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GSA Great Lakes Region

July 26, 2001

Via Federal Express

Alan R. Schriber
Chairman
Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215-3793

01-1902-EL-055

Re: United States of America, acting by and through the General Services Administration v. Ohio Edison Company and FirstEnergy Corp. before the Public Utilities Commission of Ohio

Dear Mr. Schriber:

Enclosed is the Complaint General Services Administration would like to file in the above matter.

Please contact me regarding this matter.

Sincerely,

CARL E. SMITH
Assistant Regional Counsel
312-353-7849

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Technician T.M.N. Date Processed 7-27-01

Enclosure

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

UNITED STATES OF AMERICA, acting by and through
THE GENERAL SERVICES ADMINISTRATION

AGAINST

OHIO EDISON COMPANY, and
FIRSTENERGY CORP., as its designated agent

COMPLAINT

Now comes the United States of America ("Government"), acting by and through the General Services Administration ("GSA"), acting by and through its attorneys, who state and complain as follows:

1. On September 13, 1999, the Government acting through GSA, and FirstEnergy Corp, as the designated agent for Ohio Edison, Cleveland Electric Illuminating Company, Toledo Edison Company, and Pennsylvania Power Company (collectively the "Utility Companies"), entered into an Areawide Public Utility Contract for Electric, Electric Transmission and Energy Management Services for a term of ten years ("Areawide Public Utility Contract"). Article 7 Payments for Services, (7.4) states the following:

"Payments hereunder shall not normally be made in advance of services rendered in accordance with 48 C.F.R. Subpart 32.4 unless required by the Contractor's tariff."

A copy of the Contract is attached hereto as Attachment "A". GSA was authorized under 42 USC § 8256 (c)(2) to enter into such contracts with utility companies if, and only if, these contracts offered the Government energy savings and financial incentives such as amortization of equipment over the useful life of the equipment.

2. The Government pursuant to the Federal Property and Administrative Services Act of 1949, (ch. 288, 63 Stat. 377), as amended, and the Public Buildings Act of 1959, approved September 9, 1959 (73 Stat. 479), as amended, was authorized in 1999 by Congress to construct the Federal Office Building and U.S. Courthouse at 10 East Commerce Street, in Youngstown, Ohio (hereinafter referred to as "New Federal Building and Courthouse").

3. In order to complete construction of the New Federal Building and Courthouse, GSA has requested Ohio Edison Company ("Ohio Edison") to furnish and install electrical transmission equipment for the Government's project. During a June 19, 2001 meeting between Ohio Edison and GSA, representatives of Ohio Edison stated that due to new policy, GSA would be required to prepay all costs to install a transformer of sufficient size to operate the facility and to extend electrical lines to facility equipment and line connections. Ohio Edison representatives stated this so-called new policy was established so that the distribution company would not lose any revenue due to costs associated with such installations.

4. Ohio Edison's "new policy" is contrary to rates and tariffs established and approved by the Public Utility Commission of Ohio ("PUCO"), and violates the spirit of Ohio Revised Code 4928.11, which states in pertinent part the following:

"...The rules regarding interconnection shall seek to prevent barriers to new technology and shall not make compliance unduly burdensome or expensive. When questions arise about specific equipment to meet interconnection standards, the commission shall initiate proceedings open to the public to solicit comments from all interested parties."

Ohio Edison's insistence that electrical transmission equipment for the New Federal Building and Courthouse be paid for in full upon its installation is unduly burdensome, expensive, unjust and unreasonable because it will cause the Government to suffer additional costs, potential delays and violates the purpose and intent of the Areawide Public Utility Contract. Ohio Edison's new policy runs counter to past practice between GSA and FirstEnergy (including its operating subsidiaries) where it was usual and customary for the Utility Companies to install necessary equipment for the Government and amortize the costs of such equipment installation (including a reasonable rate of return) over a period of time (usually 10 years).

5. Ohio Edison's insistence that electrical transmission equipment for the New Federal Building and Courthouse be paid for in full upon its installation also violates Amended Substitute Senate Bill 3 ("SB3") as passed by the Ohio General Assembly and signed by the Governor on July 6, 1999. SB3 formalized into law the deregulation of electric utility operating companies within the State of Ohio, and authorized the remaining transmission and distribution components of a utility to remain fully regulated by PUCO.

6. SB3 established that each electric utility within the state develop an independent transition plan which would address the effects of "unbundling" of currently tariffed rate structures, into separate components (generation, transmission and distribution) and authorized PUCO to establish rules and regulations to that effect. SB3 also allowed the implementation of "transition charges" to be collected by the utility over a specified period of time to recover and distribute prior "unrecoverable" costs related to prior regulatory and/or administrative decisions by PUCO, and through generative cost delays associated with new plant build-out, deferred maintenance costs, etc. These transition costs are to be recovered and applied to the remaining regulated entities of the operating company (i.e. the transmission and distribution portions of the company) in a fair and equitable manner so that there would be no "lost" revenue which may have been associated with the "sharing" of the generation profits of a previously fully bundled electric utility.

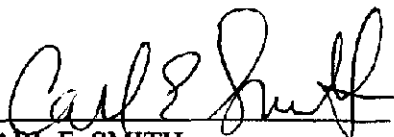
7. SB3 established a 5-year market development period beginning January 1, 2000 through December 31, 2005 to promote electric generation competition. During this market development period, rates (tariffs) are to be frozen at tariff levels established at the last approved level set by the PUCO for each utility. However, sometime during the summer of 2001, First Energy acting as agent for the Utility Companies, set new "internal" policy that required the prepayment of all costs associated with new construction, line extensions, transformers, during the construction of new facilities within its operating areas, including Ohio Edison's operating area. This new policy has the effect of increasing tariff levels that were to be frozen during the market development period pursuant to SB3. First Energy's new policy constitutes a flagrant change in the rules regarding interconnection, and violates existing tariff, SB 3 and Title 49. Any assertion by Ohio Edison that it will lose money by amortizing the cost of new equipment over a mutually agreed period of time is without merit, because that concern was addressed by SB3.

WHEREFORE, the Government requests that Public Utilities Commission of Ohio direct Ohio Edison Company to furnish and install electrical transformers(s), including line extensions and related equipment for the Government's project in Youngstown, Ohio with the cost of such equipment amortized over a ten year period at mutually agreeable rates of return included as a line item on each month's electric bill beginning with the first month's billing service date.

Respectfully submitted,

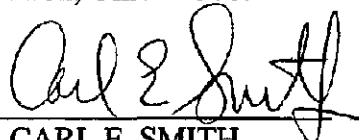
July 26, 2001

Date


CARL E. SMITH
Assistant Regional Counsel
General Services Administration
Attorney for Complainant

CERTIFICATE OF SERVICE

A copy of the foregoing Complaint was mailed, postage paid, this 26th day of July 2001, to: H. Peter Burg, Chairman of the Board and CEO of FirstEnergy Corp., 6896 Miller Road, Brecksville, Ohio 44141; Lynn Cavalier, East Regional President, Ohio Edison Company, City Center One, 100 Federal Plaza East, Youngstown, Ohio 44503; and to Rick C. Giannantonio, Senior Attorney, FirstEnergy Corp., 76 South Main Street, Akron, Ohio 44308.


CARL E. SMITH