FILE

FAX

RECEIVED-DOCKETING DIV
2008 SEP 29 PM 5:01
PUCO

BOEHM, KURTZ & LOWRY
ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255

TELECOPIER (513) 421-2764

Via E-FILE

September 29, 2008

Public Utilities Commission of Ohio
PUCO Docketing
180 E. Broad Street, 10th Floor
Columbus, Ohio 43215

In re: Case No. 08-935-EL-SSO

Dear Sir/Madam:

Please find attached the DIRECT TESTIMONY AND EXHIBITS OF LANE KOLLEN on the subject of ESP versus MRO; prudence of ESP purchases; and the significantly excessive earnings test filed ON BEHALF OF THE OHIO ENERGY GROUP ("OEG").

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,

David F. Boehm, Esq.
Michael L. Kurtz, Esq.
BOEHM, KURTZ & LOWRY

MLKkcw
Encl.
Cc: Certificate of Service
Chairman Alan R. Schriber
Ronda Hartman Fergus
Valerie A. Lemmie
Paul A. Centolella
Cheryl Roberto
Gregory Price, Hearing Examiner
Christine Pirik, Hearing Examiner
Steve Lesser, Esq.

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE:	**APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143**	)	**CASE NO. 08-935-EL-SSO**

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

THE OHIO ENERGY GROUP, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

September 2008

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE: APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143	)))))))	**CASE NO. 08-935-EL-SSO**

TABLE OF CONTENTS

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE: APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143	**) CASE NO. 08-935-EL-SSO**

DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation and by whom are you employed?

A. I am a utility rate and planning consultant holding the position of Vice President and Principal with the firm of Kennedy and Associates.

Q. Please describe your professional experience and education.

A. I have been an active participant in the utility industry for more than thirty years, both as an employee of The Toledo Edison Company from 1976 to 1983 and as a consultant in the industry since 1983. I have testified as an expert witness on planning, ratemaking, accounting, finance, and tax issues in proceedings before regulatory commissions and courts at the federal and state levels on nearly two hundred occasions, including proceedings before the Public Utilities Commission of Ohio.

I hold both a Bachelor of Business Administration in Accounting degree and a Master of Business Administration degree from the University of Toledo. I also hold a Master of Arts degree from Luther Rice University. I am a Certified Public Accountant and a Certified Management Accountant. I am a member of numerous professional organizations. My qualifications and regulatory appearances are further detailed in my Exhibit__(LK-1).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Ohio Energy Group, Inc. ("OEG"), a group of large customers who take electric service from Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company ("Companies," "utilities," or "distribution utilities"). These OEG members are: Air Products & Chemicals, Inc., AK Steel Corporation, Alcoa Inc., ArcelorMittal, BP-Husky Refining, Inc., Brush Wellman Inc., Chrysler LLC., E.I. DuPont de Nemours & Co., Ford Motor Company, Johns Manville (Berkshire Hathaway), North Star BlueScope Steel, LLC, PPG Industries, Inc., Republic Engineered

Products, Inc., Sunoco Toledo Refinery, Severstal Warren, Inc. (formerly WCI Steel, Inc.,) Worthington Industries and Linde, Inc.

Q. Please describe the purpose of your testimony.

A. The purpose of my testimony is to address certain aspects of the Company's proposed Electric Security Plan ("ESP"), including the determination of whether the ESP is "more favorable in the aggregate as compared to the expected results that would otherwise apply" under a Market Rate Offer ("MRO"); the responsibility of the distribution utilities to prudently acquire power to meet the standard service offer load of their non-shopping ratepayers; the quantification of the MRO and ESP revenues; the appropriate allocation of and compensation for the wholesale supplier and retail market risks; the requirements that ESP rate adjustments be cost-based and that such costs be prudently incurred; and the application of the "significantly excessive" earnings test.

Q. Please summarize your testimony.

A. The Commission should reject the Companies' proposed ESP because it fails to meet the statutory requirement that it be "more favorable in the aggregate" than the MRO option. When an error in the Companies' analysis is corrected, more current wholesale market prices are used, and retail market risk is addressed consistently, the ESP is more expensive than an MRO by $1,692.6 million.

The Commission should modify the Companies' proposed ESP as follows:

- The Commission should modify the ESP so that the wholesale price of power to the Companies consists of a least-cost portfolio of generation products, rather than being imposed upon the Companies by FirstEnergy Corp. through a no-bid sole-source arrangement with its affiliate FirstEnergy Solutions, Inc. Based upon September 19, 2008 forward prices, the wholesale market price to serve the Companies' load for 2009, 2010, and 2011 is $63.45/MWH, $65.23/MWH, and $66.15/MWH. This compares to the FES offer price of $75/MWH, $80/MWH and $85/MWH, plus a series of fuel, environmental and capacity riders.
- The retail market risk, or provider of last resort ("POLR") risk, caused by the ability of consumers to shop for generation service, should be retained by the Companies rather than transferred to the wholesale supplier, thus eliminating any margin for this risk from the cost of wholesale power.
- The Companies should be compensated directly for their actual and prudent costs incurred to purchase wholesale power to serve non-shopping load, and for the actual costs associated with the retail market risks.

The Commission should decide the structure of the "significantly excessive earnings" test and how it will be applied in this proceeding so that all parties know the rules going into 2009 and so that the Companies can properly account for any refund obligations for the 2009 review year in their financial statements.

II. THE COMPANIES' MRO VERSUS ESP COMPARISON IS FLAWED

Q. Please describe the MRO versus ESP test set forth in SB 221.

A. SB 221 requires that a distribution utility file an ESP and demonstrate that it is "more favorable in the aggregate as compared to the expected results that would otherwise apply under" the MRO option. If the utility's proposed ESP does not meet this standard, then the Commission cannot approve it without modification. In making this determination, the statute specifically cites "pricing and all other terms and conditions, including any deferrals and any future recovery of deferrals."

Q. Have the Companies provided a quantitative analysis comparing their proposed MRO and ESP options?

A. Yes. The Companies provided a quantitative comparison of their projections of the retail revenues they will recover under both the MRO option and the ESP option on a net present value basis. This comparison is sponsored by Companies witness Mr. David Blank and the analysis is shown on Attachment 1 to his testimony. I have attached a copy of Mr. Blank's Attachment 1 as my Exhibit___(LK-2) for reference purposes.

Mr. Blank's Attachment 1 shows a $1,303.4 million net present value benefit to ratepayers from the Companies' proposed ESP compared to its quantification of the MRO option over the three year life of the proposed plan plus the additional seven year deferral recovery period.

Q. **How did the Companies develop the revenues used to quantify the MRO option on Attachment 1?**

A. The Companies computed the MRO revenues based on the average of hypothetical market prices that its consultants project will result if the Companies are permitted to outsource all responsibility for supplying generation service to non-shoppers through a reverse auction. The hypothetical market prices were "constructed" by Mr. Frank C. Graves of The Brattle Group and Dr. Scott Jones of FTI Consulting and include the cost of FERC-regulated wholesale power supply delivered to the service territory of the Companies in Ohio plus various adders for the assumption by the wholesale suppliers of retail market risk. This retail market risk, or POLR risk, is due to the ability of consumers to shop for generation. The cost of wholesale supply includes generation, capacity, and ancillary services, together with all transmission and transmission-related services, and other costs incurred in delivering generation to the service territory of the Companies in Ohio.

The hypothetical market prices developed by the Companies' consultants were reduced to exclude transmission costs recovered by the Companies through another rider and then averaged by Mr. Blank to compute the annual MRO market prices reflected on Attachment 1. Mr. Blank weighted the two sets of prices developed by Mr. Graves at 25% each and the set of prices developed by Dr. Jones at 50% for each of the three years in the initial term of the Companies' ESP.

Q. Is there a computational error in Mr. Blank's Attachment 1 that should be corrected before any other adjustments are made?

A. Yes. Mr. Blank incorrectly computed the market prices developed by both consultants for purposes of the MRO revenue quantification by failing to remove the entirety of the transmission component included in those prices. Mr. Blank failed to gross up the transmission component for line losses. This can be seen by reviewing the mWh (generation or sales) used in the multiple steps used by Mr. Graves and Dr. Jones to develop their market prices.

Mr. Graves first developed the total energy, network transmission and ancillary services costs on a \$/mWh basis using gross generation, which includes the mWh for line losses. He then computed the total dollar cost for these components and then added capacity costs. In the final step, Mr. Graves divided the total dollar amount by mWh sales, or gross generation less line losses, thus effectively grossing up the market price to reflect line losses.

However, Mr. Blank ignored this gross-up on the transmission component. Mr. Blank took the market price computed on a sales basis and then subtracted the transmission cost per mWh computed on a gross generation basis. In other words, the error was that Mr. Blank failed to gross up the transmission component for the

CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) or ordinary mail, unless otherwise noted, this 29th day of September, 2008 to the following:

CITY OF AKRON
166 S. HIGH ST, ROOM 200
AKRON OH 44308

CLEVELAND ELECTRIC ILLUMINATING CO
HARVEY L. WAGNER
76 S. MAIN STREET

*HAYDEN, MARK A MR.
FIRSTENERGY CORP
76 SOUTH MAIN STREET

OHIO EDISON COMPANY
HARVEY WAGNER, VP AND CON
76 S. MAIN STREET
AKRON OH 44308

*BURK, JAMES ATTORNEY-AT-LAW
FIRSTENERGY SERVICE COMPANY
76 SOUTH MAIN STREET
AKRON OH 44308

*PETRICOFF, HOWARD
VORYS, SATER, SEYMOUR AND PEASE LLP
52 E. GAY STREET
COLUMBUS OH 43215

*CAMPBELL, ANDREW J.
JONES DAY
325 JOHN H MCCONNELL BLVD
SUITE 600
COLUMBUS OH 43215-2673

MUNTEAN, DAVID A
161 SOUTH HIGH STREET SUITE 202
AKRON OH 44308

SCHMIDT, KEVIN
33 NORTH HIGH STREET
COLUMBUS OH 43215

*YURICK, MARK S. ATTORNEY
CHESTER WILLCOX & SAXBE LLP
65 EAST STATE ST SUITE 1000
COLUMBUS OH 43215-4213

KUTIK, DAVID
JONES, DAY, REAVIS & POGUE
NORTH POINT 901 LAKESIDE AVENUE
CLEVELAND OH 44114

*VOLLMAN, SEAN W.
161 S. HIGH STREET, SUITE 202
AKRON OH 44308

*MANCINO, DOUGLAS M. MR.
MCDERMOTT WILL & EMERY LLP
2049 CENTURY PARK EAST, SUITE 3800

*KRASSEN, GLENN ATTORNEY AT LAW
BRICKER & ECKLER LLP
1375 EAST NINTH STREET SUITE 1500
CLEVELAND OH 44114-1718

ROTHAL, MAX DIRECTOR OF LAW
161 SOUTH HIGH STREET
SUITE 202
AKRON OH 44308

*BENTINE, JOHN
CHESTER, WILLCOX & SAXBE LLP
65 E. STATE STREET SUITE 1000
COLUMBUS OH 43215-4259

BEELER, STEVEN L ASSISTANT DIRECTOR OF LAW
CITY OF CLEVELAND DEPARTMENT OF LAW
601 LAKESIDE AVENUE ROOM 106
CLEVELAND OH 44114

DUNN, GREGORY H
SCHOTTENSTEIN ZOX & DUNN CO LPA
250 WEST STREET
COLUMBUS OH 43215

LAVANGA, MICHAEL K
BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.
1025 THOMAS JEFFERSON STREET N.W.
8TH FLOOR WEST TOWER
WASHINGTON DC 20007

*PORTER, ANDRE T
SCHOTTENSTEIN ZOX & DUNN CO LPA
250 WEST STREET
COLUMBUS OH 43215

*LAWRENCE, GREGORY K
MCDERMOTT WILL & EMERY LLP
28 STATE STREET
BOSTON MA 02109

*FONNER, CYNTHIA A
CONSTELLATION ENERGY GROUP, INC.

550 W. WASHINGTON ST. SUITE 300
CHICAGO IL 60661

*RINEBOLT, DAVID C MR.
OHIO PARTNERS FOR AFFORDABLE ENERGY
231 W LIMA ST PO BOX 1793
FINDLAY OH 45839-1793

*HOWARD, STEPHEN M
VORYS, SATER SEYMOUR
AND PEASE LLP
52 EAST GAY STREET P. O. BOX 1008
COLUMBUS OH 43216-1008

WELDELE, ERIC D
TUCKER ELLIS & WEST LLP
1225 HUNTINGTON CENTER
41 SOUTH HIGH STREET
COLUMBUS OH 43215

*BREITSCHWERDT, E. BRETT MR.
BRICKER & ECKLER LLP
100 SOUTH THIRD STREET
COLUMBUS OH 43215

*WHITT, MARK A
JONES DAY
P.O. BOX 165017
325 JOHN H MCCONNELL BLVD, SUITE 600
COLUMBUS OH 43216-5017

BELL, LANGDON D
BELL & ROYER CO., LPA
33 SOUTH GRANT AVENUE
COLUMBUS OH 43215

*MCALISTER, LISA
MCNEES, WALLACE & NURIK
21 EAST STATE STREET, 17TH FLOOR
COLUMBUS OH 43215-4228

TRIOZZI, ROBERT J
CLEVELAND CITY HALL
601-LAKESIDE AVE, ROOM 206
CLEVELAND OH 44114-1077

*SITES, RICHARD ATTORNEY AT LAW
OHIO HOSPITAL ASSOCIATION
155 EAST BROAD STREET 15TH FLOOR
COLUMBUS OH 43215-3620

*RANDAZZO, SAMUEL C.
MCNEES WALLACE & NUICK
21 EAST STATE ST, 17TH FLOOR
COLUMBUS OH 43215

NEILSEN, DANIEL J ATTORNEY AT LAW
MCNEES WALLACE & NURICK LLC
FIFTH THIRD CENTER, 17TH FL. 21 EAST STATE STREET
COLUMBUS OH 43215

MORGAN STANLEY CAPITAL
GROUP, INC
1585 BROADWAY 4TH FLOOR
NEW YORK NY 10036

AMERICAN WIND ENERGY ASSOC.
1101 14TH STREET NW
12TH FLOOR
WASHINGTON DC 20005

BLOOMFIELD, SALLY ATTORNEY AT LAW
BRICKER & ECKLER LLP
100 SOUTH THIRD STREET
COLUMBUS OH 43215-4291

CITIZEN POWER
DAVID HUGHES, EX. DIR.
2121 MURRAY AVENUE THIRD FLOOR
PITTSBURGH PA 15217

ROBINSON, THEODORE S
CITIZEN POWER
2121 MURRAY AVENUE
PITTSBURGH PA 15217

CITY OF CLEVELAND
1300 LAKESIDE AVENUE
CLEVELAND OH 44114

MILLER, CHRISTOPHER L.
SCHOTTENSTEIN ZOX & DUNN CO., LPA
250 WEST STREET
COLUMBUS 43215

CITY OF MAUMEE
SHEILAH MCADAMS
400 CONANT STREET
MAUMEE OH 43537

MCADAMS, SHEILAH
CITY OF MAUMEE
204 W. WAYNE STREET
MAUMEE OH 43537

CITY OF NORTHWOOD
BRIAN BALLENGER
6000 WALES ROAD
NORTHWOOD OH 43619

BALLENGER, BRIAN J. LAW DIRECTOR
BALLENGER & MOORE CO., L.P.A.
3401 WOODVILLE ROAD SUITE C
TOLEDO OH 43619

CITY OF OREGON
PAUL GOLDBERG
5330 SEAMAN RD
OREGON OH 43616

CITY OF SYLVANIA
JAMES E. MOAN
4930 HOLLAND-SYLVANIA ROAD
SYLVANIA OH 43560

CITY OF TOLEDO
SUITE 2250 ONE GOVERNMENT CENTER
TOLEDO OH 43604

CONSTELLATION ENERGY COMMODITIES GROUP, INC.
M. HOWARD PETRICOFF, ATTORNEY
VORYS, SATER, SEYMOUR, PEASE, LLP 52 E. GAY ST., P.O. BOX 1008
COLUMBUS OH 43216-1008

