetlight
12 and Private Outdoor Lighting current revenue and subsequent proposed rates in the
13 Companies' original filing.

14
15 **Q. PLEASE EXPLAIN THE ERRORS YOU FOUND IN THE ORIGINAL FILING?**

16 A. The errors discovered in the Companies' original filing are described in detail below:

- 17 1. The budget used for Toledo Edison Private Outdoor Lights (POL) omitted a
18 charge for poles and overhead span, resulting in a proposed POL rate that is
19 understated by \$305,938 for the tariff charge and \$6,039 for related municipal
20 taxes. The total impact of this error to the POL rate is \$311,977. The
21 correction of this budget error results in TE POL rates as calculated in the
22 attached exhibit (MRH-1) and subsequent redline of the tariff, also attached.

1 2. Secondly, the budget for Toledo Edison Street Light (SL) and POL excludes
2 revenues for state kWh and municipal taxes. As a result, the proposed rates
3 for POL are understated by \$56,335 for state kWh tax and \$26,952 for
4 municipal tax. Similarly, the TE SL revenues are understated by \$187,316 for
5 state kWh tax and \$112,386 for municipal tax. The correction of this budget
6 error results in TE SL and POL rates as calculated in the attached exhibit
7 (MRH-1) and the subsequent redline of the tariff, also attached.
8

9 **Q. DO THESE CHANGES RESULT IN A RATE INCREASE OVER CURRENT**
10 **CHARGES FOR THE TOLEDO EDISON POL OR SL TARIFFS?**

11 A. No. The proposed rates associated with each of these corrections result in revenues that
12 are consistent with those currently billed for each of these tariff rates. As indicated in the
13 Companies' original filing and my Direct Testimony, the proposed Toledo Edison POL
14 and SL rates do not result in an overall rate increase. This correction simply aligns the
15 proposed rates with those currently billed.
16

17 **Q. DOES THIS CONCLUDE YOUR UPDATE TESTIMONY?**

18 A. Yes.

Street Lighting Rate Calculation

LINE NO. (A)	LAMP GROUP (C)	CLASS/DESCRIPTION (D)	CURRENT ANNUALIZED			CURRENT			CURRENT TOTAL			ADJUSTMENTS			INCREASE			NEW RATE			NEW REVENUE		
			FIXTURE COUNT (E)	SALES (KWH) (F)	RATES (\$) (G)	RATES (\$) (H)	REVENUE (\$) (I)	Sub Rating (J)	Old Watts (K)	Old Hrs. (L)	Proposed Watts (M)	Proposed Hrs. (N)	Proposed Rate (O)	Adj. Sales (KWH) (P)	Adj. Rate (Q)	% (R)	New Sales (KWH) (S)	New Rate (T)	New Revenue (U)				
Plan 1 - Company Owned																							
INCANDESCENT LIGHTS																							
1 TE	25	OVERHEAD SERVICE - WOOD POLE	25	47,100	\$ 0.06552		\$3,227		158.8	448	350	448	350	157.0	0.06943	1.97%	47,160	0.06979	\$ 3,291.30				
3 TE	18	6,000 LUMENS	18	52,272	\$ 0.05467		\$2,868		241.5	690	350	690	350	242.0	0.05456	1.97%	52,380	0.05584	\$ 2,914.44				
5 TE	15	OVERHEAD SERVICE - STEEL POLE	15	28,260	\$ 0.07874		\$2,253		158.8	448	350	448	350	157.0	0.07984	1.97%	28,296	0.08122	\$ 2,288.20				
7 TE	2	6,000 LUMENS	2	5,908	\$ 0.06552		\$369		241.5	690	350	690	350	242.0	0.06333	1.97%	5,820	0.06465	\$ 376.26				
9 TE	66	UNDERGROUND SERVICE	66	124,344	\$ 0.12039		\$14,970		158.8	448	350	448	350	157.0	0.12024	1.97%	124,503	0.12282	\$ 15,266.51				
11 TE	14	10,000 LUMENS	14	40,666	\$ 0.09068		\$3,687		241.5	690	350	690	350	242.0	0.08949	1.97%	40,740	0.09228	\$ 3,769.50				
13 TE	2	15,000 LUMENS	2	6,744	\$ 0.08278		\$558		281.1	803	350	803	350	282.0	0.08250	1.97%	6,767	0.08413	\$ 589.26				
15 TE	2	UNDERGROUND SERVICE - TWIN LIGHTS	2	5,808	\$ 0.07178		\$417		483.0	1380	350	1380	350	483.0	0.07178	1.97%	5,808	0.07320	\$ 425.15				
FLUORESCENT LIGHTS																							
17 TE	4	OVERHEAD SERVICE - STEEL POLE	4	12,672	\$ 0.06860		\$968		263.9	754	350	754	350	264.0	0.06847	1.97%	12,677	0.06983	\$ 885.22				
19 TE	36	43,600 LUMENS	36	39,480	\$ 0.17252		\$6,811		93.8	268	350	268	350	94.0	0.17215	1.97%	39,564	0.17556	\$ 6,945.86				
21 TE	0	UNDERGROUND SERVICE	0	-	\$ 0.07653		\$0		263.9	754	350	754	350	264.0	0.07660	1.97%	-	0.08005	\$ -				
23 TE	34	13,800 LUMENS	34	38,362	\$ 0.11780		\$4,516		187.6	536	350	536	350	188.0	0.11755	1.97%	38,434	0.11887	\$ 4,607.06				
MERCURY VAPOR LIGHTS																							
25 TE	1330	OVERHEAD SERVICE - WOOD POLE	1330	1,181,040	\$ 0.08889		\$104,983		175	73.9	211	197	350	69.0	0.09514	1.97%	1,103,477	0.09702	\$ 107,059.32				
27 TE	12365	175 WATTS (AREA SECURITY)	12365	10,697,880	\$ 0.08887		\$956,488		175	73.9	211	197	350	69.0	0.09306	1.97%	10,276,609	0.09493	\$ 975,463.56				
29 TE	2699	250 WATTS	2699	3,617,952	\$ 0.06787		\$245,550		250	104.0	297	285	350	104.0	0.06784	1.97%	3,619,692	0.06918	\$ 250,410.31				
31 TE	4155	400 WATTS	4155	8,127,180	\$ 0.05443		\$442,362		400	163.1	466	350	451	350	158.0	0.05619	1.97%	7,873,050	0.05730	\$ 451,125.76			
33 TE	16	700 WATTS	16	56,840	\$ 0.04889		\$2,775		700	285.1	843	619	350	287.0	0.05036	1.97%	55,095	0.05136	\$ 2,829.66				
35 TE	2	1,000 WATTS	2	9,552	\$ 0.04290		\$410		1,000	398.3	1138	1085	350	390.0	0.04497	1.97%	9,113	0.04588	\$ 417.93				
37 TE	1315	OVERHEAD SERVICE - STEEL POLE	1315	1,167,720	\$ 0.12043		\$140,829		175	73.9	211	197	350	69.0	0.12690	1.97%	1,091,032	0.13144	\$ 143,405.19				
39 TE	448	175 WATTS	448	559,104	\$ 0.08865		\$50,235		250	104.0	297	295	350	104.0	0.08981	1.97%	559,373	0.09156	\$ 51,227.37				
41 TE	658	250 WATTS	658	1,091,446	\$ 0.07225		\$76,867		400	163.1	466	451	350	158.0	0.07458	1.97%	1,057,319	0.07606	\$ 90,419.71				
43 TE	5	700 WATTS	5	17,700	\$ 0.05964		\$1,056		700	285.1	843	819	350	287.0	0.06131	1.97%	17,217	0.06253	\$ 1,076.98				
45 TE	0	1,000 WATTS	0	-	\$ 0.05082		\$0		1,000	398.3	1138	1085	350	390.0	0.05337	1.97%	-	0.05443	\$ -				
47 TE	2042	UNDERGROUND SERVICE	2042	1,788,782	\$ 0.17953		\$313,987		175	72.8	208	197	350	69.0	0.18520	1.97%	1,695,421	0.18886	\$ 320,197.21				
49 TE	2881	175 WATTS (POST TOP)	2881	2,982,668	\$ 0.17578		\$515,363		175	73.9	211	197	350	69.0	0.18814	1.97%	2,207,783	0.19185	\$ 423,563.21				
51 TE	782	250 WATTS	782	876,936	\$ 0.12969		\$126,669		250	104.0	297	295	350	104.0	0.12983	1.97%	876,405	0.13219	\$ 128,071.03				
53 TE	788	400 WATTS	788	1,541,328	\$ 0.08822		\$148,307		400	163.1	466	451	350	158.0	0.08933	1.97%	1,493,132	0.09129	\$ 161,238.34				
55 TE	0	700 WATTS	0	-	\$ 0.06642		\$0		700	285.1	843	819	350	287.0	0.06828	1.97%	-	0.06984	\$ -				
57 TE	0	1,000 WATTS	0	-	\$ 0.05635		\$0		1,000	398.3	1138	1085	350	390.0	0.05802	1.97%	-	0.05917	\$ -				
59 TE	16	OVERHEAD SERVICE - WOOD POLE - TWIN LIGHTS	16	14,208	\$ 0.07409		\$1,053		175	147.7	422	394	350	138.0	0.07830	1.97%	13,275	0.08087	\$ 1,073.94				
61 TE	20	175 WATTS	20	39,120	\$ 0.04900		\$1,878		400	326.2	932	902	350	316.0	0.04955	1.97%	37,897	0.05053	\$ 1,914.92				
63 TE	8	250 WATTS	8	15,648	\$ 0.05676		\$988		400	326.2	932	902	350	316.0	0.04959	1.97%	15,159	0.05975	\$ 906.73				
65 TE	0	400 WATTS	0	-	\$ 0.12236		\$0		175	147.7	422	394	350	138.0	0.13096	1.97%	-	0.13355	\$ -				
67 TE	34	OVERHEAD SERVICE - STEEL POLE - TWIN LIGHTS	34	42,432	\$ 0.09077		\$3,852		250	207.9	594	590	350	207.0	0.09116	1.97%	42,248	0.09237	\$ 3,827.83				
69 TE	52	175 WATTS	52	101,712	\$ 0.06757		\$6,973		400	326.2	932	902	350	316.0	0.06975	1.97%	98,532	0.07113	\$ 7,008.55				
71 TE	0	400 WATTS	0	-	\$ 0.04656		\$0		700	580.1	1686	1638	350	574.0	0.04787	1.97%	-	0.04862	\$ -				
73 TE	459	UNDERGROUND SERVICE - TWIN LIGHTS	459	231,336	\$ 0.20060		\$46,408		100	42.0	120	119	350	42.0	0.20080	1.97%	231,336	0.20456	\$ 47,322.09				
75 TE	2553	OVERHEAD SERVICE - WOOD POLE	2553	1,347,984	\$ 0.22738		\$308,478		100	44.5	127	119	350	42.0	0.24082	1.97%	1,273,686	0.24539	\$ 312,536.99				
77 TE	150	100 WATT (AREA SECURITY)	150	439,924	\$ 0.16508		\$72,906		160	67.6	193	176	350	62.0	0.17596	1.97%	403,887	0.18341	\$ 74,040.32				
79 TE	872	150 WATT	872	878,976	\$ 0.10292		\$90,464		250	108.5	310	300	350	105.0	0.10335	1.97%	850,622	0.10846	\$ 92,256.46				
81 TE	1486	250 WATT	1486	2,906,616	\$ 0.08979		\$269,985		400	162.8	465	465	350	163.0	0.08985	1.97%	2,911,081	0.09143	\$ 268,190.12				
83 TE	10	400 WATT (FLOOD)	10	19,560	\$ 0.10761		\$2,105		400	162.8	465	465	350	163.0	0.10744	1.97%	19,590	0.10867	\$ 2,146.48				
85 TE	40	200 WATT (FLOOD)	40	41,760	\$ 0.16315		\$6,813		200	87.2	249	250	350	88.0	0.16167	1.97%	42,167	0.16477	\$ 6,947.91				
87 TE	115	OVERHEAD SERVICE - STEEL POLE	115	60,720	\$ 0.26632		\$16,171		100	44.5	127	119	350	42.0	0.28188	1.97%	57,373	0.28742	\$ 16,490.21				
89 TE	48	160 WATT	48	38,168	\$ 0.18809		\$7,289		150	67.6	193	176	350	62.0	0.20276	1.97%	35,950	0.20678	\$ 7,433.00				

