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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the :
Application of Ohio Edison :
Company, The Cleveland :
Electric Illuminating :
Company, and The Toledo :
Edison Company for :
Authority to Establish a : Case No. 08-935-EL-SSO
Standard Service Offer :
Pursuant to RC §4928.143 :
in the Form of an :
Electric Security Plan. :

PROCEEDINGS

before Ms. Christine Pirik and Mr. Gregory Price,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-C,
Columbus, Ohio, called at 9:00 a.m. on Friday,
October 17, 2008.

VOLUME II

10/31/08

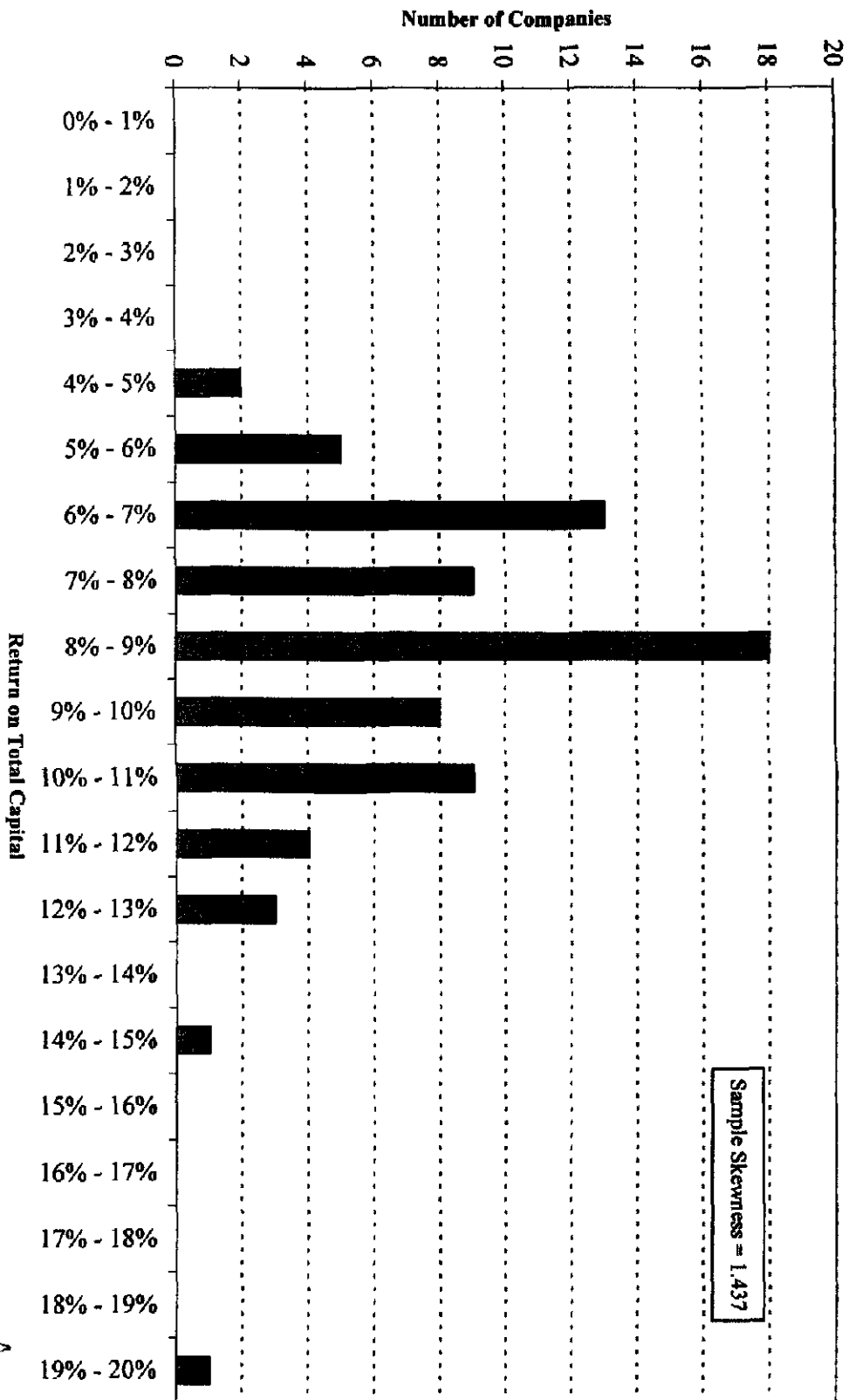
Transcript docketed electronically

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Histogram of Returns on Total Capital in 2007 for Sample Companies



Company 4
88

Witness: Kevin Warvel

Schedule B-1 Page 1 of 1

Summary of Total Projected Transmission Costs

Schedule B-1 provides the projected transmission and ancillary service-related costs to be charged to the Ohio Operating Companies during the 12 months in which the Rider charges will be in effect.