CONSTELLATION NEWENERGY, INC.
DAVID I. FEIN
SUITE 300
550 W. WASHINGTON BLVD.
CHICAGO IL 60661

PETRICOFF, M.
VORYS, SATER, SEYMOUR & PEASE
52 EAST GAY STREET P.O. BOX 1008
COLUMBUS OH 43216-1008

COUNCIL OF SMALLER ENTERPRISES
STEVE MILLARD
100 PUBLIC SQUARE SUITE 201
CLEVELAND OH 44113

DIRECT ENERGY SERVICES, LLC
ERIC STEPHENS
5400 FRANTZ ROAD SUITE 250
DUBLIN OH 43016

*PETRICOFF, HOWARD
VORYS, SATER, SEYMOUR AND PEASE LLP
52 E. GAY STREET
COLUMBUS OH 43215

• DOMINION RETAIL, INC.
GARY A. JEFFRIES
501 MARTINDALE STREET SUITE 400
PITTSBURGH PA 15212-5817

• ROYER, BARTH E
BELL & ROYER CO LPA
33 SOUTH GRANT AVENUE
COLUMBUS OH 43215-3927

FPL ENERGY POWER
MARKETING INC
700 UNIVERSE BOULEVARD CTR/JB
JUNO BEACH FL 33408

'DUTTON, F MITCHELL
700 UNIVERSE BOULEVARD
CTR/JB
JUNO BEACH FL 33408

• GEXA ENERGY HOLDINGS LLC
F MITCHELL DUTTON
700 UNIVERSE BOULEVARD CTR/JB
JUNO BEACH FL 33408

INDUSTRIAL ENERGY USERS OF OHIO
'SAMUEL C. RANDAZZO, GENERAL COUNSEL
MCNEES WALLACE & NURICK LLC
21 E. STATE STREET, 17TH FLOOR
COLUMBUS OH 43215

CLARK, JOSEPH M ATTORNEY AT LAW
MCNEES WALLACE & NURICK LLC
21 EAST STATE STREET, 17TH FL.
COLUMBUS OH 43215-4228

• INTEGRYS ENERGY SERVICES INC
BOBBY SINGH
300 WEST WILSON BRIDGE ROAD SUITE 350
WORTHINGTON OH 43085

KROGER COMPANY, THE
MR. DENIS GEORGE
1014 VINE STREET-GO7
CINCINNATI OH 45202-1100

• WHITE, MATTHEW S. ATTORNEY AT LAW
CHESTER WILCOX & SAXBE LLP
65 EAST STATE STREET
SUITE 1000
COLUMBUS OH 43215

LAKE TOWNSHIP
THOMAS HAYS, SOLICITOR
3315 CENTENNIAL RD., SUITEA-2
SYLVANIA OH 43560

LUCAS COUNTY COMMISSIONERS
LANCE KEIFFER
2ND FLOOR 711 ADAMS
TOLEDO OH 43624

MATERIAL SCIENCE CORPORATION
CRAIG I SMITH
2824 COVENTRY ROAD
CLEVELAND OH 44120

ECKHART, HENRY
ATTORNEY AT LAW
50 WEST BROAD STREET SUITE 2117
COLUMBUS OH 43215-3301

NATIONAL ENERGY MARKETERS ASSOC
CRAIG G. GOODMAN, ESQ.
3333 K STREET N.W. SUITE 110
WASHINGTON DC 20007

NATURAL RESOURCES DEFENSE COUNCIL
101 N WACKER DR SUITE 609
CHICAGO IL 60606

NORTHEAST OHIO PUBLIC ENERGY COUNCIL
GLEN S. KRASSEN, ATTORNEY
ONE CLEVELAND CENTER SUITE 1500 1375 E NINTH STREET
CLEVELAND OH 44114

NUCOR STEEL MARION, INC
912 CHENEY AVENUE
MARION OH 43302

STONE, GARRETT A ATTORNEY AT LAW
BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.
1025 THOMAS JEFFERSON STREET N.W.
8TH FLOOR, WEST TOWER
WASHINGTON DC 20007

OHIO ADVANCED ENERGY
SALLY BLOOMFIELD ATTORNEY
100 SOUTH THIRD ST
COLUMBUS OH 43215-4291

BLOOMFIELD, SALLY ATTORNEY AT LAW
BRICKER & ECKLER LLP
100 SOUTH THIRD STREET
COLUMBUS OH 43215-4291

OHIO CONSUMERS COUNSEL
JEFFREY SMALL
10 WEST BROAD STREET, SUITE 1800
COLUMBUS OH 43215-3485

SMALL, JEFFREY
OHIO CONSUMERS' COUNSEL
10 WEST BROAD STREET SUITE 1800
COLUMBUS OH 43215-3485

OHIO FARM BUREAU FEDERATION, INC.
DALE ARNOLD
DIRECTOR ENERGY SERVICES P.O. BOX 182383
COLUMBUS OH 43218

GEARHARDT, LARRY R.
OHIO FARM BUREAU FEDARATION
280 N. HIGH STREET P.O. BOX 182383
COLUMBUS OH 43218-2383

OHIO HOSPITAL ASSOCIATION
RICHARD L. SITES
155 E. BROAD STREET 15TH FLOOR
COLUMBUS OH 43215-3620

OHIO MANUFACTURERS ASSN
33 N. HIGH ST
COLUMBUS OH 43215

OHIO PARTNERS FOR AFFORDABLE ENERGY
RINEBOLT DAVID C
231 WEST LIMA ST, PO BOX 1793
FINDLAY OH 45839-1793

RINEBOLT, DAVID C.
OHIO PARTNERS FOR AFFORDABLE ENERGY
231 W LIMA STREET
FINDLAY OH 45839-1793

OHIO SCHOOLS COUNCIL
6133 ROCKSIDE ROAD SUITE 10
INDEPENDENCE OH 44131

OMNISOURCE CORPORATION
DAMON E XENOPOULOS
1025 THOMAS JEFFERSON STREET NW 8TH FLOOR WEST TOWER
WASHINGTON DC 20007

SIERRA CLUB OHIO CHAPTER
BRANDI WHETSTONE
131 N HIGH ST., STE. 605
COLUMBUS OH 43215

VILLAGE OF HOLLAND
PAUL SKAFF, ASSISTANT VI
353 ELM STREET
PERRYSBURG OH 43551

WIND ON THE WIRES
1619 DAYTON AVENUE SUITE 203
SAINT PAUL MN 55104

NUCOR STEEL MARION, INC
912 CHENEY AVENUE
MARION OH 43302

ED HESS, ESQ.
PUBLIC UTILITIES COMMISSION OF OHIO
180 E. BROAD STREET
COLUMBUS, OHIO 43215

RICK CAHAAN
PUBLIC UTILITIES COMMISSION OF OHIO
180 E. BROAD STREET
COLUMBUS, OHIO 43215

TOM MCNAMEE, ESQ.
PUBLIC UTILITIES COMMISSION OF OHIO
180 E. BROAD STREET
COLUMBUS, OHIO 43215

BOB FORTNEY
PUBLIC UTILITIES COMMISSION OF OHIO
180 E. BROAD STREET
COLUMBUS, OHIO 43215

KRASSEN, GLENN ATTORNEY AT LAW
BRICKER & ECKLER LLP
1375 EAST NINTH STREET SUITE 1500
CLEVELAND OH 44114-1718

MOHLER, SHAUN C
BRICKFIELD BURCHETTE RITTS & STONE P C
1025 THOMAS JEFFERSON STREET NW
8TH FLOOR WEST TOWER
WASHINGTON DC 20007

ECKHART, HENRY
ATTORNEY AT LAW
50 WEST BROAD STREET SUITE 2117
COLUMBUS OH 43215-3301

BLOOMFIELD, SALLY ATTORNEY AT LAW
BRICKER & ECKLER LLP
100 SOUTH THIRD STREET
COLUMBUS OH 43215-4291

STONE, GARRETT A ATTORNEY AT LAW
BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.
1025 THOMAS JEFFERSON STREET N.W.
8TH FLOOR, WEST TOWER
WASHINGTON DC 20007

Michael L. Kurtz

David F. Boehm, Esq.
Michael L. Kurtz, Esq.

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE:	**APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143**	)	**CASE NO. 08-935-EL-SSO**

DIRECT TESTIMONY

AND EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

THE OHIO ENERGY GROUP, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

September 2008

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE: APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143	)	**CASE NO. 08-935-EL-SSO**

TABLE OF CONTENTS

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE:	**APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143**	**) CASE NO. 08-935-EL-SSO**

DIRECT TESTIMONY OF LANE KOLLEN

I. QUALIFICATIONS AND SUMMARY

Q. **Please state your name and business address.**

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. **What is your occupation and by whom are you employed?**

A. I am a utility rate and planning consultant holding the position of Vice President and Principal with the firm of Kennedy and Associates.

Q. **Please describe your professional experience and education.**

A. I have been an active participant in the utility industry for more than thirty years, both as an employee of The Toledo Edison Company from 1976 to 1983 and as a consultant in the industry since 1983. I have testified as an expert witness on planning, ratemaking, accounting, finance, and tax issues in proceedings before regulatory commissions and courts at the federal and state levels on nearly two hundred occasions, including proceedings before the Public Utilities Commission of Ohio.

I hold both a Bachelor of Business Administration in Accounting degree and a Master of Business Administration degree from the University of Toledo. I also hold a Master of Arts degree from Luther Rice University. I am a Certified Public Accountant and a Certified Management Accountant. I am a member of numerous professional organizations. My qualifications and regulatory appearances are further detailed in my Exhibit___(LK-1).

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Ohio Energy Group, Inc. ("OEG"), a group of large customers who take electric service from Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company ("Companies," "utilities," or "distribution utilities"). These OEG members are: Air Products & Chemicals, Inc., AK Steel Corporation, Alcoa Inc., ArcelorMittal, BP-Husky Refining, Inc., Brush Wellman Inc., Chrysler LLC., E.I. DuPont de Nemours & Co., Ford Motor Company, Johns Manville (Berkshire Hathaway), North Star BlueScope Steel, LLC, PPG Industries, Inc., Republic Engineered

Products, Inc., Sunoco Toledo Refinery, Severstal Warren, Inc. (formerly WCI Steel, Inc.,) Worthington Industries and Linde, Inc.

Q. **Please describe the purpose of your testimony.**

A. The purpose of my testimony is to address certain aspects of the Company's proposed Electric Security Plan ("ESP"), including the determination of whether the ESP is "more favorable in the aggregate as compared to the expected results that would otherwise apply" under a Market Rate Offer ("MRO"); the responsibility of the distribution utilities to prudently acquire power to meet the standard service offer load of their non-shopping ratepayers; the quantification of the MRO and ESP revenues; the appropriate allocation of and compensation for the wholesale supplier and retail market risks; the requirements that ESP rate adjustments be cost-based and that such costs be prudently incurred; and the application of the "significantly excessive" earnings test.

Q. **Please summarize your testimony.**

A. The Commission should reject the Companies' proposed ESP because it fails to meet the statutory requirement that it be "more favorable in the aggregate" than the MRO option. When an error in the Companies' analysis is corrected, more current wholesale market prices are used, and retail market risk is addressed consistently, the ESP is more expensive than an MRO by $1,692.6 million.

The Commission should modify the Companies' proposed ESP as follows:

- The Commission should modify the ESP so that the wholesale price of power to the Companies consists of a least-cost portfolio of generation products, rather than being imposed upon the Companies by FirstEnergy Corp. through a no-bid sole-source arrangement with its affiliate FirstEnergy Solutions, Inc. Based upon September 19, 2008 forward prices, the wholesale market price to serve the Companies' load for 2009, 2010, and 2011 is \$63.45/MWH, \$65.23/MWH, and \$66.15/MWH. This compares to the FES offer price of \$75/MWH, \$80/MWH and \$85/MWH, plus a series of fuel, environmental and capacity riders.
- The retail market risk, or provider of last resort ("POLR") risk, caused by the ability of consumers to shop for generation service, should be retained by the Companies rather than transferred to the wholesale supplier, thus eliminating any margin for this risk from the cost of wholesale power.
- The Companies should be compensated directly for their actual and prudent costs incurred to purchase wholesale power to serve non-shopping load, and for the actual costs associated with the retail market risks.

The Commission should decide the structure of the "significantly excessive earnings" test and how it will be applied in this proceeding so that all parties know the rules going into 2009 and so that the Companies can properly account for any refund obligations for the 2009 review year in their financial statements.

II. THE COMPANIES' MRO VERSUS ESP COMPARISON IS FLAWED

Q. Please describe the MRO versus ESP test set forth in SB 221.

A. SB 221 requires that a distribution utility file an ESP and demonstrate that it is "more favorable in the aggregate as compared to the expected results that would otherwise apply under" the MRO option. If the utility's proposed ESP does not meet this standard, then the Commission cannot approve it without modification. In making this determination, the statute specifically cites "pricing and all other terms and conditions, including any deferrals and any future recovery of deferrals."

Q. Have the Companies provided a quantitative analysis comparing their proposed MRO and ESP options?

A. Yes. The Companies provided a quantitative comparison of their projections of the retail revenues they will recover under both the MRO option and the ESP option on a net present value basis. This comparison is sponsored by Companies witness Mr. David Blank and the analysis is shown on Attachment 1 to his testimony. I have attached a copy of Mr. Blank's Attachment 1 as my Exhibit___(LK-2) for reference purposes.

Mr. Blank's Attachment 1 shows a $1,303.4 million net present value benefit to ratepayers from the Companies' proposed ESP compared to its quantification of the MRO option over the three year life of the proposed plan plus the additional seven year deferral recovery period.

Q. How did the Companies develop the revenues used to quantify the MRO option on Attachment 1?

A. The Companies computed the MRO revenues based on the average of hypothetical market prices that its consultants project will result if the Companies are permitted to outsource all responsibility for supplying generation service to non-shoppers through a reverse auction. The hypothetical market prices were "constructed" by Mr. Frank C. Graves of The Brattle Group and Dr. Scott Jones of FTI Consulting and include the cost of FERC-regulated wholesale power supply delivered to the service territory of the Companies in Ohio plus various adders for the assumption by the wholesale suppliers of retail market risk. This retail market risk, or POLR risk, is due to the ability of consumers to shop for generation. The cost of wholesale supply includes generation, capacity, and ancillary services, together with all transmission and transmission-related services, and other costs incurred in delivering generation to the service territory of the Companies in Ohio.