LINE NO.	OP	LAMP GROUP	CLASS/DESCRIPTION	CURRENT ANNUALIZED				ADJUSTMENTS										New Rate	New Revenue		
				PICTURE COUNT	SALES	RATES	CURRENT TOTAL	Balls Rolling	Old W/H	Old W/Hs	Old Burn W/Hs	Proposed W/Hs	Proposed Burn Hrs.	Proposed W/H	Adj. Orig. Rate	Adj. Sales %	Inc. %				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	
67 TE		250 WATT		148	184,832	\$ 0.14224	\$27,721	250	108.5	310	350	350	300	350	105.0	146,898	168,605	1.97%	188,605	0.14089	\$ 28,270.03
68 TE		400 WATT		157	307,082	\$ 0.11267	\$34,569	400	162.8	465	350	465	350	465	163.0	0.112746	307,564	1.97%	307,564	0.11462	\$ 36,252.95
69 TE		400 WATT (DECA SHIELD)		0	-	\$ 0.12806	\$0	400	162.8	465	350	465	350	465	163.0	0.12786	-	1.97%	-	0.13039	\$ -
70 TE		400 WATT (FLOOD)		0	-	\$ 0.12672	\$0	400	162.8	465	350	465	350	465	163.0	0.12653	-	1.97%	-	0.12801	\$ -
71 TE		200 WATT (FLOOD)		68	70,992	\$ 0.16942	\$13,447	200	87.2	249	350	350	250	350	88.0	0.16759	71,864	1.97%	71,864	0.16130	\$ 13,713.23
72 TE		UNDERGROUND SERVICE																			
73 TE		100 WATT (POST TOP)		344	1,866,016	\$ 0.34073	\$642,522	100	46.9	134	350	350	119	350	42.0	0.36048	1,668,970	1.97%	1,688,970	0.36890	\$ 856,320.19
74 TE		100 WATT		361	190,808	\$ 0.33068	\$64,174	100	44.5	127	350	350	119	350	42.0	0.35832	180,102	1.97%	180,102	0.36335	\$ 85,441.88
75 TE		100 WATT (POST TOP GOTHIC)		1721	970,844	\$ 0.56811	\$580,552	100	46.9	134	350	350	119	350	42.0	0.66769	869,233	1.97%	869,233	0.68108	\$ 592,017.51
76 TE		150 WATT		202	164,832	\$ 0.20220	\$33,329	150	67.6	193	350	350	176	350	62.0	0.22030	151,289	1.97%	151,289	0.22465	\$ 33,987.11
77 TE		250 WATT		296	387,185	\$ 0.15710	\$60,824	250	108.5	310	350	300	350	350	105.0	0.16234	374,879	1.97%	374,879	0.16555	\$ 62,028.08
78 TE		250 WATT (BRIDGE)		74	96,762	\$ 0.16768	\$16,221	250	108.5	310	350	300	350	350	105.0	0.17318	93,670	1.97%	93,670	0.17680	\$ 16,542.07
79 TE		250 WATT (DOWNTOWN)		0	-	\$ 0.30827	\$0	250	108.5	310	350	300	350	350	106.0	0.31895	-	1.97%	-	0.32484	\$ -
80 TE		400 WATT		280	508,560	\$ 0.11725	\$59,829	400	162.8	465	350	465	350	465	163.0	0.11707	509,341	1.97%	509,341	0.11939	\$ 80,810.25
81 TE		400 WATT (BRIDGE)		3	9,658	\$ 0.12631	\$741	400	162.8	465	350	465	350	465	163.0	0.12612	5,877	1.97%	5,877	0.12881	\$ 755.84
82 TE		400 WATT (DOWNTOWN)		10	19,560	\$ 0.30132	\$5,864	400	162.8	465	350	465	350	465	163.0	0.30086	18,580	1.97%	18,580	0.30860	\$ 8,010.23
83 TE		400 WATT (DANVILLE POLE)		4	7,624	\$ 0.10410	\$914	400	162.8	465	350	465	350	465	163.0	0.10394	7,836	1.97%	7,836	0.10680	\$ 836.82
84 TE		400 WATT (DECA SHIELD)		0	-	\$ 0.13128	\$0	400	162.8	465	350	465	350	465	163.0	0.13108	-	1.97%	-	0.13367	\$ -
85 TE		200 WATT (FLOOD)		8	6,264	\$ 0.23814	\$1,452	200	87.2	249	350	350	280	350	88.0	0.23684	6,32				

Street Lighting Rate Calculation

LINE NO. (A)	LAMP GROUP (B)	CLASS/ DESCRIPTION (C)	CURRENT AMPLIFIED			CURRENT			PROPOSED			Monthly Base Rate (A1)	Fixture Count (A2)
			FIXTURE COUNT (E)	SALES (F)	RATES (G)	REVENUE (H)	RATES (I)	REVENUE (J)	SALES (K)	RATES (L)	REVENUE (M)		
Plan 1 - Company Owned													
1 TE	INCANDESCENT LIGHTS	OVERHEAD SERVICE - WOOD POLE	25	47,100	\$ 0.06852	\$3,227			99,540	\$ 0.062350	\$6,208	\$ 12.03	43
3 TE	6,000 LUMENS		16	52,272	\$ 0.05467	\$2,858							
4 TE	10,000 LUMENS	OVERHEAD SERVICE - STEEL POLE	15	28,260	\$ 0.07974	\$2,253			34,116	\$ 0.078400	\$2,675	\$ 13.12	17
5 TE	6,000 LUMENS		2	5,808	\$ 0.06352	\$368							
7 TE	10,000 LUMENS	UNDERGROUND SERVICE	66	124,344	\$ 0.12039	\$14,870			172,010	\$ 0.113920	\$18,598	\$ 19.82	82
8 TE	6,000 LUMENS		14	40,656	\$ 0.09068	\$3,687							
9 TE	10,000 LUMENS		2	5,744	\$ 0.08278	\$588							
10 TE	15,000 LUMENS	UNDERGROUND SERVICE - TWIN LIGHTS	2	5,808	\$ 0.07178	\$417			5,808	\$ 0.073200	\$425	\$ 35.44	1
11 TE	10,000 LUMENS		4	12,672	\$ 0.06850	\$668			12,677	\$ 0.069630	\$685	\$ 18.45	4
12 TE	43,600 LUMENS	OVERHEAD SERVICE - STEEL POLE	35	39,480	\$ 0.17252	\$6,811			39,564	\$ 0.175960	\$6,946	\$ 18.54	35
13 TE	13,800 LUMENS		0	-	\$ 0.07853	\$0							
14 TE	43,600 LUMENS	UNDERGROUND SERVICE - TWIN LIGHTS	34	38,352	\$ 0.11780	\$4,518			38,434	\$ 0.119870	\$4,807	\$ 22.80	17
15 TE	13,800 LUMENS												
16 TE	MERCURY VAPOR LIGHTS	OVERHEAD SERVICE - WOOD POLE	1330	1,181,040	\$ 0.08689	\$104,883			11,379,086	\$ 0.088140	\$1,082,806	\$ 8.57	13715
17 TE	175 WATTS (AREA SECURITY)		12385	10,997,880	\$ 0.08697	\$956,466			3,619,692	\$ 0.069180	\$280,410	\$ 7.20	2889
18 TE	175 WATTS		2889	3,817,852	\$ 0.06737	\$264,550			7,873,050	\$ 0.057300	\$451,126	\$ 9.08	4155
19 TE	250 WATTS		4155	8,127,160	\$ 0.05443	\$442,302			55,085	\$ 0.051360	\$2,830	\$ 14.75	16
20 TE	400 WATTS		16	56,840	\$ 0.04808	\$2,776			9,113	\$ 0.045860	\$418	\$ 17.45	2
21 TE	700 WATTS	OVERHEAD SERVICE - STEEL POLE	2	9,552	\$ 0.04290	\$410			1,091,032	\$ 0.131440	\$143,405	\$ 9.07	1315
22 TE	1,000 WATTS		1315	1,167,720	\$ 0.12043	\$140,829			869,373	\$ 0.091680	\$81,227	\$ 9.83	448
23 TE	175 WATTS		448	589,104	\$ 0.09985	\$80,258			1,057,319	\$ 0.078060	\$80,420	\$ 12.02	558
24 TE	250 WATTS		558	1,091,448	\$ 0.07225	\$78,857			17,217	\$ 0.062530	\$1,077	\$ 17.96	6
25 TE	400 WATTS		6	17,700	\$ 0.06684	\$1,068			N/A				
26 TE	700 WATTS	UNDERGROUND SERVICE	0	-	\$ 0.05092	\$0							
27 TE	1,000 WATTS		0	-									
28 TE	175 WATTS (POST TOP)	OVERHEAD SERVICE - WOOD POLE - TWIN LIGHTS	2042	1,788,792	\$ 0.17553	\$313,987			3,803,204	\$ 0.190560	\$743,795	\$ 13.15	4703
29 TE	175 WATTS		2061	2,382,996	\$ 0.17578	\$415,363			976,405	\$ 0.132100	\$129,071	\$ 13.75	782
30 TE	250 WATTS		782	975,936	\$ 0.12966	\$126,569			1,463,132	\$ 0.101290	\$151,239	\$ 16.01	788
31 TE	400 WATTS		788	1,641,328	\$ 0.09822	\$168,307			-	\$ 0.06840	\$0	\$ 19.89	0
32 TE	700 WATTS		0	-	\$ 0.06642	\$0			-	\$ 0.059170	\$0	\$ 22.49	0
33 TE	1,000 WATTS	OVERHEAD SERVICE - STEEL POLE - TWIN LIGHTS	16	14,208	\$ 0.07409	\$1,053			13,276	\$ 0.080870	\$1,074	\$ 11.17	8
34 TE	175 WATTS		20	39,120	\$ 0.04800	\$1,878			37,887	\$ 0.050530	\$1,915	\$ 15.97	10
35 TE	400 WATTS	OVERHEAD SERVICE - STEEL POLE - TWIN LIGHTS	6	15,648	\$ 0.05676	\$888			15,169	\$ 0.069780	\$906	\$ 18.89	4
36 TE	700 WATTS		0	-	\$ 0.05535	\$0			-	\$ 0.033550	\$0	\$ 18.43	0
37 TE	1,000 WATTS	UNDERGROUND SERVICE - TWIN LIGHTS	34	42,432	\$ 0.08077	\$3,652			42,248	\$ 0.082970	\$3,928	\$ 19.25	17
38 TE	250 WATTS		52	101,712	\$ 0.06757	\$6,873			95,532	\$ 0.071130	\$7,009	\$ 22.48	26
39 TE	400 WATTS		0	-	\$ 0.04666	\$0			-	\$ 0.048520	\$0	\$ 28.03	0
40 TE	700 WATTS	HIGH PRESSURE SODIUM LIGHTS											
41 TE	100 WATT (AREA SECURITY)	OVERHEAD SERVICE - WOOD POLE	459	231,336	\$ 0.20060	\$46,406			1,505,022	\$ 0.238110	\$359,868	\$ 10.05	3012
42 TE	150 WATT		2553	1,347,894	\$ 0.22736	\$306,478			403,687	\$ 0.163410	\$74,040	\$ 11.38	539
43 TE	250 WATT		539	439,624	\$ 0.16508	\$72,006			860,822	\$ 0.108480	\$92,268	\$ 11.39	672
44 TE	400 WATT		1488	2,506,616	\$ 0.10282	\$90,464			2,530,671	\$ 0.091560	\$268,332	\$ 14.93	1496
45 TE	700 WATT		10	19,580	\$ 0.10761	\$2,105			42,167	\$ 0.164770	\$6,948	\$ 14.50	40
46 TE	1,000 WATT (FLOOD)		40	41,760	\$ 0.16315	\$6,813			57,373	\$ 0.287420	\$16,490	\$ 12.08	115
47 TE	200 WATT (FLOOD)	OVERHEAD SERVICE - STEEL POLE	115	50,720	\$ 0.26532	\$16,171			36,950	\$ 0.206780	\$7,433	\$ 12.82	48
48 TE	100 WATT		48	39,168	\$ 0.18609	\$7,298							