Line Item	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
1	\$ 3,824,080	\$ 2,470,541	\$ 1,238,388	\$ 7,082,815																					
2	\$ 6,701,798	\$ 4,980,494	\$ 2,489,747	\$ 14,176,977																					
3	\$ 1,439,546	\$ 1,047,255	\$ 510,613	\$ 2,997,414																					
4	\$ -	\$ -	\$ -	\$ -																					
5	\$ 2,159,319	\$ 1,670,854	\$ 765,819	\$ 4,486,122																					
6	\$ 1,081,322	\$ 788,852	\$ 383,549	\$ 2,251,523																					
7 (69 kv)	\$ -	\$ -	\$ -	\$ -																					
7 (138 kv)	\$ -	\$ -	\$ -	\$ -																					
8 (69 kv)	\$ -	\$ -	\$ -	\$ -																					
8 (138 kv)	\$ 36,143,112	\$ -	\$ -	\$ -																					
9 (69 kv)	\$ 68,162,529	\$ 49,189,890	\$ 24,848,987	\$ 139,961,197																					
9 (138 kv)	\$ 3,964,817	\$ 2,983,457	\$ 1,467,969	\$ 8,438,353																					
10	\$ -	\$ -	\$ -	\$ -																					
11	\$ -	\$ -	\$ -	\$ -																					
12	\$ -	\$ -	\$ -	\$ -																					
13	\$ -	\$ -	\$ -	\$ -																					
14	\$ -	\$ -	\$ -	\$ -																					
15	\$ -	\$ -	\$ -	\$ -																					
16	\$ -	\$ -	\$ -	\$ -																					
17	\$ -	\$ -	\$ -	\$ -																					
18	\$ -	\$ -	\$ -	\$ -																					
19	\$ -	\$ -	\$ -	\$ -																					
20	\$ -	\$ -	\$ -	\$ -																					
21	\$ -	\$ -	\$ -	\$ -																					
22	\$ -	\$ -	\$ -	\$ -																					
23	\$ -	\$ -	\$ -	\$ -																					
24	\$ -	\$ -	\$ -	\$ -																					
25	\$ -	\$ -	\$ -	\$ -																					
26	\$ -	\$ -	\$ -	\$ -																					
Total	\$ 123,326,291	\$ 65,166,760	\$ 42,319,478	\$ 228,997,927																					

1	\$ 8,293,242	\$ 6,736,787	\$ 3,884,302	\$ 19,899,341																					
2	\$ 1,134,162	\$ 824,367	\$ 472,678	\$ 2,431,427																					
3	\$ 974,671	\$ 708,467	\$ 406,278	\$ 2,088,504																					
4	\$ 660,678	\$ 500,232	\$ 278,478	\$ 1,439,398																					
5	\$ 8,808,682	\$ 6,693,451	\$ 3,712,848	\$ 19,190,961																					
6	\$ 714,412	\$ 546,763	\$ 294,784	\$ 1,555,958																					
7	\$ 1,737,868	\$ 1,291,378	\$ 647,371	\$ 3,678,415																					
8	\$ 8,010,415	\$ 6,068,090	\$ 3,379,399	\$ 17,461,891																					
9	\$ 10,262,997	\$ 7,786,738	\$ 4,334,281	\$ 22,409,019																					
10	\$ 40,860,610	\$ 30,920,804	\$ 17,218,621	\$ 88,998,038																					
11	\$ 12,117,659	\$ 9,274,032	\$ 5,000,062	\$ 25,391,783																					
12	\$ 14,541,191	\$ 11,128,639	\$ 6,000,674	\$ 31,670,104																					
13	\$ 86,533,373	\$ 65,889,399	\$ 34,367,601	\$ 192,802,733																					
Total	\$ 211,769,684	\$ 159,646,319	\$ 79,291,277	\$ 421,000,390																					
Total Expenses	\$ 211,769,684	\$ 159,646,319	\$ 79,291,277	\$ 421,000,390																					

Note: These are placeholder expenses.

Competitive
Suppliers Etc.

