

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of the Ohio :
Department of Development for an Order :
Approving Adjustments to the Universal : Case No. 09-463-EL-UNC
Service Fund Riders of Jurisdictional Ohio :
Electric Distribution Utilities. :

APPLICATION

The Ohio Department of Development ("ODOD"), by its Director, Lisa Patt-McDaniel, hereby petitions the Commission, pursuant to Section 4928.52(B), Revised Code, for an order approving adjustments to the Universal Service Fund ("USF") riders of all jurisdictional Ohio electric distribution utilities ("EDUs"). In support of its application, ODOD states as follows:

1. Under the legislative scheme embodied in SB 3, the 1999 legislation that restructured Ohio's electric utility industry and transferred administration of the percentage of income payment plan ("PIPP") program to ODOD, the USF riders replaced the existing PIPP riders of each jurisdictional electric utility. The USF riders were to be calculated so as to generate the same level of revenue as the PIPP riders they replaced,¹ plus an amount equal to the level of funding for low-income customer energy efficiency programs reflected in the electric rates in effect on the effective date of the statute,² plus the amount necessary to pay the administrative costs associated with the low-income customer assistance programs and the consumer education program created by Section 4928.56, Revised Code.³

¹ See Section 4928.52(A)(1), Revised Code.

² See Section 4928.52(A)(2), Revised Code.

³ See Section 4928.52(A)(3), Revised Code.

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2. Pursuant to Section 4928.51(A), Revised Code, all USF rider revenues collected by the EDUs are remitted to ODOD for deposit in the state treasury's USF. ODOD then makes disbursements from the USF to fund the low-income customer assistance programs (including PIPP and the low-income customer energy efficiency programs) and the consumer education program, and to pay their related administrative costs.

3. Section 4928.52(B), Revised Code, provides that, if ODOD, after consultation with the Public Benefits Advisory Board ("PBAB"), determines that the revenues in the USF, together with revenues from federal and other sources of funding, including the general revenue fund appropriations for the Ohio Energy Credit Program,⁴ will be insufficient to cover the cost of the low-income customer assistance and consumer education programs and their related administrative costs, ODOD shall file a petition with the Commission for approval of an increase in the USF rider rates. The statute further provides that, after providing reasonable notice and opportunity for hearing, the Commission may adjust the USF rider by the minimum amount necessary to generate the additional revenues required; provided, however, that the Commission may not decrease a USF rider without the approval of the ODOD Director, after consultation, by the Director, with the PBAB.

4. Unlike traditional ratemaking, where the objective is merely to establish rates that will provide the applicant utility with a reasonable earnings opportunity, the USF riders must actually generate sufficient revenues to enable ODOD to meet its USF-related statutory and contractual obligations on an ongoing basis. In recognition of this fact, the stipulations adopted by the Commission in all prior USF rider rate adjustment proceedings have required that ODOD

⁴ The Ohio Energy Credit Program was discontinued as of July 1, 2003.

file a Section 4928.52(B), Revised Code, application with the Commission no later than October 31 of the following year,⁵ proposing such adjustments to the USF rider rates as may be necessary to assure, to the extent possible, that each EDU's rider will generate its associated revenue requirement – but not more than its associated revenue requirement – during the annual collection period following Commission approval of such adjustments. This is the ninth annual USF rider adjustment application filed by ODOD pursuant to this statute since the establishment of the initial USF riders in the electric transition plan proceedings initiated by applications filed by the EDUs pursuant to SB 3.

5. By its opinion and order of December 17, 2008 in Case No. 08-658-EL-UNC, this Commission granted ODOD's 2008 application for approval of adjustments to the USF riders of all Ohio EDUs based on its acceptance of a stipulation and recommendation submitted jointly by a majority of the parties to that proceeding. The new USF riders replaced the USF riders approved by the Commission in Case No. 07-661-EL-UNC, and became effective on a bills-rendered basis with the January 2009 EDU billing cycles.

6. The Commission's December 17, 2008 opinion and order in Case No. 08-658-EL-UNC provided for the continuation of the notice of intent ("NOI") process first approved by the Commission in Case No. 04-1616-EL-UNC. Under this process, ODOD is required to make a preliminary filing by May 31 setting out the methodology it will employ in developing the USF rider revenue requirements and rate design for its subsequent annual USF rider adjustment application. The purpose of this procedure is to permit the Commission to resolve any issues relating to methodology prior to the preparation and filing of the application itself, so as to limit

⁵ October 31, 2009 fell on a Saturday. Thus, under the Commission's computation of time rule, this application is timely filed. See Rule 4901-1-07(A), Ohio Administrative Code.

the number of potential issues in the second phase of the case and thereby permit the Commission to act on the application in time for the new USF rider rates to take effect on January 1 of the following year. ODOT filed its NOI in this case on June 1, 2009.⁶ The Commission, consistent with the terms of a stipulation jointly submitted by a majority of the parties to the proceeding,⁷ approved the methodology proposed by ODOT in the NOI by its finding and order of October 28, 2009 (the “*NOI Order*”).

