

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

|   |   |                         |
|---|---|-------------------------|
| In the Matter of the Application of Ohio  | ) |                         |
| Edison Company, The Cleveland Electric    | ) | Case No. 14-1297-EL-SSO |
| Illuminating Company and The Toledo       | ) |                         |
| Edison Company for Authority to Provide   | ) |                         |
| a Standard Service Offer Pursuant to R.C. | ) |                         |
| § 4928.143 in the Form of an Electric     | ) |                         |
| Security Plan.                            | ) |                         |

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**THE NORTHWEST OHIO AGGREGATION COALLITION  
AND INDIVIDUAL COMMUNITIES  
CORRECTION TO  
TESTIMONY OF MARC A. VALLEN  
NON-CONFIDENTIAL (ONLY VERSION)**

**Changes to PAGE 22, lines 4-8:**

The failure of FirstEnergy to evaluate any of the three alternative options I have identified that would be available to address volatile prices and an uncertain market means that, in my opinion, the proposed transaction has not been sufficiently analyzed to determine that it is prudent. To summarize, the ~~four~~three options that should have been evaluated by FirstEnergy before proposing the ESP and Rider RRS consist of: 1) Purchase power agreement with plants other than those owned by FirstEnergy; 2) Must-run contract with PJM; 3) and One of two variations to obtain firm natural gas transmission supply; ~~and 4) Financial swap to pass the risk of operating the plants for the next few years at a loss to a third party for a fee.~~

**DO YOU HAVE ADDITIONAL CONCERNS ABOUT THE UNDERLYING ECONOMIC ANALYSIS OF THE PROPOSED ESP AND RIDER RRS ANALYSIS THAT AFFECTS THE PUCO'S ABILITY TO DETERMINE PRUDENCY?**

Yes, I have two additional concerns that I would like to point out. First, whenever a power plant or set of power plants is evaluated, it is benchmarked against a peer group to determine how it compares for various operating costs. FirstEnergy conducted only a superficial benchmarking, one that would not at all be acceptable if a third party were evaluating these facilities for an acquisition. For starters, a much larger peer group should have been selected. Out of all the coal-fired power plants and nuclear plants in the country, FirstEnergy only used 5 and 8 plants, respectively, for comparison purposes. This is too small a group; in my experience, a transaction of this size would use at least 15-20 plants to compare each against, which would provide more context and is more typical of a standard industry assessment of plant operations. Secondly, FirstEnergy

Respectfully submitted.

/s/ Thomas R. Hays, Counsel

### **CERTIFICATE OF SERVICE**

I certify that on behalf of NOAC and the Individual Communities a copy of the above Testimony of Marc Vallen was served electronically on the parties listed below electronically on 1 February, 2015.

/s/ Thomas R. Hays, Counsel

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Summary: Testimony Correction to Testimony of Mark Vallen filed on behalf of NOAC and the Individual Communities electronically filed by Mr. Thomas R. Hays on behalf of NOAC and Lucas County Board of Commissioners and City of Toledo and City of Sylvania and Village of Ottawa Hills and City of Perrysburg and City of Northwood and City of Maumee and The Village of Holland and The Village of Waterville and Lake Township Board of Trustees