

**FILE**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Ohio	)	
Edison Company, The Cleveland Electric	)	Case No. 07-551-EL-AIR
Illuminating Company, and The Toledo	)	Case No. 07-552-EL-ATA
Edison Company for Authority to Increase	)	Case No. 07-553-EL-AAM
Rates for Distribution Service, Modify Certain	)	Case No. 07-554-EL-UNC
Accounting Practices and for Tariff Approvals.	)	

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**NOTICE OF FILING OF DEPOSITIONS**

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**January 15, 2008**

**Attorneys for Industrial Energy Users-Ohio**

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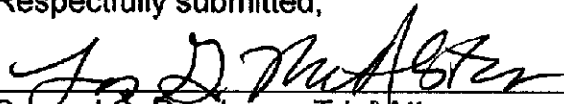
**NOTICE OF FILING OF DEPOSITIONS**

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Pursuant to Rule 4901-1-21(N), Ohio Administrative Code, Industrial Energy Users-Ohio hereby gives notice of the filing of the deposition transcripts of the following FirstEnergy witnesses:

Gregory F. Hussing taken January 10, 2008; and,  
Edward B. Stein taken January 10, 2008.

Respectfully submitted,

  
\_\_\_\_\_  
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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Notice of Filing of Depositions* was served upon the following parties of record this 15th day of January 2008, via electronic transmission, hand-delivery, or ordinary U.S. mail, postage prepaid.

  
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INC.**

1           BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

2                                 - - -

3       In the Matter of the                 :  
4       Application of Ohio Edison:  
5       Company, The Cleveland             :  
6       Electric Illuminating             :  
7       Company, and The Toledo            :  
8       Edison Company for                 : Case Nos. 07-551-EL-AIR  
9       Authority to Increase             :       07-552-EL-ATA  
10      Rates for Distribution            :       07-553-EL-AAM  
11      Service, Modify Certain           :       07-554-EL-UNC  
12      Accounting Practices, and       :  
13      for Tariff Approvals.            :

9                                 - - -

10                                 DEPOSITION

11       of Gregory F. Hussing, taken before me, Maria DiPaolo  
12       Jones, a Notary Public in and for the State of Ohio,  
13       at the offices of McNees, Wallace & Nurick, LLC,  
14       Fifth Third Center, 21 East State Street, Suite 1700,  
15       Columbus, Ohio, on Wednesday, January 9, 2008, at  
16       10:00 a.m.

17                                 - - -

18

19

20

21                                 ARMSTRONG & OKEY, INC.  
22                                 185 South Fifth Street, Suite 101  
23                                 Columbus, Ohio 43215-5201  
24                                 (614) 224-9481 - (800) 223-9481  
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9 On behalf of IEU-Ohio.

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18 On behalf of Ohio Schools Council.

## 19 ALSO PRESENT:

20 Ms. Elizabeth Maag;  
21 Mr. Kevin M. Murray;  
Mr. Edward B. Stein.

22 - - -

23

24

Wednesday Morning Session,  
January 9, 2008.

- - -

#### STIPULATIONS

It is stipulated by and among counsel for the respective parties that the deposition of Gregory F. Hussing, a witness called by IEU-Ohio under the applicable Rules of Civil Procedure, may be reduced to writing in stenotypy by the Notary, whose notes thereafter may be transcribed out of the presence of the witness; and that proof of the official character and qualification of the Notary is waived.

- - -



Wednesday Morning Session,  
January 9, 2008.

- - -

MS. McALISTER: This deposition is taken by notice to utilities and agreed upon with counsel as far as the date and time in the four cases before the Public Utilities Commission of Ohio, and those case numbers are 07-551-EL-AIR, 07-552-EL-ATA, 07-553-EL-AAM, and 07-554-EL-UNC.

Today we're taking the depositions of Gregory F. Hussing and Edward B. Stein. My name is Lisa McAlister, and with me today is Kevin Murray and Elizabeth Maag on behalf of Industrial Energy Users-Ohio. At this time if we want to go around and take appearances.

MR. BURK: On behalf of FirstEnergy, James W. Burk, 76 South Main Street, Akron, Ohio 44308.

MR. HAYDEN: On behalf of FirstEnergy, Mark A. Hayden, 76 South Main Street, Akron, Ohio 44308.

MR. BREITSCHWERDT: On behalf of Ohio Schools Council, for Bricker & Eckler, Brett Breitschwerdt, 100 South Third Street, Columbus, Ohio

1 43215.

2 MR. REESE: On behalf of the Ohio  
3 Consumers' Counsel, Janine Migden-Ostrander, I'm Rick  
4 Reese, 10 West Broad Street, Columbus, Ohio 43215.

5 - - -

6 GREGORY F. HUSSING

7 being by me first duly sworn, as hereinafter  
8 certified, deposes and says as follows:

9 EXAMINATION

10 By Ms. McAlister:

11 Q. Mr. Hussing, would you please state your  
12 name and spell your last name for the record?

13 A. Name is Greg Hussing, last name spelled  
14 H-u-s-s-i-n-g.

15 Q. And who's your employer?

16 A. FirstEnergy Service Company.

17 Q. And you've participated or prepared the  
18 testimony which I have in front of me, both the  
19 direct and the updated testimony of Gregory F.  
20 Hussing in the cases that I just mentioned that was  
21 filed on June 7<sup>th</sup> and August 6<sup>th</sup>, 2007  
22 respectively?

