

# **Large Filing Separator Sheet**

**Case Number : 10-176-EL-ATA**

**File Date : 12/13/2010**

**Section : 1 of 3**

**Number of Pages : 193**

**Description of Document : Exhibits  
(Kirtland Hearing)**



copy 1

PUCO ALL-ELECTRIC PUBLIC HEARING  
Re: Case # 10-176 -EL-ATA  
Lakeland Community College  
November 23, 2010

My name is Frank Cotturo, I have lived in my current residence in Leroy Township for 20 years. My wife and I were able to build and afford payments on our home while raising 5 children knowing that the all-electric home discounted rate promised by FirstEnergy would fit within our budget. Now that we are retired, we are finding our monthly electric bills becoming unaffordable, and I don't see how anyone who might want to purchase our home in today's market would want to make excessively high energy payments either.

When we sat down with our builder 20 years ago to discuss heating and cooling options, we were told, "If you build an all-electric home with a heat pump, you will receive a discounted electric rate that will make your energy costs in line with other options." No one said, "...but we can't promise you how long you will receive the discount..." If they had, we would have considered alternate forms of energy. Natural gas was not available where we built then, nor is it available today.

The current FirstEnergy electric rate structure places a doubly-unfair burden on all-electric home owners who were promised a discounted rate when their homes were built.

I think it's obvious that current FirstEnergy's rate structure isn't about fairness or energy conservation. It's about how much profit FirstEnergy can make by going back on the oral contract their representatives made to consumers and builders by promising special discount and subsidies if they built all-electric homes.

Energy conservation is a good thing, but FirstEnergy's current "inclining block" structure rate (paying a surcharge for higher energy use) has little to do with conservation and is unfair to higher residential energy users. Not only has FirstEnergy raised rates across the board, but the current rates are designed to take additional money from all-electric power users to whom they gave the original discounts. A flat rate structure would have aided conservation efforts just as well, and would have been fairer. The largest users of power would pay more since they simply used more. A reasonable rate increase--applied to everyone--to cover increasing costs would be in the range of 3% a year.

For example. I recently spent \$5,000 to improve my home's insulation to conserve energy. Last year, I reduced my electric energy consumption by a modest 2%. I compared my power usage the last two years in January, which was very close--about 2900 kwh. I expected the cost of electricity those months would be slightly higher.

My bill in January 2009 was \$247; in January 2010 it was \$421—a 45% increase—and that was with a \$63 residential distribution credit in 2010; otherwise, it would have been a 50% increase. That was when my Equal Payment Plan went from \$217/month to \$300/month.

As a retired person, I would love to have my income increase by \$80/month to help offset that and the increasing costs for food and medical care, but I don't see that happening. In fact, what is the point in conserving energy if FirstEnergy pleads to the PUCO that they need to increase rates in the future to offset their lower earnings from the consumers who are conserving energy?

FirstEnergy presents the argument that other customers will pay higher rates to continue the all-electric discount. But they began promoting their all-electric home and building discount program during the gas crisis in the 70's—and continued to do so for 40 years—long after the crisis. They knew they would profit by luring customers away from natural gas or other forms of heating, even where they were available.

An article published in the *Cleveland Plain Dealer* (3-24-10), states that FirstEnergy's newest plan has promised discounts to industrial customers as well as manufacturers, hospitals, schools, and others. Are they concerned that their residential customers will pay higher rates to subsidize those high users of power?—No! They are attempting to get those discounts with quarterly increases allowed in secret negotiations with the PUCO.<sup>1</sup>

As new home buyers look for alternative forms of energy, FirstEnergy has decided to break their promise to tens of thousands of customers who now have no economical alternative to heating and cooling their homes. We are being forced to pay what FirstEnergy demands while they make new empty promises to other groups.

I live in what I consider a modest home. I fear for the lowered value of my home when I am ready to sell it. I know that I couldn't have afforded a house in my younger days whose monthly energy bill approached what I was required to pay on my mortgage.

Clearly FirstEnergy delivered one-two punch to the members of the PUCO and the OCC. They didn't even see it coming—the inclining rate structure and the dropping of the all-electric discount. In an article published in the *Cleveland Plain Dealer* (1-19-10), both the Public Utilities Commission and the Ohio Consumers' Council spokespersons admitted they made a mistake when they allowed FirstEnergy to increase bills for owners of all-electric homes.<sup>2</sup> It time for the PUCO to correct that mistake—require FirstEnergy to come up with an electric rate that is fair to ALL its residential customers, and make the promised all-electric home rate and discounts permanent.



Frank Cotturo  
7450 Leroy Thompson Road  
Thompson, Ohio 44086

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<sup>1</sup> John Funk, "FirstEnergy crafts rate plan allowing quarterly increases," *Cleveland Plain Dealer*, 24 March 2010, C1

<sup>2</sup> John Funk, "Jump in all-electric homes' bills 'unintended,' says PUCO," *Cleveland Plain Dealer*, 19 January 2010, C1.



January 16, 2009

Account Number: 11 00 28 7087 1 4

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113

Bill for: FRANK T COTTURO  
7450 THOMPSON RD  
THOMPSON OH 44086

Billing Period: Dec 17 to Jan 15, 2009 for 30 days  
Next Reading Date: On or about Feb 13, 2009  
Bill Based On: Estimated Meter Reading  
Weather Related  
Equal Payment Plan

Residential All Electric

EPP Account Summary		Amount Due
Your previous bill was	217.00	
Total payments/adjustments	-217.00	
Balance at billing on January 16, 2009	0.00	0.00
Current Basic Charges		
The Illuminating Company - Payment Plan Amount		242.00
Total Due by Jan 30, 2009 - Please pay this amount		\$242.00

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

#### General Information



Bill issued by:  
The Illuminating Company  
PO Box 3638  
Akron OH 44309-3638



Customer Service 1-800-589-3101  
24-Hour Emergency/Outage Reporting 1-888-544-4877  
Payment Options 1-800-686-9901

visit us on-line at [www.firstenergycorp.com](http://www.firstenergycorp.com)

#### Price to Compare Message

Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

Residential All Electric - 1950018562

1.9 cents per kWh

**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com).

**Charges from The Illuminating Company this billing period**

When contacting an Alternate Electric Supplier, please provide the customer numbers below.

Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential All Electric - CE-RS70F

Customer Charge	4.53
Delivery Charge	91.65
Transition Charge	64.50
Generation Related Component	74.84
Transmission Related Component	11.54

**Total Charges**

**\$ 247.06**

**Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
12/30/08		-217.00
<b>Total Payments</b>		<b>-217.00</b>
<b>Total Payments and Adjustments</b>		<b>-217.00</b>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/14/08 07/16/08	33	07/31/08	267.52	0.00	217.00	0.00
07/17/08 08/14/08	29	08/29/08	244.18	0.00	217.00	0.00
08/15/08 09/17/08	34	10/02/08	259.91	0.00	217.00	0.00
09/18/08 10/15/08	28	10/30/08	148.25	0.00	217.00	0.00
10/16/08 11/17/08	33	12/02/08	184.75	0.00	217.00	0.00
11/18/08 12/16/08	29	12/31/08	275.36	0.00	217.00	0.00
12/17/08 01/15/09	30	01/30/09	247.06	0.00	242.00	0.00
<b>Totals</b>			<b>1,627.03</b>		<b>1,544.00</b>	

Difference Between Actual Charges and EPP Amount

83.03

Unpaid EPP Amount

242.00

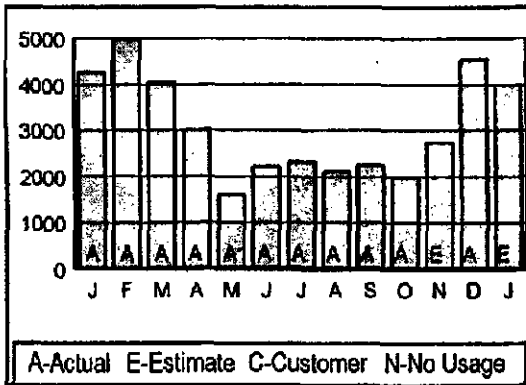
**EPP Account Balance**

**325.03**

Kilowatt Hours Used 4,000

**Usage Information**

**Usage Comparison**



**Historical Usage Information**

Jan 08	4,267	Jul 08	2,320
Feb 08	4,989	Aug 08	2,106
Mar 08	4,056	Sep 08	2,250
Apr 08	3,021	Oct 08	2,004
May 08	1,613	Nov 08	2,738
Jun 08	2,224	Dec 08	4,560
		Jan 09	4,000

	Jan 08	Jan 09
Average Daily Use (KWH)	133	133
Average Daily Temperature	35	27
Days in Billing Period	32	30
Last 12 Months Use (KWH)		35,881
Average Monthly Use (KWH)		2,990



January 15, 2010

Account Number: 11 00 28 7087 1 4

Page 1 of 4  
113

Bill for: FRANK T COTTURO  
7450 THOMPSON RD  
THOMPSON OH 44086



Billing Period: Dec 16 to Jan 14, 2010 for 30 days  
Next Reading Date: On or about Feb 11, 2010  
Bill Based On: Estimated Meter Reading  
Weather Related  
Equal Payment Plan

Residential Service

EPP Account Summary		Amount Due
Your previous bill was	262.00	
Total payments/adjustments	-262.00	
Balance at billing on January 15, 2010	0.00	0.00
Current Basic Charges		
The Illuminating Company - Payment Plan Amount		300.00
Total Due by Jan 29, 2010 - Please pay this amount		\$300.00

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

To pay your account in full you owe \$455.16.

General Information			
	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service 1-800-589-3101
			24-Hour Emergency/Outage Reporting 1-888-544-4877
			Payment Options 1-800-686-9901
			visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>

Price to Compare Message	
Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .	
Residential Service - 1950018562	4.89 cents per kWh

1-20-10  
1-20-10



FRANK T COTTURO

Account Number: 11 00 28 7087 1 4

Page 3 of 4

Invoice Number: 90202059575

113

**Charges from The Illuminating Company this billing period**

When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	221.47
Transition Charge	41.23
Cost Recovery Charges	11.97
Bypassable Generation and Transmission Related Component	205.66
Residential Distribution Credit	-63.04

**Total Charges****\$ 421.29****Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
12/30/09		-262.00
<b>Total Payments</b>		<b>-262.00</b>
<b>Total Payments and Adjustments</b>		<b>-\$262.00</b>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/16/09 07/15/09	30	07/30/09	174.10	0.00	241.00	0.00
07/16/09 08/13/09	29	08/28/09	266.36	0.00	241.00	0.00
08/14/09 09/15/09	33	09/30/09	265.83	0.00	241.00	0.00
09/16/09 10/13/09	28	10/28/09	203.15	0.00	262.00	0.00
10/14/09 11/11/09	29	11/30/09	262.99	0.00	262.00	0.00
11/12/09 12/15/09	34	12/30/09	370.44	0.00	262.00	0.00
12/16/09 01/14/10	30	01/29/10	421.29	0.00	300.00	0.00
<b>Totals</b>			<b>1,964.16</b>		<b>1,809.00</b>	

Difference Between Actual Charges and EPP Amount	155.16
Unpaid EPP Amount	300.00
<b>EPP Account Balance</b>	<b>455.16</b>

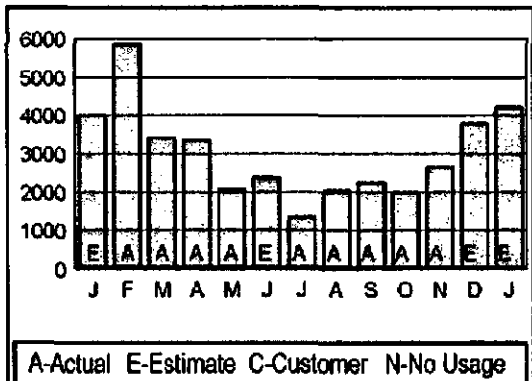
Your actual account balance with The Illuminating Company is 455.16

JAN 2010

Account Number: 11 00 28 7087 1 4 Page 4 of 4  
 Invoice Number: 90202059575

### Usage Information

#### Usage Comparison



#### Historical Usage Information

Jan 09	4,000	Jul 09	1,336
Feb 09	5,843	Aug 09	2,029
Mar 09	3,409	Sep 09	2,252
Apr 09	3,352	Oct 09	1,991
May 09	2,061	Nov 09	2,650
Jun 09	2,360	Dec 09	3,796
		Jan 10	4,208

Average Daily Use (KWH) Jan 09 133  
 Average Daily Temperature 25  
 Days in Billing Period 30  
 Last 12 Months Use (KWH)  
 Average Monthly Use (KWH)

Jan 10  
 140  
 26  
 30  
 35,287  
 2,941

# FirstEnergy crafts rate plan allowing quarterly increases

JOHN FUNK  
Plain Dealer Reporter

FirstEnergy Corp. has filed a comprehensive new rate plan with state regulators that would give the utility the right to tack on \$390 million in new customer fees with minimal oversight.

The increases are included in an application and 42-page agreement the Akron company submitted to the Public Utilities Commission of Ohio Tuesday. The provision calls for quarterly increases to pay for up-

grades to wires, transformers, substations and similar equipment. The company could immediately pass on to customers any increases in property taxes and income taxes.

Traditionally, FirstEnergy and other utilities have spent money on such upgrades or paid the tax increases and then applied for rate increases later.

The new plan would begin June 1, 2011, and run through May 31, 2014. It's not clear how the proposal would affect individual monthly bills.

Only 14 months ago, FirstEnergy received a \$137 million increase in delivery rates, its first in more than a decade.

The utility negotiated the deal behind closed doors with the PUCO staff and more than a dozen lawyers representing industrial customers as well as trade associations representing manufacturers, hospitals, school boards, colleges and others. The commission staff last November urged the discussions.

Ohio Consumers' Counsel Janine Migden-Ostrander and a number of

consumer groups refused to sign the agreement, objecting not only to the increases but also to the closed-door bargaining and especially to the procedures the agreement would put into place to increase future rates.

The company wants the PUCO to approve the plan by May 5 — a time frame Migden-Ostrander said is completely unreasonable.

She said the plan puts customers at risk for paying "hundreds of millions of dollars" in extra rates over the next several decades.

SEE ELECTRIC | C2

## ELECTRIC

FROM C1

### Consumer groups oppose rate plan

The extra rates would be because FirstEnergy is moving the control of its power lines from a Midwestern grid manager to one in the East, exposing customers to paying for long-term projects in both regions.

The company immediately denied that there would be any risk to customers, saying it would absorb the extra fees, if there are any.

In a prepared statement, FirstEnergy Chief Executive Anthony Alexander said the agreement would provide "rate stability for customers support jobs and economic development in our communities and encourage continued investment in our utility infrastructure."

If approved, the new plan would continue to use wholesale auctions to set power prices, calling for a series of auctions for a portion of its power needs — including one in July, a second in October, and others in July 2011 and July 2012 — so as to not to fully expose customers to market rates at any one time.

Migden-Ostrander and other consumer groups object to giv-

"If they filed a rate case, we could examine and see if the increases are reasonable," she said. "They want to file for the increases, have audits that review the accuracy of their numbers, but not whether the expenses were necessary."

She intends to ask for public hearings. "We think people have the right to comment on this," she said.

David Hughes, executive director of Citizen Power, a regional energy advocacy organization with offices in Ohio and Pennsylvania, where FirstEnergy also has companies, also refused to go along with the agreement.

"This process did not permit a thorough vetting of the issues. This commission does what FirstEnergy wants and then says the Ohio consumers' counsel is the problem."

To reach this Plain Dealer reporter:  
jfunk@pland.com, 216-999-4138

Plain Dealer  
3-24-10

Electric

# Jump in all-electric homes' bills 'unintended,' says PUCO

PD  
1-19-10

JOHN FUNK  
Plain Dealer Reporter

Ohio utility regulators have admitted they made a mistake when they allowed FirstEnergy Corp. to increase bills for owners of all-electric homes.

In testimony to an Ohio House committee this week, an administrator for the Public Utilities Commission of Ohio said skyrocketing bills that hit more than 100,000 consum-

ers this winter were an "unintended consequence" of a new FirstEnergy rate plan.

That plan called for eliminating most of the deep discounts FirstEnergy had offered to all-electric homes in marketing campaigns for more than 30 years.

When questioned by lawmakers, Steven Lesser, chief of staff for the PUCO, said he and other analysts "did not see it coming," referring to the sharp increases in monthly bills.

Lesser explained that the agency's analysis of the effect on consumers focused on the "typical" FirstEnergy residential customer, one who uses about 750 kilowatt-hours per month. The owner of an all-electric home may use up to 4,000 kilowatt-hours.

Ohio Consumers' Counsel Janine Migden-Ostrander did not oppose the PUCO decision to eliminate most of the discounts for all-electric homes. She is out of the state and

did not attend the hearing Wednesday, called by Elyria Democrat Matt Lundy, chairman of the Ohio House Consumer Affairs and Economic Protection Committee.

In written testimony to the committee, Migden-Ostrander said she argued for the gradual elimination of discounts, not exactly what FirstEnergy did, though the company did include some credits this year that it thought would soften the effect.

SEE POWER | C2

## POWER

FROM C1

### High bills 'unintended'

Migden-Ostrander's position has been that other residential rate payers were subsidizing the all-electric rates in the form of slightly higher rates. And she has argued that consumers paying both an electric bill and gas bill actually face a combined energy bill that is higher.

In her written testimony, Migden-Ostrander included a fresh analysis of gas and electric bills of homeowners who heat with gas and those who heat with electricity.

She used rates charged by Dominion, Columbia and FirstEnergy's companies.

The analysis assumes the typical home heated by gas used 10,000 cubic feet of gas (10 Mcf or 100 Ccf) and 750 kilowatt-hours for lighting and appli-

ances. She assumes the average all-electric home used 1,800 kilowatt-hours of power and no gas.

The conclusion: The all-electric customer of the Illuminating Co. paid \$192 a month while the home heated by gas paid a total between \$169 and \$208, depending on whether Dominion or Columbia served them.

That conclusion clashes with the all-electric homeowners who have called The Plain Dealer and shown up at the hearing. They say they are paying between \$300 and \$900. They report that their bills have risen by 60 percent to 100 percent.

Lesser was appearing at hearings in Lake and Ashtabula counties Thursday answering direct questions from the public at hearings convened by state Rep. Lorraine M. Fende, a Willowick Democrat, and state Rep. Deborah Newcomb, a Democrat from Conneaut.

Republican state Sens. Tom Patton of Strongsville and Timo-

thy Grendell of Chesterland will have a public meeting at 7 p.m. Monday in Strongsville, at the city's community center, 18100 Royalton Road, to hear from consumers with all-electric homes.

The two are considering legislation that would have lawmakers intervene and order the PUCO to reinstate the old rates. They cite a U.S. Supreme Court case that would allow such a move. Grendell has filed a lawsuit on behalf of the all-electrics seeking reinstatement of the old rates.

Gov. Ted Strickland ordered the PUCO to revisit the rate issue and work out some sort of relief for FirstEnergy customers.

The company after hours last Friday filed a proposal with the PUCO restoring about 80 percent of the old low rate for now, but then removing it slowly over the next eight years. By the winter of 2017-18, the all-electric customers would pay roughly what other consumers pay per kilowatt-hour.

copy

PUCO ALL-ELECTRIC PUBLIC HEARING

Re: Case # 10-176 -EL-ATA

Lakeland Community College

November 23, 2010

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January 16, 2009

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#### Price to Compare Message

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Residential All Electric - 1950018562

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**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com).

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Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential All Electric - CE-RS70F

Customer Charge	4.53
Delivery Charge	91.65
Transition Charge	64.50
Generation Related Component	74.84
Transmission Related Component	11.54
<b>Total Charges</b>	<b>\$ 247.06</b>

**Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
12/30/08		-217.00
<b>Total Payments</b>		<b>-217.00</b>
<b>Total Payments and Adjustments</b>		<b>-\$217.00</b>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/14/08 07/16/08	33	07/31/08	267.52	0.00	217.00	0.00
07/17/08 08/14/08	29	08/29/08	244.18	0.00	217.00	0.00
08/15/08 09/17/08	34	10/02/08	259.91	0.00	217.00	0.00
09/18/08 10/15/08	28	10/30/08	148.25	0.00	217.00	0.00
10/16/08 11/17/08	33	12/02/08	184.75	0.00	217.00	0.00
11/18/08 12/16/08	29	12/31/08	275.36	0.00	217.00	0.00
12/17/08 01/15/09	30	01/30/09	247.06	0.00	242.00	0.00
<b>Totals</b>			<b>1,627.03</b>		<b>1,544.00</b>	

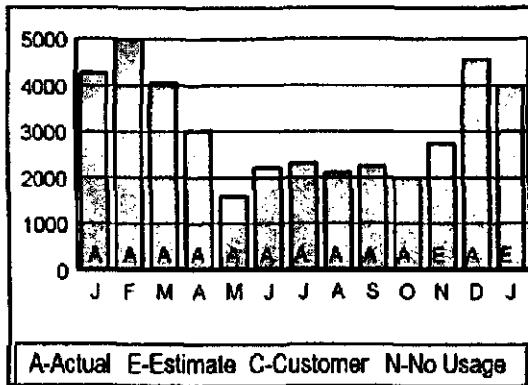
Difference Between Actual Charges and EPP Amount	83.03
Unpaid EPP Amount	242.00
<b>EPP Account Balance</b>	<b>325.03</b>



Kilowatt Hours Used 4,000

### Usage Information

#### Usage Comparison



#### Historical Usage Information

Jan 08	4,267	Jul 08	2,320
Feb 08	4,989	Aug 08	2,106
Mar 08	4,056	Sep 08	2,250
Apr 08	3,021	Oct 08	2,004
May 08	1,613	Nov 08	2,738
Jun 08	2,224	Dec 08	4,560
		Jan 09	4,000

Average Daily Use (KWH)  
 Average Daily Temperature  
 Days in Billing Period  
 Last 12 Months Use (KWH)  
 Average Monthly Use (KWH)

Jan 08  
 133  
 35  
 32

Jan 09  
 133  
 27  
 30

35,881  
 2,990



January 15, 2010

Account Number: 11 00 28 7087 1 4

Page 1 of 4  
113

Bill for: FRANK T COTTURO  
7450 THOMPSON RD  
THOMPSON OH 44086



Billing Period: Dec 16 to Jan 14, 2010 for 30 days  
Next Reading Date: On or about Feb 11, 2010  
Bill Based On: Estimated Meter Reading  
Weather Related  
Equal Payment Plan

Residential Service

EPP Account Summary		Amount Due
Your previous bill was	262.00	
Total payments/adjustments	-262.00	
Balance at billing on January 15, 2010	0.00	0.00
Current Basic Charges		
The Illuminating Company - Payment Plan Amount		300.00
Total Due by Jan 29, 2010 - Please pay this amount		\$300.00

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

To pay your account in full you owe \$455.16.

General Information			
	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service 1-800-589-3101
			24-Hour Emergency/Outage Reporting 1-888-544-4877
			Payment Options 1-800-686-9901
			visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>

Price to Compare Message	
Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .	
Residential Service - 1950018562	4.89 cents per kWh

1-20 10  
1-20 10

FRANK T COTTURO

Account Number: 11 00 28 7087 1 4

Page 3 of 4

Invoice Number: 90202059575

113

**Charges from The Illuminating Company this billing period**

When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below.

Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	221.47
Transition Charge	41.23
Cost Recovery Charges	11.97
Bypassable Generation and Transmission Related Component	205.66
Residential Distribution Credit	-63.04

**Total Charges**

\$ 421.29

**Detail Payment and Adjustment Information**

Date	Reference	Amount
<b>Payments:</b>		
12/30/09		-262.00
<b>Total Payments</b>		<u>-262.00</u>
<b>Total Payments and Adjustments</b>		<u><b>-\$262.00</b></u>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/16/09 07/15/09	30	07/30/09	174.10	0.00	241.00	0.00
07/16/09 08/13/09	29	08/28/09	266.36	0.00	241.00	0.00
08/14/09 09/15/09	33	09/30/09	265.83	0.00	241.00	0.00
09/16/09 10/13/09	28	10/28/09	203.15	0.00	262.00	0.00
10/14/09 11/11/09	29	11/30/09	262.99	0.00	262.00	0.00
11/12/09 12/15/09	34	12/30/09	370.44	0.00	262.00	0.00
12/16/09 01/14/10	30	01/29/10	421.29	0.00	300.00	0.00
<b>Totals</b>			<b>1,964.16</b>		<b>1,809.00</b>	

Difference Between Actual Charges and EPP Amount	155.16
Unpaid EPP Amount	300.00
<b>EPP Account Balance</b>	<u><b>455.16</b></u>

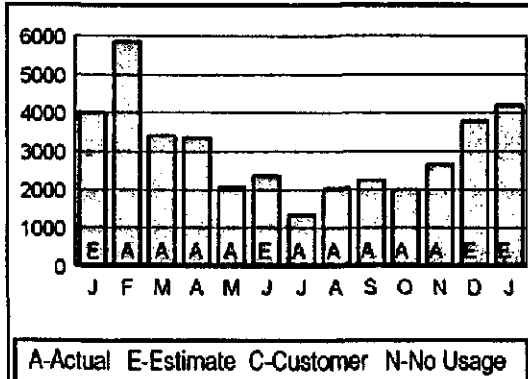
Your actual account balance with The Illuminating Company is 455.16

JAN 2010

Account Number: 11 00 28 7087 1 4 Page 4 of 4  
 Invoice Number: 90202059575

### Usage Information

#### Usage Comparison



#### Historical Usage Information

Jan 09	4,000	Jul 09	1,336
Feb 09	5,843	Aug 09	2,029
Mar 09	3,409	Sep 09	2,252
Apr 09	3,352	Oct 09	1,991
May 09	2,061	Nov 09	2,650
Jun 09	2,360	Dec 09	3,796
		Jan 10	4,208

Average Daily Use (KWH) Jan 09 133  
 Average Daily Temperature 25  
 Days in Billing Period 30  
 Last 12 Months Use (KWH)  
 Average Monthly Use (KWH)

Jan 10  
 140  
 26  
 30  
 35,287  
 2,941

# FirstEnergy crafts rate plan allowing quarterly increases

JOHN FUNK  
Plain Dealer Reporter

FirstEnergy Corp. has filed a comprehensive new rate plan with state regulators that would give the utility the right to tack on \$390 million in new customer fees with minimal oversight.

The increases are included in an application and 42-page agreement the Akron company submitted to the Public Utilities Commission of Ohio Tuesday. The provision calls for quarterly increases to pay for up-

grades to wires, transformers, substations and similar equipment. The company could immediately pass on to customers any increases in property taxes and income taxes.

Traditionally, FirstEnergy and other utilities have spent money on such upgrades or paid the tax increases and then applied for rate increases later.

The new plan would begin June 1, 2011, and run through May 31, 2014. It's not clear how the proposal would affect individual monthly bills.

Only 14 months ago, FirstEnergy received a \$137 million increase in delivery rates, its first in more than a decade.

The utility negotiated the deal behind closed doors with the PUCO staff and more than a dozen lawyers representing industrial customers as well as trade associations representing manufacturers, hospitals, school boards, colleges and others. The commission staff last November urged the discussions.

Ohio Consumers' Counsel Janine Migden-Ostrander and a number of

consumer groups refused to sign the agreement, objecting not only to the increases but also to the closed-door bargaining and especially to the procedures the agreement would put into place to increase future rates.

The company wants the PUCO to approve the plan by May 5 — a time frame Migden-Ostrander said is completely unreasonable.

She said the plan puts customers at risk for paying "hundreds of millions of dollars" in extra rates over the next several decades.

SEE ELECTRIC | C2

## ELECTRIC

FROM C1

### Consumer groups oppose rate plan

The extra rates would be because FirstEnergy is moving the control of its power lines from a Midwestern grid manager to one in the East, exposing customers to paying for long-term projects in both regions.

The company immediately denied that there would be any risk to customers, saying it would absorb the extra fees, if there are any.

In a prepared statement, FirstEnergy Chief Executive Anthony Alexander said the agreement would provide "rate stability for customers support jobs and economic development in our communities and encourage continued investment in our utility infrastructure."

If approved, the new plan would continue to use wholesale auctions to set power prices, calling for a series of auctions for a portion of its power needs — including one in July, a second in October, and others in July 2011 and July 2012 — so as to not to fully expose customers to market rates at any one time.

Migden-Ostrander and other consumer groups object to giv-

"If they filed a rate case, we could examine and see if the increases are reasonable," she said. "They want to file for the increases, have audits that review the accuracy of their numbers, but not whether the expenses were necessary."

She intends to ask for public hearings. "We think people have the right to comment on this," she said.

David Hughes, executive director of Citizen Power, a regional energy advocacy organization with offices in Ohio and Pennsylvania, where FirstEnergy also has companies, also refused to go along with the agreement.

"This process did not permit a thorough vetting of the issues. This commission does what FirstEnergy wants and then says the Ohio consumers' counsel is the problem."

To reach this Plain Dealer reporter:  
jfunk@plained.com, 216-999-4138

Plain Dealer  
3-24-10

Electric

# Jump in all-electric homes' bills 'unintended,' says PUCO PD 1-14-10

JOHN FUNK  
Plain Dealer Reporter

Ohio utility regulators have admitted they made a mistake when they allowed FirstEnergy Corp. to increase bills for owners of all-electric homes.

In testimony to an Ohio House committee this week, an administrator for the Public Utilities Commission of Ohio said skyrocketing bills that hit more than 100,000 consum-

ers this winter were an "unintended consequence" of a new FirstEnergy rate plan.

That plan called for eliminating most of the deep discounts FirstEnergy had offered to all-electric homes in marketing campaigns for more than 30 years.

When questioned by lawmakers, Steven Lesser, chief of staff for the PUCO, said he and other analysts "did not see it coming," referring to the sharp increases in monthly bills.

Lesser explained that the agency's analysis of the effect on consumers focused on the "typical" FirstEnergy residential customer, one who uses about 750 kilowatt-hours per month. The owner of an all-electric home may use up to 4,000 kilowatt-hours.

Ohio Consumers' Counsel Janine Migden-Ostrander did not oppose the PUCO decision to eliminate most of the discounts for all-electric homes. She is out of the state and

did not attend the hearing Wednesday, called by Elyria Democrat Matt Lundy, chairman of the Ohio House Consumer Affairs and Economic Protection Committee.

In written testimony to the committee, Migden-Ostrander said she argued for the gradual elimination of discounts, not exactly what FirstEnergy did, though the company did include some credits this year that it thought would soften the effect.

SEE POWER | C2

## POWER

FROM C1

### High bills 'unintended'

Migden-Ostrander's position has been that other residential rate payers were subsidizing the all-electric rates in the form of slightly higher rates. And she has argued that consumers paying both an electric bill and gas bill actually face a combined energy bill that is higher.

In her written testimony, Migden-Ostrander included a fresh analysis of gas and electric bills of homeowners who heat with gas and those who heat with electricity.

She used rates charged by Dominion, Columbia and FirstEnergy's companies.

The analysis assumes the typical home heated by gas used 10,000 cubic feet of gas (10 Mcf or 100 Ccf) and 750 kilowatt-hours for lighting and appli-

ances. She assumes the average all-electric home used 1,800 kilowatt-hours of power and no gas.

The conclusion: The all-electric customer of the Illuminating Co. paid \$192 a month while the home heated by gas paid a total between \$169 and \$208, depending on whether Dominion or Columbia served them.

That conclusion clashes with the all-electric homeowners who have called The Plain Dealer and shown up at the hearing. They say they are paying between \$300 and \$900. They report that their bills have risen by 60 percent to 100 percent.

Lesser was appearing at hearings in Lake and Ashtabula counties Thursday answering direct questions from the public at hearings convened by state Rep. Lorraine M. Fende, a Willowick Democrat, and state Rep. Deborah Newcomb, a Democrat from Conneaut.

Republican state Sens. Tom Patton of Strongsville and Tim-

othy Grendell of Chesterland will have a public meeting at 7 p.m. Monday in Strongsville, at the city's community center, 18100 Royalton Road, to hear from consumers with all-electric homes.

The two are considering legislation that would have lawmakers intervene and order the PUCO to reinstate the old rates. They cite a U.S. Supreme Court case that would allow such a move. Grendell has filed a lawsuit on behalf of the all-electrics seeking reinstatement of the old rates.

Gov. Ted Strickland ordered the PUCO to revisit the rate issue and work out some sort of relief for FirstEnergy customers.

The company after hours last Friday filed a proposal with the PUCO restoring about 80 percent of the old low rate for now, but then removing it slowly over the next eight years. By the winter of 2017-18, the all-electric customers would pay roughly what other consumers pay per kilowatt-hour.

PUCO ALL-ELECTRIC PUBLIC HEARING  
Re: Case # 10-176 - EL-ATA  
Lakeland Community College  
November 23, 2010

My name is Frank Cotturo, I have lived in my current residence in Leroy Township for 20 years. My wife and I were able to build and afford payments on our home while raising 5 children knowing that the all-electric home discounted rate promised by FirstEnergy would fit within our budget. Now that we are retired, we are finding our monthly electric bills becoming unaffordable, and I don't see how anyone who might want to purchase our home in today's market would want to make excessively high energy payments either.

When we sat down with our builder 20 years ago to discuss heating and cooling options, we were told, "If you build an all-electric home with a heat pump, you will receive a discounted electric rate that will make your energy costs in line with other options." No one said, "...but we can't promise you how long you will receive the discount..." If they had, we would have considered alternate forms of energy. Natural gas was not available where we built then, nor is it available today.

The current FirstEnergy electric rate structure places a doubly-unfair burden on all-electric home owners who were promised a discounted rate when their homes were built.

I think it's obvious that current FirstEnergy's rate structure isn't about fairness or energy conservation. It's about how much profit FirstEnergy can make by going back on the oral contract their representatives made to consumers and builders by promising special discount and subsidies if they built all-electric homes.

Energy conservation is a good thing, but FirstEnergy's current "inclining block" structure rate (paying a surcharge for higher energy use) has little to do with conservation and is unfair to higher residential energy users. Not only has FirstEnergy raised rates across the board, but the current rates are designed to take additional money from all-electric power users to whom they gave the original discounts. A flat rate structure would have aided conservation efforts just as well, and would have been fairer. The largest users of power would pay more since they simply used more. A reasonable rate increase--applied to everyone--to cover increasing costs would be in the range of 3% a year.

For example. I recently spent \$5,000 to improve my home's insulation to conserve energy. Last year, I reduced my electric energy consumption by a modest 2%. I compared my power usage the last two years in January, which was very close--about 2900 kwh. I expected the cost of electricity those months would be slightly higher.

My bill in January 2009 was \$247; in January 2010 it was \$421--a 45% increase--and that was with a \$63 residential distribution credit in 2010; otherwise, it would have been a 50% increase. That was when my Equal Payment Plan went from \$217/month to \$300/month.

As a retired person, I would love to have my income increase by \$80/month to help offset that and the increasing costs for food and medical care, but I don't see that happening. In fact, what is the point in conserving energy if FirstEnergy pleads to the PUCO that they need to increase rates in the future to offset their lower earnings from the consumers who are conserving energy?