7. Based on its analysis of the annual pro forma revenue generated by applying the current USF rider rates to test-period sales volumes, and utilizing the USF rider revenue requirement methodology approved in the *NOI Order* as described below, ODOT has determined that, on an aggregated basis, the total pro forma annual revenue generated by the current USF riders will fall short, by some \$51,636,434, of the annual revenue required to fulfill the objectives identified in Section 4928.52(A), Revised Code, during the 2010 collection period. Further, ODOT’s analysis shows that the pro forma revenue that would be generated by the current USF rider of each Ohio EDU will fall short of its revenue target. Accordingly, ODOT, having consulted with the PBAB, proposes that the USF riders of The Cleveland Electric Illuminating Company (“CEI”), Columbus Southern Power Company (“CSP”), the Dayton Power and Light Company (“DPL”), Duke Energy Ohio (“Duke”), Dayton Power and Light Company (“DPL”), Ohio Edison Company (“OE”), Ohio Power Company (“OP”) and Toledo Edison Company (“TE”) be increased so as to generate the required annual revenue indicated in the following table.

⁶ May 31, 2009 fell on a Sunday. Thus, under the Commission’s computation of time rule, the NOI was timely filed. See Rule 4901-1-07(A), Ohio Administrative Code.

⁷ Although not a signatory party, the Office of the Ohio Consumers’ Counsel (“OCC”) did not contest the stipulation (see OCC Letter dated October 22, 2009). Ohio Partners for Affordable Energy joined in the stipulation except for the provision regarding the proposed rate design methodology, but did not contest the issue.

Company	Test-Period USF Rider Revenue	Required Annual USF Rider Revenue	USF Rider Revenue Surplus/Deficiency
CEI	\$14,361,143	\$30,051,981	(\$15,690,838)
CSP	\$21,791,164	\$33,370,889	(\$11,939,725)
DPL	\$18,407,163	\$23,273,125	(\$4,865,962)
DUKE	\$19,357,940	\$27,148,482	(\$7,790,542)
OE	\$41,528,531	\$41,910,844	(\$382,313)
OP	\$19,131,161	\$28,419,458	(\$9,288,298)
TE	\$13,493,248	\$15,558,859	(\$2,065,611)
TOTALS	\$148,070,350	\$200,093,639	(\$52,023,289)

8. As described in further detail in the written testimony of ODOD witness Donald A. Skaggs filed with this application, the revenue requirement which the proposed USF riders are designed to generate consists of the elements identified below. These elements have been determined in accordance with the methodology approved by the Commission in the *NOI Order*.

a. Cost of PIPP. The cost of PIPP component of the USF rider revenue requirement is intended to reflect the total cost of electricity consumed by the EDU's PIPP customers for the 12-month period January 2009 through December 2009 (the "test period"), plus pre-PIPP balances, less all payments made by or on behalf of PIPP customers, including agency payments, over the same period. Because actual data for September through December 2009 was not available at the time the application was prepared, information from the corresponding months of 2008 was combined with actual data from January through August of 2009 to determine the test-period cost of PIPP for each EDU as displayed on Exhibit A hereto. As explained in ODOD witness Skaggs'

written testimony, and consistent with the *NOI Order*, ODOD adjusted the test-period cost of PIPP to annualize the impact of Commission-approved EDU rate changes that took effect during the 2009 test-period and to recognize Commission-approved EDU rate increases that will take effect January 1, 2010. The calculation of these adjustments are shown in attached Exhibits A.1.a through A.1.f, and the net impact of the adjustments are shown in Exhibit A.1. As described in Mr. Skaggs' testimony, the totals shown in Exhibit A.1 were then adjusted to reflect the projected increase in PIPP enrollments during the 2010 collection period. These calculations are shown in attached Exhibit A.2. The cumulative effect of the foregoing adjustments are shown in the Total Adjusted Test-Period Cost of PIPP column (Column F) in Exhibit A.2.

b. Electric Partnership Program and Consumer Education Program Costs.

This element of the USF rider revenue requirement reflects the cost of the low-income customer energy efficiency programs and the consumer education program, now referred to collectively by ODOD as the "Electric Partnership Program" ("EPP"), and their associated administrative costs, which are recovered through the USF riders pursuant to Section 4928.52(A)(2) and (3), Revised Code. ODOD's proposed allowance for these items of \$14,946,196, which is identical to the allowance accepted by the Commission in all previous USF riders rate adjustment proceedings, is supported by the analysis submitted by ODOD as Exhibit A to the NOI filed herein on August 18, 2009 and the testimony of ODOD witness Skaggs submitted in conjunction with the application. Consistent with the *NOI Order*, this component of the USF rider revenue requirement is

allocated to the EDUs based on the ratio of their respective costs of PIPP to the total cost of PIPP. The results of the allocation are shown in attached Exhibit B.

c. Administrative Costs. This USF rider revenue requirement element represents an allowance for the costs ODOD incurs in connection with its administration of the PIPP program and is included as a revenue requirement component pursuant to Section 4928.52(A)(3), Revised Code. As explained in the testimony of ODOD witness Nick Sunday filed with the application, the proposed allowance for administrative costs of \$2,154,000 has been determined in accordance with the methodology approved by the Commission in the *NOI Order*. The requested allowance for administrative costs has been allocated to the EDUs based on the number of PIPP customer accounts as of March 2009, the test-period month exhibiting the highest PIPP customer account totals. The results of the allocation are shown in attached Exhibit C.

