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PUCO

April 18, 2010

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To The Ohio P.U.C.O.,

On March 23, 2010, FirstEnergy filed an application and stipulation/agreement with the Public Utilities Commission of Ohio (PUCO) to set its generation rates under a new Electric Security Plan (ESP) from June 2011 to May 2014. The ESP also proposed to set new delivery charges and settle other FirstEnergy cases currently pending at the PUCO.

In a closed, meeting (this was not in the public's interest and what were you hiding?) FirstEnergy, the PUCO staff, the City of Cleveland, Ohio Manufacturers' Association and others signed the agreement. The Office of the Ohio Consumers' Counsel (OCC) and other members of the Ohio Consumer and Environmental Advocates (OCEA) did not sign the agreement because of serious concerns to its effects on residential customers.

My concerns with the proposal include:

- **Delivery Capital Recovery Rider** —FirstEnergy wants to collect up to \$390 million over approximately two and a half years for capital investment in the electric delivery system. The OCC believes these types of investments should be reviewed in a distribution rate case where the PUCO and other parties can examine them carefully. In a rate case, the utilities' total costs are reviewed, and any decreased costs can offset the increase requested.
- **Payment for Transmission Expansion Costs** FirstEnergy has proposed moving its transmission assets from the Midwest Independent Transmission System Operator regional transmission organization (RIO) to the PJM Interconnection. An RIO manages utilities' transmission systems in a region to ensure the fair flow of electricity from power plants to customers. I believe this is a FirstEnergy *business decision* and because of the Higher generation and transmission costs in the PJM region, that will surely be passed on to consumers, it's the shareholders that should be responsible for the costs associated with the change not consumers. The Federal Energy Regulatory Commission should make that determination. "Forgiveness" of a portion of such charges, a touted benefit of the settlement, would therefore not provide customers any benefits.
- **Lost Revenues** FirstEnergy wants to recover additional lost revenues resulting from a decline in energy usage due to energy efficiency programs. These costs could run higher than \$100 million. This is outrageous! What good is to consumers to conserve? Like any other company they should be cutting costs by being more efficient, closing facilities and furloughing staff.
- **Economic Development** FirstEnergy wants to provide special rates to several organizations

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calling them economic development and job retention deals. This includes allowing Cleveland Electric Illuminating to charge residential customers for the first \$70 million spent on the electric system for the Cleveland Clinic Foundation and allowing domestic automakers to lower their electric rates if they increase **electricity usage above what was used in 2009. Residential customers would pay FirstEnergy a surcharge for these discounted rates to automakers and others. Again, this is outrageous!** These companies **should not be subsidized by the residential customers.**

For the good of residential customers and Ohio, I demand that you **disapprove these FirstEnergy proposals.**

Thank You,

Robert Carpenter
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