FirstEnergy presents the argument that other customers will pay higher rates to continue the all-electric discount. But they began promoting their all-electric home and building discount program during the gas crisis in the 70's—and continued to do so for 40 years—long after the crisis. They knew they would profit by luring customers away from natural gas or other forms of heating, even where they were available.

An article published in the *Cleveland Plain Dealer* (3-24-10), states that FirstEnergy's newest plan has promised discounts to industrial customers as well as manufacturers, hospitals, schools, and others. Are they concerned that their residential customers will pay higher rates to subsidize those high users of power?—No! They are attempting to get those discounts with quarterly increases allowed in secret negotiations with the PUCO.<sup>1</sup>

As new home buyers look for alternative forms of energy, FirstEnergy has decided to break their promise to tens of thousands of customers who now have no economical alternative to heating and cooling their homes. We are being forced to pay what FirstEnergy demands while they make new empty promises to other groups.

I live in what I consider a modest home. I fear for the lowered value of my home when I am ready to sell it. I know that I couldn't have afforded a house in my younger days whose monthly energy bill approached what I was required to pay on my mortgage.

Clearly FirstEnergy delivered one-two punch to the members of the PUCO and the OCC. They didn't even see it coming—the inclining rate structure and the dropping of the all-electric discount. In an article published in the *Cleveland Plain Dealer* (1-19-10), both the Public Utilities Commission and the Ohio Consumers' Council spokespersons admitted they made a mistake when they allowed FirstEnergy to increase bills for owners of all-electric homes.<sup>2</sup> It time for the PUCO to correct that mistake—require FirstEnergy to come up with an electric rate that is fair to ALL its residential customers, and make the promised all-electric home rate and discounts permanent.



Frank Cotturo  
7450 Leroy Thompson Road  
Thompson, Ohio 44086

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<sup>1</sup> John Funk, "FirstEnergy crafts rate plan allowing quarterly increases," *Cleveland Plain Dealer*, 24 March 2010, C1

<sup>2</sup> John Funk, "Jump in all-electric homes' bills 'unintended,' says PUCO," *Cleveland Plain Dealer*, 19 January 2010, C1.





January 16, 2009

Account Number: 11 00 28 7087 1 4

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Bill for: FRANK T COTTURO  
7450 THOMPSON RD  
THOMPSON OH 44086



Billing Period: Dec 17 to Jan 15, 2009 for 30 days  
Next Reading Date: On or about Feb 13, 2009  
Bill Based On: Estimated Meter Reading  
Weather Related  
Equal Payment Plan

Residential All Electric

EPP Account Summary		Amount Due
Your previous bill was	217.00	
Total payments/adjustments	217.00	
Balance at billing on January 16, 2009	0.00	0.00
Current Basic Charges		
The Illuminating Company - Payment Plan Amount		242.00
Total Due by Jan 30, 2009 - Please pay this amount		\$242.00

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

#### General Information

General Information				
	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service	1-800-589-3101
			24-Hour Emergency/Outage Reporting	1-888-544-4877
			Payment Options	1-800-686-9901
	visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>			

#### Price to Compare Message

Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

Residential All Electric - 1950018562

1.9 cents per kWh

**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com).

**Charges from The Illuminating Company this billing period**

When contacting an Alternate Electric Supplier, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential All Electric - CE-RS70F

Customer Charge	4.53
Delivery Charge	91.65
Transition Charge	64.50
Generation Related Component	74.84
Transmission Related Component	11.54
<b>Total Charges</b>	<b>\$ 247.06</b>

**Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
12/30/08		-217.00
<b>Total Payments</b>		<b>-217.00</b>
<b>Total Payments and Adjustments</b>		<b>-\$217.00</b>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/14/08 07/16/08	33	07/31/08	267.52	0.00	217.00	0.00
07/17/08 08/14/08	29	08/29/08	244.18	0.00	217.00	0.00
08/15/08 09/17/08	34	10/02/08	259.91	0.00	217.00	0.00
09/18/08 10/15/08	28	10/30/08	148.25	0.00	217.00	0.00
10/16/08 11/17/08	33	12/02/08	184.75	0.00	217.00	0.00
11/18/08 12/16/08	29	12/31/08	275.36	0.00	217.00	0.00
12/17/08 01/15/09	30	01/30/09	247.06	0.00	242.00	0.00
<b>Totals</b>			<b>1,627.03</b>		<b>1,544.00</b>	

Difference Between Actual Charges and EPP Amount	83.03
Unpaid EPP Amount	242.00
<b>EPP Account Balance</b>	<b>325.03</b>

Account Number: 11 00 28 7087 1 1  
 Invoice Number: 90631696802

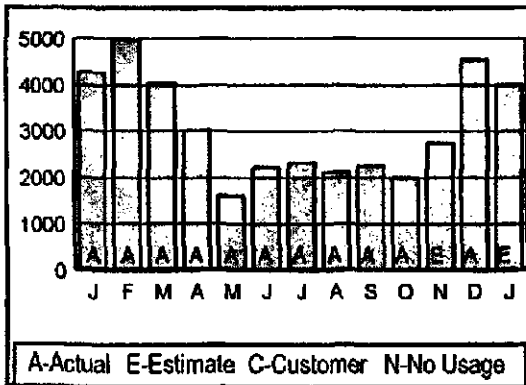
Page 4 of 4

Kilowatt Hours Used

4,000

### Usage Information

#### Usage Comparison



#### Historical Usage Information

Jan 08	4,267	Jul 08	2,320
Feb 08	4,989	Aug 08	2,106
Mar 08	4,056	Sep 08	2,250
Apr 08	3,021	Oct 08	2,004
May 08	1,613	Nov 08	2,738
Jun 08	2,224	Dec 08	4,560
		Jan 09	4,000

Average Daily Use (KWH)  
 Average Daily Temperature  
 Days in Billing Period  
 Last 12 Months Use (KWH)  
 Average Monthly Use (KWH)

Jan 08  
 133  
 35  
 32

Jan 09  
 133  
 27  
 30

35,881  
 2,990



January 15, 2010

Account Number: 11 00 28 7087 1 4

Page 1 of 4  
113

Bill for: FRANK T COTTURO  
7450 THOMPSON RD  
THOMPSON OH 44086



Billing Period: Dec 16 to Jan 14, 2010 for 30 days  
Next Reading Date: On or about Feb 11, 2010  
Bill Based On: Estimated Meter Reading  
Weather Related  
Equal Payment Plan

Residential Service

EPP Account Summary		Amount Due
Your previous bill was	262.00	
Total payments/adjustments	-262.00	
Balance at billing on January 15, 2010	0.00	0.00
Current Basic Charges		
The Illuminating Company - Payment Plan Amount		300.00
Total Due by Jan 29, 2010 - Please pay this amount		\$300.00

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

To pay your account in full you owe \$455.16.

General Information			
	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service 1-800-589-3101
			24-Hour Emergency/Outage Reporting 1-888-544-4877
			Payment Options 1-800-686-9901
			visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>

Price to Compare Message
Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .
Residential Service - 1950018562
4.89 cents per kWh

1-20-10  
1-29-10

FRANK T COTTURO

Account Number: 11 00 28 7087 1 4

Page 3 of 4

Invoice Number: 90202059575

113

**Charges from The Illuminating Company this billing period**

When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801503751 1950018562 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	221.47
Transition Charge	41.23
Cost Recovery Charges	11.97
Bypassable Generation and Transmission Related Component	205.66
Residential Distribution Credit	-63.04

**Total Charges****\$ 421.29****Detail Payment and Adjustment Information**

Date	Reference	Amount
<b>Payments:</b>		
12/30/09		-262.00
<b>Total Payments</b>		<u>-262.00</u>
<b>Total Payments and Adjustments</b>		<u>-\$262.00</u>

**Equal Payment Plan (EPP) Budget Billing Summary**

Billing Period	# Days	Due Date	Actual Charges		EPP Amount	
			Dist	Supply	Dist	Supply
06/16/09 07/15/09	30	07/30/09	174.10	0.00	241.00	0.00
07/16/09 08/13/09	29	08/28/09	266.36	0.00	241.00	0.00
08/14/09 09/15/09	33	09/30/09	265.83	0.00	241.00	0.00
09/16/09 10/13/09	28	10/28/09	203.15	0.00	262.00	0.00
10/14/09 11/11/09	29	11/30/09	262.99	0.00	262.00	0.00
11/12/09 12/15/09	34	12/30/09	370.44	0.00	262.00	0.00
12/16/09 01/14/10	30	01/29/10	421.29	0.00	300.00	0.00
<b>Totals</b>			<b>1,964.16</b>		<b>1,809.00</b>	

Difference Between Actual Charges and EPP Amount	155.16
Unpaid EPP Amount	300.00
<b>EPP Account Balance</b>	<b>455.16</b>

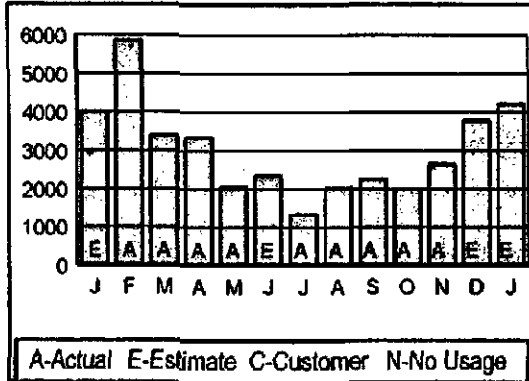
Your actual account balance with The Illuminating Company is 455.16

JAN 2010

Account Number: 11 00 28 7087 1 4 Page 4 of 4  
 Invoice Number: 90202059575

### Usage Information

#### Usage Comparison



#### Historical Usage Information

Jan 09	4,000	Jul 09	1,336
Feb 09	5,843	Aug 09	2,029
Mar 09	3,409	Sep 09	2,252
Apr 09	3,352	Oct 09	1,991
May 09	2,061	Nov 09	2,650
Jun 09	2,360	Dec 09	3,796
		Jan 10	4,208

Average Daily Use (KWH) 133  
 Average Daily Temperature 25  
 Days in Billing Period 30  
 Last 12 Months Use (KWH)  
 Average Monthly Use (KWH)

Jan 09  
 Jan 10  
 140  
 26  
 30  
 35,287  
 2,941

# FirstEnergy crafts rate plan allowing quarterly increases

JOHN FUNK  
Plain Dealer Reporter

FirstEnergy Corp. has filed a comprehensive new rate plan with state regulators that would give the utility the right to tack on \$390 million in new customer fees with minimal oversight.

The increases are included in an application and 42-page agreement the Akron company submitted to the Public Utilities Commission of Ohio Tuesday. The provision calls for quarterly increases to pay for up-

grades to wires, transformers, substations and similar equipment. The company could immediately pass on to customers any increases in property taxes and income taxes.

Traditionally, FirstEnergy and other utilities have spent money on such upgrades or paid the tax increases and then applied for rate increases later.

The new plan would begin June 1, 2011, and run through May 31, 2014. It's not clear how the proposal would affect individual monthly bills.

Only 14 months ago, FirstEnergy received a \$137 million increase in delivery rates, its first in more than a decade.

The utility negotiated the deal behind closed doors with the PUCO staff and more than a dozen lawyers representing industrial customers as well as trade associations representing manufacturers, hospitals, school boards, colleges and others. The commission staff last November urged the discussions.

Ohio Consumers' Counsel Janine Migden-Ostrander and a number of

consumer groups refused to sign the agreement, objecting not only to the increases but also to the closed-door bargaining and especially to the procedures the agreement would put into place to increase future rates.

The company wants the PUCO to approve the plan by May 5 — a time frame Migden-Ostrander said is completely unreasonable.

She said the plan puts customers at risk for paying "hundreds of millions of dollars" in extra rates over the next several decades.

SEE ELECTRIC 1 C2

## ELECTRIC

FROM C1

### Consumer groups oppose rate plan

The extra rates would be because FirstEnergy is moving the control of its power lines from a Midwestern grid manager to one in the East, exposing customers to paying for long-term projects in both regions.

The company immediately denied that there would be any risk to customers, saying it would absorb the extra fees, if there are any.

In a prepared statement, FirstEnergy Chief Executive Anthony Alexander said the agreement would provide "rate stability for customers support jobs and economic development in our communities and encourage continued investment in our utility infrastructure."

If approved, the new plan would continue to use wholesale auctions to set power prices, calling for a series of auctions for a portion of its power needs — including one in July, a second in October, and others in July 2011 and July 2012 — so as to not to fully expose customers to market rates at any one time.

Migden-Ostrander and other consumer groups object to giv-

"If they filed a rate case, we could examine and see if the increases are reasonable," she said. "They want to file for the increases, have audits that review the accuracy of their numbers, but not whether the expenses were necessary."

She intends to ask for public hearings. "We think people have the right to comment on this," she said.

David Hughes, executive director of Citizen Power, a regional energy advocacy organization with offices in Ohio and Pennsylvania, where FirstEnergy also has companies, also refused to go along with the agreement.

"This process did not permit a thorough vetting of the issues. This commission does what FirstEnergy wants and then says the Ohio consumers' counsel is the problem."

To reach this Plain Dealer reporter:  
jfunk@pland.com, 216-999-4138

3-24-10

"Electric"

# Jump in all-electric homes' bills 'unintended,' says PUCO PD 1-14-10

JOHN FUNK  
Plain Dealer Reporter

Ohio utility regulators have admitted they made a mistake when they allowed FirstEnergy Corp. to increase bills for owners of all-electric homes.

In testimony to an Ohio House committee this week, an administrator for the Public Utilities Commission of Ohio said skyrocketing bills that hit more than 100,000 consum-

ers this winter were an "unintended consequence" of a new FirstEnergy rate plan.

That plan called for eliminating most of the deep discounts FirstEnergy had offered to all-electric homes in marketing campaigns for more than 30 years.

When questioned by lawmakers, Steven Lesser, chief of staff for the PUCO, said he and other analysts "did not see it coming," referring to the sharp increases in monthly bills.

Lesser explained that the agency's analysis of the effect on consumers focused on the "typical" FirstEnergy residential customer, one who uses about 750 kilowatt-hours per month. The owner of an all-electric home may use up to 4,000 kilowatt-hours.

Ohio Consumers' Counsel Janine Migden-Ostrander did not oppose the PUCO decision to eliminate most of the discounts for all-electric homes. She is out of the state and

did not attend the hearing Wednesday, called by Elyria Democrat Matt Lundy, chairman of the Ohio House Consumer Affairs and Economic Protection Committee.

In written testimony to the committee, Migden-Ostrander said she argued for the gradual elimination of discounts, not exactly what FirstEnergy did, though the company did include some credits this year that it thought would soften the effect.

SEE POWER | C2

## POWER

FROM C1

### High bills 'unintended'

Migden-Ostrander's position has been that other residential rate payers were subsidizing the all-electric rates in the form of slightly higher rates. And she has argued that consumers paying both an electric bill and gas bill actually face a combined energy bill that is higher.

In her written testimony, Migden-Ostrander included a fresh analysis of gas and electric bills of homeowners who heat with gas and those who heat with electricity.

She used rates charged by Dominion, Columbia and FirstEnergy's companies.

The analysis assumes the typical home heated by gas used 10,000 cubic feet of gas (10 Mcf or 100 Ccf) and 750 kilowatt-hours for lighting and appli-

ances. She assumes the average all-electric home used 1,800 kilowatt-hours of power and no gas.

The conclusion: The all-electric customer of the Illuminating Co. paid \$192 a month while the home heated by gas paid a total between \$169 and \$208, depending on whether Dominion or Columbia served them.

That conclusion clashes with the all-electric homeowners who have called The Plain Dealer and shown up at the hearing. They say they are paying between \$300 and \$900. They report that their bills have risen by 60 percent to 100 percent.

Lesser was appearing at hearings in Lake and Ashtabula counties Thursday answering direct questions from the public at hearings convened by state Rep. Lorraine M. Fende, a Willowick Democrat, and state Rep. Deborah Newcomb, a Democrat from Conneaut.

Republican state Sens. Tom Patton of Strongsville and Timo-

thy Grendell of Chesterland will have a public meeting at 7 p.m. Monday in Strongsville, at the city's community center, 18100 Royalton Road, to hear from consumers with all-electric homes.

The two are considering legislation that would have lawmakers intervene and order the PUCO to reinstate the old rates. They cite a U.S. Supreme Court case that would allow such a move. Grendell has filed a lawsuit on behalf of the all-electrics seeking reinstatement of the old rates.

Gov. Ted Strickland ordered the PUCO to revisit the rate issue and work out some sort of relief for FirstEnergy customers.

The company after hours last Friday filed a proposal with the PUCO restoring about 80 percent of the old low rate for now, but then removing it slowly over the next eight years. By the winter of 2017-18, the all-electric customers would pay roughly what other consumers pay per kilowatt-hour.



Aue Stegerwald

Tracy Oaks Homes, Petition  
Tracy Township  
About 50 signatures  
Grange City

2.

Tracy Oaks Homes All-Electric Petition For Presentation at the PUCO Public Hearing At Lakeland College on Nov. 23, 2010 We, the undersigned citizens of Troy Oaks Homes, Geauga County, are a senior community of 260 all-electric homes. We are unable to make the trip to testify in person at the PUCO Public Hearing held on November 23, 2010 at Lakeland Community College. Therefore, we do respectfully request this petition be entered into evidence as our support of the following CKAP Permanent Solution Requirements: 1. A permanent, all-electric rate differential on generation and distribution charges for nine months of the year for all-electric heating, load management, and water heating customers that stays with the property upon transfer to a new owner, including homes, apartments, and condos. 2. The rate differential should be given to EVERY property, even those currently excluded because they were built or converted to all-electric after January 1, 2007. 3. Overcharges made by FirstEnergy between May 2009 and May 2010 should be refunded in full. 4. FirstEnergy must NOT raise the rates of other ratepayers, but rather absorb the cost of this program which benefited FirstEnergy for the last 30 years. FirstEnergy made verbal and written promises to owners and builders alike to entice them to go all-electric, and they must not be allowed to break these promises and charge others for their breach of contract!

Signatures \_\_\_\_\_ Name \_\_\_\_\_  
Address \_\_\_\_\_

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Mary Theresa Surgeon*  
Address *1301 Highland Dr. Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *NANCY CARLETON*  
Address *1000 Oaktree Lane Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Steve & Lynn*  
Address *101 Green Tree Ln Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Pat Muntian (PAT MUNTIAN)*  
Address *52 Oaktree Lane Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Angela Hart (Angela Hart)*  
Address *115 Highland Dr Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Jane Peain*  
Address *127 Oaktree Lane Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Richard Stearns*  
Address *100 Oaktree Lane Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *St. Nicholas Ray Weber*  
Address *100 Oaktree Ln Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name *Betty Jane Wansbeck*  
Address *134 Oak Tree Huron OH 44234*

Tracy Oaks Homes All-Electric Petition Signatures Continued

Name \_\_\_\_\_  
Address \_\_\_\_\_

Name *Donna H. Surgeon*  
Address *131 Highland Dr. Huron Ohio 44234*

Name *Katherine Moore*  
Address *112 Highland Dr. Huron Ohio 44234*

Troy Oaks Homes All-Electric Petition For  
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 charge others for their breach of contract! Signatures \_\_\_\_\_ Name \_\_\_\_\_

Address  
Troy Oaks HomesAll-Electric PetitionSignatures

Continued Name

Address Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name FINNA C JANINIS

Address 739 Oakmeadow

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name DONALD & ELEANOR NEWCOMES JR.

Address 2015 Peachtree Forest Dr

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name DEAN & SUE WEINHARDT

Address 18 GREENTREE LAKE

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name Roger &ileen Schaffert

Address 181 Lakewood Ln

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name Janice beracz

Address 1206 1/2 W. 11TH AVE N.W. #202

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name Adelbit P. Morris 163 Lakeview Ln

Address

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name Larae + Rich Ream 133 Highland

Address 3905 Highland

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name Jerry / Sandra Pfeiffer

Address 180 Lakeview Ln

Troy Oaks HomesAll-Electric PetitionSignatures Continued

Name



Rep. Fende Written Statement ~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED~~

**PUCO-FIRST ENERGY HEARING  
ALL ELECTRIC RATE  
November 23, 2010  
State Representative Lorraine M. Fende**

**I want to first thank you for the opportunity to testify on this case today. Public engagement on important issues like this is essential to good and transparent government and utility services.**

**Today, I am providing testimony in regards to PUCO case number 10-0176-EL-ATA requesting the permanent reinstatement of FirstEnergy's All-electric discount rate. Since last year, my office has received innumerable calls, e-mails and letters from constituents in not only Lake County but all over Northeast Ohio about FirstEnergy's decision to end this rate. In town hall meetings across the region, including one right here at Lakeland, home owners affected by FirstEnergy's decision have come out to protest and tell their story. Universally, their request is the same, the rate must be reinstated.**

**I understand the necessity of a company to generate profits and how business policies must evolve to guarantee continued success and stability. Corporations, however, must not ignore the human impact of their decisions but I believe that is what happened with FirstEnergy in this situation.**

**For decades, FirstEnergy and its subsidiaries marketed the all-electric rate as a financially savvy decision for home owners looking to save money. I have spoken with numerous constituents that described to me how FirstEnergy and subordinate company employees encouraged them to build or convert their homes to all-electric because of the rate offer and were led to believe the rate was permanent. Time and again, I hear the same sentiments of shock, betrayal and outright manipulation from those affected by the end of the rate now told the rate was never guaranteed.**

**The discontinuation of the all-electric rate did result in small increases to some home owners bills as FirstEnergy suggested might happen. Many constituents saw a 400% increase in their bill, a cost of hundreds of dollars more each month that in some cases left constituents paying**

**more for their electric bill than they were on the mortgage on their house. That is not a small increase. That is a devastating rate hike on a necessary utility making it prohibitive for many to meet the basic needs of their families. In Ashtabula County, I was shocked to hear the story of one man who stated he could no longer afford to turn his heat on and had begun burning wood to stay warm. This is appalling.**

**As I bring my testimony to a close to allow the maximum amount of time for those affected by FirstEnergy's decision to tell their story, I will once again state my support and staunch belief the all-electric rate must be reinstated on a permanent basis and done in a manner that will not be at the expense of those whom never had the rate. In these challenging economic times, All-electric home owners cannot afford another winter of exorbitant electric bills that devastate not only their checkbooks but their home values and ability to sell their homes as well. Thank you for your time today, I look forward to your comments and those consumers that have joined me today to oppose FirstEnergy's filing.**

# Mr. Garvey Written Statement

Mr. Chairman, PUCO, CPAK members, and all Present

My name is Tom Garvey and we reside at 1401 Erieview Drive Madison Ohio, 44057. We purchased our all electric home in 2000 soon after we retired. Knowing our limits on a fixed income, the CEI promise of permanent reduced rates was a key factor in our decision. We are now at the MERCY of First Energy or First Energy Salutations since our street has no gas main let alone lines to our homes nor any duct work to carry any heat to any of the rooms if we had central heat. To top that off our home value has fallen during recent poor economic times<sup>is</sup> in further DANGER BIG TIME if the all electric promise is not reinstated for the life of our home.

Remember CEI made this promise, reneged on this promise and is trying to gain Sympathy by threatening to raise rates for other consumers. It is all PURE GREED! Let CEI or First Energy Salutations absorb the cost, and if they want to stop the process make them stop the ENTICING of builders to keep the all electric homes from being built, THEREFORE ALL ELECTRIC HOMES BUILT PRIOR TO NOW SHOULD BE GRANDFATHERED WITH THE ALL ELECTRIC PROMISE

We are requesting your help and are very concerned that we are talking to deaf ears. Both PUCO and the OCC have made the statement that you did not realize what a mistake that YOU ALL MADE and NOW IS THE TIME TO BE REAL PROFESSIONAL GROUPS AND RIGHT THE WRONG YOU DID US IN THE FIRST PLACE.

THANK YOU THE GARVEYS



# Mr. Klosinski Written Statement

Nov.23, 2010

Anthony Klosinski  
8601 Columbia Rd.  
Orwell, Ohio 44076

We moved into our new home in 1997. When First Energy, (Cleveland Elect. Illum.) found that I was installing an electrically based heating system, they did not grind their teeth and whine about another money losing client. They sent out a representative to verify the system. We were thanked for choosing electric heat. We were then given two free electric pole lamps for the driveway and three free thermostatically controlled fan driven wall mounted heaters for use wherever we chose.

With management and marketing this foolish, it should come as no surprise that First Energy was quickly bankrupted and out of business. Did not happen= they must have received massive amounts of cash from the Energy Fairy. The EF (Energy Fairy) fell on hard times like the rest of us and told F. E. (First Energy) that the Energy Fairy could no longer subsidize the free loaders using electric heat and they would have to start paying their own way. The new bills started coming out last year and people started complaining. The initial response by both state government and the PUCO was – sorry folks, we did a terrible job of vetting the deregulation bill and you're stuck with it. Then it became apparent that:

1. Many people could not pay their electric bills and their property taxes. No surprise that they chose to pay the electric bill. There was testimony given at the hearing in Ashtabula where several people stated they faced this pair of options.
2. This would have quickly led to large numbers of homes with little or no resale value and a loss to the tax base.
3. Gov. Strickland did an about face and told the PUCO to order First Energy to re-instate the electric heating discount. This is where we are now.

Let's look at First Energy's' situation:

1. Profits are down due to economic recession and conservation. Their solution was to come up with a scheme to squeeze more blood out of their turnip, namely us.
2. Have their costs gone up? Their energy costs are coal, gas and uranium. Coal has not far outstripped inflation. The cost of natural gas has fallen about 75% in the last few years. The Marcellus Shale deposits will keep it at that level for years to come. The PUCO had made it plain over the years that the cost burden from the nuclear generating plants will always end up with us, the consumers.

There is no reason and no proof that First Energy needs to gouge other customers to make up for losses incurred by the all-electric discount customers. Their motivation is Greed. When we signed up for electric heating, electricity was the most expensive option. They had to market it with a discount to get market share. The oil crisis came and went and the prices went through the roof. In a short period of time electric heating became the low cost option. First Energy looked over the situation and saw that the petroleum industry was raping the public while the electric companies were only making a profit. Their approach was to claim they could no longer be our sugar daddy. They had made an acceptable profit for many decades and now wanted more.

Their heavy-handed attempt for underserved gains is best illustrated by their attempt to sell us compact fluorescent light bulbs at 4 to 5X's the market cost.

There was much whining on their part that someone had to make up for their lost profits. I have seen nothing factual that supports their alleged losses. I am sure they could generate something. Mark Twain said, "Figures don't lie, but liars sure can figure".

**First Energy's strategy was to entice us to use electric heat and then say "Gotcha". If this were a criminal case, the judge would call it entrapment and send First Energy on their way with a reprimand.**

**What I am asking for is justice and fair play. Send the scoundrels from First Energy out into the streets to rob the citizens on an individual basis; they would quickly see the error of their ways. Should make some interesting news stories.**

**It is time for the PUCO and the state of Ohio to protect us from First Energy's greedy behavior.**

11/22/2010

Kim Kossick

5531 Phillips Rice Rd.

Cortland, OH 44410

330 638-1569

My name is Kim Kossick. My husband and I own an all electric home in Trumbull County. Not long after we bought the home in 1988, the electric company called us and asked if they could do an energy audit. They couldn't understand our usage. We were happy to oblige since this was our first experience of being totally in the hands of one public utility. Everything in our house is dependent upon Electric energy. All our water comes from a well that is energized by electricity. Our cooking, heating, washing and lighting require electricity. They gave us the results and stated that our home was energy efficient. They also informed us that we qualified for a rate reduction program that would require us to switch from our current demand meter and to maintain an 80 gallon electric water heater. They would install a remote cut-off so that they could shut down the water heater during high demand periods. The Program would provide us with a discount during 8 months of the year provided we continue to remain all electric and keep an 80 gallon water tank. We were told that for as long as we complied, this program would remain in effect. We have kept our part of the agreement and have twice replaced our old hot water tank with a new 80 gallon one. We also passed, in the 1990s, on the gas company's offer to hook us up to their new gas line at a minimal hook up fee as long as we installed one gas appliance. We were reminded by the electric company that our discount program depended on our remaining all electric.

Now, First Energy has decided to drop this plan without notifying us. First Energy went back on its promise to its all electric home owners. By eliminating this discount program, our rates have sky rocketed causing added economic difficulty in this troubled economy. Heat is not something that we can do without. Our monthly winter kilowatt hour usage is often in the 6000s.

~~SKIP~~  
~~An example of our bills for the months of January, February and March in 2009 and 2010 will demonstrate our plight.~~

# Ms. Kossick Written Statement

	January 2009	January 2010	Difference	February 2009	February 2010	Difference	March 2009	March 2010	Difference
Kw Hours	6652	6805	+153	5892	5927	+35	4923	4077	-646
Distribution cost	\$97.41	\$359.78	+\$262.37	\$221.57	\$311.90	+\$90.33	\$181.63	\$213.37	+\$31.74
Generation cost	\$256.89	\$329.91	+\$73.02	\$247.63	\$291.71	+\$44.08	\$201.86	\$209.61	+\$7.75
Total Bill	\$406.65	\$695.70	+\$289.05	\$469.20	\$603.61	+\$134.41	\$383.49	\$422.98	+\$39.49
Difference reflects			(\$111.60 credit)			(\$6.06 credit)			(\$63.31 credit)

My husband and I are deeply concerned that without the all electric program, we would have difficulty heating and maintaining our home. We are also concerned about the value of the home for resale. Home buyers are very reluctant to purchase all electric homes due to First Energy's recent actions. Our alternatives are limited due to our type of heating, electric base board (we have no duct-work) and limited funds. In an environment where our 401Ks have been diminished, our savings giving nothing back in interest, our jobs lost, and healthcare costs rising, we need your help. First Energy made ~~29%~~ <sup>large</sup> profit in this environment and adds insult to injury by raising our energy costs.

My husband and I are asking that you, our Public Utilities Commission of Ohio, look out for our interests in continuing an agreement that we have adhered to. ~~We ask~~ <sup>We ask</sup> that you also ~~act~~ <sup>act</sup> to protect all Ohioans who are dependent on your regulating the utilities and keeping those public utilities faithful to their agreements.

Thank you for your consideration.

Sincerely,

Kim Kossick

~~We are asking that you perform your duty according to your PUCO Website~~

~~It states The PUCO was created to assure Ohioans adequate safe and reliable public utility services at a fair price. That is all we are asking for.~~

~~Page 1~~

Candace & James Arcaro  
796 Grove Street  
Conneaut, Oh 44030  
440-593-3611

My name is Candace Arcaro. My husband James and I are residents of Conneaut in Ashtabula Co. We had an old home which could be a century home. There was little insulation and a seventy year old gas furnace with old style radiators. We looked for another home for a year and a half. Then we came to the conclusion to build new. We wanted city water, sewer, gas and electric.

This was the spring of 1977. We got a rude surprise! The gas company said we could not hook up now and they had no idea how long this moratorium on new hook ups would last. There was a "shortage of natural gas" according to the government (the PUCO perhaps). The choice we were left with was 1) propane, 2) oil, or 3) electric. I was afraid of propane tanks and my allergies had had a bad experience with a small rental home with oil heat. But not to worry, the Illuminating had a special all electric rate and we could get an electric furnace which would be more efficient than electric baseboard heat.

The new house could go forward. Triple pane windows, R-22 (6 ½ inch fiberglass insulation) in the roof, R11 (3 ½ inch fiberglass insulation) in the walls, white foam board insulation around the basement walls before being backfilled, and if that wasn't enough I went around putting scrapes of insulation in any space I could see around windows or doors. We moved in after Labor Day 1977, raised our children in this home, and are continuing to live there to this day.

Only once in over thirty years (this was maybe ten years ago) did the Illuminating Co. contact us to inquire if we had ever hooked to gas... which really meant were we still eligible for the all electric rate? I let them know we were still all electric. We continued forward to 2002 when we were faced with replacing the original electric furnace.

We made several calls to the Illuminating Co. asking for any idea if the all electric rate was going to be continued or should we go ahead and convert to natural gas? I spoke to several people and asked to speak to some one who had this information available. No one knew anything one way or another, but insisted that they hadn't heard anything about discontinuing the special rate. They were reassuring enough to me that we made the choice to install a new electric furnace, heat pump, and central air to the tune of \$4900. Currently converting to a gas furnace, hybrid heat pump, and central air would cost \$8400 plus the cost of outside gas line being run from the street. For us this is money we don't have.

Forward to last year when with little or no warning the Illuminating Co. did away with the all electric rate. Not only did we pray that we could meet the bills for the new higher rate we were very afraid that we will have trouble when we go to sell our house in 2011 to retire closer to our son in Lebanon, Ohio.

We have done everything right. We used the best insulation available, we put in a new efficient electric furnace with heat pump, in winter we set the thermostat at 67 degrees, use a small electric space heater in our living room, wear sweaters, watch TV and read under a blanket, and in summer we set the air conditioning at 78 degrees. I'm never warm in my own home except in the summer. If the Illuminating Co. had operated in a business like ethical manner they might have told us they wanted to get rid of the all electric rate years ago and we would have hooked to gas when we had a chance.

The following is what we paid over the last seven winters.

2003-04	Nov.\$141	Dec.\$141	Jan.\$131	Feb.\$131	Mar.\$131
2004-05	\$135	\$135	\$135	\$135	\$135
2005-06	\$144	\$144	\$144	\$144	\$144
2006-07	\$138	\$138	\$138	\$138	\$138
2007-08	\$145	\$145	\$145	\$145	\$145
2008-09	\$152	\$152	\$152	\$152	\$152
2009-10	\$184	\$184	\$184	\$230	\$253

April, May, June and July were between \$200 and \$250. My summer catch up months was more than double any other year during this past summer. Other years the total catch up was closer to \$200. MY additional increased cost for last heating season was over \$1000. Currently my "BUDGET" is \$221 which I doubt will keep up with useage this winter.

Now we are at the mercy of the PUCO, the State of Ohio, and the Illuminating Co. My husband and I are both retired under Railroad Retirement. We have a little more than some people on Social Security, but still no increase for two years. Our medical supplements costs go up almost every year. We try to be responsible and plan ahead for things that we need. I ask you how anyone can make responsible choices for themselves when the government and the Illuminating change the rules , change the contract suddenly with NO WARNING.

IF the all electric rate is done away with my husband and I hopefully will find a way to pay the bill and survive somehow. We can cut what we give to our church, cut our food budget, cut travel (without which we can't see our children and grandchildren or have another vacation). There are other all electric costumers who aren't as lucky. They have no room to cut back on expenses, they will lose homes, lose everything they have worked their whole lives for. Does the PUCO, the State of Ohio its politicians and the Illuminating Co. want that to be their legacy in the decades going forward?

*Candace Arcaro*

For All-Electric Rate Testimony on  
11/23/10 at Lakeland College.

pg 1 of 10

Good Evening!

My name is Jerry DeCicca  
and I live at the Deepwood  
Condominiums in Mentor, Ohio  
We have 170 owner units,  
our 15 Buildings were built in  
the late 60's, we are All  
Electric and have NO source  
for Natural Gas

We are stuck with  
Electric Heat!

When it comes to keeping  
the All-Electric Rate in place,  
it appears that our PUCO  
has the responsibility for this  
decision.