The hypothetical market prices developed by the Companies' consultants were reduced to exclude transmission costs recovered by the Companies through another rider and then averaged by Mr. Blank to compute the annual MRO market prices reflected on Attachment 1. Mr. Blank weighted the two sets of prices developed by Mr. Graves at 25% each and the set of prices developed by Dr. Jones at 50% for each of the three years in the initial term of the Companies' ESP.

Q. Is there a computational error in Mr. Blank's Attachment 1 that should be corrected before any other adjustments are made?

A. Yes. Mr. Blank incorrectly computed the market prices developed by both consultants for purposes of the MRO revenue quantification by failing to remove the entirety of the transmission component included in those prices. Mr. Blank failed to gross up the transmission component for line losses. This can be seen by reviewing the mWh (generation or sales) used in the multiple steps used by Mr. Graves and Dr. Jones to develop their market prices.

Mr. Graves first developed the total energy, network transmission and ancillary services costs on a $/mWh basis using gross generation, which includes the mWh for line losses. He then computed the total dollar cost for these components and then added capacity costs. In the final step, Mr. Graves divided the total dollar amount by mWh sales, or gross generation less line losses, thus effectively grossing up the market price to reflect line losses.

However, Mr. Blank ignored this gross-up on the transmission component. Mr. Blank took the market price computed on a sales basis and then subtracted the transmission cost per mWh computed on a gross generation basis. In other words, the error was that Mr. Blank failed to gross up the transmission component for the line losses and thus, failed to remove the correct amount of the transmission component included in Mr. Graves' market prices. Mr. Blank used $7.64 per mWh for the transmission cost, but should have used $7.98 per mWh, the amount included in Mr. Graves' computation of the market prices per mWh.

The same error was repeated with Dr. Jones' market price. Mr. Blank removed the $7.50 per mWh transmission costs from Dr. Jones' market prices, but failed to "gross-up" the $7.50 for the line losses, thus overstating the generation market prices used for the MRO on his Attachment 1. The effect of Mr. Blank's error on the Jones market prices was to overstate them by $0.34 per mWh

Q. Have you revised Mr. Blank's Attachment 1 to correct this error?

A. Yes. I have attached the revised Attachment 1 with the corrected Graves and Jones market prices as my Exhibit___(LK-3). The effect of correcting this computational error is to reduce the ESP benefit computed by Mr. Blank from $1,303.4 million to $1,242.2 million on a net present value basis.

Q. Please describe more specifically the methodology used by Mr. Graves to develop the hypothetical market prices used to quantify the MRO option.

A. Mr. Graves "constructed" two hypothetical market prices reflecting locational differences in the delivery point of the forward contract, i.e., PJM West and Cinergy. The only difference between these two sets of market prices are the locational differences in the forward energy prices. I have attached a copy of Mr.

Graves' Exhibits 3 and 4, which used PJM West forward prices as my Exhibit___(LK-4) and a copy of his Exhibits 5 and 6 using MISO forward prices as my Exhibit___(LK-5) for reference purposes.

Mr. Graves' market prices consist of two components, a "no-risk" wholesale market price and a retail risk premium to compensate the winning bidders in a reverse auction for various retail risks associated with the ability of consumers to shop. The starting points for the "no-risk" wholesale market prices were the forward energy prices in 2009 through 2011 as of July 15, 2008 based on NYMEX settled prices for the two delivery points. Mr. Graves then increased these starting points to take into account the utilities' load shapes and to add capacity, network service and ancillary service costs. To these wholesale generation prices Mr. Graves added a retail risk premium for POLR costs of 15.96%. Mr. Graves was directed by the utilities to reflect the effects of retail market risks and cited the retail risks of customer switching, credit risk, and load-following uncertainties, plus other unaccounted for factors.

Q. Please describe the methodology used by Dr. Jones to develop the hypothetical market prices used to quantify the MRO option.

A. Dr. Jones developed hypothetical market prices using a process very similar to that used by Mr. Graves. Dr. Jones stated that his charge from the Companies was to "calculate the expected prices that retail customers would pay if Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo

Edison Company ("the Ohio Companies") were to procure full requirements electric service to meet their standard service offer obligation during each of the years 2009, 2010, and 2011 through a competitive bidding process such as is contemplated in R.C. Section 4928.142."

Dr. Jones' market prices consist of two components, a "direct cost" wholesale component and a retail "margin." The "direct cost" component includes energy, capacity, and transmission. Dr. Jones computed the wholesale market prices for energy by using forward contract energy prices delivered at the Cinergy hub in the MISO, adjusted to account for locational differences in the delivery point of the forward contracts and to take into account the Companies' load shapes. He added expected capacity and transmission-related costs and then adjusted the sum of the energy, capacity and transmission-related costs for "distribution losses" to state the market price on a sales basis.

To these "direct costs," Dr. Jones added a "retail margin" to reflect the "expected return that a bidder would require for accepting the substantial risks of providing full requirements service at fixed prices for the Ohio Companies' standard service offer." Dr. Jones added retail margins of 17%, 29% and 40% in 2009, 2010 and 2011, respectively.

Q. Both Mr. Graves and Dr. Jones used the July 15, 2008 forward prices for the energy component of their hypothetical market prices. Have forward prices changed significantly since that date?

A. Yes. The MISO and PJM West forward prices have declined significantly since July 15, 2008. I obtained the September 19, 2008 MISO and PJM forward prices from NYMEX. I used these prices to revise Mr. Graves' Exhibits 3 and 4 for the lower PJM West prices and his Exhibits 5 and 6 for the lower MISO prices. I have attached these revised exhibits as my Exhibit__(LK-6) and Exhibit__(LK-7), respectively.

In addition, I revised the "Total" prices on Dr. Jones Exhibits 8, 9 and 10 for the lower MISO prices. I have attached the computations of the revised "Total" prices from these exhibits as my Exhibit__(LK-8).

Q. What effect does using more recent forward settled prices to construct the wholesale market prices used for the revenues under the MRO option have on the MRO versus ESP quantification?

A. The effect of using more recent forward prices is to reduce the ESP benefit computed by Mr. Blank from $1,242.2 million (as corrected) to $424.1 million on a net present value basis. I have attached the computations as my Exhibit__(LK-9).

Q. Should the Companies' comparison of the MRO and ESP options include a retail margin in the MRO wholesale supplier market prices?

A. No. The Companies have created a fundamental mismatch between these two options by doing so. The MRO quantification on Blank Attachment 1 includes all wholesale generation prices plus all retail risk premiums expected to result from a reverse auction. In contrast, the ESP analysis on Blank Attachment 1 includes only the base wholesale generation prices offered by FES ($75/MWH, $80/MWH, and $85/MWH for 2009, 2010, and 2011, respectively), with no attempt to quantify the full wholesale generation price or the full retail risk premiums. The additional ESP costs that are not quantified on Blank Attachment 1 include: 1) increases in fuel transportation surcharges above a baseline; 2) costs associated with alternative energy/renewable requirements beyond those specified in SB 221; 3) new taxes or environmental requirements which exceed $50 million during the ESP period; 4) increased fuel expenses in 2011; and 5) increased capacity purchases required to meet FERC, NERC or MISO reserve margin standards. In addition, the ESP analysis on Attachment 1 does not include the proposed $10/MWH non-bypassable minimum default service charge for POLR risk. This $10/MWH POLR charge is a retail risk premium cost of the ESP option, which alone could cost consumers up to $1.7 billion over three years. When only part of the ESP costs are compared with all the reverse auction MRO costs, it is no wonder that the Companies' comparison shows that the ESP is more favorable in the aggregate than its MRO.

Q. What effect does removing the retail risk premiums (margins) from the revenues under the MRO option have on the MRO versus ESP quantification?

A. It turns the results around completely so that the MRO revenues are less than the ESP revenues by $1,692.6 million on a net present value basis, meaning that the MRO option is significantly lower cost to ratepayers than the Companies' proposed ESP. Consequently, on a quantitative basis, the ESP is not "more favorable in the aggregate" than the MRO and it fails the statutory test for Commission approval without modification. I have attached the computations as my Exhibit___(LK-10).

Q. Have you quantified any other scenarios to assist the Commission in assessing the effects of the retail risk premium assumption?

A. Yes. I have quantified the effect of a 10% retail risk premium and the effect of a 15% retail risk premium. In the 10% risk premium scenario, the MRO revenues are less than the ESP revenues by $736.5 million on a net present value basis. In the 15% risk premium scenario, the MRO revenues are less than the ESP revenues by $258.5 million on a net present value basis. I have attached the computations for the 10% scenario as my Exhibit___(LK-11) and the 15% scenario as my Exhibit___(LK-12).

Q. If the distribution utilities procured their wholesale generation supply for non-shoppers prudently, how would you expect the MRO/ESP comparison to work?

A. Because none of the distribution utilities own generation, they must purchase wholesale power for non-shopping load under either an MRO or ESP. Their procurement strategy under either scenario should be the same. Under either an MRO or ESP, the distribution utilities should develop a least cost generation portfolio to meet the projected needs of their non-shopping load. This generation portfolio would include a reasonable mix of fixed block wholesale contracts and spot purchase and sales contracts (to deal with load following, sales forecast variation, shopping migration, etc). The utilities could develop this least cost portfolio or they could hire an independent third party to do it for them.

The distribution utilities would absorb the POLR costs associated with retail customer choice and would be compensated for those POLR costs at rates regulated by the Commission. Under this procurement approach, the Commission would have oversight on both the level and recovery of retail risk premiums (POLR) costs being charged to customers. Furthermore, the wholesale generation cost in the comparison between the MRO and ESP options would be the same. It would be a wash.

If shopping terms and conditions were the same in both the MRO and ESP, then the retail risk premiums (POLR) in the comparison also would be a wash between the two options, all else equal. However, in an ESP, the Commission has the statutory authority to place limitations on customer shopping through non-bypassable charges. If it does this, then the Commission could reduce the ESP POLR costs. Reducing ESP POLR costs should benefit all non-shopping consumers. This benefit is potentially large. Company witness Dr. Jones has calculated that the retail risk premium that suppliers will demand if there is unrestrained shopping is almost $4 billion over three years. OEG witness Mr. Baron has proposed an Economic Development Plan that will reduce POLR risk and therefore drive down the retail risk premium suppliers will demand. All else equal, in the MRO/ESP comparison this will tilt the balance in favor of an ESP.

Transmission costs should be the same for both the MRO and ESP options. Mr. Blank assumed this would be the case in his Attachment 1. Thus, there is no advantage to either the MRO or ESP option on this basis.

Distribution costs and benefits could vary between an MRO and ESP. In an MRO, distribution investments only can be recovered through traditional base rate cases with the return on equity established at the traditional just and reasonable level because the utilities do not own generation. For electric utilities that do own generation, the MRO process provides for a prospective application of the significantly excessive earnings test. The regulatory lag associated with traditional rate cases may cause the utilities to move slower in making needed improvements to their distribution infrastructure. By contrast, the ESP process allows for much greater flexibility in distribution cost recovery. The ESP also allows for a return on equity that is above the traditional just and reasonable level, although not significantly above.

There are other qualitative benefits of an ESP. These include the encouragement of the construction of new base load generating capacity, provisions to implement job retention and economic development, and an overall greater level of state regulation.

On balance, I believe that an ESP designed as I have described would be more favorable in the aggregate for the utilities and for consumers than an MRO.

III. THE COMPANIES HAVE FAILED TO DEMONSTRATE THAT THE PRICES FOR PURCHASED POWER FROM FES ARE PRUDENT

Q. Please describe the Companies' proposed ESP generation rates and the proposed adjustments to those rates over the three year term.

A. The Companies propose ESP base generation rates of $75/mWh, $80/mWh and $85/mWh for 2009, 2010 and 2011, respectively, subject to deferral and subsequent recovery over future years (through a proposed "phase-in"). The Companies propose deferrals of approximately 10% of each of these annual rates with the phase-in recoveries beginning in 2011 and continuing for ten years.

In addition to these base generation rates, the Companies propose increases in those rates through a series of riders that will become effective on and after January 1, 2009. These riders are designed to recover certain costs that are incurred by FES, not the utilities directly, for the following expenses: 1) increases in fuel transportation surcharges imposed by shippers in excess of a baseline level of $30 million in 2009, $20 million in 2010 and $10 million in 2011; 2) costs associated with new alternative energy/renewable type requirements (other than those required under Am. Sub. S.B. 221), new taxes and new environmental laws or interpretations of existing laws becoming effective after January 1, 2008 to the extent such costs exceed $50 million during the ESP period and are related to the generation assets of FES used to support the ESP; and 3) costs incurred on and after January 1, 2011 for increased fuel expenses above the level of fuel expenses incurred in 2010.

In addition, the Companies propose that the base generation charges be adjusted upward through yet another rider that will become effective on January 1, 2009 to recover the costs of capacity purchases required to meet FERC, NERC, MISO or other applicable standards for planning reserve margin requirements for Ohio retail load of the Companies. To the extent that defined capacity owned by FES in MISO is insufficient to meet planning reserve requirements, FES will purchase the necessary additional installed capacity reserves for Ohio retail load for the period May 1 through September 30 of each year and charge these amounts to the Companies. The Companies propose to recover such additional capacity charges from their non-shopping customers through this capacity cost adjustment rider.

Finally, the Companies propose that they receive a \$10/MWH non-bypassable minimum default service charge. This POLR charge is to compensate the Companies for the costs and risks associated with committing to obtain adequate generation resources to supply the entire retail load of their customers and for shopping risk. Over the three year term of the ESP this \$10/MWH charge could total up to \$1.7 billion.

Q. Have the Companies included the costs of any of the four riders that will be used to increase the base generation rates in the ESP option?

A. No. Consequently, this has the effect of understating the net present value of the revenue requirements of the ESP in the comparison of the MRO and ESP options.

Q. Have the Companies provided or made available a copy of the purchased power contract between each Company and FES in this proceeding or any other regulatory proceeding?

A. No. Consequently, I don't know how the Commission can judge the prudence of a non-existent or non-disclosed contract.

Q. Are the base generation rates in excess of market prices?

A. Yes. The wholesale market prices are \$63.45, \$65.23, and \$66.15 for 2009, 2010, and 2011, respectively, using the Companies' methodology for the MRO option, but correcting Mr. Blank's computational error, updating the forward prices as of September 19, 2008, and removing the retail market premiums.

Q. Have the Companies demonstrated that the purchased power expenses they will incur pursuant to their ESP are prudent as required by SB 221?

A. No. SB 221 makes it clear that the utilities bear the burden to prove that their purchased power expense is prudent. The prudence standard requires that the utilities obtain their power to supply the POLR requirements at the least reasonable cost, not simply at some discount to a fundamentally flawed and excessive hypothetical market price used to quantify the MRO option.

The Companies fail the prudence standard on several counts. First, the proposed base generation rates are in excess of wholesale FERC-regulated market prices and are not prudent on that basis alone. When the base generation rates are combined with the effects of the various generation and POLR riders, the problem is exacerbated.

Second, the Companies' base generation rates as well as all the riders are the result of self-dealing with their FES affiliate and are not the result of a properly conducted procurement process. The expected costs of the riders are not in the record and thus, cannot be realistically assessed. The utilities have the obligation to obtain their power at the least cost; they do not have the right to recover open-ended purchased power expenses at rates that were not subject to arm's length negotiations simply because the wholesale supplier is an affiliate.

