

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Ohio )  
Edison Company, The Cleveland Electric )  
Illuminating Company and The Toledo Edison )  
Company for Competitive Bidding Process for )  
Standard Service Offer Electric Generation )  
Supply, Accounting Modifications Associated )  
With Reconciliation Mechanism and Phase In, )  
and Tariffs for Generation Service. )

Case No. 07-796-EL-ATA

Case No. 07-797-EL-AAM

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**THE OHIO MANUFACTURERS' ASSOCIATION AND  
THE OHIO HOSPITAL ASSOCIATION'S RESPONSE  
TO STAFF COMMENTS ON FIRSTENERGY COMPANIES'  
PROPOSED COMPETITIVE BID PROCESS**

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The Ohio Manufacturers' Association ("OMA") and the Ohio Hospital Association ("OHA"), pursuant to the Attorney Examiner's Entries dated August 16, 2007 and September 12, 2007, as amended September 13, 2007, hereby respond to the comments on the application of Ohio Edison Company, Cleveland Electric Illuminating Company and Toledo Edison Company (collectively "FirstEnergy").

The OMA and OHA strongly support the conclusion of the Staff that neither retail nor wholesale electricity markets have developed sufficiently to warrant any confidence in a competitive bidding process ("CBP") to set standard service offer rates in Ohio. The Staff comments speak for themselves in support of that conclusion and further commentary on the evidence proffered by the Staff would serve little purpose. Instead, the OMA and OHA lend their support to the Staff comments by making clear to the Commission the possibly catastrophic hardships that a CBP-based standard service offer would have on OMA and OHA members.

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The OMA is the only statewide association exclusively serving manufacturers. It consists of more than 2,400 Ohio manufacturing company members. The OMA's member companies consume medium to large amounts of electrical energy and depend upon distribution utilities such as the FirstEnergy companies to deliver the electric power necessary in their operations.

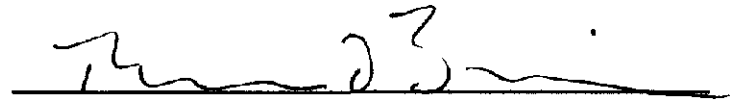
The OHA consists of 170 hospitals and 40 hospital system members. Almost all of its members are nonprofit, 501(c)(3) organizations providing acute care, ambulatory surgical, clinical, urgent care, skilled nursing, hospice, and other patient care services.

Electricity is an essential input into the operations of hospitals and manufacturers. The critical care facilities throughout Ohio are absolutely dependent on a reliable and affordable source of electricity for their continued lifesaving operations. It is difficult, if not impossible, for manufacturers to sustain or expand their operations in the volatile pricing environment that a CBP would likely entail.

There is no reason to believe that the results of an auction process in the FirstEnergy service territories would produce different results from those experienced in other states, Illinois and Maryland for example. Beyond this, there is no good evidence to suggest that the organized wholesale markets can provide just and reasonable rates, let alone the level of rate stability and predictability that manufacturers and hospitals require for their operations. The instability and unpredictability of the CBP-based standard service offer proposed by FirstEnergy would impose an unreasonable burden on the manufacturers and hospitals within the FirstEnergy territories.

The Staff has wisely recommended that the Commission reject FirstEnergy's application for multiple significant reasons. The OMA and OHA urge the Commission to heed the recommendation of its Staff in this case.

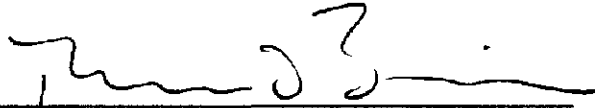
Respectfully submitted on behalf of  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing RESPONSE was served upon the parties of record indicated on the attached service list this 12<sup>th</sup> day of October 2007, via U.S. mail, postage prepaid.

  
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