Now our PUCO must have  
tough job. They hear  
from the Rich and the Poor.

## The Rich Group from the Utility Co.

- Come in dressed in \$700 suits
- They have hi paying jobs
- They are Busy running around buying other Utility Cos.
- Seem like they want to control revenues and not their costs
- Brainstorm for over 40 hours a week on how to squeeze out money



Now the Poor All-Electric customers:

- Show up dressed in Hand-me downs
- Are on fixed Government incomes
- Had to save their pennies for gas to attend these town meetings & hearings
- Then from the Poor -  
A very old gentleman stands up - he's dressed like a pilgrim - and says "When I bought my All Electric home the Utility Rep told me to raise my thermostat to 95°F for heating. When I asked why, the Rep said we give you a good rate - we have NO Air Conditioning Load - we want you to use a lot of electricity

Boy did we drink a lot of ice water all winter!

• Then from the Poor -

A 10<sup>th</sup> grader stood up and says for my school math project I examined the claim that the NON A-E customers are subsidizing the A-E customers.

Based on simple math using the % of A-E to NON A-E customers and having the A-E rate for only 5 months, this claim is unfounded.

I got an A+ on my math project.

• Again from the Poor

A young Lady stood up and says my Grandmother already uses the new efficient light Bulbs and replaced her original baseboard heaters with more efficient heaters. She is conserving energy All she can.

She needs her small fixed income for food and needs -

- Again from the Poor

A middle aged, good looking, man named Jerry stands up and says:

We do not Blame the Rich Utility people as they are probably just doing their job.

But we want the PUCO to strongly consider:

1. Why after about 40 yrs does this issue come up.

Consider 2. The A-E customers by using more electricity for the Heating Season, all ready provide more income to the Utility even with the A-E Rate.

Consider 3. We are conserving energy, we add more insulation, install better windows, and purchase more efficient appliances and baseboard heaters

Consider 4. Our AE Homes will significantly drop in value with the higher Electric Rates

All-

Consider 5. That this electric rate is not the same as it was 40 yrs ago. It has increased ~~to~~ over the years to maintain a differential to the standard rate.

I'm sure many people reading about the All electric rate believe its never been increased in forty years. and of course thats not true.

The more I thought about this testimony I kept getting angrier <sup>er</sup> & angrier. Heres why!

I thought out of 6.2 Million customers only 360,000 are All-electric. And since the A-E rate is only available for 5 months the 360,000 becomes 150,000. 150,000 out of 6.2 million is <sup>only</sup> 2.4%.

A very small number.

Then - some electric Co. promoting the use of electricity sold the idea to Developers and Builders to use electric heat & gave them the All Electric rate.

It was probably a great idea back then.

Now when you give the A-E Rate you don't give it to a person - you give it to the Residence.

It makes no sense whatsoever to give it to a person. No one

in their right mind would think any different. The electric <sup>Heat</sup> stays with the residence until its torn down or the Heating source is changed.

The proper thing to do is for the Utility Co. to do an audit to see if electric heat is still being used.

Then because many years later A Utility Co. with a new name and A new way to sell electricity called De-Regulation

They want to take away the All-electric rate.

Makes no sense does it!  
Because the reason I have the All-electric rate - still exists. I still have electric heat with NO way to have another source.

If I were the CEO of First Energy I would be embarrassed that my company is pushing so hard to remove the All-Electric Rate.

Its such a small problem to a large company and such a BIG problem for the residences that were promised the all electric Rate

And I am somewhat disappointed that the PUCO has not put A stop to this nonsense of removing the All-Electric rate A long time ago.

Our PUCO should tell First Energy:

1. You gave your commitment on the All Electric Heat.
2. The All-Electric Heat still exists

3. The All-Electric customers give you more money during the heating season.
4. The all-electric customers are conserving electricity.
5. Based on percentages, the All-electric customers are not being subsidized from other customers.
6. Our decision is that you ~~are~~ Keep your commitment and Keep the All-electric rate until the electric Heat source is no longer used.

Thank you for making this decision. Its the only correct one to make.





For: All Electric Rate Hearing on 11/23/10 at Lakeland College

Question: Are non all electric rate customers subsidizing the all electric rate ones?

Answer: No, Look at the reasoning below:

1. Total First Energy Customers – 4,600,000
2. Total All Electric Customers – 360,000
3. % of All Electric Customers is  $360,000/4,600,000 = 7.8\%$
4. Consider All Electric Rate is only in effect 5 months – say November thru March
5. Then with only a 5 month effect the 7.8% becomes 3.25%  
 $5/12 \times 7.8 = 3.25\%$
6. Take the 3.25% difference by the remaining Non All Electric Rate Customers  
 $3.25\%/4,240,000 = .0000007\%$
7. The calculation shows that a Non All Electric Customer would need an electric bill of \$1,428,571.14 before his bill would increase by one dollar.
8. By buying Alleghany Energy with another 1,600,000 customers makes the .0000007% even less.

By: Jerry DeCicca  
8276 Deepwood Bldg.#6  
Mentor, OH 44060

November 22, 2010

Testimony of:  
Thomas Waltermire  
1009 State Route 45  
Austinburg, OH 44010

My testimony is in three parts. First as an 8 year Lenox Township, Ashtabula County trustee; second as a 35 year employee of the Illuminating Co. in a non-union, management position; and third as an owner of 3 different all-electric homes spanning almost 40 years.

1. As a trustee I was aware of a representative of the Illuminating Company, a marketing representative out of the then Painesville office, visiting individual couples who were going to build new homes on a developing township road - specifically Webster Road, Lenox Township. This road did not, nor does it today, have natural gas available for homeowners. The representative enticed the couples to build their homes as all-electric with the implication of "forever" reduced rates, the then-called J-rate, even if they would sell their homes sometime in the future. Also, an area manager of the Illuminating Company requested to be put on the agenda of our trustee meeting to ask us as trustees to encourage developers within the township to build their homes all-electric.

2. As an employee of the Illuminating Company, Centerior Energy and First Energy I dealt with both the public and with builders. All of us employees were persuaded to promote building all-electric homes with the promise of better rates with no framework of cancellation.

3. As a customer I've lived in an all-electric home since 1972 when I built my first new home. The Illuminating Company representative, Jay Warner, joined with me in the design to build an energy efficient home using all-electric rather than the alternative of oil or propane to supply heat energy. I was guaranteed a reduced electric rate to do so.


In 1992 I acquired a home in Chardon that had hot-water heat. The then-named Centerior Energy offered *free* baseboards, *free* necessary wiring and a *free* updated service panel if I would convert the home to an all-electric home. Along with those *free* enticements came the all-electric rate.

After retirement I bought property in Ashtabula County in 2003 where I built a new home and currently live. My only choice for energy was propane, oil, or electric. In making that energy decision I was once again assured by the now-named First Energy of the all-electric rate which was always assumed to be a permanent rate. To convert to any other heating source would mean putting duct work throughout the home which would be extremely costly! I've been told by my real estate agency that if the discount were discontinued my home would be next to impossible to sell.

In conclusion, the Illuminating Company, the Centerior Energy Company, and the First Energy Company have all given verbal contracts to home builders, home owners, and myself of a permanent rate break to *build or convert* to all-electric homes. This rate break had neither time constraints nor a threat of the rate loss at the sale of the home.

Please do not allow First Energy to break all those promises! Please do not allow them to pass that cost on to other customers because the company's profits and their capability to keep their promise without hurting other customers are well known.

Respectfully,

  
Thomas Waltermire

From: Patricia Rickettson, 13400 Hidden Oaks Dr., Novelty, OH 44072

Date: November 23, 2010

To: PUCO Hearing Board

My name is Trish Rickettson. In 1979 my husband Gregg and I wanted to build a home on some property we found on Hidden Oaks Drive in Munson Township, Geauga County. We were concerned that the street had no gas line, but the electric company assured us that they would give us a discount if we built an all-electric home on the property to their specifications. So, in 1980, we built an all-electric home with energy efficient double paned windows and a geothermal heat pump so that we could keep our estimated BTUH consumption under a number specified by the electric company in order to receive this discount. I remember being disappointed that I could not have more windows because of the electric company's requirements. However, I thought that it was worth the sacrifice, since we were promised the all-electric discount for, we thought, as long as the house stayed standing.

The electric company enticed us to build an all-electric home with the promise of a continuous all-electric discount because they needed more customers at that time, much the same way that insurance companies promise discounts to people who buy multiple policies, or the way the cable company promises discounts to customers who bundle their internet, television, and phone with one provider. This is standard practice. The arrangement benefitted them. Companies certainly wouldn't offer a discount if they weren't going to benefit in some way. However, the comparisons with the insurance and cable companies end here. If a cable provider or insurance company should drop their discounts for any reason, most consumers could easily switch to a different provider or go without. People with all-electric homes do not have that option. We cannot switch to a gas furnace, gas water heater, or gas appliances without considerable and unreasonable expense, especially those of us who do not have a gas line to connect to. We need electricity, but without the all-electric discount that was promised to us, my husband and I, and thousands of others, will face cold homes in the winter, hot homes in the summer, and financial hardship. Our property values will go down, and our home will be difficult to sell. **THIS IS A BIG DEAL!** An increase of just a few cents per KiloWatt hour adds up to a lot of money for an owner of an all electric home, especially at a time when many people have had cuts in their salary, are without jobs, or are forced to work on a part-time basis. We actually had to borrow from our savings to pay for a couple of outrageously high electric bills last winter—one over a \$1000! I had friends in tears on the phone to First Energy because, for the first time in years, they could not pay their winter bills.

First Energy benefited by giving us an all-electric home discount for the past thirty years. They need to keep their contract with us and not raise our rates. It is also important that they should not raise the rates of other electric customers in order to keep the all-electric discount for us. The other customers should not be punished for First Energy's promises. Our discount should be written into their budget, and the cost should be absorbed by the company. If that means lower profits, then so be it.

First Energy needs to keep their promises. To do otherwise would be unconscionable.

With all due respect,



Patricia A. Rickettson

[therickettsons@roadrunner.com](mailto:therickettsons@roadrunner.com)

440-338-6215

# JAMES M. GILLETTE

Attorney & Counselor at Law

National City Bank Building  
117 South Street, Suite 208  
Chardon, Ohio 44024-1336

Telephone  
(440) 286-7195  
Fax (440) 286-1207

Also admitted in Florida

November 23, 2010

Public Utilities Commission  
180 E. Broad Street  
Columbus, OH 43215

RE: PUCO Case No. 10-126

This sworn statement is submitted in lieu of oral testimony at the PUCO Public Hearing scheduled on Tuesday, November 23, 2007 at 6:00 p.m.

**James M. Gillette, being first duly sworn, deposes and states as follows:**

My name is Jim Gillette and I reside at 131 Canfield Drive, City of Chardon, with my wife and family. Construction of our new home began in 2004. The decision to build an all electric home rather than using natural gas to heat was due to the unavailability of gas to our lot. This issue was investigated by our architect, Henry Penttila. He advised us that the cost of installing a gas line within the right-of-way to our lot and service lateral from the street to the house was \$10,000. Although more familiar with natural gas, the available all electric discount with First Energy was clearly a better financial choice. We weighed the alternatives and decided to construct an all electric home.

An electric survey of our home from construction to date is attached to illustrate the current excessive rates and the non-marketability of this home should the all electric discount rate be permanently denied. Although the electric rate was reasonable the first few years, with the alteration of cost/kwh and loss of discount, we have paid excessive electric bills since 2008. Our primary concern is:

**LOSS OF THE ALL ELECTRIC DISCOUNT WILL SUBSTANTIALLY DEPRECIATE THE VALUE OF OUR HOME AND SIGNIFICANTLY REDUCE ITS MARKETABILITY.**

We elected to build an all electric home because it was the more cost efficient source of energy available at the time of construction. We felt confident that First Energy would honor this advertised discount without revocation.

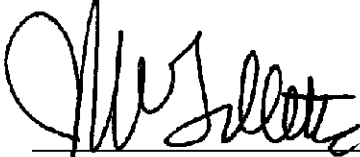
Public Utilities Commission

Page 2

November 23, 2010

Therefore, we are requesting that the PUCO permanently reinstate the all electric discount to the original owner and any successor account holders, to preserve the fair market value of our home investment.

Thank you for your time.

  
\_\_\_\_\_  
James M. Gillette

Sworn to and subscribed in my presence this 23<sup>rd</sup> day of November, 2010.

  
\_\_\_\_\_  
Notary Public

PAT SCHUMER  
Notary Public, State of Ohio  
My Commission Expires Jan. 16, 2011  
(Recorded in Lake County)

**RESIDENTIAL ALL ELECTRIC RATE SURVEY****[Date of construction to date]**

<b>YEAR</b>	<b>COST</b>	<b>KILOWAT HOURS USED</b>	<b>(\$)/Rate/KWH</b>
<b>2005</b>			
July	24.87		
July	134.65	1,136	
Aug		1,099	
Sept.	130.96		
Sept.	135.55	1,145	
Oct.		2,821	
Nov.		3,048	
Dec.	44.59	344	

<b>2006</b>			
Dec. Actual	281.47	5,018	
Nov. "	215.83	3,557	
Oct. "	150.30	2,099	
Sept. "	404.80	3,758	
Aug. "	134.41	1,026	
July "	434.81	3,414	
June "	386.88	2,941	
May "	239.81	2,647	
April "	251.74	2,913	
March "	329.27	4,640	
Feb. "	378.61	5,740	

Nov-Feb 2006 Rebill \$305.56 Average 2,303 kilo.

<b>2007</b>			
Dec. Est.	272.49	4,772	1.9/kwh
Nov. Actual	189.09	2,932	"
Oct. "	171.17	2,537	"
Sept. "	290.92	2,622	"
Aug. "	375.248	3,446	"
July "	308.52	2,794	"
June "	427.93	3,991	"
May "	205.17	3,319	"
April "	265.04	4,650	"
Mar. "	564.01	11,294	"
Feb. Est.	331.28	6,122	"
Jan. "	379.05	7,166	"

**2008**

Dec. Actual	371.90	6,501	1.9 kwh
Nov. "	252.49	4,100	"
Oct. "	179.05	2,623	"
Sept. "	373.77	3,295	"
Aug. "	382.38	3,374	"
July "	363.40	3,200	"
June "	343.88	3,065	"
May "	170.46	2,436	"
April "	229.12	3,608	"
Mar. "	346.29	6,110	"
Feb. "	418.82	7,598	"
Jan. "	344.62	6,101	"

**2009**

Jan. Actual	518.76	9,287	1.9 kwh
Feb. "	415.87	7,168	"
Mar. "	352.81	5,937	"
Apr. "	401.76	6,129	2.5 kwh
May "	268.64	1,498	1.9 kwh
June "	446.08	2,249	7.79 kwh
July "	531.46	4,035	7.81 kwh
Aug. "	477.39	3,623	7.80 kwh
Sept. "	378.63	3,330	6.06 kwh
Oct. Est.	303.42	3,057	4.08 kwh
Nov. Actual	538.92	5,593	4.71 kwh
Dec. "	727.31	7,602	4.66 kwh

**2010**

Jan. Actual	1,066.71	10,851	4.77 kwh
Feb. Est.	651.66	6,454	4.95 kwh
Mar. Actual	994.61	10,076	4.90 kwh
Apr. "	237.19	3,908	5.02 kwh
May "	222.70	3,639	5.01 kwh
June "	529.00	5,281	7.26 kwh
July "	1,027.62	7,589	8.16 kwh
Aug. Est.	1,061.48	7,842	8.18 kwh
Sept. Actual	528.89	5,409	7.41 kwh
Oct. "	188.41	2,928	6.77 kwh
Nov. "	239.97	3,754	6.86 kwh

## Testimony for PUCO

Greetings to the PUCO staff and fellow home owners, and thank you for taking time to listening to our concerns

My name is Allen Carl Fredrickson Sr.

My wife and I live at 14660 Winfield Park Drive

Newbury Twp, Novelty Postal Zone 44072, in Geauga County, Ohio.

I am now 79 years old, supposed to be a retired carpenter, but still need to work just to get by in today's economy. Retirement is not an option for folks like me.

We built our dream home in 1976 and if you recall that was right after all the Arab Oil Embargos decided to announce that there was this huge fuel shortage. They presented such a convincing argument that even President Jimmy Carter was fooled and he announced on TV that it was so. We know now that it was only manufactured so they could raise their prices, If that wasn't bad enough, East Ohio Gas, who had to know there was, and still is plenty of natural gas, quickly jumped on the band wagon and they also falsely claimed there was a **natural gas** shortage, However, as soon as everyone learned to accept the higher prices the shortage quickly and very quietly ended.

One of the results of this misinformation by our trusted major utility companies is, that when our new street was just being excavated, the East Ohio Gas Company became so animate there really was a shortage, that the contractor building the street, told us if he laid a gas line down our street the gas company assured him, they would not be able to supply gas to that line. We had to decide how we would heat our house. Gas was not an option, the Oil Companies stated quite frankly that they would not promise deliveries of oil, Propane had the same scenario, so we found ourselves in a difficult situation.

The Illuminating Company stepped up and promised us if we went all Electric, they would give us a discounted rate, They even went further telling us if we allowed them to install a Demand Meter that kept track of when we used our highest and lowest demands of electricity, and if we kept our demand lower during their peak times, then we would see even more savings in our Electric bill.

**They never mentioned** that they could cancel this contract in the future. We were told that it would continue as long as our house remained standing and we kept it an all electric home. We cooperated completely on our end of the agreement. We scheduled heavy usages like extensive baking in our oven, or washing, and drying clothing during low peak times. We



even put a timer on our water heater to control when it called for power, it's still there. We still use our dishwasher after 10:00 PM. We also installed a heat pump to further reduce our costs. We just had it replaced a few years ago.

Many investors like me have had most of our savings wiped out by corrupt Wall Street business practices, causing us as seniors to rely mainly on our Social Security to survive. But even Social Security is not helping much. There has been no cost of living increases last year, and this year we received our notice that Congress is giving no increase but instead will deduct more for Medicare, so in effect, they are decreasing what we received. But they managed to give themselves a substantial raise.

With all this said, we are just barely able to get by on what has now become our low income, **but not by our own doings**, and we are completely unable to cope with this proposed sudden high Electric Bill increases.

First Energy increased the cost per kWh from 1.8 cents in December 2009 to 4.85 cents in December 2010 That's more than a 270% increase in **one big sudden jump**.

I can't understand how the utility companies even think the general public, many who are now unemployed, and much less us seniors on a fixed income, can come up with the extra money to pay \$840.00 monthly Electrical bills when we were barely able to pay the \$400.00 a month bill, by doing without some necessity, such as buying less food or other necessities. Does it sound like I'm exaggerating? I have copies of our Electric bills to show you just to prove my point.

It would give me great pleasure right now to change the way we heat our homes, and I would do it in a heart beat, if I had somewhere around \$10,000.00 dollars to pay for the change, which would not just require new appliances and perhaps a chimney built somehow through the center of our house but the labor to have all this done.

I also would most certainly move to a smaller house or even rent another home if at all possible but with the depressed economy and especially the threat of increased cost of Electric to heat our home, along with considering the cost I mentioned to convert to an alternate heating system, makes our home totally unaffordable to any potential buyer. So you can see there is no way we could sell our home, and now if this increase gets passed, it would be impossible to continue living there. We are basically trapped in our own home and at the mercy of the public officials, who control the utility companies from gouging prices, because they have a

monopoly on supplying our needs. The tax base of most of our neighborhood will lower drastically, decreasing the revenue available to the Newbury school system as well as other local public services,

This last December, just our Electric bill alone was the highest monthly Utility, Mortgage, or Tax bill we have ever paid to any one in one month, We can't possibly keep paying that amount.

We humbly beg you to consider how the shrinking middle class can even hope to be able to afford this overwhelming increase.

The bottom line is First Energy made a binding contract with us and we have done our best to uphold our part of the agreement. How can they just decide to no longer honor their contracts with all the all electric home owners? Isn't there such a thing as honest business practices? How would you feel if you hired a contractor to do a major job on your home for you and you both signed a contract, but half way through the contractor decided to double his price and there was no one else available to finish your job?

Please make the contracts we were given by the Cleveland Electrical Illuminating Company, binding as they intended when we were first offered the plan.

Thank you once again for allowing me to address my concerns directly to you. We just hope you understand our situation and our needs.



**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergy.com](http://firstenergy.com).

**Charges from The Illuminating Company this billing period**

When contacting an Alternate Electric Supplier, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number:

Customer Charge	4.53
Distribution Related Component	141.91
Transition Charge	88.51
Generation Related Component	154.68
Transmission Related Component	18.00

Total Charges

**\$ 407.73****Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
01/05/09		-303.50
Total Payments		-303.50
Total Payments and Adjustments		-303.50

**Meter Reading Information**

Residential All Electric Load

Meter Number 680449055

Present KWH Reading (Actual) 3,980

Previous KWH Reading (Actual) 96,097

Kilowatt Hours Used 7,883

Onpeak Load in KWKVA 23.04

Offpeak Load in KWKVA 26.78

Billed Load in KWKVA 23.0


Bill for: ALLEN C FREDRICKSON  
14660 WINFIELD PARK DR  
NOVELTY OH 44072

Billing Period: Dec 24 to Jan 26, 2010 for 34 days  
Next Reading Date: On or about Feb 24, 2010  
Bill Based On: Actual Meter Reading

Residential Service

Account Summary	Amount Due
Your previous bill was	965.17
Total payments/adjustments	-384.52
Balance at billing on January 27, 2010	580.65
Current Basic Charges	
The Illuminating Company - Consumption	836.16
<b>Total Due by Feb 26, 2010 - Please pay this amount</b>	<b>1416.81</b>

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

<b>Bill Issued by:</b>	
The Illuminating Company	
PO Box 3638	
Akron OH 44309-3638	
	
Customer Service	1-800-589-3101
24-Hour Emergency/Outage Reporting	1-888-544-4877
Payment Options	1-800-686-9901
visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>	


<b>Price to Compare Message</b>	
Your current <b>PRICE TO COMPARE</b> for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .	
Residential Service - 1960032830	4.85 cents per kWh

**Messages**

The Earned Income Tax Credit (EITC) is a tax credit for certain lower-income families and individuals. For information and to determine if you qualify, simply dial 1-800-829-1040 or visit [www.irs.gov/individuals](http://www.irs.gov/individuals).

The Transmission and Ancillary Service Charge, which recovers transmission costs related to mandates from the Federal Energy Regulatory Commission, has changed effective January 1, 2010. As a result, the amount of a standard residential customer's bill (using 750 kWh/month) will DECREASE by approximately 1.4% or \$1.37 per month.

**Charges from The Illuminating Company this Billing Period**

 When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below. Call The Illuminating Company at 1-800-580-3181 with questions on these charges.

**Basic Charges**

Customer Number: 8881404892 1968932830 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	446.42
Transition Charge	84.54
Cost Recovery Charges	27.70
Bypassable Generation and Transmission Related Component	487.80
Residential Distribution Credit	-134.38
<b>Total Charges</b>	<b>\$ 836.16</b>

**Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
01/05/10		-384.52
<b>Total Payments</b>		<b>-384.52</b>
<b>Total Payments and Adjustments</b>		<b>-384.52</b>

**Meter Reading Information**

<b>Residential Service</b>	
Meter Number	680449055
Present KWH Reading (Actual)	56,881
Previous KWH Reading (Actual)	48,481
Kilowatt Hours Used	8,400

## Testimony for PUCO

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We built our dream home in 1976 and if you recall that was right after all the Arab Oil Embargos decided to announce that there was this huge fuel shortage. They presented such a convincing argument that even President Jimmy Carter was fooled and he announced on TV that it was so. We know now that it was only manufactured so they could raise their prices, If that wasn't bad enough, East Ohio Gas, who had to know there was, and still is plenty of natural gas, quickly jumped on the band wagon and they also falsely claimed there was a **natural gas** shortage, However, as soon as everyone learned to accept the higher prices the shortage quickly and very quietly ended.

One of the results of this misinformation by our trusted major utility companies is, that when our new street was just being excavated, the East Ohio Gas Company became so animate there really was a shortage, that the contractor building the street, told us if he laid a gas line down our street the gas company assured him, they would not be able to supply gas to that line. We had to decide how we would heat our house. Gas was not an option, the Oil Companies stated quite frankly that they would not promise deliveries of oil, Propane had the same scenario, so we found ourselves in a difficult situation.

The Illuminating Company stepped up and promised us if we went all Electric, they would give us a discounted rate, They even went further telling us if we allowed them to install a Demand Meter that kept track of when we used our highest and lowest demands of electricity, and if we kept our demand lower during their peak times, then we would see even more savings in our Electric bill.

**They never mentioned** that they could cancel this contract in the future. We were told that it would continue as long as our house remained standing and we kept it an all electric home. We cooperated completely on our end of the agreement. We scheduled heavy usages like extensive baking in our oven, or washing, and drying clothing during low peak times. We

even put a timer on our water heater to control when it called for power, it's still there. We still use our dishwasher after 10:00 PM. We also installed a heat pump to further reduce our costs. We just had it replaced a few years ago.

Many investors like me have had most of our savings wiped out by corrupt Wall Street business practices, causing us as seniors to rely mainly on our Social Security to survive. But even Social Security is not helping much. There has been no cost of living increases last year, and this year we received our notice that Congress is giving no increase but instead will deduct more for Medicare, so in effect, they are decreasing what we received. But they managed to give themselves a substantial raise.

With all this said, we are just barely able to get by on what has now become our low income, **but not by our own doings**, and we are completely unable to cope with this proposed sudden high Electric Bill increases.

First Energy increased the cost per kWh from 1.8 cents in December 2009 to 4.85 cents in December 2010 That's more than a 270% increase in **one big sudden jump**.

I can't understand how the utility companies even think the general public, many who are now unemployed, and much less us seniors on a fixed income, can come up with the extra money to pay \$840.00 monthly Electrical bills when we were barely able to pay the \$400.00 a month bill, by doing without some necessity, such as buying less food or other necessities. Does it sound like I'm exaggerating? I have copies of our Electric bills to show you just to prove my point.

It would give me great pleasure right now to change the way we heat our homes, and I would do it in a heart beat, if I had somewhere around \$10,000.00 dollars to pay for the change, which would not just require new appliances and perhaps a chimney built somehow through the center of our house but the labor to have all this done.

I also would most certainly move to a smaller house or even rent another home if at all possible but with the depressed economy and especially the threat of increased cost of Electric to heat our home, along with considering the cost I mentioned to convert to an alternate heating system, makes our home totally unaffordable to any potential buyer. So you can see there is no way we could sell our home, and now if this increase gets passed, it would be impossible to continue living there. We are basically trapped in our own home and at the mercy of the public officials, who control the utility companies from gouging prices, because they have a



monopoly on supplying our needs. The tax base of most of our neighborhood will lower drastically, decreasing the revenue available to the Newbury school system as well as other local public services,

This last December, just our Electric bill alone was the highest monthly Utility, Mortgage, or Tax bill we have ever paid to any one in one month, We can't possibly keep paying that amount.

We humbly beg you to consider how the shrinking middle class can even hope to be able to afford this overwhelming increase.

The bottom line is First Energy made a binding contract with us and we have done our best to uphold our part of the agreement. How can they just decide to no longer honor their contracts with all the all electric home owners? Isn't there such a thing as honest business practices? How would you feel if you hired a contractor to do a major job on your home for you and you both signed a contract, but half way through the contractor decided to double his price and there was no one else available to finish your job?

Please make the contracts we were given by the Cleveland Electrical Illuminating Company, binding as they intended when we were first offered the plan.

Thank you once again for allowing me to address my concerns directly to you. We just hope you understand our situation and our needs.



Bill for: ALLEN C FREDRICKSON  
14660 WINFIELD PARK DR  
NOVELTY OH 44072

Billing Period: Dec 30 to Jan 27, 2009 for 29 days  
Next Reading Date: On or about Feb 26, 2009  
Bill Based On: Actual Meter Reading  
Prorated Bill

Residential All Electric Load

Account Summary		Amount Due
Your previous bill was	689.36	PAID <del>500.00</del>
Total payments/adjustments	-303.50	
Balance at billing on January 28, 2009	385.86	
Current Basic Charges		407.73
The Illuminating Company - Consumption		
Total Due by Feb 27, 2009 - Please pay this amount		407.73

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

Contact Information			
	Bill issued by:		Customer Service 1-800-689-3101
	The Illuminating Company		24-Hour Emergency/Outage Reporting 1-888-544-4877
	PO Box 3638		Payment Options 1-800-686-9901
	Akron OH 44309-3638		visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>

Price to Compare Message
Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .
Residential All Electric Load - 1988832830 1.8 cents per kWh

See other pages for additional information and telephone numbers.

**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com).

**Charges from The Illuminating Company this billing period**

 When contacting an Alternate Electric Supplier, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-529-3181 with questions on these charges.

**Basic Charges**

Customer Number:

Customer Charge	4.53
Distribution Related Component	141.91
Transition Charge	88.51
Generation Related Component	154.69
Transmission Related Component	18.09

**Total Charges****\$ 407.73****Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
01/05/09		-303.50
<b>Total Payments</b>		<b>-303.50</b>
<b>Total Payments and Adjustments</b>		<b>-303.50</b>

**Meter Reading Information****Residential All Electric Load**

Meter Number	680449055
Present KWH Reading (Actual)	3,980
Previous KWH Reading (Actual)	96,097
Kilowatt-Hours Used	7,893
Onpeak Load in KW/KVA	23.04
Offpeak Load in KW/KVA	26.78
Billed Load in KW/KVA	23.0



January 27, 2010

ACCOUNT NUMBER: 11000000000000000000

Bill for: ALLEN C FREDRICKSON  
14660 WINFIELD PARK DR  
NOVELTY OH 44072

Billing Period: Dec 24 to Jan 26, 2010 for 34 days  
Next Reading Date: On or about Feb 24, 2010  
Bill Based On: Actual Meter Reading

## Residential Service

Your previous bill was	965.17	
Total payments/adjustments	-384.52	
Balance at Billing on January 27, 2010	580.65	
Current Basic Charges		
The Illuminating Company - Consumption		838.18
Total Due by Feb 26, 2010 - Please pay this amount		1418.83

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.



Bill issued by:  
The Illuminating Company  
PO Box 3638  
Akron OH 44309-3638



Customer Service 1-800-589-3101  
24-Hour Emergency/Outage Reporting 1-888-544-4877  
Payment Options 1-800-686-9901  
visit us on-line at [www.firstenergycorp.com](http://www.firstenergycorp.com)

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For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at [www.PUCO.ohio.gov](http://www.PUCO.ohio.gov).

Residential Service - 1900032638

4.85 cents per kWh

**Messages**

The Earned Income Tax Credit (EITC) is a tax credit for certain lower-income families and individuals. For information and to determine if you qualify, simply dial 1-800-829-1040 or visit [www.irs.gov/individuals](http://www.irs.gov/individuals).

The Transmission and Ancillary Service Charge, which recovers transmission costs related to mandates from the Federal Energy Regulatory Commission, has changed effective January 1, 2010. As a result, the amount of a standard residential customer's bill (using 750 kWh/month) will DECREASE by approximately 1.4% or \$1.37 per month.

**Charges from The Illuminating Company this billing period**

 When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below. Call The Illuminating Company at 1-888-588-3101 with questions on these charges.

**Basic Charges**

Customer Number: 8881404882 1988832830 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	448.42
Transition Charge	84.54
Cost Recovery Charges	27.70
Bypassable Generation and Transmission Related Component	407.80
Residential Distribution Credit	-134.38
<b>Total Charges</b>	<b>\$ 836.16</b>

**Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
01/05/10		-384.52
<b>Total Payments</b>		<b>-384.52</b>
<b>Total Payments and Adjustments</b>		<b>-384.52</b>

**Meter Reading Information**

<b>Residential Service</b>	
Meter Number	680449055
Present KWH Reading (Actual)	55,881
Previous KWH Reading (Actual)	48,481
Kilowatt Hours Used	8,400

Timothy and Lynn Powell  
9301 Lorrich Dr.  
Mentor, OH 44060

PUCO  
Attn: Docketing  
180 E. Broad St.  
Columbus, OH 43215  
Case # 10-0176-EL-ATA

We have lived in our 'all electric' home in Mentor since 1987. Several times when we were on vacation and used less electricity than normal, we were sent letters asking us to prove we do not have any gas appliances. Requiring a home owner to purchase only electric appliances, then removing the special rate, which requires purchasing new equipment before the existing equipment has worn out, is not fair. When we needed a new furnace several years ago, I even called and asked if this rate was permanent, and was told the all electric rate would not go away. We purchased a new electric furnace, when we could have gone with gas.

If the rates must change, maybe there could be a delay of several years after notification, since this would require people who recently purchased an electric heating system to convert to gas.

Regards,  
Tim Powell

## Testimony for PUCO

Greetings to the PUCO staff and fellow home owners, and thank you for taking time to listening to our concerns

My name is Allen Carl Fredrickson Sr.

My wife and I live at 14660 Winfield Park Drive

Newbury Twp, Novelty Postal Zone 44072, in Geauga County, Ohio.

I am now 79 years old, supposed to be a retired carpenter, but still need to work just to get by in today's economy. Retirement is not an option for folks like me.

We built our dream home in 1976 and if you recall that was right after all the Arab Oil Embargos decided to announce that there was this huge fuel shortage. They presented such a convincing argument that even President Jimmy Carter was fooled and he announced on TV that it was so. We know now that it was only manufactured so they could raise their prices, If that wasn't bad enough, East Ohio Gas, who had to know there was, and still is plenty of natural gas, quickly jumped on the band wagon and they also falsely claimed there was a **natural gas** shortage, However, as soon as everyone learned to accept the higher prices the shortage quickly and very quietly ended.

One of the results of this misinformation by our trusted major utility companies is, that when our new street was just being excavated, the East Ohio Gas Company became so animate there really was a shortage, that the contractor building the street, told us if he laid a gas line down our street the gas company assured him, they would not be able to supply gas to that line. We had to decide how we would heat our house. Gas was not an option, the Oil Companies stated quite frankly that they would not promise deliveries of oil, Propane had the same scenario, so we found ourselves in a difficult situation.

The Illuminating Company stepped up and promised us if we went all Electric, they would give us a discounted rate, They even went further telling us if we allowed them to install a Demand Meter that kept track of when we used our highest and lowest demands of electricity, and if we kept our demand lower during their peek times, then we would see even more savings in our Electric bill.

**They never mentioned** that they could cancel this contract in the future. We were told that it would continue as long as our house remained standing and we kept it an all electric home. We cooperated completely on our end of the agreement. We scheduled heavy usages like extensive baking in our oven, or washing, and drying clothing during low peek times. We

even put a timer on our water heater to control when it called for power, it's still there. We still use our dishwasher after 10:00 PM. We also installed a heat pump to further reduce our costs. We just had it replaced a few years ago.

Many investors like me have had most of our savings wiped out by corrupt Wall Street business practices, causing us as seniors to rely mainly on our Social Security to survive. But even Social Security is not helping much. There has been no cost of living increases last year, and this year we received our notice that Congress is giving no increase but instead will deduct more for Medicare, so in effect, they are decreasing what we received. But they managed to give themselves a substantial raise.

