



**Public Utilities
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December 8, 2009

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

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PUCO

RE: *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company to Update its Transmission and Ancillary Service Cost Rider, Case No. 09-968-EL-ATA*

Dear Docketing Division:

Enclosed please find Staff's Review and Recommendation in regard to the application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company to update its Transmission and Ancillary Service Cost Rider.

Sincerely,

Robert B. Fortney
Chief, Rates & Tariffs, Energy & Water Division
Public Utilities Commission of Ohio

Enclosure
Cc: Parties of Record

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**Ohio Edison Company
The Cleveland Electric Illuminating Company
The Toledo Edison Company**

Case No. 09-968-EL-ATA

SUMMARY

The Ohio Edison Company (OE), The Cleveland Electric Illuminating Company (CEI) and The Toledo Edison Company (TE) or (collectively, "FE"), filed an application on October 16, 2009 to adjust their Transmission and Ancillary Service Riders (TAS).

FE amended its application on October 19, 2009 and October 30, 2009 to correct errors in its proposed tariff sheets and filed schedules.

On December 3, 2009, FE filed an amended application to correct an additional error on Schedule D-3 and to revise its TCRR rates due to a change in the carrying cost calculation on Schedule D-3 to reflect using Staff's recommendation to use the latest-Commission-approved interest rate in the carrying cost calculation. In addition, rates and terms of the TAS were revised to distribute the over-recovery of revenues to the appropriate customers.

STAFF REVIEW AND RECOMMENDATIONS

The Commission's Order in Case No. 08-935-EL-SSO and the rules in regard to FE's generation procurement auction, require winning bidders to be responsible for all transmission and ancillary service costs beginning June 2009. As a result, the proposed TAS rates do not include any projected costs for the 2010 timeframe. The proposed rates only reflect the reconciliation of revenues collected and costs incurred for the October 2008 through September 2009 time period.

FE's proposed rates in this application reflect a net over-recovery for the period October 2008 through September 2009, plus carrying costs, resulting in credits to customers amounting to \$33.1 million for OE, \$27.6 million for CEI, and \$8.2 million for TE.

The Staff has completed its initial review and finds that FE has appropriately included in its TAS only those costs and credits that are incurred as a result of serving its retail customers in Ohio. Staff notes that it will continue its on-going in-depth review, and if needed, future adjustments may be recommended.

In regard to the rates established to credit the appropriate customers (TAS2), Staff recommends that FE provide the Staff with on-going monthly cost and revenue data, as soon as it is available, to track and ensure the TAS2 rates are terminated, if necessary, prior to December 31, 2010.

CONCLUSION

The Staff recommends that the Commission approve the amended application as filed December 3, 2009, subject to Staff's discussion above, to become effective on a service rendered basis beginning January 1, 2010.