23 A. Yes.

24 Q. That testimony was submitted on behalf of

1 Ohio Edison Company, the Cleveland Electric  
2 Illuminating Company, and Toledo Edison Company?

3 A. Yes.

4 Q. As far as terminology's concerned, I'll  
5 refer to the Ohio Edison Company as either "Ohio  
6 Edison" or "OE," The Toledo Edison Company as "Toledo  
7 Edison" or "TE," and Cleveland Electric Illuminating  
8 as "CEI" or "Cleveland Electric" and collectively as  
9 "the companies" or "FirstEnergy." Do you understand  
10 that terminology?

11 A. Yes.

12 Q. Okay. Have you ever had your deposition  
13 taken before?

14 A. Yes.

15 Q. In which cases did you do that?

16 A. That was before unbundling.

17 Q. Okay. I've got a few preliminary matters  
18 that I'd like to get out of the way. First, please  
19 let me know if you can't hear me or if you can't  
20 understand a question, also if you need to go back to  
21 a question so that your answers are complete today.  
22 Also, I don't anticipate that this will take very  
23 long, but if at any point you need a break, please  
24 let me know.

1           Your counsel may interject objections.  
2   After the objection has been recorded by the court  
3   reporter, please answer the question unless your  
4   counsel has directed you otherwise.

5           Do you understand all those items?

6           A.    Yes.

7           Q.    And what materials have you brought with  
8   you today?

9           A.    Nothing.

10          Q.    Okay.  I'm going to walk you through a  
11   series of questions in which I'm going to reference  
12   work papers and responses to interrogatories, and in  
13   order to keep you from flipping to a number of  
14   materials that we have on hand I have assembled a set  
15   of documents into a packet that hopefully you have in  
16   front of you.  Do you have that packet of documents?

17          A.    Yes.

18          Q.    Okay.  I'm going to start out today by  
19   talking about the discounts that are embedded in the  
20   company's rates.  In the proposed tariffs of each  
21   company there are provisions that provide for voltage  
22   discounts which, in general, provide customers that  
23   receive service at a higher delivery voltage a lower  
24   rate than customers that receive service at a lower

1 delivery voltage, right?

2 A. No.

3 Q. Could you explain why that statement's  
4 not correct?

5 A. You used the word "proposed."

6 Q. Okay. Current. If I rephrase the  
7 question and change it from "proposed" to "current."

8 A. Can you rephrase the question?

9 Q. Sure. In the current tariffs of each  
10 company there are provisions that provide for a  
11 voltage discount which, in general, provide customers  
12 that receive service at higher delivery voltage a  
13 lower rate than customers that receive service at a  
14 lower delivery voltage, correct?

15 A. Can you specify what you mean by "rate"?

16 Q. Rate schedules.

17 A. Can you clarify what you mean -- I don't  
18 understand what you mean by a higher or lower rate.

19 Q. Let's pull some documents.

20 I'm referring now to Ohio Edison  
21 Company's tariffs, rate tariffs, and specifically the  
22 original sheet No. 23, the 6<sup>th</sup> revised page 2 of 5  
23 which I will slide over in front of you in just one  
24 moment, but I believe describes the percentage

1 discount based on the voltage level. Are you  
2 familiar with those tariffs?

3 A. Yes.

4 Q. Do you want me to walk through each of  
5 the percentage discounts based on voltage that you  
6 have in front of you?

7 A. No.

8 Q. Okay. So based on that current tariff  
9 some customers receive a voltage discount depending  
10 on what voltage level they're at; is that correct?

11 A. Yes.

12 Q. And that discount is higher for higher  
13 delivery voltage levels; is that correct?

14 A. For higher voltage levels, yes.

15 Q. And both the level of the voltage  
16 discount and the structure of the discount vary  
17 within each company's tariff and between the  
18 companies; is that correct?

19 A. Can you say that question again?

20 Q. Sure. Let me rephrase it. What I mean  
21 is that within Ohio Edison's tariff, for example, the  
22 voltage discount is different depending on which rate  
23 schedule you're on, and that is also true for each of  
24 the companies.

1           A.    If you mean to say there's a different  
2   discount associated with different tariffs, yes.

3           Q.    Okay. Both CEI and TE also provide  
4   customers discounts from otherwise applicable tariff  
5   rates if the customer owns transportation and/or  
6   substation equipment, correct?

7           A.    Are you talking CEI specifically?

8           Q.    CEI and Toledo Edison I believe.

9           A.    I would like to refer to the tariffs.

10          Q.    Okay. What I'm handing you is the CEI  
11   current tariff original sheet No. 81, page 1 of 1,  
12   and I think also the next page.

13          A.    Yes.

14          Q.    Would you also like to refer to Toledo  
15   Edison or is that sufficient?

16          A.    Each company is slightly different.

17          Q.    And each of the companies have a number  
18   of customers that are served under special contracts  
19   that provide the customer with service at a rate  
20   that's not available through the generally available  
21   tariff; is that correct?

22          A.    Not available to the -- can you specify  
23   what you mean by "not available"?

24          Q.    Unless the customer is on a special

1 contract, they would not be able to receive that  
2 rate.

3 A. If you mean the contract is different  
4 than the tariff, yes.

5 Q. And many of the special contracts result  
6 in the customer receiving service at a rate that's  
7 lower than they would otherwise pay under the  
8 otherwise applicable tariff; is that correct?

9 A. It's per the terms of the contract.

10 Q. Is it true that some of the special  
11 contract customers are receiving rates that are lower  
12 than they would pay on the otherwise applicable  
13 tariff?

14 A. Yes.

15 Q. So a special contract discount is the  
16 reduced revenue from the customer under the contract  
17 relative to the otherwise applicable tariff; is that  
18 correct?

19 A. Can you specify "contract discount"?

20 Q. I think that's what I'm getting at. The  
21 way that I'm trying to define it is that it is the  
22 difference between what the customer would pay under  
23 the otherwise applicable tariff rate and what the  
24 contract specifies; that would be the discount.