With all this said, we are just barely able to get by on what has now become our low income, **but not by our own doings**, and we are completely unable to cope with this proposed sudden high Electric Bill increases.

First Energy increased the cost per kWh from 1.8 cents in December 2009 to 4.85 cents in December 2010 That's more than a 270% increase in **one big sudden jump**.

I can't understand how the utility companies even think the general public, many who are now unemployed, and much less us seniors on a fixed income, can come up with the extra money to pay \$840.00 monthly Electrical bills when we were barely able to pay the \$400.00 a month bill, by doing without some necessity, such as buying less food or other necessities. Does it sound like I'm exaggerating? I have copies of our Electric bills to show you just to prove my point.

It would give me great pleasure right now to change the way we heat our homes, and I would do it in a heart beat, if I had somewhere around \$10,000.00 dollars to pay for the change, which would not just require new appliances and perhaps a chimney built somehow through the center of our house but the labor to have all this done.

I also would most certainly move to a smaller house or even rent another home if at all possible but with the depressed economy and especially the threat of increased cost of Electric to heat our home, along with considering the cost I mentioned to convert to an alternate heating system, makes our home totally unaffordable to any potential buyer. So you can see there is no way we could sell our home, and now if this increase gets passed, it would be impossible to continue living there. We are basically trapped in our own home and at the mercy of the public officials, who control the utility companies from gouging prices, because they have a



monopoly on supplying our needs. The tax base of most of our neighborhood will lower drastically, decreasing the revenue available to the Newbury school system as well as other local public services,

This last December, just our Electric bill alone was the highest monthly Utility, Mortgage, or Tax bill we have ever paid to any one in one month, We can't possibly keep paying that amount.

We humbly beg you to consider how the shrinking middle class can even hope to be able to afford this overwhelming increase.

The bottom line is First Energy made a binding contract with us and we have done our best to uphold our part of the agreement. How can they just decide to no longer honor their contracts with all the all electric home owners? Isn't there such a thing as honest business practices? How would you feel if you hired a contractor to do a major job on your home for you and you both signed a contract, but half way through the contractor decided to double his price and there was no one else available to finish your job?

Please make the contracts we were given by the Cleveland Electrical Illuminating Company, binding as they intended when we were first offered the plan.

Thank you once again for allowing me to address my concerns directly to you. We just hope you understand our situation and our needs.



Bill for: ALLEN C FREDRICKSON  
14660 WINFIELD PARK DR  
NOVELTY OH 44072

Billing Period: Dec 30 to Jan 27, 2009 for 29 days  
Next Reading Date: On or about Feb 26, 2009  
Bill Based On: Actual Meter Reading  
Prorated Bill

Residential All Electric Load

Account Summary		Amount Due
Your previous bill was	669.36	PAID <del>365.86</del>
Total payments/adjustments	<u>-303.50</u>	
Balance at billing on January 28, 2009	365.86	
Current Basic Charges		407.73
The Illuminating Company - Consumption		
Total Due by Feb 27, 2009 - Please pay this amount		<del>365.86</del>

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

General Information				
	<b>Bill issued by:</b>		<b>Customer Service</b>	<b>1-800-589-3101</b>
	<b>The Illuminating Company</b>		<b>24-Hour Emergency/Outage Reporting</b>	<b>1-888-544-4877</b>
	<b>PO Box 3638</b>		<b>Payment Options</b>	<b>1-800-686-9901</b>
	<b>Akron OH 44309-3638</b>		<b>visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a></b>	

Price to Compare Message
Your current PRICE TO COMPARE for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .
Residential All Electric Load - 1960032830 <span style="float: right;">1.8 cents per kWh</span>

See other pages for additional information and telephone numbers

**Messages**

Pursuant to Ohio Law, the Universal Service Fund rider rate has been adjusted effective with this bill.

REMINDER: Please pay the entire amount of your electric bill each month by the due date to avoid being assessed a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com).

**Charges from The Illuminating Company this billing period**

When contacting an Alternate Electric Supplier, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number:

Customer Charge	4.53
Distribution Related Component	141.91
Transition Charge	88.51
Generation Related Component	154.69
Transmission Related Component	18.09

Total Charges

**\$ 487.73****Detail Payment and Adjustment Information**

Date	Reference	Amount
Payments:		
01/05/09		-303.50
Total Payments		-303.50
Total Payments and Adjustments		-303.50

**Meter Reading Information**

Residential All Electric Load	
Meter Number	680449055
Present KWH Reading (Actual)	3,980
Previous KWH Reading (Actual)	96,097
Kilowatt-Hours Used	7,883
Onpeak Load in KW/KVA	23.04
Offpeak Load in KW/KVA	26.78
Billed Load in KW/KVA	23.0



Bill for: ALLEN C FREDRICKSON  
14660 WINFIELD PARK DR  
NOVELTY OH 44072

Billing Period: Dec 24 to Jan 26, 2010 for 34 days  
Next Reading Date: On or about Feb 24, 2010  
Bill Based On: Actual Meter Reading

Residential Service

Your previous bill was	965.17	
Total payments/adjustments	-384.52	
Balance at billing on January 27, 2010	<u>580.65</u>	
Current Basic Charges		
The Illuminating Company - Consumption		836.16
Total Due by Feb 26, 2010 - Please pay this amount		<u>1416.81</u>

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service 24-Hour Emergency/Outage Reporting Payment Options visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>	1-800-589-3101 1-888-544-4877 1-800-686-9901

Price to Compare	
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Residential Service - 1960032830	4.85 cents per kWh

**Messages**

The Earned Income Tax Credit (EITC) is a tax credit for certain lower-income families and individuals. For information and to determine if you qualify, simply dial 1-800-829-1040 or visit [www.irs.gov/individuals](http://www.irs.gov/individuals).

The Transmission and Ancillary Service Charge, which recovers transmission costs related to mandates from the Federal Energy Regulatory Commission, has changed effective January 1, 2010. As a result, the amount of a standard residential customer's bill (using 750 kWh/month) will DECREASE by approximately 1.4% or \$1.37 per month.

**Charges from The Illuminating Company this billing period**

 When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below. Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801484892 1960832830 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	445.42
Transition Charge	84.54
Cost Recovery Charges	27.70
Bypassable Generation and Transmission Related Component -	407.80
Residential Distribution Credit	-134.30
<b>Total Charges</b>	<b>\$ 836.16</b>

**Detail Payment and Adjustment Information**

Date	Reference	Amount
<b>Payments:</b>		
01/05/10		-384.52
<b>Total Payments</b>		<b>-384.52</b>
<b>Total Payments and Adjustments</b>		<b>-\$384.52</b>

**Meter Reading Information**

<b>Residential Service</b>	
Meter Number	680449055
Present KWH Reading (Actual)	56,881
Previous KWH Reading (Actual)	48,481
Kilowatt Hours Used	8,400

Good evening, my name is Michael Tarasco and I live at 7963 Belglo lane, Mentor, Ohio. I'm not only here to support my Ohio neighbors in requesting the PUCO to rule in favor by permanently reinstating the All Electric discount and making sure it passes onto any successor accounts as well, but for First Energy to include those of us who built after 2007 and were led to believe that FE and the state were going to address this situation in a positive manner.

I remember going to the YMCA dream house and talking to a Heating representative about the geo thermal unit that was installed there. They touted the features and benefits of the system and stated that while the All Electric discount had been put on hold as he put it. He felt for certain that first energy would certainly not walk away from their customer base.

I was researching heating and cooling options since my wife and I had purchased some property in Mentor and wanted to be as economical as possible. The further I researched the more the AE option made sense to me. Geo thermal was supposed to be the most economical since it uses the earth to help heat and cool your house, add an electric water heater and tie the geo thermal unit into that and during the summer get virtually free hot water.

I remember then calling first energy and talking to a customer service representative over the phone. In which I was told the following again. That although the AE discount was discontinued that she had heard the company was addressing the issue to reinstate it and move forward to offer it to new homeowners such as myself. When I finally decided to go with the geo thermal unit, again all 3 of the distributors stated that they heard that FE was going to reinstate the AE discount due to competition from the gas company.

I can assure you that when I received my first heating bill of over \$800 dollars and subsequent bills of over \$500, I was thinking I made the wrong decision. That is when I heard of CKAP and Sue Stiegerwald and her efforts to work on behalf of Ohioans who had

**CONTRACTS with FE that were tossed aside for corporate profits. I stand here today to ask PUCO not only to reinstate the ALL ELECTRIC DISCOUNT for those who came before people like me who built ALL ELECTRIC HOMES with the understanding that we would be included too somewhere in the future. Well the future is here NOW and I ASK EMFACTICALLY that you DO THE RIGHT THING FOR ALL FE CUSTOMERS THAT ARE ALL ELECTRIC CUSTOMERS and give us our discount. I don't wish to endure anymore 800 dollar bills and walk around my house in my winter coat.. Thank you for your time and consideration.**

Frank Vlcek  
6298 Dewey Road  
Thompson, Ohio

I am an all electric customer, but I figure there will be enough homeowners testifying today on the increased heating costs and loss of property value if First Energy's all electric discount is not made permanent.

What I'd like to talk about is foresight and consequences for our actions and accepting liability for those consequences.

We all know the story. How some thirty years ago First Energy had surplus power and devised a plan to sell it by creating the all electric discount to entice people to build or convert to all electric homes.

They were making the money they had hoped for and the customers got a clean source for heating their homes at a price that was reasonable when and where other forms of heating like natural gas were not available.

But did First Energy really have any idea what they were creating? Because not only did they create a whole new class of consumer, they also created a myriad of industries to build and support this new class of consumer.

There are contractors that specialize in electric heat and builders whose business was created either totally or partially around the electric home. I happen to work for one. Right now there are all electric housing projects that were started years ago that could quite possibly go bust without some intervention to force First energy to continue it's all electric discount because no one will want to buy a home knowing they can't afford to heat it.

And as these projects are abandoned the companies building them will likely go under.

You know First Energy is a monopoly and they cannot be allowed to shut down businesses and put people out of work simply because they have now found a way to make higher profits and would like to see a whole class of consumer they created thirty years ago go away.

I think everyone can agree that Ohio is in economic turmoil. Can our state afford to lose all these jobs connected to the all electric industry? Not to mention having the value of the thousands of all electric homes plummet because no one will want to buy one knowing the prohibitive cost to heat it or convert it to some other form of heating. Can the economy of our state truly recover with this added pressure on the real estate market of thousands of unwanted homes?

Even green energy will be affected as geothermal heating is an all electric form of heating. Instead, this past winter, people were forced to burn more wood as a heating source which is the opposite direction to the green movement putting more pollutants into the air.

Did First Energy foresee what they were creating thirty years ago. I certainly believe they should be held responsible for the consequences of their actions. I urge you to seriously consider the big picture of what the elimination of the all electric discount will affect. The all electric rate must be made permanent and it must be extended to every all electric home now in service and even the ones now under construction giving the industry First Energy unwittingly created a chance to change if phasing out the discount



to new customers is still in their plans. And to keep real estate values stable, the all electric rate must be tied to property, not the owner or First Energy customer. Thank you for your time.

Considering the date of this hearing, I brought a symbol of the upcoming holiday to remind me that I should really be home cooking on my electric stove. Considering the purpose of this hearing, I again brought this 1982 Cleveland Press editorial cartoon showing the Cleveland Electric Illuminating Co. cuddling (that's the "G" rated version) with the Public Utilities Commission of Ohio in a motel room bed. Hopefully, this will remind the commissioners to put the public in the PUCO, particularly in light of Congresswoman Marcy Kaptur's testimony and the *Plain Dealer's* confirmation that First Energy's total revenue in 2009 was nearly \$13 billion or approximately \$1 billion a month.

With Thanksgiving just two days away, I am thankful that due to the actions of Governor Strickland and many others, First Energy's All-Electric rate that existed for 33 years for over 300,000 customers has been restored through this winter heating season. My wish list for Santa Claus and the PUCO is simple - permanent restoration of the All Electric rate that stays with the property. Please don't be scrooges this holiday season. And now let's talk turkey, so to speak.

When we built our all electric home in 1986, our builder presented us with a copy of the Cleveland Electric Illuminating Company's "Criteria to Qualify for Residential Schedule Space Heating/Water Heating Discounts", No. 3723-A, Rev. 5-85 which outlined stringent construction conservation/efficiency mandates in order to qualify for the residential all-electric rate including minimum wall and attic/ceiling insulation, hot water heating capacity, heating systems etc. Our home exceeded these requirements with R-30 insulation in the attic, 2 x 6 rather than of 2 x 4 construction allowing R-19 rather than R-12 wall insulation, triple-paned rather than double-paned windows, a high efficiency heat pump etc.

I have searched to no avail for this document. Last spring, Bob Fortney of the PUCO was very helpful in researching information and answering questions regarding First Energy and its predecessors. He requested a copy of this document from First Energy, but apparently it was never provided.

We have conscientiously practiced energy conservation and efficiency for decades. Our home is shaded by foliage in summer; we operate ceiling and floor fans so that we rarely, if ever, run our air conditioning. We never set our thermostat above 68° in winter. We scrupulously conserve hot water, use CFLs, have energy star appliances, installed a new \$10,000 high-efficiency heating system in 2008, and had our insulation checked when our roof was replaced in 2009. We really cannot do much more to mitigate electricity usage.

As one example of "no good deed going unpunished", in January 2010, we used 22% fewer kilowatt hours of electricity but paid 28% more for electricity than we did in January 2009.

I am on a very modest fixed income. My husband had spinal surgery in May. He was broadsided by a car that ran a red light in August. The impact cracked his spine and dislodged the metal plates implanted in his back. He now faces extensive surgery next year and will have to retire, putting both of us on small fixed incomes. Our health insurance premiums and medical expenses have been astronomical. We simply cannot afford winter electric bills that are equivalent to or exceed monthly mortgage payments. We have no interest in, cannot afford, and should not even have to consider converting our home to another heat source such as natural gas.

To add insult to injury, elimination of the all-electric rate conservatively devalues our home by 30% and makes it virtually unsaleable in an already severely depressed housing market.

I am not a lawyer. I am aware that the PUCO has stated that it lacks jurisdiction to hear "pure contract" claims, but common sense compels me to address this issue. At the risk of oversimplification and redundancy, I do have a few final thoughts on the "commitment" portion of the PUCO's public notice of this hearing. According to *The Legal Lexicon* definition, "A contract is an agreement with specific terms between two or more parties in which there is a promise to do something (perform) in return for a valuable benefit known as consideration. The existence of a contract requires the following factual elements:

- A) an offer (in this case, by first energy to provide electricity under an all-electric rate)
- B) a meeting of the minds that results from an acceptance of that offer (in this case, building all-electric structures)
- C) a promise to perform (in this case, providing electricity at an all-electric rate)
- D) valuable consideration (in this case, customer payment of the electric bill; additionally, by making this offer, FirstEnergy and its predecessors reduced competition by creating a captive market in which to sell surplus electricity)
- E) a time or event when performance must be made, i.e. meeting commitments (again, providing electricity through an all-electric rate for which monthly charges are paid)
- F) terms and conditions for performance including fulfilling promises (providing electricity in exchange for payment based on an all-electric rate)
- G) actual performance"

It seems to me that fulfillment of a contract occurred every time FirstEnergy or its predecessors provided electricity under the all-electric rate to an all-electric customer who then paid the monthly bill.

It also seems to me that the PUCO was complicit in this contractual agreement by approving the all-electric rates of FirstEnergy and its predecessors for 33 years.

It further occurs to me that absent specific written contracts per se, the longevity of the all-electric rate may confer legal, contractually binding status in much the same way as common law cohabitation of lengthy duration is recognized as a legal marriage under certain circumstances in certain jurisdictions.

Lastly, it is impossible to prove or disprove a negative. In other words, while FirstEnergy and its predecessors may not have explicitly stated to each all-electric customer that the all-electric rate was permanent, neither did FirstEnergy or its former incarnations ever give any indication that the rate was temporary or of some fixed, finite duration.

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In conclusion, thank you for this opportunity to address the PUCO this evening.

Joan Glickson  
567 Bartow Lane  
Richmond Heights, Ohio 44143  
216-383-0083

I have lived in my all-electric house in Richmond Heights for 29 years. It is a 1280 square foot townhouse in Richmond Place Condominiums. I purchased a new energy efficient electric heat pump several years ago.

First Energy eliminated our all-electric rate in 2009 during my 14 month period of unemployment. I became aware of this elimination when I received my electric bill in the fall of 2009. Knowing my heating bills would drastically increase, I took extreme measures to keep my usage to a bare minimum. I was collecting \$297 per week in unemployment compensation. I lowered my thermostat 10 degrees, discontinued using my dishwasher altogether, washed clothes in only cold water, turned my hot water tank down to the lowest possible temperature, raised the temperature in my refrigerator and freezer, unplugged everything that wasn't essential (i.e. lamps, radios, television in a spare room, etc), and left all lights off until sunset. Even going to these extreme measures, my December 2009 electric bill was the highest bill I have ever received. My house remained at frigid temperatures throughout the winter. I sat in my house with my coat and gloves on and wrapped myself in blankets so that I could afford to pay my heating bills. This is an unacceptable way to live. I relied on the all-electric rate when I purchased my home to offset the high costs of heating my house with electricity and the cost of replacing and maintaining my electric heat pump. Electric heat pumps have a much shorter life than gas furnaces and are more expensive to maintain. All of this I accepted with the promise of the reduced all-electric rate to make heating my home affordable. My current heat pump, costing approximately \$4000, is the fourth one I have owned since I've lived in my house. Without the promise of a preferred rate, I never would have purchased my home.

Since the elimination of the all-electric rate in the summer of 2009, my home has devalued 39%. My home is a 1280 square foot townhouse in an all-electric development with 250 condominiums, which was built in the late 1970's during the energy crisis. The original owners were promised a permanent preferred electric rate when they built their homes. This promise was passed on to me by the sellers. During the two year period immediately prior to First Energy's elimination of the all-electric rate, there were 14 arm's length sales in my development. The average sales price of those homes was \$90.88 per square foot. Since the elimination of our preferred rate, there have been four arm's length sales at an average sales price of \$55.22 per square foot. One of these four sales prices was for \$15,500 less than I paid for my home in 1981. I reiterate, our Richmond Place all-electric condominiums have so far declined 39%. I contested my property valuation in 2009 with Cuyahoga County and was able to prove to the Board of Revision that my property valuation declined \$38,000. If the all-electric rate is not permanently restored, our homes will become worthless. No one will pay an amount greater than a mortgage payment to heat their house every winter.

There are no options to convert my house to any other method of heating. The entire condominium complex would have to bring gas into the development and convert all 250 homes. The condominium association explored this possibility and the costs would be exorbitant just to bring in gas lines. We would then have to install gas furnaces.

First Energy made written and implied contracts with builders and homeowners to entice us to build and buy all-electric homes. Electric heat pumps were designed to be used in moderate climates, not for Cleveland weather. Our homes would never have been built during the energy crisis, but for the fact that First Energy promised they would make heating these homes affordable - PERMANENTLY. They kept their promise for nearly 40 years, until mid-2009 when they eliminated our all-electric rate and our heating rate nearly quadrupled. First Energy's promise was a permanent preferred rate for our homes as long as they remained all-electric. If that contract is breached, our homes will be impossible to sell. I strongly urge the PUCO to rule in favor of all-electric homeowners by reinstating the all-electric discount which will permanently attach to our all-electric houses, and thus be passed on to successor owners.

Richmond Place Sales	<u>Sales Price</u>	<u>Average Sales Price</u>	<u>Square Footage</u>	<u>Price per Sq Foot</u>	<u>Avg Price per Sq Foot</u>
<u>2007</u>					
605 Dade	136,900	126,418	1584	86.43	90.88
4438 Donna	137,500		1280	107.42	
4460 Donna	125,000		1280	97.66	
464 Terrell	119,250		1584	75.28	
465 Terrell	150,000		1584	94.70	
549 Towns	143,500		1584	90.59	
581 Wilkes	150,000		1584	94.70	
<u>2008</u>					
597 Dade	94,500	126,418	1280	73.83	90.88
4442 Donna	130,000		1280	101.56	
4473 Habersham North	129,700		1320	98.26	
4445 Habersham North	135,000		1280	105.47	
468 Terrell	94,000		1280	73.44	
<u>2009 - prior to elimination of All Electric rate</u>					
573 Bartow	125,000	79,750	1280	97.66	55.22
543 Towns	99,500		1320	75.38	
<u>2009 - after elimination of All Electric rate</u>					
625 Dade	86,000	79,750	1584	54.29	55.22
<u>2010 - after eliminaiton of All Electric rate</u>					
4444 Donna	83,000		1320	62.88	
4475 Habersham	90,000		1584	56.82	
474 Terrell	60,000		1280	46.88	
Reduction in market value		46,668			35.67
% reduction		36.92%			39.24%

The above analysis excludes all foreclosure sales.



**PUCO April 27 Public Hearing on Case No. 10-0176-EL-ATA**

**Full Name:** MATTHEW S. SEAYES **E-mail Address:** mik101999a@yahoo.com

**Street Address:** 11856 Achilles DR.

**City:** CONCORD TWP. **County:** LAKE **Zip:** 44077  
OHIO

**Phone where you can be reached between 8AM and 5PM:** 440-221-1995

**Utility Company Name:** The Illuminating Company

**Complaint:** I was looking for land in Concord - and came across land  
Contacted my brother and he said to call the Illuminating Company to see  
if they still offer the all-Electric rate, on 9/1/00 I called the  
Customer service number and talked to a lady - and asked her  
about the all-Electric Rate and she told me there is never  
any more that it was only to people who had their home  
done by 12/31/00 - I didn't find out until I called for advice  
7/29/08.

**Are you between the ages of:**

- a) 18 or under      b) 19-29  
c) 30-45      d) 46-64  
e) Over 65

**How did you first hear of the Ohio Consumers' Counsel?**

- a) Mailing      b) Media  
c) Friend or Relative      d) Internet  
e) Utility Co./Bill      f) Other

**How important is it for you to have access to the Ohio Consumers' Counsel, the state agency that advocates for consumers and provides information about utility issues?**

- a) Very important      b) Important  
c) Not important      d) Not important at all  
e) Don't know/no opinion

**November 23, 2010**

**Gail Larson  
3200 State Road  
Rock Creek, Ohio, Ashtabula County**

**Testimony for Permanent Restoration of the All-Electric Home Discount:**

**Our provider is The Illuminating Company, owned by First Energy.**

**We own an all-electric home which we purchased in 2008. We were billed at the standard rate for the first two winters because we purchased our home after 2007 when the all-electric discount was discontinued. In January, 2009, we paid \$445 for 5,215 KWHs. In January, 2010, we paid \$111 more but we had used 670 KWHs less because we had implemented effective, energy saving measures and, we opted in to NOPEC's lower generation rates. We used less energy but we paid more. Why? Because the Distribution Related Component Charge went up 129% due to the 2009 rider. Without any discount credits, we saw the full impact of the excessive premiums First Energy was approved to charge for KWHs used over 500.**

**We have no options. There isn't any gas on our street. Our home does not have heating ducts. Fireplace inserts, solar and wind alternatives are too expensive for us to install as we are retired with a fixed income.**

**Please approve a permanent rate differential for all-electric homes, applied to every property, no matter when they purchased their home and no matter who owns it in the future. Do not allow First Energy to make up this differential by charging our neighbors. Additionally, please make certain the formula that is used for the 2011-2014 Distribution Rider the Commissioners have already approved does not charge us for higher rates for using more than 500 KWHs in the winter months when we are heating our homes.**

**We have no alternatives for keeping our home heated. We want to pay fair rates that give First Energy a reasonable, but not excessive, profit. Please help us manage our utility bills so we can afford to stay in our homes. Thank you.**

*Gail Larson 11-23-2010*

November 23, 2010

Re: All-electric home rates

We are here this evening to express our opinion on the All-electric home rate issue. It is our hope that our concerns will be heard and count in this matter.

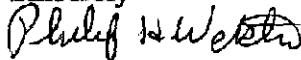
Our home was built and we moved into it in 1980. It was built as an all-electric home because the electric company advised it would be an advantage to do so, given the discounted winter rates they would give. If there is a problem with this now, we can understand not continuing to offer it to new homes, but feel strongly that those who have been in the program should be able to continue. We have replaced equipment with electric units to be able to stay in the program. The abrupt rate change does not mean we are suddenly going to be able to replace them with units using other fuel. Our retirement fixed income (very fixed since there has been no Social Security increase for 2 years and the economy is not helping other investments) does not allow for any sudden large financial burden.

You have a basic rate which you claim has remained in line, but there are additional fees, and it seems more of them all the time, that kick it up. To us, our electric rate is that bottom line that we pay each month. So, if you add charges, our "rate" is up. Generation charge? Distribution charge? These are additional? Maybe if a truck pulled up to the house each month and filled a tank with electricity a distribution charge would make sense. What is a basic rate if not creation and distribution of the product?

We have family and friends in various parts of the state and country making it possible for us to compare rates and reliability of service. This area has rates among the highest in the country. Reliability is also an issue. We have frequent outages and are as apt to lose power when the weather is of average temperature on a calm day as we are when it is windy, snowy or excessively hot.

Most companies want to sell their product. They reward their best customers. We hope you will consider these points in making your decision.

Sincerely



Mr. & Mrs. Philip H. Webster  
12020 Bean Rd.  
Chardon, Ohio 44024

**UNITED STATES CONSTRUCTION CORPORATION  
2785 SE 11<sup>TH</sup> STREET  
POMPANO BEACH, FL 33062  
954-785-6085**

**11-21-2010**

Public Utility Commission Of Ohio  
Columbus, Ohio

**RE: Case 10-176**

Dear Staff and Commissioners,

I would appreciate you considering my written testimony instead of being there in person. I am in Florida until Spring of 2011.

Be advised that I was approached by Ohio Edison in 2002 & 2005 in the development of two projects in Erie and Ottawa Counties.

Two different Ohio Edison employees offering usage discounts for future tenants or owners for all electric developments. This offer was accepted on our Erie county development and the project was designed accordingly.

Thank you for considering my testimony.

Very truly yours,

United States Construction Corporation



Gregory L. Spatz  
President

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President

#47

Kelley West  
8276 Deepwood Blvd #8  
Mentor, OH 44060

My husband and I live in a 1,200 square foot condo here in Mentor. Our building was built in 1969. We have lived there 10 years. Our condo complex is all electric and there is NO alternatives available for heat, cooking, laundry, etc other than electric appliances. We have researched options to make our unit more electric efficient. We put compact fluorescent bulbs in most lights. Put those foam insulator pads in the outlets on outside walls. We keep our heating and cooling settings lower than what is comfortable and wait as long as possible to turn on the heaters or a/c. Turn off the tv, lights, etc when we are not in the rooms and the other common sense things. We have also researched options such as new windows and doors to improve the efficiency of keeping the heat in. We have also looked into adding additional insulation to the attic area and outside walls. But the things we would do to improve the efficiency would not be effective enough to be worth the investment at this time. We share walls on both sides of our unit and heat on 2 of the 4 walls of our space would still escape through those shared walls. Not to mention I have not had a steady job for 2 and a half years and we cannot afford such up front expenses at this time. We are already living pay check to paycheck and the electric bills in the winter make it even more difficult to make ends meet. The first time I saw a bill over \$200 I thought it just HAD to be a mistake. I contemplated making arrangements to have our electric bills on a budget, but talking with neighbors and others who are on budget, that does not seem to be much of a solution either as many of them are in the negative and owe money. Seems the people delivering our electricity cannot even budget how much we need to pay....how I am supposed to?

New  
H2O TANK  
Baseboard  
Heaters  
Thermo-  
Stats  
Too

The last month we received the all electric discounted rate was March '09. That rate was 1.9 cents a kW hour. April and May '09 the rate increased 32% to 2.5 cents. June the rate almost quadrupled to 7.1. July was 7.39. And so on. The month to month rate has varied from 4.9 to 7.9 cents a kW hour since then. There is no rhyme or reason as to the large fluctuations making it even harder to try to budget and anticipate how much the next bill will be. Another thing that makes it difficult to figure the bills out is the inconsistency in what is charged or credited. For example: Oct '10 we used 601 kW hours at 6.67 cents an hour and received a bill of \$48.62. Oct '09 we used 606 kW hours at 6.03 cents an hour and the bill was \$71.76.

FEB 09 before increase used 3314 KW @ \$218  
FEB 10 After increase used 2821 KW @ \$293.

There are close to 200 units in my condo complex. Everyone there facing similar issues. A lot of residents in Deepwood are seniors and on fixed incomes making it more of a stretch for them to be able to cover the cost. Even if the all electric discount cannot be what it once was, more billing and cost consistency is needed as well as some sort of discount to those with no heat alternatives.

I have spoken with neighbors who have spoken with various representatives of First Energy, Illum. Co, PECO, etc. And there is no straight answers or consistency from agency to agency.

Date	cents/kwh	total bill	Kw month	Misc.
Oct 08	1.9	93.16	737	
Nov 08	1.9	94.46	957	
Dec 08	1.9	143.96	1918	
Jan 09	1.9	193.63	2923	
Feb 09	1.9	218.43	3314	
Mar 09	1.9	172.11	2393	
Apr 09	2.5	140.51	1691	
May 09	2.5	129.02	1372	Residential Dist. Credit,
June 09	7.1	67.22	608	Residential Dist. Credit, Started Cost Recovery Charge
July 09	7.39	121.08	937	
Aug 09	7.35	110.57	856	
Sept 09	7.28	123.28	962	Residential Dist. Credit
Oct 09	6.03	71.76	606	Residential Dist. Credit
Nov 09	5.37	120.47	1134	Residential Dist. Credit
Dec 09	5.27	135.36	1292	Residential Dist. Credit
Jan 10	4.9	288.65	2875	Residential Dist. Credit
Feb 10	5.14	293.03	2821	Residential Dist. Credit
Mar 10	1	270.84	2596	(COURT NOT LOCATED BILL)
Apr 10	5.36	142.34	1712	Residential Dist. Credit, Resident Generation Credit
May 10	5.64	75.68	1076	Residential Dist. Credit, Resident Generation Credit
June 10	6.23	70.38	919	Residential Dist. Credit, Resident Generation Credit
July 10	7.6	108.69	812	
Aug 10	7.94	218.54	1629	
Sept 10	7.84	164.24	1230	
Oct 10	6.67	48.62	601	Residential Dist. Credit, Resident Generation Credit
Nov 10	6.86	57.95	772	Residential Dist. Credit, Resident Generation Credit

West 440-266-0172  
8276 Deepwood Blvd #8

Mentor



**PUCO April 27 Public Hearing on Case No. 10-0176-EL-ATA**

**Full Name:** Kelley West      **E-mail Address:** valkerie21@yahoo.com

**Street Address:** 8276 Deepwood Blvd. Unit #8

**City:** Mentor      **County:** Lake      **Zip:** 44060

**Phone where you can be reached between 8AM and 5PM:** 440-266-0172

**Utility Company Name:** Illuminating Company

**Complaint:**

Electric rates 3-4x what they were. Inconsistent Pricing/billing/discounts. Live in Condo Complex where we do not have the option to bring in alternative Heat/electric/utility sources. Stabilize Pricing and organize some sort of discount.

**Are you between the ages of:**

- a) 18 or under      b) 19-29  
☒ c) 30-45      d) 46-64  
e) Over 65

**How did you first hear of the Ohio Consumers' Counsel?**

- a) Mailing      b) Media  
c) Friend or Relative      d) Internet  
e) Utility Co./Bill      ☒ f) Other Neighbor

**How important is it for you to have access to the Ohio Consumers' Counsel, the state agency that advocates for consumers and provides information about utility issues?**

- a) Very important      b) Important  
c) Not important      d) Not important at all  
☒ e) Don't know/no opinion

*Written statement of Chester Karchesky*

Good evening! I want to thank the PUCO for holding these public hearings on this very important issue.

My testimony will be different from what you have heard at other hearings because not only am I an all-electric homeowner, I am a former Illuminating Company employee who actively sold and promoted all-electric homes. As an All-Electric Geothermal Homeowner, I was assured that if I got the electric hooked up before the 2007 deadline that I would be safely in with the All-Electric rate. I was told by FirstEnergy that I, along with all the others before me, would be grandfathered or safe from whatever rate structure would come after that date. As a former Illuminating Company employee, I had no reason not to believe what I was told.

I was employed full-time by the Illuminating Company from 1994 to 2002. During this time, I have had various job titles due to company reorganizations and mergers. The most common title I held with the company was sales account representative for either residential, commercial or national accounts. As a residential sales account representative, my primary job responsibilities included selling the concept of the all-electric home life-style. My customer focus was promoting and selling electro-technologies through builders and developers while developing key subcontractor and OEM (original equipment manufacturer) relationships. These relationships helped me promote and execute the implementation of electro-technologies sales to the consumer market. The market not only included my residential primary target market, but it also included commercial and even industrial customers. Throughout my tenure at FirstEnergy, I marketed and sold energy-related products and services that included electricity, natural gas, energy consulting and facility maintenance contracts to residential, commercial and industrial customers.

The more I think about what's going on with this All-Electric rate situation, I can recall times when I was a sales employee with the company, the Illuminating Company management and marketing personnel telling its sales force to keep on pushing all-

**C. KARCHEFSKY TESTIMONY - Keep The All Electric Rate Program**

electric building until we did not have it any more. If someone asked the question as to whether the rate would ever go away, our reply would be, not to commit one way or the other, just let the customer know that there are so many all-electric customers already, and that we are committed to selling the All-Electric Life Style going forward. "The rate is still here and that's what we have to tell our customers." With those marching orders, we would sway the customer into what was then a false sense of security that FirstEnergy couldn't ever abandon so many All-Electric customers! But honestly, to coin a phrase, it was another version of "don't ask, don't tell", just keep selling until we can't.

Unfortunately, FirstEnergy has abandoned its 320,000 all-electric heating customers, and I strongly support a permanent reinstatement of the all-electric rate, especially knowing first hand how it was heavily promoted.

The PUCO has asked for written documents that illustrate the promotion of all-electric technologies, and tonight I will be turning in several documents that fit this description.

The first set of documents details the specifics of the Leads Generate Sales (LGS) program. This program was an internal incentive program aimed at all Illuminating Company and Toledo Edison employees, not just the sales staff. The program paid incentives to any employee who generated a lead that turned into a sale. For example, an employee could earn \$125 for an all-electric heating lead, or \$170 for a Geothermal lead. Included with the documents on this program is the letter introducing the program to all employees, telling them that "We are embarking on one of the most significant marketing programs in our company's history. And we're calling on each Centerior employee to ensure its success." This letter continues to describe the program by saying "This program also supports our corporate strategic objectives. Increased sales means increased revenues." The second page of the letter continues to stress the goal by stating "The purpose of the LGS program is, obviously, to increase kwh sales through the sales and use of electronic technologies such as heat pumps, electric heating, post lamps, etc., while helping customers save money by becoming more energy efficient." It is important

**C. KARCHEFSKY TESTIMONY - Keep The All Electric Rate Program**

to note that selling all-electric technologies clearly benefited the Illuminating Company and Toledo Edison by its own admission, and it is a fallacy that gas customers ever subsidized the all-electric customer.

