

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

ENTRY ON REHEARING

The Commission finds:

- (1) The Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company (FirstEnergy) are public utilities as defined by Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) On January 21, 2009, the Commission issued its Opinion and Order in these proceedings.
- (3) Section 4903.10, Revised Code, states that any party to a Commission proceeding may apply for rehearing with respect to any matters determined by the Commission within 30 days of the entry of the order upon the Commission's journal.
- (4) On February 20, 2009, FirstEnergy filed an application for rehearing and request for clarification, alleging that the Opinion and Order was unreasonable and unlawful on the following grounds:
 - (a) The Companies ask the Commission to clarify in its order that wholesale sales revenues should not be included in the determination of the ratio used to calculate jurisdictional expense.
 - (b) The Companies ask the Commission to clarify in its order and indicate that annualized labor expense should be based upon actual data as of January 2008.
 - (c) The Commission's decision to remove 20 percent of

the Companies' short-term incentive compensation expense violates Section 4903.09, Revised Code and is against the manifest weight of the evidence.

- (d) The Commission's failure to apply a full rate of return on the transition tax deferral is unreasonable and unlawful in that it deviates from Commission precedent without explanation.
 - (e) The Commission exceeded its statutory authority when it directed the Companies to fund the Community Connections Program.
 - (f) The Commission's exclusion of revenue requirements related to General Plant balances violates Sections 4909.15 and 4909.07, Revised Code, and is against the manifest weight of the evidence.
 - (g) The Commission's decision failed to properly consider and recognize the Companies' financial risk in its determination of the cost of capital, thus resulting in an unreasonable and unlawful rate of return.
 - (h) The Commission's decision to exclude net metering customers from the requirement to pay for a dedicated telephone line is arbitrary and unduly discriminatory and, therefore, unlawful.
 - (i) The Commission's denial of up-front payments for line extension costs is unsupported by the law, the evidentiary record, and a prior Commission ruling and is contrary to ratemaking principles and public policy.
- (5) The Ohio Consumers' Counsel (OCC) also filed an application for rehearing on February 20, 2009, alleging that the Opinion and Order was unreasonable and unlawful on the following grounds.
- (a) The Commission erred in its determination of revenue requirements in connection with the

treatment of rate certainty plan (RCP) distribution operation and maintenance (O&M) deferrals and pension and other postretirement employment benefits.

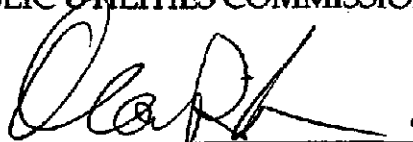
- (i) The Commission erred in its rate recovery treatment of the RCP distribution O&M deferrals.
 - (ii) The Commission erred in its rate treatment of pension and other postretirement employment benefits.
 - (iii) The Commission erred in its determination that the calculation of carrying charges for deferrals be calculated on a gross-of-tax basis.
- (b) The Commission erred in granting FirstEnergy's request for accounting authority to defer storm damage costs.
- (c) The Commission erred in its determination of measures that must be taken for improvement of The Cleveland Electric Illuminating Company's reliability and the consequences for that company's failure to provide its customers reliable electric distribution service.
- (6) On March 2, 2009, FirstEnergy filed a memorandum contra OCC's application for rehearing. Further, the Ohio Home Builders Association filed a memorandum contra FirstEnergy's application for rehearing on March 2, 2009.
- (7) The Commission grants the applications for rehearing filed by FirstEnergy and OCC. We believe that sufficient reason has been set forth by FirstEnergy and OCC to warrant further consideration of the matters specified in the applications for rehearing.

It is, therefore,


ORDERED, That the applications for rehearing filed by FirstEnergy and OCC be granted for further consideration of the matters specified in the applications for rehearing. It is, further,

ORDERED, That a copy of this Entry on Rehearing be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO

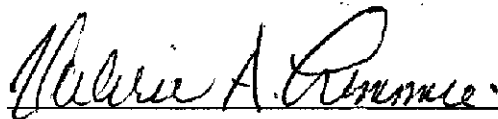


Alan R. Schriber, Chairman

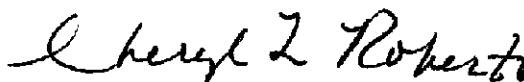


Paul A. Centolella

Ronda Hartman Fergus



Valerie A. Lemmie

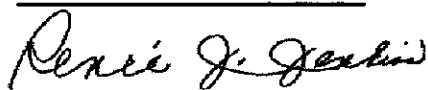


Cheryl L. Roberto

GAP:ct

Entered in the Journal

MAR 18 2009



Renee J. Jenkins
Secretary