Third, there is no contract to review for the Commission to assess whether the pricing and other terms merit the proposed ESP generation rates and riders.

Q. How can the Commission ensure that the purchased power expense pursuant to the ESP is prudent and reasonable?

A. First, the Commission should direct the Companies to structure a least cost purchased power supply portfolio that minimizes their purchased power expense. Such a supply portfolio would be similar in concept to the purchased gas portfolios of natural gas distribution utilities. Second, these purchases should be made only at transparent and verifiable FERC-regulated wholesale market rates so that the Commission can verify that they are prudent and reasonable. Third, the Companies should retain and be compensated for their actual expenses incurred due to retail market risks.

IV. APPLICATION OF THE SIGNIFICANTLY EXCESSIVE EARNINGS TEST

Q. Please describe the significantly excessive earnings test set forth in SB 221.

A. The significantly excessive earnings test for an ESP is set forth in §4928.143(F) as follows:

> **With regard to the provisions that are included in an electric security plan under this section, the commission shall consider, following the end of each annual period of the plan, if any such adjustments resulted in excessive earnings as measured by whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies, including utilities, that face comparable business and financial risk, with such adjustments for capital structure as may be appropriate. Consideration also shall be given to the capital requirements of future committed investments in this state. The burden of proof for demonstrating that significantly excessive earnings did not occur shall be on the electric distribution utility. If the commission finds that such adjustments, in the aggregate, did result in significantly excessive earnings, it shall require the electric distribution utility to return to consumers the amount of the excess by prospective adjustments; provided that, upon making such prospective adjustments, the electric distribution utility shall have the right to terminate the plan and immediately file an application pursuant to section 4928.142 of the Revised Code. . . In making its determination of significantly excessive earnings under this division, the commission shall not consider, directly or indirectly, the revenue, expense, or earnings of any affiliate or parent company.**

Q. Why is the significantly excessive earnings test important to ratepayers?

A. The significantly excessive earnings test provides an important protection to the utility's ratepayers against harm in the event that the utility's revenues significantly exceed the utility's costs to provide generation service to non-shoppers and all other regulated services, including transmission and distribution services.

Q. Does the Commission need to address the methodology for and the application of this test in this proceeding?

A. Yes. The Commission cannot wait until 2010 to determine the methodology it will use to determine the threshold for significantly excessive earnings, the computation of earnings on common, or the application of the methodology. Under Generally Accepted Accounting Principles ("GAAP"), the utilities are required to recognize a regulatory liability for any refunds that arise each year and that will be refunded to ratepayers prospectively in the following year. Thus, the utilities must know the Commission's methodology and how the Commission will apply this methodology for 2009 in 2009. The Commission cannot wait until 2010 to determination the methodology for this test after the fact.

Q. How should the Commission apply the significantly excessive earnings test for the prior year in the annual reviews?

A. The Commission must determine the appropriate methodology in this proceeding, and then apply that methodology in the annual reviews. The appropriate methodology consists of two components, the significantly excessive earnings threshold and the actual earned return on common equity.

First, the Commission must determine the methodology it will use to compute the rate of return on common equity threshold over which the Companies will be deemed to have significantly excessive earnings that are subject to refund. Once the Commission makes this determination, the methodology should remain the same for use in all future annual review proceedings unless there is some compelling reason to change it prospectively. The methodology for computing the threshold is addressed by OEG witness Mr. Charles King.

Second, in this proceeding, the Commission must determine the methodology it will use to compute the utility's actual earned return on common equity for each review year. This step is necessary so that the actual earnings can be compared to the threshold established in the first step for each year. The Commission should determine whether the earnings on common are to be measured on an accounting basis with no ratemaking adjustments, whether it will allow or require ratemaking adjustments, and if so, what adjustments or types of adjustments will be allowed or required.

In each of the future annual review proceedings, if the Company's actual earnings are in excess of the threshold, then the difference, grossed-up on a revenue requirement basis, should be refunded to ratepayers in accordance with the requirements of the statute.

Q. How should the Commission compute the actual earned return on common equity for each annual period?

A. The Commission should compute the actual earned return on common for each annual period using the per books actual accounting earnings on common and the utility's year-end actual common equity balance, with limited ratemaking adjustments. The authorized ratemaking adjustments should be specified by the Commission in this proceeding and should be modified only prospectively upon consideration of a request from the utility or other party to add or remove such adjustments.

Q. What adjustments should the Commission include on such a list?

A. The list can be as extensive or limited as the Commission believes is necessary to ensure that rates are just and reasonable. At a minimum, the ratemaking adjustments should be consistent with the requirements and limitations on cost-based recoveries specified in Section 4928.143(B)(2). For example, only prudent fuel and purchased power expenses should be included. Also, at a minimum, the ratemaking adjustments that are reflected should be consistent with other Commission orders wherein there were specific disallowances of or directions relating to rate base, expense or rate of return amounts or components.

The Commission also should include all revenues from off-system sales in the computation of earnings, just as it should include all prudent purchased power expenses. This is essential, even for the utilities in this proceeding, because revenues from surplus purchases or derivative gains should be used to offset the prudent purchased power expenses and derivative losses that are incurred.

In addition, the Commission should remove the effects of any refunds in one year based on the significantly excessive earnings test for the prior year so that the refund is computed on a discrete annual basis for the prior year and does not influence the actual earnings for another year.

Finally, the Commission should require the utilities to exclude the effects of fines and penalties, one-time writeoffs, costs and acquisition premiums related to mergers and acquisitions, and effects of mark-to-market accounting for derivative gains and losses.

Q. Companies witness Mr. Vilbert states that the purpose of the test is "to identify significantly excessive, windfall profits" and that all "extraordinary or nonrecurring items, or [profits that] are otherwise non-representative of the utility's operations" should be excluded from the computation of earnings for the purpose of the test. (Vilbert Direct at 9). Do you agree?

A. No. This is an excessively broad recommendation that would redefine and neuter the significantly excessive earnings test. As I previously noted, SB 221 does not specify the methodology the Commission should use to compute the utility's actual earnings. However, the Commission should not blindly exclude *all* gains or nonrecurring items from the computation of the earned return. Instead, the

Commission should establish the methodology in the manner that I described and carefully prescribe the income or losses that should be excluded from the computation, if any.

Q. **Companies witness Mr. Vilbert proposes that the Commission exclude the after tax earnings effects on CEI's proposed writeoff of RTC and extended RTC, net of revenue credits, by adding back this amount to CEI's per books common equity outstanding for the significantly excessive earnings test. Please respond.**

A. I agree conceptually with such an adjustment, but the Commission should impose limitations on the amount and duration of the adjustment so that it does not become a permanent addition to common equity long after the utility has rebalanced its capital structure to targeted levels. It would be reasonable to assume that the utility will rebalance its capital structure within three years or by the end of the initial three year term of the ESP. Thus, the Commission should allow an adjustment to common equity on a declining basis reflecting a three year amortization of the writeoff effects. For 2009, the adjustment would be 2/3 of the after tax writeoff, assuming a year-end common equity balance. For 2010, the adjustment would be 1/3 of the after tax writeoff. For 2011 and beyond, there would be no further adjustments.

Q. **Companies witness Mr. Blank proposes that the Commission exclude the revenues from the proposed delivery service improvement rider from the**

computation of after tax earnings for the significantly excessive earnings test. Please respond.

A. The Commission should reject this and any other proposal to carve-out revenues due to rate increases specifically authorized as a result of the Companies' ESP for several reasons. First, SB 221 contemplates no such ad hoc exclusions to the "adjustments" resulting from the ESP. Revenues from the delivery service improvement rider could be large. Removal of these potentially large revenues would result in a distorted picture of the utilities' financial condition.

Second, the inclusion of these revenues in the test in no way removes the incentive aspect of this proposed rider. The base amount of this rider will not change during the term of the ESP unless the Companies service performance is worse than or better than the performance bandwidth. Also, the distribution utilities have an independent obligation to provide reliable distribution service under either an MRO or ESP. A distribution infrastructure improvement surcharge is explicitly authorized in an ESP but not an MRO. The ability to get real time recovery through an ESP surcharge (rather than through a traditional rate case with its associated regulatory lag) provides incentive to make the required investments, even if excess profits generated by the surcharge are subject to refund.

Third, the Companies' claim that these revenues should be excluded based on the requirement that the Commission consider "the capital requirements of future committed investments in this state" is in error. Distribution system improvements are a normal and recurring cost of being a utility. There is nothing extraordinary about it. If the utilities commit to a multi-billion dollar base load generating plant then this provision may have application, but they have not. If a utility faces a future major capital requirement (such as for a new power plant), then the law allows the Commission to take that into account when setting the threshold over which earnings are excessive. In other words, a new power plant may warrant a higher threshold. There is no provision that allows the revenues for capital additions to be ignored in computing the utility's actual rate of return.

Q. **If there are significantly excessive earnings, why should the Commission gross-up the amount in excess of the earnings threshold to compute the refund amount?**

A. A gross-up for income taxes is necessary because the earnings are stated on an after tax basis, not on a before tax revenue basis. Such a gross-up for income taxes is similar to the use historically by the Commission of a gross revenue conversion factor to convert operating income deficiencies or surpluses into revenue deficiencies or surpluses. The objective is to determine the amount of revenue overcollections in the prior year that resulted in the significantly excessive earnings so that an equivalent amount can be refunded to ratepayers.

Q. **The statutory test seems to suggest a limitation on the potential refunds by linking the excess earnings to the "adjustments" pursuant to any ESP. Do you agree with such an interpretation?**

A. Yes. Subject to a correct understanding of the purpose of the test and the definition and application of the term "adjustments," the statute appears to limit potential refunds to the amount of the ESP increases recovered during the year subject to review. The statute, as previously cited, states:

> **With regard to the provisions that are included in an electric security plan under this section, the commission shall consider, following the end of each annual period of the plan, if any such adjustments resulted in excessive earnings as measured by whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies, including utilities, that face comparable business and financial risk, with such adjustments for capital structure as may be appropriate.**

The interpretation and application of the significantly excessive earnings test must be considered both in the proper context and on the basis of substance over form. The purpose of the test is to provide a meaningful ratepayer protection through an all-inclusive earnings test. This test provides protection against excessive ESP rate increases by incorporating the net effects of all revenues and all costs in the calculation of earnings.

Q. **How should the Commission compute the "adjustments" due to the ESP rate increases?**

A. The total ESP rate increases or adjustments in any review year should be computed by multiplying the ESP riders by the actual billing determinants for the year. This yields the total ESP revenues in the review year. This annual dollar amount is the maximum amount of the utility's refund obligation during any review year of the ESP.

Q. Is there another possible interpretation that the utilities may argue?

A. Yes. Another interpretation would be to assume that the term "adjustments" refers both to ESP rate riders and to the specific incremental costs that justified the riders. Under this interpretation, the ESP rate increases and the incremental costs necessarily net to zero. There would be no effect on earnings and an ESP adjustment could never result in significantly excessive earnings.

Q. Would such an interpretation be rational?

A. No. The Commission should reject this interpretation as inconsistent with the plain language of the statue and leading to absurd results. Contrary to this potential interpretation, the term "adjustments" only can mean ESP rate increases. The Commission has jurisdiction over rates. Costs are incurred independent of Commission action. The Commission only can determine the basis for and the amount of rate increases. The Commission does not regulate the actual costs incurred by the utilities. There are thousands of categories of costs incurred by the utility everyday that go up or down independent of any ESP adjustment.

To illustrate this point, assume in any year that the utility incurs $10 in incremental expense and the utility does not seek an ESP rate increase. In this example, the utility's earnings are reduced by $10 before tax, all else equal. Even if the utility's reduced earnings that year were excessive, there would be no "adjustment" that could have "resulted in excessive earnings" because there was no ESP rate increase. Therefore, the utility would face no refund liability.

Now assume that the Commission approves a rate increase of $10 based on its approval of an ESP rider. Here, there is a $10 "adjustment" to rates, and earnings before tax are increased by a like amount. This $10 adjustment is refundable to consumers to the extent there are significantly excessive earnings.

If the utilities' potential interpretation is adopted, there never could be any significantly excessive earnings. Their definition of the term "adjustments" to mean both ESP rate increases and the costs used to justify the increases would preclude any net effect on earnings. If this potential interpretation is adopted, the earnings test is vitiated and meaningless and there would be no meaningful ratepayer protection against excessive rate increases. Although I am not a lawyer and cannot express a legal opinion, it seems to me unlikely that the Legislature and Governor would have included the significantly excessive earnings test in SB 221 if they intended it to be meaningless and offer no protection to consumers.

protection against excessive ESP rate increases that are placed into effect and/or adjusted each year. The Commission is required to consider whether the ESP rate increases in each year resulted in significantly excessive earnings in that same year. Finally, the threshold for significantly excessive earnings must be determined each year because the underlying data necessarily will change each year, including the group of companies that will be considered comparable and their earnings.

Q. How do the Companies' earnings for 2007 compare to the result of the threshold test addressed by OEG witness Mr. King for 2007?

A. The Toledo Edison Company earned 18.8%, The Cleveland Electric Company earned 18.55% and Ohio Edison Company earned 12.51% on a per books basis, assuming no ratemaking adjustments. Both TE and CEI would be over the significantly excessive earnings threshold for 2007 if the threshold is computed in the manner proposed by Mr. King and if it had been applicable for 2007. The computations are shown on my Exhibit___(LK-13).

Q. Have you quantified the revenue requirement effect of each 1% in earned return on common equity for each of the Companies using 2007 data?

A. Yes. A 1% return on common equity is equivalent to approximately $8 million in increased revenues for The Toledo Edison Company, $27 million for Ohio Edison Company and $26 million for The Cleveland Electric Illuminating Company.

BEFORE THE

PUBLIC UTILITIES COMMISSION OF OHIO

IN RE:	**APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH AN ELECTRIC SECURITY PLAN PURSUANT TO R.C. § 4928.143**	**) CASE NO. 08-935-EL-SSO**

EXHIBITS

OF

LANE KOLLEN

ON BEHALF OF THE

OHIO ENERGY GROUP, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

September 2008

EXHIBIT ___ (LK-1)

RESUME OF LANE KOLLEN, VICE PRESIDENT

EDUCATION

University of Toledo, BBA
Accounting

University of Toledo, MBA

Luther Rice University, MA

PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Management Accountants

More than thirty years of utility industry experience in the financial, rate, tax, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

RESUME OF LANE KOLLEN, VICE PRESIDENT

EXPERIENCE

1986 to Present:

J. Kennedy and Associates, Inc.: Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

1983 to 1986:

Energy Management Associates: Lead Consultant.
Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to 1983:

The Toledo Edison Company: Planning Supervisor.
Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.
Construction project cancellations and write-offs.
Construction project delays.
Capacity swaps.
Financing alternatives.
Competitive pricing for off-system sales.
Sale/leasebacks.