1           A.    For purposes of this deposition that's a  
2 definition.

3           Q.    Now I'm going to turn your attention to  
4 the responses to IEU interrogatory set 1, question  
5 11, and the corresponding IEU request for production  
6 of documents, set 1, question 11. Do you have those  
7 in front of you?

8           A.    Yes, I do.

9           Q.    Are you familiar with responses to these  
10 interrogatories?

11          A.    Yes, I am.

12          Q.    As we go through the packet that I've  
13 handed you, if a document does not appear to you to  
14 be what I identify it as, please let me know and  
15 we'll try to get it figured out.

16                In the IEU interrogatory set 1, question  
17 11, IEU-Ohio asked how the special contract customers  
18 that are served by Toledo Edison specifically could  
19 have negative distribution revenues, and in response  
20 you indicated that the test year revenues for the  
21 customer class includes distribution discounts that  
22 exceed the amount of revenue from distribution  
23 revenues; is that correct?

24          A.    Yes.

1           Q.    And in Attachment 1 to the response to  
2   the request for production of documents, set 1,  
3   question 11, there's a table that depicts a breakdown  
4   of the total net test year distribution revenues for  
5   special contract customers that are served by Toledo  
6   Edison; is that correct?

7           A.    Yes.

8           Q.    Are you able to read the final row in  
9   that table or is it illegible?

10          A.    Yes.

11          Q.    Yes, it's illegible?

12          A.    It's legible.

13          Q.    We do have a better copy if at any point  
14   you need to reference that.

15          A.    Thank you.

16          Q.    In the third column under the heading  
17   Distribution Discounts the total distribution  
18   discounts amount to 7,023,868, correct?

19          A.    That is correct.

20          Q.    And the footnote to the Distribution  
21   Discounts column in the table indicates that the  
22   distribution discounts include voltage, substation,  
23   and transformer discounts, as well as special  
24   contract discounts, correct?

1 A. That is correct.

2 Q. Those are the type of discounts that we  
3 discussed before I turned your attention to the  
4 interrogatories, correct?

5 A. Specify the tariffs?

6 Q. Just in general. Those are the types of  
7 discounts that we had gone through and identified in  
8 the tariffs and when we were discussing the special  
9 contract discounts.

10 A. We've talked about distribution  
11 discounts.

12 Q. Okay.

13 A. We've talked about voltage discounts.

14 Q. And the total discount amount I've  
15 referenced at a million includes only the total  
16 discounts that Toledo Edison special contract  
17 customers receive; is that correct?

18 A. Distribution discounts.

19 Q. And what do you mean by "distribution  
20 discounts"?

21 A. Discounts associated for distribution.

22 Q. Is it any different from what's included  
23 in the footnote?

24 A. No.

1 Q. Now I'm going to turn your attention to  
2 the response to IEU interrogatory set 3, question 17.  
3 Do you have that in front of you?

4 A. Yes, I do.

5 Q. Your response to this interrogatory  
6 provides a table that sums each of the discount types  
7 for each rate schedule for Toledo Edison for a total  
8 discount amount of 19,619,348, correct?

9 A. Can you specify where you find that  
10 number?

11 Q. It's in the last column, the Total  
12 column.

13 A. I hadn't gotten to the attachment yet.

14 Q. Oh, okay. Are you there?

15 A. I'm there.

16 Q. Okay. And the total discount amount  
17 includes each of the discounts for voltage,  
18 substation, transformer, and special contracts for  
19 all of the Toledo Edison rate schedules, right?

20 A. Yes.

21 Q. Are there any other categories of  
22 discounts other than voltage, substation,  
23 transformer, and special contract?

24 A. No.

1 Q. Are there any portions of those discounts  
2 that are not reflected in this chart because they're  
3 allocated to generation or transmission?

4 A. Can you respecify that question?

5 Q. Yes. 100 percent of the discounts that a  
6 customer would receive for voltage, substation,  
7 transformer, and special contract are reflected in  
8 this table.

9 A. No.

10 Q. If you know, what portion of discounts  
11 are not reflected in this table?

12 A. I don't know.

13 Q. What types of discounts are not reflected  
14 in the table?

15 A. Discounts associated -- discounts that  
16 are not associated for distribution.

17 Q. Could you give me an example?

18 A. Generation.

19 Q. And why would that type of discount not  
20 be reflected in the table?

21 A. Because a discount is unbundled and  
22 attributed to distribution, generation, as examples.

23 Q. So if a discount is generation related,  
24 it should not be reflected in distribution; is that

1 correct?

2 A. Can you respecify that question?

3 Q. You've given me an example of a  
4 generation discount, and if a customer's receiving  
5 that type of discount, it shouldn't be reflected in  
6 this table that includes only distribution discounts.

7 A. I still don't understand the question.  
8 Can you respecify the question?

9 Q. If there's a discount that's not related  
10 to distribution, it shouldn't be on the table.

11 A. I don't understand the term "related."

12 Q. Well, I had asked you if there are any  
13 types of discounts that weren't on the table and you  
14 said "Yes," and the example that you gave was a  
15 generation discount. So I'll ask you, what is a  
16 generation discount and how is it not related to  
17 distribution?

18 A. A discount is a -- could be a discount  
19 off of a tariff price thus creating an amount, and  
20 that amount then is proportioned to the various  
21 functions -- various other portions such as  
22 distribution or generation.

23 Q. So that amount that would be attributed  
24 to a function other than distribution wouldn't be

1 reflected in this table.

2 A. That is correct.

3 Q. So when the company was reviewing the  
4 special contract discounts, did you allocate a  
5 portion of the total special contract discount to the  
6 generation, transmission, and distribution functions?