d. December 31, 2009 PIPP Account Balances. Because the USF rider is based on historical sales and historical PIPP enrollment patterns, the cost of PIPP component of an EDU's USF rider will, in actual practice, either over-recover or under-recover its associated annual revenue requirement over the collection period. Over-recovery creates a positive PIPP USF account balance for the company in question, thereby reducing the amount needed on a forward-going basis to satisfy the USF rider revenue requirement. Conversely, where under-recovery has created a negative PIPP USF account balance as of the effective date of the new riders, there will be a shortfall in the cash available to ODOD, which will impair its ability to make the PIPP reimbursement payments due the EDUs on a timely basis. Thus, the amount of any

existing positive PIPP USF account balance must be deducted in determining the target revenue level the adjusted USF rider is to generate, while the deficit represented by a negative PIPP USF account balance must be added to the associated revenue requirement. In this case, ODOD is requesting that its proposed USF riders be implemented on a bills-rendered basis effective January 1, 2010. Accordingly, the USF rider revenue requirement of each company has been adjusted by the amount of the company's projected December 31, 2009 PIPP account balance so as to synchronize the new riders with the EDU's PIPP USF account balance as of their effective date. This conforms to the methodology approved by the Commission in the *NOI Order*. The adjustment for each EDU is shown in attached Exhibit D.

e. Reserve. ODOD has entered into agreements of understanding with each of the EDUs pursuant to Rule 122:12-2-01(A), Ohio Administrative Code. These agreements provide, *inter alia*, that ODOD will be assessed a carrying charge on all ODOD monthly payments reimbursing the EDU for the cost of electricity delivered to PIPP customers which are not received by the EDU by the specified due date. PIPP-related cash flows fluctuate significantly throughout the year, due, in large measure, to the weather-sensitive nature of electricity sales and PIPP enrollment behavior. As shown on the test-period graph attached hereto as Exhibit E, these fluctuations will, from time-to-time, result in negative PIPP USF account balances, which means that ODOD would be unable to satisfy its payment obligation to the EDUs on a timely basis and, thus, would incur carrying charges in those months. To address this problem, ODOD has included an allowance to create a reserve as an element of the USF rider revenue

requirement based on each EDU's highest monthly deficit during the test period. The Commission approved this methodology in its *NOI Order* in this case. The proposed reserve component for each EDU is set forth in attached Exhibit F.

f. Allowance for Interest. Although the methodology for calculating the reserve component is designed to fully fund the EDU reserves on a pro forma basis by the end of the 2010 collection period, because USF cash flows fluctuate considerably over the course of the year, ODOD projects that it will still incur some carrying charges for late PIPP reimbursement payments to the EDUs during 2010. Thus, ODOD has again included an allowance for these interest costs as a component of the USF rider revenue requirement. This allowance was calculated based on a cash-flow analysis that projected the daily PIPP USF account balances the proposed USF riders would produce. ODOD then determined the number of late payment days these balances would represent and applied the daily interest charge specified in the agreements of understanding to determine the interest costs ODOD will incur. This methodology is consistent with that approved in the *NOI Order*. The proposed interest allowance to be built into the USF rider of each EDU is shown in attached Exhibit G.

h. Allowance for Undercollection. This component of the USF rider revenue requirement is an adjustment to recognize that, due to the difference between amounts billed through the USF rider and the amounts actually collected from EDU customers, the rider will not generate the target revenues. In accordance with the methodology approved by the Commission in the *NOI Order*, the allowance for undercollection for each

company is based on the collection experience of that company. The allowance for undercollection for each EDU is shown in attached Exhibit H.

i. Allowance for Audit Costs. As discussed in the testimony of ODOT witness Skaggs, the USF Rider Working Group (the “Working Group”)⁸ recommended that ODOT engage a qualified, independent third party to conduct audits of each EDUs’ PIPP-related accounting and reporting. Consistent with the Working Group’s recommendation, the first round of audits were staggered, with the audits of the FirstEnergy Companies (CEI, OE, and TE) and DPL conducted in connection with Case No. 07-661-EL-UNC, and the audits of the remaining EDUs conducted in connection with Case No. 08-658-EL-UNC. However, the stipulation adopted by the Commission in its *NOI Order* in this case provided that PIPP-related accounting and reporting of each EDU be audited in 2010. Accordingly, ODOT has proposed that an allowance for audit costs of \$600,000 be included as a component of the USF rider revenue requirement of each EDU, with any difference between the allowance and the actual cost of the audits to be trued up via the December 31, 2010 USF account balance element in next year’s USF rider rate adjustment application. Thus, the USF rider revenue requirement proposed herein for each EDU includes this element.

j. Universal Service Fund Interest Offset. Section 4928.51(A), Revised Code, provides that interest on the USF shall be credited to the fund. Although the fund has, from time to time, generated interest income, ODOT, historically, was routinely