The next set of documents I am submitting fall into the category of Builder Incentive Contracts and Request for Incentive Payment Documents. There are proposals and contracts from four different builders offering incentive money to build housing developments with all-electric technologies. One example includes Geothermal Equipment allowances of \$38,500 along with Advertising allowances of \$23,200. I've also included a sample of a "Builder Incentive Request Summary Sheet" that builders would need to fill out and sign in order to receive their incentive money. It is interesting to note that these sheets state that "By signing this request for incentives the Builder certifies that the equipment purchased has been permanently installed in the residence at the specified address." If the all-electric equipment had to be *permanently* installed, wouldn't it make sense that the builders and home owners would *trust* the all-electric discount rate program offered, in exchange for installing such permanent equipment, would also be *permanent*?

A third set of documents I am submitting include the customer testimonials that were included in Geothermal Savers Kits, used to market the highest end all-electric system. Each testimonial includes a backside with specifics on each homes size, system type, and average monthly bill. Each testimonial also emphasizes how the efficiencies of geothermal combined with the all-electric rate provides the most cost effective home energy source, with most stating it even beats the cost of gas.

The final set of documents I am submitting is a set of "Fast Facts" marketing sheets used for direct sales to customers. All sheets promise a special all-electric rate for installing specific equipment. This certainly seems like a contract to me. The "Fast Facts" sheet on Discount Electric Rates also contains interesting language from the Illuminating Company itself on why it offered discount electric rates in the first place. The "Fast Facts" sheet states: "Basically, customers who use electricity in a higher than

**C. KARCHEFSKY TESTIMONY - Keep The All Electric Rate Program**

average volume can get electricity at a less expensive kilowatt hour rate. Unlike many commercial products, electricity can't be stored for later use. It is produced on demand. The excess power that we generate can be sold at a lower price. So the more electricity you use, the less your cost will be for each kilowatt." Again, this statement clearly states that promoting all-electric homes was beneficial to the Illuminating Company by creating a market for excess capacity.

I respectfully submit all of these documents along with my written testimony as evidence to be considered in the All-Electric Case. I believe you will see how my testimony and these documents fully support what the rest of the all-electric customers have been stating, that they were indeed enticed by employees of the companies now owned by FirstEnergy to believe that the all-electric discount rate program would be permanent. Please do the right thing, and make FirstEnergy keep their part of the contract by making the all-electric discount rate program permanent! Thank you for your time, but most of all, thank you in advance for your *actions* to reinstate the All-Electric Rate.

Chester A. Karchefsky, Jr.

Testimony of Kathleen Abraham 10930 Burlington Ridge Drive, Chardon, Ohio 44024. Illuminating Company Richard Abraham Service # 110027831913

- I have lived in my current residence in Munson Township, Geauga County and received the AE discount for eleven years. We bought the house from the previous homeowner who also had the discount and showed us a bill as proof. The house was built in 1989, so the previous owners had the discount for 10 years added to the eleven years we have lived there for 21 years of discounted billing.
- My highest winter bills are in the \$200.00 range. Last March, it spiked into the \$300.00 range.
- We have a gas line up to the house, but never saw a need to hook into the line as we were satisfied with the all-electric bills. Also recently, we just installed a brand new heat pump which cost over 10,000.00 and will last for years into the future. Replacing that system would not be cost effective, particularly when you add in the cost of hooking into the gas line and buying a new gas furnace and air conditioner.
- The loss of the AE discount will decimate my property value by at least 30%, thus ruining the value of my nest egg investment – my home. This loss of property value will, in turn, significantly lower the tax revenue available to our community, schools, and other public services.
- Most importantly, if the AE discount is not reinstated permanently, it will make it impossible to sell my home. If I had to sell right now, between the uncertainty of the discount coupled with the precarious economic conditions I would take an enormous hit financially.
- I DO NOT WANT FirstEnergy to raise the rates of other ratepayers, but rather absorb the cost of this program which benefited FirstEnergy for the last 40 years. FirstEnergy made implied and written promises to owners and builders alike to entice them to go all-electric, and they must not be allowed to break these promises and charge others for their breach of contract!
- I would ask that the PUCO rule in our (the homeowners) favor by permanently reinstating the AE discount and making sure it passes onto any successor accounts (people we sell our homes, condos, etc. to)
- It is my belief that First Energy deliberately provided no documentation to anyone because they wanted to leave the promise open ended over the years so that they could rescind it when they felt the desire. If this discount is denied in the future, I would consider my family and myself as victimized by the First Energy Corporation.

Stuart and Rhonda Hurd  
13585 Madison Road  
Middlefield, Ohio 44062  
440-636-5344

21 November 2010

We live in a small house-1232 square feet. In the winter of 2008 (November-March), our electric bill was \$991.19. In the winter of 2009 (November-March) our electric bill was **\$1570.58**.

When we built our house (1976), we contacted the electric company. At this time, we were told that if our new house was going to be all electric, we would receive a special all electric rate as long as we kept our house all electric. We obtained service and had our electric lines put underground. Our house remains all electric.

We could have gone with propane, coal, or wood but it made more sense to go electric and get the discount.

Over the years since we built our house, several things have failed and needed to be replaced. We could have gone with appliances using propane (stove and hot water heater). We stayed all electric because we had the all electric rate and wanted to keep it. The heat pump compressor failed twice and had to be replaced. This necessitated replacing the heat exchanger in the electric furnace.

In late winter of 2005, our air heat pump failed again. Due to its age (installed in 1976), we needed to replace both the indoor and the outdoor units. On 10 November 2005, we installed a geothermal heating system. The total cost of this installation was **\$13133.50**. We never considered going to another type of heat because we would lose our all electric discount.

Until the electric company terminated the all electric discount, they had never said anything about the discount

being temporary or mentioned a termination date for the discount. We were led to believe that we had a contract with the electric company for the all electric discount since we were never told it could be taken away. In our case, this goes back to the summer of 1976.

Over the years, we did many things to conserve energy. We replaced windows and doors. We used a heat pump instead of baseboard heat. We replaced the air heat pump with a more efficient geothermal heat pump. We replaced our humidifier with a more efficient one.

When we lost the all electric rate and our electric rates went up, did everyone else's rates go down? If non all electric homeowners have not been subsidizing the all electric homeowners for the past 40 years, there is no reason for them to start doing so now.



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21

PUCO

Testimony for Case # 10-176-EL-ATA

November 23, 2010

From: Dale A. Hayes  
2766 Lillie Road  
Sheffield Township  
Ashtabula County  
Jefferson, Ohio 44047  
440-224-2811

In 1993, with the help of architect Jan Dyer, we designed one of Ashtabula County's first 'green' earth sheltered, energy efficient, home (see attachment "A", page 2 of "Ohio Concrete " March, 1995 "A 1990's earth sheltered home").

This home was designed using information from the US Department of energy publications and several others like publications.

Construction was started in 1994 and working evenings, weekends and vacations, it took me a little over two years to complete.

When I applied for the underground electric service with the CEI rep that I had worked with on past projects, he said that it would be a great home to receive the all electric rate and rebate. He said that because of the pond based geothermal system and the air to air heat recovery system, and the type of construction that had great thermal retention, we were a great example of using the off peak surplus electric and that we would also be eligible for a \$1600 one time rebate.

In January 1997 I was sent an \$800 check from CEI (attachment "B") and I was told by the CEI rep that it was issued in error and he would apply for the promised \$1600 replacement.

We have been living in this home for 14 years and when the elimination of the 'all electric rate' was announced I attempted to get an answer from First Energy but was told that the PUCO had cancelled it.

I have enclosed copies of the January 2009 and January 2010 Illuminating Company's bills (attachment "C") and a copy of the "Weather Data Depot" heating degree day report (HDD) comparing 2010 HDD data to the 2009 HDD data (attachment "D"). This report shows that the weather reports from the Ashtabula County Airport weather station (about one mile from our home) indicates that in January 2010, this area, was 7 % milder then January 2009.

Being retired, and with limited funds, and the notice that the 'all electric rate' was gone, we made the decision to turn down the thermostat to attempt to reduce the electric bills.

You can see by the attached electric bills comparing January 2009 to January 2010 that the kwh used in 2010 was 25.3% less than 2009 but the cost per kwh was an additional 91% higher in 2010 over 2009.

When you look at the fact that the area was 7% milder but we used 25.3% less kwh, we did a great job in conserving, but paid 191% more for that heat. (.0688 \$/kwh in 2009 compared to .1316 \$/kwh in 2010).

We are in a rural area without natural gas lines. For safety concerns I do not wish to go with propane. I feel that I had a contract with CEI for the reduced rate for the excess, off peak, power and that CEI should continue to provide it to us.

Thank you for allowing me to present my report.



# OHIO

Serving Ohio's  
Cement and  
Concrete Industry

# CONCRETE

Vol. 14

No. 1

March 1995

## Latest on flowable fill



Conducting flow test at June 23, 1994 demo in Washington County.

There have been several new developments with regard to flowable fill, since the September 1994 *Ohio Concrete*. (That was the issue in which we reported on the new methods drafted by ORMCA for sampling and testing this very popular back-fill material, and included several photos from demonstrations ORMCA conducted with five different County Engineers.) Following are current events, pertaining to flowable fill which we believe will interest you.

### An ASTM Committee has taken action

The American Society for Testing and Materials (ASTM) Subcommittee D 18.15

reviewed ORMCA's four draft flowable fill standards for sampling, testing for flow consistency, testing for unit weight and making compressive strength specimens, at their January 23 & 24, 1995 meeting in Phoenix, Arizona.

According to D 18.15 Chairman, Wayne Adaska, the Subcommittee will go for approval of them, as Provisional (emergency) Standards, having recognized that interest in them exists throughout the United States and Canada. This will entail approval of only the D 18.15 Subcommittee (about 54 individuals). Development of standards through the normal procedure, requires both D 18 Main Committee and ASTM Society ballot. This typically takes 2 to 3 years for new standards. Results of the Subcommittee ballot should be known by early May, 1995.

If the standards are approved as Provisional Standards, they will be published in the Annual Book of ASTM Standards. They will have a 2 year life span, during which time they will be available for use by industry. The Subcommittee still plans to pursue the development of Society approved standards; however, Provisional Standards

(continued on page 2)

## ORMCA to host breakfast at APWA/SMSO

This year's annual convention of the American Public Works Association (APWA) and the Street Maintenance and Sanitation Officials Association (SMSO) will be held on May 10, 11 and 12, 1995, in Columbus, Ohio. It will be at the Columbus Marriott North Hotel, 6500 Doubletree Avenue.

Expected to attract about 350 attendees from Ohio's many local government offices, the theme for this year's convention is "Ohio - Port to the Future." There is always plenty for everyone to do, with seminars, a trade and equipment show, and luncheons and banquets.

This year, for the first time, the Ohio Ready Mixed Concrete Association (ORMCA)

will host a sit down breakfast for the beginning event of the convention. At the breakfast ORMCA will acquaint the audience with the trend in Northeastern Ohio, to require certification of individuals that produce and handle concrete. Two full registrations to certification programs (valued at \$185 each) will be given away in a special drawing at the breakfast. Each winner will have a choice of attending an American Concrete Institute (ACI) Flatwork Finisher Certification review and test, or an ACI Concrete Field Testing Technician review and test, conducted by ORMCA. About 300 people are expected to attend the breakfast. Contact Clyde Seidle, City of Columbus, (614) 645-7697 for additional information about the convention.

Ohio Ready Mixed Concrete Association  
P.O. Box 29190, Columbus, Ohio 43229-0190

ADDRESS CORRECTION REQUESTED

NOTE TO READERS: If your address has changed or is incorrect, please notify ORMCA at the address above.

## Commissioners complement courthouse with concrete



New concrete parking lot complements stately old courthouse and new Law Administration Building in Zanesville.

Residents of Muskingum County are now being better served by a new Law Administration Building, and with it, a new concrete parking lot.

About two years ago, the Commissioners of Muskingum County dedicated the new office facility for their County's courts. The building is located adjacent to the County's existing courthouse, in downtown Zanesville. The new building's exterior was designed to conform to the architecture and color of the stately, 120 year old structure.

In the corner of the property, adjacent to both buildings, a bright new concrete parking lot now complements the two structures with a feeling of strength and permanence.

And permanent it should be. The lot is intended for automobile parking, but designed for occasional trucks. Landscape Architect, Nancy Chess Felde, ASLA, New Concord, Ohio, designed the lot.

The commissioners let the contract to construct the 27 car, parking lot with landscaping and other appurtenances, to local contractor, Kim Glass & Son. Glass paved the lot with 6 inches of 4,000 psi, air entrained concrete supplied by O.K. Coal and Concrete, of Zanesville. The concrete was placed on compacted stone base. It was cured with a clear membrane curing compound. Control joints were sawn in the new slab at about 15 foot spacing, and sealed with a gray sealant.

## ACI certification required

The December 1994 issue of ACI's *Concrete International* contains an article on page 16, entitled "Ohio Community Adopts Certification." The article relates that the City of Brook Park, a community near Cleveland, Ohio, has adopted an ordinance which requires ACI certification or its equivalent, as a requisite for Concrete Field Testing Technicians and Concrete Flatwork Finishers.

Brook Park, is only one of many northern Ohio communities which will be requiring this type of certification. There are a great number of ACI Certified Field Testing Technicians in the area; however, the number of

certified Concrete Flatwork Finishers is very small for the entire state of Ohio, probably less than 300.

ORMCA has been offering ACI Concrete Flatwork Finisher certification since 1988. As a local sponsoring group ORMCA is in a position to conduct ACI Flatwork Finisher reviews and examinations throughout Ohio. With enough interest in a given area ORMCA will arrange for a review and examination in that area.

For more information regarding ACI certification contact ORMCA 614/891-0210.

A  
DALE HAYES  
2766 LILLIE AVE  
JEFFERSON, OH

BULK RATE  
U.S. POSTAGE  
PAID  
PERMIT NO. 310  
WESTERVILLE, OHIO

# A 1990's earth sheltered home

Earth sheltered homes were a popular notion during the energy crisis times we all endured, about 10 years ago. The concept is to design a house with minimal heat loss or heat gain through the walls and roof, by surrounding the house with earthen embankments constructed against the walls, and over the roof. Combining earth sheltering with today's insulated concrete walls can yield excellent energy savings and comfortable living space.

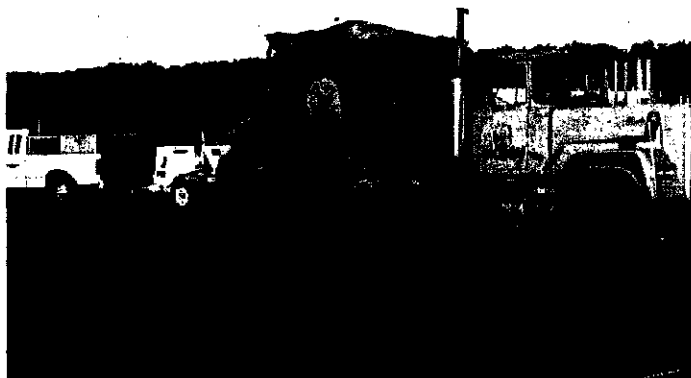
On a quiet country road not far from Jefferson, Ohio, in Ashtabula County, a modern earth sheltered home is being built. Most of the actual construction is being performed by the husband and wife owners, and one assistant.

The house has insulated reinforced concrete walls constructed with leave-in-place insulated forms. The forms used were expanded polystyrene blocks supplied by Buckeye Insulated Forms of Millfield,

Ohio. Concrete was pumped into the forms by Colmbs Construction of Beverly, Ohio, using a 3 inch diameter pump line. R.W.Sidley, Inc. of Painesville, supplied the concrete for the project from their plant in Ashtabula. They supplied a 4,000 psi mix design which utilized No. 8 coarse aggregate.

Walls of the house and garage which face northwest, north, and northeast will be covered with a waterproof fabric, then earth will be built up against them. The roof over the garage and all of the living space, except the great room, will be covered with about 3 feet of earth. The complete house will be super insulated with R-30 side walls and R-38 ceilings. Walls which face southwest, south and southeast will have a poly-stucco finish and high performance sun glazing windows. Even the doors of the three car garage, which open to the southeast, will be well insulated.

Ashtabula County provides an excellent setting for this type of home. It's mostly rural, very scenic countryside, bordering Lake Erie, in Ohio's northeastern corner. The project architect, Jan Dyer, of



Concrete discharged from ready mix truck to this small concrete pump, then through a 3 inch diameter line, into the foam forms for the house walls.

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The *Ohio Concrete* is published periodically by the Ohio Ready Mixed Concrete Association with editorial offices at 1900 E. Dublin Granville Road, Columbus, Ohio 43229-0190 (Phone: 614/891-0210).

Opinions expressed in the *Ohio Concrete* are those of the authors and writers where stated, or of the association where not stated. All technical data is credited to the source of that data when available.

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Production, coordination and printing of the *Ohio Concrete* is done by Brown Publishing Company, 310 Patrick Ave.



Formed entrance foyer is in center of this southeast facing wall of home's great room. South facing bedrooms will be in wing extending left in photo.

Painesville, provided the following comments about this particular home.

"The residence will have a minimal impact on the pristine meadow in which it sits. Save for one protruding roof line, a continuation of the embankment from which it springs, the house will not be recognizable from the road. Yet from within the home, one will have a panoramic view of a man-made lake and the fields and woods beyond.

"An earth sheltered structure is not necessarily 'cave like' nor is it constructed at the expense of sunlight. Having soil, topped with wild flowers and grasses, around much of the perimeter walls and over a portion of the roof, the house will benefit from the warmth and stability of the earth. Ample sunshine will pour into all of the normally occupied rooms from morning to night while the house turns its protected back to the

chilling winter winds. The interior spaces will be both heated in the winter and cooled in the summer by the same geothermal heat pump in conjunction with the aforementioned lake.

"Built on one level, the floor plan incorporates barrier free design and common sense planning which will enable the occupants to grow old in their home without having to leave prematurely due to a disability."

Structural engineers for the home included Charles Grossman, of Mentor (foundations and overview), Lantz, Jones & Nebraska, Inc., of Columbus (walls) and Trus Joist, of Boise, Idaho (roof). The total building will occupy 4,828 sq. ft., of which 3,277 sq. ft. is house. The remaining 1,551 sq. ft. will be garage and woodworking shop.

## Latest on flowable fill



and another for electric, which will comply with county requirements.

Mr. Brayshaw said the County was pleased with the year's results and intends to continue the backfill requirement. He said they will be pursuing research to improve their information on mix designs and resultant strengths.

### ODOT revising flowable fill specification.

The Ohio Department of Transportation (ODOT) is in the process of revising their specification for flowable fill. Entitled, Low Strength Mortar Backfill Material, ODOT's Proposal Note No. 220, was last updated on October 27, 1989. The 1995 revision is intended to reflect much of what has been learned of the material in the past five years. Among other changes, it will probably have four optional trial mixes, where the older note offered only two.



**CENTERIOR  
ENERGY**

INDEPENDENCE, OHIO

THE PARENT COMPANY OF THE CLEVELAND ELECTRIC  
ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY



CSC  
TAXABLE



CEI  
98000312



TE  
98001495

DATE January 22, 1997

(NOT VALID AFTER 60 DAYS)

752809

58-389-412

AMOUNT Eight Hundred and 00/100----- DOLLARS

(NOT VALID IN EXCESS OF \$1000 OR FOR CASH PURPOSES)

\$

800.00

PAY  
TO  
THE  
ORDER  
OF

Dale Hayes  
2766 Lillie Rd.  
Jefferson, OH 44047

CMS

(LOCATION)

*L. Szczepanski*

(SIGNATURE)

L. Szczepanski

(NAME)

(PLEASE PRINT)

FIRST NATIONAL BANK OF ASHLAND  
ASHLAND, OHIO  
AN AFFILIATE OF  
NATIONAL CITY BANK  
CLEVELAND, OHIO

⑈752809⑈ ⑆041203895⑆

New Home rebate

" B "

Bill for: DALE HAYES  
2766 LILLIE RD  
JEFFERSON OH 44047

**Billing Period:** Dec 27 to Jan 27, 2009 for 32 days  
**Next Reading Date:** On or about Feb 25, 2009  
**Bill Based On:** Actual Meter Reading  
Prorated Bill

Residential All Electric

**Account Summary**

**Amount Due**

a late payment charge, which is equal to 1.5% of your total amount due.

The PUCO has approved changes to the Company's Interconnection Tariff. Customers adding generating equipment connected to their home or business wiring must comply with the technical specifications referred to in Sheet No.95, Interconnection Service. Customers with on-site generation fueled by solar, wind, biomass, landfill gas, or hydropower, or who use a micro turbine or a fuel cell may request net metering as described in Sheet No. 93, Net Energy Metering Rider. Copies of these documents are available at [firstenergycorp.com](http://firstenergycorp.com)

**Charges from The Illuminating Company this billing period**

When contacting an Alternate Electric Supplier, please provide the customer numbers below.  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

**Customer Number:**

Customer Charge	4.53
Distribution Related Component	70.00
Transition Charge	49.40
Generation Related Component	55.91
Transmission Related Component	8.64

**Total Charges**

**\$ 188.48**

**Account Balances by Company**

	Previous Balance	Payments/ Adjustments	Current Charges	Please Pay
The Illuminating Company	-388.03	0.00	188.48	-199.55
FirstEnergy Solutions Corp	47.93	0.00	0.00	47.93
<b>Total</b>	<b>-340.10</b>	<b>0.00</b>	<b>188.48</b>	<b>-151.62</b>

**Meter Reading Information**

**Residential All Electric**

<b>Meter Number</b>	2064953
Present KWH Reading (Actual)	91,657
Previous KWH Reading (Actual)	88,916
Kilowatt Hours Used	<b>2,741</b>

Bill for: DALE HAYES  
2766 LILLIE RD  
JEFFERSON OH 44047

Billing Period: Dec 23 to Jan 25, 2010 for 34 days  
Next Reading Date: On or about Feb 23, 2010  
Bill Based On: Actual Meter Reading

Residential Service

**Account Summary**

**Amount Due**

**Charges from The Illuminating Company this billing period**

When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below  
Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0801597130 1470094487 - Residential Service - CE-RSF

Customer Charge	4.00
Distribution Related Component	135.11
Transition Charge	24.70
Cost Recovery Charges	8.49
Bypassable Generation and Transmission Related Component	133.02
Residential Distribution Credit	-35.85

**Total Charges**

**\$ 289.47**

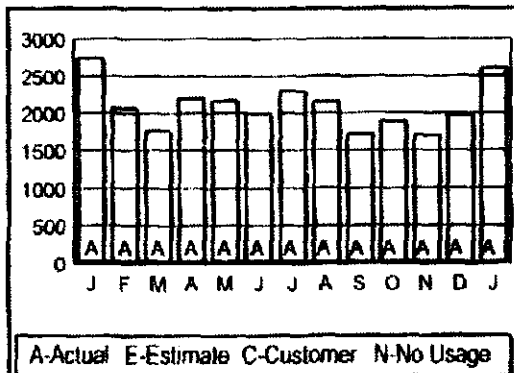
**Meter Reading Information**

Residential Service

Meter Number	2064953
Present KWH Reading (Actual)	16,216
Previous KWH Reading (Actual)	13,607
Kilowatt Hours Used	2,609

**Usage Information**

**Usage Comparison**



**Historical Usage Information**

Jan 09	2,741	Jul 09	2,294
Feb 09	2,073	Aug 09	2,154
Mar 09	1,770	Sep 09	1,717
Apr 09	2,200	Oct 09	1,896
May 09	2,174	Nov 09	1,702
Jun 09	1,993	Dec 09	1,977
		Jan 10	2,609

Average Daily Use (KWH)	Jan 09	86	Jan 10	77
Average Daily Temperature		22		28
Days in Billing Period		32		34
Last 12 Months Use (KWH)				24,559
Average Monthly Use (KWH)				<b>2,047</b>



# weatherdatadepot

EnergyCAP  
ACCURATE WEATHER

Weather Data Depot – your source for free heating degree day and cooling degree day reports and charts!  
Degree days indicate weather severity as it affects building energy usage, so degree day comparisons are useful for energy management, energy efficiency and utility bill tracking.

Location:                     Base Year:                     Reference Point:                     

Station: RZY

Comparison Year:                     

°F °C

Yearly Comparison Report

Average Daily Temperature

Cooling Degree Days

Heating Degree Days

Degree Day Forecast

Month	Base Year (2008)			Comparison Year (2010)			Comparison Percentages*		
	HDD	CDD	TDD	HDD	CDD	TDD	HDD	CDD	TDD
Jan	1223	0	1223	1130	0	1130	-7%		-7%
Feb	843	0	843	1027	0	1027	-21%		-21%
Mar	685	0	685	701	0	701	-2%		-2%
Apr	349	41	390	301	36	337	-13%	-12%	-13%
May	116	61	177	157	119	276	35%	95%	55%
Jun	23	170	193	10	246	256		44%	32%
Jul	0	222	222	2	387	389		74%	75%
Aug	8	291	299	0	355	355		21%	18%
Sep	46	86	132	38	109	147	-17%	26%	11%
Oct	357	1	358	288	14	302	-19%		-15%
Nov	448	0	448						
Dec	970	0	970						
	3650	872	4522	3654	1266	4920	0%	45%	8%

Interested in weather?

Go further.

Track your buildings' energy with

EnergyCAP.

\*Please note: When the monthly degree days in either the base year or the comparison year are less than 30, a percentage comparison is not calculated. HOWEVER, all total comparison percentages (month and year) do include all heating and cooling degree days. A negative percentage means the Comparison Year was more mild than the Base Year, a positive percentage means the Comparison Year was more severe than the Base Year.

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D  
DALE HAYES  
2766 LILLIE RD  
JEFFERSON, OH

22

TESTEMONY BEFORE PUCO PUBLIC HEARING ON THE ALL ELECTRIC  
UTILITY DISCOUNT  
11/23/2010

Our names are Richard and Margaret Gift and we live in Waite Hill in an all electric house. Our house was all electric when we bought it in 2003 but it was an old house and we have had to replace all of the appliances and the heating and cooling systems over the last 7 years with an investment of over \$40,000. On numerous occasions over this time period, especially before we bought the house and before we replaced the two furnaces, we contacted The Illuminating Co. to research the basis for either retaining or replacing the all electric energy system. On each and every one of these contacts we were consistently told the same thing in unequivocal terms which was: The Illuminating Co. no longer offers an all electric discount to new construction but that our HOUSE is "grandfathered" into the long ago established discount policy and that this status would continue so long as our house remains ALL electric WITHOUT INTERRUPTION.

With this discount, our utility bills were very comparable to gas heated homes of our same size and there was no reason to suspect that our discount would end and so, we made the COMMITMENT to electric energy and the notion of commitment is key to this issue before us now. Building or buying a home with electric heating requires an enormous commitment because it involves a big investment and is not easily changed without even greater investment or loss of investment. And so, here lies the fundamental issue: the only condition that ever made any economic sense at all for the consumer was to receive a commitment from First Energy for a PERMANENT discount. And that is what a contract is all about: mutual commitment. No consumer would have knowingly made this kind of commitment without believing that they had First Energy's commitment in return. It is just not logical to think otherwise.

Our biggest investment involved replacing our two electric furnace boilers at a cost of \$17,000. As already mentioned, we contacted The Illuminating Co. again beforehand to confirm our discount status and did receive this assurance but were also told that "you would be crazy to forfeit these discounts for another system because nobody can beat these rates!" So, perhaps you can share our shock and disappointment when the following January we received an electric bill for \$1,758.38. This was an actual cost for usage bill and was more than double our previous January bill for virtually the same kilowatts.

These bills were devastating to us but even worse is the impact it has on our largest, by far, investment: our home. Analysts have estimated that it reduces our home value by 30% but in fact, it makes our home virtually impossible to sell. So, now we find ourselves in a home that we can not afford to heat, can not afford to convert to gas and can not afford to sell at such a loss. And all because First Energy is breaking it's contract with us.

We have read in the paper the position of First Energy which is that it is not fair for the other customers to essentially subsidize our energy cost. This assertion is completely

unsound business logic and is a transparent attempt to pit the majority of their customers against the all electric ones so as to divide and conquer. Volume discounts are a common and even predominant business practice here and around the world regardless if one is referring to electricity, cornflakes or bricks. In fact, people expect and demand them but companies do not lose money on them because they result in an increase in sales and profit. This contention by First Energy is based on a false premise that they have losses which have to be paid by someone. There are no losses; there are only increased sales and profits generated from all electric customers that would never have been there without the volume discount. Arguments over who should pay is a 'Red Herring' chasing after fictional losses.

We ask that PUCO rule in our favor for a permanent reinstatement of the all electric discount that will pass on with the house. We feel that any so called 'compromise' that simply postpones the problem is unacceptable and is really no compromise at all.

Thank you.

Richard Gift, and  
Margaret Gift



January 14, 2010



Account Number: 11 00 30 3250 5 1

Page 1 of 3  
112Bill for: RICHARD E GIFT  
7621 EAGLE RD  
WAITE HILL OH 44094Billing Period: Dec 11 to Jan 13, 2010 for 34 days  
Next Reading Date: On or about Feb 10, 2010  
Bill Based On: Actual Meter Reading

Residential Service —

Account Summary		Amount Due
Your previous bill was	843.28	0.00
Total payments/adjustments	-843.28	
Balance at billing on January 14, 2010	0.00	
Current Basic Charges		1,758.38
The Illuminating Company - Consumption		
Total Due by Jan 28, 2010 - Please pay this amount		\$1,758.38

To avoid a 1.50% Late Payment Charge being added to your bill, please pay by the due date.

General Information			
	Bill issued by: The Illuminating Company PO Box 3638 Akron OH 44309-3638		Customer Service 1-800-589-3101
			24-Hour Emergency/Outage Reporting 1-888-544-4877
			Payment Options 1-800-686-9901
			visit us on-line at <a href="http://www.firstenergycorp.com">www.firstenergycorp.com</a>

Price to Compare Message	
Your current <b>PRICE TO COMPARE</b> for generation and transmission from The Illuminating Company is listed below. For you to save, a supplier's price must be lower. To obtain an "Apples to Apples" comparison of available competitive electric supplier offers, visit the PUCO web site at <a href="http://www.PUCO.ohio.gov">www.PUCO.ohio.gov</a> .	
Residential Service - 1840013993	4.69 cents per kWh

1-800-  
686-7826

625-

See other pages for additional information and telephone numbers

**Charges from The Illuminating Company this billing period**

When contacting a Certified Retail Electric Service Provider, please provide the customer numbers below.  
 Call The Illuminating Company at 1-800-589-3101 with questions on these charges.

**Basic Charges**

Customer Number: 0800732086 1840013993 - Residential Service - CE-RSF

Customer Charge	4.00
- Distribution Related Component	969.67
Transition Charge	184.97
Cost Recovery Charges	49.22
- Bypassable Generation and Transmission Related Component	850.06
Residential Distribution Credit	-299.54

**Total Charges**

**\$ 1,758.38**

**Detail Payment and Adjustment Information**

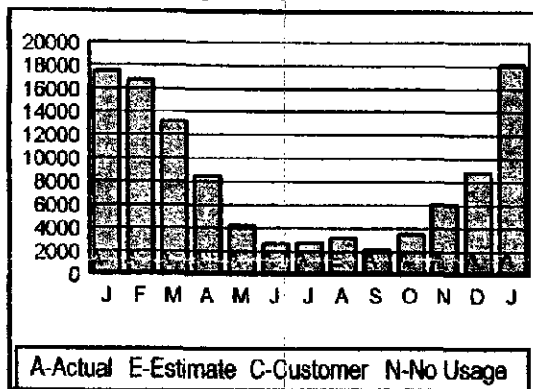
Date	Reference	Amount
Payments:		
12/31/09		-843.28
<b>Total Payments</b>		<b>-843.28</b>
<b>Total Payments and Adjustments</b>		<b>-\$843.28</b>

**Meter Reading Information**

**Residential Service**  
**Meter Number** 807505825  
 Present KWH Reading (Actual) 39,938  
 Previous KWH Reading (Actual) 21,818  
 Kilowatt Hours Used 18,120

**Usage Information**

**Usage Comparison**



**Historical Usage Information**

Jan 09	17,475	Jul 09	2,725
Feb 09	16,771	Aug 09	3,198
Mar 09	13,191	Sep 09	2,204
Apr 09	8,518	Oct 09	3,501
May 09	4,234	Nov 09	6,106
Jun 09	2,701	Dec 09	8,839
		Jan 10	18,120

Average Daily Use (KWH)	Jan 09 514	Jan 10 533
Average Daily Temperature	27	27
Days in Billing Period	34	34
Last 12 Months Use (KWH)		90,108
Average Monthly Use (KWH)		7,509

2000000602  
 2/11/11

Dee Riley  
1161 Garrison Road  
Ashtabula, Ohio 44004  
440 992-7002

**Background:** I am 67 years old. I worked for GE as the first female electrician. I served a 4 year apprenticeship and finished the bookwork 2.5 years ahead of time; then I became single. I was not given the rate until 6 years down the road. I was laid off for 4 years, found some part time work and I went through my savings but keep current with all my bills before being rehired by GE. I took early retirement from GE after 25 years with all my savings in stock. You know what happened to the stock market. My main income is Social Security.

My home was built as an all-electric home in 1974. I became its second owner in 1982. The whole road was all-electric, no gas was available. I was told by the previous owner that electric was reasonable; there was a contract to provide a discount for all-electric homes. I elected to stay electric when gas was run down road recently. According to neighbors that switched, there's no savings to do this and the cost of running a line is high. Because of 4 foot "midget" crawl space under my home, I do not go under the house often and for safety reasons I want to keep electric...no explosion if the system fails.

When the bills became high, I waited for an adjustment or a new meter. Bills were never over \$300 in worst winter months, than only for a couple of months. Since this is the only bill that I have any control over, the heat has been shut down to 55 degrees and

I wear a coat or fleece robe in the house at all times. This year there will be no Christmas tree or outside decorations...

and there will be no baking. December, January and February when the bills get over \$300, I plan to spend a lot of time using someone else's heat whenever possible. In 2009, my bill rose from \$234.38 in November to \$455.98 in December, \$488.87 in January and \$483.83 in February (discount removed?). I couldn't pay over \$300 per month, I didn't have it. My bill accumulated to a whopping \$1,172.51 balance in March even though I paid \$300 on the current amounts. In July I had the balance down to \$754.24 and had sent a check for the current amount of \$223.90.

First Energy sent a man to my home to disconnect our electric. He presented a disconnection notice! I told him that I had been making payments and was catching up and that I had written a note with my bills stating that I would pay what I could to bring them up to date. His reply was that the billing is automated and that they knew nothing about my effort to pay...I should have been on a payment plan. I didn't want to be put on a payment plan because I could not be sure of what I would have left to pay them from month to month. I have been told that I paid MORE than a payment plan would have asked for.

He insisted on a \$350 payment or shutoff! This would be \$573.90 total payment for the month of July! My husband paid from money set aside for our other bills, putting a severe strain on our other obligations. August 29<sup>th</sup> I paid them in full and am finally caught up.