RESUME OF LANE KOLLEN, VICE PRESIDENT

CLIENTS SERVED

Industrial Companies and Groups

Air Products and Chemicals, Inc.
Airco Industrial Gases
Alcan Aluminum
Armco Advanced Materials Co.
Armco Steel
Bethlehem Steel
Connecticut Industrial Energy Consumers
ELCON
Enron Gas Pipeline Company
Florida Industrial Power Users Group
Gallatin Steel
General Electric Company
GPU Industrial Intervenors
Indiana Industrial Group
Industrial Consumers for
  Fair Utility Rates - Indiana
Industrial Energy Consumers - Ohio
Kentucky Industrial Utility Customers, Inc.
Kimberly-Clark Company
Lehigh Valley Power Committee
Maryland Industrial Group
Multiple Intervenors (New York)
National Southwire
North Carolina Industrial
  Energy Consumers
Occidental Chemical Corporation
Ohio Energy Group
Ohio Industrial Energy Consumers
Ohio Manufacturers Association
Philadelphia Area Industrial Energy
  Users Group
PSI Industrial Group
Smith Cogeneration
Taconite Intervenors (Minnesota)
West Penn Power Industrial Intervenors
West Virginia Energy Users Group
Westvaco Corporation

Regulatory Commissions and Government Agencies

Cities in Texas-New Mexico Power Company's Service Territory
Cities in AEP Texas Central Company's Service Territory
Cities in AEP Texas North Company's Service Territory
Georgia Public Service Commission Staff
Kentucky Attorney General's Office, Division of Consumer Protection
Louisiana Public Service Commission Staff
Maine Office of Public Advocate
New York State Energy Office
Office of Public Utility Counsel (Texas)

Utilities

Allegheny Power System
Atlantic City Electric Company
Carolina Power & Light Company
Cleveland Electric Illuminating Company
Delmarva Power & Light Company
Duquesne Light Company
General Public Utilities
Georgia Power Company
Middle South Services
Nevada Power Company
Niagara Mohawk Power Corporation
Otter Tail Power Company
Pacific Gas & Electric Company
Public Service Electric & Gas
Public Service of Oklahoma
Rochester Gas and Electric
Savannah Electric & Power Company
Seminole Electric Cooperative
Southern California Edison
Talquin Electric Cooperative
Tampa Electric
Texas Utilities
Toledo Edison Company

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
6/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.

Expert Testimony Appearances of Lane Kollen As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric	Financial workout plan. Corp.
5/88	M-87017 -1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017 -2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017- -1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
7/88	M-87017- -2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170- EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171- EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.

**Expert Testimony Appearances
of
Lane Kollen
As of September 2008**

Date	Case	Jurisdict.	Party	Utility	Subject
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	Merger. Corp.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission	Gulf States Utilities/Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities/Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95 12/95	U-21485 (Supplemental Direct) U-21485 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition, asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC No. 14967	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. and Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities stranded costs, recovery mechanisms.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co. and Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Request for accounting order regarding electric industry restructuring costs.
6/99	U-23358	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, and American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro-Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	21527	TX	Dallas-Ft.Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
04/00	99-1212-EL-ETP OH 99-1213-EL-ATA 99-1214-EL-AAM		Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147 PA		Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
07/00	22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	PUC 22350 SOAH 473-00-1015	TX	The Dallas-Ft. Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp/	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co. and Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, Separations methodology.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
07/01	U-21453, U-20925, U-22092 Subdocket B Transmission and Distribution Term Sheet	LA	Louisiana Public Public Service Comm. Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	25230	TX	Dallas Ft.-Worth Hospital Council & the Coalition of Independent Colleges & Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 and U-22092		Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
	(Subdocket C)		Staff		conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and The Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	*U-26527*	*LA*	*Louisiana Public* Service Commission Staff	*Entergy Gulf States, Inc.*	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year Adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
11/03	ER03-583-000, ER03-583-001, and ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001, and ER03-682-002 ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P., and Entergy Power, Inc.	Unit power purchase and sale agreements, contractual provisions, projected costs, levelized rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, Capital structure, post test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.
03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459, PUC Docket	TX	Cities Served by Texas-New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including including valuation issues, ITC, ADIT, excess earnings.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
05/04	29206 04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	Docket No. U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	Docket No. U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case No. 2004-00321 Case No. 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and § 199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas and Electric Co.	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider, Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06 05/06	31994 31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or charge. Retrospective ADFIT, prospective ADFIT.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
03/06	U-21453, U-20925, U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
3/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow-through to ratepayers of excess deferred income taxes and investment Tax credits on generation plant that is sold or deregulated.
4/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et al	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated programs costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925 U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co..	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental And Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuctionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue Requirements.
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses in account 923; storm damage expense and accounts 924, 228.1, 182.3, 254 and 407.3; tax NOL carrybacks in account 165 and 236; ADIT; nuclear service lives and effect on depreciation and decommissioning.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses in account 923; storm damage expense and accounts 924, 228.1, 182.3, 254 and 407.3; tax NOL carrybacks in account 165 and 236; ADIT; nuclear service lives and effect on depreciation and decommissioning.
04/08	2007-00562 And 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co. Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Panel with Thomas K. Bond, Cynthia Johnson, Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Panel with Thomas K. Bond, Cynthia Johnson, Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Supplemental Rebuttal Panel with Thomas K. Bond, Cynthia Johnson, Michelle Thebert	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, incl costs recovered in existing rates, TIER
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, incl projected test year rate base and expenses.
07/08	27163 Panel with Victoria Taylor	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Columbia 3 fixed financial parameters.

Expert Testimony Appearances
of
Lane Kollen
As of September 2008

Date	Case	Jurisdict.	Party	Utility	Subject
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
09/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.

EXHIBIT ___ (LK-2)

SUMMARY - TOTAL OHIO

Model Assumptions	
2008 Sales (MWH)	56,471,000
Sales Growth Rate	0.92%
Discount Rate	8.48%
2009 Market Rate Average ($/MWH)	82.57
2010 Market Rate Average ($/MWH)	85.27
2011 Market Rate Average ($/MWH)	88.19

Consultant Market Rates at Wholesale

Jones		Graves
81.69	2009	83.45
88.86	2010	81.87
94.99	2011	81.39

Year		2009		2010		2011		2012		2013		2014-2035	
Sales (MWH)		57,202,000		57,705,000		58,211,000		58,744,000		59,284,446		1,451,558,323	
ESP		Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
Distribution Rates			$137.0		$150.0		$151.0						
Distribution Improvement Rider		2	$114.4	2	$115.4	2	$116.4						
ESP Generation Rate		67.50		71.50		75.50							
Generation Increase over 2008 Rate of 68.18		-0.68	-$39.1	3.32	$191.4	7.32	$425.9						
Economic Development Rider			$0.0		$0.0		$0.0		$0.0		$0.0		$0.0
AMI Study			-$1.0		$0.0		$0.0		$0.0		$0.0		$0.0
Energy Efficiency and O&M			-$10.0		-$10.0		-$10.0		-$10.0		-$10.0		
Environmental remediation & Reclamation			-$15.0		-$15.0		-$15.0		$0.0		$0.0		$0.0
CEI RTC - Net of Residential Credits			-$316.0		-$275.0		$0.0		$0.0		$0.0		$0.0
Deferral Recovery - Generation Phase-In (10 Yr)		0.00	$0.0	0.00	$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,558.4
Deferral Recovery - CEI Distribution ($25M)		0.00	$0.0	0.00	$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
Total Revenues Per year			-$129.7		$156.8		$787.1		$109.8		$184.5		$1,600.6
NPV of Total Revenues Per Year	$1,577.1												

Consultant Market Rates							
Distribution Rates			$137.0		$150.0		$151.0
Generation rate		82.57		86.27		88.19	
Generation Increases over 2008 Rate of 68.18		14.39	$823.0	17.08	$985.7	20.00	$1,164.5
Total Revenues Per Year			$960.0		$1,135.7		$1,315.5
NPV of Total Revenues Per Year	$2,880.5						

NPV: Ohio Summary	Total Ohio
NPV: ESP	$1,577.1
NPV: Market Rates	$2,880.5
Benefits to Customers (Market - ESP)	$1,303.4

EXHIBIT ___ (LK-3)

SUMMARY - TOTAL OHIO

Model Assumptions	
2008 Sales (MWH)	56,471,000
Sales Growth Rate	0.92%
Discount Rate	8.48%
2009 Market Rate Average ($/MWH)	82.17
2010 Market Rate Average ($/MWH)	84.86
2011 Market Rate Average ($/MWH)	87.75

Consultant Market Rates at Wholesale

Jones		Graves
$81.29	2009	$83.06
$88.22	2010	$81.48
$94.51	2011	$81.00

Year		2009		2010		2011		2012		2013		2014-2035	
Sales (MWH)		57,202,000		57,705,000		58,211,000		58,744,000		59,284,445		1,451,558,323	
ESP		Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
Distribution Rates			$137.0		$150.0		$151.0						
Distribution Improvement Rider		2	$114.4	2	$115.4	2	$116.4						
ESP Generation Rate		67.50		71.50		75.50							
Generation Increase over 2008 Rate of 88.18		-0.68	-$39.1	3.32	$191.4	7.32	$425.9						
Economic Development Rider			$0.0		$0.0		$0.0		$0.0		$0.0		$0.0
AMI Study			-$1.0		$0.0		$0.0		$0.0		$0.0		$0.0
Energy Efficiency and DSM			-$10.0		-$10.0		-$10.0		-$10.0		-$10.0		
Environmental remediation & Reclamation			-$15.0		-$15.0		-$15.0		$0.0		$0.0		$0.0
CEI RTC - Net of Residential Credits			-$316.0		-$275.0		$0.0		$0.0		$0.0		$0.0
Deferral Recovery - Generation Phase-In (10 Yr)		0.00	$0.0	0.00	$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,558.4
Deferral Recovery - CEI Distribution ($25M)		0.00	$0.0	0.00	$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
Total Revenues Per year			-$129.7		$156.8		$787.1		$109.8		$184.5		$1,600.6
NPV of Total Revenues Per Year	$1,577.1												

Consultant Market Rates		2009 Rate	2009 Revenue	2010 Rate	2010 Revenue	2011 Rate	2011 Revenue
Distribution Rates			$137.0		$150.0		$151.0
Generation rate		82.17		84.85		87.75	
Generation Increases over 2008 Rate of 88.18		13.99	$800.3	16.67	$961.7	19.57	$1,139.1
Total Revenues Per Year			$937.3		$1,111.7		$1,290.1
NPV of Total Revenues Per Year	$2,819.3						

NPV: Ohio Summary	Total Ohio
NPV: ESP	$1,577.1
NPV: Market Rates	$2,819.3
Benefits to Customers (Market - ESP)	$1,242.2

EXHIBIT ___ (LK-4)

Exhibit 3: Constructed Cost Method (Using PJM West Forward) - Estimated Energy, Nits & AS Cost (2009-2011)

	PJM West Forward		Congestion Adjustment		Load Shape Adjustment		Ancillary &	Adjusted Forward (w/ AS)		FE Load		Energy, Nits & AS Costs		
Month	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Nits Adder	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Total
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
Jan-09	$107.67	$80.67	-15.44%	-37.21%	0.10%	1.23%	$7.64	$103.60	$59.28	2,697,330	2,610,241	$274,076,162	$154,744,262	$428,820,424
Feb-09	$107.67	$80.67	-18.12%	-40.46%	0.10%	1.09%	$7.64	$96.55	$58.56	2,521,621	2,219,046	$244,146,695	$126,498,345	$389,645,040
Mar-09	$97.83	$66.50	-19.32%	-56.18%	0.97%	1.45%	$7.64	$87.04	$37.88	2,569,756	2,368,464	$227,163,565	$89,241,412	$316,404,977
Apr-09	$93.00	$66.50	-11.35%	-35.83%	0.77%	1.46%	$7.68	$90.99	$51.32	2,513,141	2,085,275	$228,650,929	$107,032,669	$335,672,598
May-09	$91.13	$56.15	-5.31%	-21.35%	2.04%	3.13%	$7.64	$91.79	$50.32	2,348,560	2,350,454	$224,293,743	$118,278,844	$342,572,535
Jun-09	$104.39	$66.33	-17.03%	-40.35%	2.06%	4.69%	$7.65	$94.35	$50.33	2,896,095	2,263,375	$272,916,281	$113,910,138	$386,826,410
Jul-09	$120.56	$77.53	-18.17%	-40.01%	6.55%	9.06%	$7.64	$114.20	$61.04	3,049,357	2,403,173	$347,775,305	$146,686,533	$494,461,838
Aug-09	$120.56	$77.30	-23.23%	-47.45%	5.76%	6.27%	$7.64	$107.08	$57.13	2,719,710	2,562,374	$291,262,030	$136,124,031	$427,384,061
Sep-09	$95.50	$65.50	-18.03%	-43.59%	0.72%	1.45%	$7.64	$86.62	$41.96	2,487,275	2,107,894	$215,452,359	$96,189,425	$311,641,784
Oct-09	$88.69	$64.17	-16.26%	-37.25%	0.59%	1.21%	$7.64	$82.40	$55.10	2,525,102	2,226,320	$208,064,194	$122,659,737	$330,723,931
Nov-09	$88.69	$64.37	-19.56%	-41.75%	1.38%	2.26%	$7.64	$80.21	$46.44	2,317,925	2,332,491	$186,785,459	$108,448,416	$295,163,875
Dec-09	$88.69	$64.37	-15.68%	-29.67%	3.15%	3.70%	$7.64	$85.22	$55.14	2,660,245	2,448,391	$226,700,960	$135,016,473	$361,717,433
	$100.35	$68.13	-16.28%	-39.12%	3.03%	3.09%	$7.64	$93.66	$51.69	31,292,456	28,057,925	$2,947,234,656	$1,450,810,320	$4,400,044,976
Jan-10	$102.56	$76.36	-13.44%	-37.21%	0.70%	1.21%	$7.64	$97.14	$56.53	2,592,001	2,733,487	$251,781,259	$154,613,326	$406,404,565
Feb-10	$102.56	$76.36	-18.12%	-40.46%	0.70%	1.05%	$7.64	$92.33	$53.94	2,552,148	2,246,582	$235,635,593	$121,182,128	$356,820,821
Mar-10	$93.16	$62.95	-19.32%	-56.24%	0.90%	1.45%	$7.64	$83.23	$36.07	2,751,674	2,364,092	$229,139,585	$83,119,136	$312,258,704
Apr-10	$88.58	$62.96	-11.15%	-35.80%	0.77%	1.48%	$7.64	$87.80	$48.99	2,532,483	2,104,059	$200,395,387	$101,010,059	$323,465,446
May-10	$86.30	$53.23	-5.31%	-21.25%	2.04%	3.13%	$7.64	$91.60	$48.04	2,504,680	2,316,357	$211,092,560	$134,645,179	$325,737,939
Jun-10	$99.38	$62.79	-17.00%	-40.35%	2.06%	4.69%	$7.64	$92.82	$48.05	2,891,135	2,265,668	$266,045,932	$108,199,462	$374,955,394
Jul-10	$114.63	$73.20	-18.17%	-40.01%	6.55%	9.06%	$7.68	$109.14	$58.19	2,844,660	2,606,987	$310,854,061	$151,395,722	$461,849,783
Aug-10	$114.83	$73.20	-23.23%	-47.45%	5.76%	6.27%	$7.64	$102.17	$50.79	2,866,934	2,480,296	$293,876,262	$126,704,239	$420,110,500
Sep-10	$90.96	$62.00	-18.03%	-45.59%	0.72%	1.45%	$7.64	$81.17	$42.02	2,510,773	2,211,363	$208,067,396	$97,951,997	$300,999,293
Oct-10	$84.48	$60.74	-16.26%	-37.25%	0.55%	1.21%	$7.64	$78.85	$52.56	2,423,289	2,376,398	$191,069,420	$122,902,505	$313,971,935
Nov-10	$84.48	$60.74	-19.56%	-41.75%	1.38%	2.28%	$7.68	$76.76	$44.41	2,474,881	2,260,929	$119,971,327	$100,496,487	$290,467,814
Dec-10	$84.48	$60.74	-15.68%	-29.67%	3.15%	3.70%	$7.64	$81.44	$52.41	2,820,690	2,364,049	$230,005,319	$121,366,659	$354,372,978
	$95.58	$65.44	-16.28%	-39.12%	3.07%	3.09%	$7.64	$89.71	$49.34	31,565,345	28,218,150	$2,837,578,394	$1,424,192,449	$4,249,332,843
Jan-11	$98.77	$75.92	-13.44%	-37.21%	0.74%	1.23%	$7.64	$95.81	$56.24	2,533,347	2,884,544	$217,700,690	$161,106,624	$368,807,313
Feb-11	$98.77	$75.92	-18.12%	-40.46%	0.79%	1.09%	$7.64	$84.20	$53.67	2,491,579	2,333,669	$222,353,314	$128,719,494	$346,972,808
Mar-11	$89.72	$62.18	-19.32%	-56.28%	0.50%	1.45%	$7.64	$80.48	$35.91	2,690,193	2,379,436	$216,539,817	$83,301,338	$301,851,175
Apr-11	$85.31	$62.18	-11.15%	-35.80%	0.77%	1.48%	$7.64	$84.09	$48.75	2,454,040	2,200,435	$201,212,626	$107,259,811	$304,472,437
May-11	$83.00	$51.94	-5.31%	-27.25%	2.04%	3.13%	$7.64	$88.30	$47.21	2,219,480	2,581,660	$196,647,815	$123,419,539	$319,861,454
Jun-11	$95.58	$62.02	-17.05%	-40.33%	2.06%	4.69%	$7.64	$88.90	$47.81	2,317,410	2,354,980	$250,451,849	$112,594,668	$363,078,517
Jul-11	$110.99	$72.77	-18.17%	-40.01%	6.51%	9.06%	$7.64	$105.39	$57.39	2,765,686	2,716,187	$291,446,901	$157,208,538	$448,715,439
Aug-11	$110.99	$72.77	-23.27%	-47.45%	5.76%	6.27%	$7.64	$95.57	$50.45	2,766,139	2,646,358	$273,481,063	$133,517,198	$406,998,260
Sep-11	$87.60	$61.64	-18.03%	-45.59%	0.72%	1.45%	$7.64	$80.09	$41.43	2,418,177	2,364,316	$193,672,531	$98,887,744	$292,560,276
Oct-11	$81.36	$60.39	-16.26%	-27.25%	0.55%	1.21%	$7.64	$76.22	$52.10	2,332,489	2,437,069	$177,778,027	$127,458,152	$305,234,178
Nov-11	$81.36	$60.39	-19.56%	-41.75%	1.38%	2.28%	$7.64	$73.28	$44.20	2,422,685	2,391,623	$179,788,694	$106,808,489	$285,790,580
Dec-11	$81.36	$60.39	-15.68%	-29.67%	3.15%	3.70%	$7.64	$78.81	$52.33	2,770,638	2,471,015	$218,348,007	$129,350,752	$347,698,751
	$92.65	$65.06	-16.28%	-39.12%	3.07%	3.09%	$7.64	$85.57	$49.10	30,692,440	29,735,293	$2,665,254,145	$1,036,914,387	$4,132,069,538