⁸ The USF Rider Working Group was formed pursuant to the stipulation approved by the Commission in Case No. 03-2049-EL-UNC, and is charged with developing, reviewing and recommending measures to control the costs that ultimately must be recovered through the USF rider.

forced to utilize such income to cover shortfalls resulting from the amounts by which the actual cost of PIPP during the collection periods have exceeded the test-period cost of PIPP built into the USF rider rates. As a part of the ODOD-OCC settlement agreement that resolved the NOI phase of Case No. 05-717-EL-UNC, ODOD indicated that, in future cases, if it projected that there would be any accrued interest on the fund available at year-end, ODOD would offset this interest against the USF rider revenue requirement. However, the state budget bills for the 2006-2007 and 2008-2009 bienniums authorized the Office of Budget and Management (“OBM”), through June 30, 2007 and June 30, 2009, respectively, to transfer interest earned on various funds within the state treasury to the General Revenue Fund.⁹ OBM identified the Universal Service Fund (“USF”) as one of the funds subject to such interest transfers, notwithstanding that SB 3 provided that interest on the USF would be credited to the USF. Although ODOD opposed the use of USF interest for other purposes, OBM did not reverse its position on this issue. The 2009 state budget bill for fiscal years 2010 and 2011 continues to authorize this transfer of interest from the USF.¹⁰ Thus, there will be no USF interest available to ODOD as of December 31, 2009 to be used as an offset to the USF rider revenue requirement.

9. A summary schedule showing the USF rider component costs by company is attached as Exhibit I. ODOD proposes to recover the annual USF rider revenue requirement for each company through a USF rider which incorporates the same two-step declining block rate design approved by the Commission in all prior USF rider rate adjustment cases and the *NOI Order* in this proceeding. The first block of the rate applies to all monthly consumption up to

⁹ See Section 312.06 of Am. Sub. HB 66 of the 126th Ohio General Assembly and Section 512.03 of Am. Sub. HB 119 of the 127th Ohio General Assembly.

¹⁰ See Section 512.10 of Am. Sub. HB 1 of the 128th Ohio General Assembly.

and including 833,000 Kwh. The second rate block applies to all consumption above 833,000 Kwh per month. For each EDU, the rate per Kwh for the second block is set at the lower of the PIPP charge in effect in October 1999 or the per Kwh rate that would apply if the EDU's annual USF rider revenue requirement were to be recovered through a single block per Kwh rate. The rate for the first block rate is set at the level necessary to produce the remainder of the EDU's annual USF rider revenue requirement. Thus, if the EDU's October 1999 PIPP charge exceeds the per Kwh rate that would apply if the EDU's annual USF rider revenue requirement were to be recovered through a single block per Kwh rate, a calculation shown in Exhibit J, the rate for both consumption blocks would be the same. In this case, the October 1999 PIPP charge cap has been triggered for each of the EDUs, so all the new USF rider rates proposed herein have the declining block feature. The following table compares the resulting proposed USF riders for each EDU with the EDU's current USF rider.

Company	Current USF Rider		Proposed USF Rider	
	First 833,000 Kwh	Above 833,000 Kwh	First 833,000 Kwh	Above 833,000 Kwh
CEI	\$0.0008495	\$0.0005680	\$0.0019067	\$ 0.0005680
CSP	\$0.0013130	\$ 0.0001830	\$0.0020366	\$ 0.0001830
DPL	\$0.0014757	\$ 0.0005700	\$0.0019019	\$ 0.0005700
DUKE	\$0.0010857	\$ 0.0004690	\$0.0015681	\$ 0.0004690
OE	\$0.0019474	\$ 0.0010461	\$0.0019676	\$ 0.0010461
OP	\$0.0010601	\$ 0.0001681	\$0.0016199	\$ 0.0001681
TE	\$0.0018964	\$ 0.0005610	\$0.0022278	\$ 0.0005610

10. Consistent with Section 4928.52(B), Revised Code, the proposed USF rider rates set forth above reflect the minimum increases necessary to produce the additional revenues required to satisfy the respective USF rider revenue responsibility of those EDUs.

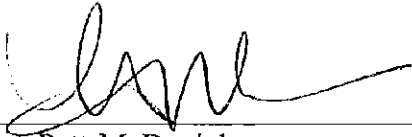
11. In calculating the USF rider revenue requirement, ODOD has relied on certain information reported by the EDUs. Although ODOD believes this information to be reliable, ODOD has not performed an audit to verify the accuracy of this information. If any party questions or wishes to challenge the accuracy of this information, ODOD requests that the Commission require such party to direct its inquiries to the EDU in question, either informally, or through formal discovery.

12. The adjustments to the USF riders proposed in this application are based on the most recent information available to ODOD at the time the application was prepared. ODOD reserves the right to amend its application by updating its test-period calculations to incorporate additional actual data as it becomes available.

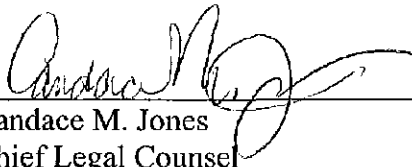
13. ODOD requests that, as a part of its order in this proceeding, the Commission require that ODOD file its 2010 USF rider rate adjustment application no later than October 31, 2010, provide that the NOI procedure again be used in connection with the 2010 application, and authorize the continuation of the Working Group.