I have worked hard all my life to maintain my home and don't ever want to lose it. The Golden Years have turned into the "Tarnished Years". The life time savings invested in the stock market is gone, Medicare is only covering 80% and Social Security isn't giving me a raise any time soon. First Energy needs to

become human instead of a computer generated billing system of greed. Please keep the promise and contract of all-electric home discounts to the faithful all-electric consumers.



Dolores M Riley  
 1161 Garrison Road  
 Ashtabula, Ohio 44004  
 440 992-7002

## Electric Bills 2010

Date	Balance	Current	Total	Paid	
Dec 30 – Jan 27	255.98	488.87	744.85	300.00	2-28-10
Jan 28 – Mar 1	444.85	483.83	928.68		
Mar 2 – Mar 26	928.68	243.83	1,172.51	243.83	4-2-10
Mar 27 – Apr 27	928.68	139.33	1,068.01	300.00	5-12-10
Apr 28 – May 27	768.01	122.13	890.14	300.00	6-14-10
May 28 – Jun 28	590.14	140.20	730.34	200.00	7-6-10
Jun 29 – Jul 29	530.34	223.90	754.24	223.90	8-3-10
Disconnection Notice				350.00	cash
				573.90	pd in July
					Bill
Jul 30 – Aug 26	180.00	200.14	380.48	380.48	8-29-10
8-29 -2010 paid in full					
Aug 27 – Sept 27	--	99.72	99.72	99.72	10-1-10
			<u>\$2,141.95</u>		

Dolores M Riley  
1161 Garrison Road  
Ashtabula, Ohio 44004  
440 992-7002

## Electric Bills 2009

Date	Balance	Current	Total	Paid	
Dec 2 - Jan 3	--	337.04	337.04	337.04	1-10-09
Jan 4 - Jan 30	--	328.51	328.51	325.51	2-13-09
Jan 31 - Mar 3	3.00	337.14	340.14	340.14	3-20-09
Mar 4 - Mar 31	--	252.16	252.16	Lost	
Apr 1 - Apr 29	252.16	211.07	463.23	463.23	5-9-09
Apr 30 - Jun 1	--	148.70	148.70	148.70	6-14-09
Jun 2 - Jun 30	--	108.57	108.57	108.57	7-11-09
Jul 1 - Jul 30	--	193.19	193.19	193.19	8-29-09
Jul 31 - Aug 31	193.19	178.93	372.12	178.93	9-6-09
Sept 1 - Sept 29	--	118.62	118.62	118.62	10-8-09
Oct 29 - Nov 27	--	234.38	234.38	234.38	1-1-10
Nov 28 - Dec 29	234.38	455.98	690.36	200.00	1-21-10

---

\$3,087.11

24

PUCO Hearing All-Electric Matter – North Ridgeville, Ohio (November 22, 2010)

Testimony by:

Brian Kurz  
32589 Spinnaker Dr.  
Avon Lake, Ohio 44012  
440-823-9337 (cell)

Good evening!

My name is Brian Kurz and I live at 32589 Spinnaker Dr. Avon Lake, Ohio 44012. I live in The Landings subdivision which was built in the 1970s as an all-electric development. There are currently 108 homes and 100 condos/townhomes.

The Landings Homeowners can be categorized in some of the following:

- Young families with children and ones with one wage earner
- Retired homeowners who are living on a fixed incomes
- Older Families with college aged children who are struggling to pay tuition

We experienced last winter a neighborhood-wide, dramatic increase in the cost of heating our all-electric homes. In some cases, electricity bills doubled or more when comparing December 2009 bills to December 2008 bills. Economic hardships were placed on our subdivision not only with increase electric bills but by the added negative impact on our home values during a time when the real estate market has experienced its downturn as well. Homeowners who had lost their jobs were struggling to make ends meet as well. I ask you...who could possibly have been ready to pay the incredibly high electric bills.

Some homeowners have stated that the notice given by First Energy about the change in the billing before last winter would cause increases on average of 2.7% annually for residential customers. Homeowners in The Landings had received bills for December 2009 in amounts ranging from \$500, \$800 and \$1,000-or-more per month. Imagine having an electric utility bill that was as much or more than a mortgage?

Other impacts of the removal of the all-electric discount:

- Homes started to buy bulk firewood to heat as an alternative and keep families comfortable
- I basically froze in my house last winter by keeping the thermostat to a minimum.
- Many of us were wearing our outside coats, hats, and gloves on the inside of our homes
- Homeowners were drying clothes on clothes lines and inside the home by whatever baseboard heater was on
- Lights in our development were turned off and we bought lots of candles
- When you have a spike like this in one bill, there are other things that get cut like eating, paying other bills, saving, paying for school, not traveling far and saving funds for gasoline (all of this in these bad economic times...am sure homeowners have yet to recover from these trying times)

We live in the fear of what is going to happen next with the all-electric discount.

Some homes were on the market for a very long time and am certain the uncertainty due to the all-electric discount played a part.

The Landings subdivision does not have gas lines going directly down those streets with all-electric homes. The Landings is supposedly surrounded by gas lines that could be brought into the subdivision but at a cost to the homeowners. Other all-electric neighborhoods and homes that are sitting isolated in some areas may not be as fortunate to have gas lines so close to their homes.

Running natural gas lines to the homes will take months. Many of The Landings homes are baseboard heated homes that never had duct work installed. Homeowners with baseboard heated homes will need to retrofit their homes with duct work and other structural changes. The cost of converting the subdivision to natural gas will need to be budgeted by each homeowner.

Our subdivision took action last winter once the high electric bills hit us hard!

Our subdivision formed a committee to address the crisis. We surveyed our entire homeowners so we could estimate the cost of other energy sources.

I estimate the cost to convert the subdivision to natural gas could be as much as \$4,000,000.

Included in the estimate are:

- Gas lines
- Gas Furnaces
- Other equipment (humidifiers, high efficiency filters, UV light filtration systems)
- Inside home conversion plates
- Gas water heaters
- Gas stoves
- Gas dryers
- Installing duct work
- Structural changes

**No one will want to buy an all-electric home if the discount is removed. It is just not affordable. I can't stress this enough!!!**

**The home value of a subdivision with 108 homes and 100 condos/townhomes will have a negative effect on the whole community of Avon Lake (lost revenues, passing levies for schools and operating costs, etc.)**

**I can not underestimate the impact of having the all-electric discount removed. It will be costly for everyone to convert to another energy source. We will be basically 'stuck' in our homes with diminishing market value and high cost of electricity. Please ensure the all-electric discount is made permanent forever and do not allow our subdivision to be devastated economically.**

Thank you for your time!

The Landings (estimate to convert to natural gas)  
 Testimony (Brian Kurz, 32589 Spinnaker Dr., Avon Lake, OH 44012)

	Condo	Homes	TOTAL	Avg	furnace average			
Gas Furnace	640000	578000	1218000	6,767	28900	4	7225	
Humidifiers	25000	20000	45000	250				
High efficiency filters	80000	64000	144000	800				
UV light filtration	20000	16000	36000	200				
Inside plate	150000	28000	178000	989				
Gas water heater	320000	256000	576000	3,200				
Gas stove	60000	64000	124000	689				
Gas dryer	60000	48000	108000	600				
Duct work	300000	390000	690000	3,833	36	48	0.75	80
Structural changes	150000	240000	390000	2,167				60
	<b>1,805,000</b>	<b>1,704,000</b>						
Cost of conversion	<b>3,509,000</b>			<b>19,494</b>				
Columbia Gas (est.)	<b>400,000</b>							
	<b><u>3,909,000</u></b>			<b>21,717</b>				

Stack Heating & Cooling  
(estimates)  
convert The Landings  
to Natural Gas

5/11/10

HVAC Options

	<u>Builders Model</u>	<u>Premium Model</u>	<u>Ductwork*</u>
<b>Condo</b>			
70,000btu furnace	\$2800	\$4400	
2-ton a/c	\$2990	\$6400	
<b>Ranch</b>			
70,000btu furnace	\$2800	\$4400	\$1000-3000
2.5-ton a/c	\$3350	\$7400	
<b>Split Level</b>			
70,000btu furnace	\$2800	\$4400	
3-ton a/c	\$3600	\$7400	
<b>Colonial</b>			
90,000btu furnace	\$2800	\$4700	\$3500-\$6500
3.5-ton a/c	\$3850	\$7700	

Options

Humidifiers	\$250
High efficiency filters	\$100 - \$800
UV light filtration	\$200

Gas Water Heaters

Standard tank-type power vented	\$1500
High efficiency tankless	\$3200

Gas Connections in house

Gas piping will depend on number of connections required. A basic manifold with room for five connections will start at \$350.00 (Condos could be look at up to \$1500 per unit depending on layout)

There are three levels of equipment between Builders and Premium. All equipment quoted is Lennox brand.

\*If you have baseboard heat you may need a complete duct system or at the minimum your existing ductwork for the air conditioning may need to be modified.

Testimony:  
BRIAN KURZ  
32589 Spinnaker Dr  
Avon Lake, OH 44012



# THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

P.O. BOX 5000 • CLEVELAND, OHIO 44101 • TELEPHONE (216) 622-9800 • ILLUMINATING BLDG. • 55 PUBLIC SQUARE  
Serving The Best Location in the Nation

Thank you for your interest in the new, improved Add-On Heat & Cool Pump!

If you are considering adding a central air conditioning system to your home or replacing an existing one, you owe it to yourself to look into a high-efficiency Add-On Heat & Cool Pump. Here's why:

## You Get More For Your Money!

The Add-On Heat & Cool Pump is two systems in one -- it heats and cools. In the summer it acts as a central air conditioning system. In the winter it works with your gas, oil, or propane furnace to heat your home. And all at a reduced rate -- 3.30 cents/kWh in the winter and 9.62 cents/kWh in the summer, plus fuel charge.

## \$300 Cash Rebate

Act now and you will receive a \$300 cash rebate when your unit is installed by a C.A.R.E. contractor.

## Extended Warranty

We even provide an extended 5-years parts and labor warranty when your Add-On Heat & Cool Pump is installed by a C.A.R.E. contractor. It offers you five years of worry-free operation.

## C.A.R.E. Contractors

C.A.R.E. contractors provide Comfort And Reliability in Electric Heating & Cooling installations. They can provide you with a free estimate on an Add-On Heat & Cool Pump for your home.

## Separate Meter

The electricity used to heat or cool your home is registered on a separate meter provided by The Illuminating Company. The meter enclosure is provided by the C.A.R.E. contractor. When you receive your electric bill, these kilowatthours will be listed separately. You'll know exactly how many kWhr were used to heat or cool your home.

Start enjoying the comforts of the Add-On Heat & Cool Pump today. Call one of our C.A.R.E. contractors from the enclosed list for a free estimate.

Sincerely,

Residential Marketing Department

Enclosure

A Centerior Energy Company

NOTE \*





# THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

1445 MENTOR AVENUE ■ PAINESVILLE, OHIO 44077 ■ TELEPHONE (216) PAINESVILLE 953-7700 ■ ASHTABULA 997-3131

Serving The Best Location in the Nation

Date: January 13, 1992

To: Tony Mauter  
9990 Wisner Rd  
Kirtland OH 44094

Dear Customer,

Enclosed, please find the information we discussed.

If I may be of further assistance, please call me on 1-800-331-5487.

Sincerely,

*Chad Heyman*

Chad S. Heyman  
Residential Marketing Representative

CSH/lkm

Enclosure

**QVAR**<sup>®</sup>  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

**Nasarel**<sup>®</sup>  
(flunisolide) NASAL SPRAY  
25 mcg  
**BALANCED RELIEF**

One of my teachers - said some  
years ago - we have a 3 hour  
exam period - but don't  
write for 3 hours

Then he paused & said -  
I don't have to eat an egg  
to see if it is rotten  
I just crack it open  
and sniff

So I will attempt to be brief

read statement

**QVAR**<sup>®</sup>  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

read  
mo.  
after  
mo.

**Nasarel**<sup>®</sup>  
(flunisolide) NASAL SPRAY  
25 mcg  
**BALANCED RELIEF**

~~effect~~

Aug 10 - bill rec'd  
estimate over

Sept 10 bill  
actual (under)

**QVAR**<sup>®</sup>  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

**Nasarel**<sup>®</sup>  
(flunisolide) NASAL SPRAY  
25 mcg  
**BALANCED RELIEF**

I see many of the McKinsey  
companies  
walking away  
from serving the  
public

~~McKINSEY~~  
~~ONE INSURANCE~~  
~~CO.~~ →  
increased profits  
over an 11 year  
period  
over 3500%  
to become like  
financial  
institution  
~~ONE MORGAN INSURANCE~~  
~~company~~

McKinsey ~~counselors~~ seems to  
routinely counsel their  
client to exit the  
~~business~~

**QVAR**<sup>®</sup>  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

**Nasarel**<sup>®</sup>  
(flunisolide) NASAL SPRAY  
20 mcg  
**BALANCED RELIEF**

To continue - briefly  
I would also like to ~~tease~~  
present in writing several  
documents

~~Several~~ ~~are~~ ~~the~~ are articles about  
McKinsey + company - consultant  
to First Energy  
+ former consultant to  
ENRON - ~~being~~  
~~case~~ and other failed  
companies  
listed  
in an article  
in Wikipedia

**QVAR**<sup>®</sup>  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

**Nasarel**<sup>®</sup>  
(flunisolide) NASAL SPRAY  
25 mcg  
**BALANCED RELIEF**

~~McKinsey~~  
① It is my understanding that  
McKinsey has a small book  
about management concepts  
for profit the title is  
Creative Destruction  
I haven't read it  
fully BUT  
apparently the basic idea of the  
book is that  
it is OK  
to walk away  
from principles  
and  
walk toward  
profit at  
any cost

26

**From:** H G Wardlaw, Jr. (hgw44@yahoo.com)

**To:** [REDACTED]

**Date:** Mon, October 4, 2010 8:16:38 AM

**Cc:**

**Subject:** McKinsey & Associates article on utility mergers & influencing regulatory agencies

[REDACTED]

This is a link to an article from a McKinsey & Associates publication which mentions FirstEnergy as a "winner" in merger activity -- and speaks of influencing regulatory agencies as part of/benefit of merger activity:

[http://www.fortnightly.com/pubs/03012006\\_WinningMerger.pdf](http://www.fortnightly.com/pubs/03012006_WinningMerger.pdf)

As we have discussed before, McKinsey has been used by FirstEnergy for years -- and McKinsey consultants to FirstEnergy have become employed as key executives at FirstEnergy (as high as vice-presidential level) for at least 10 years.

If you would be interested in links about McKinsey "alumni" employed at FirstEnergy, let me know.

I can also provide documentation that McKinsey uses the idea of their consultants moving from consultation with firms into employment by the same firms -- as an incentive for people to join them as consultants.

G Wardlaw

From: H G Wardlaw, Jr. (hgw44@yahoo.com)  
 To: tom.perciak@strongsville.org; SD24@senate.state.oh.us; district18@ohr.state.oh.us;  
 Date: Fri, October 1, 2010 4:08:29 PM  
 Cc: hgw44@yahoo.com;  
 Subject: article on McKinsey & Company in Wikipedia -- consulting firm used by FirstEnergy

Mayor Perciak, Senator Patton, and State Representative Patten,

This is the next email -- this one on McKinsey & Company, a major consulting firm used by Enron, which has also been used by FirstEnergy. It is the current article on McKinsey found in Wikipedia, revised 10/1/2010.

**A COMMON THREAD THAT RUNS THROUGH MANY OF MCKINSEY'S CONSULTATIONS IS ADVISING COMPANIES TO INCREASE THE BOTTOM LINE BY DECREASING BENEFITS AND SERVICES TO THEIR CLIENTS**

Link to entire Wikipedia article:

<http://en.wikipedia.org/wiki/McKinsey>

After citing McKinsey's strengths, the Wikipedia article proceeds to noting the company's weaknesses under section 8: "Criticisms" -- pointing out the companies, including Enron, which have failed after working with McKinsey.

### SECTION 8: "CRITICISMS"

According to a former employee, the firm itself will not discuss specific client situations and maintains a carefully crafted and low-profile external image, which also protects it from public scrutiny, making an assessment of its client base, its success rate, and its profitability difficult.<sup>[14]</sup> This secrecy also helps conceal McKinsey's prices.<sup>[citation needed]</sup>

Client confidentiality is maintained even among former employees, and as a result, journalists and writers have had difficulty developing fully informed accounts of mistakes which McKinsey employees may have made, such as with Enron, which was headed by McKinsey alumni and was one of the firm's biggest clients before its collapse.<sup>[15][16]</sup> Jeff Skilling, sentenced to 24 years in federal prison as the CEO of Enron, was formerly a partner at McKinsey and "loyal alum." Another notably troubled company associated with McKinsey is Swissair, which entered bankruptcy<sup>[17]</sup> after McKinsey recommended The Hunter Strategy. Railtrack, the British railway company, also collapsed, allegedly after following McKinsey's advice to reduce spending on infrastructure and return cash to shareholders instead, and then a series of fatal accidents occurred.<sup>[18][19]</sup> Other client companies that ultimately filed for bankruptcy include Kmart and Global Crossing.<sup>[citation needed]</sup>

McKinsey's reputation has come under scrutiny several times in recent years:

- **Misguided analysis**, such as its recommendation in 1980 to AT&T that cellular phones would be a niche market.<sup>[20]</sup>
- **McKinsey is a named defendant in Hurricane Katrina litigation**. Louisiana Attorney General Charles Fott's suit accuses McKinsey of being the "architect" of sweeping changes in the insurance industry, starting in the 1980s. The suit alleges McKinsey advised insurers to "stop 'premium leakage' by undervaluing claims using the tactics of "deny, delay, and defend".<sup>[21]</sup>
- **Several civil suits have been filed against home insurance and vehicle insurance companies after the insurers were advised by McKinsey, and allegedly paid the insured parties significantly less than the actual value of the damage.**<sup>[22]</sup> McKinsey was cited in a February 2007 CNN article with developing controversial car insurance practices, used by State Farm and Allstate in the mid-1990s to avoid paying claims involving a soft tissue injury. This is done, the article alleges, because these types of injuries are hard to verify by X-ray or other common examination methods other than surgery.<sup>[23]</sup>
- **Anil Kumar**, a senior McKinsey consultant, pleaded guilty in January 2009 to the charge of accepting USD\$1.8 million to provide the New York based hedge fund Galleon Group with inside information. He eventually earned \$2.6 million from this dealings with Mr Raj Rajaratnam, the former head of the group.<sup>[24]</sup>
- **Among other books and articles**, *The Witch Doctors*, written by *The Economist* journalists John Micklethwait and Adrian Wooldridge, presents a series of blunders and disasters alleged to have been McKinsey's consultants' fault.<sup>[page needed]</sup> Similarly, *Dangerous Company: The Consulting Powerhouses and the Businesses They Save and Ruin* by James O'Shea and Charles Madigan critically examines McKinsey's work within the context of the consulting industry.<sup>[page needed]</sup>
- **Concerns from teachers and parents** regarding their consultation for public school districts. Recently, McKinsey worked for the Minneapolis Public Schools, where the firm recommended that the district cut "high costs" such as teacher health care, and recommended converting the 25 percent of schools that scored the lowest on standardized tests to privatized charter-school status (a plan under which schools receiving public funds are run by independent charter associations, or for-profit entities, and operate outside the authority of local school boards). Teachers in Seattle passed a resolution of non-compliance with McKinsey's study of the Seattle Public Schools in protest of their record of favoring privatization, high-stakes testing, and other tactics associated with the No Child Left Behind



Act. [25]

Former British Prime Minister Tony Blair faced criticism in the *Financial Times* for hiring McKinsey to consult on the restructuring of the Cabinet Office. A top civil servant described McKinsey as "people who come in and use PowerPoint to state the bleeding obvious." [26]

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[edit]

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## External links

[edit]

- Official Web Site

**From:** H G Wardlaw, Jr. (hgw44@yahoo.com)  
**To:** ~~XXXXXXXXXX~~  
**Date:** Sat, November 13, 2010 7:23:42 AM  
**Cc:**  
**Subject:** Text of my complaint to PUCO

~~XXXXXXXXXX~~  
Just sent complaint by internet to PUCO re: extension of time to FirstEnergy.

Here is the text section of my complaint:

"Case #10-176 -- WE DON'T WANT ANY MORE DELAYS!

WHY DID IT TAKE 5 MONTHS FOR PUCO TO RESPOND TO OCC REQUEST FOR ACCESS TO FE INTERNAL DOCUMENTS ON ALL-ELECTRIC RATE?

I WAS AMONG THOSE WHO TRAVELLED TO COLUMBUS TO TALK WITH OCC AND PUCO ABOUT THE ALL ELECTRIC SITUATION

I HAVE ALSO ATTENDED 2 PUBLIC MEETINGS ON THIS MATTER AT THE STRONGSVILLE RECREATION/SENIOR CENTER

I HAVE TAKEN THE INITIATIVE ON MY END TO REPLACE MY HOME'S LOW EFFICIENCY 3 TON AND 1.5 TON HEAT PUMPS FROM 1984 WITH STATE OF THE ART HIGH EFFICIENCY 3 TON AND 1.5 TON HEAT PUMPS IN 2008 AND 2009.

WE CAN'T GET GAS HEAT IN OUR DEVELOPMENT -- THANKS TO FIRST ENERGY ALL ELECTRIC PROMISE TO OVER 800 HOMES IN BOB SCHMITT HOMES MEADOWOOD DEVELOPMENT.

WE DID OUR PART BY GETTING THE BEST ALL ELECTRIC EQUIPMENT AVAILABLE AT THIS TIME."

I have a printed copy of my whole complaint, including FE account # and all contact details.

If you need the whole complaint, let me know.

**From:** H G Wardlaw, Jr. (hgw44@yahoo.com)

**To:** ~~SD24@senate.state.oh.us~~;

**Date:** Fri, October 22, 2010 9:00:08 AM

**Cc:** SD24@senate.state.oh.us;

**Subject:** FE in the cross-hairs of Plain Dealer "Road Rant" on Wednesday 10/20/10 - section B page 1

~~SD24~~

FE came in for criticism on Wednesday 10/20 (in Plain Dealer "Road Rant" column on Metro Section page B1 by John Horton in an article titled "Shining a light on a dark problem")

Issues noted are:

1. two years of failure to replace a utility pole with light at intersection of Van Aken Boulevard and Shaker Boulevard -- pole and light were knocked down by a car 2 years ago. The same intersection is further darkened by a failed street lamp on Shaker Blvd which flickered out "some time ago". Mark Buchanan, who reported these issues, wrote: "This makes for a dark intersection and a dangerous place for pedestrians". (John Horton notes that Cleveland Public Power "issued a work order to paint a new pole on Van Aken and evict" the orange cone which has been there for 2 years. Work should be done this week or next. And the burned out bulb has already been replaced.
2. Gerald Arnold, a driver from Maple Heights was one of 2 people who contacted Road Rant about no bulbs burning on a stretch of Warrensville Center Road between Miles Road and South Miles Road and Aurora Road. Another driver equated it to "driving out in the country where there are no lights for miles around"
3. Road Rant continued by noting that in Mayfield Heights, "FirstEnergy crews repaired multiple out-of- order streetlights along Marsol Road after Road Rant passed along a complaint from resident Joseph Kothera. The dark spots disappeared Monday night. Kothera nearly reached for his sunglasses when he drove down the road. 'The whole street was as bright as cold be,' he said."  
John Horton concluded his remarks about FirstEnergy and streetlights by writing "**Power dial:** Call it a hunch, but there probably are a few more streetlights that aren't working in Northeast Ohio. The fix-it process typically starts when you light up phone lines. Cleveland Public Power and FirstEnergy both offer hot lines to report streetlight problems. (here he gives the numbers). "If calling doesn't work . . . well, that's why Road Rant publishes twice a week"

Sue, it seems to me that this is yet another symptom that FE is not appropriately concerned about dangers to the public when it fails to fix clear dangers to public safety and welfare . . . similar to their years of neglect of Davis-Besse nuclear plant -- not to mention violation of contractual commitments like the All Electric discounted rate.

Once again, neglect like this raises the question of whether FirstEnergy is in the business of public service to self service.

H G Wardlaw

## First Energy and Three Mile Island and Davis Besse

Fri, October 1, 2010 12:56:39 PM

From: ~~hgw44@yahoo.com~~ View Contact

To: ~~toz@pennstate.edu; akron@ohio.gov; and others~~

Cc: ~~hgw44@yahoo.com~~

Mayor Perciak, Senator Patton, and State Representative Patten

I am H. G. Wardlaw, Jr., 21838 Little Brook Way, Strongsville 44149. My email address is above and my cell phone number is 440 591-8646. I am a member of CKAP. I went to Columbus on the CKAP bus trip for meetings at the statehouse and to picket FirstEnergy headquarters in Akron.

Thank each of you for your continued leadership on the all electric homes issue.

I spoke to each of you after the meeting last Wednesday evening regarding information that I have found on the internet regarding FirstEnergy.

This is the first of several emails that I am sending to each of you.

This one is the document that I found several weeks ago regarding FirstEnergy and Three Mile Island:

From John Howley's Maryland Energy Report 6/7/2010

JUNE 7, 2010

## FirstEnergy and Three Mile Island and Maryland

First Energy and Allegheny Energy have filed applications with FERC and the Maryland Public Service Commission (PSC) for permission to merge their companies. The prospect of this merger raises many issues for Marylanders who hope that the PSC will fully explore them.

One hot topic that cannot be ignored is Three Mile Island (TMI). Indeed, the issue arose during the June 3 PSC hearing on whether the Commission should accept the PATH "coal-by-wire" transmission project proposed by Allegheny Energy. One issue in that proceeding is the ever-shifting structure of corporate entities controlling PATH — and the proposed merger would rearrange it once more. One attorney claimed that FirstEnergy owned Three Mile Island while another said that FirstEnergy had no connection to TMI.

What are the facts about the relationship between FirstEnergy and TMI?

On March 28, 1979, the famous disaster occurred at TMI Reactor Unit 2 (TMI 2).

(TMI 2's sister reactor TMI 1 was acquired by Exelon Corporation in 1999 and continues to operate. In late 2009, the Nuclear Regulatory Commission(NRC) renewed TMI 1's operating license through 2034.)

What is the status of TMI 2 today?

---

TMI Unit 2 has been permanently shut down and is in monitored storage. GPU Nuclear (now owned by First Energy Corp.) placed the unit in monitored storage in December 1993. Monitoring of TMI Unit 2 and its surrounding areas will continue until the unit is fully decommissioned, with regular reports made to the Nuclear Regulatory Commission (NRC), the Commonwealth of Pennsylvania and the public.

---

Will the ongoing burden of cleaning up TMI 2 impact Maryland ratepayers if the FirstEnergy-Allegheny merger goes forward? Pennsylvania ratepayers have paid dearly:

---

A 1995 ruling by the Pennsylvania Supreme Court allowed GPU — since bought by FirstEnergy — to charge rate payers for the TMI-2 disaster. Those same rate payers had already shelled out \$700 million to build the unit, which was on line for only 90 days — just 1/120th of its planned operating lifetime — when the meltdown began. The rate payers have also footed a \$1 billion bill to de-fuel Unit 2.

---

X

According to FirstEnergy's 10-K, JCP&L is involved in an ongoing proceeding at the New Jersey Board of Public Utilities over decommissioning costs for TMI-2 (see page 222).

Meanwhile, the undamaged generator from TMI 2 is moving to a new life in North Carolina:

---

Officials at the Nuclear Regulatory Commission say the electrical generator from the damaged Unit 2 reactor at TMI will be used at Progress Energy Inc.'s Shearon Harris nuclear plant in southwest Wake County. NC

---

Did FirstEnergy have anything to do with the accident at Three Mile Island? Yes and no. No, because at the time of the accident, the corporate entity now known as FirstEnergy did not exist. FirstEnergy was created in 1997 out of the merger

of several Ohio and Pennsylvania utilities.

Yes, because today's FirstEnergy is the corporate successor to the company that built and operated TMI 2 at the time of the accident. TMI 1 and 2 were originally built and operated by General Public Utilities (GPU). In 2001, GPU merged with FirstEnergy. FirstEnergy, through its wholly owned subsidiary JCP&L, is the current owner of TMI 2.

Did mistakes by GPU (FirstEnergy) corporate managers contribute to the accident at TMI 2? A retrospective by the Washington Post raised troubling questions. TMI 2 began commercial operation on December 30, 1978 — just three months before the accident.

---

By getting TMI 2 into service 25 hours before the new year, Met Ed saved itself upwards of \$40 million in taxes.

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There are other signs that TMI 2 was rushed into operation:

---

Between March 28, 1978, when the chain reaction began in the nuclear unit, and its December entry into commercial service, the plant had been shut down for repairs 195 of the 274 days — 71 percent of the time. That was not typical of the industry as a whole, which reports about a 40 percent malfunction rate during early reactor operations. And during those 274 days, Met Ed found problems that were similar to those that occurred on the day of the Big Accident.

---

Does this remind you of another recent disaster?

---

BP had fallen behind schedule and over budget, paying roughly \$500,000 a day to lease the rig from Transocean. The rig was 43 days late for starting a new drilling job for BP by the day of the explosion, a delay that had already cost the company more than \$21 million.

---

Concerns raised by the accident at Three Mile Island remain relevant because FirstEnergy continues to own and operate three nuclear power plants: Beaver Valley, Davis-Besse, and Perry. Of the three, Davis-Besse is the most troubled.

In March 2002, damage to the reactor pressure vessel was discovered and the

plant shut down for two years. In 2006, FirstEnergy entered into a deferred prosecution agreement with the Department of Justice related to charges arising out of the incident. Andrew Siemaszko, an engineer at the plant, was sentenced to probation for lying to the NRC. The Union of Concerned Scientists backed Siemaszko, arguing that he was used as a scapegoat by the NRC and FirstEnergy for serious problems at Davis-Besse. Some observers consider the 2002 incident to our nation's worst nuclear accident since Three Mile Island.

Problems continue at Davis-Besse.

Anything that affects the financial health of FirstEnergy could affect its regulated subsidiaries in Maryland if the merger with Allegheny goes ahead. A close examination of FirstEnergy's nuclear management record will better inform the PSC's understanding of the future riskiness of the merger entity.

On February 11, Standard & Poor's downgraded FirstEnergy's debt:

---

We downgraded FirstEnergy Corp. and subsidiaries to 'BBB-' from 'BBB' based on its intention to merge with lower-rated Allegheny Energy Inc. We affirmed the 'BBB-' ratings on Allegheny and subsidiaries because the proposed merger would only slightly improve its credit profile. An extended merger approval will place further stress on management's resources while economic and regulatory challenges need to be successfully met to maintain credit quality. If the merger is not completed, FirstEnergy's ratings would remain at the lower level due to our changed assessment of its risk appetite and commitment to credit quality.

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**Fw: West Virginia concerns about FirstEnergy role in 2003 cascadin...**

Sat, October 2, 2010 8:16:39 AM

From: "H G Wardlaw, Jr." <hgw44@yahoo.com> [View Contact](#)  
 To: State Representative Patten <district18@ohio.state.oh.us>  
 Cc: hgw44@yahoo.com

----- Forwarded Message -----

**From:** "H G Wardlaw, Jr." <hgw44@yahoo.com>  
**To:** Senator Patton <SD24@senate.state.oh.us>  
**Sent:** Sat, October 2, 2010 8:17:54 AM  
**Subject:** Fw: West Virginia concerns about FirstEnergy role in 2003 cascading blackout

----- Forwarded Message -----

**From:** "H G Wardlaw, Jr." <hgw44@yahoo.com>  
**To:** Mayor Perciak <tom.perciak@strongsville.org>  
**Cc:** hgw44@yahoo.com  
**Sent:** Sat, October 2, 2010 8:16:41 AM  
**Subject:** West Virginia concerns about FirstEnergy role in 2003 cascading blackout

Mayor Perciak, Senator Patton, State Representative Patten,

I spoke with you after the meeting on Wednesday evening in Strongsville.

This is more information from my research in early summer on FirstEnergy issues:

From a June 2010 posting in West Virginia:

# The Power Line

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The View from Calhoun County

[Home](#) [A WV Lawyer Explains WV Eminent Domain Procedures](#) [Land Owner Resources](#)

[Representing Yourself in the PATH Case? Here's Some Help](#) [Who Pays for PATH?](#) [Why PJM Is Wrong About PATH](#)

## Want Blackouts, Try FirstEnergy

JUNE 10, 2010

by Bill

*tags:* Power Companies & PATH

**Maryland Energy Report** has some excellent analysis of FirstEnergy's performance during the August 2003 cascading failure across the US and Canada. It seems that if the WV PSC doesn't want "blackouts and brownouts," it should first act to block FirstEnergy's takeover of Allegheny Energy.

Take a look at what Midwest ISO said about FirstEnergy's performance during the 2003 cascading

blackout:

*According to the MISO telephone transcripts, MISO called First Energy at 3:43 p.m. and questioned FirstEnergy about the Hanna-Juniper line. The FirstEnergy operator was not able to respond to MISO's questions and said that he didn't know, that he would have to take a look. MISO requested that FirstEnergy call it back. At 4:04 p.m., FirstEnergy called MISO and stated that they had some problems. The FirstEnergy operator still seemed unsure about exactly what was happening. The operator lists a number of lines that are "off", the Eastlake Plant unit that had gone off-line earlier in the day and the Perry plant that was "having a hard time maintaining voltage". The FirstEnergy operator then asks MISO what it has going on. When MISO responds that FirstEnergy Hanna-Juniper line is open, the FirstEnergy operator questions that. MISO responds that it had discussed this with FirstEnergy earlier. The FirstEnergy operator states that they have "no clue" and the computer is "giving us fits." A FirstEnergy control room operator told a MISO technician minutes before the blackout, "We don't even know the status of some of the stuff around us." (See page 19.)*

**Grid expert George Loehr pointed out in his US Senate testimony** that lack of transmission capacity has never caused a cascading failure, but operator and power company control failure has. The MISO report quoted above clearly shows that.

So Allegheny Energy shouldn't be screaming too loudly about "blackouts and brownouts" to support their TrAIL and PATH projects. The company's merger with FirstEnergy is inviting the real cause of the largest blackout in US history into West Virginia.

Oh, yeah, and Maryland Energy Report also points to the fact that FirstEnergy's Davis Besse nuclear plant was off line at the time of the blackout because of the biggest nuclear plant emergency since Three Mile Island. The fact that FirstEnergy had invested in such unreliable generation also deprived the MISO system of power at a time when it was desperately needed.

Does WV really need FirstEnergy providing electricity to half of our state?

**John Howley Maryland Energy Report 6/7/10 - "First..."**

Mon, June 28, 2010 8:51:26 PM

From: "H G Wardlaw, Jr." <hgw44@yahoo.com> [View Contact](#)

To: [REDACTED]

Don't know if you have been able to download this, but here is the text pasted into this email:

JUNE 7, 2010

## FirstEnergy and Three Mile Island and Maryland

First Energy and Allegheny Energy have filed applications with FERC and the Maryland Public Service Commission (PSC) for permission to merge their companies. The prospect of this merger raises many issues for Marylanders who hope that the PSC will fully explore them.