COMPUTATION OF GENERATION DEFERRAL COSTS
Aggregation of CEI, Ohio Ed. And Toledo Edison
Assuming Three Year ESP

Year	(a) (b) (c)			Carrying Charges		Sub Total	Tax		Total
	ESP	Account 1	Account 2	Account 1	Account 2		Cat Tax	Cat Tax	
2009	\$18,693,180					\$18,693,180			\$18,693,180
2010	\$60,834,117					\$60,834,117			\$60,834,117
2011	\$24,096,347	\$38,636,228				\$62,732,575	304,116		\$63,036,691
2012	\$51,007,576	\$35,401,931				\$86,409,507	306,897		\$86,716,404
2013		\$31,990,481	\$24,125,223			\$56,115,704	309,658	191,498	\$56,616,860
2014		\$28,394,198	\$22,099,140			\$50,493,338	312,487	193,247	\$50,999,072
2015		\$24,604,631	\$19,962,805			\$44,567,436	315,352	195,018	\$45,077,806
2016		\$20,613,021	\$17,711,237			\$38,324,258	318,279	196,828	\$38,839,365
2017		\$16,410,618	\$15,339,478			\$31,750,096	321,197	198,631	\$32,269,924
2018		\$11,988,269	\$12,842,344			\$24,830,613	324,182	200,476	\$25,355,271
2019		\$7,351,611	\$10,223,748			\$17,575,359	325,233	201,125	\$18,101,717
2020		\$2,491,178	\$7,478,349			\$9,969,527	328,296	203,018	\$10,500,841
2021			\$4,591,005			\$4,591,005		204,940	\$4,795,945
2022			\$1,555,541			\$1,555,541		206,882	\$1,762,423
Total	\$154,631,220	\$217,882,166	\$135,928,870			\$508,442,256			Total Interest & Tax \$513,599,616

Source: Column (a) - Schedule of columns (D)+(E)+(F)=(F) line 2
Column (b) - Schedule of column (F) lines 32 - 41
Column (c) - Schedule of column (F) lines 43 - 52

Competitive Supplies
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Case No. 08-935-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan.

RESPONSES TO REQUEST

Nucor Set 1-6 Referring to proposed Rider GEN:

- (a) In providing generation service, will the Companies or their affiliates be providing reliable generation capacity to meet retail customer demands?
- (b) Explain the answer to (a) above in detail.
- (c) If the answer to (a) above is yes: (i) identify the generation units that will be used to provide generation capacity; and (ii) provide an estimate of the cost of generating capacity (both on a per kW and total basis).
- (d) Provide workpapers and all other analyses and documents showing the derivation of the answer to part (c) above.
- (e) Identify and provide all documents that show that generation capacity will be provided under Rider GEN in order to ensure reliable service to the Companies' retail customers.

Response:

- a) Yes.
- b) **The Companies or their affiliates will need to meet the MISO long-term Adequacy Requirements: NOTE: This response is based upon Midwest ISO filings with the Federal Energy Regulatory Commission ("FERC") on December 27, 2007, and June 25, 2008 in docket ER08-394, as amended by subsequent filings to comply with FERC orders.** The Midwest ISO proposes to implement long-term Resource Adequacy Requirements ("RAR") effective with an initial capacity planning year beginning June 1, 2009. Under that proposal, the RAR that will be applicable to load-serving entities ("LSEs") in the Midwest ISO, including the Ohio Operating Companies, will be determined by the Midwest ISO annually via a technical analysis considering factors including, but not limited to, Generator Forced Outage rates of Capacity Resources, Generator Planned Outages, expected performance of Load Modifying Resources, LSEs' forecasted Demand uncertainty, system operating reserve requirements, transmission congestion, external firm capacity sales and available transmission import capability. The planning reserve margin for each LSE will then be determined based upon the probabilistic analysis of being able to reliably serve each LSE's demand for each month of the capacity resource planning year

Under the Midwest ISO proposal, an LSE will conform with RAR in accordance with Module E of the Midwest ISO TEMT by demonstrating to the Midwest ISO that it has sufficient generation capacity resources to meet its forecasted demand for the applicable planning period, plus the planning reserve margin established either by the Midwest ISO or by the state having jurisdiction over the LSE.

Nucor Set 1

Case No. 08-935-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan.

RESPONSES TO REQUEST

The applicable section in proposed revisions to Module E of the Midwest ISO tariff, section 69.3.7.a, states:

"...The LSE's Financial Settlement Charge for a given month shall be the product of the number of MW-months that an LSE is capacity deficient pursuant to Section 69.3.6c for such month and CONE value."

Section 69.3.8.a. sets the Cost of New Entry ("CONE") value at

"...\$80,000 per MW-month for the initial Planning Year, subject to modification by the Transmission Provider and the IMM (Independent Market Monitor)."

- c) (i) The attached file Nucor DR-06 Attachment 1.xls, lists the capacity commitments of the existing assets that would be committed under the plan. As noted, at this time there is no net demonstrated capability value. All of the MW's associated with the listed units and purchases, as well as the capacity listed in Attachment D (when completed), are committed to the operating companies' retail load obligation. The operating companies will not have other commitments for wholesale sales or CRES sales.; (ii) If Nucor is requesting the cost of procuring generation capacity on an annual basis then please refer to the response to Nucor 1-10.
- d) Please see response to Nucor 1-10.
- e) Please see b) above.