WHEREFORE, ODOD respectfully requests that the Commission, after providing such notice as it deems reasonable, affording interested parties the opportunity to be heard, and conducting a hearing, if a hearing is deemed to be required, issue an order (1) finding that USF rider rate adjustments proposed in the application represent the minimum adjustments necessary to provide the revenues necessary to satisfy the respective USF rider revenue requirements; (2) granting the application; and (3) directing the EDU's to incorporate the new USF rider rates approved herein in their filed tariffs, to be effective January 1, 2010 on a bills-rendered basis.

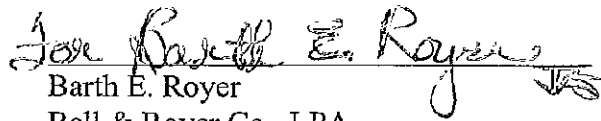
Respectfully submitted,



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Test-Period Cost of PIPP

	Reimbursement		Customer and Agency Payments	Cost of PIPP
	Electical Service	Pre-PIPP		
CSP	\$53,606,856	\$3,598,313	\$37,128,366	\$20,076,803
OP	\$55,372,155	\$3,481,446	\$40,518,751	\$18,334,850
DUKE	\$28,516,178	\$6,560,161	\$16,072,809	\$19,003,530
DPL	\$30,944,517	\$4,303,205	\$20,815,241	\$14,432,481
CEI	\$40,612,540	\$3,651,999	\$28,260,690	\$16,003,849
OE	\$79,857,073	\$6,542,065	\$52,502,733	\$33,896,404
TE	\$24,108,487	\$2,809,114	\$15,011,932	\$11,905,669
Total:	\$313,017,804	\$30,946,305	\$210,310,523	\$133,653,586

Adjusted Test-Period Cost of PIPP

	Test Period Cost of PIPP	2009 EDU Rate Increases	2010 EDU Rate Increases	Adjusted Test-Period Cost of PIPP
CSP¹	\$20,076,803	\$1,137,327	\$3,500,550	\$24,714,680
OP²	\$18,334,850	\$1,306,154	\$4,211,183	\$23,852,187
Duke	\$19,003,530	\$0	\$0	\$19,003,530
DPL³	\$14,432,481	\$1,257,679	\$945,200	\$16,635,359
CEI⁴	\$16,003,849	\$2,888,728	\$0	\$18,892,577
OE⁵	\$33,896,404	(\$4,211,475)	\$0	\$29,684,930
TE⁶	\$11,905,669	(\$1,423,211)	\$0	\$10,482,458
	\$133,653,586	\$955,201	\$8,656,932	\$143,265,720

1- See Exhibit A.1.a.

2- See Exhibit A.1.b.

3- See Exhibit A.1.c.

4- See Exhibit A.1.d.

5- See Exhibit A.1.e.

6- See Exhibit A.1.f.

Columbus Southern Power**2009 Adjustment**

Cost of Electric Service

SEP08	\$4,471,200
OCT08	\$3,157,989
NOV08	\$3,685,377
DEC08	\$4,932,958
	\$16,247,524

7% \$1,137,327
1/1/2009

Columbus Southern Power**2010 Adjustment**

Cost of Electric Service

SEP08	\$4,784,184
OCT08	\$3,379,049
NOV08	\$3,943,353
DEC08	\$5,278,265
JAN09	\$5,716,135
FEB09	\$5,537,603
MAR09	\$5,038,311
APR09	\$4,810,467
MAY09	\$4,087,047
JUN09	\$4,896,227
JUL09	\$5,546,917
AUG09	\$5,324,939
	\$58,342,496

6% \$3,500,550
1/1/2010

Cost of PIPP Adjustment

Exhibit A.1.b

Ohio Power

2009 Adjustment

Cost of Electric Service

SEP08	\$3,700,417
OCT08	\$3,075,060
NOV08	\$3,821,143
DEC08	\$5,730,300
	\$16,326,920

8% \$1,306,154
1/1/2009

Ohio Power

2010 Adjustment

Cost of Electric Service

SEP08	\$3,996,451
OCT08	\$3,321,065
NOV08	\$4,126,834
DEC08	\$6,188,724
JAN09	\$6,949,154
FEB09	\$6,958,374
MAR09	\$5,950,642
APR09	\$5,310,301
MAY09	\$4,300,573
JUN09	\$4,167,390
JUL09	\$4,539,647
AUG09	\$4,350,600
	\$60,159,755

7% \$4,211,183
1/1/2010

Dayton Power and Light

2009 Rate Adjustment

	Transmission Service	PJM Admin Fee	Ancillary Service
SEP08	\$60,294	\$13,510	\$30,149
OCT08	\$47,295	\$10,599	\$23,652
NOV08	\$55,270	\$12,387	\$27,637
DEC08	\$81,796	\$18,331	\$40,900
JAN09	\$100,475	\$22,524	\$50,285
FEB09	\$95,076	\$14,316	\$47,541
MAR09	\$83,902	\$12,090	\$41,951
APR09	\$68,301	\$9,840	\$34,151
MAY09	\$58,543	\$8,435	\$29,272
JUN09	\$33,372	\$59	\$16,734
	\$684,322	\$122,092	\$342,271