The Toledo Edison Company
Case No. 07 - 551 - EL - AIR
Street Lighting Rate Calculation

Witness: M. Henry

Street Lighting Rate Calculation

LINE NO. (A)	OP (B)	LAMP GROUP (C)	CLASS/ DESCRIPTION (D)	CURRENT ANNUALIZED			CURRENT			PROPOSED RATES			MONTHLY FIXTURE COUNT (A2)
				PICTURE COUNT (E)	PICTURE COUNT (F)	SALES (G)	RATES (H)	REVENUE (I)	CLASS/ DESCRIPTION (J)	SALES (K)	RATES (L)	REVENUE (M)	
67 TE			250 WATT	149		184,892	\$ 0.14224	\$27,721	250 WATT	188,605	\$ 0.148880	\$28,270	149
68 TE			400 WATT	157		307,082	\$ 0.11257	\$34,568	400 WATT	307,964	\$ 0.114620	\$35,253	157
69 TE			400 WATT (DECA-SHIELD)	0		-	\$ 0.12806	\$0					
70 TE			400 WATT (FLOOD)	0		-	\$ 0.12572	\$0					
71 TE			200 WATT (FLOOD)	88		70,992	\$ 0.18842	\$13,447	200 WATT (FLOOD)	71,884	\$ 0.191300	\$13,713	88
72 TE			UNDERGROUND SERVICE						UNDERGROUND SERVICE				
73 TE			100 WATT (POST TOP)	3344		1,886,016	\$ 0.34073	\$642,622	100 WATT	1,869,072	\$ 0.385830	\$720,770	3705
74 TE			100 WATT (POST TOP GOthic)	381		190,808	\$ 0.33658	\$64,174					
75 TE			100 WATT (POST TOP GOthic)	1721		970,844	\$ 0.59811	\$590,552	100 WATT (Ornamental)	969,233	\$ 0.691060	\$692,018	1721
76 TE			150 WATT	202		164,832	\$ 0.20220	\$33,329	150 WATT	161,289	\$ 0.224650	\$35,987	202
77 TE			250 WATT	298		387,168	\$ 0.15710	\$60,824	250 WATT	468,348	\$ 0.167760	\$78,570	370
78 TE			250 WATT (BRIDGE)	74		96,792	\$ 0.16759	\$12,221	250 WATT (BRIDGE)				
79 TE			250 WATT (DOWNTOWN)	0		-	\$ 0.30827	\$0	250 WATT (DOWNTOWN)		\$ 0.324840	\$0	0
80 TE			400 WATT	280		508,580	\$ 0.11725	\$58,629	400 WATT	530,890	\$ 0.119560	\$63,484	271
81 TE			400 WATT (BRIDGE)	3		5,888	\$ 0.12631	\$741					
82 TE			400 WATT (DOWNTOWN)	10		19,560	\$ 0.30132	\$5,884	400 WATT (DOWNTOWN)	19,560	\$ 0.308800	\$6,010	10
83 TE			400 WATT (DAVIT POLE)	0		7,824	\$ 0.10410	\$814					
84 TE			400 WATT (DECA-SHIELD)	0		-	\$ 0.13128	\$0					
85 TE			200 WATT (FLOOD)	6		6,284	\$ 0.23814	\$1,492	200 WATT (FLOOD)				
86 TE			400 WATT (FLOOD)	4		7,824	\$ 0.13566	\$1,061					
87 TE			OVERHEAD SERVICE - WOOD POLE - TWIN LIGHTS						OVERHEAD SERVICE - WOOD POLE - TWIN LIGHTS				
88 TE			100 WATTS	2		1,008	\$ 0.22885	\$231	100 WATTS		\$ 0.233470	\$235	1
89 TE			150 WATTS	0		-	\$ 0.15037	\$0	150 WATTS		\$ 0.157070	\$0	0
90 TE			250 WATTS	32		41,856	\$ 0.10379	\$4,344	250 WATTS	40,508	\$ 0.109370	\$4,430	16
91 TE			OVERHEAD SERVICE - STEEL POLE - TWIN LIGHTS						OVERHEAD SERVICE - STEEL POLE - TWIN LIGHTS				
92 TE			100 WATTS	0		-	\$ 0.24029	\$0	100 WATTS		\$ 0.245040	\$0	0
93 TE			150 WATTS	0		-	\$ 0.16388	\$0	150 WATTS		\$ 0.170970	\$0	0
94 TE			250 WATTS	0		-	\$ 0.11078	\$0	250 WATTS		\$ 0.116740	\$0	0
95 TE			UNDERGROUND SERVICE - TWIN LIGHTS						UNDERGROUND SERVICE - TWIN LIGHTS				
96 TE			100 WATTS	2		1,008	\$ 0.33472	\$297	100 WATTS	1,008	\$ 0.300540	\$303	1
97 TE			150 WATTS	1		816	\$ 0.20711	\$169	150 WATTS	748	\$ 0.230110	\$172	1
98 TE			250 WATTS	75		98,100	\$ 0.14180	\$13,911	250 WATTS	94,535	\$ 0.149420	\$14,186	37.5
99 TE			400 WATTS (DAVIT POLE)	100		195,600	\$ 0.07835	\$15,494	400 WATTS (DAVIT POLE)	195,800	\$ 0.077740	\$15,229	50
100 TE			TOTAL DISTRIBUTION	42,528		45,235,124	\$ 1.28890	\$55,465,941	TOTAL DISTRIBUTION	43,285,177	\$ 0.1288504	\$55,977,513	42,538
101 TE			Plan II - Customer Owned - N/A										
102 TE			Plan III - Customer Owned, Limited Company Maintenance										
103 TE			DISTRIBUTION CHARGES:										
104 TE			INCANDESCENT LIGHTING										
105 TE			OVERHEAD SERVICE - STEEL POLE										
106 TE			10,000 LUMENS, Plan IX	8		17,424	\$ 0.038820	\$478					
107 TE			UNDERGROUND SERVICE										
108 TE			190 WATTS, Plan X	8		5,280	\$ 0.076900	\$408					
109 TE			200 WATTS, Plan X	1		888	\$ 0.063150	\$56					
110 TE			1,000 LUMENS (NAVIGATIONAL), Plan X	6		1,728	\$ 0.162050	\$280					
111 TE			FLUORESCENT LIGHTING										
112 TE			OVERHEAD SERVICE - STEEL POLE										
113 TE			6,000 LUMENS, Plan VII	8		4,224	\$ 0.146170	\$617					
114 TE			21,800 LUMENS, Plan V	48		73,868	\$ 0.056810	\$4,187					
115 TE			21,800 LUMENS, Plan VII	0		-	\$ 0.056810	\$0					
116 TE			21,800 LUMENS, Plan VIII	6		8,648	\$ 0.085040	\$820					
117 TE			MERCURY LIGHTING										
118 TE			OVERHEAD SERVICE - STEEL POLE										
119 TE			175 WATTS, Plan II	8		7,104	\$ 0.055830	\$428					
120 TE			124 TE	78		67,488	\$ 0.090180	\$6,087					
121 TE			250 WATTS, Plan II	37		46,178	\$ 0.050010	\$2,309					
122 TE			250 WATTS, Plan IX	144		178,712	\$ 0.071980	\$12,937					
123 TE			250 WATTS, Plan V	73		91,104	\$ 0.043900	\$3,999					
124 TE			250 WATTS, Plan VI	63		78,624	\$ 0.039470	\$3,103					
125 TE			250 WATTS, Plan VII	0		-	\$ 0.040390	\$0					
126 TE			250 WATTS, Plan VIII	3		3,744	\$ 0.081460	\$220					
127 TE			400 WATTS, Plan II	42		62,152	\$ 0.042160	\$3,464					
128 TE			400 WATTS, Plan III	446		870,420	\$ 0.032230	\$28,064					
129 TE			400 WATTS, Plan V	96		187,776	\$ 0.031350	\$5,887					