Notes:

[1] Peak forward curve for PJM West Hub.
[2] Off peak forward curve for PJM West Hub.
[3] Difference in historic average monthly FE & PJM West peak LMPs.
[4] Difference in historic average monthly FE & PJM West off peak LMPs.
[5] FE control area average monthly peak load shape factor.
[6] FE control area average monthly off peak load shape factor.
[7] FE provided projected price for Nits and ancillary services.
[8] = [1] + ([1] * [3]) + ([1] * [5]) + [7]
[9] = [2] + ([2] * [4]) + ([2] * [6]) + [7]
[10] Projected FE peak load.
[11] Projected FE off peak load.
[12] = [8] * [10]
[13] = [9] * [11]

Exhibit 4: Constructed Cost Method (Using PJM West Forward)
Calculation of Generation Service Price (2009-2011)

		2009	2010	2011
Energy, Nits & Ancillary Costs ($)	[1]	$4,401,044,976	$4,241,332,842	$4,132,069,130
Capacity Cost ($/MW-day)	[2]	$69.17	$82.50	$95.45
Peak Capacity Plus Reserve Margin (MW)	[3]	13,327	13,530	13,736
Total Capacity Cost ($)	[4]	$336,468,544	$407,414,231	$478,542,931
Total Procurement Costs ($)	[5]	$4,737,513,520	$4,648,747,073	$4,610,612,061
Total Projected Load (MWh)	[6]	56,818,797	57,321,168	57,833,934
Total Procurement Costs ($/MWh)	[7]	$83.38	$81.10	$79.72
Estimated 25th Percentile Risk Premium (%)	[8]	9.82%	9.82%	9.82%
Projected Low Market Price ($/MWh)	[9]	$91.57	$89.07	$87.55
Estimated 50th Percentile Risk Premium (%)	[10]	15.96%	15.96%	15.96%
Projected Median Market Price ($/MWh)	[11]	$96.68	$94.04	$92.44
Estimated 75th Percentile Risk Premium (%)	[12]	27.57%	27.57%	27.57%
Projected High Market Price ($/MWh)	[13]	$106.37	$103.46	$101.70

Notes:
[1] See column [14] in Exhibit 3.
[2] FE provided forward prices for MISO DNR.
[3] Peak hour of projected FE Load plus 13.5% reserve margin.
[4] = [2] * [3]
[5] = [1] + [4]
[6] See column [14] in Exhibit 3.
[7] = [5] / [6]
[8] Calculated from study of previous auctions.
[9] = [7] * (1 + [8])
[10] Calculated from study of previous auctions.
[11] = [7] * (1 + [10])
[12] Calculated from study of previous auctions.
[13] = [7] * (1 + [12])

EXHIBIT ____ (LK-5)

Exhibit 5: Constructed Cost Method (Using Cinergy Forward) - Estimated Energy, Nits & AS Cost (2009-2011)

	Cinergy Forward		Congestion Adjustment		Load Shape Adjustment		Ancillary &	Adjusted Forward (w/ AS)		FE Load		Energy, Nits & AS Costs		
Month	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Nits Adder	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Total
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
Jan-09	$79.00	$46.50	2.97%	0.77%	0.70%	1.23%	$7.64	$89.55	$55.07	2,697,570	2,410,245	$241,559,713	$141,752,256	$383,311,964
Feb-09	$79.00	$46.50	2.36%	1.95%	0.70%	1.05%	$7.64	$89.05	$55.55	2,528,625	2,219,048	$225,185,943	$123,278,727	$348,464,670
Mar-09	$73.31	$40.50	-0.47%	-4.32%	0.50%	1.45%	$7.64	$80.98	$45.46	2,604,756	2,165,464	$211,326,179	$107,433,382	$318,759,560
Apr-09	$73.31	$40.50	-1.20%	-4.55%	0.77%	1.48%	$7.64	$80.63	$46.90	2,513,341	2,085,233	$202,646,771	$97,789,484	$300,436,254
May-09	$67.25	$34.25	-3.22%	-3.48%	2.04%	3.15%	$7.64	$74.30	$41.77	2,341,360	2,350,454	$173,500,184	$98,180,319	$271,680,502
Jun-09	$75.53	$34.25	-3.81%	-3.73%	2.06%	4.69%	$7.64	$80.82	$42.22	2,626,295	2,263,223	$212,044,367	$95,556,693	$307,600,060
Jul-09	$90.25	$41.00	5.27%	-0.87%	6.55%	9.06%	$7.64	$108.56	$52.00	3,045,387	2,403,175	$330,615,533	$124,958,707	$455,574,240
Aug-09	$90.25	$41.00	-1.74%	-5.13%	5.76%	6.27%	$7.64	$100.52	$49.09	2,749,770	2,562,314	$276,117,156	$125,789,275	$401,906,431
Sep-09	$71.50	$34.25	-0.05%	-4.25%	0.72%	1.45%	$7.64	$79.63	$40.93	2,487,275	2,187,166	$198,032,725	$89,550,788	$287,583,513
Oct-09	$66.88	$36.90	-1.21%	-0.94%	0.55%	1.21%	$7.64	$74.06	$44.14	2,525,409	2,226,326	$187,054,587	$98,482,621	$285,537,207
Nov-09	$66.88	$36.50	-4.71%	-2.85%	1.38%	2.18%	$7.64	$72.29	$45.93	2,327,925	2,232,993	$168,238,711	$102,494,073	$270,733,783
Dec-09	$66.88	$36.99	1.23%	1.79%	3.15%	3.10%	$7.64	$77.45	$46.14	2,660,248	2,448,198	$206,043,329	$112,974,667	$319,018,996
	$75.00	$39.02	-0.38%	-2.47%	2.07%	3.09%	$7.64	$84.14	$46.93	31,292,456	28,037,925	$2,652,481,397	$1,320,241,799	$3,972,663,191
Jan-10	$75.13	$47.67	2.97%	0.77%	0.70%	1.23%	$7.64	$83.54	$56.26	2,392,083	2,717,483	$221,715,144	$153,905,293	$375,620,436
Feb-10	$75.13	$47.67	2.30%	1.95%	0.70%	1.05%	$7.64	$85.07	$56.36	2,552,946	2,246,512	$217,087,082	$127,525,563	$344,612,645
Mar-10	$69.73	$46.52	-0.47%	-4.12%	0.50%	1.45%	$7.64	$77.39	$46.21	2,321,694	2,304,092	$202,940,029	$106,690,391	$319,637,416
Apr-10	$69.72	$46.52	-1.20%	-4.55%	0.77%	1.48%	$7.64	$77.06	$47.58	2,512,483	2,104,099	$195,858,670	$100,714,990	$293,903,660
May-10	$62.96	$35.11	-3.22%	-3.48%	2.04%	3.15%	$7.64	$70.84	$42.63	2,304,480	2,186,357	$163,257,106	$101,723,869	$254,980,975
Jun-10	$71.80	$35.11	-3.81%	-3.73%	2.06%	4.69%	$7.64	$78.19	$43.09	2,891,331	2,165,664	$226,090,825	$97,619,334	$323,669,915
Jul-10	$85.83	$42.03	5.27%	-0.87%	6.55%	9.06%	$7.64	$103.62	$53.11	2,844,660	2,606,907	$294,772,778	$138,188,302	$432,960,971
Aug-10	$85.83	$42.03	-1.74%	-5.13%	5.76%	6.27%	$7.64	$96.93	$50.13	2,866,934	2,499,296	$277,836,162	$125,295,313	$403,179,475
Sep-10	$68.00	$33.11	-0.05%	-4.25%	0.72%	1.45%	$7.64	$76.10	$41.77	2,510,772	2,231,363	$191,058,383	$92,359,839	$284,418,842
Oct-10	$63.61	$37.42	-1.21%	-0.94%	0.55%	1.21%	$7.64	$70.83	$45.13	2,423,319	2,336,398	$172,632,555	$105,497,529	$277,130,084
Nov-10	$63.61	$37.42	-4.71%	-2.15%	1.38%	2.23%	$7.64	$69.13	$44.84	2,474,383	2,252,929	$171,041,207	$101,473,849	$272,559,056
Dec-10	$63.61	$37.42	1.23%	1.78%	3.15%	3.10%	$7.64	$74.04	$47.11	2,920,990	2,364,049	$208,846,931	$111,366,608	$320,313,546
	$71.33	$40.00	-0.38%	-2.47%	2.07%	3.09%	$7.64	$80.19	$47.92	31,565,363	28,314,150	$2,531,507,948	$1,362,378,439	$3,913,886,987
Jan-11	$73.21	$50.66	2.97%	0.77%	0.70%	1.33%	$7.64	$83.54	$58.69	2,533,247	2,864,566	$211,626,982	$168,131,995	$379,758,898
Feb-11	$73.21	$50.65	2.55%	1.95%	0.70%	1.09%	$7.64	$83.06	$59.21	$2,491,579	$2,321,660	$207,006,312	$137,991,369	$344,996,681
Mar-11	$67.95	$43.59	-0.47%	-4.13%	0.50%	1.45%	$7.64	$75.60	$48.24	$2,690,398	$2,375,456	$203,422,634	$114,591,493	$318,014,127
Apr-11	$67.95	$43.99	-1.20%	-4.35%	0.77%	1.48%	$7.64	$75.28	$49.69	$2,464,090	$2,200,415	$185,496,510	$109,783,872	$295,279,382
May-11	$62.32	$36.86	-3.22%	-3.48%	2.04%	3.33%	$7.64	$69.22	$44.33	$2,219,480	$2,581,650	$153,650,375	$114,562,680	$268,213,055
Jun-11	$69.56	$36.86	-3.81%	-3.73%	2.06%	4.69%	$7.64	$76.38	$44.86	$2,837,410	$2,354,900	$215,887,462	$105,637,597	$320,825,059
Jul-11	$88.63	$44.63	5.27%	-0.87%	6.55%	9.06%	$7.64	$101.46	$55.38	$2,755,486	$2,714,887	$279,758,450	$150,471,687	$430,230,137
Aug-11	$80.63	$44.13	-1.74%	-5.17%	5.76%	6.27%	$7.64	$94.64	$52.26	$2,766,119	$2,646,735	$261,777,963	$138,310,181	$400,088,144
Sep-11	$66.26	$36.86	-0.05%	-4.25%	0.72%	1.45%	$7.64	$74.14	$43.47	$2,418,137	$2,364,316	$179,262,362	$103,782,124	$282,544,515
Oct-11	$61.97	$39.29	-1.21%	-0.94%	0.55%	1.21%	$7.64	$69.21	$47.05	$2,332,489	$2,437,069	$161,420,417	$114,614,438	$276,034,855
Nov-11	$61.97	$39.29	-4.71%	-2.85%	1.38%	2.28%	$7.64	$67.35	$46.70	$2,422,615	$2,398,626	$163,651,195	$112,024,713	$275,675,908
Dec-11	$61.97	$39.39	1.23%	1.79%	3.15%	3.70%	$7.64	$72.33	$49.08	$2,770,653	$2,478,035	$200,408,421	$121,283,939	$321,692,362
	$69.50	$42.00	-0.38%	-2.47%	2.07%	3.09%	$7.64	$78.53	$49.93	30,692,440	29,735,295	$2,421,167,205	$1,489,785,189	$3,912,955,694

Notes:

[1] Peak forward curve for Cinergy Hub.
[2] Off peak forward curve for Cinergy Hub.
[3] Difference in historic average monthly FE & Cinergy peak LMPs.
[4] Difference in historic average monthly FE & Cinergy off peak LMPs.
[5] FE control area average monthly peak load shape factor.
[6] FE control area average monthly off peak load shape factor.
[7] FE provided projected price for Nits and ancillary services.
[8] = [1] + ([1] * [3]) + ([1] * [5]) + [7]
[9] = [2] + ([2] * [4]) + ([2] * [6]) + [7]
[10] Projected FE peak load.
[11] Projected FE off peak load.
[12] = [8] * [10]
[13] = [9] * [11]