TCRR

	Total:	\$1,148,685
75.25%	6/1/2009	\$2,013,070
	Increase:	\$864,385

2009 Rate Adjustment

	Distribution Service
SEP08	\$607,971
OCT08	\$500,157
NOV08	\$567,657
DEC08	\$793,212
JAN09	\$954,066
FEB09	\$913,872
MAR09	\$825,512
APR09	\$694,463
MAY09	\$615,333
JUN09	\$649,169
JUL09	\$762,579
	\$7,883,991

2009 Rate Adjustment

	Generation Service
SEP08	\$1,177,302
OCT08	\$942,483
NOV08	\$1,064,164
DEC08	\$1,438,848
JAN09	\$1,784,878
FEB09	\$1,763,899
MAR09	\$1,603,295
APR09	\$1,367,000
MAY09	\$1,221,015
JUN09	\$1,326,031
JUL09	\$1,602,190
	\$15,291,105

Energy Efficiency Rider:

4.62% Increase:	\$364,240
7/1/2009	

Alternative Energy Rider:

.19% Increase:	\$29,053
7/1/2009	

Cost of PIPP Adjustment

Exhibit A.1.c

Total 2009 Adjustment: \$1,257,679

2010 Rate Adjustment

	Distribution Service
SEP08	\$607,971
OCT08	\$500,157
NOV08	\$567,657
DEC08	\$793,212
JAN09	\$954,066
FEB09	\$913,872
MAR09	\$825,512
APR09	\$694,463
MAY09	\$615,333
JUN09	\$649,169
JUL09	\$762,579
AUG09	\$723,475
	\$8,607,465
2009 Adjustment	\$364,240
	\$8,971,706

0.61% \$54,727
1/1/2010

Total 2010 Adjustment: \$945,200

	Generation Service
SEP08	\$1,177,302
OCT08	\$942,483
NOV08	\$1,064,164
DEC08	\$1,438,848
JAN09	\$1,784,878
FEB09	\$1,763,899
MAR09	\$1,603,295
APR09	\$1,367,000
MAY09	\$1,221,015
JUN09	\$1,326,031
JUL09	\$1,602,190
AUG09	\$1,512,970
	\$16,804,075
2009 Adjustment	\$29,053
	\$16,833,128

5.29% \$890,472
1/1/2010

Adjustment to the Cost of PIPP

Exhibit A.1.d

First Energy

Cleveland Electric Illuminating

Cost of Electricity

SEP08	\$3,590,490
OCT08	\$2,775,878
NOV08	\$2,971,251
DEC08	\$3,715,583
JAN09	\$4,441,957
FEB09	\$4,362,409
MAR09	\$4,165,987
APR09	\$3,651,218
MAY09	\$3,472,136
JUN09	\$3,373,041
	\$36,519,951

Rate Adjustment: 7.91%
6/1/2009 \$2,888,728

Adjustment to the Cost of PIPP

Exhibit A.1.e

First Energy

Ohio Edison

Cost of Electricity

SEP08	\$6,202,879
OCT08	\$5,047,499
NOV08	\$5,970,105
DEC08	\$7,679,012
JAN09	\$9,358,250
FEB09	\$9,709,991
MAR09	\$9,192,896
APR09	\$7,735,596
MAY09	\$6,597,264
JUN09	\$6,262,634
\$73,756,127	

Rate Adjustment: -5.71%
6/1/2009 (\$4,211,475)

Adjustment to the Cost of PIPP

A.1.f

First Energy

Toledo Edison

Cost of Electricity

SEP08	\$1,853,495
OCT08	\$1,551,505
NOV08	\$1,719,924
DEC08	\$2,340,906
JAN09	\$2,750,030
FEB09	\$3,025,561
MAR09	\$2,909,755
APR09	\$2,405,926
MAY09	\$2,071,635
JUN09	\$1,926,114
	\$22,554,851

Rate Adjustment: -6.31%
6/1/2009 (\$1,423,211)

Cost of PIPP Adjustment for Projected Enrollment Increase

	A	B	C	D	E	F
	Average Test Period Enrollment	Rate Adjusted Test Period Cost of PIPP	Average Test Period Cost of PIPP (B/A)	Projected Annual Enrollment	Projected Additional Cost of PIPP (D-A)*C	Total Adjusted Cost of PIPP (B+E)
CSP	37,499	\$24,714,680	\$659	39,721	\$2,152,335	\$26,867,015
OP	38,027	\$23,852,187	\$627	40,765	\$1,062,540	\$24,914,726
Duke	21,503	\$19,003,530	\$884	22,706	\$1,063,390	\$20,066,920
DPL	26,214	\$16,635,359	\$635	28,346	\$1,352,670	\$17,988,029
CEI	45,887	\$18,892,577	\$412	51,290	\$2,224,409	\$21,116,986
OhEd	67,645	\$29,684,930	\$439	73,757	\$2,682,229	\$32,367,158
ToIEd	21,051	\$10,482,458	\$498	22,956	\$948,602	\$11,431,059
	257,826	\$143,265,720		279,540	\$11,486,174	\$154,751,894