Street Lighting Rate Calculation

LINE NO. (A)	LAMP GROUP (B)	CLASS/DESCRIPTION (C)	CURRENT ANNUALIZED			CURRENT			CURRENT TOTAL REVENUE (F)	CLASS/DESCRIPTION (V) (W)	PROPOSED RATES			Monthly Base Rate (A1)	Future Count (A2)
			FIXTURE COUNT (E)	SALES (F)	RATES (G)	SALES (X)	RATES (Y)	SALES (Z)							
134 TE		400 WATTS, Plan VII	37	72,372	\$ 0.02510				\$2,363					N/A	
135 TE		700 WATTS, Plan VI	0		\$ 0.08400				\$0					N/A	
136 TE		700 WATTS, Plan V	155	548,700	\$ 0.029780				\$18,340					N/A	
137 TE		1,000 WATTS, Plan III	0		\$ 0.03040				\$0					N/A	
138 TE		1,000 WATTS, Plan V	12	57,312	\$ 0.026630				\$1,526					N/A	
139 TE		UNDERGROUND SERVICE												N/A	
140 TE		100 WATTS (24 HOURS), Plan X	8	9,504	\$ 0.031060				\$295					N/A	
141 TE		100 WATTS, Plan X	28	16,128	\$ 0.100530				\$1,621					N/A	
142 TE		175 WATTS, Plan X	19	16,872	\$ 0.096000				\$979					N/A	
143 TE		250 WATTS (24 HOURS), Plan X	20	51,360	\$ 0.023000				\$1,161					N/A	
144 TE		250 WATTS, Plan III	44	54,912	\$ 0.030500				\$5,110					N/A	
145 TE		250 WATTS, Plan X	42	52,416	\$ 0.090230				\$4,205					N/A	
146 TE		400 WATTS (NAVIGATIONAL), Plan X	4	7,624	\$ 0.047120				\$369					N/A	
147 TE		400 WATTS, Plan II	63	123,228	\$ 0.062910				\$7,753					N/A	
148 TE		700 WATTS, Plan II	0		\$ 0.045440				\$0					N/A	
149 TE		1,000 WATTS, Plan III	0		\$ 0.042780				\$0					N/A	
150 TE		UNDERGROUND SERVICE - TWIN LIGHTS												N/A	
151 TE		400 WATTS, Plan II	18	31,296	\$ 0.093550				\$1,676					N/A	
152 TE		700 WATTS, Plan II	0		\$ 0.041720				\$0					N/A	
153 TE		HIGH PRESSURE SODIUM												N/A	
154 TE		OVER-HEAD SERVICE - WOOD POLE												N/A	
155 TE		250 WATTS, Plan V	1	1,308	\$ 0.045250				\$59					N/A	
156 TE		OVER-HEAD SERVICE - STEEL POLE												N/A	
157 TE		100 WATTS, Plan II	2	1,008	\$ 0.359360				\$362					N/A	
158 TE		100 WATTS, Plan IX	4	2,016	\$ 0.143910				\$250					N/A	
159 TE		250 WATTS, Plan II	3	3,924	\$ 0.142240				\$558					N/A	
160 TE		400 WATTS, Plan II	20	39,120	\$ 0.066040				\$2,701					N/A	
161 TE		UNDERGROUND SERVICE												N/A	
162 TE		100 WATTS, Plan III	13	6,892	\$ 0.417180				\$2,733					N/A	
163 TE		150 WATTS, Plan X	20	15,600	\$ 0.141050				\$2,200					N/A	
164 TE		250 WATTS (DOWNTOWN), Plan III	0		\$ 0.289340				\$0					N/A	
165 TE		250 WATTS, Plan II	0		\$ 0.182000				\$0					N/A	
166 TE		400 WATTS (DOWNTOWN), Plan III	31	60,636	\$ 0.196490				\$11,308					N/A	
167 TE		400 WATTS, Plan II	60	117,360	\$ 0.073130				\$8,583					N/A	
168 TE		UNDERGROUND SERVICE - TWIN LIGHTS												N/A	
169 TE		400 WATTS (DOWNTOWN), Plan III	0		\$ 0.133320				\$0					N/A	
170 TE		TOTAL DISTRIBUTION	1,670	3,016,908	\$ 0.046309				\$145,744	TE TOTAL DISTRIBUTION	2,315,728	\$ 0.0508760		\$148,632	1,670
171									\$					\$	
172 TE		TOTAL TE DISTRIBUTION	24,186	20,296,432					\$					\$	24,008

Private Outdoor Lighting Rate Calculation

CURRENT ANNUALIZED				ADJUSTMENTS																																							
LINE NO.	CO	LAMP GROUP	CLASS/DESCRIPTION	FIXTURE COUNT	SALES	CURRENT RATES		CURRENT REVENUE		Sub Rating	Old kWh	Old Wts	Old Burn Hrs	Proposed Wts	Proposed Burn Hrs	Proposed kWh	Rate	Adj. Orig		New Sales	New Rate	New Revenue																					
						(G)	(H)	(I)	(J)									(K)	(L)				(M)	(N)	(O)	(P)	(Q)	(R)	(S)														
(A)	(B)	(C)	(D)	(E)	(F)	(KWH)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)																					
																							(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)
DISTRIBUTION CHARGES:																																											
OVERHEAD SERVICE - WOOD POLE																																											
1 TE			MERCURY STANDARD																																								
2 TE			175 WATT PRIOR TO 1/1/74	3515	3,332,220	\$ 0.08546	\$284,772	175	79.0	225.8	350	197	350	86.0	0.09785	2,910,420	1.97%	2,910,420	0.09978	\$ 290,401.71																							
3 TE			175 WATT AFTER 1/1/74	3768	3,572,064	\$ 0.10852	\$391,212	175	79.0	225.8	350	197	350	86.0	0.12539	3,119,904	1.97%	3,119,904	0.12787	\$ 398,942.12																							
4 TE			1,000 WATT (GRANDFATHERED)	17	83,840	\$ 0.07177	\$6,003	1,000	410.0	1171.5	350	1085	350	380.0	0.07744	77,520	1.97%	77,520	0.07897	\$ 6,121.75																							
5 TE			MERCURY FLOODLIGHTING																																								
6 TE			400 WATT	389	758,228	\$ 0.13022	\$103,945	400	171.0	488.6	350	451	350	158.0	0.14093	737,544	1.97%	737,544	0.14372	\$ 105,988.82																							
7 TE			HP SODIUM																																								
8 TE			200 WATT	467	481,944	\$ 0.13022	\$62,759	200	86.0	245.8	350	250	350	86.0	0.12720	493,152	1.97%	493,152	0.12978	\$ 64,001.27																							
9 TE			400 WATT	1898	3,854,688	\$ 0.11467	\$447,773	400	171.0	488.6	350	465	350	163.0	0.12061	3,712,488	1.97%	3,712,488	0.12300	\$ 458,636.02																							
UNDERGROUND SERVICE - WOOD																																											
10 TE			MERCURY STANDARD																																								
11 TE			175 WATT	128	121,344	\$ 0.23904	\$29,006	175	79.0	225.8	350	197	350	69.0	0.27358	105,884	1.97%	105,884	0.27969	\$ 29,578.07																							
12 TE			FOR INSTALLATIONS WITHIN 50 FEET	0		\$ 20.35	\$0																																				
13 TE			FOR INSTALLATIONS OF WIRING IN EXCESS OF 50 FEET	0		\$ 1.02	\$0																																				
UNDERGROUND SERVICE - POST TOP																																											
14 TE			MERCURY STANDARD																																								
15 TE			175 WATT	216	204,768	\$ 0.19478	\$39,855	175	79.0	225.8	350	197	350	69.0	0.22301	178,848	1.97%	178,848	0.22742	\$ 40,673.81																							
16 TE			FOR INSTALLATIONS WITHIN 50 FEET	0		\$ 16.69	\$0																																				
17 TE			FOR INSTALLATIONS OF WIRING IN EXCESS OF 50 FEET	0		\$ 1.02	\$0																																				
ADDITIONAL FACILITIES																																											
18 TE			FOR INSTALLATIONS PRIOR TO 1/1/74, FOR EARTH POLE AND OVERHEAD RENEWAL PER MONTH																																								
19 TE			FOR INSTALLATION AFTER 1/1/74, FOR EACH POLE AND OVERHEAD RENEWAL PER MONTH																																								
20 TE			FOR LATEST INSTALLATIONS, FOR EACH OVERHEAD, OVERHEAD RENEWAL PER MONTH																																								
21 TE																																											
22 TE																																											
23 TE																																											
24 TE																																											
25 TE																																											
26 TE																																											
Total Distribution				10,398	12,485,904	\$	1,571,233													178,848	\$	40,673.81																					
															</																												

Private Outdoor Lighting Rate Calculation

				CURRENT ANNUALIZED			PROPOSED RATES						
LINE NO.	OP CO.	LAMP GROUP	CLASS/DESCRIPTION	FIXTURE COUNT	SALES	CURRENT RATES	CURRENT REVENUE	CLASS/DESCRIPTION	SALES	PROPOSED RATES	PROPOSED REVENUE	Monthly Base Rate	Fixture Count
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(V) (W)	(X) (YH)	(Z)	(A)	(A1)	(A2)
					(KVAH)	(\$)	(\$)		(KWH)	(\$)	(\$)	(\$)	
DISTRIBUTION CHARGES:													
OVERHEAD SERVICE - WOOD POLE													
1 TE			MERCURY STANDARD										
2 TE			175 WATT PRIOR TO 1/1/74	3515	3,332,220	\$ 0.08548	\$284,772	175 W	6,000,324	\$ 0.114320	\$689,367	\$ 7.89	7203
3 TE			175 WATT AFTER 1/1/74	3768	3,672,084	\$ 0.10852	\$391,212	400 W	737,544	\$ 0.143720	\$106,000	\$ 22.71	389
4 TE			1,000 WATT (GRANDFATHERED)	17		\$ 0.07177	\$6,003	1000 W	77,520	\$ 0.078970	\$6,122	\$ 30.01	17
5 TE			MERCURY FLOODLIGHTING										
6 TE			400 WATT	388	798,228	\$ 0.13022	\$103,945	SODIUM	493,152	\$ 0.129760	\$64,001	\$ 11.43	467
7 TE			HP SODIUM						3,712,488	\$ 0.123000	\$456,836	\$ 20.05	1898
8 TE			200 WATT	467	481,944	\$ 0.13022	\$62,759						
9 TE			400 WATT	1898	3,894,886	\$ 0.11497	\$447,778	ALL OTHERS					
10 TE			UNDERGROUND SERVICE - WOOD										
11 TE			MERCURY STANDARD										
12 TE			175 WATT	128	121,344	\$ 0.23904	\$29,006	175 W	284,832	\$ 0.246650	\$70,254	\$ 17.02	344
13 TE			FOR INSTALLATIONS WITHIN 50 FEET	0	0	\$ 20.35	\$0						
14 TE			FOR INSTALLATIONS OF WIRING IN EXCESS OF 50 FEET	0	0	\$ 1.02	\$0						
15 TE			UNDERGROUND SERVICE - POST TOP										
16 TE			MERCURY STANDARD										
17 TE			175 WATT	216	204,768	\$ 0.19476	\$39,865						
18 TE			FOR INSTALLATIONS WITHIN 50 FEET	0	0	\$ 18.89	\$0						
19 TE			FOR INSTALLATIONS OF WIRING IN EXCESS OF 50 FEET	0	0	\$ 1.02	\$0						
20 TE			ADDITIONAL FACILITIES										
21 TE			FOR INSTALLATIONS PRIOR TO 1/1/74, FOR EACH POLE AND OVERHEAD SPAN PER MONTH				\$59,601		17,952	\$ 3.39	\$60,667		
22 TE			FOR INSTALLATIONS AFTER 1/1/74, FOR EACH POLE AND OVERHEAD SPAN PER MONTH				\$160,965		25,360	\$ 5.67	\$169,285		
23 TE			FOR EXISTING INSTALLATIONS, FOR EACH ADDITIONAL OVERHEAD SPAN ESTIMATION PER MONTH				\$80,352		55,900	\$ 1.47	\$82,002		
24 TE			FOR EXISTING INSTALLATIONS, FOR EACH ADDITIONAL OVERHEAD SPAN ESTIMATION PER MONTH				\$80,352						
25 TE			Total Distribution	10,398	12,488,984		\$ 1,871,293	Total Distribution	11,335,688		\$ 1,764,587		10,383

The Toledo Edison Company
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STREET LIGHTING SERVICE - (RATE "STL")
COMPANY OWNED

GENERAL RULES:

The Company will install lighting equipment on an approved existing pole or, where necessary, will furnish one pole for mounting the lighting equipment and one section of secondary wire. All additional lighting equipment, not provided for herein, installed by the Company at the request of the customer, shall be the property of the Company and be paid for by the customer.

CHANGES IN NUMBER, SIZE, TYPE OR LOCATION:

Activities related to the replacement, relocation, alteration, or removal of existing street lighting equipment are not included as part of normal maintenance. Such activities include, but are not limited to, the replacement of an existing fixture, removal or relocation of a lamp, luminaire, bracket, and/or pole, or installation of a luminaire shield. All such requests shall be made in writing by the customer. The Company will supply the customer with a written estimate of charges prior to the start of work.

RESPONSIBILITIES FOR OWNERSHIP, MAINTENANCE AND REPLACEMENT:

All lighting components including lamp, refractor, luminaire, ballast, pole, bracket, and other supporting materials shall be owned by the Company. All service and necessary maintenance will be performed only during the regular working hours of the Company.