7 A. Can you say that one more time?

8 Q. When the company --

9 MS. McALISTER: Could you read back the  
10 question?

11 (Record read.)

12 A. The contract discounts as specified in  
13 this case were allocated to the various functions.

14 Q. Do you know what the amounts were that  
15 were attributed to each of the separate functions for  
16 special contract discounts?

17 A. I do not know.

18 Q. Is it possible for the company to produce  
19 the amounts at some point in the future?

20 MR. BURK: Do you want to submit a  
21 discovery request?

22 MS. McALISTER: We can, but I think we're  
23 past the date so it would be an informal request.

24 MR. BURK: I guess we can take it under

1 consideration.

2 Q. You just indicated that a portion of the  
3 generation or, I'm sorry, the special contract  
4 discounts were attributed to the different functions,  
5 generation, transmission, and distribution, but you  
6 don't know the amounts that were attributed to the  
7 different functions; is that correct?

8 A. Other than distribution.

9 Q. Now, referring again to the table, it  
10 identifies the total revenue inclusive of the  
11 discounts and municipal taxes for a total of  
12 140,057,719; is that correct?

13 A. That is correct.

14 Q. And the roughly 140 million is  
15 distribution revenue for Toledo Edison, right?

16 A. Yes.

17 Q. So it doesn't include generation or  
18 transmission revenue.

19 A. That is correct.

20 Q. Now I'd like you to look at work paper  
21 WPE4.1p for Toledo Edison. Do you have that in front  
22 of you?

23 A. Yes, I do.

24 Q. Specifically the table on page 5 of 5, in



1 the first column, which is the Total column, the  
2 first row reflects the total distribution revenue  
3 amount that was carried over with some slight  
4 differences for rounding perhaps from the response to  
5 IEU-Ohio set 3, question 17, or approximately  
6 140 million, right?

7 A. The line item marked "D, Muni, Voltage  
8 Discount" is the same line item as Attachment 1.

9 Q. Okay. It's not exactly the same, but  
10 you're saying it's supposed to be the same amount.

11 A. Yes.

12 Q. Okay. And in that same column in the  
13 fifth row down it identifies the total distribution  
14 revenues for Toledo Edison of 146,140,224 once taxes  
15 are accounted for which includes the total discount  
16 amount, right?

17 A. It's distribution revenue discounts and  
18 taxes.

19 Q. Okay. Now I'm going to have you look at  
20 the updated cost-of-service study, schedule E3.2 for  
21 Toledo Edison, the summary page, page No. 2. Do you  
22 have that in front of you?

23 A. Yes.

24 Q. In the first column which is the Total

1 Retail, about halfway down the total revenue amount  
2 roughly matches the 146 million amount from work  
3 paper WPE4.1p; is that correct?

4 A. That is correct.

5 Q. I'm sorry, that was the total tariff  
6 revenue row, not the total revenue row.

7 A. (Witness nods head.)

8 Q. That amount's inclusive --

9 MR. BURK: Just so the record's clear,  
10 are we talking about the total revenue row or the  
11 total tariff revenue row?

12 MS. McALISTER: Total tariff revenue row.

13 THE WITNESS: That's correct, total  
14 tariff revenue row.

15 MR. BURK: Okay.

16 Q. And that amount is inclusive of  
17 100 percent of the discounts for voltage, substation,  
18 transformer, and special contracts, right?

19 A. No.

20 Q. Does it include the full 19 million,  
21 roughly, amount from the response to IEU-Ohio  
22 interrogatory set 3, question 17, Attachment 1?

23 A. Yes.

24 Q. Now I'd like you to take a look at the

1 updated Schedule E-4 (Current), page 1 of 1. Do you  
2 have that in front of you?

3 A. Yes.

4 Q. The fourth column, that's labeled Current  
5 Revenues Less Fuel Cost Revenues; is that correct?

6 A. Yes.

7 Q. Okay. And in the footnote that's  
8 associated with that column it indicates that the  
9 current revenues includes distribution, distribution  
10 discounts, the kilowatt-hour tax, tax backout and  
11 credits and muni tax, right?

12 A. That is correct.

13 Q. And in this column if you go down to line  
14 36, it lists the total company revenues of  
15 158,152,162, correct? It's a little difficult to  
16 read.

17 A. Yes, it's difficult to read.

18 Q. Subject to check, would you accept that  
19 that's the total amount listed?

20 A. Yes.

21 Q. Okay. The amount of roughly 158 million  
22 that appears on the updated Schedule E-4 (Current) is  
23 slightly different than the total company  
24 distribution revenues of 159,032,593 that was

1 provided in response to IEU-Ohio interrogatory set 3,  
2 question 17, Attachment 1; if you could refer back to  
3 that.

4                   Could you explain why the numbers are  
5 different?

6           A.    May I have a moment to look?

7           Q.    Sure.

8           A.    Can you rephrase your question?

9           Q.    Sure. If you refer to Attachment 1 to  
10 IEU-Ohio set 3, question 17, the total distribution  
11 amount is listed as 159,032,593, and if you compare  
12 that to Schedule E-4 (Current) page 1 of 1 and row  
13 36, that is not the same amount, it's 158 million,  
14 roughly, and I'm wondering what the difference is  
15 for.

16          A.    There's two differences.

17          Q.    Okay.

18          A.    One is kilowatt taxes are included as the  
19 footnote states on the E-4 (Current) and are not  
20 included on Attachment 1. And also row 34, E-4  
21 (Current), other miscellaneous revenue, is not  
22 included in Attachment 1.

23          Q.    Okay. Referring back to the E-4  
24 schedule, that schedule is a summary of what appears

1 in the updated Schedule E-4.1 (Current); is that  
2 correct?