Projected Average Annual PIPP Enrollment

	CSP	OP	Duke	DPL	CEI	OhEd	ToIEd
2005	26,490	26,780	16,055	14,684	27,849	44,146	12,922
2006	27,463	28,636	17,878	16,844	34,122	50,390	14,983
2007	30,285	31,969	19,762	18,627	39,897	56,767	16,934
2008	34,013	35,051	19,522	22,414	42,305	61,970	18,791
2009	37,499	38,027	21,503	26,214	45,887	67,645	21,051
2010 ¹	39,721	40,765	22,706	28,346	51,290	73,757	22,956

1- The projected average annual enrollment was derived from the application of the Excel Trend function to the last five years' average annual enrollment for each EDU.

**Allocation of
Electric Partnership Program and Consumer
Education Costs**

	Cost of PIPP	Percent Cost of PIPP¹	Total EPP/CE	Allocated EPP/CE
CSP	\$26,867,015	0.1736	\$14,946,196	\$2,594,861
OP	\$24,914,726	0.1610	\$14,946,196	\$2,406,306
Duke	\$20,066,920	0.1297	\$14,946,196	\$1,938,097
DPL	\$17,988,029	0.1162	\$14,946,196	\$1,737,314
CEI	\$21,116,986	0.1365	\$14,946,196	\$2,039,514
OE	\$32,367,158	0.2092	\$14,946,196	\$3,126,074
TE	\$11,431,059	0.0739	\$14,946,196	\$1,104,031
	\$154,751,894			\$14,946,196

1- Company Cost of PIPP divided by Total Cost of PIPP of \$154,751,894

**Allocation of
Administrative Costs¹**

Company	Customers MAR/2009	ADM Costs per Customer ²	Administrative Costs ³
CSP	40,387	\$7.87	\$317,773
OP	41,624	\$7.87	\$327,506
DUKE	23,728	\$7.87	\$186,697
DPL	27,803	\$7.87	\$218,760
CEI	47,615	\$7.87	\$374,645
OE	70,475	\$7.87	\$554,512
TE	22,128	\$7.87	\$174,108
	273,760		\$2,154,000

1- Data source: USF Monthly Remittance Reports

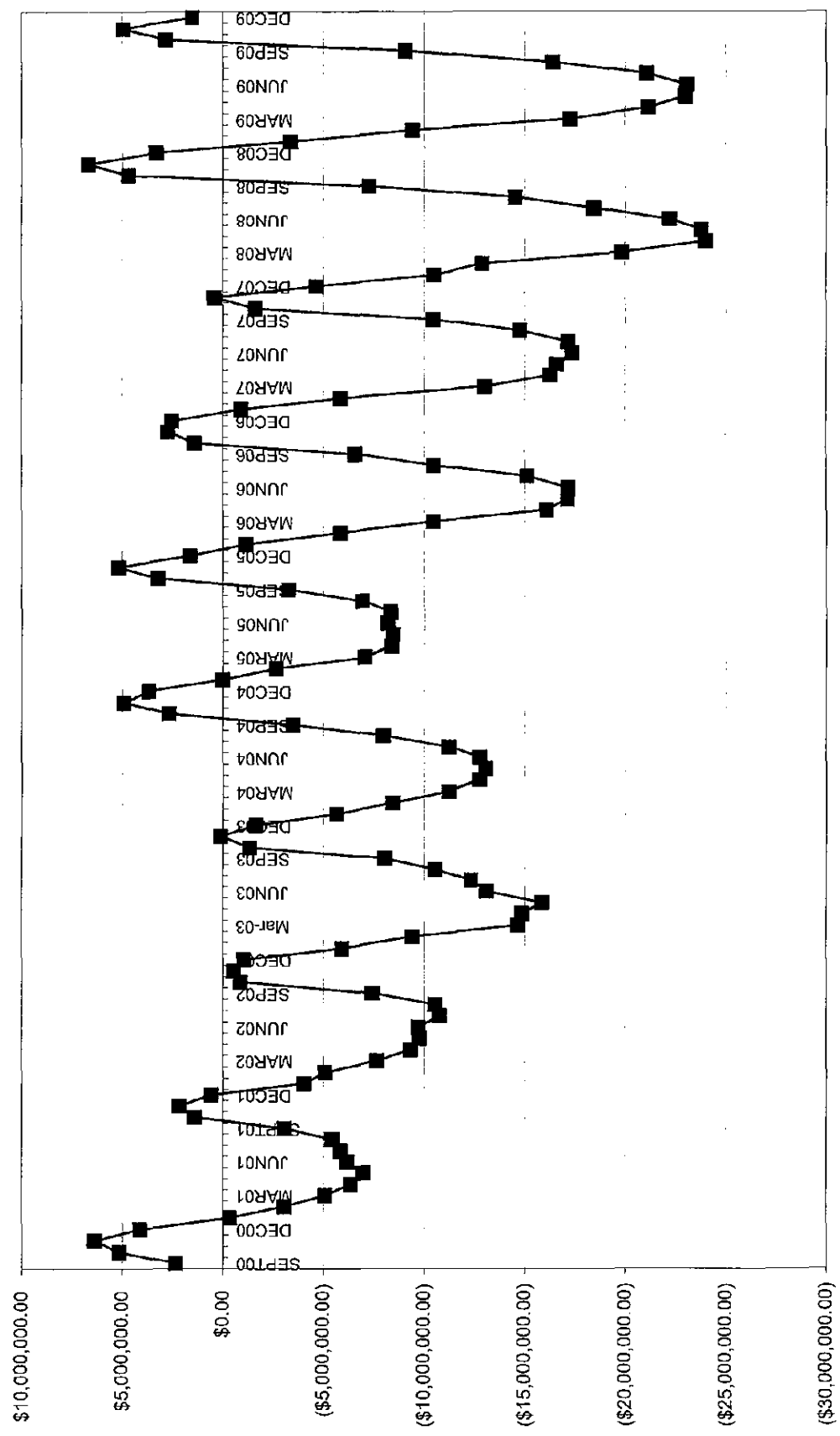
2- Cost per Customer equals total Adm Costs/total Customers.