Exhibit 6: Constructed Cost Method (Using Cinergy Forward)
Calculation of Generation Service Price (2009-2011)

		2009	2010	2011
Energy, Nits & Ancillary Costs ($)	[1]	$3,972,653,192	$3,913,886,507	$3,912,953,494
Capacity Cost ($/MW-day)	[2]	$69.17	$82.50	$95.45
Peak Capacity Plus Reserve Margin (MW)	[3]	13,327	13,530	13,736
Total Capacity Cost ($)	[4]	$336,468,544	$407,414,231	$478,542,931
Total Procurement Costs ($)	[5]	$4,309,121,735	$4,321,300,737	$4,391,496,425
Total Projected Load (MWh)	[6]	56,818,797	57,321,168	57,833,934
Total Procurement Costs ($/MWh)	[7]	$75.84	$75.39	$75.93
Estimated 25th Percentile Risk Premium (%)	[8]	9.82%	9.82%	9.82%
Projected Low Market Price ($/MWh)	[9]	$83.29	$82.79	$83.39
Estimated 50th Percentile Risk Premium (%)	[10]	15.96%	15.96%	15.96%
Projected Median Market Price ($/MWh)	[11]	$87.94	$87.42	$88.05
Estimated 75th Percentile Risk Premium (%)	[12]	27.57%	27.57%	27.57%
Projected High Market Price ($/MWh)	[13]	$96.75	$96.17	$96.87

Notes:

[1] See column [14] in Exhibit 5.
[2] FE provided forward prices for MISO DNR.
[3] Peak hour of projected FE Load plus 13.5% reserve margin.
[4] = [2] * [3]
[5] = [1] + [4]
[6] See column [14] in Exhibit 5.
[7] = [5] / [6]
[8] Calculated from study of previous auctions.
[9] = [7] * (1 + [8])
[10] Calculated from study of previous auctions.
[11] = [7] * (1 + [10])
[12] Calculated from study of previous auctions.
[13] = [7] * (1 + [12])

EXHIBIT ____ (LK-6)

Exhibit 3: Constructed Cost Method (Using PJM West Forward) - Estimated Energy, Nits & AS Cost (2009-2011)

	PJM West Forward		Congestion Adjustment		Load Shape Adjustment		Ancillary &	Adjusted Forward (w/ AS)		FE Load		Energy, Nits & AS Costs		
Month	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Nits Adder	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Total
Jan-09	$81.59	$64.00	-13.44%	-37.21%	0.70%	1.23%	$7.64	$78.84	$48.81	2,897,570	2,610,245	212,664,102	126,891,318	339,555,420
Feb-09	$81.59	$64.00	-18.12%	-40.46%	0.70%	1.09%	$7.64	$78.02	$46.44	2,528,625	2,219,048	189,689,917	103,059,690	292,749,607
Mar-09	$77.09	$55.60	-19.32%	-56.28%	0.50%	1.45%	$7.64	$76.22	$32.71	2,609,756	2,368,464	183,281,404	77,470,918	260,752,322
Apr-09	$75.74	$55.60	-11.15%	-35.80%	0.77%	1.46%	$7.64	$75.62	$44.09	2,513,141	2,085,273	189,787,855	91,944,691	281,732,546
May-09	$75.58	$43.38	-5.31%	-27.25%	2.04%	3.13%	$7.64	$80.72	$40.56	2,341,560	2,350,454	189,009,588	95,326,761	284,336,349
Jun-09	$84.62	$63.60	-17.03%	-40.33%	2.06%	4.66%	$7.64	$79.69	$42.07	2,836,095	2,265,373	225,731,568	95,225,987	320,957,555
Jul-09	$96.50	$82.50	-16.17%	-40.01%	6.55%	9.06%	$7.64	$92.93	$50.60	3,045,367	2,403,178	282,997,764	122,072,430	405,070,195
Aug-09	$96.50	$62.50	-23.27%	-47.45%	5.76%	6.27%	$7.64	$87.24	$44.40	2,719,770	2,562,314	237,280,486	113,773,147	351,053,634
Sep-09	$80.37	$63.00	-18.02%	-45.99%	0.72%	1.45%	$7.64	$74.11	$37.03	2,487,275	2,187,886	184,321,976	81,024,992	265,346,968
Oct-09	$75.00	$54.25	-16.26%	-27.25%	0.55%	1.21%	$7.64	$70.86	$47.76	2,525,102	2,226,320	178,922,415	106,336,390	285,258,805
Nov-09	$71.60	$55.00	-19.56%	-41.75%	1.38%	2.28%	$7.64	$66.22	$40.93	2,327,925	2,332,993	154,162,457	95,492,903	249,655,360
Dec-09	$76.85	$64.50	-15.68%	-29.67%	3.15%	3.70%	$7.64	$74.86	$55.39	2,660,248	2,448,398	199,148,014	135,615,174	334,763,188
	$81.08	$57.30						$77.16	$44.23	31,292,454	28,057,926	2,426,877,545	1,244,234,402	3,671,211,947
Jan-10	$82.39	$64.57	-13.44%	-37.21%	0.70%	1.23%	$7.64	$78.53	$48.98	2,592,001	2,735,483	206,154,668	133,972,129	340,126,797
Feb-10	$82.39	$64.57	-18.12%	-40.46%	0.70%	1.09%	$7.64	$75.66	$46.79	2,552,146	2,246,512	193,143,909	105,107,244	298,251,153
Mar-10	$77.85	$55.99	-19.32%	-56.28%	0.50%	1.45%	$7.64	$70.84	$32.93	2,751,694	2,304,092	194,920,495	75,876,922	270,797,417
Apr-10	$76.48	$55.98	-11.15%	-35.80%	0.77%	1.48%	$7.64	$76.19	$44.42	2,532,463	2,104,099	192,937,497	93,454,064	286,391,561
May-10	$76.29	$49.76	-5.31%	-27.25%	2.04%	3.13%	$7.64	$81.44	$40.85	2,304,480	2,386,357	187,671,187	97,478,558	285,149,745
Jun-10	$85.45	$53.97	-17.03%	-40.33%	2.06%	4.69%	$7.64	$80.30	$42.38	2,891,131	2,265,664	232,155,907	96,013,295	328,169,202
Jul-10	$97.45	$63.05	-18.17%	-40.01%	6.56%	9.06%	$7.64	$93.76	$51.18	2,844,660	2,601,907	266,728,595	133,161,603	399,890,197
Aug-10	$97.45	$63.05	-23.27%	-47.45%	5.76%	6.27%	$7.64	$88.02	$44.73	2,866,934	2,499,296	252,361,781	111,788,730	364,150,511
Sep-10	$81.16	$53.47	-18.02%	-46.89%	0.72%	1.45%	$7.64	$74.76	$37.29	2,510,772	2,211,363	187,702,887	82,470,861	270,173,748
Oct-10	$75.74	$54.73	-16.26%	-27.25%	0.55%	1.21%	$7.64	$71.48	$48.12	2,423,289	2,336,398	173,213,377	112,424,323	285,637,700
Nov-10	$72.30	$55.49	-19.56%	-41.75%	1.38%	2.28%	$7.64	$66.60	$41.23	2,474,883	2,262,929	165,319,006	93,292,295	258,611,301
Dec-10	$77.51	$55.07	-15.66%	-29.67%	3.15%	3.70%	$7.64	$76.52	$55.81	2,820,890	2,364,049	213,036,877	131,942,876	344,979,753
	$81.88	$57.81						$77.88	$44.56	31,565,369	28,318,149	2,465,346,195	1,266,982,890	3,732,329,085
Jan-11	$81.00	$63.10	-13.44%	-37.21%	0.70%	1.23%	$7.64	$78.32	$48.04	2,533,247	2,664,566	198,412,104	137,610,861	336,022,965
Feb-11	$81.00	$63.10	-18.12%	-40.46%	0.70%	1.09%	$7.64	$74.53	$45.90	2,491,579	2,323,669	185,703,102	106,655,886	292,358,988
Mar-11	$76.54	$54.72	-19.32%	-56.28%	0.50%	1.45%	$7.64	$69.77	$32.36	2,690,890	2,375,456	187,747,255	76,865,630	264,612,885
Apr-11	$75.20	$54.72	-11.15%	-35.80%	0.77%	1.48%	$7.64	$75.03	$43.58	2,464,040	2,200,415	184,876,566	95,898,262	280,774,827
May-11	$75.01	$42.77	-5.31%	-27.25%	2.04%	3.13%	$7.64	$80.19	$40.10	2,219,890	2,581,600	178,004,492	103,511,207	281,515,698
Jun-11	$84.01	$52.75	-17.03%	-40.33%	2.06%	4.69%	$7.64	$79.07	$41.59	2,817,410	2,354,900	222,785,971	97,941,196	320,727,168
Jul-11	$95.81	$61.62	-18.17%	-40.01%	6.55%	9.06%	$7.64	$92.31	$50.19	2,765,486	2,716,887	255,290,659	136,365,620	391,656,279
Aug-11	$95.81	$61.62	-23.27%	-47.45%	5.76%	6.27%	$7.64	$86.67	$43.89	2,766,139	2,646,738	239,741,731	116,159,124	355,900,865
Sep-11	$79.79	$52.28	-18.02%	-45.96%	0.72%	1.45%	$7.64	$73.63	$38.62	2,418,137	2,364,316	178,042,150	66,586,337	264,628,487
Oct-11	$74.46	$53.49	-16.26%	-27.25%	0.55%	1.21%	$7.64	$70.40	$47.20	2,332,489	2,437,069	164,213,518	115,033,040	279,246,558
Nov-11	$71.58	$54.23	-19.56%	-41.75%	1.38%	2.28%	$7.64	$65.80	$40.47	2,422,685	2,398,823	159,416,692	97,060,915	256,477,607
Dec-11	$76.30	$63.60	-15.68%	-29.67%	3.15%	3.70%	$7.64	$74.38	$54.72	2,770,658	2,471,055	206,073,487	135,217,707	341,291,194
	$80.50	$56.50						$76.68	$43.72	30,692,440	28,735,294	2,360,307,728	1,304,905,786	3,665,213,513

Same as Exh 3 using Sep 19, 2008 data, using Graves calculation methodology
Using PJM on peak and off Peak NYMEX hub data (PJM West)

Exhibit 4: Constructed Cost Method (Using PJM West Forward)
Calculation of Generation Service price (2009-2011)

	2009	2010	2011
Energy, NITS and Ancillary Costs ($)	3,671,211,947	3,732,329,085	3,665,213,513
Capacity Cost ($/MW-day)	69.17	82.5	95.45
Peak Capacity Plus Reserve Margin (MW)	13,327	13,530	13,736
Total Capacity Cost ($)	$336,468,544	$407,414,231	$478,542,931
Total Procurement Costs ($)	$4,007,680,491	$4,139,743,316	$4,143,756,444
Total Projected Load (MWh)	56,818,797	57,321,168	57,833,934
Total Procument Costs ($/MWh)	$70.53	$72.22	$71.65
Less: NITS and Ancillary Services	$7.98	$7.98	$7.98
Generation Market Price Excl NITS and Ancillary Svcs	$62.55	$64.24	$63.67
Estimated 50th Percentil Risk Premium (%)	15.96%	15.96%	15.96%
Projected Median Market Price ($/MWh)	$72.54	$74.49	$73.83

EXHIBIT ____ (LK-7)

Exhibit 5: Constructed Cost Method (Using Cinergy Forward) - Estimated Energy, Nits & AS Cost (2009-2011)