3 A. Can you say that again?

4 Q. Sure. The Schedule E-4 (Current) is a  
5 summary of what is included in Schedule E-4.1  
6 (Current).

7 A. Correct.

8 Q. Now I'd like you to take a look at the  
9 updated Schedule E-4.1 (Current) and specifically  
10 page 27 of 48. Do you have that in front of you?

11 A. Yes, I do.

12 Q. In the fourth column of that worksheet it  
13 identifies the customers on the general service  
14 heating rate receive transformer discounts of 1,065,  
15 correct?

16 A. Subject to check, yes.

17 Q. Okay. Again, it's difficult to read.

18 And if you would go to the next page of  
19 that Schedule E-4.1 (Current) which is page 28 of 48,  
20 that worksheet identifies the customers on the large  
21 general service rate receive a voltage discount of  
22 4,288,581 and a contract discount of 77,849; is that  
23 correct?

24 A. Subject to check, yes.

1 Q. And if you were to examine each of the 48  
2 pages that comprise the updated Schedule E-4.1  
3 (Current), you would find numerous instances in which  
4 the specific existing rate schedules are identified  
5 as providing some type of discount, correct?

6 A. Per the terms of the tariff, correct.

7 Q. And if I were to add up all of the  
8 specific discounts that appear in the individual  
9 pages that comprise the updated Schedule E-4.1  
10 (Current), the total discounts should be equal to  
11 what appears in the response to IEU-Ohio  
12 interrogatory set 3, question 17, Attachment 1; is  
13 that correct?

14 A. No.

15 Q. What are the reasons why the amounts  
16 shouldn't equal?

17 A. Depends if they're both based on the  
18 update or initial filing. I believe you've given me  
19 the update filing in one and an initial filing in the  
20 other.

21 Q. If they were based on the same  
22 information, they should total, though. They should  
23 be equal; is that correct?

24 A. That's correct.

1           Q.    Now, we could go through this exact same  
2 process that we've just gone through for CEI and Ohio  
3 Edison, right, to identify the numbers, what would  
4 match up where and the differences between things  
5 such as you just identified between updated and  
6 current?

7           A.    We could look at E-4.1s.

8           Q.    And without actually having to go through  
9 that process, if you know, would the total  
10 distribution revenue amount that's listed on the  
11 updated E-4 include 100 percent of the discounts for  
12 voltage, substation, transformer, and special  
13 contracts for Ohio Edison and Cleveland Electric  
14 Illuminating?

15          A.    No.

16          Q.    Why not?

17          A.    For the same reason as I stated before.

18          Q.    And that was because some may be based on  
19 information that reflects the current versus the  
20 updated schedules?

21          A.    No.

22          Q.    Could you let me know what the reason is,  
23 then?

24          A.    100 percent of the voltage discount is

1 attributed to distribution. The distribution -- or,  
2 the contract discount is allocated to distribution  
3 and generation and other functions.

4 Q. And you don't know what the percentages  
5 attributed to each of the functions is?

6 A. No.

7 Q. So what we just went through, we  
8 identified for Toledo Edison that the discounts for  
9 special contracts and voltage, substation, and  
10 transformer, 100 percent of those are included in --

11 MS. McALISTER: Could we have just one  
12 second?

13 MR. BURK: Sure.

14 Q. Okay, referring to the Toledo Edison  
15 Schedule E-4 (Current), I'm sorry, E-4.1 (Current),  
16 the amounts that are listed there for voltage  
17 discount and contract discount are 100 percent of  
18 those discounts that could have otherwise been  
19 attributed to generation or transmission functions;  
20 is that correct?

21 A. Which page are you referring to?

22 Q. Page 28 of 48.

23 A. Can you now rephrase -- restate your  
24 question?



1           Q.    Sure. Lines 27 through 30 refers to  
2 voltage discounts and contract discounts. Are  
3 100 percent of those discount amounts attributed to  
4 distribution that otherwise could have been  
5 attributed to generation or transmission functions?  
6 The amounts that you have listed there.

7           A.    I don't understand the "otherwise  
8 attributed to" portion of that question.

9           Q.    Are those discount amounts the total  
10 discounts that the customers' are receiving?

11          A.    No.

12          Q.    So there's some portion of those  
13 discounts that's attributed to another function,  
14 generation or transmission.

15          A.    Some portion of the customer discount.

16          Q.    Now I'm going to turn your focus back to  
17 special contracts specifically and I'm going to go  
18 ahead and use Toledo Edison as the example again. We  
19 talked before about how in response to IEU-Ohio  
20 interrogatory set 1, question 11, the Toledo Edison  
21 contract revenues were negative because the test year  
22 revenues for the customer class included the  
23 distribution discounts that exceeded the amount of  
24 revenues from the distribution revenues. Do you

1 recall that conversation?

2 A. Yes.

3 Q. I'm going to turn your attention to the  
4 response to IEU-Ohio interrogatory set 2, question  
5 39. Do you have that in front of you?

6 A. Yes.

7 Q. In this interrogatory IEU-Ohio asked you  
8 to break out the specific amounts by customer class  
9 associated with the voltage, substation, transformer,  
10 and special contract discounts that sum to the totals  
11 that are listed in the response, or roughly  
12 7 million, which you did the table that responds to  
13 this interrogatory; is that correct?

14 MR. BURK: You can read the answer if you  
15 want to. If you need to.

16 A. The column referring to Total  
17 Distribution Discounts is 7,023,868.

18 Q. And the total revenues from special  
19 contract customers served by Toledo Edison is a  
20 negative 3,377,761, correct?

21 A. Correct.

22 Q. I'd like you to turn now to the response  
23 to IEU interrogatory set 3, question 17. Do you have  
24 that in front of you? It's actually backwards in the

1 packet.