One hot topic that cannot be ignored is Three Mile Island (TMI). Indeed, the issue arose during the June 3 PSC hearing on whether the Commission should accept the PATH "coal-by-wire" transmission project proposed by Allegheny Energy. One issue in that proceeding is the ever-shifting structure of corporate entities controlling PATH — and the proposed merger would rearrange it once more. One attorney claimed that FirstEnergy owned Three Mile Island while another said that FirstEnergy had no connection to TMI.

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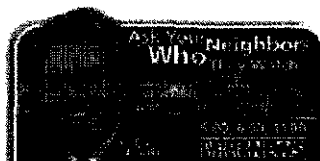
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Posted: January 22

## Three Mile Island generator moving to Shearon Harris

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**MIDDLETOWN, PA.** — A generator in storage for more than three decades following the accident at Three Mile Island nuclear power plant is heading to North Carolina.

Officials at the Nuclear Regulatory Commission say the electrical generator from the damaged Unit 2 reactor at TMI will be used at Progress Energy Inc.'s Shearon Harris nuclear plant in southwest Wake County.

NRC spokesman Neil Sheehan said Thursday that preliminary work is under way to move the generator. It will be transported in two parts, weighing a combined 670 tons.

Progress Energy spokeswoman Julia Milstead said the generator is coming from the non-nuclear side of TMI. The generator has been refurbished, and the parts were extensively tested to ensure they weren't contaminated.

The Raleigh-based utility will save money by using the older generator instead of buying a new one, meaning the cost savings can be passed on to its customers, Milstead said.

The generator will be shipped to Shearon Harris by rail and will not impact traffic on any area roads, she said.

TMI's Unit 2 reactor has been shut down since a partial meltdown in 1979.

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### 107 Comments



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#### Latest Comments

I recall an interesting case when the guys were doing a service job on a plant. Can't recall if it was Maine Yankee or another, but to the point. They needed a piece for the control room, a panel or module. Something. They did some checking and there was a twin plant, same design, that never was fully

operational. So they called up to it and sure enough, it had the same layout and had everything except the rods!

So they made a few hour drive and pulled that part. The worker on site asked them if they wanted OTHER components of the plant that they had no need for!

That is somewhat what this is. They refurb'd this component and will use it in another power plant.

Travis

January 22, 2010 6:20 p.m.

The hysteria really does demonstrate that our public schools don't do a very good job of teaching basic science or critical thinking. Too many posters here are hysterical over something they truly do not and cannot understand. They're scared because someone told them nuclear power was scary and that is all they'll tolerate in terms of input into their thought processes on this matter. The generator converts steam power to electrical power, that is all people. It cannot hurt you unless it fails on you. Get a grip. Many of these people would be complaining regardless of what were to happen. If Progress built a coal plant, they'd complain. If Progress built a nuke plant they'd complain. If we don't have enough AC because we have insufficient generating capacity they'll complain. They'll complain if rates go up due to higher fuel prices or government regulation. If Progress has high profits they'll complain and demand more regulation. It won't end, so ignore them and cheer Progress on!

WRALcensorsforIslam

January 22, 2010 5:44 p.m.

I don't understand the comments about not using "state of the art" equipment. This was a perfectly good piece of equipment that for obvious reasons had not been used to its potential life time. These comments are a testament to our throwaway society that it's better to toss this one in the closest landfill and buy a new one. Technology in these kinds of generators has not improved that much over the past few decades.

Leonardo

January 22, 2010 5:34 p.m.

ok. What is Harris using now? Where is this "new" equipment going?

theartistformerlyknownasspeedy

GOLD member since January 19, 2010

January 22, 2010 5:23 p.m.

"Well, CP&L have always worked in their own best interest & could care less about public safety!"

Huh? This is a GENERATOR. Did you not read the rest of the posts or even try to understand before responding? This thing isn't nuclear that they are bringing here. It didn't melt down. It is a steam powered generator. So what exactly are they doing that is dangerous? Explain please.

smcallah

January 22, 2010 5:17 p.m.

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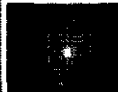
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**From:** H G Wardlaw, Jr. (hgw44@yahoo.com)  
**To:** tom.perciak@strongsville.org;  
**Date:** Sat, October 2, 2010 9:29:12 AM  
**Cc:** SD24@senate.state.oh.us; district18@ohr.state.oh.us; hgw44@yahoo.com;  
**Subject:** Statement on FirstEnergy/Three Mile Island from Nuclear Regulatory Commission

TMI-2 is the reactor that went out of control at Three Mile Island

The statement below comes from the following link:

<http://www.nrc.gov/reading-rm/doc-collections/fact-sheets/3mile-isle.html>

**EXCERPT FROM ABOVE NUCLEAR REGULATORY COMMISSION LINK, downloaded on 10/2/2010:**

## **"Current Status**

Today, the TMI-2 reactor is permanently shut down and defueled, with the reactor coolant system drained, the radioactive water decontaminated and evaporated, radioactive waste shipped off-site to an appropriate disposal site, reactor fuel and core debris shipped off-site to a Department of Energy facility, and the remainder of the site being monitored. In 2001, **FirstEnergy acquired TMI-2 from GPU. FirstEnergy has contracted the monitoring of TMI-2 to Exelon, the current owner and operator of TMI-1. The companies plan to keep the TMI-2 facility in long-term, monitored storage until the operating license for the TMI-1 plant expires, at which time both plants will be decommissioned.**"

According to the information from public record, the operating license for Three Mile Island has a number of years before decommissioning.

One of the articles that I have read online tells of a question asked to FirstEnergy about how they are funding the costs associated with the Three Mile Island reactor #2.

Their answer that I remember from that article was to the effect that it would be spread across the costs charged to all of their customers -- similar to their answer about what might happen if the All Electric rate discount should be reinstated.

Another article that I have read tells about how parts of TMI reactor #2 have recently been sold for use in a nuclear power plant being built in North Carolina.

I remember reading online that some observers of this situation have questioned the safety of such a re-use, though the builders of the new North Carolina nuclear power plant have been assured otherwise.

(Sounds similar to Plain Dealer reports of FirstEnergy statements on the safety of used parts at Davis-Besse plant in Ohio.)

- July 1990 GPU submitted its funding plan for placing \$229 million in escrow for radiological decommissioning of the plant.
- Jan. 1991 The evaporation of accident-generated water began.
- April 1991 NRC published a notice of opportunity for a hearing on GPU's request for a license amendment.
- Feb. 1992 NRC issued a safety evaluation report and granted the license amendment.
- Aug. 1993 The processing of 2.23 million gallons accident-generated water was completed.
- Sept. 1993 NRC issued a possession-only license.
- Sept. 1993 The Advisory Panel for Decontamination of TMI-2 held its last meeting.
- Dec. 1993 Post-Defueling Monitoring Storage began.

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## **Additional Information**

Further information on the TMI-2 accident can be obtained from sources listed below. The documents can be ordered for a fee from the NRC's Public Document Room at 301-415-4737 or 1-800-397-4209; e-mail [pdr.resource@nrc.gov](mailto:pdr.resource@nrc.gov). The PDR is located at 11555 Rockville Pike, Rockville, Maryland; however the mailing address is: U.S. Nuclear Regulatory Commission, Public Document Room, Washington, D.C. 20555. A glossary is also provided below.

## **Additional Sources for Information on Three Mile Island**

NRC Annual Report - 1979, NUREG-0690, "Population Dose and Health Impact of the Accident at the Three Mile Island Nuclear Station," NUREG-0558

"Environmental Assessment of Radiological Effluents from Data Gathering and Maintenance Operation on Three Mile Island Unit 2," NUREG-0681

"Report of The President's Commission on The Accident at Three Mile Island," October, 1979

"Investigation into the March 28, 1979 Three Mile Island Accident by the Office of Inspection and Enforcement," NUREG-0600

"Three Mile Island; A Report to the Commissioners and to the Public," by Mitchell Rogovin and George T. Frampton, NUREG/CR-1250, Vols. I-II, 1980

"Lessons learned From the Three Mile Island - Unit 2 Advisory Panel," NUREG/CR-6252

"The Status of Recommendations of the President's Commission on the Accident at Three Mile Island," (A ten-year review), NUREG-1355

"NRC Views and Analysis of the Recommendations of the President's Commission on the Accident at Three Mile Island," NUREG-0632

"Environmental Impact Statement related to decontamination and disposal of radioactive wastes resulting from March 28, 1979 accident Three Mile Island Nuclear Station, Unit 2," NUREG-0683

"Answers to Questions About Updated Estimates of Occupational Radiation Doses at Three Mile Island, Unit 2," NUREG-1060

"Answers to Frequently Asked Questions About Cleanup Activities at Three Mile Island, Unit 2," NUREG-0732

"Status of Safety Issues at Licensed Power Plants" (TMI Action Plan Reqmts.), NUREG-1435

Walker, J. Samuel, **Three Mile Island: A Nuclear Crisis in Historical Perspective**, Berkeley: University of California Press, 2004.



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## Glossary

**Auxiliary feedwater** - (see emergency feedwater)

**Background radiation** - The radiation in the natural environment, including cosmic rays and radiation from the naturally radioactive elements, both outside and inside the bodies of humans and animals. The usually quoted average individual exposure from background radiation is 300 millirem per year.

**Cladding** - The thin-walled metal tube that forms the outer jacket of a nuclear fuel rod. It prevents the corrosion of the fuel by the coolant and the release of fission products in the coolants. Aluminum, stainless steel and zirconium alloys are common cladding materials.

**Emergency feedwater system** - Backup feedwater supply used during nuclear plant startup and shutdown; also known as auxiliary feedwater.

**Fuel rod** - A long, slender tube that holds fuel (fissionable material) for nuclear reactor use. Fuel rods are assembled into bundles called fuel elements or fuel assemblies, which are loaded individually into the reactor core.

**Containment** - The gas-tight shell or other enclosure around a reactor to confine fission products that otherwise might be released to the atmosphere in the event of an accident.

**Coolant** - A substance circulated through a nuclear reactor to remove or transfer heat. The most commonly used coolant in the U.S. is water. Other coolants include air, carbon dioxide, and helium.

**Core** - The central portion of a nuclear reactor containing the fuel elements, and control rods.

**Decay heat** - The heat produced by the decay of radioactive fission products after the reactor has been shut down.

**Decontamination** - The reduction or removal of contaminating radioactive material from a structure, area, object, or person. Decontamination may be accomplished by (1) treating the surface to remove or decrease the contamination; (2) letting the material stand so that the radioactivity is decreased by natural decay; and (3) covering the contamination to shield the radiation emitted.

**Feedwater** - Water supplied to the steam generator that removes heat from the fuel rods by boiling and becoming steam. The steam then becomes the driving force for the turbine generator.

**Nuclear Reactor** - A device in which nuclear fission may be sustained and controlled in a self-supporting nuclear reaction. There are several varieties, but all incorporate certain features, such as fissionable material or fuel, a moderating material (to control the reaction), a reflector to conserve escaping neutrons, provisions for removal of heat, measuring and controlling instruments, and protective devices.

**Pressure Vessel** - A strong-walled container housing the core of most types of power reactors.

**Pressurizer** - A tank or vessel that controls the pressure in a certain type of nuclear reactor.

**Primary System** - The cooling system used to remove energy from the reactor core and transfer that energy either directly or indirectly to the steam turbine.

**Radiation** - Particles (alpha, beta, neutrons) or photons (gamma) emitted from the nucleus of an unstable atom as a result of radioactive decay.

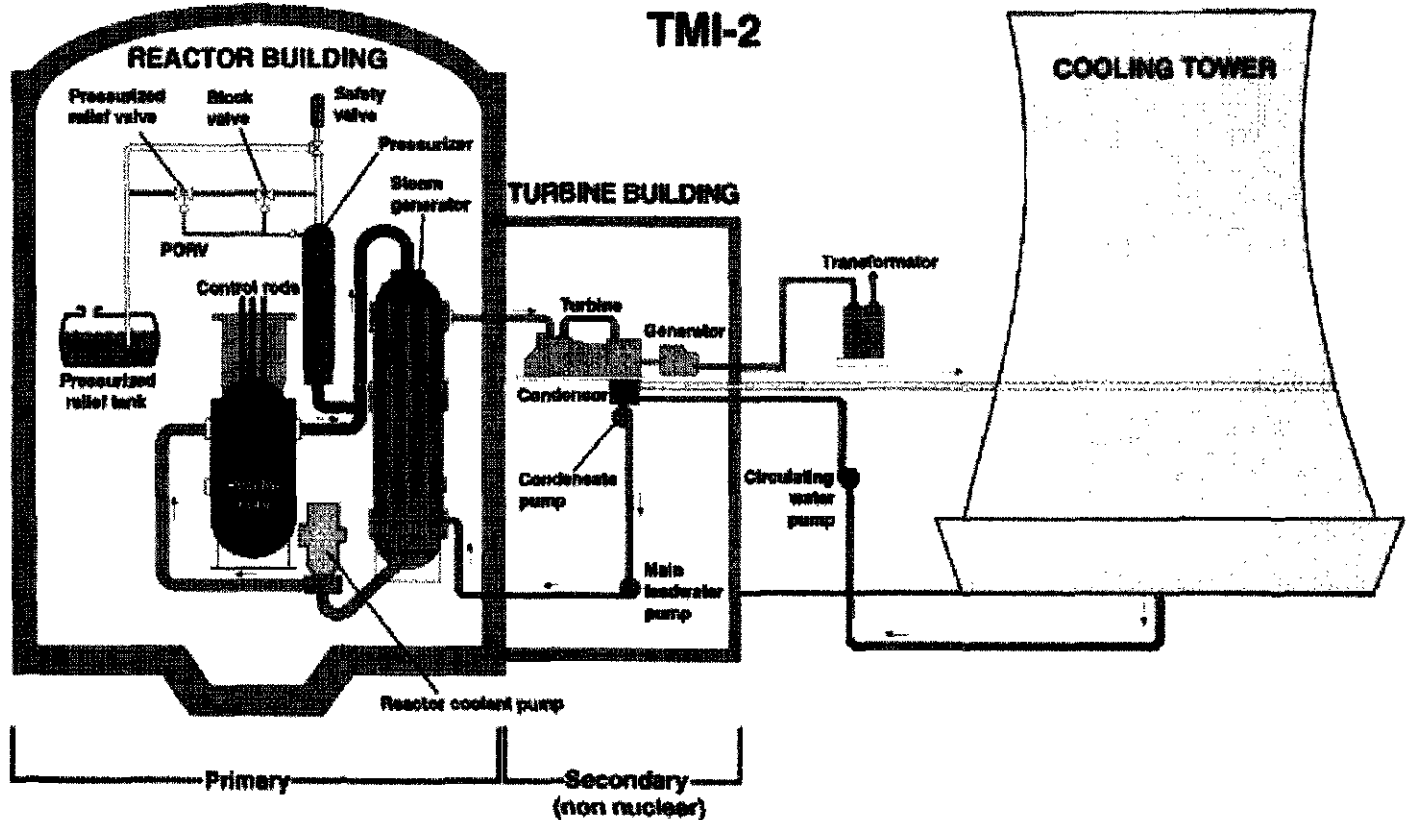
**Reactor Coolant System** - (see primary system)

**Secondary System** - The steam generator tubes, steam turbine, condenser and associated pipes, pumps, and heaters used to convert the heat energy of the reactor coolant system into mechanical energy for electrical generation.

**Steam Generator** - The heat exchanger used in some reactor designs to transfer heat from the primary (reactor coolant) system to the secondary (steam) system. This design permits heat exchange with little or no contamination of the secondary system equipment.

**Turbine** - A rotary engine made with a series of curved vanes on a rotating shaft. Usually turned by water or steam. Turbines are considered to be the most economical means to turn large electrical generators.

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August 2009

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Tuesday, August 11, 2009

# McKinsey & Company

From Wikipedia, the free encyclopedia  
(Redirected from McKinsey)

**McKinsey & Company** is a global management consulting firm that focuses on solving issues of concern to senior management. McKinsey serves as an adviser to the world's leading businesses, governments, and institutions. It is recognized as a leader and one of the most prestigious firms in the management consulting industry.<sup>[3]</sup> It has been ranked No.1 for 6 consecutive years in the Vault.com list of top consulting firms,<sup>[4]</sup> and has been a top employer for new MBA graduates since 1996.<sup>[5]</sup>

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## Organization

McKinsey & Co., while formally organised as a corporation, functions as a partnership in all important respects. Its managing director is elected for a three year term by the firm's senior shareholders (referred to as "directors", even if they are not company directors). Each managing director can serve a maximum of three terms. At a strategic level, a number of committees are charged with the development of policies and the making of critical decisions. McKinsey operates under a practice of "up or out," in which consultants must either advance in their consulting careers within a pre-defined time-frame, or else leave the firm.

McKinsey has about 9,000 consultants in 96 offices across 52 countries. *Forbes* estimated the firm's 2008 revenues at \$6.0 billion.<sup>[6]</sup>

A controversial aspect of McKinsey's practice is that it is non-exclusive, and thus a conflict of interest could arise as different teams of consultants might work for direct competitors in an industry. This works to the company's advantage, as it does not require it to rule out working for potential clients; furthermore, knowing that a competitor has hired McKinsey has historically been a strong impetus for companies to seek McKinsey's assistance themselves. The policy also means McKinsey can keep its list of clients confidential. However, because of this there is great emphasis placed on client confidentiality within the firm, and consultants are forbidden to discuss details of their work with members of other teams. While still working for McKinsey, consultants are prohibited from serving direct competitors unless they wait 2 or more years between the date they cease serving one competitor and begin serving the next; in some cases, consultants are forbidden from ever serving a competitor.

## History

McKinsey & Company was founded in Chicago in 1926 by James O. ("Mac") McKinsey, an accounting professor at the University of Chicago Booth School of Business, who pioneered budgeting as a management tool. Marshall Field's became a client in 1935, and soon convinced McKinsey to leave the firm and become its CEO; however, he died unexpectedly of pneumonia in 1937.

Marvin Bower, who had joined the firm in 1933, succeeding McKinsey when he left, oversaw the firm's rise to global prominence and established many of its guiding principles. When McKinsey died, the Chicago and New York branches of the firm split up. In 1939, with the help of the New York partners, Bower resurrected the New York office and renamed it McKinsey & Company. One of the first partners at McKinsey, Andrew T. Kearney, retained the Chicago office and renamed the branch after himself, marking the start of the competing management consulting firm A.T. Kearney.

## Recruiting

Marvin Bower broke with current industry practice by hiring recent graduates from the best business schools

### McKinsey & Company

#### McKinsey&Company

<b>Type</b>	Incorporated Partnership
<b>Industry</b>	Management consulting
<b>Founded</b>	1926
<b>Headquarters</b>	New York, New York
<b>Key people</b>	Dominic Barton, Worldwide Managing Director
<b>Products</b>	Management consulting services
<b>Revenue</b>	US\$6.00 Billion (est. 2008) <sup>[1]</sup>
<b>Employees</b>	~50 (~9,000 consultants) <sup>[2]</sup>
<b>Website</b>	<span>www.mckinsey.com</span> ( <span>http://www.mckinsey.com/</span> )

rather than among experienced managers.<sup>[7]</sup> Today, the firm is among the top recruiters of graduates of the top ranked business programs in the US and overseas, in addition to hiring a significant number of people with other advanced degrees in science, medicine, engineering and law. The firm is notable for the number of Rhodes Scholars it is able to recruit.<sup>[8]</sup>

## Competitors

Four primary competitors provide strategy services to Fortune 500 entities: McKinsey & Company (McKinsey), The Boston Consulting Group (BCG), Bain & Company (Bain), and Booz & Company (Booz).<sup>[9]</sup> Other competitors include Deloitte Consulting, A.T. Kearney, Roland Berger Strategy Consultants and smaller boutiques such as the Monitor Group.

## Publishing

McKinsey publishes several publications, including *McKinsey Quarterly*,<sup>[10]</sup> *McKinsey on Business Technology*, *McKinsey on Payments*, *McKinsey on Corporate and Investment Banking*, and *McKinsey on Finance*. Several McKinsey-authored business books have been written, including *Valuation: Measuring and Managing the Value of Companies*, *The Alchemy of Growth*, *Creative Destruction*, *The War for Talent*, and, most notably, *In Search of Excellence*.

## Knowledge management system

McKinsey invests significantly in its knowledge management system to support field consultants. The system includes generalist researchers, industry (and function)-specific experts and librarians, and access to journals and databases. McKinsey maintains an organisation called the McKinsey Knowledge Centre (McKC) that provide rapid access to specialized expertise and business information.<sup>[11]</sup> In addition, consultant-authored internal "practice development" documents capture generalizable insights from client engagements. There are also methods to access individual consultants with expertise from previous client studies or previous employment, for background assistance (competitive information is not shared).

This system was created and chaired by former partner Anil Kumar.<sup>[12]</sup>

## Notable current and former employees

*Main article: List of McKinsey & Company people*

McKinsey has produced more CEOs than any other company and is referred to by Fortune magazine as "the best CEO launch pad".<sup>[13]</sup> More than 70 past and present CEOs at Fortune 500 companies are former McKinsey employees. Among McKinsey most notable alumni are Louis V. Gerstner, Jr. - former chairman and CEO of IBM and chairman of The Carlyle Group, James McNerney - chairman and CEO of Boeing, Helmut Panke - former chairman and CEO of BMW AG, Christopher A. Sinclair - former chairman and CEO of PepsiCo, James P. Gorman - President and CEO of Morgan Stanley, Peter Wuffli - former CEO of UBS AG, Stephen Green - chairman of HSBC, Jonathan Schwartz, CEO of Sun Microsystems, Jeffrey Skilling, former (now incarcerated) CEO of Enron, Marius Kloppers - CEO of BHP Billiton, Bobby Jindal, current Governor of Louisiana, and Vittorio Colao, CEO of Vodafone. Past employees also include Chelsea Clinton, daughter of former President Bill Clinton and present Secretary of State Hillary Rodham Clinton.

## Criticism

According to a former employee, the firm itself will not discuss specific client situations and maintains a carefully crafted and low-profile external image, which also protects it from public scrutiny, making an assessment of its client base, its success rate, and its profitability difficult.<sup>[14]</sup> This secrecy also helps conceal McKinsey's prices.<sup>[citation needed]</sup>

Client confidentiality is maintained even among former employees, and as a result, journalists and writers have had difficulty developing fully informed accounts of mistakes which McKinsey employees may have made, such as with Enron, which was headed by McKinsey alumni and was one of the firm's biggest clients before its collapse.<sup>[15]</sup> In particular, McKinsey's "deep-seated belief that having better talent at all levels is how you outperform your competitors", implemented at Enron with McKinsey's knowledge, resulted in a workplace culture of prima donnas that "took more credit for success than was legitimate, that did not acknowledge responsibility for its failures, that shrewdly sold the rest of us on its genius, and that substituted self-nomination for disciplined management."<sup>[16]</sup> Jeff Skilling, sentenced to 24 years in federal prison as the CEO of Enron, was formerly a partner at McKinsey and "loyal alum." Another notably troubled company associated with McKinsey is Swissair, which entered bankruptcy,<sup>[17]</sup> after McKinsey recommended *The Hunter Strategy*. Railtrack, the British railway company, also collapsed, allegedly after following McKinsey's advice to reduce spending on infrastructure and return cash to shareholders instead, and then a series of fatal accidents occurred.<sup>[18][19]</sup> Other client companies that ultimately filed for bankruptcy include Kmart and Global Crossing.<sup>[citation needed]</sup>

McKinsey's reputation has come under scrutiny several times in recent years:

- Misguided analysis, such as its recommendation in 1980 to AT&T that cellular phones would be a niche market.<sup>[20]</sup>
- McKinsey is a named defendant in Hurricane Katrina litigation. Louisiana Attorney General Charles Folt's suit accuses McKinsey of being the "architect" of sweeping changes in the insurance industry, starting in the 1980s. The suit alleges McKinsey advised insurers to "stop 'premium leakage' by undervaluing claims using the tactics of "deny, delay, and defend".<sup>[21]</sup>
- Several civil suits have been filed against home insurance and vehicle insurance companies after the insurers were advised by McKinsey, and allegedly paid the insured parties significantly less than the actual value of the damage.<sup>[22]</sup> McKinsey was cited in a February 2007 CNN article with developing controversial car insurance practices, used by State Farm and Allstate in the mid-1990s to avoid paying claims involving a soft tissue injury. This is done, the article alleges, because these types of injuries are hard to verify by X-ray or other common examination methods other than surgery.<sup>[23]</sup>
- Anil Kumar, a senior McKinsey consultant, pleaded guilty in January 2009 to the charge of accepting USD\$1.8 million to provide the New York based hedge fund Galleon Group with inside information. He eventually earned \$2.6 million from this dealings with Mr Raj Rajaratnam, the former head of the group.<sup>[24]</sup>
- Among other books and articles, *The Witch Doctors*, written by *The Economist* journalists John Micklethwait and Adrian Wooldridge, presents a series of blunders and disasters alleged to have been McKinsey's consultants' fault. Similarly, *Dangerous Company: The Consulting Powerhouses and the Businesses They Save and Ruin* by James O'Shea and Charles Madigan critically examines McKinsey's work within the context of the consulting industry.
- Concerns from teachers and parents regarding their consultation for public school districts. Recently, McKinsey worked for the Minneapolis Public Schools, where the firm recommended that the district cut "high costs" such as teacher health care, and recommended converting the 25 percent of schools that scored the lowest on standardized tests to privatized charter-school status (a plan under which schools receiving public funds are run by independent charter associations, or for-profit entities, and operate outside the authority of local school boards). Teachers in Seattle passed a resolution of non-compliance with McKinsey's study of the Seattle Public Schools in protest of their record of favoring privatization, high-stakes testing, and other tactics associated with the No Child Left Behind Act.<sup>[25]</sup>

## References

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## External links

- Official Web Site (<http://www.mckinsey.com/>)
- McKinsey Quarterly (<http://www.mckinseyquarterly.com/>)
- McKinsey on Business Technology (<http://www.mckinseyonit.com/>)
- Google Finance - McKinsey & Company Company Profile (<http://finance.google.com/finance?q=mckinsey&ie=UTF-8&oe=utf-8&rls=org.mozilla:en-US:official&client=firefox-a&um=1&sa=N&tab=we>)
- McKinsey Hospital Institute (<http://www.mckinseyhospitalinstitute.com>)
- McKinsey Health Systems Institute (<http://www.mckinsey.com/hsi/healthtracker>)
- McKinsey Solutions (<http://solutions.mckinsey.com/catalog>)

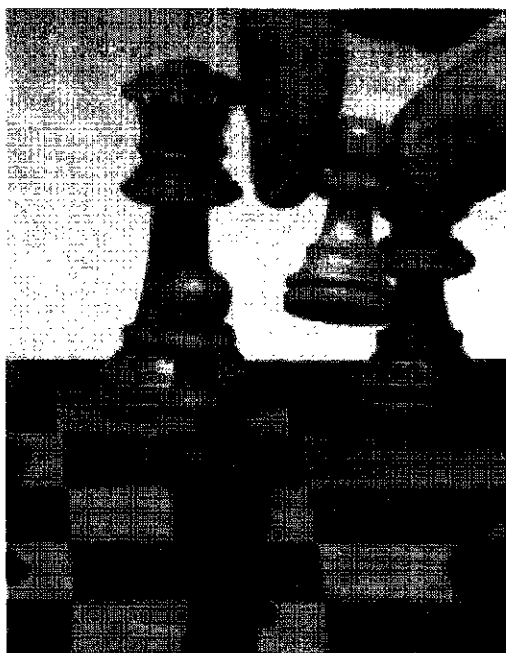
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Categories: International management consulting firms | Privately held companies of the United States | Companies established in 1926 | Economics consulting firms | History of Chicago, Illinois | Management consulting firms of the United States

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# WINNING THE MERGER GAME

A new wave of consolidation is coming. To succeed, a company must understand where its strengths are.



BY PETER LORENZ, MATT POND,  
AND THOMAS SETIZ

**T**he U.S. power industry is poised for consolidation. Regulatory barriers to mergers and acquisitions (M&A) are lessening, many companies now have the resources to finance acquisitions, and the industry is highly fragmented. Yet common wisdom says that M&A frequently destroys value. Several studies have concluded that most deals fail to generate the anticipated synergies.

There is no question that M&A is challenging, but we believe that these negative assessments are misleading. Analysts often account only for fluctuations in total shareholder return (TSR) that occur in the days or weeks following an acquisition or merger. This is an insufficient amount of time to determine success or failure, and most executives know it. Most senior leaders are concerned with companies' longer-term prospects, not with short-term fluctuations in their stock prices.

Our analysis of the long-term performance of companies that have M&A-intensive strategies suggests that M&A can generate tremendous value. We found that companies that relied heavily on M&A generated more than half of the value<sup>1</sup> in the power industry during the 10 years ending in September 2005.

Furthermore, we found that more than half that value was generated by a handful of companies (four of the 58 we examined). This was no coincidence. These companies had the ability to assess their own skills and select the opportunities that would allow them to make M&A a success.

How did they do it? We identified five key capabilities that enabled these companies to excel in M&A:

- Operational excellence;
- Superior regulatory management;
- Commercial excellence;
- Superior capital management; and
- Research excellence.

To succeed, a company must understand where its strengths are relative to these five capabilities. This knowledge will enable it to determine whether it is in a position to acquire, to identify appropriate targets, and to select one of four key strategies for success in M&A:

- Utility roll-up;
- Merchant asset rationalization;
- T&D roll-up; or
- Fuel diversification.

We estimate more than \$400 billion of present value savings (for shareholders as well as ratepayers to share) in the industry. M&A is the key to unlocking this value.

## The Time Is Right

Not only is the power industry recovering from the crisis it suffered between 2000 and 2002, but it began to outperform

the S&P 500 for the first time since the beginning of the century. But while this high performance suggests that many companies may have the resources to invest in growth, prospects for organic growth are somewhat limited.

Sales, measured in megawatts per hour, have grown at a meager compound annual growth rate of about 1.8 percent since 1990, which is expected to remain flat for the foreseeable future. Retail deregulation, an organic growth vehicle for some companies, has stalled and is not expected to progress much over the next few years.

Efforts to diversify into other areas, such as telecom, proved unsuccessful in the 1990s. Since the overall pie is growing very slowly, M&A is one of the few viable options for value-creating growth. At the same time, the environment is becoming increasingly favorable for consolidation. Regulatory barriers to M&A are lessening. Recent repeal of the Public Utility Holding Company Act (PUHCA) enables power companies to own operations in non-contiguous regions.<sup>2</sup>

The Federal Energy Regulatory Commission also is attempting to make market rules somewhat more homogeneous. Regional transmission organizations (RTOs) have established common standards for interconnection among plants and standard protocols for wholesale trading. By making it easier for companies that operate in different regions to interact and share practices, the initiative will also make it easier for companies to capture scale and synergy benefits through M&A.

There is good reason to believe that many states' public utility commissions will look more kindly on M&A activity if the value proposition for ratepayers is well conceived. To the extent that consolidation will put control in the hands of the natural owners of the industry's assets—those that manage them best—consolidation will serve a public good. Reliability, service, and customer satisfaction could improve as a result.

Finally, the fragmented structure of the U.S. power industry indicates the potential for M&A. The top four power companies receive only 17 percent of industry revenues, compared with more than 50 percent or more for other basic industries, such as petroleum or chemicals. History shows that when barriers are removed, fragmented industries consolidate. This proved to be the case in Germany and the Netherlands, where the top four power companies now generate 90 percent and 65 percent of industry revenues, respectively.

#### **Why M&A Is Underused**

Recent large deal announcements involving Duke and Cinergy, Exelon and PSEG, Mid-American and PacificCorp, and FPL Group and Constellation suggest that M&A activity is on the rise. However, many companies still shy away from M&A. This stance is backed by commentators, academics,

and industry experts who have found that the odds are stacked against successful value creation in M&A. A number of studies have shown that stock prices actually drop in the period leading up to a merger or acquisition or in the days following a majority of deals.

In a 1999 article published in the *Harvard Business Review*, Alfred Rappaport and Mark L. Sirower show that acquirers' stock prices after a deal is announced decline immediately in about two-thirds of all acquisitions. They argue that this reflects investors' beliefs that the acquirer is not likely to maintain the original value of the combined assets or achieve the synergies and other benefits required to justify the premium it paid to the owners of the target.

In their 2004 book, *Mastering the Merger*, David Harding and Sam Rovit cite a study of 790 deals made by U.S.-based companies from 1995 to 2001. They conclude that the study "corroborates the findings of the academic research," which "demonstrate that something on the order of 70 percent of all deals fail to create meaningful shareholder value." Thomas J. Flaherty, another industry expert, has said that utility mergers typically generate rather moderate synergies relative to the price paid for the target.

Indeed, previous McKinsey research came to a similar conclusion. An analysis of 193 deals that took place between January 1996 and September 1998 showed that 58 percent of acquiring companies destroy value. This conclusion was based on an analysis of the beta-adjusted change in stock price, relative to an index, from one week prior to the announcement of each deal to one week after the announcement was made.

#### **Value Created Over Long Term**

However, much of this analysis is misleading because it focuses exclusively on the short-term impact of M&A on share price. Our new research refutes the notion that M&A fails to generate value. While we agree that acquisitions in the power industry generally have destroyed short-term value for acquirers, our analysis shows that companies that pursue M&A-intensive strategies generate a majority of the industry's value over the long-term.

We analyzed short- and long-term outcomes between September 1995 and September 2005, focusing on 22 acquirers that announced corporate deals during this period. For the short-term analysis we determined the change in their stock prices relative to the S&P 500 over a 10-day period that began five days before their announcements and ended five days after them. We then multiplied this figure by the acquirer's starting equity capitalization. We found that acquirers destroyed almost \$1 billion in market value in the short term.

However, our analysis of market value-added for these com-

panies over the full 10-year period showed that together they generated about \$102 billion in industry value.<sup>3</sup>

We then looked at the value created in the industry as a whole over this period (see Figure 1). We found that companies that pursued M&A strategies generated 55 percent (\$102 billion) of the total value generated in the industry (\$185 billion).<sup>4</sup> Moreover, just four companies generated \$64 billion of that \$102 billion: Dominion, Energy East, Exelon, and FirstEnergy. We call these companies "M&A winners" because they not only pursued M&A-intensive strategies<sup>5</sup> but also enjoyed an annual TSR of 10 percent or more during this period.

Companies that pursued organic growth opportunities and not M&A generated 45 percent of the value in the industry as a whole. However, most of this organic growth was generated by companies (e.g., Entergy, Kinder Morgan) occupying privileged positions that could not be occupied by other companies or replicated in other regions.

### How the Winners Prevailed

Companies that profited from M&A in the 10 years we examined had an ability to understand their strengths and use them to their advantage when conducting mergers and acquisitions. These winners leveraged one or more of five distinctive competencies that are key to unlocking hundreds of billions of dollars industry-wide (see Figure 2).

Operational excellence is the ability to run efficiently at low cost. Companies that excel in this area continuously cut variable and fixed costs while increasing the flexibility of their resources to capitalize on new opportunities. M&A is an opportunity for these types of players to extend their best practices into companies that don't operate as efficiently, and to capture scale benefits.