INSTALLATION COSTS:

All installation costs for new street lighting investment that exceed the net book value of street lighting investment reflected in the rates below shall be billed to the customer. A written estimate of costs shall be presented to the customer for approval prior to the start of the work and paid in full upon completion.

RATE:

Monthly charges per customer for all customers served under this schedule shall include Distribution Charges as shown below.

Distribution Charges:**INCANDESCENT STREET LIGHTING (a)**

<u>Monthly Base Rate</u>	<u>Overhead Wood Service</u>	<u>Overhead Steel Service</u>	<u>Underground Service</u>
For each Incandescent unit	\$11.42 \$12.03	\$12.44 \$13.12	\$18.90 \$19.92
For each Incandescent unit with dual lamps	-	-	\$33.62 \$35.44

(a) The Company will not install new incandescent lighting equipment but will maintain existing incandescent lighting equipment when practical.

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STREET LIGHTING SERVICE - (RATE "STL")
COMPANY OWNED

FLUORESCENT STREET LIGHTING (b)

<u>Monthly Base Rate</u>	<u>Overhead Wood Service</u>	<u>Overhead Steel Service</u>	<u>Underground Service</u>
For each Fluorescent unit	-	\$17.50 \$18.45	\$15.69 \$16.54
For each Fluorescent unit with dual lamps	-	-	\$21.44 \$22.60

(b) The Company will not install new fluorescent lighting equipment but will maintain existing fluorescent lighting equipment when practical.

MERCURY STREET LIGHTING – Single Lamp (c)

<u>Rating in Watts</u>	<u>Monthly Base Rate</u>	<u>Monthly Base Rates</u>		
		<u>Overhead Service</u>		<u>Underground Service</u>
		<u>Wood Pole</u>	<u>Metal Pole</u>	
175	per unit	\$6.23 \$6.57	\$8.64 \$9.07	\$12.48 \$13.15
250	per unit	\$6.83 \$7.20	\$9.04 \$9.53	\$13.05 \$13.75
400	per unit	\$8.59 \$9.06	\$11.41 \$12.02	\$15.19 \$16.01
700	per unit	\$13.99 \$14.75	\$17.03 \$17.95	-
1,000	per unit	\$16.54 \$17.43	-	-

(c) The Company will not install new mercury lighting equipment but will maintain existing mercury lighting equipment when practical.

MERCURY STREET LIGHTING – Dual Lamps (c)

<u>Rating in Watts</u>	<u>Monthly Base Rate</u>	<u>Monthly Base Rates</u>		
		<u>Overhead Service</u>		<u>Underground Service</u>
		<u>Wood Pole</u>	<u>Metal Pole</u>	
175	per unit	\$10.59 \$11.17	-	-
250	per unit	-	-	\$18.26 \$19.25
400	per unit	\$15.15 \$15.97	\$17.92 \$18.89	\$21.33 \$22.48

(c) The Company will not install new mercury lighting equipment but will maintain existing mercury lighting equipment when practical.

The Toledo Edison Company
Toledo, Ohio

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STREET LIGHTING SERVICE - (RATE "STL")
COMPANY OWNED

HIGH PRESSURE SODIUM LIGHTING – Single Lamp (d)

Rating in Watts	Monthly Base Rate	<u>Monthly Base Rates</u>			
		<u>Overhead Service</u>		<u>Underground Service</u>	
		<u>Wood Pole</u>	<u>Metal Pole</u>		
100	per unit	\$9.53	\$10.05	\$11.46	\$12.08
100 (Ornamental)	per unit	-	-	\$15.37	\$16.20
150	per unit	\$10.79	\$11.38	\$12.47	\$12.82
200	per unit	\$13.76	\$14.50	\$15.98	\$16.84
250	per unit	\$10.84	\$11.39	\$14.94	\$15.74
250 (Downtown)	per unit	-	-	\$16.72	\$17.62
400	per unit	\$14.46	\$14.93	\$17.73	\$18.69
400 (Downtown)	per unit	-	-	\$18.50	\$19.50
				\$47.45	\$50.01

(d) The Company reserves the right to limit the types of posts, luminaries and lamps under this rate for new installations.

HIGH PRESSURE SODIUM LIGHTING – Dual Lamps (d)

Rating in Watts	Monthly Base Rate	<u>Monthly Base Rates</u>			
		<u>Overhead Service</u>		<u>Underground Service</u>	
		<u>Wood Pole</u>	<u>Metal Pole</u>		
100	per unit	\$18.64	\$19.62	\$19.53	\$20.59
150	per unit	\$19.66	\$20.72	\$20.42	\$21.21
250	per unit	\$24.70	\$22.97	\$23.26	\$24.52
400 (Davit Pole)	per unit	-	-	\$29.77	\$31.38
				\$24.05	\$25.35

(d) The Company reserves the right to limit the types of posts, luminaries and lamps under this rate for new installations.

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

The Toledo Edison Company
Toledo, Ohio

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STREET LIGHTING SERVICE - (RATE "STL")
CUSTOMER OWNED, LIMITED COMPANY MAINTENANCE

APPLICABILITY:

This lighting plan is not available for lighting units installed after December 31, 2008.

GENERAL RULES:

The customer shall inform the Company in writing of any reductions to existing unmetered load associated with a customer's street lighting account at least 30 days prior to the anticipated date of change.

CHANGES IN NUMBER, SIZE, TYPE OR LOCATION:

Activities related to modification of existing street lighting equipment are not included as part of normal maintenance. Such activities include, but are not limited to, the replacement or alteration of an existing fixture, removal or relocation of a lamp, luminaire, bracket, and/or pole, or installation of a luminaire shield. All such requests shall be made in writing by the customer. The Company will supply the customer with a written estimate of charges prior to the start of work.

RESPONSIBILITIES FOR OWNERSHIP, MAINTENANCE AND REPLACEMENT:

All lighting components shall be furnished, owned, repaired, maintained, and replaced by the customer except for bulbs, refractors, photoelectric cells, luminaires, and ballasts. The Company shall replace bulbs, refractors, luminaires, and ballasts that fail due to normal use twice in a twelve (12) month period at no additional cost when practical. Additional replacements shall be billed to the customer at actual cost.

RATE:

Monthly charges per customer for all customers served under this schedule shall include Distribution Charges as shown below.

Distribution Charges:

ALL LAMP TYPES:

	<u>Monthly Base Rate:</u>
All kWh per kWh	4.836¢ 5.098¢

The following charges apply in addition to the above:

The Toledo Edison Company
Toledo, Ohio

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STREET LIGHTING SERVICE - (RATE "STL")
CUSTOMER OWNED, LIMITED COMPANY MAINTENANCE

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

The Toledo Edison Company
Toledo, Ohio

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PRIVATE OUTDOOR LIGHTING SERVICE - (RATE "POL")

AVAILABILITY:

Available to any customer receiving service at secondary voltages on the lines of the Company for all-night outdoor lighting on private property.

This schedule is only available for units in service under the Outdoor Security Lighting Rate "GS-18" plan as of December 31, 2008.

METERING:

Private Outdoor Lighting service shall be unmetered with monthly kilowatt hour consumption determined using standard bulb ratings and associated ballasts multiplied by average burn hours.

BURN HOURS:

All lamps shall be operated by photoelectric control or by time clocks, with hours of operation from dusk to dawn, 4,200 hours per annum.

The following monthly Kilowatt-hour values shall be used for billing purposes. Any installation with dual lamps shall multiply the below values by two (2).

<u>Bulb Type</u>	<u>Rating</u>	<u>kWh Per Month</u>
Mercury Vapor	175 Watt	69
Mercury Vapor	400 Watt	158
Mercury Vapor	1000 Watt	380
High Pressure Sodium Vapor	100 Watt	42
High Pressure Sodium Vapor	150 Watt	62
High Pressure Sodium Vapor	200 Watt	88
High Pressure Sodium Vapor	250 Watt	105
High Pressure Sodium Vapor	400 Watt	163
Metal Halide	15,000 Lumens	73
Metal Halide	23,000 Lumens	111
Metal Halide	40,000 Lumens	172

Filed pursuant to Order dated _____, in Case No. 07-551-EL-AIR, before

The Public Utilities Commission of Ohio

Issued by: Anthony J. Alexander, President

Effective: January 1, 2009

The Toledo Edison Company
Toledo, Ohio

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Page 2 of 3

PRIVATE OUTDOOR LIGHTING SERVICE - (RATE "POL")

RATE:

Monthly charges per customer for all customers served under this schedule shall include Distribution Charges as shown below.

Distribution Charges:

MERCURY LIGHTING

<u>Watts</u>	<u>Monthly Base Rate:</u>	<u>Overhead Wood</u>	<u>All Other Installations</u>
175	per unit	\$7.44 \$7.89	\$16.04 \$17.02
400	per unit	\$21.40 \$22.71	-
1,000	per unit	\$28.28 \$30.01	-

HIGH PRESSURE SODIUM LIGHTING

<u>Watts</u>	<u>Monthly Base Rate:</u>	<u>Overhead Wood</u>	<u>All Other Installations</u>
200	per unit	\$10.77 \$11.43	-
400	per unit	\$18.90 \$20.05	-

Monthly charges for the following installation services shall include Distribution.

A Shopping Credit does not apply.

For installations requiring an additional pole and span of overhead circuit, an additional charge per pole:

<i>Prior to January 1, 1974</i>	<i>\$3.39</i>
<i>After January 1, 1974</i>	<i>\$6.67</i>

For installation on existing poles but requiring an extension of the secondary supply circuit, and additional charge per overhead span:

\$1.47

APPLICABLE RIDERS:

The charges included with the applicable riders as designated on the Summary Rider, Tariff Sheet 80 shall be added to the Rates and charges set forth above.

OWNERSHIP & MAINTENANCE:

All lighting equipment shall remain the property of the Company. All service and necessary maintenance will be performed only during the regular working hours of the Company.

The Toledo Edison Company
Toledo, Ohio

P.U.C.O. No. 8

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Page 3 of 3

PRIVATE OUTDOOR LIGHTING SERVICE - (RATE "POL")

CHANGES IN NUMBER, SIZE, TYPE OR LOCATION:

Activities related to the alteration or removal of existing private outdoor lighting equipment are not included as part of normal maintenance. Such activities include, but are not limited to, removal of a lamp, luminaire, bracket, and/or pole, or installation of a luminaire shield. All such requests shall be made in writing by the customer. The Company will supply the customer with a written estimate of charges prior to the start of work.

GENERAL RULES:

The customer shall assume risk of loss or damage to equipment and property installed in connection with the lighting system. The Company may correct hazardous conditions affecting the safety of the public and the customer shall pay expenses incurred by the Company for repairs to equipment owned by the customer.

The customer shall inform the Company in writing of any reductions to existing unmetered load associated with a customer's street lighting account at least 30 days prior to the anticipated date of change.

No reduction in billing shall be allowed for lamp outages.

The rates contained herein are for continuous use of the facilities and are not applicable to seasonal usage.

ELECTRIC SERVICE REGULATIONS:

The Company's Electric Service Regulations shall apply to the installation and use of electric service.

EXHIBIT

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

DIRECT TESTIMONY OF

KEVIN L. NORRIS

ON BEHALF OF

OHIO EDISON COMPANY
THE TOLEDO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

<input type="checkbox"/>	Management policies, practices, and organization
<input type="checkbox"/>	Operating Income
<input type="checkbox"/>	Rate Base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of Return
<input checked="" type="checkbox"/>	Rates and tariffs
<input type="checkbox"/>	Other

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION?**

2 A. My name is Kevin L. Norris. My business address is 76 South Main Street, Akron,
3 Ohio 44308. I am employed by FirstEnergy Service Company in the Rates and
4 Regulatory Affairs Department as Manager, Rate Strategy.