	Cinergy Forward		Congestion Adjustment		Load Shape Adjustment		Ancillary &	Adjusted Forward (w/ AS)		FE Load		Energy, Nits & AS Costs		
Month	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Nits Adder	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak	Total
Jan-09	$68.75	$44.26	2.97%	0.77%	0.70%	1.23%	$7.64	$78.84	$52.78	2,697,570	2,610,245	207,280,537	137,755,680	345,036,217
Feb-09	$66.75	$44.25	2.36%	1.95%	0.70%	1.09%	$7.64	$76.43	$53.24	2,528,625	2,219,048	193,269,257	118,131,464	311,400,721
Mar-09	$63.75	$41.00	-0.47%	-8.32%	0.60%	1.45%	$7.64	$71.41	$45.82	2,609,786	2,368,464	186,360,392	108,530,838	294,891,229
Apr-09	$63.75	$41.00	-1.20%	-4.55%	0.77%	1.48%	$7.64	$71.12	$47.38	2,513,141	2,085,273	178,724,221	98,802,946	277,527,167
May-09	$62.38	$32.75	-3.22%	-3.48%	2.04%	3.13%	$7.64	$69.28	$40.28	2,341,560	2,350,454	162,232,446	94,665,416	256,897,863
Jun-09	$69.25	$34.00	-3.81%	-3.73%	2.06%	4.69%	$7.64	$75.68	$41.97	2,836,095	2,263,373	214,630,352	94,986,617	309,616,969
Jul-09	$90.00	$39.50	5.27%	-0.87%	6.55%	9.06%	$7.64	$97.10	$50.38	3,045,387	2,403,178	295,694,896	121,060,212	416,755,108
Aug-09	$80.00	$39.50	-1.74%	-5.17%	5.76%	6.27%	$7.64	$90.86	$47.67	2,719,770	2,562,314	247,107,423	121,900,807	369,008,231
Sep-09	$65.25	$32.00	-0.05%	-4.25%	0.72%	1.45%	$7.64	$73.33	$38.74	2,487,275	2,187,866	182,384,849	84,766,680	267,151,530
Oct-09	$60.75	$33.00	-1.21%	-0.84%	0.55%	1.21%	$7.64	$67.99	$40.73	2,525,102	2,228,320	171,679,286	90,676,010	262,355,296
Nov-09	$60.75	$33.00	-4.71%	-2.85%	1.38%	2.28%	$7.64	$66.37	$40.45	2,327,925	2,332,999	154,497,457	94,374,000	248,871,456
Dec-09	$60.75	$33.00	1.23%	1.79%	3.15%	3.70%	$7.64	$71.05	$42.45	2,660,248	2,448,398	189,012,882	103,938,657	292,951,539
	$66.68	$37.27						$73.82	$45.15	31,292,454	28,067,826	2,382,873,999	1,269,588,325	3,652,462,324
Jan-10	$67.67	$46.16	2.97%	0.77%	0.70%	1.23%	$7.64	$77.80	$54.72	2,592,001	2,735,483	201,650,214	149,695,756	351,345,970
Feb-10	$67.67	$46.16	2.36%	1.95%	0.70%	1.09%	$7.64	$77.38	$55.20	2,552,146	2,246,512	197,466,063	124,015,934	321,511,997
Mar-10	$64.63	$42.77	-0.47%	-8.32%	0.50%	1.45%	$7.64	$72.28	$47.47	2,751,694	2,304,092	198,923,776	109,379,538	308,303,314
Apr-10	$64.63	$42.77	-1.20%	-4.55%	0.77%	1.48%	$7.64	$71.99	$49.10	2,532,483	2,104,099	182,323,783	103,305,220	285,629,003
May-10	$63.24	$34.16	-3.22%	-3.48%	2.04%	3.13%	$7.64	$70.14	$41.68	2,304,480	2,386,357	161,628,795	99,473,874	261,102,669
Jun-10	$70.21	$35.47	-3.81%	-3.73%	2.06%	4.69%	$7.64	$76.62	$43.45	2,891,131	2,265,664	221,516,866	98,439,568	319,956,434
Jul-10	$81.11	$41.21	5.27%	-0.87%	6.55%	9.06%	$7.64	$98.33	$52.22	2,844,660	2,601,907	279,725,790	135,871,932	415,597,722
Aug-10	$81.11	$41.21	-1.74%	-6.17%	5.76%	6.27%	$7.64	$92.01	$49.30	2,866,934	2,499,296	263,778,898	123,211,970	386,990,867
Sep-10	$66.15	$33.38	-0.05%	-4.26%	0.72%	1.45%	$7.64	$74.24	$40.09	2,610,772	2,211,363	186,389,604	88,646,718	275,036,322
Oct-10	$61.59	$34.42	-1.21%	-0.94%	0.55%	1.21%	$7.64	$68.82	$42.16	2,423,289	2,336,398	166,780,428	98,497,214	265,277,642
Nov-10	$61.59	$34.42	-4.71%	-2.86%	1.38%	2.28%	$7.64	$67.18	$41.67	2,474,883	2,262,929	166,261,472	94,745,561	261,007,034
Dec-10	$61.69	$34.42	1.23%	1.79%	3.15%	3.70%	$7.64	$71.93	$43.95	2,820,890	2,364,049	202,901,413	103,911,050	306,812,463
	$67.60	$38.88						$76.56	$46.77	31,565,363	28,318,149	2,429,377,103	1,329,194,335	3,758,571,438
Jan-11	$67.57	$48.83	2.97%	0.77%	0.70%	1.23%	$7.64	$77.69	$57.45	2,533,247	2,864,566	196,816,415	164,564,886	361,381,300
Feb-11	$67.57	$48.83	2.36%	1.95%	0.70%	1.09%	$7.64	$77.28	$57.96	2,491,579	2,323,669	192,552,066	134,671,267	327,223,333
Mar-11	$64.54	$45.25	-0.47%	-8.32%	0.50%	1.45%	$7.64	$72.20	$49.78	2,690,890	2,375,456	194,270,818	118,242,947	312,513,766
Apr-11	$64.54	$45.25	-1.20%	-4.55%	0.77%	1.48%	$7.64	$71.90	$51.50	2,464,040	2,200,415	177,161,720	113,313,161	290,474,881
May-11	$63.15	$36.14	-3.22%	-3.48%	2.04%	3.13%	$7.64	$70.04	$43.65	2,219,680	2,581,600	155,475,986	112,698,634	268,174,619
Jun-11	$70.10	$37.52	-3.81%	-3.73%	2.06%	4.69%	$7.64	$76.52	$45.52	2,817,410	2,354,900	215,580,913	107,196,670	322,777,583
Jul-11	$80.99	$43.59	5.27%	-0.87%	6.55%	9.06%	$7.64	$98.20	$54.80	2,765,486	2,716,887	271,569,298	148,885,415	420,454,714
Aug-11	$80.99	$43.59	-1.74%	-5.17%	5.76%	6.27%	$7.64	$91.88	$51.71	2,766,139	2,646,738	254,159,796	136,861,427	391,021,223
Sep-11	$66.05	$35.31	-0.05%	-4.25%	0.72%	1.45%	$7.64	$74.14	$41.96	2,418,137	2,364,316	179,274,532	99,217,643	278,492,175
Oct-11	$61.50	$38.42	-1.21%	-0.94%	0.56%	1.21%	$7.64	$68.73	$44.16	2,332,489	2,437,069	160,320,099	107,609,449	267,929,548
Nov-11	$61.50	$36.42	-4.71%	-2.85%	1.38%	2.28%	$7.64	$67.09	$43.85	2,422,685	2,398,623	162,541,454	105,178,111	267,719,565
Dec-11	$61.50	$36.42	1.23%	1.79%	3.15%	3.70%	$7.64	$71.83	$46.06	2,770,658	2,471,055	199,024,826	113,807,498	312,832,325
	$67.50	$41.13						$76.46	$49.03	30,692,440	29,735,294	2,358,747,924	1,462,247,108	3,820,995,032

Same as Exh 5 using Sept 19, 2008 data using Graves method.

Exhibit 6: Constructed Cost Method (Using MISO Forward)
Calculation of Generation Service price (2009-2011)

	2009	2010	2011
Energy, NITS and Ancillary Costs ($)	3,652,462,324	3,758,571,438	3,820,995,032
Capacity Cost ($/MW-day)	69.17	82.5	95.45
Peak Capacity Plus Reserve Margin (MW)	13,327	13,530	13,736
Total Capacity Cost ($)	$336,468,544	$407,414,231	$478,542,931
Total Procurement Costs ($)	$3,988,930,868	$4,165,985,669	$4,299,537,963
Total Projected Load (MWh)	56,818,797	57,321,168	57,833,934
Total Procument Costs ($/MWh)	$70.20	$72.68	$74.34
Less: NITS and Ancillary Services	$7.98	$7.98	$7.98
Generation Market Price Excl NITS and Ancillary Svcs	$62.22	$64.70	$66.36
Estimated 50th Percentil Risk Premium (%)	15.96%	15.96%	15.96%
Projected Median Market Price ($/MWh)	$72.16	$75.02	$76.95

EXHIBIT ___ (LK-8)

Exhibit___(LK-8)
Page 1 of 1

Analysis of Market-Rate Offer Prices
Revised to MISO Forward Prices on September 19, 2008

	2009	2010	2011
Forecast Load (MWh)	57,202,582	57,712,876	58,233,804
Direct Costs ($/MWh)			
Round the Clock Energy Price	$51.27	$52.56	$53.69
Locational Adjustment	$0.70	$0.70	$0.70
Load Shaping	$3.89	$3.98	$4.07
Capacity Price	$5.89	$5.93	$5.96
Transmission and Ancillary Services	$7.50	$7.50	$7.50
Distribution Losses	$3.10	$3.16	$3.21
Total Direct Cost per MWh	$72.34	$73.83	$75.13
Less: Transmission Adjusted for Line Losses	7.84	7.84	7.84
Total Wholesale Generation Cost per MWh	$64.50	$65.99	$67.29
Margin	17%	29%	40%
Total Price per MWh	$75.47	$84.93	$94.12

EXHIBIT ____ (LK-9)

SUMMARY - TOTAL OHIO

Model Assumptions	
2008 Sales (MWH)	56,471,000
Sales Growth Rate	0.92%
Discount Rate	8.48%
2009 Market Rate Average ($/MWH)	73.91
2010 Market Rate Average ($/MWH)	79.84
2011 Market Rate Average ($/MWH)	84.75

Consultant Market Rates at Wholesale		
Jones		Graves
$75.47	2009	$72.35
$84.93	2010	$74.76
$94.12	2011	$75.39

Year		2009		2010		2011		2012		2013		2014-2038	
Sales (MWH)		57,202,000		57,705,000		58,211,000		58,744,000		59,284,445		1,451,558,323	
ESP		Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
Distribution Rates			$137.0		$150.0		$151.0						
Distribution Improvement Rider		2	$114.4	2	$115.4	2	$116.4						
ESP Generation Rate		67.50		71.50		75.50							
Generation Increase over 2008 Rate of 68.18		-0.68	-$39.1	3.32	$191.4	7.32	$425.9						
Economic Development Rider			$0.0		$0.0		$0.0		$0.0		$0.0		$0.0
AMI Study			-$1.0		$0.0		$0.0		$0.0		$0.0		$0.0
Energy Efficiency and DSM			-$10.0		-$10.0		-$10.0		-$10.0		-$10.0		
Environmental remediation & Reclamation			-$15.0		-$15.0		-$15.0		$0.0		$0.0		$0.0
CEI RTC - Net of Residential Credits			-$316.0		-$275.0		$0.0		$0.0		$0.0		$0.0
Deferral Recovery - Generation Phase-In (10 Yr)		0.00	$0.0	0.00	$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,558.4
Deferral Recovery - CEI Distribution ($25M)		0.00	$0.0	0.00	$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
Total Revenues Per year			-$129.7		$156.8		$787.1		$109.8		$184.5		$1,600.6
NPV of Total Revenues Per Year	$1,577.1												

Consultant Market Rates							
Distribution Rates			$137.0		$150.0		$151.0
Generation rate		73.91		79.84		84.75	
Generation Increases over 2008 Rate of 68.18		5.73	$327.6	11.66	$672.8	16.57	$964.4
Total Revenues Per Year			$464.6		$822.8		$1,115.4
NPV of Total Revenues Per Year	$2,001.2						

NPV: Ohio Summary	Total Ohio
NPV: ESP	$1,577.1
NPV: Market Rates	$2,001.2
Benefits to Customers (Market - ESP)	$424.1

EXHIBIT ____ (LK-10)

Exhibit___(LK-10)
Page 1 of 1

SUMMARY - TOTAL OHIO

Model Assumptions	
2008 Sales (MWH)	56,471,000
Sales Growth Rate	0.92%
Discount Rate	8.48%
2009 Market Rate Average ($/MWH)	63.44
2010 Market Rate Average ($/MWH)	65.23
2011 Market Rate Average ($/MWH)	66.15

Consultant Market Rates at Wholesale

Jones		Graves
$64.50	2009	$62.39
$65.99	2010	$64.47
$67.29	2011	$65.02

Year		2009		2010		2011		2012		2013		2014-2038	
Sales (MWH)		57,202,000		57,705,000		58,211,000		58,744,000		59,284,445		1,451,558,323	
ESP		Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
Distribution Rates			$137.0		$150.0		$151.0						
Distribution Improvement Rider		2	$114.4	2	$115.4	2	$116.4						
ESP Generation Rate		67.50		71.50		75.50							
Generation Increase over 2008 Rate of 68.18		-0.68	-$39.1	3.32	$191.4	7.32	$425.9						
Economic Development Rider			$0.0		$0.0		$0.0		$0.0		$0.0		$0.0
AMI Study			-$1.0		$0.0		$0.0		$0.0		$0.0		$0.0
Energy Efficiency and DSM			-$10.0		-$10.0		-$10.0		-$10.0		-$10.0		
Environmental remediation & Reclamation			-$15.0		-$15.0		-$15.0		$0.0		$0.0		$0.0
CEI RTC - Net of Residential Credits			-$316.0		-$275.0		$0.0		$0.0		$0.0		$0.0
Deferral Recovery - Generation Phase-In (10 Yr)		0.00	$0.0	0.00	$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,358.4
Deferral Recovery - CEI Distribution ($25M)		0.00	$0.0	0.00	$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
Total Revenues Per year			-$129.7		$156.8		$787.1		$109.8		$184.5		$1,600.6
NPV of Total Revenues Per Year	$1,677.1												

Consultant Market Rates		2009 Rate	2009 Revenue	2010 Rate	2010 Revenue	2011 Rate	2011 Revenue
Distribution Rates			$137.0		$150.0		$151.0
Generation rate		63.44		65.23		66.15	
Generation Increases over 2008 Rate of 68.18		-4.74	-$271.2	-2.95	-$170.4	-2.03	-$118.4
Total Revenues Per Year			-$134.2		-$20.4		$32.6
NPV of Total Revenues Per Year	-$115.5						

NPV: Ohio Summary	Total Ohio
NPV: ESP	$1,577.1
NPV: Market Rates	-$115.5
Benefits to Customers (Market - ESP)	-$1,692.6

EXHIBIT ____ (LK-11)

Exhibit___(LK-11)
Page 1 of 1

SUMMARY - TOTAL OHIO

Model Assumptions	
2008 Sales (MWH)	56,471,000
Sales Growth Rate	0.92%
Discount Rate	8.48%
2009 Market Rate Average ($/MWH)	69.79
2010 Market Rate Average ($/MWH)	71.75
2011 Market Rate Average ($/MWH)	72.77

Consultant Market Rates at Wholesale

Jones		Graves
$70.95	2009	$68.62
$72.59	2010	$70.92
$74.02	2011	$71.52

Year	2009	2010	2011	2012	2013	2014-2035
Sales (MWH)	57,202,000	57,705,000	58,211,000	58,744,000	59,284,445	1,451,558,323

ESP		2009 Rate	2009 Revenue	2010 Rate	2010 Revenue	2011 Rate	2011 Revenue	2012 Rate	2012 Revenue	2013 Rate	2013 Revenue	2014-2035 Rate	2014-2035 Revenue
Distribution Rates			$137.0		$150.0		$151.0						
Distribution Improvement Rider		2	$114.4	2	$115.4	2	$116.4						
ESP Generation Rate		67.50		71.50		75.50							
Generation Increase over 2008 Rate of 68.18		-0.68	-$39.1	3.32	$191.4	7.32	$425.9						
Economic Development Rider			$0.0		$0.0		$0.0		$0.0		$0.0		$0.0
AMI Study			-$1.0		$0.0		$0.0		$0.0		$0.0		$0.0
Energy Efficiency and DSM			-$10.0		-$10.0		-$10.0		-$10.0		-$10.0		
Environmental remediation & Reclamation			-$15.0		-$15.0		-$15.0		$0.0		$0.0		$0.0
CEI RTC - Net of Residential Credits			-$316.0		-$275.0		$0.0		$0.0		$0.0		$0.0
Deferral Recovery - Generation Phase-In (10 Yr)		0.00	$0.0	0.00	$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,556.4
Deferral Recovery - CEI Distribution ($25M)		0.00	$0.0	0.00	$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
Total Revenues Per year			-$129.7		$156.6		$787.1		$109.8		$184.5		$1,800.6
NPV of Total Revenues Per Year	$1,577.1												

Consultant Market Rates		2009 Rate	2009 Revenue	2010 Rate	2010 Revenue	2011 Rate	2011 Revenue
Distribution Rates			$137.0		$150.0		$151.0
Generation rate		69.79		71.75		72.77	
Generation Increases over 2008 Rate of 68.18		1.60	$91.7	3.57	$206.0	4.58	$266.7
Total Revenues Per Year			$228.7		$356.0		$417.7
NPV of Total Revenues Per Year	$840.6						

NPV: Ohio Summary	Total Ohio
NPV: ESP	$1,577.1
NPV: Market Rates	$840.6
Benefits to Customers (Market - ESP)	-$736.5

EXHIBIT ____ (LK-12)

	2011		2012		2013		2014-2036	
	58,211,000		58,744,000		59,284,445		1,451,558,323	
...nue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue
150.0		$151.0						
115.4	2	$116.4						
	75.50							
191.4	7.32	$425.9						
$0.0		$0.0		$0.0		$0.0		$0.0
$0.0		$0.0		$0.0		$0.0		$0.0
...10.0		-$10.0		-$10.0		-$10.0		
...15.0		-$15.0		$0.0		$0.0		$0.0
...275.0		$0.0		$0.0		$0.0		$0.0
$0.0	2.01	$117.0	2.01	$118.1	3.25	$192.7		$1,558.4
$0.0	0.03	$1.7	0.03	$1.8	0.03	$1.8		$42.2
158.8		$787.1		$109.8		$184.5		$1,600.6

...150.0		$151.0
	78.08	
...194.2	7.89	$459.2
...544.2		$610.2