Superior regulatory management involves creating and maintaining a collaborative relationship with key regulatory bodies. Those that do this well are better able to appropriately influence policy decisions and create favorable regulatory conditions for themselves. In particular, those that develop collaborative relationships are more likely to be able to persuade regulators to let them keep a larger percentage of the cost savings they generate through acquisition (e.g., via synergies or scale benefits).

Commercial excellence is the ability to exploit opportunities in the commercial and competitive areas of the business, including wholesale trading, marketing, merchant generation, and retail.

Superior capital management involves efficient prudent capital expenditures relative to profit. The most effective means of achieving this goal include establishing best-in-class capital allocation and capital project portfolio optimization skills. Project execution is also critical. In most cases, the asset base of an acquired company will be well established at the time of purchase, but the acquirer can still use its capital management skills to make more efficient the target's expected capital expenditure requirements.

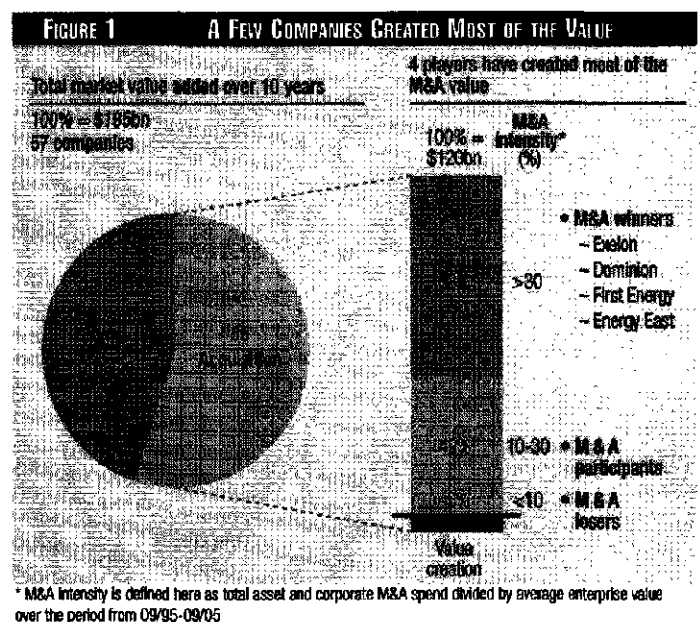
Research excellence is the ability to develop superior understanding of the key drivers of the market microeconomics, particularly from a micro-market perspective. Companies that develop robust proprietary perspectives often are able to take advantage of sudden changes and emerging trends. Those that understand where the market is headed can position themselves to capitalize on developments as they unfold.

Remember that M&A is more than just a path to growth. It can be a significant "unfreezing event" for the target company, bringing needed change throughout the organization and helping to unlock latent opportunities. Such events are particularly important in the power industry, since target companies often lack critical capabilities and are not given adequate incentives by regulators.

### Capabilities Dictate Strategy

Companies must start with a thorough self-assessment that enables them to identify their strengths and weaknesses (see Figure 3). Based on this assessment, they should determine their goals and develop a plan to meet them. This process will involve taking inventory of current assets, identifying a universe of potential deals, determining compatibility with potential targets, and identifying likely competitors for specific deals.

These analyses are likely to lead most com-



panies to adopt one of four main strategies for success in M&A.

**Utility roll-up.** Utilities that possess superior regulatory management and operational skills can seek to acquire or merge with other integrated utilities to develop geographic diversity and to capture synergies that result from sharing best practices.

**Merchant asset rationalization.** Those that excel at commercial activities and possess superior market insight could acquire merchant players that don't have the skills to compete in the market.

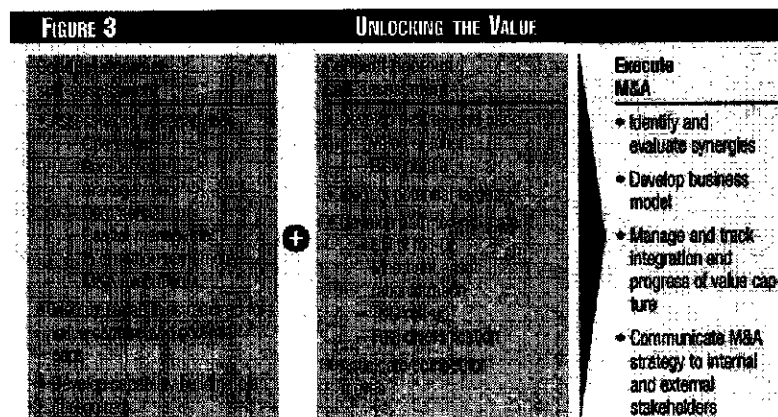
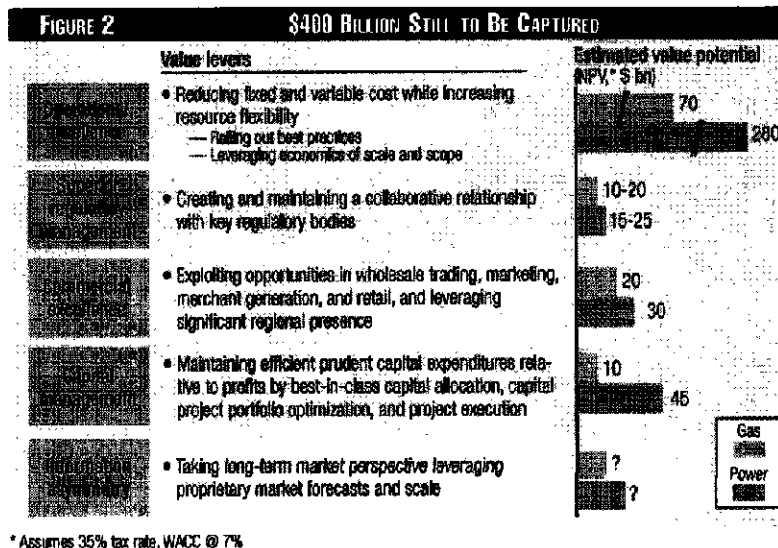
**T&D roll-up.** Companies that have excellent operational and regulatory skills but lack commercial capabilities could acquire transmission and distribution assets and focus on the wires segment. Transmission and distribution are considered the natural monopoly segments of the business, and they will not experience deregulation. As a result, regulators usually provide attractive rates of return on T&D operations.

**Fuel diversification.** Those that possess superior operational and risk-management capabilities might acquire assets that enable them to meet regulations on CO<sub>2</sub> and mercury, as well as other environmental restrictions. They also might acquire assets that reduce their reliance on gas or other fuels that are subject to significant price volatility.

The U.S. power industry will become increasingly dynamic. The universe of possible asset configurations will change, and the opportunity to participate will shrink rapidly as companies begin to strike deals. Companies that have not played a major role in the past might now enter the industry and compete for acquisitions, complicating the picture.

As more buyers compete for a limited number of assets, the price of these assets is likely to increase, which is sure to have a negative impact on acquirers' returns. To survive and thrive in this new environment, companies should act resolutely to shape the industry, rather than letting the industry shape them. ■

*Peter Lorenz is a project manager in McKinsey and Company's Houston office; Matt Pond is a McKinsey and Co. alumnus; and*



*Thomas Seltz is a partner and the location manager of McKinsey's Houston office. Contact Thomas Seltz at 713-751-4139.*

#### Endnotes

1. Our research used market value-added (MVA) to determine the amount of value companies created in the power industry. We define MVA as the difference between the market value of equity and the book value of equity at the end of a period, divided by the market value of equity less the book value of equity at the beginning of a period.
2. Under PUHCA, it was virtually impossible for companies to conduct M&A across regions unless the operations of the companies involved in the deal were "physically interconnected or capable of physical interconnection." This was a significant impediment for utilities that wanted to acquire regulated assets located outside their area of operations.
3. Our analysis shows that acquirers did generate a majority of the MVA in the industry, even over a three-, five-, and ten-year period.
4. To quantify the total value created in the industry, we calculated the value added to the market by the 57 companies included in the S&P utility index between September 1995 and September 2005.
5. We define "M&A intensity" as the company's total investment in M&A divided by its average enterprise value. "M&A-intensive" companies have quotients that are equal to 30% or more. Companies were counted as pursuing M&A during this period if their quotient was 10% or more.

**From:** H G Wardlaw, Jr. (hgw44@yahoo.com)

**To:** [REDACTED];

**Date:** Mon, October 4, 2010 8:16:38 AM

**Cc:**

**Subject:** McKinsey & Associates article on utility mergers & influencing regulatory agencies

Sue,

This is a link to an article from a McKinsey & Associates publication which mentions FirstEnergy as a "winner" in merger activity -- and speaks of influencing regulatory agencies as part of/benefit of merger activity:

[http://www.fortnightly.com/pubs/03012006\\_WinningMerger.pdf](http://www.fortnightly.com/pubs/03012006_WinningMerger.pdf)

As we have discussed before, McKinsey has been used by FirstEnergy for years -- and McKinsey consultants to FirstEnergy have become employed as key executives at FirstEnergy (as high as vice-presidential level) for at least 10 years.

If you would be interested in links about McKinsey "alumni" employed at FirstEnergy, let me know.

I can also provide documentation that McKinsey uses the idea of their consultants moving from consultation with firms into employment by the same firms -- as an incentive for people to join them as consultants.

G Wardlaw

**FirstEnergy in 1999 named McKinsey consultant/pa...**

Sat, October 2, 2010 8:52:21 AM

From: "H G Wardlaw, Jr." <hgw44@yahoo.com> ... [View Contact](#)

To: Mayor Perciak &lt;tom.perciak@strongsville.org&gt;

Cc: Senator Patton &lt;SD24@senate.state.oh.us&gt;; State Representative Patten &lt;district18@ohr.state.oh.us&gt;; hgw44@yahoo.com

**THIS ARTICLE SHOWS FirstEnergy Annual Meeting naming a McKinsey consultant (and partner) to be a FirstEnergy Vice-President in 1999.****"H. Peter Burg Elected Chief Executive Officer of FirstEnergy Corp.; Kevin J. Keough Named Vice President.**

AKRON, Ohio--(BUSINESS WIRE)--April 29, 1999--

Following FirstEnergy Corp.'s (NYSE:FE) Annual Meeting of Shareholders, the Board of Directors elected H. Peter Burg President and Chief Executive Officer. As reported earlier, Willard R. Holland chose to step down as CEO, but will continue to serve as chairman of the Board until his retirement on December 31, 1999.

The Board also named Kevin J. Keough a vice president in charge of the Company's Projects and Business Ventures, and Business Planning groups, effective May 17. He also will have overall responsibilities for the coordination of FirstEnergy's e-commerce business strategies. He will report to Mr. Burg.

Mr. Keough, 39, joins FirstEnergy following ten years with the Cleveland Office of McKinsey & Company, having been a partner in the firm since 1995. As a leader within McKinsey's Electric Power/Natural Gas Practice, he worked with a wide spectrum of clients in the North American, European, and South African energy industries on strategic, operational and organizational issues. In that capacity, he has worked extensively with FirstEnergy.

A native of Wisconsin, Mr. Keough directed McKinsey's Energy Practice efforts to develop leading-edge strategies for generation industry participants. He has co-authored papers and spoken on industry topics such as utility transformation, core process

redesign and materials management.

After receiving a Bachelor of Science degree in mechanical engineering at the United States Military Academy, where he earned distinguished cadet honors, he served as an engineer officer with several U.S. Army units in Hawaii. After five years on active duty, he left the Army to attend business school, earning a Master of Business Administration degree from Stanford University's Graduate School of Business in 1989.

Mr. Keough is a member of the Cleveland Orchestra Leadership Committee and is an active member of Parkside Church in Bainbridge, Ohio."



**Written Testimony for Senate Hearing on All Electri...**

Mon, May 17, 2010 2:05:17 PM

From: "H G Wardlaw, Jr." &lt;hgw44@yahoo.com&gt; View Contact

To: Lynne Crow@senate.state.oh.us

Cc: hgw44@yahoo.com; janwardlaw@gmail.com; ~~2010-05-17 14:05:17 PM~~

Lynne,

It was good to meet you last Wednesday, when I came to Columbus with the CKAP Bus Trip.

I was also at the large meeting on the All-Electric discount in Strongsville a couple of months ago where Senators Grendell and Patton as well as Representative Matt Patten were present, along with many leaders and residents of Strongsville -- well over 600 people in attendance.

We wish to submit the following testimony to the Senate Hearing on the All Electric Discount Rate. In addition, we hope to be present at the Senate Hearing.

This is our testimony:

1. We bought an all electric home at 18532 Butternut Circle, Strongsville in 1989, and the all electric rate transferred to us. After almost 20 years, First Energy cancelled our all electric rate.
2. We bought an all electric home at 21838 Little Brook Way, Strongsville in 2008, because my wife and I needed a home with all our living areas on the first floor -- upon medical advice from our doctors at Cleveland Clinic. Previous owners had the all electric rate until they sold it to us. The rate was not transferable to us, contrary to the CEI/FirstEnergy promise of an all electric rate program for Bob Schmitt homes in Meadowood.
3. We sold our "old" home at 18532 Butternut Circle in Strongsville in September 2009. New owners did not receive the all electric rate transfer, which was promised to us in the event of resale of our home.
4. We are grateful for the temporary restoration of our all electric rate for our new home in 2010, but we stand to lose it again.

*2nd home - in the Ridge*

FOOTNOTE -- we went to an open house for a house across the street from us on

Sunday, 5/16/2010. Several families were looking at the house, and all of them asked the Howard Hanna realtor if the house would have the all-electric rate if they could buy it. FirstEnergy's actions to break the all electric promises this could lower the price of that house . . . and therefore the value of our house . . . and all homes in our development

**Because of the All Electric Promise, Gas Lines are not anywhere near over 800 homes in the Bob Schmitt Meadowood development in Strongsville. It would cost hundreds of thousands of dollars to get gas into this development. As homeowners, we do not have a viable energy alternative to heat the all electric homes in this very large subdivision.**

### **PLEASE PASS SENATE BILL 236**

**As members of CKAP, we request:**

1. A permanent, all-electric rate differential on generation and distribution charges for nine months of the year for all-electric heating, load management, and water heating customers that stays with the property upon transfer to a new owner, including homes, apartments, and condos. The rate differential should be equivalent to the pre-2007 declining block structure.
2. The rate differential should be given to EVERY property, even those currently excluded because they were built or converted to all-electric after Jan 1, 2007.
3. Overcharges made by FirstEnergy between May 2009 and May 2010 should be refunded in full.
4. FirstEnergy must NOT raise the rates of other ratepayers, but rather absorb the cost of this program which benefited FirstEnergy for the last 30 years. FirstEnergy made verbal and written promises to owners and builders alike to entice them to go all-electric, and they must not be allowed to break these promises and charge others for their breach of contract!

**Finally,**

**It is particularly upsetting to us to hear reports that FirstEnergy is apparently playing their residential and business customers off against each other with threats of raising rates on some to offset fulfilling their promises to others. If these reportas are true, is this inappropriate behavior for a public utility?**

**We are also distressed by media (Plain Dealer) articles about apparent problems with design and maintenance of FirstEnergy nuclear reactors. If the reports are true, could this be a manifestation of significant disregard for public safety?**

**H. G. WARDLAW, JR and JAN W. WARDLAW**  
**21838 LITTLE BROOK WAY**  
**STRONGSVILLE OH 44149**

**QVAR<sup>®</sup>**  
(beclomethasone dipropionate HFA)  
INHALATION AEROSOL

**Nasarel<sup>®</sup>**  
(flunisolide) NASAL SPRAY  
25 mcg  
**BALANCED RELIEF**

I also have a  
Recent Plain Dealer article  
about FE Neglect of  
street lights

**I am in favor of Senate Bill 236**

Tue, May 18, 2010 9:00:49 AM

From: "H G Wardlaw, Jr." <hgw44@yahoo.com>

[View Contact](#)

To: SD10@senate.state.oh.us

Dear Senator Widener,

**PLEASE PASS SENATE BILL 236**

We are residents of Meadowood, a community of over 800 all-electric promise homes in Strongsville.

Despite replacing our downstairs heat pump (3 ton) and upstairs heat pump (1.5 ton) with state of the art Trane 18 SEER high efficiency heat pumps about a year ago, our peak winter bill was extremely high when the rates were raised by FirstEnergy and PUCO.

We cannot switch to gas. When CEI/FirstEnergy made promises and paid incentives to homebuilders in our area, no gas lines were built near our whole development.

The Meadowood Propertyowners Association has found that it would cost hundreds of thousands of dollars to get gas to our subdivision -- and much more to get it piped to all the streets within our subdivision.

H. G. and Jan Wardlaw  
21838 Little Brook Way  
Strongsville OH 44149

Testimony given to the Ohio Public Utilities Commission  
Hearing: November 18, 2010 at 6:00 p.m. in Maumee, Ohio

Given by: Michael P. Roetter, Sr.  
Carolyn E. Roetter, All-electric Home Owners  
404 Cedar Lane Waterville, Ohio 43566

Mr. Chairman, Members of the Commission, and PUCO Staff,

As is the case with many others in our predicament, I would like to say that I am deeply appreciative of the opportunity to express to you my concerns regarding First Energy's broken promises on preferential electric rates for all-electric residential customers.

My wife and I are retired and have lived in Waterville since 1977 when we purchased our newly built all-electric home. One of the selling points presented by the builder was the all-electric home heating rate promoted by Toledo Edison. Heating, then as now, was through an energy efficient heat-pump which was replaced with another higher efficiency heat pump approximately 15 years ago. At that time compressor failure of the first heat pump left us with several options. One was to take advantage of the natural gas line located approximately 50 feet from the rear of our house. Secondly, we could have continued to repair the much worn vintage 70's heat pump. The final option was to install a state-of-the-art super high efficiency heat pump. I contacted the electric company who strongly encouraged us to remain all-electric due to the continuation of the favored rate. No mention was made that the rate might not continue on indefinitely. As I recall, Edison even provided a rebate toward the installation of the new equipment as an enticement. Edison's encouragement was with the knowledge that we could have easily converted our heating to natural gas. Following the installation of the new Trane/American Standard equipment, we have continued to enjoy the comfort of our all-electric home. It is important to add that we have been diligent in assuring that our home is energy efficient as we have updated windows, added storm windows, added ceiling fans, regularly re-caulked and resealed windows and doors, and we do the necessary preventative maintenance on our heating equipment. The point I am making is that we have been responsible customers in maintaining our home and most importantly our heating equipment.

We were shocked this past winter when our electric bills sky rocketed. Upon calling Toledo Edison, I was literally told by a representative that we have had the preferred rate long enough and it was time to pay up. Moreover, as a stock holder of First Energy, I was told by the same representative that I should be glad that all-electric customers will pay more as it will enhance my dividend. Perhaps the representative felt I should be happy getting more on the backs of many retired folks such as myself who are getting socked with these new rates.

I would like to go on to make a few comments regarding other communications either directly by the electric company or the media. The first is a Toledo Blade article from

2006 reporting on the grandfathered rate structure. While this is certainly not an official First Energy document, it is none-the-less, a communication to the public based on a reporter's interview with the company or a press release. To my knowledge, the company never took issue with the contents of the release. I remember at the time that I felt no action was necessary as the company was honoring commitments made to us since 1977. The second document is a flyer that was included with our electric bill during 2006 assuring us that our favored rate would be continued as long as we kept and utilized our electric equipment. The flyer presented a "double bind". First it qualifies the grandfathering as subject to future rate approvals. However, owners were admonished to continue to use and maintain their electric equipment (and bear the expense thereof) to keep their rate. What is a homeowner to do – pull the equipment and loose the rate or maintain the equipment in good faith and hope the rate will continue with the good faith of the company?

The consequences of the elimination of the preferential rate are serious. As retirees, the unexpected and dramatic increase in our electric bills will significantly impact our budgeted expenses for other necessities. At some point in the future, we will likely be faced with the prospect of selling our home for more suitable senior living arrangements. I am told the value of our home will likely decline by at least 30% due to the rate change (CKAP). As the equity in our home was a substantial part of our financial retirement planning, this will cost us dearly as we own 100% of the equity in our home. In dollar value, this loss of value may equate to \$60,000 – a substantial amount of money. Finally, selling an all-electric home without a preferential rate will likely be very difficult if not impossible. If Toledo Edison had told us at the time of our new equipment installation that they might discontinue the all-electric rate, we clearly would have converted to natural gas. Enhancing the company's profitability is disproportionally being placed on the backs of its all-electric customers as we suffer property value loss in addition to rate increases.

Due to promises made by the electric company and the harm done to many loyal all-electric customers, I request and strongly encourage the PUCO to permanently reinstate the previous all-electric residential rate structure ***both for existing properties and for future owners of those same properties.*** The company made verbal and written promises to encourage home owners and home builders to be all-electric and stay all-electric which was of mutual benefit to the company and its customers for the past 30 plus years. They have reneged on promises made that will cost us thousands in additional energy expenses and loss of property value. The PUCO should protect citizens against these capricious actions by this utility. Additionally, First Energy should not raise the rates for other customers as they reinstate the all-electric rate.

I appreciate the opportunity to share my thoughts and concerns with you and look forward to your thoughtful deliberation on this very important matter.

Thank you.

# FirstEnergy sets end to break for all-electric house

By JON CHAVEZ

BLADE BUSINESS WRITER

2006

On April 1, FirstEnergy Corp. will end its decades-old practice of giving customers with all-electric homes cheaper rates.

Only buyers of new or existing all-electric homes will be affected. People already in all-electric homes will keep the discounts.

But the change, part of the new rate plan for which the utility received approval last year, removes an option for people seeking

to avoid high natural gas rates. The alternatives include having electric utilities and a geothermal heat pump, an electric-powered device that extracts heat from the ground by recirculating water in an underground coil.

"This doesn't scare me, if it's grandfathered, but it can't be good for the people down the road," said Stan Criswell, project estimator for Reynolds Construction Co., a Toledo-area home-building firm.

He built a 2,500-square-foot all-electric house few years ago and last month had a bill for \$175 for heat, lights, and hot water. "All-electric has been a god-send," he said. "It'll be worth holding onto."

FirstEnergy charges about 11 cents per kilowatt-hour for the 275,000 residential customers in its Toledo Edison territory. About 67,000 houses in that territory are all-electric and are given a break of 0.5 to 3.5 cents per kilowatt-hour on their bills.

The company's profit for the year and the quarter slip. Page 8.

See BREAK, Page 8 +

## Break

Continued from Page 7

Most get a discount of 2 cents or less.

A Public Utilities Commission of Ohio spokesman said FirstEnergy was not required to keep the discount program when its rate plan for 2006 through 2008 was considered.

The plan froze basic rates but permits the utility to add fees for some items. But the regulatory spokesman said the all-electric discount seemed inconsistent with deregulation in the industry and perhaps discouraged some competitors thinking of offering power in the state.

The discounts stem from the 1970s when oil prices were skyrocketing and building a home heated with oil was too

expensive. Ohio's electric utilities began offering discounts for all-electric heating as a way to sell excess power it had in the winter.

"Today it's a different world and we don't have that [excess] capacity issue," said Shana Eiselstein, the PUCO spokesman.

The loss of the discount could hurt sales of all-electric houses because the rate break does not transfer to a new owner.

Vicki Fahim, who has lived in an all-electric home in Point Place for 29 years, said she "feels special" that she'll continue to reap savings.

But she acknowledged selling her house would be more difficult.

Few area home builders erect all-electric houses, said Tony Plath, spokesman for the Home Builders Association of Greater Toledo Inc.

But geothermal heat pumps are generating interest, said Michael Dean, president of Michael Development Ltd. Losing the all-electric discount will diminish customer savings, but the geothermal systems still should produce some savings, he added.

Ms. Fahim's house uses an electric-air heat exchanger, which draws air from outside and extracts heat from it.

"It doesn't put out real strong heat. It runs longer and puts out moderate heat," she said. Last month her electric bill was \$130 for heat, a water heater, and lights.

"Everybody always says, 'Why don't you get gas? Why don't you get gas?' But I don't like gas. It scares me," she said.

Contact Jon Chavez at:  
jchavez@theblade.com  
or 419-724-6128.

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## Fuel Comparison

	<u>Unit Measure</u>	<u>Unit Price</u>	<u>Nominal BTU's per Unit</u>	<u>Efficiency</u>	<u>Cost per Million Btu's</u>	<u>Units</u>	
						<u>Consumed</u>	<u>Extension</u>
Natural Gas	Dekatherm	\$ 6.00	1,000,000	95%	\$ 6.32	50.1	\$ 316
Natural Gas	Therm	\$ 0.60	100,000	95%	\$ 6.32	500.9	\$ 316
Propane	Gal.	\$ 2.00	91,547	95%	\$ 23.00	576.0	\$ 1,152
Electric	Kwh	\$ 0.0215	3,413	100%	\$ 6.31	14,677.6	\$ 316
#2 Fuel Oil	Gal.	\$ 2.50	140,000	75%	\$ 23.81	477.1	\$ 1,193

	<u>Btu's / Cu. Ft.</u>	<u>Lbs. / Gal.</u>	<u>Price / Lb.</u>	<u>Price / Gal.</u>
Propane	2,516	4.24	\$ 0.472	\$ 2.00
Natural Gas	1,000			

## Fuel Comparison

	Unit Measure	Unit Price	Nominal BTU's per Unit	Efficiency	Cost per Million Btu's	Units Consumed	Extension
Natural Gas	Dekatherm	\$ <del>6.00</del>	1,000,000	95%	\$ 6.32	50.1	\$ 316
Natural Gas	Therm	\$ <del>0.60</del>	100,000	95%	\$ 6.32	500.9	\$ 316
Propane	Gal.	\$ 2.00	91,547	95%	\$ 23.00	578.0	\$ 1,152
Electric	Kwh	\$ 0.0323	3,413	150%	\$ 6.31	9,785.0	\$ 316
# 2 Fuel Oil	Gal.	\$ 2.50	140,000	75%	\$ 23.81	477.1	\$ 1,193

	Btu's / Cu. Ft.	Lbs. / Gal.	Price / Lb.	Price / Gal.
Propane	2,516	4.24	\$ 0.472	\$ 2.00
Natural Gas	1,000			

## Fuel Comparison

	<u>Unit Measure</u>	<u>Unit Price</u>	<u>Nominal BTU's per Unit</u>	<u>Efficiency</u>	<u>Cost per Million Btu's</u>	<u>Units Consumed</u>	<u>Extention</u>
Natural Gas	Dekatherm	\$ 6.00	1,000,000	95%	\$ 6.32	50.1	\$ 316
Natural Gas	Therm	\$ 0.60	100,000	95%	\$ 6.32	500.9	\$ 316
Propane	Gal.	\$ 2.00	91,547	95%	\$ 23.00	576.0	\$ 1,152
Electric	Kwh	\$ 0.0431	3,413	200%	\$ 6.31	7,338.8	\$ 316
# 2 Fuel Oil	Gal.	\$ 2.50	140,000	75%	\$ 23.81	477.1	\$ 1,193

	<u>Btu's / Cu. Ft.</u>	<u>Lbs. / Gal.</u>	<u>Price / Lb.</u>	<u>Price / Gal.</u>
Propane	2,516	4.24	\$ 0.472	\$ 2.00
Natural Gas	1,000			

## Fuel Comparison

	<u>Unit Measure</u>	<u>Unit Price</u>	<u>Nominal</u> <u>BTU's per Unit</u>	<u>Efficiency</u>	<u>Cost per</u> <u>Million Btu's</u>	<u>Units</u> <u>Consumed</u>	<u>Extension</u>
Natural Gas	Dekatherm	\$ <del>0.00</del>	1,000,000	95%	\$ 6.32	50.1	\$ 316
Natural Gas	Therm	\$ <del>0.00</del>	100,000	95%	\$ 6.32	500.9	\$ 316
Propane	Gal.	\$ 2.00	91,547	95%	\$ 23.00	576.0	\$ 1,152
Electric	Kwh	\$ <del>0.00</del>	3,413	300%	\$ 6.31	4,892.5	\$ 316
# 2 Fuel Oil	Gal.	\$ 2.50	140,000	75%	\$ 23.81	477.1	\$ 1,193

	<u>Btu's / Cu. Ft.</u>	<u>Lbs. / Gal.</u>	<u>Price / Lb.</u>	<u>Price / Gal.</u>
Propane	2,516	4.24	\$ 0.472	\$ 2.00
Natural Gas	1,000			

**Ohio****Public Utilities  
Commission****Public Hearing Witness  
Sign-in Sheet**

COMPANY: First Energy CASE NO.: 10-176-EL-ATA  
 DATE: 11-23-10 LOCATION: Kirtland

If you would like to provide testimony,  
 please PRINT your name and address below.

No.	NAME	ADDRESS
✓ 47	Kelly West	8270 Deepwood Blvd # 8 Mentor
✓ 48	Regina Smith	5200 Orchard Rd Concord, O. 44077
✓ 49	Ken ZERNICKI	11677 MAPLEWOOD RD CHARDON, OH 44024
✓ 50	Robert Williams	#A-12, 9950 Johnny Lake Road Concord Twp Ohio 44072
✓ 51	9711 AM / ADRIAN	12223 CARTER RD LEROY TWP
✓ 52	MURIEL BERTOVICH	3550 PUT DRIVE EASTLAKE
✓ 53	Arnell Jones	11856 AVALLES DR. CONCORD TWP. OH 440
✓ 54	Clyde BUCKY	4588 N. Countyline Rd Geneva Ohio
✓ 55	JOHN MINTER	9990 WISNER RD Kirtland, OH.
✓ 56	Robert Schuch	8353 HARBOR DR, Mentor, OH
✓ 57	STEWART UNSCORFER	243 RICHMOND RD. RICHMOND OH 44143
✓ 58	ROD WHITNEY	34840 ASPENWOOD WILLIAMSVILLE
✓ 59	STEVE MEYER	7655 LEROY THOMPSON Rd THOMPSON OHIO

## Public Hearing Witness Sign-in Sheet

CASE NO.: 10-176-EL-ATA  
LOCATION: Kickland

[illegible]

# Ohio

## Public Utilities Commission

## Public Hearing Witness Sign-in Sheet

COMPANY: First Energy CASE NO.: 10-176-EL-ATA  
 DATE: 11-22-10 LOCATION: Kirtland

If you would like to provide testimony,  
 please PRINT your name and address below.

No.	NAME	ADDRESS
37	✓ Anita Velchek	6298 Dewey Rd Madison OH 44057
38	✓ Fritz Harrell	5729 E. Hill, RI Mentor 44060
39	✓ Steve Kinnett	17155 S. Franklin Chagrin Falls OH 44023
40	✓ Debbie Millard	8325 Harbor Dr Mentor, OH
41	✓ FELICIA MATRAS	1234 FORMAN RD. JEFFERSON, OH 44057
42	<del>FRANK COTTURO</del>	<del>7450 LEROY THOMPSON RD THOMPSON OH 44096</del>
✓ 42	FRANK COTTURO	7450 LEROY THOMPSON RD THOMPSON OH 44096
✓ 43	ART Sidley	9900 Johnnycake Ridge Rd. Painesville
✓ 44	Tony Baker	1560 Tappan. Brunswick, Ohio 44212
✓ 45	Natalie Abraham	10930 Burlington Ridge Dr. Chardon OH 44022
✓ 46	Chris Kraway	1199 Grant Rd Geneva OH 44041



**Ohio****Public Utilities  
Commission****Public Hearing Witness  
Sign-in Sheet**

COMPANY: FIRST ENERGY CASE NO.: 10-176-EL-ATA  
 DATE: 11-23-10 LOCATION: KIRTLAND

If you would like to provide testimony,  
 please **PRINT** your name and address below.

No.	NAME	ADDRESS
1	THOMAS A GARVEY	1401 FRIEVIEW <sup>MADISON OH 44057</sup>
2	ANTHONY KLOSINSKI	8601 COLLEMBIER RD CRAKEVILLE OHIO 44026
3	Kim Kossick	5531 Phillips Pice Rd Cortland Ohio 44040
4	<del>Rich Jordan</del>	
4	Chester Karchefsky	8220 Herley Rd, Concord Twp, Oh. 44060
5	Mike Payne	11423 TWIN MILL LAKE, MUNSON, 44024
6	Rich Jordan	11430 TWIN MILLS LAKE, MUNSON 44024
7	Cliff Shandle	5773 Canyon Ridge Dr.
8	JAMES McMECHAN	00 RT 415 Rome, OH 440
9	Connie Kline	35531 Dadds Lndg. Dr. Wilby Hills 44094
10	ANNE C FREDRICKSON	14660 WINGFIELD PARK HOBART 44072
11	GAIL LARSON	3200 STATE RD ROCK CREEK 44084
12	CANDACE ARCARO	796 BRISTOL CONCORD OH 44030
13	Eileen Fisco	PO Box 445 Cakes Mills OH 44040
14	Frank VLCHER	6298 DEWEY RD, 44057
15	Jerry DeGiacca	8276 Deepwood Blvd Mantua
16	DALE HAYES	2766 MILLER RD. JEFFERSON 44047
17	Tom WALTERMIRE	1009 ST RT 45 Austintown 44000
18	RICHARD GIFT	7621 Eagle Mills Waite Hill 44094

**Ohio****Public Utilities  
Commission****Public Hearing Witness  
Sign-in Sheet**

COMPANY: First Energy CASE NO.: A-171-EL-ATA  
 DATE: 11-23-10 LOCATION: Kirtland

If you would like to provide testimony,  
 please PRINT your name and address below.

No.	NAME	ADDRESS
19	✓ Dee Riley	1161 Harrison Rd, Ashland, OH
20	✓ Brian Kube	32589 Spinnaker Dr. Avon Lake, Ohio 44012
21	✓ H. G. WARDLAW, JR	21838 Little Brook Way Strongsville OH 44149
22	✓ Betty Manocchio	154 Oak Tree Ln. Niram, Ohio 44234
23	✓ John Teske	13420 Reichenauer Rd. Chardon, OH 44026
24	✓ Stu Amul	13585 Madison Rd. Madison, OH 44062
25	✓ BARBARA SNOW	7080 Elizabeth Meutor 44060
<del>26</del>	<del>✓ [Name]</del>	<del>5425 [Address]</del>
27	✓ Steve Martony	5935 Dewey Rd., Madison, OH.
28	✓ Patricia Rickettson	13400 Hidden Oaks Dr., Novelty, OH 44072
29	✓ Tim Brendell	7413 Tattersall Dr. Chardon, Ohio 44024
30	✓ Robert West	16500 Burrans Rd. Thompson, OH.
31	✓ Richard Gist	7621 Eagle Hills Rd, Kirtland Hill
32	✓ Roger STEINFARTH	9891 Ashwood Tr. Concord, OH 44060
33	✓ Sean Schelle	8233 Sidley Rd. Thompson, OH
34	✓ Derrick Loy	2205 Hedgewood, Alliance 44601
35	✓ Path Amsterdam	9851 Shadow Wood Cir, Chagrin Falls 44023
36	✓ MICHAEL TARASCO	7963 Belgio Lane Mentor OH 44060
37	✓ Wm Baker	5312 Ford Rd Madison, OH 44057