5
6 **Q. WHAT ARE YOUR EDUCATIONAL AND PROFESSIONAL**
7 **QUALIFICATIONS?**

8 A. I received a B.S. degree in Mechanical Engineering in 1976 from the University of
9 Akron. My initial work assignment was with Ohio Edison Company ("OE") in the
10 Production Engineering Section. Thereafter, I transferred to OE's Rate Department
11 where, over a ten-year period, I was promoted through positions of Associate Rate
12 Engineer, Rate Engineer, and, in 1986, to Director of Rate Design and
13 Administration. I was transferred to Pennsylvania Power Company ("Penn Power")
14 and promoted to Manager, Rates and Regulatory Affairs for Penn Power in
15 December of 1991. I served in this position until August 1996 when I assumed the
16 position of Director, Pricing for the OE System. After the formation of FirstEnergy
17 Corp. in 1997, I became Director of Regulatory Analysis and in 2001, I assumed
18 my present position of Manager, Rate Strategy.

19
20 **Q. PLEASE DESCRIBE YOUR DUTIES AS MANAGER, RATE STRATEGY?**

21 A. I am responsible for assisting in the development of rate strategies as well as
22 supervising analysis related to the design and administration of rates and regulations
23 for electric service.

1

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
3 **PROCEEDING?**

4 A. The purpose of my testimony in this proceeding is to describe and provide support
5 for changes that have been made to the Electric Service Standard Rules and
6 Regulations ("Rules and Regulations") for OE, The Cleveland Electric Illuminating
7 Company ("CEI") and The Toledo Edison Company ("TE") (collectively, the
8 "Companies"). As will be noted, one such change is renaming the Rules and
9 Regulations. Such changes are first set forth in Schedule E-1. Schedule E-1
10 consists of a scored copy of all proposed rate schedules. The proposed changes to
11 the Rules and Regulations are underscored and assigned designation letters to
12 reference the type of change being proposed. The changes are then set forth in
13 Schedule E-2. Schedule E-2 consists of a scored copy of the current rate schedules.
14 Schedule E-2 also contains designation letters to reference the type of changes
15 being proposed to the Rules and Regulations. A rationale statement is then
16 provided for the changes made and set forth in Schedule E-3 pursuant to the
17 Standard Filing Requirements.

18

19 **Q. ARE THERE ANY AREAS OF THE RULES AND REGULATIONS THAT**
20 **YOU WILL NOT BE ADDRESSING IN YOUR TESTIMONY?**

21 A. Yes. The portion of Section VIII that covers line extensions, which is paragraph
22 VIII.B, is addressed by Companies' witness Ouellette, Co. Exh. 16.

23

1 **Q. WHY ARE THE COMPANIES PROPOSING CHANGES TO THE RULES**
2 **AND REGULATIONS?**

3 A. Rules and Regulations should reflect with clarity the Companies' current
4 operational and business practices which are much more uniform among the
5 Companies than when the Rules and Regulations were last revised. In addition, the
6 Rules and Regulations should appropriately align with the circumstances of how
7 service is rendered to our customers. Such Rules and Regulations can be
8 administered more efficiently with the resultant benefit going to all stakeholders.
9 Moreover, improved customer understanding of clearer Rules and Regulations will
10 allow customers to be able to make more efficient choices regarding their electric
11 service. The proposed changes are intended to advance these objectives.

12
13 **Q. WHAT TYPES OF CHANGES WERE MADE TO THE RULES AND**
14 **REGULATIONS?**

15 A. There are essentially three categories of changes that have been made to the Rules
16 and Regulations. The first category is comprised of changes made in order to make
17 the Rules and Regulations more uniform among the Companies. The second
18 category consists of changes made simply to clarify language or improve the
19 format. The third category of changes relate to changes in charges to better match
20 costs.

21
22 **Q. PLEASE EXPLAIN WHY THE DECISION WAS MADE TO MOVE**
23 **TOWARD UNIFORMITY IN THE RULES AND REGULATIONS?**

1 A. There are several reasons why we felt it would be beneficial to have more
2 uniformity among the Rules and Regulations. The primary reasons were for ease of
3 understanding and uniform cost recovery. We have consolidated the Companies'
4 call centers to increase efficiency, and it will be much easier for our customer
5 service representatives (whose responsibilities extend to all Companies' service
6 territories) to respond quickly and accurately to customer inquiries if the Rules and
7 Regulations are substantially similar. This should, in turn, enhance customer
8 understanding of the Rules and Regulations and ensure similar services are
9 provided to all customers at the same rate. Another reason to make the Rules and
10 Regulations as uniform as possible includes better facilitating employee training
11 and aiding in regulatory review.

12
13 **Q. HOW DID YOU GO ABOUT MOVING TOWARD UNIFORMITY IN THE**
14 **RULES AND REGULATIONS?**

15 A. We reviewed each of the Companies' existing rules and regulations and where
16 differences existed we determined which Company's terminology and procedure
17 was generally more concise, understandable, and in line with the Companies'
18 policies and practices. Although, for the most part, the Rules and Regulations are
19 currently similar among the Companies, differences that exist, whether terminology
20 or practice related, primarily reflect that, historically, the rules and regulations had
21 come from separate companies.

1 **Q. CAN YOU PROVIDE EXAMPLES OF CHANGES MADE TO CREATE**
2 **UNIFORMITY AMONG THE COMPANIES?**

3 A. The language set forth in the Service Connection provision was modified to
4 conform the "Underground Secondary Connections" language set forth in CEI and
5 TE to the language of a similar provision set forth in OE. The language set forth in
6 the Billing and Payment provision was modified to eliminate the Service
7 Restoration Charge for CEI and TE to match the practice of OE.

8
9 **Q. CAN YOU PROVIDE EXAMPLES OF CHANGES MADE TO THE RULES**
10 **AND REGULATIONS FOR CLARITY AND IMPROVED FORMATTING?**

11 A. A number of changes were made to enhance clarity and improve formatting. For
12 example, the Service Application provision set forth in the Applications and
13 Contracts section was moved to a new location to improve clarity. In addition, the
14 language set forth in the Meters, Transformers and Special Facilities provision was
15 modified to add clarity to the Installation language.

16
17 **Q. PLEASE EXPLAIN WHY CHANGES WERE REQUIRED TO BETTER**
18 **MATCH COSTS?**

19 A. Many charges in our tariff sheets have not been revised to reflect the effects of
20 inflation and escalated costs of service since 1995 in the case of CEI and TE, and
21 since 1989 in the case of OE. Therefore, we adjusted certain charges referred to in
22 the Rules and Regulations to better align the charges with our actual costs and other
23 businesses' standard practices.

1

2 **Q. PLEASE LIST EXAMPLES OF CHANGES MADE TO CHARGES**
3 **REFERRED TO IN THE RULES AND REGULATIONS WHICH**
4 **EXEMPLIFY BETTER MATCHING COSTS?**

5 A. Changes made to better align charges with our costs of service and other businesses'
6 standard practices include an increase to the following charges: the reconnection
7 charge, the returned payment charge, and the unauthorized use investigation charge.
8 A reference to these charges is provided in the Rules and Regulations and a separate
9 tariff sheet (Miscellaneous Charges) is provided that sets forth the actual amounts
10 of such charges. We have also added a provision on the separate tariff sheet listing
11 the charge amounts that provides for an automatic increase to certain charges to
12 account for inflation and market based price increases.

13

14 **Q. TO THE EXTENT THE CHANGES TO ANY OF THESE CHARGES**
15 **IMPACT REVENUE, DID YOU MAKE THE APPROPRIATE**
16 **ANNUALIZATIONS?**

17 A. Yes. A page is included in Schedule E-4.1 that includes the appropriate
18 annualization.

19

20 **Q. WHY HAVE YOU ADDED AN AUTOMATIC ESCALATION PROVISION?**

21 A. Most of the charges to which the automatic escalator would apply are labor
22 intensive and apply to particular customer created situations which are somewhat
23 outside the normal conditions encountered in rendering service, for example,

1 reconnection related to nonpayment and investigations of fraudulent use. The
2 Companies believe it is entirely proper to charge the customers responsible for
3 these situations, to the extent possible, the appropriate amount on an ongoing basis
4 in order to prevent other customers from bearing these costs. In an attempt to do
5 this, we added a provision that adds an increase which is directly tied to changes in
6 the Consumer Price Index (CPI). Because the Companies' costs are affected by the
7 same factors that affect the CPI, adjustments to these charges for changes to the CPI
8 should closely match changes in the Companies' cost.

9
10 **Q. ARE THERE ANY CHANGES YOU WISH TO MAKE TO THE RULES AND**
11 **REGULATIONS AS INCLUDED IN THE INTENT NOTICE?**

12 A. Yes. With respect to Section II D. Refusal of Application, for TE only, the proposed
13 modifications were inadvertently not incorporated in the tariff sheets included with
14 the tariff notice. This section of the TE Rules and Regulations should be identical
15 to what is being proposed for OE and CEI. Accordingly, Section II D. for TE
16 should read as follows:

17
18 **D. Refusal Of Application:** The Company may refuse to provide electric service,
19 consistent with Ohio law, including without limitation, for those reasons specified
20 in Chapters 4901:1-10 and 4901:1-18 of the Ohio Administrative Code.
21 Specifically among these reasons, the Company may refuse to furnish electricity to
22 a customer's premises on account of arrearages due it for electricity furnished to
23 persons or entities formerly receiving services at the same premises as customers of

1 the Company, provided the former customers are continuing to reside or do
2 business at such premises.

3

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 **A.** Yes, it does.

EXHIBIT

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

SUPPLEMENTAL TESTIMONY OF

KEVIN L. NORRIS

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

- ☐ Management policies, practices, and organization
- ☐ Operating income
- ☐ Rate base
- ☐ Allocations
- ☐ Rate of return
- ☒ Rates and tariffs
- ☐ Other –Case Overview,
Revenue Requirements
Gross Rev. Conversion Factor

1 Q. PLEASE STATE YOUR NAME FOR THE RECORD.

2 A. My name is Kevin L. Norris.

3 Q. ARE YOU THE SAME KEVIN L. NORRIS THAT PROVIDED INITIAL
4 TESTIMONY THAT WAS FILED IN THIS PROCEEDING ON JUNE 7,
5 2007?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

8 A. The purpose of my Supplemental Testimony is to address certain objections of Ohio
9 Edison Company, The Cleveland Electric Illuminating Company and The Toledo
10 Edison Company (collectively, "Operating Companies") to the Staff Reports that
11 were filed with the Commission on December 4, 2007.

12 Q. PLEASE IDENTIFY THE OPERATING COMPANIES' OBJECTIONS
13 THAT YOU WILL BE ADDRESSING.

14 A. I will be addressing Section V(a) Electric Service Regulations and Miscellaneous
15 Charges ("Service Regulation") Objection Nos. 1-13.

16 Q. DOES YOUR TESTIMONY REGARDING THESE OBJECTIONS APPLY
17 TO ALL THREE OPERATING COMPANIES?

18 A. Unless otherwise stated, yes, it does.

19 Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE
20 REGULATION OBJECTION NO. 1.