3- Cost per company equals number of customers times cost per customer.

**Projected
USF Account Balances
December 31, 2009**

Company	Balance 12/31/09
CSP	(\$194,921)
OP	\$1,407,955
Duke	(\$2,062,462)
DPL	\$1,803,021
CEI	(\$2,391,760)
OE	\$2,986,470
TE	\$5,936
Total:	\$1,554,239

Projection of Consolidated USF Account Balance



Calculation of Annual Reserve Component

Company	Largest Monthly Cash Deficit ¹	
	Month	Deficit
CSP	JUL09	(\$3,344,010)
OP	MAY09	(\$1,818,389)
DUKE	AUG09	(\$2,447,954)
DPL	APR09	(\$4,355,261)
CEI	AUG09	(\$3,632,166)
OE	MAY09	(\$8,255,004)
TE	MAY09	(\$2,352,579)
Totals:		(\$26,205,362)

1- The Reserve was set at the largest deficit during the test year.

Projected Interest Requirements

Company	Interest Payments
CSP	\$0
OP	\$1,291
Duke	\$24,868
DPL	\$16,835
CEI	\$52,332
OE	\$125,458
TE	\$59,655
Total:	\$280,439

Allowance for Undercollection

Company	Estimated Undercollection
CSP	\$337,309
OP	\$284,195
Duke	\$271,485
DPL	\$609,948
CEI	\$394,578
OE	\$419,108
TE	\$393,363
Total:	\$2,709,986

USF Component Costs

	CEI	Duke	CSP	DPL
Cost of PIPP	\$21,116,986	\$20,066,920	\$26,867,015	\$17,988,029
EPP/CE	\$2,039,514	\$1,938,097	\$2,594,861	\$1,737,314
Administration	\$374,645	\$186,697	\$317,773	\$218,760
Audit	\$50,000	\$150,000	\$75,000	\$150,000
Account Balance 12/31	\$2,391,760	\$2,062,462	\$194,921	(\$1,803,021)
Reserve	\$3,632,166	\$2,447,954	\$3,344,010	\$4,355,261
Interest	\$52,332	\$24,868	\$0	\$16,835
Adjustment for Undercollection	\$394,578	\$271,485	\$337,309	\$609,948
	\$30,051,981	\$27,148,482	\$33,730,889	\$23,273,125

	OE	OP	TE
Cost of PIPP	\$32,367,158	\$24,914,726	\$11,431,059
EPP/CE	\$3,126,074	\$2,406,306	\$1,104,031
Administration	\$554,512	\$327,506	\$174,108
Audit	\$50,000	\$75,000	\$50,000
Account Balance 12/31	(\$2,986,470)	(\$1,407,955)	(\$5,936)
Reserve	\$8,255,004	\$1,818,389	\$2,352,579
Interest	\$125,458	\$1,291	\$59,655
Adjustment for Undercollection	\$419,108	\$284,195	\$393,363
	\$41,910,844	\$28,419,458	\$15,558,859


Calculation of USF Costs/Kwh

Company	KWH Sales ¹	Required Revenue	Indicated Costs/KWH
CSP	21,330,633,609	\$33,730,889	\$0.0015813
OP	25,781,374,723	\$28,419,458	\$0.0011023
Duke	20,036,905,307	\$27,148,482	\$0.0013549
DPL	14,102,593,182	\$23,273,125	\$0.0016503
CEI	17,935,279,937	\$30,051,981	\$0.0016756
OE	23,359,421,473	\$41,910,844	\$0.0017942
TE	9,539,068,537	\$15,558,859	\$0.0016311
Total:	132,085,276,768	\$200,093,639	

1- KWH Sales were sales reported for the last twelve months (Sep08-Aug09).

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been served upon the following parties by first class mail, postage prepaid, and electronic mail this 2nd day of November 2009.


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