2 A. Could you describe which one you're  
3 looking at?

4 Q. Sure, it's the table we looked at a  
5 number of times.

6 A. Okay.

7 Q. Do you have that in front of you now?

8 A. Yes.

9 Q. In this table the companies produced a  
10 schedule that identified how the total amount of  
11 distribution revenues, municipal tax, and discounts  
12 were derived as listed on work paper WPE4.1, page 5  
13 of 5; is that right?

14 A. That is correct.

15 Q. Specifically in the case of Toledo  
16 Edison, for example, the company's response  
17 identifies the special contract customers that are  
18 mapped to rate GT are providing 3,537,611 in  
19 distribution revenues, zero in municipal taxes, and  
20 receive discounts totaling 8,810,689. When those  
21 amounts are summed for the purposes of the  
22 cost-of-service study, this class of customers is  
23 identified as providing negative 5,273,078 in  
24 distribution revenues; is that right?

1 A. That is correct.

2 Q. If you know, does a negative revenue  
3 amount from Toledo's special contract customers mean  
4 that the customers are receiving free distribution  
5 service?

6 A. I don't understand your question of -- I  
7 don't understand your question.

8 Q. Well, special contract customers for  
9 Toledo Edison are listed as providing a negative  
10 revenue amount. Does that mean that they are not  
11 paying for distribution service?

12 A. No.

13 Q. Are they being paid by Toledo Edison to  
14 take distribution service?

15 A. I don't understand that question.

16 Q. Do you believe that this customer class  
17 is receiving service for less than the actual cost of  
18 providing distribution service?

19 A. I don't understand -- I don't understand  
20 that question.

21 MS. McALISTER: I don't have any further  
22 questions. Thank you, Mr. Hussing.

23 MR. REESE: Yes, I've got a few short  
24 questions for you. I'm Rick Reese here on behalf of

1 the Ohio Consumers' Counsel, and Jeff Small, the  
2 counsel of record in the case.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Reese:

6 Q. I want to refer you to page 11, line 23  
7 of your testimony.

8 A. Can you provide me a copy of that  
9 testimony?

10 Q. I believe I can.

11 MS. McALISTER: Updated or original?

12 MR. REESE: Original.

13 Thank you.

14 A. Can you rephrase the question -- or,  
15 state it again?

16 Q. Yeah, I'm referring to your original  
17 testimony, page 11, line 23. Actually, the sentence  
18 begins at the end of line 22 "The proposed rate  
19 design utilizes gradualism."

20 A. Yes.

21 Q. Okay. Referring to that sentence, have  
22 you or anyone else at FirstEnergy reviewed how the  
23 proposed residential rate will impact  
24 nongrandfathered all-electric customers?

1 A. Can you state the question one more time?

2 Q. Yes. With the term "gradualism" in mind,  
3 have you or anyone else at FirstEnergy reviewed how  
4 the proposed residential service rate will affect  
5 nongrandfathered all-electric customers?

6 MR. BURK: I'll object to the form, but  
7 you can go ahead and answer.

8 A. Can you specify the specific schedule of  
9 nongrandfathered electric customers?

10 Q. Let me make sure you understand my  
11 question. I'm just wondering if FirstEnergy has  
12 reviewed this --

13 A. Well, you used --

14 Q. -- the impact on nongrandfathered  
15 all-electric customers. Are you aware if anyone at  
16 the company has reviewed that?

17 MR. BURK: I'll continue my objection,  
18 but you can answer if you can.

19 A. I need to understand the schedule you're  
20 referring to.

21 Q. You're aware that residential schedules  
22 are being eliminated?

23 A. Could you specify which schedules?

24 Q. Are you aware of any?

1 A. Yes.

2 Q. Can you tell me which residential  
3 schedules have been eliminated?

4 A. I don't understand "have been  
5 eliminated."

6 Q. Are proposed to be eliminated.

7 A. All residential schedules will be moved  
8 to one residential schedule.

9 Q. Considering these other residential  
10 schedules have been eliminated, do you -- excuse  
11 me -- proposed to be eliminated, has the company  
12 reviewed how nongrandfathered all-electric customers  
13 will be impacted?

14 MR. BURK: Object as to form, but you can  
15 go ahead and answer.

16 A. I still don't understand the combination.

17 Q. All right, let's move on.

18 Has FirstEnergy proposed any measures to  
19 mitigate the impact of the elimination of the  
20 all-electric rate on its customers, on residential  
21 customers?

22 A. Yes.

23 Q. Can you tell me what those measures are?

24 A. The construction of the residential

1 distribution credit rider.

2 MR. REESE: That's all I have. Thanks.

3 MR. BREITSCHWERDT: Ohio Schools don't  
4 have any questions for Mr. Hussing at this time.

5 MS. McALISTER: Thank you, Mr. Hussing.

6 THE WITNESS: Thank you.

7 (The deposition concluded at 10:57 a.m.)

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1 State of Ohio :  
2 County of \_\_\_\_\_ : SS:

3 I, Gregory F. Hussing, do hereby certify that  
4 I have read the foregoing transcript of my deposition  
5 given on Wednesday, January 9, 2008; that together  
6 with the correction page attached hereto noting  
7 changes in form or substance, if any, it is true and  
8 correct.

9 \_\_\_\_\_  
10 Gregory F. Hussing

11 I do hereby certify that the foregoing  
12 transcript of the deposition of Gregory F. Hussing  
13 was submitted to the witness for reading and signing;  
14 that after he had stated to the undersigned Notary  
15 Public that he had read and examined his deposition,  
16 he signed the same in my presence on the \_\_\_\_\_ day  
17 of \_\_\_\_\_, 2007.