21 A. Related to Service Regulation Objection No. 1, the Operating Companies propose
22 deleting language referring to availability of copies of the Operating Companies'
23 Schedule of Rates and the Electric Service Regulations at the Operating

1 Companies' business offices. The Staff recommends keeping this language and
2 modifying it to include the other locations and sources in which these tariffs are
3 being made available.

4 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
5 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 1.**

6 A. The Operating Companies believe that the unqualified requirement to supply a
7 listing in the tariff as to all locations where the tariff may be available is
8 unreasonable. The Operating Companies will not have, in every instance, sufficient
9 control over content or accuracy of the documentation provided at all such
10 locations. Should a library or other public institution make documents available,
11 the Operating Companies would have no control over the content or accuracy of
12 those documents. The Operating Companies would also have no control over
13 whether such tariffs were up to date. Additionally, it would be impossible to know
14 each and every location where the tariffs are being made available.

15 **Q. IS THERE AN ALTERNATIVE APPROACH TO THE STAFF'S**
16 **RECOMMENDATION?**

17 A. The Operating Companies believe that if any reference to the public availability of
18 the tariffs is required, it should be limited to the PUCO website and the Operating
19 Companies' website, where the accuracy of the tariffs can be controlled. For
20 customers not having internet access, tariff information is available by calling the
21 Operating Companies' call centers.

22 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
23 **REGULATION OBJECTION NO. 2.**

1 A. Related to Service Regulation Objection No. 2, the Staff recommends removal of
2 the last sentence in the paragraph which states "No refund will be made
3 representing the difference in charges under different rate schedules applicable to
4 the same class of service". The Staff believes this tariff language is in violation of
5 the Commission ruling in White Plastics v. Columbus Southern Power, Case No.
6 83-0650-EL-CSS.

7 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
8 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 2.**

9 A. The Operating Companies do not believe that the language which the Staff
10 recommends deleting necessarily violates the referenced case. The White Plastics
11 case addresses billing situations from the point in time that the customer makes
12 contact with the Operating Companies, and thus puts the respective Company on
13 notice of an issue. Notwithstanding, the Operating Companies recommend that the
14 language in question not be deleted but rather be modified to read as follows: "No
15 refund will be made representing the difference in charges under different rate
16 schedules except as required by law."

17 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
18 **REGULATION OBJECTION NO. 3.**

19 A. Related to Service Regulation Objection No. 3, the Operating Companies' proposal
20 deletes language regarding the handling of final bills in very specific instances.

21 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
22 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 3.**

1 A. This Objection addresses Staff's recommendation regarding an existing tariff
2 provision which deals with transfer of final bills in the case of a customer moving
3 from one service location to another. The existing tariff provision (which would be
4 Section VI.D in the new Electric Service Regulations) generally provides that such
5 transfer can be made under circumstances involving "like service" at the old and the
6 new location. The Staff, while not taking issue with the bulk of the provision, takes
7 issue with the Operating Companies' proposal to delete the final existing phrase
8 which currently appears at the end of the provision:

9
10 "the Company's filed tariffs and its Standard Rules and
11 Regulations, as are applicable to that customer, provided that
12 such transfer of a final bill shall not be used to disconnect
13 service to a residential Customer who is not responsible for
14 such bill.

15
16 This provision shall not be construed to permit disconnection
17 of a residential account for an unpaid final bill at such a
18 second location if the customer initiated another such account
19 at least ninety (90) days prior to termination of service to the
20 account for which the final bill was rendered."
21

22 The first portion of the language in question, however, is, in the Operating
23 Companies' view, unnecessary as it simply states the obvious. Not only is this
24 language unnecessary but by having it included at the end of an already lengthy
25 sentence it makes reading it confusing. In addition, the Operating Companies
26 believe if the second portion of the language in question is not deleted as proposed
27 by the Operating Companies, customers under certain circumstances could avoid
28 payment of final bills.

29 Q. PLEASE EXPLAIN.

1 A. The second portion of the language in question was recommended to be deleted by
2 the Operating Companies because the Operating Companies believe that a final bill
3 balance should be allowed to be transferred from one address to another regardless
4 of the timing of the final bill at one address and the move-in date at another address.
5 The requirements for transferring a balance are that (1) the customer is responsible
6 for both accounts, and (2) the service at each location is "Like Service". Once those
7 requirements are met, the Operating Companies should be permitted to transfer the
8 balance from one account to another as soon as the due date for the final bill has
9 passed. Therefore, the Operating Companies' proposal to delete the entire language
10 in question should be accepted.

11 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
12 **REGULATION OBJECTION NO. 4.**

13 A. Related to Service Regulation Objection No. 4, the Operating Companies are
14 proposing language referencing the billing cycle relating to changes in seasonal
15 billing. The Staff recommends using specific dates rather than the billing cycle.

16 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
17 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 4.**

18 A. The Operating Companies believe insisting on specific dates is unrealistic in that
19 meter read dates for a given billing cycle differ from year to year. Such a date in
20 the tariff may be correct for one year, but incorrect in the next. Assuring the
21 accuracy of tariff language which ties down specific dates would require an
22 increase in administration of the Electric Service Regulations through annual filing
23 updates of the dates for the appropriate billing cycle. The Operating Companies

1 believe this is not only an unwarranted use of administrative resources but would
2 also create more confusion in requiring the customer to periodically check for the
3 update.

4 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
5 **REGULATION OBJECTION NO. 5.**

6 A. Related to Service Regulation Objection No. 5, the Staff is proposing language
7 regarding dedicated phone lines that would state that the requirement to provide a
8 dedicated phone line would not apply to net metering, thus making it consistent
9 with the requirements of Rule 4901:1-28 (C).

10 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
11 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 5.**

12 A. The provision at issue relates to the parallel interconnections, which service is not
13 the same as net metering. Mixing language relating to two different services in the
14 same provision is likely to lead to confusion. Additionally, the requirements
15 regarding net metering are in the process of review and could change. For this
16 reason, the Operating Companies do not support making any reference to net
17 metering provisions in this section of the Electric Service Regulations.

18 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
19 **REGULATION OBJECTION NO. 6.**

20 A. Related to Service Regulation Objection No. 6, the Staff believes this provision
21 should also state the customer's right to request the employee to provide Company
22 ID as required by Rule 4901:1-10-13, O.A.C.

1 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
2 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 6.**

3 A. The language proposed by the Operating Companies as well as the language
4 contained in the Ohio Administrative Code at 4901:1-10-13 refers to "agent". Such
5 agents may not be employees of either of the Operating Companies and therefore
6 will not have a Company ID. The Operating Companies would agree to language
7 that required "appropriate" identification.

8 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
9 **REGULATION OBJECTION NO. 7.**

10 A. Related to Service Regulation Objection No. 7, the second paragraph in section
11 IX.G. as proposed by the Operating Companies relates to failure to grant access by
12 a customer or landlord and states "If a customer or a landlord fails to grant access
13 for reasons described above, and judicial redress is necessary to secure such access,
14 ...". Staff believes the term "judicial redress" should be changed to "court order",
15 which Staff believes is easier for a customer to understand.

16 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
17 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 7.**

18 A. The Operating Companies believe Staff's proposal fails to address actions not
19 ending with a court order. For example, if a settlement is reached in a legal
20 proceeding related to access issues, without necessity of a court order, then the
21 Staff's recommendation would unreasonably limit the Operating Companies' rights.
22 The Operating Companies would be agreeable to the term "legal process" which
23 would both be more accurate and address the Staff's concerns.

1 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
2 **REGULATION OBJECTION NO. 8.**

3 A. Related to Service Regulation Objection No. 8, Staff recommends that the
4 Operating Companies only be allowed to add court costs and attorney fees to a
5 customer or landlord's bill when a judicial officer awards the Operating Companies
6 those costs and fees.

7 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
8 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 8.**

9 A. The Operating Companies believe the proposal by the Staff fails to address the fact
10 that a judicial order addressing costs, does not award attorney fees. While the
11 Operating Companies agree that no costs incurred to secure access should be
12 assessed to the specific customer denying access unless the Operating Companies
13 are successful in litigation or settlement proceedings, the Staff's recommendation
14 prevents the Operating Companies from recovering attorney fees from the customer
15 creating the cost even when litigation is successful.

16 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
17 **REGULATION OBJECTION NO. 9.**

18 A. Related to Service Regulation Objection No. 9, Staff recommends the following
19 language be added: "The Company shall not charge this fee (Field Collection
20 Charge) more than once prior to either collecting the delinquent amount or
21 disconnecting the service."

22 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
23 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 9.**

1 A. The Operating Companies incur expenses for each trip they make to a customer's
2 premise to either seek payment or to disconnect service related to payment on
3 delinquent accounts. By actions of the customer, the Operating Companies may be
4 required to make more than one trip prior to either collecting the delinquent amount
5 or disconnecting service. The Staff's recommendation would prevent recovery of
6 costs from the customers creating the need for these trips.

7 **Q. PLEASE PROVIDE AN EXAMPLE.**

8 A. One example would be where the collector is sent into the field to disconnect for
9 non-payment but receives payment, in the form of a check, from the customer, thus
10 avoiding disconnection. This check is then determined to be invalid causing the
11 collector to return to the field to again disconnect for non-payment. The cost of
12 both trips should be recovered by the Operating Companies due to the customer's
13 action being the origin of such costs in both cases.

14 **Q. CAN YOU PROVIDE ANY OTHER EXAMPLE?**

15 A. Yes. A collector may make the same trip to disconnect service as per the prior
16 example. In this case the customer makes a commitment to pay the delinquent
17 amount within, for example, three days to avoid disconnection. In the event the
18 customer does not honor this commitment to make payment, the collector would
19 return to the field to disconnect service. Once again, the costs of both trips should
20 be recovered by the Operating Companies from the customer causing such costs.

21 **Q. ARE THERE ANY LIMITS ON THE NUMBER OF FIELD COLLECTION**
22 **CHARGES THAT CAN OCCUR PRIOR TO EITHER COLLECTING THE**
23 **DELINQUENT AMOUNT OR DISCONNECTING SERVICE?**

1 A. While normal situations would call for only one charge per month, in some cases,
2 where the customer does not honor payment commitments, there could be two such
3 charges. At times, there is the rare possibility of three such charges being applied in
4 a month. For example, after a disconnection for non-payment notice is generated
5 and in accordance with the Ohio Administrative Code 4901:1-18-05, during the
6 winter months a trip may be made to the customer site and the customer is given 10
7 days notice of the disconnection. After ten days, if no payment has been received
8 for the delinquent account, another visit is made to the customer to either collect for
9 the delinquent account or to disconnect service. At this time the collector receives
10 payment in the form of a check from the customer, thus avoiding disconnection.
11 This check is then determined to be invalid causing the collector to return to the
12 field to again disconnect for non-payment. In this example, the costs of all three
13 trips should be recovered by the respective Operating Company, from the customer
14 causing such costs.

15 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
16 **REGULATION OBJECTION NO. 10.**

17 A. Related to Service Regulation Objection No. 10, the Staff recommends the
18 proposed language, "the period specified in Chapter 4901:1-10 of the O.A.C.",
19 would force the customer to look in a different place to determine the time period
20 during which the customer is allowed one free meter test. Staff recommends that
21 the above mentioned language be replaced with: "a 36 month period".

22 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
23 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 10.**

1 A. The Operating Companies' proposed language is an attempt to prevent unnecessary
2 modifications to the Electric Service Regulations whenever the Ohio Administrative
3 Code changes. This inherently allows for the time period in which there is no
4 charge for the first meter test as set out in the tariff, to be consistent with the Ohio
5 Administrative Code. The Staff's recommendation would effectively and
6 unreasonably fix this period to 36 months. Additionally, to the extent the two
7 sources become inconsistent, this would lead to customer confusion and having
8 tariffs inconsistent with the Ohio Administrative Code.