Case No. 08-935-EL-SSO
Nucor DR 6 Attachment 1

Module E Filing

Plant Name	July	August
Sumpter	85	85
Sumpter	85	85
Sumpter	85	85
Sumpter	85	85
Astabula	244	244
Bayshore1	136	136
Bayshore2	138	138
Bayshore3	142	142
Bayshore4	215	215
Burger 3	94	94
MadRiver	25	25
MadRiver	0	0
MadRiver	25	25
MadRiver	0	0
Davis Besse	879	878
Eastlake1	132	132
Eastlake2	132	132
Eastlake3	132	132
Eastlake4	240	240
Eastlake5	597	597
Eastlake6	24	24
Edgewater2	19	19
Edgewater3	19	19
Lakeshore1	245	245
Mansfield1	830	830
Mansfield2	830	830
Mansfield3	830	830
Perry1	1246	1245
Sammis ED	13	13
Sammis 1	180	180
Sammis 2	180	180
Sammis 3	180	180
Sammis 4	180	180
Sammis 5	300	300
Sammis 6	600	600
Sammis 7	600	600
Stryker	17	17
BayshoreCT	16	16
BayshoreCT	0	0
West Lorain	49.5	49.5
West Lorain	7.5	7.5
West Lorain	49.5	49.5
West Lorain	7.5	7.5
West Lorain	85	85
West Lorain	85	85
West Lorain	85	85
West Lorain	85	85
West Lorain	37	37
Lakeshore CT	4	4
Burger CT	6.3	6.3
Burger CT	0.7	0.7
Burger4	156	156
Burger5	156	156
Richland1	11	11
Richland2	11	11
Richland3	11	11
Richland4	112	112
Richland5	112	112
Richland6	112	112
OVEC	461	461
	11,424	11,423

Unit NDC

Plant Name	July	August
Sumpter	85	85
Sumpter	85	85
Sumpter	85	85
Sumpter	85	85
Astabula	244	244
Bayshore1	136	136
Bayshore2	138	138
Bayshore3	142	142
Bayshore4	215	215
Burger 3	94	94
MadRiver	30	30
MadRiver	0	0
MadRiver	30	30
MadRiver	0	0
Davis Besse	893	893
Eastlake1	132	132
Eastlake2	132	132
Eastlake3	132	132
Eastlake4	240	240
Eastlake5	597	597
Eastlake6	29	29
Edgewater2	24	24
Edgewater3	24	24
Lakeshore1	245	245
Mansfield1	830	830
Mansfield2	830	830
Mansfield3	830	830
Perry1	1269	1269
Sammis ED	13	13
Sammis 1	180	180
Sammis 2	180	180
Sammis 3	180	180
Sammis 4	180	180
Sammis 5	300	300
Sammis 6	600	600
Sammis 7	600	600
Stryker	18	18
BayshoreCT	17	17
BayshoreCT	0	0
West Lorain	50	50
West Lorain	10	10
West Lorain	50	50
West Lorain	10	10
West Lorain	85	85
West Lorain	85	85
West Lorain	85	85
West Lorain	85	85
West Lorain	85	85
Lakeshore CT	4	4
Burger CT	6	6
Burger CT	1	1
Burger4	156	156
Burger5	156	156
Richland1	14	14
Richland2	14	14
Richland3	14	14
Richland4	130	130
Richland5	130	130
Richland6	130	130
OVEC	461	461
	11,605	11,605

* Module E filed capacity reflects summer derates

** Effective June 1, 2009 capacity will no longer be represented as installed capacity but rather will reflect Unforced capacity values
- MISO analysis is still on-going regarding final decision to use a 3 year average for eFOR or a 1 year average.

Nucor Set 1
Witness: Warvell

Case No. 08-935-EL-SSO
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan.

RESPONSES TO REQUEST

- Nucor Set 1-8** Referring to the 1 cent / kWh minimum default service charge contained in proposed Rider GEN and Rider MDS:
- (a) Explain how this charge was derived.
 - (b) Provide all workpapers and calculations used to derive the proposed charge.
 - (c) Identify and provide all other documents that refer or relate to this charge.

- Response:**
- a) The 1.0 cent per kWh non-bypassable Minimum Default Service Charge addresses the risks involved in hedging 60 million MWh of POLR load and is neither cost-based nor the result of an analytic study.
 - b) There are no workpapers or calculations used to derive the minimum default service charge contained in proposed Rider GEN and Rider MDS.
 - c) Please see the Companies filing for all documents that refer or relate to the minimum default service charge contained in proposed Rider GEN and Rider MDS.

Nucor C/2