18 \_\_\_\_\_  
19 Notary Public

20 My commission expires \_\_\_\_\_, \_\_\_\_\_.  
21  
22  
23  
24

## CERTIFICATE

State of Ohio :  
County of Franklin : SS:

I, Maria DiPaolo Jones, Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named Gregory F. Hussing was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotypy in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Columbus, Ohio, on this 14<sup>th</sup> day of January, 2008.

*Maria DiPaolo Jones*

Maria DiPaolo Jones, Registered  
Diplomate Reporter, CRR and  
Notary Public in and for the  
State of Ohio.

My commission expires June 19, 2011.

(MDJ-3124A)

- - -

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1           BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

2                               - - -

3       In the Matter of the               :  
4       Application of Ohio Edison:  
5       Company, The Cleveland           :  
6       Electric Illuminating           :  
7       Company, and The Toledo          :  
8       Edison Company for               : Case Nos. 07-551-EL-AIR  
9       Authority to Increase           :       07-552-EL-ATA  
10      Rates for Distribution           :       07-553-EL-AAM  
11      Service, Modify certain          :       07-554-EL-UNC  
12      Accounting Practices, and       :  
13      for Tariff Approvals.           :

9                               - - -

10                               DEPOSITION

11       of Edward B. Stein, taken before me, Maria DiPaolo  
12       Jones, a Notary Public in and for the State of Ohio,  
13       at the offices of McNees, Wallace & Nurick, LLC,  
14       Fifth Third Center, 21 East State Street, Suite 1700,  
15       Columbus, Ohio, on Wednesday, January 9, 2008, at  
16       11:05 a.m.

17                               - - -

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19

20

21                               ARMSTRONG & OKEY, INC.  
22                               185 South Fifth Street, Suite 101  
23                               Columbus, Ohio 43215-5201  
24                               (614) 224-9481 - (800) 223-9481  
                              FAX - (614) 224-5724

24

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**ORIGINAL**

## 1 APPEARANCES:

2 Mr. James W. Burk, Senior Attorney  
3 Mr. Mark A. Hayden, Attorney  
4 FirstEnergy  
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Akron, Ohio 44308

5 On behalf of FirstEnergy.

6 McNees, Wallace & Nurick, LLC  
7 By Ms. Lisa McAlister  
Fifth Third Center, Suite 1700  
21 East State Street  
8 Columbus, Ohio 43215-4288

9 On behalf of IEU-Ohio.

10 Janine L. Migden-Ostrander  
11 Ohio Consumers' Counsel  
By Mr. Rick Reese  
and Mr. Jeffrey L. Small  
12 Assistant Consumers' Counsel  
Ten West Broad Street, Suite 1800  
13 Columbus, Ohio 43215-3485

14 On behalf of the Residential Ratepayers  
15 of FirstEnergy.

Bricker & Eckler, LLP  
16 By Mr. E. Brett Breitschwerdt  
100 South Third Street  
17 Columbus, Ohio 43215-4291

18 On behalf of Ohio Schools Council.

## 19 ALSO PRESENT:

20 Mr. Gregory F. Hussing;  
21 Ms. Elizabeth Maag;  
Mr. Kevin M. Murray.

22 - - -

23

24

Wednesday Morning Session,  
January 9, 2008.

- - -

STIPULATIONS

It is stipulated by and among counsel for the respective parties that the deposition of Edward B. Stein, a witness called by IEU-Ohio under the applicable Rules of Civil Procedure, may be reduced to writing in stenotypy by the Notary, whose notes thereafter may be transcribed out of the presence of the witness; and that proof of the official character and qualification of the Notary is waived.

- - -

EDWARD B. STEIN

being by me first duly sworn, as hereinafter  
certified, deposes and says as follows:

EXAMINATION

By Ms. McAlister:

Q. Mr. Stein, would you please state your  
name and spell your last name for the record?

A. Edward B. Stein, S-t-e-i-n.

Q. And who's your employer?

A. FirstEnergy Service Company.

Q. Have you prepared or participated in the  
preparation of the direct testimony of Edward B.  
Stein in case No. 07-551-EL-AIR?

A. Yes, I have.

Q. And that testimony was submitted on  
behalf of Ohio Edison, Toledo Edison, and the  
Cleveland Electric Illuminating Company?

A. Correct.

Q. I'm going to use the same terminology as  
I used with Mr. Hussing, do you understand that  
terminology of the companies?

A. Yes, I do.

Q. Have you ever had your deposition taken  
before?

1 A. I have not.

2 Q. Okay. The same preliminary things as  
3 with Mr. Hussing. If you can't hear me or understand  
4 a question, please let me know. If you need to take  
5 a break, let me know, although I don't anticipate  
6 that the time this will take --

7 A. Okay.

8 Q. -- will warrant a break. Also, if your  
9 counsel interjects an objection, please go ahead and  
10 answer my question unless he tells you to do  
11 otherwise.

12 What materials have you brought with you  
13 today?

14 A. I have not brought anything.

15 Q. I walked through a packet of information  
16 with Mr. Hussing and included in the packet of  
17 information was the Toledo Edison Company  
18 cost-of-service study summary page 2, it's about  
19 halfway into the packet.

20 A. Yeah, I've got it.

21 Q. Okay. And you were responsible for  
22 supporting the cost-of-service studies?

23 A. Yes, I am.

24 Q. In the Toledo Edison cost-of-service

1 study summary page the row for the total tariff  
2 revenue under Total Retail column, the amount's  
3 listed as 146,141; is that correct?

4 A. Yes.

5 Q. And there are zeros omitted.

6 A. Correct.

7 Q. Yes, it's not actually thousands.

8 A. Right.

9 Q. And if you know, doesn't the total tariff  
10 revenue amount reflect 100 percent of the voltage and  
11 special contract discounts that are identified in the  
12 E-4.1 schedules for the company?

13 A. I've not reviewed the details of the E-4  
14 schedules.

15 Q. So is it true that you accepted the  
16 numbers that were provided by others to come up with  
17 the total tariff revenue identified in the  
18 cost-of-service study?

19 A. Correct. The numbers were given to the  
20 cost of service.

21 Q. Now, if I asked you the same questions  
22 for the Cleveland Electric Illuminating Company and  
23 Ohio Edison, would your answers be the same?

24 A. They would be the same.

1 Q. Mr. Stein, didn't the companies receive  
2 interrogatories that were asked to rerun the  
3 cost-of-service studies based on alternative  
4 scenarios such as based on changes to the revenue  
5 requirements, rate base, or expense accounts?

6 A. Can you be more specific as to which  
7 interrogatories?

8 Q. Sure. IEU-Ohio request for production of  
9 documents, set 3, questions 1 through 3, the School  
10 Council set 2, question No. 1, and I believe also  
11 perhaps Kroger. Yeah, the Kroger Company set 1,  
12 question 1 also asked.

13 A. We received a lot of cost-of-service  
14 runs. Can I have a copy of them to refresh my  
15 memory?

16 Q. Sure. There's Kroger, the schools, all  
17 three from IEU.

18 A. Thank you.

19 Can you repeat the question, please?

20 Q. Sure. Weren't each of these  
21 interrogatories asking about the possibility of the  
22 companies rerunning the cost-of-service study based  
23 on alternative scenarios?

24 A. The interrogatories are asking for runs

1 of the cost-of-service model.

2 Q. Didn't the companies respond that they  
3 weren't able to provide the alternative  
4 cost-of-service studies that went beyond changes to  
5 the allocation methodologies and the allocator  
6 factors?

7 A. Yes.

8 Q. Could you explain why the alternative  
9 cost-of-service studies could not be conducted based  
10 on changes to the revenue requirements?

11 A. Typically when you step outside of  
12 changing the allocation methodologies, you begin to  
13 impact the income statements, and without a complete  
14 and new income statement given to the cost-of-service  
15 study you begin to introduce anomalies in the  
16 cost-of-service study just due to all the numbers now  
17 will not begin to line back up.

18 So while it's easy to rerun the change in  
19 allocation method, it's not as easy to begin changing  
20 individual income statement items.

21 MS. McALISTER: We don't have any further  
22 questions. Thank you.

23 THE WITNESS: Thank you.

24 MR. REESE: Mr. Stein, I've got a couple



1 questions for you. Again, I'm Rick Reese from the  
2 Ohio Consumers' Counsel.

3 - - -

4 CROSS-EXAMINATION

5 By Mr. Reese:

6 Q. Are you familiar with a concept of  
7 average use cost allocation?

8 A. That term can mean a lot of different  
9 things.

10 Q. Well, could you tell me what your  
11 understanding is of the term?

12 A. Again, there's many variations of the  
13 term. Is there a specific one you're referring to?

14 Q. Well, let me just give you an example as  
15 I understand it. Let's take, for instance,  
16 residential customers. Would it be fair to say that  
17 the average use of the distribution system is less by  
18 a residential customer than it might be for an  
19 industrial or large industrial customer?

20 A. I don't know without having specific  
21 examples.

22 Q. Okay. Can you give me any examples of  
23 your understanding of the concept of average use?

24 A. Average use of?

1 Q. As a cost allocation, in considering cost  
2 allocations for the distribution system.

3 A. Can you rephrase the whole question one  
4 more time?

5 Q. Can you give me any examples of your  
6 understanding of the use of average use as a cost  
7 allocation methodology?

8 A. Again, "average use" takes on many forms.

9 Q. Okay. To the best of your knowledge,  
10 then, does that mean that FE has or has not  
11 considered average use in its cost allocation in this  
12 case?

13 A. We did the cost allocation in this case  
14 based on the average of three summer peaks.

15 MR. REESE: Okay. Thanks. That's all I  
16 have.

17 MR. BREITSCHWERDT: The schools don't  
18 have any questions for Mr. Stein at this time.

19 MS. McALISTER: Thank you, Mr. Stein.

20 (The deposition concluded at 11:14 a.m.)

21 - - -

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24

1 State of Ohio :  
2 County of \_\_\_\_\_ : SS:

3 I, Edward B. Stein, do hereby certify that I  
4 have read the foregoing transcript of my deposition  
5 given on Wednesday, January 9, 2008; that together  
6 with the correction page attached hereto noting  
7 changes in form or substance, if any, it is true and  
8 correct.

9 \_\_\_\_\_  
10 Edward B. Stein

11 I do hereby certify that the foregoing  
12 transcript of the deposition of Edward B. Stein was  
13 submitted to the witness for reading and signing;  
14 that after he had stated to the undersigned Notary  
15 Public that he had read and examined his deposition,  
16 he signed the same in my presence on the \_\_\_\_\_ day  
17 of \_\_\_\_\_, 2007.

18 \_\_\_\_\_  
19 Notary Public

20 My commission expires \_\_\_\_\_, \_\_\_\_\_.

21 - - -

## CERTIFICATE

State of Ohio :  
: SS:  
County of Franklin :

I, Maria DiPaolo Jones, Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named Edward B. Stein was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotypy in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Columbus, Ohio, on this 14<sup>th</sup> day of January, 2008.

*Maria DiPaolo Jones*

Maria DiPaolo Jones, Registered  
Diplomate Reporter, CRR and  
Notary Public in and for the  
State of Ohio.

My commission expires June 19, 2011.

(MDJ-3124B)

- - -

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