9 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
10 **REGULATION OBJECTION NO. 11.**

11 A. Related to Service Regulation Objection No. 11, the Operating Companies are
12 proposing language referencing the Ohio Administrative Code concerning the time
13 of day, before which, a customer can pay any delinquent balance and have service
14 reconnected. The Staff recommends using the specific time of 12:30 pm as
15 referenced in the Code.

16 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
17 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 11.**

18 A. The Operating Companies proposed this language to prevent unnecessary
19 modifications to the Electric Service Regulations whenever the Ohio Administrative
20 Code changes. This inherently allows for the time of day, before which a customer
21 must pay any delinquent balance in order to have service reconnected, to be
22 consistent with the Ohio Administrative Code. The Staff's recommendation would
23 effectively and unreasonably fix this time to be 12:30 pm. Additionally, to the

1 extent the two sources become inconsistent, this would lead to customer confusion
2 and having tariffs inconsistent with the Ohio Administrative Code.

3 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
4 **REGULATION OBJECTION NO. 12.**

5 A. Related to Service Regulation Objection No. 12, the Staff recommends the
6 proposed annual adjustment based on the Consumer Price Index to certain
7 miscellaneous charges be rejected. The Staff believes these costs do not need to be
8 updated on a more frequent basis than a comprehensive rate proceeding.

9 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
10 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 12.**

11 A. The miscellaneous charges to which the escalator would apply relate to very
12 specific customer created situations that are very labor intensive, in some instances,
13 representing in excess of 80% of the overall charge. An escalator that can serve as
14 a proxy for labor increases, such as the Consumer Price Index (CPI) would ensure
15 the recovery of increased costs, and would better place the costs for these services
16 on the customers that use them and not be dependent on comprehensive rate
17 proceedings to bring about this cost causation objective. This approach is
18 consistent with the objective of better matching charges with costs.

19 **Q. PLEASE BRIEFLY EXPLAIN THE ITEM(S) WHICH LEAD TO SERVICE**
20 **REGULATION OBJECTION NO. 13.**

21 A. Related to Service Regulation Objection No. 13, the Staff recommends the
22 proposed language "by the customer at his expense in accordance with the

1 Company's standards" be replaced with "consistent with the Company's standards,
2 by the customer at the customer's expense".

3 **Q. PLEASE EXPLAIN THE OPERATING COMPANIES' UNDERLYING**
4 **RATIONALE FOR THEIR SERVICE REGULATION OBJECTION NO. 13.**

5 A. The language Staff proposed is already part of the Operating Companies' proposed
6 changes to the Electric Service Regulations for the Cleveland Electric Illuminating
7 and the Toledo Edison Companies, and thus such changes are unnecessary. For the
8 Ohio Edison Company, the Staff's recommendation is acceptable.

9 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

10 A. Yes, it does.

EXHIBIT

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

DIRECT TESTIMONY OF

STEVEN E. OUELLETTE

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

<input type="checkbox"/>	Management policies, practices, and organization
X	Operating Income
<input type="checkbox"/>	Rate Base
<input type="checkbox"/>	Allocations
<input type="checkbox"/>	Rate of Return
X	Rates and tariffs
<input type="checkbox"/>	Other

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Steven E. Ouellette. My business address is 76 S. Main St., Akron,
3 Ohio 44308.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by FirstEnergy Service Company as Manager, Rates and
7 Regulatory Affairs.

8
9 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

10 A. I am testifying on behalf of Ohio Edison ("OE"), The Toledo Edison Company
11 ("TE") and The Cleveland Electric Illuminating Company ("CEI") (collectively,
12 "Companies").

13
14 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**
15 **BACKGROUND.**

16 A. I majored in industrial education with a minor in business, receiving a Bachelor of
17 Science degree from Kent State University in 1977. In 1983, I received a Masters
18 of Arts degree from Kent State University, with a concentration in industrial
19 technology and education supervision. I have also completed a portion of the
20 MBA program at Cleveland State University.

21

1 In 1987, I began my career at CEI as an Industrial Account Representative. I later
2 became a Key Account Representative, responsible for handling large industrial
3 accounts. In December of 2000 I began my current position as Manager, Rates
4 and Regulatory Affairs.
5

6 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER, RATES AND**
7 **REGULATORY AFFAIRS?**

8 A. As Manager, Rates and Regulatory Affairs, my staff and I are responsible for
9 enforcing rate tariffs and contracts and developing and clarifying
10 policies/procedures associated with electric service to customers. We also
11 develop, design and/or review new and existing tariffs, evaluate customer issues
12 and interface with customers to facilitate a better understanding of rate policies,
13 tariffs and procedures. In addition to these matters, my group interacts with
14 regulatory agencies and staff on various regulatory matters.
15

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. The purpose of my testimony in this proceeding is to: (i) introduce and explain the
19 new Demand Side Management ("DSM") Rider; (ii) explain changes that are
20 being proposed to the existing line extension program contained in the Electric
21 Service Regulations; (iii) discuss the TE Economic Development Rider; (iv)
22 discuss Rate Case Expenses on Schedules C-8 and C-3.19; and (v) discuss
23 Schedule C-3.16, rate case adjustment for Net Metering.

1
2 **DSM RIDER**

3 **Q. PLEASE EXPLAIN THE PURPOSE OF THE DSM RIDER.**

4 A. The DSM Rider is designed to recover DSM program costs from residential
5 customers through a non-bypassable kilowatt-hour charge. Pursuant to the
6 Supplemental Stipulation in case No. 05-1125-EL-ATA, as approved by
7 Commission Opinion and Order on January 4, 2006, DSM costs are deferred and
8 intended to be recovered through a semi-annual reconcilable rider. DSM costs
9 recovered in the Rider include the costs to conduct the DSM programs, including
10 all administrative costs and lost distribution revenues resulting from
11 implementation of the DSM program. Pursuant to the Stipulation, the Rider is
12 designed to recover all DSM costs incurred during 2006-2008, including carrying
13 costs, accrued at the respective operating company's long-term cost of debt, over
14 a three-year period beginning in 2009. The carrying charges are applied to
15 deferred DSM costs accrued from the date the deferrals are recorded on the
16 Companies' respective books of account until the date they will be fully recovered
17 in the DSM Rider.

18
19 **Q. WHAT AMOUNT WILL BE SPENT ON DSM PROGRAMS AND**
20 **THEREBY RECOVERED THROUGH THE DSM RIDER?**

21 A. The Companies agreed, pursuant to the Supplemental Stipulation, to spend a total
22 of \$28 million on DSM programs over the 2006-2008 time period, recovered
23 through a semi-annual reconcilable rider.

1
2 **LINE EXTENSION PROGRAM CHANGES**

3 **Q. PLEASE BRIEFLY DESCRIBE THE EXISTING LINE EXTENSION**
4 **PROGRAM.**

5 A. The existing line extension program consists of two separate programs, one for
6 residential customers and the other for non-residential customers. The existing
7 residential program requires an up-front payment to the Company in the amount
8 of \$300 per house (or \$100 per multi-family housing unit) as well as a monthly
9 surcharge amount of \$8 per month (or \$4 per month for a multi-family housing
10 unit). The up-front payment is generally paid by the builder/developer but the
11 monthly surcharge is added to the electric bill of the home owner/tenant. The non-
12 residential program has an up-front payment requirement equal to 40% of the
13 estimated total cost of the line extension project. This up-front payment is
14 generally paid by the builder/developer. There is also a monthly surcharge amount
15 for the non-residential program equal to 0.5% of the estimated total cost of the
16 line extension project. Again, the monthly surcharge amount is added to the
17 electric bill of the customer taking service at the location receiving the line
18 extension.

19
20 **Q. PLEASE EXPLAIN THE PROPOSED LINE EXTENSION PROGRAM IN**
21 **THIS PROCEEDING.**

22 A. The proposed line extension program beginning January 1, 2009, for both the
23 residential and the non-residential schedules, consists only of an up-front charge

1 and eliminates the ongoing monthly payment. Additionally, for the non-
2 residential program, the Companies propose adding a new up-front payment
3 amount for transmission class customers. These customers would be required to
4 pay 100% of the estimated total cost of the distribution line extension project up-
5 front.

6
7 **Q. WHY ARE YOU PROPOSING TO CHARGE TRANSMISSION CLASS**
8 **CUSTOMERS 100% OF THE DISTRIBUTION LINE EXTENSION**
9 **COSTS UP-FRONT?**

10 A. I am proposing this type of up-front charge because the Companies, if they were
11 to charge only a portion of the total cost, would have to include the remaining
12 costs for recovery in a subsequent distribution rate case. Such a process would
13 create a subsidy from other customers because transmission class customers
14 causing these costs are not subject to the resulting distribution rates.

15
16 **Q. WERE THERE ANY CHANGES TO THE "PREMIUM SERVICE"**
17 **SECTION OF THE LINE EXTENSION PROGRAM AT TOLEDO**
18 **EDISON?**

19 A. Yes. The provision calling for rear lot line construction to be treated as a premium
20 service has been deleted because the Electric Service Regulations no longer allow
21 for customer requested rear lot line construction.

22
23 **TE ECONOMIC DEVELOPMENT RIDER**

1 **Q. ARE THERE ANY OTHER TARIFF CHANGES THAT THE**
2 **COMPANIES ARE PROPOSING?**

3 A. Yes. TE is proposing to "grandfather" Rider No. 4A ("Economic Development
4 Rider") as of December 31, 2008. This Rider currently provides electric service
5 discounts to qualifying customers for a period of five years to promote economic
6 development in the Toledo Edison service territory. The Company is proposing to
7 phase-out this Rider as part of the Company's goal to standardize on cost of
8 service based rate design and to create consistency across the Companies' rate
9 schedules. Grandfathering this Rider will allow customers already taking service
10 under the Rider to continue receiving those benefits for distribution service until
11 those benefits expire under the terms of the Rider. However, service would not be
12 permitted to be initiated under this Rider after December 31, 2008.

13
14 **RATE CASE EXPENSES**

15 **Q. PLEASE DESCRIBE SCHEDULE C-8.**

16 A. Schedule C-8 provides an analysis of the Companies' rate case expenses and rate
17 case expense amortizations for the current rate case and the two most recent prior
18 rate cases.

19
20 **Q. WHAT AMOUNT OF CURRENT RATE CASE EXPENSES HAVE THE**
21 **COMPANIES INCLUDED IN SCHEDULE C-8?**

22 A. Each Schedule C-8 reflects \$447,000 of rate case expenses in which the
23 Companies are seeking a one year amortization period. These rate case expenses

1 have not been included in test year data but have been reflected as an adjustment
2 on Schedule C-3.19 for each Company.

3

4 **NET METERING**

5 **Q. PLEASE DESCRIBE THE ADJUSTMENT YOU HAVE INCLUDED AS**
6 **SCHEDULE C-3.16, NET METERING.**

7 A. Schedule C-3.16 provides for a rate case adjustment based on potential expansion
8 or modifications of net metering programs that reduce kWh sales.

9

10 **Q. WHAT AMOUNT HAVE THE COMPANIES INCLUDED IN SCHEDULE**
11 **C-3.16?**

12 A. The adjustment is currently set at zero. However, future changes in net metering
13 programs which create additional expenses or cause lost revenues would change
14 the value of this adjustment.

15

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes.