

Large Filing Separator Sheet

Case Number : 07-551-EL-AIR
07-552-EL-ATA
07-553-EL-AAM

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III. Adjustment for Pension and OPEB Expense - Schedule C-3.6

Q. PLEASE DESCRIBE THE ADJUSTMENTS SET FORTH ON SCHEDULE C-3.6.

A. The pension and OPEB adjustments for each of the Companies eliminates the effect of financing and other non-service related portions of the pension and OPEB expense amounts and adjusts for the difference between the test year budget amounts for pension and OPEB expense and the test year budget amounts for ongoing service costs of the Companies, as well as the amounts allocated from FirstEnergy Service Company.

Q. WHAT ARE SERVICE COSTS AND HOW ARE THEY CALCULATED?

A. Service costs represent the actuarial present value of benefits accrued under the pension plan benefit formula for services rendered by employees during the current period. Under Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" (SFAS No. 87), the plan's benefit formula is the key to attributing benefits to employee service periods. The service cost component of total pension costs is unaffected by the funded status of the plan. SFAS No. 87 requires the discount rate used in the calculation of service costs to be the rate at which benefits could be settled. Future compensation must be considered in the calculation of the service cost component to the extent specified by the benefit formula. FirstEnergy's actuaries calculate service costs using factors such as demographics, discount rates and estimates of future compensation.

1 **Q. WHY ADJUST TO SERVICE COSTS?**

2 A. The service cost component to pension and OPEB expenses provides for the recovery
3 of current pension benefits earned by plan participants and appropriately ignores the
4 funded status of the plan. This also ensures that today's pension expense earned by
5 today's employees is paid by today's customers. The Companies also believe that the
6 use of the service cost component of the pension and OPEB expense provides a better
7 long-term assessment of actual costs and benefits associated with a utility's pension
8 plan than that provided through a cash contribution approach and avoids the
9 unfairness that can result if the timing of a pension and/or OPEB contribution does
10 not happen to coincide with a planned rate filing.

11 **Q. HOW WERE THE PENSION AND OPEB ADJUSTMENTS CALCULATED?**

12 A. Both adjustments set forth on Schedule C-3.6 reflect the difference between (i) the
13 portion of the total estimated service cost of FirstEnergy Service Company's pension
14 and OPEB plans from the test year that is allocated to the applicable company; and
15 (ii) the portion of the total estimated pension and OPEB costs of FirstEnergy Service
16 Company from the test year that is allocated to the applicable company. Schedules
17 supporting both the pension and OPEB expense adjustments are included in my
18 workpapers at WPC-3.6a.

19 **IV. Short-term Disability Expense Adjustment - Schedule C-3.18**

20 **Q. PLEASE DESCRIBE SCHEDULE C-3.18.**

21 A. The adjustment on Schedule C-3.18 relates to short-term disability costs and is made
22 to reflect the current estimated short-term disability costs as a result of the updated
23 actuarial valuation of the Companies' increased incidence rates for employees.

1 Q. HOW ARE SHORT-TERM DISABILITY COSTS INCURRED BY THE
2 COMPANIES?

3 A. Short-term disability costs are incurred by the Companies when employees take more
4 than 80 hours leave from work due to an illness or other disability. These employees
5 are not currently rendering service to either the Companies or FirstEnergy Service
6 Company, but they remain employees of one of these entities. Typical disability
7 costs may include a combination of salary continuation, supplemental unemployment
8 benefits, severance benefits and disability-related benefits.

9 Q. HOW WERE THE ESTIMATED SHORT-TERM DISABILITY COSTS
10 CALCULATED?

11 A. Short-term disability expenses represent the estimated cost of benefits provided by
12 the Companies and FirstEnergy Service Company to employees prior to their
13 retirement and are expensed during the employees' active employment period.
14 Statement of Financial Accounting Standards No. 112, "Employers' Accounting for
15 Postemployment Benefits an amendment of FASB Statements Nos. 5 and 43" (SFAS
16 No. 112), establishes accounting standards for employers who provide benefits to
17 former or inactive employees, their beneficiaries, and covered dependents.
18 FirstEnergy's actuaries calculate short-term disability costs using factors such as
19 demographics, usage rates, discount rates and mortality tables.

20 Q. PLEASE EXPLAIN THE RATIONALE UNDERLYING THE ADJUSTMENT
21 SET FORTH ON SCHEDULE C-3.18.

22 A. As a result of the Companies' aging workforce, FirstEnergy's actuaries are reviewing
23 the assumptions and data used to calculate the short-term disability expense included

1 in test year data. The adjustment reflected on Schedule C-3.18 adjusts the short-term
2 disability expense included in budgeted test year data to that estimated by
3 FirstEnergy's actuaries. The final results of the actuarial study will be reflected in
4 filings made later in this proceeding. Schedules supporting this adjustment are
5 included in my workpapers at WPC-3.18a and WPC-3.18b.

6 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

7 A. Yes, it does.

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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

UPDATE DIRECT TESTIMONY OF

JEFFREY R. KALATA

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

☐	Management policies, practices, and organization
☒	Operating income
☐	Rate base
☒	Allocations
☐	Rate of return
☐	Rates and tariffs
☐	Other

1 Q. PLEASE STATE YOUR NAME FOR THE RECORD.

2 A. My name is Jeffrey R. Kalata.

3 Q. ARE YOU THE SAME JEFFREY R. KALATA THAT PROVIDED INITIAL
4 TESTIMONY THAT WAS FILED IN THIS PROCEEDING ON JUNE 7,
5 2007?

6 A. Yes, I am.

7 Q. WHAT IS THE PURPOSE OF YOUR UPDATE TESTIMONY?

8 A. The purpose of my update testimony is to discuss changes to the adjustments
9 reflected on Schedules C-3.2, C-3.6 and C-3.18.

10 Q. DO THESE CHANGES APPLY TO ALL THREE COMPANIES' UPDATE
11 FILINGS?

12 A. Yes, they do.

13 Q. WHAT CHANGES WERE MADE TO SCHEDULES C-3.2, C-3.6 AND C-
14 3.18?

15 A. The only changes to Schedules C-3.2 and C-3.6 were to update the adjustment to
16 reflect the three months of actual data. The adjustment originally included in the
17 application on Schedule C-3.18 has been removed.

18 Q. WHY WAS THE ADJUSTMENT ON SCHEDULE C-3.18 REMOVED?

19 A. The adjustment originally set forth on Schedule C-3.18 represented the adjustment
20 to reflect the Companies estimated annual short-term disability expense. An
21 accounting entry was recorded in March 2007 to the Companies' financial records
22 and the adjustment originally set forth on Schedule C-3.18 is now reflected in the

1 actual three months of actual data. Therefore the adjustment on Schedule C-3.18 is
2 no longer necessary.

3 **Q. DO YOU EXPECT FURTHER CHANGES TO SCHEDULES C-3.2, C-3.6**
4 **AND C-3.18?**

5 A. We do not expect any further changes to Schedule C-3.2. However, the
6 adjustments reflected in both Schedule C-3.6 and Schedule C-3.18 reflect our best
7 estimate of costs as of March, 2007. We expect our actuaries, Hewitt & Associates,
8 to provide us with updated actuarial data later this year. If appropriate, the
9 Companies may seek a further adjustment to reflect the most current data.

10 **Q. DOES THIS CONCLUDE YOUR UPDATE TESTIMONY?**

11 A. Yes, it does.

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

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

SUPPLEMENTAL TESTIMONY OF

JEFFREY R. KALATA

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

☐	Management policies, practices, and organization
☒	Operating income
☐	Rate base
☐	Allocations
☐	Rate of return
☐	Rates and tariffs
☐	Other -Case Overview, Revenue Requirements Gross Rev. Conversion Factor

1 **I. Background**

2 **Q. PLEASE STATE YOUR NAME FOR THE RECORD.**

3 A. My name is Jeffrey R. Kalata.

4 **Q. ARE YOU THE SAME JEFFREY R. KALATA THAT PROVIDED INITIAL**
5 **AND UPDATE TESTIMONY THAT WAS FILED IN THIS PROCEEDING**
6 **ON JUNE 7, 2007 AND AUGUST 6, 2007, RESPECTIVELY?**

7 A. Yes, I am.

8 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

9 A. The purpose of my Supplemental Testimony is to address certain objections to the
10 Staff Reports of Ohio Edison Company ("Ohio Edison"), The Cleveland Electric
11 Illuminating Company ("CEI") and The Toledo Edison Company ("Toledo
12 Edison") (collectively, the "Operating Companies".)

13 **Q. WHICH OF THE OPERATING COMPANIES' OBJECTIONS WILL YOU**
14 **BE ADDRESSING?**

15 A. I will be addressing Objection Nos. 8 and 9 in Section II of the Operating
16 Companies' Objections to the Staff Reports of Investigation that were filed on
17 January 3, 2008.

18 **Q. DOES YOUR TESTIMONY REGARDING THESE OBJECTIONS APPLY**
19 **TO ALL THREE OPERATING COMPANIES?**

20 A. Yes, it does.

1 **II. O & M Labor Expense**

2 **Q. WHAT IS THE BASIS FOR OBJECTION NO. 8 IN SECTION II OF THE**
3 **OPERATING COMPANIES' OBJECTIONS TO THE STAFF REPORTS?**

4 A. This objection deals with the Staff's exclusion of certain labor costs and other errors
5 included in the Staff's labor annualization methodology. First, the Staff projected
6 annual wages based on the average actual employee levels over the six-month
7 period from March 2007 through August 2007. Second, the annual wage increases
8 used by the Staff are improperly applied to certain employee groups. Third, the
9 Staff applied the wrong average overtime percentages for Ohio Edison and CEI
10 when determining test year overtime labor expense. And finally, the Staff failed to
11 consider payroll expense related to Statement of Financial Accounting Standard
12 ("SFAS") 123(R) in its test year payroll annualization. Attached Exhibit JRK-1a-c
13 provides a reconciliation between the Staff's recommended test year labor expense
14 and the test year labor expense that incorporates corrections to the aforementioned
15 errors.

16 **Q. GENERALLY, HOW IS EXHIBIT JRK-1 STRUCTURED?**

17 A. Exhibit JRK-1 is designed to mirror the methodology used by Staff when
18 calculating labor expense on Staff's WPC-3.2a. Column C of Exhibit JRK-1 simply
19 restates the Staff's calculation as set forth on WPC-3.2a while Column D sets out
20 the calculation that the Operating Companies believe should have been made,
21 factoring in the adjustments set forth in Columns F through I.

22 **Q. PLEASE EXPLAIN THE PROPOSED ADJUSTMENT SET FORTH IN**
23 **COLUMN F OF EXHIBIT JRK-1.**

1 A. When calculating test year labor expense, Staff used employee levels that were
2 derived by taking the average actual full-time employee levels between the period
3 March 2007 and August 2007. This approach has no direct correlation to the level
4 of full-time employees employed during the period in which the rates established in
5 this proceeding will be in effect. In order to more appropriately reflect labor
6 expenses that will be incurred by the Operating Companies during the period rates
7 will be in effect, full-time employee levels as of the end of the test year should be
8 used. As you can see in Columns B through E in Exhibit JRK-2, except for a
9 nominal decrease in employee levels at Toledo Edison between 2005 and 2006,
10 full-time employee levels have been trending upward since 2004. This trend, when
11 coupled with the fact that FirstEnergy has publicly stated on numerous occasions
12 that it intends to hire 3,000 employees over the next several years, clearly
13 demonstrates that the projected full-time employee levels at the end of the test year
14 will better reflect employee counts while rates are in effect. Incorporating the
15 employee levels included in Column G of Exhibit JRK-2 into the Staff's
16 methodology for calculating labor expense, the annualized test year labor expense
17 for each of the Operating Companies should be adjusted by the amounts included in
18 Column F of Exhibit JRK-1a-c.

1 Q. ARE YOU PROPOSING A CHANGE IN THE STAFF'S METHODOLOGY
2 FOR DETERMINING THE EMPLOYEE LEVELS FOR NON FULL-TIME
3 EMPLOYEES?

4 A. No. Non full-time employee levels tend to be seasonal. I believe the Staff's method
5 of using average employee levels during the period March 2007 through August
6 2007 is acceptable.

7 Q. PLEASE EXPLAIN THE PROPOSED ADJUSTMENT SET FORTH IN
8 COLUMN G OF EXHIBIT JRK-1.

9 A. The Staff developed its test year straight-time labor expense by applying an annual
10 wage increase to the average hourly wages as of the last pay periods of August
11 2007. These average hourly wages already include annual wage increases that were
12 recognized during the test year for certain employee groups. Therefore, an annual
13 wage increase should only be applied to those employee groups that had not
14 received an annual wage increase from March 2007 through the last pay periods of
15 August 2007 when determining test year straight-time labor expense. The Staff
16 misapplied the general wage increases to the groups listed on attached Exhibit JRK-
17 3a. In the case of Ohio Edison's non-bargaining employees, the Staff used a 3%
18 general wage increase, rather than the approved 3.5% increase when determining
19 average hourly rates on Staff's Schedule WPC-3.2a-1, which is attached as Exhibit
20 JRK-3b-d. In all other instances, the indicated employee groups received their
21 general wage increases prior to the end of August 2007 and, therefore, Staff should
22 not have included an additional wage increase for these employee groups when
23 calculating the average hourly rates. Incorporating the changes to the general wage

1 increases as indicated on Exhibit JRK-3a into the Staff's methodology for
2 calculating test year straight-time labor expense results in the adjustment for each of
3 the Operating Companies as set forth in Column G of Exhibit JRK-1a-c.

4 **Q. PLEASE EXPLAIN THE PROPOSED ADJUSTMENT SET FORTH IN**
5 **COLUMN H OF EXHIBIT JRK-1.**

6 **A.** In the Staff's labor annualization methodology, the test year overtime labor expense
7 was calculated by applying a historical average overtime percentage to the amount
8 of straight-time labor expense calculated in each of the Operating Companies'
9 respective Staff Reports. Per the footnotes in the workpapers supporting Staff's
10 Schedule C-3.2, Staff used the Operating Companies' Schedule C-9.1 from the
11 update filing when developing the overtime percentages, which are based on a
12 three-year average of overtime labor to straight-time labor from 2004 through 2006.
13 Exhibit JRK-4 sets forth both the percentage applied by the Staff, as well as the
14 percentages that were calculated as the true averages for each of the Operating
15 Companies. As Exhibit JRK-4 demonstrates, the Staff applied Toledo Edison's
16 historical overtime percentages in its Ohio Edison labor annualization, and used
17 Ohio Edison's historical overtime percentages in its CEI labor annualization.
18 Clearly the historical overtime percentages should be applied to the Operating
19 Companies to which they pertain. Incorporating the correct historical overtime
20 percentages into Staff's methodology for calculating the labor annualization for
21 each of the respective Operating Companies results in the adjustments set forth in
22 Column H of Exhibit JRK-1a-c.

1 **Q. PLEASE EXPLAIN THE ADJUSTMENT SET FORTH IN COLUMN I OF**
2 **EXHIBIT JRK-1.**

3 **A.** Effective January 1, 2006, FirstEnergy adopted SFAS 123(R), "Share-Based
4 Payment," which requires the expensing of certain stock-based compensation.
5 Under SFAS 123(R), all share-based compensation costs are measured at the grant
6 date based on the fair value of the award, and are recognized as an expense over the
7 vesting period. The amount of expense related to this compensation that should be
8 included in this proceeding is simply the amortization over the vesting period of the
9 costs incurred at the grant date, which is provided in Exhibit JRK-5. When
10 calculating labor expense, Staff improperly excluded these costs.

11 **III. FICA Tax Expense**

12 **Q. WHAT IS THE BASIS FOR OBJECTION NO. 9 IN SECTION II OF THE**
13 **OPERATING COMPANIES' OBJECTIONS TO THE STAFF REPORTS?**

14 **A.** This objection deals with the Staff's improper calculation of the Medicare portion
15 of the FICA tax expense. As you can see on Schedule C-3.10d of each of the
16 Operating Companies' respective Staff Reports, when the Staff calculated the
17 Medicare portion of FICA tax on Line 7, the Staff multiplied the Medicare
18 Effective Tax Rate of 1.45% (Line 6) by the Old Age, Survivors and Disability
19 Insurance (OASDI) portion of FICA tax (Line 5).

20 **Q. HOW SHOULD THE MEDICARE PORTION OF THE FICA TAX**
21 **EXPENSE HAVE BEEN CALCULATED?**

22 **A.** Because there is no cap on the amount of wages applicable to the Medicare portion
23 of the FICA tax, the Medicare Effective Tax Rate on Line 6 of Staff's Schedule C-

1 3.10d should have been multiplied by the total annualized O&M Labor Expense
2 included on Line 1. Attached Exhibit JRK-6a-c, which is structured after the Staff's
3 Schedule C-3.10d, portrays the proper calculation of this expense, and also
4 incorporates the Operating Companies' revised determination of Total Annualized
5 O&M Labor Expense as reflected on row 13, column J of attached Exhibit JRK-1a-
6 c.

7 **Q. WHAT ADJUSTMENTS ARE NECESSARY IN ORDER TO CORRECT**
8 **THE ERRORS THAT YOU DISCUSS?**

9 A. The adjustments necessary to correct the Annualization of Labor Expense are set
10 forth on line 13, Column J of Exhibits JRK-1a-c. The adjustment necessary to
11 correct the calculation of the FICA tax expense for each of the Operating
12 Companies is set forth on Line 8 of Column E on attached Exhibits JRK-6a-c.

13 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

14 A. Unless otherwise state, yes, it does.

Ohio Edison Company
Case No. 07-551-EL-AIR
Adjustment for Labor Expense Annualization For the Twelve Months Ended February 29, 2008
PUCO Staff Report vs. FirstEnergy Objections

(A) Line No.	(B) Line Item Description	(C) PUCO	(D) FE	(E) Delta	(F) Head Count	Reconciliation of Delta Amounts			(I) OT %s	(J) Total
						GWI	SFAS 123(R)			
(1)	Annualized Test-Year Labor Expense	\$98,312,549	\$96,170,044	(\$2,142,505)	\$2,211,308	(\$999,778)	(\$3,354,035)	\$0		(\$2,142,505)
(2)	Average Annual Bonus Dollars	\$654,147	\$654,147	\$0	\$0	\$0	\$0	\$0		\$0
(3)	Average Annual Severance Dollars	\$2,883,528	\$2,883,528	\$0	\$0	\$0	\$0	\$0		\$0
(4)	Test-Year Employee Discount	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
(5)	Total Direct Labor (1) through (4)	\$101,850,224	\$99,707,719	(\$2,142,505)	\$2,211,308	(\$999,778)	(\$3,354,035)	\$0		(\$2,142,505)
(6)	O&M Expense Ratio	58.64%	58.64%	0.00%	58.64%	58.64%	58.64%	58.64%		
(7)	O&M Labor Expense (5) x (6)	\$59,724,971	\$58,468,606	(\$1,256,365)	\$1,296,711	(\$588,270)	(\$1,986,808)	\$0		(\$1,256,365)
(8)	Jurisdictional Allocation Factor	87.97%	87.97%	0.00%	87.97%	87.97%	87.97%	87.97%		
(9)	Jurisdictional O&M Labor Expense (7) x (8)	\$52,540,057	\$51,434,833	(\$1,105,224)	\$1,140,717	(\$515,742)	(\$1,730,199)	\$0		(\$1,105,224)
(10)	O&M Labor Expense Allocated from FE Service Company	\$32,945,675	\$35,486,015	\$2,540,140	\$2,226,952	\$0	\$0	\$313,188		\$2,540,140
(11)	Total O&M Labor Expense (9) + (10)	\$85,485,932	\$86,920,848	\$1,434,916	\$3,367,669	(\$515,742)	(\$1,730,199)	\$313,188		\$1,434,916
(12)	Test-year Labor Expense	\$82,606,482	\$82,606,482	\$0	\$0	\$0	\$0	\$0		\$0
(13)	Adjustment (11) - (12)	\$2,879,450	\$4,314,366	\$1,434,916	\$3,367,669	(\$515,742)	(\$1,730,199)	\$313,188		\$1,434,916

(C) Source: WPC-3.2a from the Staff Report for each of the operating companies.

(D) Test year labor calculated by incorporating the objections described in Jeffrey R. Kalata's supplemental testimony into the Staff's labor annualization methodology provided in the Staff reports.

(E) Calculation: D - C.

(F) Portion of the amount in column E that is attributable primarily to the inclusion of budgeted employee levels for full-time employees as of February 2008, as opposed to average employee levels for full-time employees for the period March 2007 through August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-2 for more details.

(G) Portion of the amount in column E that is attributable exclusively to the application of an appropriate annual General Wage Increase (GWI) to only those employees who had not received an annual GWI during the first six months of the test year, i.e. from March 2007 through the last pay periods of August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-3a-d for more details.

(H) Portion of the amount in column E that is attributable exclusively to the Staff misapplying average historical overtime percentages to certain employee groups on WPC-3.2a-1 of the Operating Companies' respective Staff Reports. Please see Exhibit JRK-4 for more details.

(I) Portion of the amount in column E that is attributable exclusively to the inclusion of SFAS 123(R) expense, which was excluded from the Staff's labor annualization methodology in the Staff Report. The amounts included in column I are based on a historical annual average from 2004 through 2006. Please see Exhibit JRK-5 for more details.

(J) Calculation: F + G + H + I.

The Cleveland Electric Illuminating Company
Case No. 07-551-EL-AIR
Adjustment for Labor Expense Annualization For the Twelve Months Ended February 29, 2008
PUCO Staff Report vs. FirstEnergy Objections

(A) Line No.	(B) Line Item Description	(C) PUCO	(D) FE	(E) Delta	(F) Head Count	(G) GWI	(H) OT %'s	(I) Reconciliation of Delta Amounts		(J) Total
								SFAS 123(R)	SFAS 123(R)	
(1)	Annualized Test-Year Labor Expense	\$76,201,237	\$82,543,454	\$6,342,217	\$4,288,000	(\$1,418,231)	\$3,472,448	\$0	\$0	\$6,342,217
(2)	Average Annual Bonus Dollars	\$337,682	\$337,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3)	Average Annual Severance Dollars	\$649,730	\$649,730	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4)	Test-Year Employee Discount	\$527,697	\$527,697	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5)	Total Direct Labor (1) through (4)	\$77,716,346	\$84,068,563	\$6,342,217	\$4,288,000	(\$1,418,231)	\$3,472,448	\$0	\$0	\$6,342,217
(6)	O&M Expense Ratio	51.20%	51.20%	0.00%	51.20%	51.20%	51.20%	51.20%	51.20%	
(7)	O&M Labor Expense (5) x (6)	\$39,790,769	\$43,037,984	\$3,247,215	\$2,195,456	(\$726,134)	\$1,777,893	\$0	\$0	\$3,247,215
(8)	Jurisdictional Allocation Factor	95.15%	95.15%	0.00%	95.15%	95.15%	95.15%	95.15%	95.15%	
(9)	Jurisdictional O&M Labor Expense (7) x (8)	\$37,860,917	\$40,950,642	\$3,089,725	\$2,088,977	(\$690,917)	\$1,691,665	\$0	\$0	\$3,089,725
(10)	O&M Labor Expense Allocated from FE Service Company	\$27,187,043	\$29,283,175	\$2,096,132	\$1,837,688	\$0	\$0	\$258,444	\$2,086,132	
(11)	Total O&M Labor Expense (9) + (10)	\$65,047,960	\$70,233,817	\$5,185,857	\$3,926,665	(\$690,917)	\$1,691,665	\$258,444	\$5,185,857	
(12)	Test-year Labor Expense	\$62,887,639	\$62,887,639	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(13)	Adjustment (11) - (12)	\$2,160,321	\$7,346,178	\$5,185,857	\$3,926,665	(\$690,917)	\$1,691,665	\$258,444	\$5,185,857	

(C) Source: WPC-3.2a from the Staff Report for each of the operating companies.

(D) Test year labor calculated by incorporating the objections described in Jeffrey R. Kalata's supplemental testimony into the Staff's labor annualization methodology provided in the Staff reports.

(E) Calculation: D - C.

(F) Portion of the amount in column E that is attributable primarily to the inclusion of budgeted employee levels for full-time employees as of February 2008, as opposed to average employee levels for full-time employees for the period March 2007 through August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-2 for more details.

(G) Portion of the amount in column E that is attributable exclusively to the application of an appropriate annual General Wage Increase (GWI) to only those employees who had not received an annual GWI during the first six months of the test year, i.e. from March 2007 through the last pay periods of August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-3a-d for more details.

(H) Portion of the amount in column E that is attributable exclusively to the Staff misapplying average historical overtime percentages to certain employee groups on WPC-3.2a-1 of the Operating Companies' respective Staff Reports. Please see Exhibit JRK-4 for more details.

(I) Portion of the amount in column E that is attributable exclusively to the inclusion of restricted stock payroll expense, which was excluded from the Staff's labor annualization methodology in the Staff Report. The amounts included in column I are based on a historical annual average from 2004 through 2006. Please see Exhibit JRK-5 for more details.

(J) Calculation: F + G + H + I.

Adjustment for Labor Expense Annualization For the Twelve Months Ended February 29, 2008
PUCO Staff Report vs. FirstEnergy Objections

(A) Line No.	(B) Line Item Description	(C) PUCO	(D) FE	(E) Delta	(F) Head Count	(G) GWI	Reconciliation of Delta Amounts		(I) OT %'s	(J) Total
(1)	Annualized Test-Year Labor Expense	\$34,206,759	\$36,722,135	\$2,515,376	\$2,668,489	(\$153,113)	\$0	\$0	\$0	\$2,515,376
(2)	Average Annual Bonus Dollars	\$101,166	\$101,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3)	Average Annual Severance Dollars	\$338,721	\$338,721	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4)	Test-Year Employee Discount	\$122,127	\$122,127	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5)	Total Direct Labor (1) through (4)	\$34,768,773	\$37,285,149	\$2,515,376	\$2,668,489	(\$153,113)	\$0	\$0	\$0	\$2,515,376
(6)	O&M Expense Ratio	53.24%	53.24%	0.00%	53.24%	53.24%	53.24%	53.24%	53.24%	
(7)	O&M Labor Expense (5) x (6)	\$18,511,427	\$19,850,613	\$1,339,186	\$1,420,703	(\$81,517)	\$0	\$0	\$0	\$1,339,186
(8)	Jurisdictional Allocation Factor	95.87%	95.87%	0.00%	95.87%	95.87%	95.87%	95.87%	95.87%	
(9)	Jurisdictional O&M Labor Expense (7) x (8)	\$17,746,905	\$19,030,783	\$1,283,878	\$1,362,028	(\$78,150)	\$0	\$0	\$0	\$1,283,878
(10)	O&M Labor Expense Allocated from FE Service Company	\$14,502,307	\$15,620,441	\$1,118,134	\$980,273	\$0	\$0	\$0	\$137,861	\$1,118,134
(11)	Total O&M Labor Expense (9) + (10)	\$32,249,212	\$34,651,224	\$2,402,012	\$2,342,301	(\$78,150)	\$0	\$0	\$137,861	\$2,402,012
(12)	Test-year Labor Expense	\$31,877,113	\$31,877,113	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(13)	Adjustment (11) - (12)	\$372,099	\$2,774,111	\$2,402,012	\$2,342,301	(\$78,150)	\$0	\$137,861	\$0	\$2,402,012

(C) Source: WPC-3.2a from the Staff Report for each of the operating companies.

(D) Test year labor calculated by incorporating the objections described in Jeffrey R. Kalata's supplemental testimony into the Staff's labor annualization methodology provided in the Staff reports.

(E) Calculation: D - C.

(F) Portion of the amount in column E that is attributable primarily to the inclusion of budgeted employee levels for full-time employees as of February 2008, as opposed to average employee levels for full-time employees for the period March 2007 through August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-2 for more details.

(G) Portion of the amount in column E that is attributable exclusively to the application of an appropriate annual General Wage Increase (GWI) to only those employees who had not received an annual GWI during the first six months of the test year, i.e. from March 2007 through the last pay periods of August 2007, in the Staff's labor annualization methodology provided in WPC-3.2a-1 and WPC-3.2b from the Staff Report. Please see Exhibit JRK-3a-d for more details.

(H) Portion of the amount in column E that is attributable exclusively to the Staff misapplying average historical overtime percentages to certain employee groups on WPC-3.2a-1 of the Operating Companies' respective Staff Reports. Please see Exhibit JRK-4 for more details.

(I) Portion of the amount in column E that is attributable exclusively to the inclusion of restricted stock payroll expense, which was excluded from the Staff's labor annualization methodology in the Staff Report. The amounts included in column I are based on a historical annual average from 2004 through 2006. Please see Exhibit JRK-5 for more details.

(J) Calculation: F + G + H + I.

Employee Levels - Full-Time Employees

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Company	Actual History				Test Year Proposals	
	Dec-04	Dec-05	Dec-06	Dec-07	PUCO	Feb-08
OE	1,147	1,191	1,223	1,296	1,251	1,279
CEI	890	924	943	1,018	986	1,041
TE	413	429	426	441	429	461
FE Srv. Co.	2,578	2,846	2,912	3,140	3,018	3,239

- (C) Actual employees levels as of December 2004 based on company records.
- (D) Actual employees levels as of December 2005 based on company records.
- (E) Actual employees levels as of December 2006 based on company records.
- (F) Actual employees levels as of December 2007 based on company records.
- (G) Average actual employee levels over the period from March 2007 through August 2007 used by the Staff in its test year labor annualization on Schedule C-3.2 from the Staff Reports. Source: FirstEnergy's response to PUCO DR-51.
- (H) FirstEnergy's proposed employee levels to be used in the test year labor annualization based on budgeted employee levels for February 2008. Source: Company records.

Annual General Wage Increases ¹
PUCO Staff Report vs. FirstEnergy Objections

Company	Employee Type	Barg / Non-Barg	PUCO ²	FE ³	Delta	Reason
OE	Full-Time	Non-Bargaining	3.00%	3.50%	0.50%	Non-Bargaining GWI should be 3.50%
	Full-Time	Bargaining - UWUA 118/126	3.00%	0.00%	-3.00%	GWI occurred on 7/1/07
	Part-Time	Bargaining - UWUA 118/126	3.00%	0.00%	-3.00%	GWI occurred on 7/1/07
	Part-Time	Non-Bargaining	3.00%	3.50%	0.50%	Non-Bargaining GWI should be 3.50%
	Temporary	Non-Bargaining - Student	3.00%	3.50%	0.50%	Non-Bargaining GWI should be 3.50%
CEI	Full-Time	Bargaining - UWUA 270	3.00%	0.00%	-3.00%	GWI occurred on 5/1/07
TE	Full-Time	Bargaining - Local 19	3.00%	0.00%	-3.00%	GWI occurred on 3/1/07
	Part-Time	Bargaining - Local 19	3.00%	0.00%	-3.00%	GWI occurred on 3/1/07

¹ In order to calculate test year straight-time labor expense, the PUCO Staff applied an annual General Wage Increase (GWI) to average hourly rates as of the last pay periods of August 2007. (Source of average hourly rates: FirstEnergy's response to PUCO DR-56). The appropriate GWIs, (3.50% for non-bargaining employees and 3.00% for bargaining employees), should only be applied to those employees who had not received a wage increase from March 2007 through the last pay periods of August 2007.

² Source: Line 5 of the Staff's WPC-3.2a-1 in support of the Staff Report, attached herein as Exhibit JRK-3b-d.

³ Source: Workpapers supporting FirstEnergy's Schedule C-3.2 from the update filing.

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Direct Company Labor Expense Annualization
For the Twelve Months Ended February 29, 2008

Staff Schedule WPC-3.2a-1

	Non-Bargaining	Union IBEW 1184	Union UWUA 118/126	Part-Time Bargaining UWUA 118/126	Part-Time Non-bargaining	Student Intern	Total
(1) Number of Employees (a)	502	204	545	7	2	3	1,263
(2) Annual Straight-Time Hours (b)	2,080	2,080	2,080	681	554	227	
(3) Total Straight-Time Hours (1) x (2)	1,044,160	424,320	1,133,600	4,837	1,108	681	
(4) Average Hourly Rate (c)	\$29.92	\$27.92	\$28.16	\$17.68	\$16.32	\$19.53	
(5) Hourly wage Increase (d)	\$0.90	\$0.84	\$0.78	\$0.53	\$0.49	\$0.59	
(6) Average Hourly Rate with Wage Increase (4) + (5)	\$30.82	\$28.76	\$28.94	\$18.21	\$16.81	\$20.12	
(7) Straight-Time Dollars (3) x (6)	32,178,505	12,202,425	30,544,625	88,084	18,625	13,699	75,045,963
(8) Overtime Percentage (e)	14.87%	28.33%	28.33%	0.00%	0.00%	0.00%	
(9) Overtime Dollars (7) x (8)	4,719,515	3,457,353	8,654,309	0	0	0	
(10) Incentive Compensation Percentage (f)	12.00%	6.00%	6.00%	6.00%	12.00%	12.00%	
(11) Incentive Dollars (7) x (10)	3,861,421	732,146	1,832,678	5,285	2,235	1,644	6,435,409
(12) Total Direct Labor Dollars (7) + (9) + (11)	40,759,441	16,391,924	41,031,612	93,369	20,860	15,343	98,312,549

- (a) Applicant's Response to Staff's Data Request 51
(b) Derived From Staff's Data Request 52. Full-Time Employees at 2,080 hours
(c) Derived From Applicant's Response to Staff's Data Request 56
(d) Applicant's Response to Staff's Data Request 25 For Non-Bargaining Employee, Union xx Current Contract For Bargaining Employees.
(e) Derived From Applicant's Schedule C-9.1, Three-Year Average 2004-2006.
(f)

The Cleveland Electric Illuminating Company
Case No. 07-551-EL-AIR
Calculation of Direct Company Labor Expense Annualization
For the Twelve Months Ended February 29, 2008

Staff Schedule WPC-3.2a-1

	Full-Time Non-Bargaining	Full-Time Union UFWUA 270	Part-Time Non-Bargaining	Student Intern Non-bargaining	Total
(1) Number of Employees (a)	322	664	3	3	992
(2) Annual Straight-Time Hours (b)	2,080	2,080	1,146	220	
(3) Total Straight-Time Hours (1) x (2)	669,760	1,381,120	3,438	660	
(4) Average Hourly Rate (c)	\$32.40	\$26.33	\$23.91	\$18.28	
(5) Hourly wage Increase (d)	1.13	0.79	0.84	0.64	
(6) Average Hourly Rate with Wage Increase	33.53	27.12	24.75	18.92	
(7) Straight-Time Dollars (3) x (6)	\$22,459,732	\$37,455,836	\$85,080	\$12,487	\$60,013,135
(8) Overtime Percentage (e)	10.00%	24.00%	0.00%	0.00%	
(9) Overtime Dollars (7) x (8)	\$2,245,973	\$8,989,401	\$0	\$0	11,235,374
(10) Incentive Compensation Percentage (f)	12.00%	6.00%	12.00%	0%	
(11) Incentive Dollars (7) x (10)	\$2,695,168	\$2,247,350	\$10,210	\$0	4,952,728
(12) Total Direct Labor Dollars (7) + (9) + (11)	\$27,400,873	\$48,692,587	\$95,290	\$12,487	\$76,201,237

- (a) Applicant's Response to Staff's Data Request 51
 (b) Derived From Staff's Data Request 52. Full-Time Employees at 2,080 Hours
 (c) Derived From Applicant's Response to Staff's Data Request 56
 (d) Applicant's Response to Staff's Data Request 25 for Non-Bargaining Employee, Union xx Current Contract for Bargaining Employees.
 (e) Derived From Applicant's C-8.1, Three-Year Average 2004-2006
 (f) Derived From Applicant's Response to Staff's Data Request 79

The Toledo Edison Company
Case No. 07-551-EL-AIR
Calculation of Direct Company Labor Annualization
For the Twelve Months Ended February 29, 2008

Staff Schedule WPC-3.2a-1

	Non-Bargaining	Union Local 19	Union Local 245	Part-Time Bargaining	Temporary Non-Bargaining	Total
(1) Number of Employees (a)	111	90	228	3	2	434
(2) Annual Straight-Time Hours (b)	2,080	2,080	2,080	751	241	
(3) Total Straight-Time Hours (1) x (2)	230,880	187,200	474,240	2,253	482	
(4) Average Hourly Rate (c)	\$38.04	\$20.17	\$27.48	\$14.01	\$19.05	
(5) Hourly wage Increase (d)	1.28	0.81	0.82	0.42	0.67	
(6) Average Hourly Rate with Wage Increase (4) + (5)	37.30	20.78	28.30	14.43	19.72	
(7) Straight-Time Dollars (3) x (6)	\$8,612,147	\$3,889,099	\$13,423,079	\$32,511	\$9,503	\$25,966,339
(8) Overtime Percentage (e)	14.67%	28.33%	28.33%	0.00%	0.00%	
(9) Overtime Dollars (7) x (8)	\$1,263,115	\$1,101,911	\$3,803,205	\$0	\$0	6,168,231
(10) Incentive Compensation Percentage (f)	12.00%	6.00%	6.00%	0.00%	0.00%	
(11) Incentive Dollars (7) x (10)	\$1,033,458	\$233,346	\$805,385	\$0	\$0	2,072,189
(12) Total Direct Labor Dollars (7) + (9) + (11)	\$10,908,720	\$5,224,356	\$18,031,669	\$32,511	\$9,503	\$34,206,759

- (a) Applicant's Response to Staff's Data Request 51
 (b) Derived From Staff's Data Request 52, Full-Time Employees at 2,080 hours
 (c) Derived From Applicant's Response to Staff's Data Request 56
 (d) Applicant's Response to Staff's Data Request 25 for Non-Bargaining Employee, Union xx Current Contract For Bargaining Employees
 (e) Derived From Applicant's C-9.1, Three-Year Average 2004-2006
 (f) Derived From Applicant's Response to Staff's Data Request 79

Average Overtime Percentages ¹
PUCO Staff Report vs. FirstEnergy Objections

Company	Employee Type	Barg / Non-Barg	PUCO ²	FE ³	Delta	Reason
OE	Full-Time	Non-Bargaining	14.67%	10.00%	-4.67%	Staff used TE percentages for OE
	Full-Time	Bargaining - IBEW 1194	28.33%	24.00%	-4.33%	Staff used TE percentages for OE
	Full-Time	Bargaining - UWUA 118/126	28.33%	24.00%	-4.33%	Staff used TE percentages for OE
CEI	Full-Time	Non-Bargaining	10.00%	13.32%	3.32%	Staff used OE percentages for CEI
	Full-Time	Bargaining - UWUA 270	24.00%	31.28%	7.28%	Staff used OE percentages for CEI
TE	Full-Time	Non-Bargaining	14.67%	14.67%	0.00%	
	Full-Time	Bargaining - Local 19	28.33%	28.33%	0.00%	
	Full-Time	Bargaining - Local 245	28.33%	28.33%	0.00%	

¹ In order to calculate test year overtime labor expense, the PUCO Staff used a three-year average of overtime labor to straight-time labor from 2004-2006, based on FirstEnergy's Schedules C-9.1 from the update filing. These overtime percentages were applied incorrectly to certain employees, i.e., TE's historical overtime percentages were applied to OE, and OE's overtime percentages were applied to CEI.

² Source: Line 8 of the Staff's WPC-3.2a-1 in support of the Staff Report, attached herein as Exhibit JRK-3b-d.

³ Source: Schedule C-9.1 from the update filing for each of the Operating Companies.

SFAS 123(R) Expense - Company Totals ¹

Company	2004	2005	2006	Average
OE	\$0	\$0	\$0	\$0
CEI	\$0	\$0	\$0	\$0
TE	\$0	\$0	\$0	\$0
FE Srv. Co.	\$1,515,413	\$2,163,292	\$3,597,242	\$2,425,316
	\$1,515,413	\$2,163,292	\$3,597,242	\$2,425,316

SFAS 123(R) Expense - FE Service Co. Allocations ²

Company	% Allocated	O&M %	Total Alloc.
OE	17.22%	74.99%	\$313,188
CEI	14.21%	74.99%	\$258,444
TE	7.58%	74.99%	\$137,861
			\$709,492

¹ Source: Company records.

² Source: Allocation ratios from workpapers supporting FirstEnergy's Schedule C-3.2 from the update filing. The allocated O&M portion of FE Service Company's three-year historical average SFAS 123(R) expense should be included in the test year payroll expense for each of the Operating Companies.

Ohio Edison Company
Case No. 07-551-EL-AIR
Calculation of Test Year FICA Tax Expense
PUCO Staff Report vs. FirstEnergy Objections

Staff Schedule C-3.10d (FE Revised)

(A)	(B)	(C)	(D)	(E)
Line No.	Description	Jurisdictional Amount		
		PUCO	FE	Delta
1	Annualized O&M Labor Expense	\$85,485,932	\$86,920,848	\$1,434,916
2	Percentage of OASDI Taxable Wages	97.19%	97.19%	0.00%
3	OASDI Taxable Wages (1 x 2)	\$83,083,777	\$84,478,372	\$1,394,595
4	Effective Tax Rate	6.20%	6.20%	0.00%
5	Old Age, Survivors and Disability Insurance (OASDI) Portion of FICA Tax (3 x 4)	\$5,151,194	\$5,237,659	\$86,465
6	Medicare Effective Tax Rate	1.45%	1.45%	0.00%
7	Medicare Expense Portion of FICA Tax	\$74,692	\$1,260,352	\$1,185,660
8	Test-Year FICA Tax Expense (5 + 7)	\$5,225,886	\$6,498,011	\$1,272,125

(C) Source: Schedule C-3.10d from the Staff Report.

(D) Source: Schedule C-3.10d from the Staff Report with the exception of Line 1 and Line 7. Line 1 is from row 11, column D of Exhibit JRK-1a. In the Staff Report, the Staff calculated Line 7 by multiplying Line 6 by Line 5. The proper calculation, reflected in the column D, should be Line 7 = Line 6 x Line 1.

(E) Calculation: D - C.

The Cleveland Electric Illuminating Company
Case No. 07-551-EL-AIR
Calculation of Test Year FICA Tax Expense
PUCO Staff Report vs. FirstEnergy Objections

Staff Schedule C-3.10d (FE Revised)

(A)		(B)		(C)	(D)	(E)
Line No.	Description	Jurisdictional Amount				
		PUCO	FE	Delta		
1	Annualized O&M Labor Expense	\$65,047,960	\$70,233,817	\$5,185,857		
2	Percentage of OASDI Taxable Wages	96.38%	96.38%	0.00%		
3	OASDI Taxable Wages (1 x 2)	\$62,693,224	\$67,691,353	\$4,998,129		
4	Effective Tax Rate	6.20%	6.20%	0.00%		
5	Old Age, Survivors and Disability Insurance (OASDI) Portion of FICA Tax (3 x 4)	\$3,886,980	\$4,196,864	\$309,884		
6	Medicare Effective Tax Rate	1.45%	1.45%	0.00%		
7	Medicare Expense Portion of FICA Tax	\$56,361	\$1,018,390	\$962,029		
8	Test-Year FICA Tax Expense (5 + 7)	<u>\$3,943,341</u>	<u>\$5,215,254</u>	<u>\$1,271,913</u>		

(C) Source: Schedule C-3.10d from the Staff Report.

(D) Source: Schedule C-3.10d from the Staff Report with the exception of Line 1 and Line 7. Line 1 is from row 11, column D of Exhibit JRK-1b. In the Staff Report, the Staff calculated Line 7 by multiplying Line 6 by Line 5. The proper calculation, reflected in the column D, should be Line 7 = Line 6 x Line 1.

(E) Calculation: D - C.

The Toledo Edison Company
Case No. 07-551-EL-AIR
Calculation of Test Year FICA Tax Expense
PUCO Staff Report vs. FirstEnergy Objections

Staff Schedule C-3.10d (FE Revised)

(A)	(B)	(C)	(D)	(E)
Line No.	Description	Jurisdictional Amount		
		PUCO	FE	Delta
1	Annualized O&M Labor Expense	\$32,249,212	\$34,651,224	\$2,402,012
2	Percentage of OASDI Taxable Wages	97.11%	97.11%	0.00%
3	OASDI Taxable Wages (1 x 2)	\$31,317,210	\$33,649,804	\$2,332,594
4	Effective Tax Rate	6.20%	6.20%	0.00%
5	Old Age, Survivors and Disability Insurance (OASDI) Portion of FICA Tax (3 x 4)	\$1,941,667	\$2,086,288	\$144,621
6	Medicare Effective Tax Rate	1.45%	1.45%	0.00%
7	Medicare Expense Portion of FICA Tax	\$28,154	\$502,443	\$474,289
8	Test-Year FICA Tax Expense (5 + 7)	\$1,969,821	\$2,588,731	\$618,910

(C) Source: Schedule C-3.10d from the Staff Report.

(D) Source: Schedule C-3.10d from the Staff Report with the exception of Line 1 and Line 7. Line 1 is from row 11, column D of Exhibit JRK-1c. In the Staff Report, the Staff calculated Line 7 by multiplying Line 6 by Line 5. The proper calculation, reflected in the column D, should be Line 7 = Line 6 x Line 1.

(E) Calculation: D - C.

[Company Exhibit 5]

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

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

DIRECT TESTIMONY OF

PAULETTE R. CHATMAN

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

☐	Management policies, practices, and organization
☒	Operating income
☒	Rate base
☒	Allocations
☐	Rate of return
☐	Rates and tariffs
☒	Other - Depreciation Study

I. General Background

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Paulette R. Chatman and my business address is 76 South Main Street,
Akron, Ohio 44308.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by FirstEnergy Service Company as an Assistant Controller of
FirstEnergy Corp. ("FirstEnergy") and its Ohio electric utility subsidiaries, Ohio
Edison Company ("OE"), The Cleveland Electric Illuminating Company ("CEI") and
The Toledo Edison Company ("TE") (collectively, the "Companies").

Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Science degree in accounting from Seton Hall University in
1975 and received a Master of Science degree in taxation from Farleigh Dickinson
University in 2003.

**Q. PLEASE OUTLINE YOUR WORK EXPERIENCE AND PROFESSIONAL
QUALIFICATIONS.**

A. In 1975, I began my career with the certified public accounting firm of Touché Ross
in New Jersey. In 1979, I joined GPU, Inc. ("GPU") as an auditor, and held a variety
of positions in finance and accounting, including Manager of General Accounting,
Manager of Financial Reporting, Director of Accounting Operations and Manager of
Internal Auditing before being promoted to Assistant Controller in 1993. As
Assistant Controller for GPU, I was responsible for external reporting, including
financial reporting to regulatory agencies such as the Securities & Exchange
Commission, Federal Energy Regulatory Commission ("FERC"), Pennsylvania

1 Public Utility Commission and New Jersey Board of Public Utilities. Additionally, I
2 was responsible for the accounting research, analyzing and interpreting various
3 accounting pronouncements issued by the regulatory bodies. In 2001, GPU merged
4 with FirstEnergy and I was elected to my current position, Assistant Controller of
5 FirstEnergy and the Companies. I am a Certified Public Accountant in the State of
6 New Jersey.

7 **Q. PLEASE DESCRIBE YOUR DUTIES AS ASSISTANT CONTROLLER.**

8 A. Among my duties as assistant controller, I am responsible for the activities performed
9 by General Accounting Services, Property Accounting Services, Accounts Payable
10 and shared service cost allocations.

11 **Q. PLEASE DESCRIBE THE RESPONSIBILITIES OF PROPERTY**
12 **ACCOUNTING SERVICES.**

13 A. The Property Accounting Services group is responsible for establishing and
14 maintaining the Companies' capitalization policy, maintaining FirstEnergy's
15 construction and asset Continuing Property Records ("CPR") system and performing
16 the Companies' depreciation accounting. Property Accounting Services also performs
17 the following tasks for the Companies:

- 18 • Establishes AFUDC methodology and application rate and monitors
19 performance of the rate.
 - 20 • Develops budgets and forecasts for depreciation, amortization, AFUDC, and
21 accretion.
 - 22 • Maintains a status reporting mechanism for construction projects (e.g. in-
23 service reporting)
 - 24 • Conducts depreciation rate service life studies.
 - 25 • Calculates and records book depreciation and amortization.
 - 26 • Controls and maintains lease accounting in accordance with Statement of
27 Financial Accounting Standards ("SFAS") No. 13, Accounting for Leases
 - 28 • Unitizes plant additions
- 29

1 **Q. PLEASE DESCRIBE THE CPR SYSTEM AS IT APPLIES TO THE**
 2 **COMPANIES.**

3 A. The CPR system used by the Companies for property accounting establishes a
 4 uniform practice that assures the proper tracking of and accounting for (i) property
 5 related costs that are capitalized or expensed; (ii) property additions; and (iii) property
 6 retirements.

7 **Q. DO THE COMPANIES USE THE FERC UNIFORM SYSTEM OF**
 8 **ACCOUNTS?**

9 A. Yes, the Companies use the electric plant account numbers prescribed for a Major
 10 Electric utility in the FERC Uniform System of Accounts. The account descriptions
 11 are set forth in the Code of Federal Regulations, Title 18, Conservation of Power and
 12 Water Resources, Part 101.

13 **Q. WHAT SCHEDULES ARE YOU SPONSORING IN THIS PROCEEDING?**

14 A. I am sponsoring the following Schedules for all three Companies:

15	B-2	Plant in Service Summary by Major Property Groupings
16	B-2.1	Plant in Service by Accounts and Sub-accounts
17	B-2.2	Adjustments to Plant in Service
18	B-2.3	Gross Additions, Retirements and Transfers
19	B-2.4	Lease Property
20	B-2.5	Property Excluded from Rate Base
21	B-3	Reserve for Accumulated Depreciation
22	B-3.1	Adjustments to the Reserve for Accumulated Depreciation
23	B-3.2	Depreciation Accrual Rates and Jurisdictional Reserve Balances by
24		Accounts
25	B-3.3	Depreciation Reserve Accruals, Retirements, and Transfers
26	B-3.4	Depreciation Reserve and Expense for Lease Property
27	B-4	Construction Work in Progress ("CWIP")
28	B-4.1	Construction Work in Progress- Per cent Complete (Time)
29	B-4.2	Construction Work in Progress- Per cent Complete (Dollars)
30	C-3.4	Adjustment for Depreciation Expense
31		

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. The purpose of my testimony is to explain FirstEnergy Service Company's shared
3 cost allocation process and the Companies' depreciation studies presented in this case.
4 I will also be supporting the Companies' (i) plant in service balances; (ii) reserve for
5 accumulated depreciation; (iii) depreciation expense; and (iv) the zero balances
6 included in this proceeding for CWIP and Contributions in Aid of Construction
7 ("CIAC").

8 **Q. HOW WILL YOU ADDRESS EACH COMPANY'S DEPRECIATION**
9 **STUDY?**

10 A. Unless otherwise stated, my discussion surrounding the depreciation studies
11 conducted in this proceeding is equally applicable to all three Companies' respective
12 studies.

13 **Q. HOW WILL YOU BE ADDRESSING EACH COMPANY'S SCHEDULES?**

14 A. Unless otherwise stated, my discussion of a schedule is equally applicable to all three
15 Companies.

16 **II. Shared Service Cost Allocations**

17 **Q. EARLIER IN YOUR TESTIMONY YOU INDICATED THAT AMONG YOUR**
18 **RESPONSIBILITIES, YOU OVERSEE THE ALLOCATION OF SHARED**
19 **SERVICES COSTS. PLEASE DESCRIBE THESE COSTS.**

20 A. Shared service costs are those costs incurred by one entity for providing services to
21 another affiliated entity. At FirstEnergy, a separate entity, FirstEnergy Service
22 Company, was created for the purpose of housing those employees that perform
23 functions common throughout FirstEnergy. As examples, all employees of the legal,

1 accounting and rates departments are FirstEnergy Service Company employees
2 because each of these departments provides services on an as needed basis to any
3 entity within the FirstEnergy organization. Therefore, the costs associated with these
4 functions are allocated back to the entities for which the services were provided.

5 **Q. PLEASE EXPLAIN HOW FIRST ENERGY SERVICE COMPANY COSTS**
6 **ARE ALLOCATED.**

7 **A.** FirstEnergy Service Company costs are allocated to those companies receiving the
8 services in one of two ways. If the services performed by a FirstEnergy Service
9 Company employee are provided directly to a specific entity within FirstEnergy, then
10 the time spent by that employee is directly allocated to that entity. If, however, an
11 activity performed by a FirstEnergy Service Company employee is applicable to more
12 than one entity within FirstEnergy, then the costs incurred while performing that
13 activity are allocated to all companies receiving the benefit from that activity.

14 **Q. PLEASE PROVIDE AN EXAMPLE OF WHAT YOU MEAN.**

15 **A.** Assume that a FirstEnergy attorney represents one of FirstEnergy's Ohio operating
16 companies at the Commission. In such a situation, that attorney's time would be
17 directly billed to the applicable operating company. However, if it is assumed that
18 that same attorney is attending a continuing legal education seminar, then it is
19 presumed that all of FirstEnergy's affiliates benefit from this activity. In such a
20 situation, the costs incurred by FirstEnergy to send this attorney to the seminar must
21 be allocated to multiple affiliates.

1 Q. HOW ARE COSTS ALLOCATED TO MORE THAN ONE ENTITY WITHIN
2 FIRSTENERGY?

3 A. When costs are incurred by FirstEnergy Service Company for the benefit of more
4 than one entity within FirstEnergy, such costs are allocated consistent with the
5 allocation factors that have been audited and approved over a number of years by the
6 U.S. Securities and Exchange Commission ("SEC"), pursuant to the Public Utilities
7 Holding Company Act. Although, pursuant to the Energy Policy Act of 2005, the
8 responsibility for oversight of such cost allocations has since been transferred from
9 the SEC to FERC, these allocation factors remain in effect and continue to be
10 reasonable and appropriate.

11 III. Depreciation Study

12 Q. WHAT IS DEPRECIATION FOR ACCOUNTING PURPOSES?

13 A. Depreciation, as used in accounting, is a method of distributing fixed capital costs
14 over a period of time by allocating annual amounts to expense. Each annual amount
15 of such depreciation expense is part of that year's total cost of providing utility
16 service. Normally, the period of time over which the fixed capital cost is allocated to
17 cost of service is equal to its service life -- the period of time over which an asset
18 renders service. The straight line method of depreciation cost allocation -- the
19 distribution of an equal amount of costs to each year of an asset's service life -- is the
20 most common and is the method utilized by the Companies.

1 **Q. DID THE COMPANIES EACH PERFORM A DEPRECIATION STUDY FOR**
 2 **PURPOSES OF THIS PROCEEDING?**

3 **A.** Yes. All three depreciation studies are attached to my testimony as exhibits. OE's
 4 depreciation study is included as Attach. PRC-1; CEI's, as Attach. PRC-2 and TE's, as
 5 Attach. PRC-3.

6 **Q. PLEASE SUMMARIZE THE RESULTS OF THE DEPRECIATION STUDIES**
 7 **PERFORMED FOR THIS PROCEEDING.**

8 **A.** Based on the depreciation studies attached to my testimony, the following
 9 depreciation accrual rates should be used when calculating test year depreciation
 10 expense for each of the Companies:

11 **OE:**

<u>Cost Category</u>	<u>Life</u>	<u>Net Salvage Value</u>	<u>Accrual Rate</u>
12 Transmission	53	(14)	2.35%
13 Distribution	39	(17)	3.10%
14 General	25	5	3.67%

15
16
17 **CEI:**

<u>Cost Category</u>	<u>Life</u>	<u>Net Salvage Value</u>	<u>Accrual Rate</u>
18 Transmission	54	(20)	2.14%
19 Distribution	37	(26)	3.52%
20 General	21	4	4.08%

21
22
23 **TE:**

<u>Cost Category</u>	<u>Life</u>	<u>Net Salvage Value</u>	<u>Accrual Rate</u>
24 Transmission	49	(18)	2.32%
25 Distribution	37	(20)	3.20%
26 General	26	2	3.06%

1 **Q. IN YOUR RESULTS YOU LIST TRANSMISSION. WHY IS THAT?**

2 A. Each of the Companies' transmission assets with voltages of 69 kV and above were
3 sold to ATSI in the year 2000. The transmission data included in the depreciation
4 studies relates to transmission assets less than 69 kV, which are sometimes referred to
5 as "sub-transmission" assets and which remain on the accounting records of the
6 applicable company.

7 **Q. WHY DID THE COMPANIES PERFORM THESE STUDIES?**

8 A. The Companies performed new depreciation studies in this proceeding in order to
9 calculate depreciation expense based on more current information. OE's last
10 application for a change in depreciation accrual rates was based on assets at
11 December 31, 1987, and was approved by the Commission in Case Nos. 92-1424-EL-
12 AAM, effective January 1, 1993. Both CEI's and TE's applications were based on
13 assets at December 31, 1993 and approved in Case No. 95-386-EL-AAM, and 95-
14 387-EL-AAM, respectively, becoming effective on January 1, 1996.

15 **Q. PLEASE DESCRIBE THE PARAMETERS USED IN THE COMPANIES'**
16 **DEPRECIATION STUDIES.**

17 A. Each of the Company's depreciation studies was based on plant balances at
18 December 31, 2006 and plant activity for the period January 1, 1999 through
19 December 31, 2006.

20 **Q. WHY WERE PLANT BALANCES AT DECEMBER 31, 2006 USED FOR**
21 **PURPOSES OF ANALYZING PLANT ACTIVITY?**

22 A. These balances represent the most recent actual annual data available.

1 **Q. WHY DID YOU USE DATA STARTING IN 1999 FOR PLANT ACTIVITY?**

2 A. Since each of the Companies' last rate cases, Ohio Edison Company merged with
3 Centerior Energy Corp. ("Centerior") to form FirstEnergy Corp. Prior to this merger,
4 OE and the Centerior companies (CEI and TE) used different fixed asset systems that
5 stored data differently. As a result of this inconsistency, the detailed asset vintage
6 data could not be used to populate the FirstEnergy fixed asset system that went live in
7 1999.

8 **Q. DID THE CONVERSION OF THE INDIVIDUAL COMPUTER SYSTEMS**
9 **INTO A FIRSTENERGY SYSTEM AFFECT THE COMPANIES'**
10 **RESPECTIVE TOTAL PLANT BALANCES?**

11 A. No. The *net* additions and retirements from plant are correct. We simply could not
12 break the data down any further prior to 1999 because the vintage of the asset was not
13 stored in a consistent manner.

14 **Q. WHAT DO YOU MEAN BY "VINTAGE OF THE ASSET"?**

15 A. The "vintage of the asset" relates to the in service date of the asset being retired and is
16 used to determine the average service lives of the assets included in the depreciation
17 studies.

18 **Q. PLEASE DESCRIBE THE MAJOR FACTORS CONSIDERED IN A**
19 **DEPRECIATION STUDY.**

20 A. There are two major factors that are considered when performing a depreciation
21 study: (1) average service lives of the assets; and (2) salvage rates. If either of these
22 factors change subsequent to the last depreciation study performed, the depreciation
23 accrual rates will also change. A summary sheet by FERC primary plant account is

1 included in each of the Companies' respective depreciation studies. It indicates by
2 account the current and proposed service lives and salvage rates, with a brief
3 explanation for any changes.

4 **Q. WHAT WAS CONSIDERED WHEN COMPUTING THE AVERAGE**
5 **SERVICE LIVES (ASL) AND SALVAGE RATES IN THE CURRENT**
6 **STUDIES?**

7 A. The ASL and the Salvage Rates were computed for each primary plant account,
8 factoring in (i) the average life and salvage rate determination summary sheet; (ii) an
9 overlay of observed survivor and Iowa curves; (iii) Observed Life Tables; (iv) Net
10 Salvage Analysis Reports; (v) Whole Life Depreciation Accrual Computations; (vi)
11 Generation Arrangement Reports; and (vii) Depreciation Reserve Summaries.

12 **Q. HOW ARE AVERAGE SERVICE LIVES PROJECTED?**

13 A. The Companies used Iowa survivor curves, which I discuss later in my testimony, to
14 project ASLs for each property group.

15 **Q. WHAT DO YOU MEAN BY "PROPERTY GROUP"?**

16 A. A "property group" is comprised of assets within a FERC Primary Plant Account,
17 while a "property unit", which is another term used in the studies, is an individual
18 asset within a property group. For example, a pole is a property unit within the
19 property group set forth in Account 364 - Poles, Towers and Fixtures.

20 **Q. PLEASE EXPLAIN HOW THE AVERAGE SERVICE LIFE IS**
21 **DETERMINED FOR A PROPERTY GROUP.**

22 A. The use of an average service life for a property group implies that various units
23 within the group have different lives. Thus, the average life is established by

1 determining the separate lives of each of the units and plotting those lives on a scatter
2 graph. The Companies used the retirement rate method to establish ASLs used to
3 calculate the depreciation accrual rates proposed in this proceeding.

4 **Q. PLEASE EXPLAIN THE RETIREMENT RATE METHOD.**

5 A. The retirement rate method (also known as the annual rate method) is a widely used
6 actuarial method to derive survivor curves using the average rates at which property
7 of each age group is retired. The method relates to property groups for which aged
8 accounting experience is available or for which aged accounting experience is
9 developed by statistically aging unaged amounts. The survivor curves used in the
10 Companies' depreciation studies were determined through this process by placing the
11 standardized Iowa curve that best fits the scatter points on the scatter graph. The
12 resulting survivor curve graphically depicts the amount of property at each age
13 throughout the life of an original property group and is used to calculate the average
14 life of the group, the remaining life expectancy, the probable life and a frequency
15 curve.

16 **Q. PLEASE EXPLAIN THE STANDARDIZED IOWA CURVES.**

17 A. The range of survivor characteristics consistent with utility property has been
18 incorporated into a system of generalized survivor curves known as Iowa curves.
19 These curves can be used when forecasting the probable future service lives of both
20 individual items and groups of items that may or may not be the same. The
21 classification of the survivor curves is made according to whether the mode of the
22 frequency curves is to the left, to the right or coincident with average service life,
23 resulting in left modal (L); right modal (R); symmetrical (S) and origin modal Iowa

1 curves (O). The left modal curves are those in which the greatest frequency of
2 retirements occurs to the left of, or prior to, the average service life of the property
3 group, while right modal curves represent situations in which the greatest frequency
4 of retirements occurs to the right of, or after, the average service life of the group.
5 The symmetrical curves are those in which the greatest frequency of retirements
6 occurs at average service life and the origin modal curves are those in which the
7 greatest frequency of retirement occurs at the origin, or immediately after age zero.

8 **Q. WHAT DO THE NUMBER DESIGNATIONS FOR EACH FAMILY OF**
9 **STANDARD CURVES IN THE STUDIES MEAN?**

10 A. The numerical subscripts that accompany the letter designations in the studies
11 represent the relative heights of the modes of the frequency curves within each family
12 of curves.

13 **Q. WHAT DATA IS NECESSARY IN ORDER TO DETERMINE THE**
14 **AVERAGE RATE OF RETIREMENT WHEN CALCULATING PERCENT**
15 **SURVIVING FOR THE SURVIVOR CURVE?**

16 A. The average rate of retirement used in the calculation of the percent surviving for the
17 survivor curve (life table) requires two sets of data: (i) the property retired during a
18 period of observation, identified by the property's age at retirement; and (ii) the
19 property exposed to retirement at the beginning of the age intervals during the same
20 period. The period of observation is referred to as the "experience band"; the band of
21 years representing the installation dates of the property exposed to retirement during
22 the experience band, is the "placement band."

1 **Q. ARE EXCEPTIONS OR UNUSUAL EVENTS CONSIDERED WHEN**
2 **DETERMINING AVERAGE SERVICE LIVES?**

3 **A.** Yes. The Survivor Curve is generally smoothed to eliminate any irregularities caused
4 by incomplete historical data or anomalies in the data.

5 **Q. PLEASE DESCRIBE HOW THE SURVIVOR CURVE WAS SMOOTHED IN**
6 **THE STUDIES PERFORMED FOR THIS PROCEEDING.**

7 **A.** In the current studies, the Iowa curves were used to smooth those original stub curves
8 that exist when retirements that have occurred within a property group do not end at
9 zero percent surviving plant. The stub curves are expressed as percents surviving at
10 ages in years. Each original stub survivor curve was compared to the Iowa curves in
11 order to determine the better fitting smooth curves. By doing this, irregularities in the
12 original curves were eliminated.

13 **Q. DO THE COMPANIES SIMPLY ACCEPT THE RESULTS OF THE**
14 **STUDIES, OR DO THEY ADJUST THE RESULTS BASED ON OTHER**
15 **FACTORS?**

16 **A.** The ASLs resulting from the process I just described were given "a sanity check" by
17 comparing the results from the study to statistical analyses of data, the prior service
18 lives, survivor curve estimates used in the last depreciation study and the 2003 EEI
19 Survey of Depreciation Statistics. The results were adjusted if warranted based on
20 this review and are reflected in the summary sheets that I discussed earlier in my
21 testimony.

1 **Q. WHAT IS THE EEI SURVEY OF DEPRECIATION STATISTICS?**

2 A. The EEI Survey of Depreciation Statistics is exactly what it sounds like. It is a
3 compilation of depreciation data, including service lives and salvage rates used by
4 other electric companies.

5 **Q. ARE SERVICE LIVES ADJUSTED FOR ANY OTHER REASON?**

6 A. Yes. In certain instances, the Companies are aware of specific information that will
7 impact the ASL generated in a depreciation study. For example, in this proceeding,
8 the Companies decreased the life of Account 370, "Meters", to ten years due to the
9 advancements in meter technology that are expected to soon render current meter
10 technology obsolete. In doing so, the remaining life depreciation will be calculated
11 on a net plant basis, ensuring that all plant, including any new additions, are fully
12 depreciated in this ten year period. As a result, the depreciation rate for this account
13 will increase monthly, with the average depreciation rate for Year 1 being 10.5%.

14
15 The Companies also decreased the life of Account 371, "Installations [of private
16 outdoor lights] on Customer Premises", to five years, given that the Companies
17 currently have pending before the Commission a request to grandfather their current
18 *private outdoor lighting programs, disallowing any new customers on those rate*
19 schedules after June 1, 2007, or another date authorized by the Commission. Witness
20 Henry discusses this request in her direct testimony (Co. Exh. 14.) Like Account 370,
21 the remaining life depreciation for Account 371 will be calculated on a net plant
22 basis, with a monthly increase in the depreciation rate. Only in this instance, this will
23 occur over a five, rather than ten year period, using an average Year 1 depreciation
24 rate of 22.5%, rather than 10.5%.

1 **Q. PLEASE EXPLAIN HOW THE NET SALVAGE RATIO WAS**
2 **DETERMINED.**

3 A. The net salvage ratio includes two components -- the cost of removal and salvage.

4 The dollars expended to remove a retired asset is known as the "cost of removal",

5 while "salvage" is the cash received upon removing the asset from service. It is

6 calculated by dividing total retirements for each FERC primary plant account by the

7 net of the total cost of removal and salvage for the same account. A positive net

8 salvage ratio indicates that salvage exceeds the cost of removal; negative, means the

9 opposite. Changes in the salvage rate are generally recommended when results in

10 recent years show definite patterns or trends. As with the ASL results, the results of

11 the salvage study were also given a sanity check through a review for anomalies or a

12 lack of a consistent trend and were compared to rates from prior studies and the 2003

13 EEI Survey of Depreciation Statistics. If warranted, adjustments were made and are

14 included on the summary sheets discussed earlier in my testimony.

15 **IV. The B-2 Schedules**
16 **Schedules B-2, B-2.1, B-2.2, B-2.3, B-2.4, and B-2.5**

17
18 **Q. YOU INDICATED THAT YOU ARE SPONSORING THE B-2 SCHEDULES.**

19 **PLEASE EXPLAIN THE GENERAL PURPOSE OF THE B-2 SCHEDULES.**

20 A. The series of B-2 Schedules relates to plant and summarizes (i) plant balances, both

21 on a total company and jurisdictionally allocated basis; (ii) retirements and additions

22 to plant; (iii) adjustments to rate base; and (iv) leases, each of which is more fully

23 discussed below.

1 **Q. PLEASE DESCRIBE SCHEDULE B-2.**

2 A. Schedule B-2 summarizes plant in service by major account category -- Production,
3 (Sub)-Transmission, Distribution, General and Intangible --, both on a total company
4 and jurisdictionally allocated basis.

5 **Q. WHAT IS INCLUDED IN THE "INTANGIBLE PROPERTY" CATEGORY?**

6 A. Intangible property includes computer software and the amortization of AFUDC
7 consistent with SFAS No. 109, Accounting for Income Taxes.

8 **Q. HOW ARE CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")**
9 **ADDRESSED IN THE PLANT BALANCES?**

10 A. CIAC is simply the amounts paid by customers in advance for construction performed
11 on their behalf by the Companies. The Companies do not track these advances
12 separately, but rather net the advances against the applicable Plant in Service
13 accounts. Therefore, as indicated on Schedule B-6, there is no balance in the CIAC
14 accounts.

15 **Q. HOW WERE THE ALLOCATION FACTORS SET FORTH ON SCHEDULE**
16 **B-2 ESTABLISHED?**

17 A. The allocation factors used throughout the series of B-2 schedules were provided by
18 Company Witness Fernandez, who explains how they were derived in his pre-filed
19 direct testimony (Co. Exh. 9.)

20 **Q. PLEASE EXPLAIN SCHEDULE B-2.1.**

21 A. Schedule B-2.1 breaks down each of the major account groups into their sub-
22 accounts, providing the same information as that included on Schedule B-2 at a more
23 detailed level.

1 **Q. PLEASE DESCRIBE SCHEDULE B-2.2.**

2 A. Schedule B-2.2 summarizes any adjustments that are to be made to Plant in Service.

3 In this proceeding, no adjustments to plant in service are deemed necessary.

4 **Q. PLEASE DESCRIBE SCHEDULE B-2.3.**

5 A. Schedule B-2.3 reconciles the Total Plant in Service balance for each of the listed

6 FERC accounts, summarizing additions or retirements for such accounts since the

7 date certain in each of the Company's last rate cases through May 31, 2007, the date

8 certain in this proceeding.

9 **Q. PLEASE DESCRIBE SCHEDULE B-2.4.**

10 A. Schedule B-2.4 sets forth the leased property held by the indicated company.

11 **Q. SCHEDULE B-2.4 INDICATES THAT THE LISTED LEASED PROPERTY IS**

12 **NOT INCLUDED IN RATE BASE. WHY IS THAT?**

13 A. The leases listed on Schedule B-2.4 for both OE and CEI are capitalized for

14 accounting purposes. However, both companies make monthly payments on these

15 leases -- similar in character to operating leases -- and, accordingly, it would be

16 inappropriate to include the capitalized lease balances in rate base.

17 **Q. PLEASE DESCRIBE SCHEDULE B-2.5.**

18 A. Schedule B-2.5 sets forth the property to be excluded from rate base. In this

19 proceeding, the Companies determined that none of the jurisdictionally allocated

20 plant in service should be excluded from rate base and, therefore, no additional

21 information is included on this schedule.

V. B-3 Schedules
Schedule B-3, B-3.1, B-3.2, B-3.3, and B-3.4

Q. YOU ALSO INDICATED THAT YOU WERE SPONSORING THE B-3 SCHEDULES. PLEASE GENERALLY DESCRIBE THESE SCHEDULES.

A. The B-3 schedules support depreciation reserves and are based on depreciation calculations using the depreciation accrual rates last approved by the Commission. They mirror the B-2 schedules, reflecting the depreciation reserves for the corresponding plant in service assets set forth in these schedules. Schedule B-3 mirrors Schedule B-2.1, setting forth total accumulated depreciation associated with each of the indicated accounts, both on a total company and an adjusted jurisdictional basis, with total company balances based on budgeted balances at May 31, 2007, and jurisdictionally allocated balances based on the allocation factors provided by Company Witness Fernandez. Because there are no adjustments to rate base included on Schedule B-2.2, there are no adjustments to accumulated depreciation being proposed in Schedule B-3.1. Similarly, because leases are being excluded from rate base in Schedule B-2.4, the corresponding accumulated amortization of those leases is also being excluded from rate base on Schedule B-3.4.

Q. WHAT ARE RESERVES FOR DEPRECIATION AND AMORTIZATION?

A. The reserve for depreciation is simply the accumulation of depreciation expense taken each year for each of the indicated accounts and is netted against total plant in service. Accumulated amortization is a similar accounting concept used for intangible assets.

Q. PLEASE DESCRIBE SCHEDULE B-3.2

1 A. Schedule B-3.2 sets forth the depreciation accrual rates and jurisdictional reserve
2 balances by FERC account at date certain.

3 **Q. PLEASE DESCRIBE SCHEDULE B-3.3.**

4 A. Schedule B-3.3 provides a history of depreciation accruals by FERC account
5 reconciling the balances from January 1, 1999 to those at date certain in this case
6 factoring in depreciation accruals, salvage, retirements, cost of removal and any
7 transfers or reclassifications.

8 **VI. CWIP – Schedules B-4, B-4.1, B-4.2**

9 **Q. PLEASE DESCRIBE SCHEDULE B-4, B-4.1, and B-4.2.**

10 A. These schedules are designed to provide certain information related to Construction
11 Work in Progress. However, since the Companies are not including a request for
12 CWIP in this proceeding, no information related to CWIP is included on these
13 schedules.

14 **Q. DOES THIS MEAN THAT THE COMPANIES HAVE NO CWIP?**

15 A. No. The Companies have CWIP, however, with the restructuring of the electric
16 industry, the projects that would qualify for CWIP in this proceeding are significantly
17 smaller than those included in past rate cases. Given the number and relative
18 magnitude of distribution related projects in progress, the Companies have elected not
19 to request CWIP in this proceeding.

20 **Q. HOW DOES THE EXCLUSION OF CWIP AFFECT THE RATES IN THIS**
21 **PROCEEDING?**

22 A. The exclusion of CWIP reduces rate base and, therefore, rates.

VII. Requested Accounting Treatment and Schedule C-3.4

Q. HAVE THE COMPANIES REQUESTED APPROVAL FROM THE COMMISSION FOR ANY ACCOUNTING MODIFICATIONS RELATED TO DEPRECIATION?

A. Yes, they have. In the Application, the Companies requested that the Commission approve the depreciation accrual rates established in the depreciation studies included as exhibits to my testimony. Based on these studies, it is my opinion that the resulting accrual rates are proper and should be approved.

Q. PLEASE DESCRIBE THE ADJUSTMENT SET FORTH ON SCHEDULE C-3.4.

A. The adjustment on Schedule C-3.4 adjusts depreciation expense based on two factors that are different from those used to calculate the expense included in test year data -- the accrual rates and the plant balances. For purposes of this adjustment, the plant balances at the end of the test year were multiplied by the accrual rates established in the depreciation studies attached to my testimony. The result of this calculation was deducted from depreciation expense included in test year data to determine the amount of the adjustment set forth on Schedule C-3.4. Schedules supporting this calculation are included in my workpapers at WPC-3.4.

Q. WHY WERE THE FORECASTED PLANT BALANCES AT THE END OF THE TEST YEAR USED TO CALCULATE THIS ADJUSTMENT?

A. Given that the rates requested in this proceeding will not go into effect before January 1, 2009, the use of plant balances at the end of the test year will better reflect

1 the depreciation expense that the Companies will incur during the period in which the
2 rates will be effective.

3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY ?**

4 **A. Yes it does.**

Attach. PRC-1

Ohio Edison Company

Ohio Edison Depreciation Study

Comparison of Average Service Lives, Net Salvage and Accrual Rates

Account	Description	As of 12/31/2008 SURVIVORS	CURRENT			AS/CURVE			PROPOSED			DIFFERENCE
			SALV	RATE	ACCURAL	SALV	RATE	ACCURAL	SALV	RATE	ACCURAL	
TRANSMISSION												
352	Structures & Improvements	10,807,821	51 R4	-5	2.06%	218,521	51 R4	-5	2.06%	218,521.11	-	
353	Station Equipment	90,975,686	50 R1	-10	2.20%	2,001,465	50 R2	-10	2.20%	2,001,465.09	-	
354	Towers & Fixtures	278,312	51 S4	-9	2.14%	5,956	60 R4	-9	1.82%	5,065.28	(891)	
355	Poles & Fixtures	22,349,334	48 R3	-43	2.98%	666,010	48 R3	-43	2.98%	666,010.15	-	
356	Overhead Conductors & Devices	27,927,907	55 R2	-40	2.55%	712,162	55 R2	-40	2.55%	712,161.63	-	
357	Underground Conduit	1,803,636	66 S3	0	1.52%	22,855	60 S3	0	1.67%	25,110.70	2,255	
358	Underground Conductors & Devices	4,739,936	45 R3	10	2.00%	94,799	45 R3	10	2.00%	94,798.72	-	
S-TOTAL		158,382,631	52	-13.86	2.35%	3,721,768	53	-13.86	2.35%	3,723,133	1,365	
DISTRIBUTION												
361	Structures & Improvements	6,431,755	51 R4	-25	2.45%	157,578	51 R4	-25	2.44%	156,934.82	(643)	
362	Station Equipment	159,516,413	49 R2	-25	2.55%	4,067,669	49 R3	-25	2.55%	4,067,668.53	-	
364	Poles, Towers & Fixtures	343,551,032	42 R2	-23	2.98%	10,237,821	48 R2.5	-35	2.93%	10,066,045.24	(171,776)	
365	Overhead Conductors & Devices	347,598,201	45 R2	-20	2.67%	9,278,416	50 R1.5	-35	2.70%	9,382,667.43	104,252	
366	Underground Conduit	60,503,351	66 S3	-5	1.59%	962,003	70 R4	-5	1.50%	907,550.27	(54,453)	
367	Underground Conductors & Devices	201,832,255	44 R2	9	2.07%	4,177,928	44 R4	9	2.07%	4,177,927.68	-	
368	Line Transformers	326,894,068	41 S0	-40	3.41%	11,147,088	40 SC	-40	3.50%	11,441,292.38	294,205	
369	Services	111,320,061	40 R3	-25	3.13%	3,484,318	40 R3	-25	3.13%	3,478,751.91	(5,566)	
370	Meters	109,387,989	34 S0.5	-10	3.24%	3,544,171	10 Years	0	See Note 1	6,297,457.76	2,753,287	
371	Installation on Customer Premises	19,225,412	22.5 SQ	0	4.44%	853,608	5 Years	0	See Note 2	2,185,816.72	1,332,208	
373	Street Lighting & Signal Systems	13,326,088	25 SC	-5	4.20%	559,696	25 SC	-5	4.20%	559,029.38	(666)	
S-TOTAL		1,689,494,625	42	-15.55	2.85%	48,470,284	39	-16.91	3.10%	52,721,142	4,250,848	
GENERAL												
390	Structures & Improvements	61,262,397	44 R2	-10	2.50%	1,531,580	44 R2	-10	2.50%	1,531,559.93	-	
3911	Office Furniture & Equipment	6,747,629	30 L1	5	3.17%	213,900	25 S1.5	5	3.80%	256,409.90	42,510	
3912	Data Processing Equipment	5,226,380	5 L1	25	15.00%	763,957	5 L1	15	17.00%	888,484.60	104,528	
392	Transportation Equipment	1,366,861	13 L4	5	7.36%	100,601	13 L4	5	5.91%	80,781.49	(19,819)	
393	Stores Equipment	1,493,783	39 R4	0	2.56%	37,473	39 R4	0	2.56%	37,472.84	-	
394	Tools, Shop & Garage Equipment	6,936,100	30 L0	5	3.17%	219,874	30 L0	5	3.17%	219,874.37	-	
395	Laboratory Equipment	6,580,082	36 S3	5	2.64%	173,714	25 C4	5	3.80%	250,043.12	76,329	
396	Power Operated Equipment	2,052,456	19 R4	20	4.16%	85,382	23 R1	20	3.47%	71,220.22	(14,162)	
397	Communications Equipment	2,032,168	17 L3	0	6.25%	127,011	20 L1	0	5.00%	101,608.40	(25,402)	
398	Miscellaneous Equipment	1,251,072	25 R2	0	4.00%	50,043	25 R2	0	4.00%	50,042.85	-	
S-TOTAL		94,918,928	26	5.5	3.50%	3,323,515	25	4.5	3.67%	3,487,498	163,983	
G-TOTAL		1,952,796,184				55,515,577				59,931,773	4,416,196	

Note 1: Account 370 - Meters is going to use an end of life date of 10 years from the time the rates are implemented. (12/31/18 if rates are implemented 1/1/09)
 Remaining Life Depreciation is calculated on a net plant basis and ensures that all plant, including any new additions are fully depreciated in a 10 year period.
 The depreciation rate increases monthly with the average rate of Year 1 being 10.5%

Note Account 371 - Installation on Customer Premises is going to use an end of life date of 5 years from the time the rates are implemented. (12/31/13 if rates are implemented 1/1/09)
 Remaining Life Depreciation is calculated on a net plant basis and ensures that all plant, including any new additions are fully depreciated in a 5 year period.
 The depreciation rate increases monthly with the average rate of Year 1 being 22.5%

The Ohio Edison Company Depreciation Study
Theoretical Reserve Summary
As of December 31, 2006

Account	Description	As of 12/31/2006 SURVIVORS	ACTUAL		PROPOSED		DIFFERENCE BETWEEN ACTUAL AND THEO. RESERVE
			BOOK RESERVE	PCT TO PLANT	THEO. RESERVE	PCT TO PLANT	
		(1)	(2)	(3) = (2/1)	(4)	(5) = (4/1)	(6) = (2-4)
TRANSMISSION							
352	Structures & Improvements	10,607,821	5,999,519	56.56%	5,353,914	50.47%	645,605
353	Station Equipment	90,975,886	41,891,213	46.05%	38,075,591	41.85%	3,815,622
354	Towers & Fixtures	278,312	283,135	101.73%	227,251	81.65%	56,884
355	Poles & Fixtures	22,349,334	16,014,842	71.66%	15,177,736	67.91%	837,106
356	Overhead Conductors & Devices	27,827,907	13,766,045	49.29%	13,549,343	48.52%	218,702
357	Underground Conduit	1,503,835	878,326	45.11%	704,466	46.85%	(26,140)
358	Underground Conductors & Devices	4,739,936	2,510,784	52.97%	2,438,259	51.40%	74,525
	S-TOTAL	158,382,831	81,143,864	51.23%	75,524,580	47.68%	5,619,304
DISTRIBUTION							
361	Structures & Improvements	6,431,755	3,869,331	57.05%	3,656,882	56.85%	12,449
362	Station Equipment	159,516,413	64,966,421	40.73%	70,919,322	44.48%	(5,952,901)
364	Poles, Towers & Fixtures	343,651,032	155,911,993	45.35%	167,649,524	48.80%	(11,837,531)
365	Overhead Conductors & Devices	347,506,201	121,474,057	34.86%	127,387,442	36.69%	(5,913,385)
366	Underground Conduit	60,503,351	15,611,548	25.80%	16,385,446	27.08%	(773,897)
367	Underground Conductors & Devices	201,832,255	41,688,709	20.65%	49,933,645	24.74%	(8,243,937)
368	Line Transformers	326,894,068	114,741,578	35.10%	94,482,786	28.90%	20,258,792
369	Services	111,320,061	56,186,195	50.45%	60,594,798	54.43%	(4,408,603)
370	Meters	108,387,989	46,413,411	42.43%	44,262,284	40.46%	2,151,127
371	Installation on Customer Premises	19,225,412	8,296,328	43.15%	6,423,977	33.41%	1,872,352
373	Street Lighting & Signal Systems	13,328,068	(6,049,802)	-45.40%	1,434,352	10.76%	(7,484,154)
	S-TOTAL	1,699,494,625	622,780,769	36.65%	643,130,457	37.84%	(20,339,888)
GENERAL							
390	Structures & Improvements	61,262,397	23,911,710	39.03%	22,654,706	36.98%	1,257,004
3911	Office Furniture & Equipment	6,747,939	1,776,411	26.33%	2,387,233	35.38%	(610,822)
3912	Data Processing Equipment	5,226,360	(69,445)	-1.33%	2,176,178	41.64%	(2,245,623)
392	Transportation Equipment	1,366,861	(954,162)	-47.86%	1,137,335	83.21%	(1,791,497)
393	Stores Equipment	1,463,763	660,617	45.13%	683,293	46.68%	(22,876)
394	Tools, Shop & Garage Equipment	8,936,100	1,805,881	20.04%	1,910,469	21.54%	(104,478)
395	Laboratory Equipment	6,580,082	2,305,191	35.03%	(1,742,796)	-28.49%	4,047,987
396	Power Operated Equipment	2,052,456	2,871,086	139.88%	941,201	45.86%	1,929,885
397	Communications Equipment	2,032,168	388,130	19.10%	125,067	6.15%	2,883,063
398	Miscellaneous Equipment	1,251,072	493,218	39.42%	483,799	38.67%	9,419
	S-TOTAL	94,918,928	33,488,747	35.28%	30,756,484	32.40%	2,732,263
	G-TOTAL	1,862,796,184	737,423,380	37.76%	749,411,501	38.38%	(11,988,120)

The Ohio Edison Company Depreciation Study
Theoretical Reserve Ratio Comparisons
As of December 31, 2006

		Ratio of Actual Reserve to Theoretical Reserve	Ratio of Reserve to Approved Rates	Percent of Plant Proposed Rates
Actual Depreciation Reserve as of 12/31/06 for Electric Plant	\$ 737,423,380.36	—	37.8%	—
Theoretical Reserve as of 12/31/06 per Proposed Rates	\$ 749,411,500.54	98.4%	—	38.4%
Plant In Service	\$ 1,952,796,184.07			

Ohio Edison Company**Average Life and Salvage Rate Determination**

Based On Year End 2006 Data Using Beginning Balance 1999

Account 352 Structures & Improvements**Life and Iowa Survivor Curve**

Current Life and Iowa Survivor Curve is 51 R4.

Actuarial Life Analysis

262 R3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 36 - 70 Years.

Recommendation

Continue with 51 R4 Based on Industry Standards and Actuarial Life Analysis.

Comments:

No change was recommended as our data for analysis was too limited to establish a trend. The previous study also indicated that there had been minimal retirements in this account, and that retirement history was insufficient.

Salvage Factor Estimates

Current Net salvage Rate is	-5%
Proposed Net salvage Rate	-5%

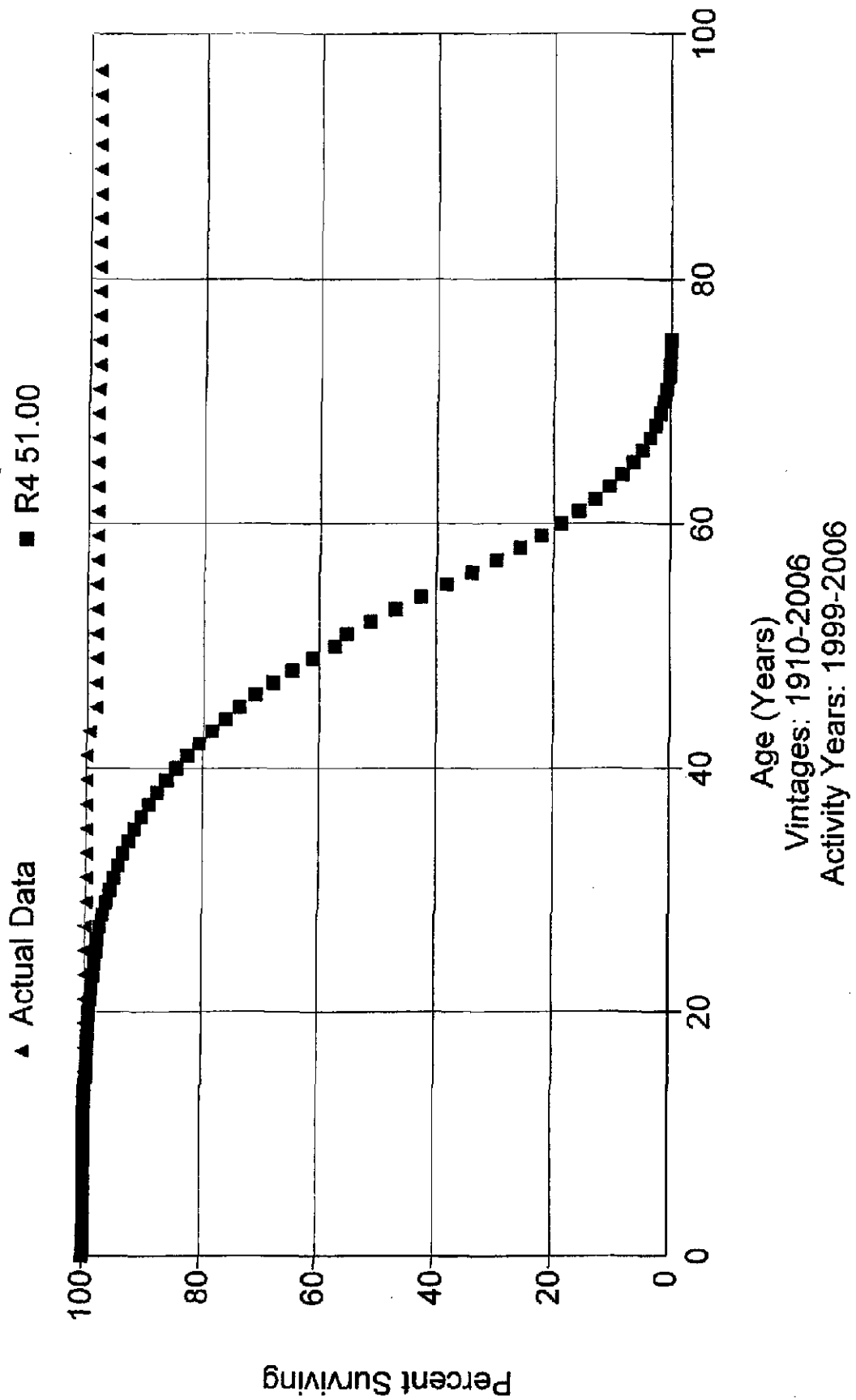
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 0% to -40%. The activity for this study suggests a rate of -3.5%; it is therefore acceptable to continue to use -5%.

Summary of Recommendations

51	Average Service Life
R4	Iowa Curve
-5	% Net Salvage

Ohio Edison Company Account 352 Structures/Improvements



Observed Life Table

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Scenario: Ohio 2007 Transmission Accounts

Account: OEEO 101/6-352 Structures/improve

Placement Band: 1910 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	156,567.20	0.00	0.00000	1.00000	100.00
0.5	538,096.16	0.00	0.00000	1.00000	100.00
1.5	560,586.67	0.00	0.00000	1.00000	100.00
2.5	1,598,948.75	0.00	0.00000	1.00000	100.00
3.5	2,691,726.71	0.00	0.00000	1.00000	100.00
4.5	3,004,960.86	0.00	0.00000	1.00000	100.00
5.5	3,522,095.35	0.00	0.00000	1.00000	100.00
6.5	4,868,012.19	0.00	0.00000	1.00000	100.00
7.5	5,691,561.11	0.00	0.00000	1.00000	100.00
8.5	4,917,987.10	0.00	0.00000	1.00000	100.00
9.5	4,321,141.28	0.00	0.00000	1.00000	100.00
10.5	3,603,283.67	0.00	0.00000	1.00000	100.00
11.5	5,216,371.95	0.00	0.00000	1.00000	100.00
12.5	5,081,778.03	0.00	0.00000	1.00000	100.00
13.5	2,582,443.70	0.00	0.00000	1.00000	100.00
14.5	2,396,009.43	0.00	0.00000	1.00000	100.00
15.5	5,545,105.02	0.00	0.00000	1.00000	100.00
16.5	5,282,451.48	0.00	0.00000	1.00000	100.00
17.5	2,615,958.14	0.00	0.00000	1.00000	100.00
18.5	3,241,161.49	0.00	0.00000	1.00000	100.00
19.5	4,326,042.94	0.00	0.00000	1.00000	100.00
20.5	4,184,846.62	0.00	0.00000	1.00000	100.00
21.5	3,415,288.28	0.00	0.00000	1.00000	100.00
22.5	3,491,932.32	0.00	0.00000	1.00000	100.00
23.5	3,351,918.44	0.00	0.00000	1.00000	100.00
24.5	2,579,640.75	0.00	0.00000	1.00000	100.00
25.5	2,508,601.36	0.00	0.00000	1.00000	100.00
26.5	3,190,631.57	0.00	0.00000	1.00000	100.00
27.5	3,192,711.73	0.00	0.00000	1.00000	100.00
28.5	2,208,836.85	625.26	0.00028	0.99972	100.00
29.5	1,482,503.39	0.00	0.00000	1.00000	99.97
30.5	1,686,046.04	0.00	0.00000	1.00000	99.97
31.5	1,752,873.44	0.00	0.00000	1.00000	99.97
32.5	1,324,853.34	0.00	0.00000	1.00000	99.97
33.5	892,883.29	0.00	0.00000	1.00000	99.97
34.5	779,142.54	0.00	0.00000	1.00000	99.97
35.5	836,474.48	0.00	0.00000	1.00000	99.97
36.5	1,156,177.68	0.00	0.00000	1.00000	99.97
37.5	1,126,179.63	0.00	0.00000	1.00000	99.97
38.5	1,019,001.59	0.00	0.00000	1.00000	99.97
39.5	856,599.82	0.00	0.00000	1.00000	99.97
40.5	575,508.93	483.61	0.00084	0.99916	99.97
41.5	855,777.01	2,358.43	0.00276	0.99724	99.89
42.5	1,009,013.11	0.00	0.00000	1.00000	99.61
43.5	669,757.78	0.00	0.00000	1.00000	99.61
44.5	580,697.92	8,095.83	0.01050	0.98950	99.61
45.5	555,425.24	0.00	0.00000	1.00000	98.56
46.5	541,822.00	0.00	0.00000	1.00000	98.56
47.5	628,977.36	102.51	0.00016	0.99984	98.56
48.5	669,750.59	496.18	0.00074	0.99926	98.54
49.5	1,389,688.48	0.00	0.00000	1.00000	98.47
50.5	1,235,383.30	0.19	0.00000	1.00000	98.47
51.5	1,258,415.66	0.00	0.00000	1.00000	98.47
52.5	1,156,715.74	0.00	0.00000	1.00000	98.47

Observed Life Table

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Scenario: Ohio 2007 Transmission Accounts

Account: OEEO 101/6-352 Structures/improve

Placement Band: 1910 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,020,158.82	0.00	0.00000	1.00000	98.47
54.5	980,639.78	0.00	0.00000	1.00000	98.47
55.5	878,303.04	0.00	0.00000	1.00000	98.47
56.5	57,146.17	0.00	0.00000	1.00000	98.47
57.5	48,456.01	0.00	0.00000	1.00000	98.47
58.5	61,635.12	0.00	0.00000	1.00000	98.47
59.5	53,820.30	0.00	0.00000	1.00000	98.47
60.5	333,401.19	0.00	0.00000	1.00000	98.47
61.5	373,477.07	0.00	0.00000	1.00000	98.47
62.5	407,674.22	0.00	0.00000	1.00000	98.47
63.5	399,704.44	0.00	0.00000	1.00000	98.47
64.5	396,946.20	0.00	0.00000	1.00000	98.47
65.5	389,978.01	0.00	0.00000	1.00000	98.47
66.5	379,998.01	0.00	0.00000	1.00000	98.47
67.5	146,443.39	0.00	0.00000	1.00000	98.47
68.5	280,290.21	0.00	0.00000	1.00000	98.47
69.5	378,528.57	0.00	0.00000	1.00000	98.47
70.5	1,077,713.47	0.00	0.00000	1.00000	98.47
71.5	1,140,204.42	0.00	0.00000	1.00000	98.47
72.5	1,172,884.35	0.00	0.00000	1.00000	98.47
73.5	1,138,373.75	0.00	0.00000	1.00000	98.47
74.5	1,276,834.78	0.00	0.00000	1.00000	98.47
75.5	1,306,501.00	0.00	0.00000	1.00000	98.47
76.5	1,221,345.05	0.00	0.00000	1.00000	98.47
77.5	425,009.28	0.00	0.00000	1.00000	98.47
78.5	347,305.81	0.00	0.00000	1.00000	98.47
79.5	370,784.63	0.00	0.00000	1.00000	98.47
80.5	307,361.90	0.00	0.00000	1.00000	98.47
81.5	272,182.53	0.00	0.00000	1.00000	98.47
82.5	122,564.08	0.00	0.00000	1.00000	98.47
83.5	40,888.13	0.00	0.00000	1.00000	98.47
84.5	87,862.36	0.00	0.00000	1.00000	98.47
85.5	91,770.37	0.00	0.00000	1.00000	98.47
86.5	92,392.55	0.00	0.00000	1.00000	98.47
87.5	86,371.51	0.00	0.00000	1.00000	98.47
88.5	84,402.22	0.00	0.00000	1.00000	98.47
89.5	84,402.22	0.00	0.00000	1.00000	98.47
90.5	61,483.34	0.00	0.00000	1.00000	98.47
91.5	61,483.34	0.00	0.00000	1.00000	98.47
92.5	6,571.28	0.00	0.00000	1.00000	98.47
93.5	671.78	0.00	0.00000	1.00000	98.47
94.5	49.60	0.00	0.00000	1.00000	98.47
95.5	49.60	0.00	0.00000	1.00000	98.47
96.5	0.00	0.00	0.00000	0.00000	98.47

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OEEO 352 Structures/Improvements	1999	4,994.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 352 Structures/Improvements	2001	122,405.05	85.90	0.07	0.00	0.00	4,610.16	3.77	(4,524.26)	-3.70	-3.70
OEEO 352 Structures/Improvements	2002	5,011.16	7,550.00	150.66	0.00	0.00	7,668.09	153.02	(118.09)	-2.36	-2.36
OEEO 352 Structures/Improvements	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		132,411.15	7,635.90	5.77	0.00	0.00	12,278.25	9.27	(4,642.35)	-3.51	

Whole Life Depreciation Accrual

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Account: OECO 101/6-352 Structures/improve

Dispersion: 51 - R4

Average Net Salvage Rate: -5.00%

Pre Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre-2007 Additions	\$10,607,820.76		\$216,188.77	2.038000
Whole Life		51	\$218,396.36	
Amortization		0		
Retirements \$	214,451.40	51	\$2,207.59	
2007 Additions	\$0.00			0.000000
Whole Life				
Retirements	\$0.00	0.00		
Total:	\$10,607,820.76 *		\$216,188.77	2.038000
Average:	\$10,500,595.06		\$216,188.77	2.058824
Grand Total:	\$10,607,820.76 *		\$216,188.77	2.038000

* Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-352 Structures/improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc. Factor	Computed Net Plant	Accrual
2004	2.50	\$0.00	51.00	48.50	0.9986	1.0000	\$0.00	\$0.00
2002	4.50	\$519,342.48	51.00	46.51	0.9575	1.0000	\$497,263.70	\$10,692.35
2001	5.50	\$0.00	51.00	45.51	0.9370	1.0000	\$0.00	\$0.00
2000	6.50	\$14,897.77	51.00	44.51	0.9164	1.0000	\$13,652.97	\$306.72
1999	7.50	\$0.00	51.00	43.52	0.8959	1.0000	\$0.00	\$0.00
1998	8.50	\$0.00	51.00	42.52	0.8755	1.0000	\$0.00	\$0.00
1997	9.50	\$0.00	51.00	41.53	0.8560	1.0000	\$0.00	\$0.00
1996	10.50	\$683,625.28	51.00	40.54	0.8346	1.0000	\$487,092.52	\$12,015.81
1995	11.50	\$19,861.45	51.00	39.55	0.8142	1.0000	\$16,171.30	\$408.91
1994	12.50	\$383,764.90	51.00	38.56	0.7939	1.0000	\$304,656.44	\$7,901.04
1993	13.50	\$822,284.64	51.00	37.57	0.7736	1.0000	\$636,107.46	\$16,929.39
1992	14.50	\$399,046.05	51.00	36.59	0.7534	1.0000	\$300,822.02	\$8,215.65
1991	15.50	\$692,006.56	51.00	35.61	0.7332	1.0000	\$507,372.77	\$14,247.19
1990	16.50	\$673,457.83	51.00	34.64	0.7131	1.0000	\$480,240.98	\$13,865.31
1989	17.50	\$44,152.29	51.00	33.66	0.6931	1.0000	\$30,601.72	\$909.02
1988	18.50	\$64,358.10	51.00	32.70	0.6732	1.0000	\$43,325.26	\$1,325.02
1987	19.50	\$18,376.10	51.00	31.74	0.6534	1.0000	\$12,006.80	\$378.33
1986	20.50	\$420,885.45	51.00	30.78	0.6337	1.0000	\$266,722.47	\$8,665.29
1985	21.50	\$80,909.12	51.00	29.83	0.6142	1.0000	\$49,630.90	\$1,663.72
1984	22.50	\$184,407.16	51.00	28.89	0.5948	1.0000	\$109,681.60	\$3,796.62
1983	23.50	\$337,885.94	51.00	27.96	0.5755	1.0000	\$194,470.03	\$6,956.48
1982	24.50	\$412,321.61	51.00	27.03	0.5565	1.0000	\$229,452.25	\$8,488.97
1981	25.50	\$346,489.02	51.00	26.11	0.5376	1.0000	\$186,280.10	\$7,133.60
1980	26.50	\$66,122.85	51.00	25.21	0.5190	1.0000	\$33,796.23	\$1,340.76
1979	27.50	\$325,977.08	51.00	24.31	0.5005	1.0000	\$183,158.18	\$6,711.29
1978	28.50	\$467,864.89	51.00	23.43	0.4823	1.0000	\$225,654.27	\$9,632.51
1977	29.50	\$542,760.97	51.00	22.55	0.4643	1.0000	\$252,025.61	\$11,174.49
1976	30.50	\$120,767.69	51.00	21.69	0.4466	1.0000	\$53,934.47	\$2,488.19
1975	31.50	\$326,951.83	51.00	20.85	0.4292	1.0000	\$140,325.50	\$6,731.36
1974	32.50	\$231,618.88	51.00	20.01	0.4120	1.0000	\$95,435.59	\$4,768.62
1973	33.50	\$158,988.86	51.00	19.19	0.3952	1.0000	\$62,023.89	\$3,231.51
1972	34.50	\$101,710.91	51.00	18.39	0.3786	1.0000	\$38,506.44	\$2,094.05
1971	35.50	\$95,624.82	51.00	17.60	0.3623	1.0000	\$34,646.27	\$1,968.75

Generation Arrangement Report

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Account: OECO 101/6-352 Structures/Improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1970	36.50	\$87,570.25	51.00	16.82	0.3463	1.0000	\$30,329.09	\$1,802.92
1969	37.50	\$93,461.32	51.00	16.06	0.3307	1.0000	\$30,905.33	\$1,924.20
1968	38.50	\$129,293.17	51.00	15.32	0.3154	1.0000	\$40,776.42	\$2,861.92
1967	39.50	\$173,018.35	51.00	14.59	0.3003	1.0000	\$51,962.04	\$3,562.14
1966	40.50	\$33,621.72	51.00	13.87	0.2856	1.0000	\$9,601.47	\$692.21
1965	41.50	\$95,203.43	51.00	13.17	0.2711	1.0000	\$25,809.70	\$1,960.07
1964	42.50	\$17,864.38	51.00	12.48	0.2569	1.0000	\$4,538.02	\$363.68
1963	43.50	\$55,840.20	51.00	11.80	0.2430	1.0000	\$13,568.24	\$1,149.65
1962	44.50	\$21,692.88	51.00	11.14	0.2294	1.0000	\$4,975.95	\$446.62
1961	45.50	\$29,529.83	51.00	10.50	0.2162	1.0000	\$6,383.69	\$607.97
1960	46.50	\$35,583.88	51.00	9.88	0.2035	1.0000	\$7,239.68	\$732.61
1959	47.50	\$42,507.46	51.00	9.29	0.1913	1.0000	\$8,131.17	\$875.15
1958	48.50	\$44,630.52	51.00	8.73	0.1797	1.0000	\$8,022.05	\$918.86
1957	49.50	\$78,716.69	51.00	8.20	0.1689	1.0000	\$13,291.44	\$1,620.64
1956	50.50	\$136,271.16	51.00	7.70	0.1586	1.0000	\$21,615.81	\$2,805.58
1955	51.50	\$38,154.64	51.00	7.24	0.1491	1.0000	\$5,686.96	\$785.54
1954	52.50	\$36,765.65	51.00	6.80	0.1401	1.0000	\$5,150.84	\$756.94
1953	53.50	\$44,541.58	51.00	6.40	0.1317	1.0000	\$5,867.60	\$917.03
1952	54.50	\$21,139.40	51.00	6.02	0.1239	1.0000	\$2,619.15	\$435.22
1951	55.50	\$94,169.21	51.00	5.66	0.1185	1.0000	\$10,974.23	\$1,938.78
1950	56.50	\$24,710.51	51.00	5.32	0.1096	1.0000	\$2,708.11	\$508.75
1949	57.50	\$31,187.13	51.00	5.00	0.1030	1.0000	\$3,212.64	\$642.09
1948	58.50	\$1,841.84	51.00	4.70	0.0967	1.0000	\$176.13	\$37.91
1947	59.50	\$4,858.73	51.00	4.41	0.0907	1.0000	\$422.55	\$95.92
1946	60.50	\$6,150.86	51.00	4.12	0.0849	1.0000	\$522.08	\$126.64
1945	61.50	\$3,236.22	51.00	3.85	0.0792	1.0000	\$256.40	\$66.63
1944	62.50	\$1,122.82	51.00	3.58	0.0737	1.0000	\$82.75	\$23.11
1943	63.50	\$64.83	51.00	3.32	0.0683	1.0000	\$4.43	\$1.33
1942	64.50	\$2,426.18	51.00	3.05	0.0627	1.0000	\$152.14	\$49.95
1941	65.50	\$6,386.89	51.00	2.79	0.0574	1.0000	\$366.58	\$131.49
1940	66.50	\$11,216.36	51.00	2.53	0.0522	1.0000	\$585.22	\$230.93
1939	67.50	\$15,132.65	51.00	2.29	0.0471	1.0000	\$712.16	\$311.55
1938	68.50	\$741.12	51.00	2.04	0.0421	1.0000	\$31.18	\$15.26

Account: OECO 101/6-352 Structures/improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1937	69.50	\$29,082.13	51.00	1.81	0.0372	1.0000	\$1,082.08	\$598.34
1936	70.50	\$36,518.61	51.00	1.58	0.0326	1.0000	\$1,189.11	\$751.85
1935	71.50	\$381.47	51.00	1.36	0.0281	1.0000	\$10.71	\$7.85
1934	72.50	\$635.60	51.00	1.16	0.0238	1.0000	\$15.12	\$13.09
1933	73.50	\$375.31	51.00	0.96	0.0197	1.0000	\$7.40	\$7.73
1932	74.50	\$311.35	51.00	0.77	0.0159	1.0000	\$4.94	\$6.41
1931	75.50	\$457.30	51.00	0.59	0.0122	1.0000	\$5.56	\$9.42
1930	76.50	\$83,697.91	51.00	0.26	0.0053	1.0000	\$441.68	\$1,723.19
1929	77.50	\$151,192.75	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1928	78.50	\$21,970.44	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1927	79.50	\$16,435.78	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1926	80.50	\$84,797.89	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1925	81.50	\$6,703.39	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1924	82.50	\$131,100.15	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1923	83.50	\$70,237.33	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1922	84.50	\$7,937.83	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1921	85.50	\$8,012.53	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1920	86.50	\$0.00	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1919	87.50	\$0.00	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1918	88.50	\$2,018.89	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1917	89.50	\$0.00	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1916	90.50	\$22,918.88	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1914	92.50	\$54,912.06	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1913	93.50	\$5,899.50	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1912	94.50	\$522.18	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1910	96.50	\$49.80	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$10,607,820.76	51.00	26.49	0.5453	1.0000	\$5,784,297.64	\$206,356.12

Depreciation Reserve Summary

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Account: DECO 101/8-352 Structures/Improve
 Scenario: Ohio 2007 Transmission Accounts ADR
 Dispersion: 51 - R4

Average Net Salvage Rate: -5.00%
 Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$10,607,820.76	\$5,999,519.30	0.5656	\$5,138,692.50	0.4844
Computed	\$10,607,820.76	\$5,353,914.16	0.5047	\$5,784,297.64	0.5453
Difference		\$645,605.14	0.0609	(\$645,605.14)	-0.0609

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 353 Station Equipment

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 50 R1.

Actuarial Life Analysis

291 R1.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 10 - 60 Years

Recommendation

Use 50 R2 Based on Industry Standards and Actuarial Life Analysis.

Comments:

There is limited retirement activity in this account. Chose 50 R2 as it remains a viable choice when reviewing the EEI Industry Standards Statistics.

Salvage Factor Estimates

Current Net salvage Rate is	-10%
Proposed Net salvage Rate	-10%

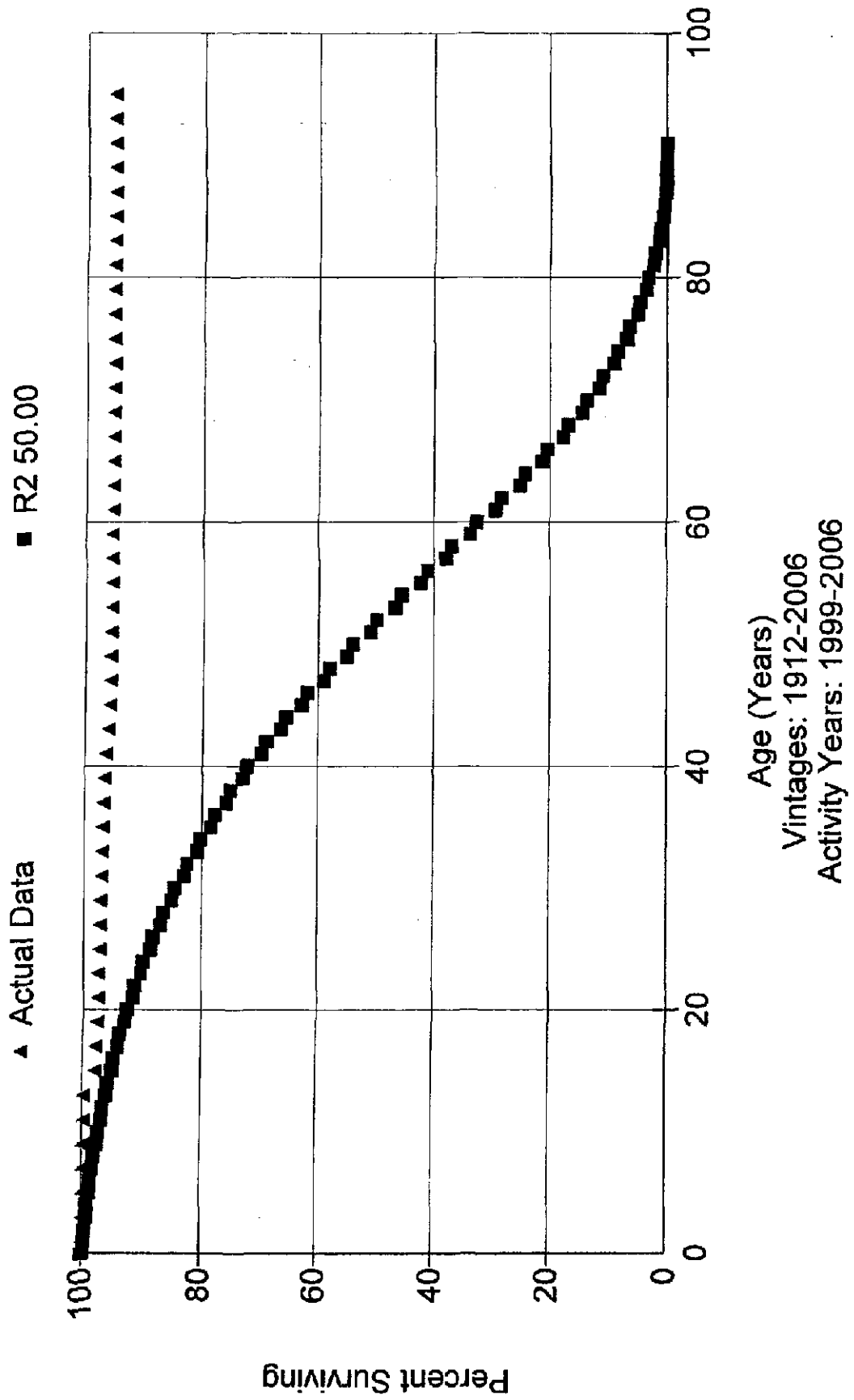
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 30% to -25%. The 1999-2006 activity used for this study suggests a rate of -4%; due to the limited years it is recommended to continue to use -10%.

Summary of Recommendations

<u>50</u>	Average Service Life
<u>R2</u>	Iowa Curve
<u>-10%</u>	% Net Salvage

Ohio Edison Company Account 353 Station Equipment



Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: OECO 101/6-353 Station equipment

Placement Band: 1912 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	-15,037,479.02	0.00	0.00000	1.00000	100.00
0.5	8,203,373.43	0.00	0.00000	1.00000	100.00
1.5	14,925,780.88	0.00	0.00000	1.00000	100.00
2.5	38,888,612.13	0.00	0.00000	1.00000	100.00
3.5	49,928,678.11	3,381.82	0.00007	0.99993	100.00
4.5	40,435,019.01	0.00	0.00000	1.00000	99.99
5.5	50,531,667.61	0.00	0.00000	1.00000	99.99
6.5	46,519,273.29	16,277.95	0.00035	0.99965	99.99
7.5	53,377,070.91	3,216.00	0.00006	0.99994	99.96
8.5	53,245,158.72	2.00	0.00000	1.00000	99.95
9.5	46,075,519.65	67,860.96	0.00147	0.99853	99.95
10.5	41,231,443.44	5,697.00	0.00014	0.99986	99.80
11.5	58,211,406.42	2,825.31	0.00005	0.99995	99.79
12.5	54,496,640.91	0.00	0.00000	1.00000	99.79
13.5	35,101,729.94	668,846.13	0.01905	0.98095	99.79
14.5	35,399,318.14	2,107.00	0.00006	0.99994	97.89
15.5	33,117,274.86	1.00	0.00000	1.00000	97.88
16.5	27,223,537.69	14,624.00	0.00054	0.99946	97.88
17.5	34,071,836.23	64,073.00	0.00188	0.99812	97.83
18.5	33,644,285.32	24,952.23	0.00074	0.99926	97.65
19.5	34,473,396.49	7,886.36	0.00023	0.99977	97.58
20.5	36,883,755.21	3,652.29	0.00010	0.99990	97.56
21.5	36,309,227.92	672.95	0.00002	0.99998	97.55
22.5	37,309,901.84	1,379.00	0.00004	0.99996	97.55
23.5	34,224,175.94	63,738.02	0.00186	0.99814	97.55
24.5	27,234,204.40	5,025.23	0.00018	0.99982	97.37
25.5	27,228,083.81	0.00	0.00000	1.00000	97.35
26.5	30,617,372.11	951.00	0.00003	0.99997	97.35
27.5	31,675,047.25	3,645.70	0.00012	0.99988	97.35
28.5	20,616,494.80	7,181.99	0.00035	0.99965	97.34
29.5	15,437,815.06	1,532.72	0.00010	0.99990	97.31
30.5	16,782,329.37	41,044.00	0.00245	0.99755	97.30
31.5	19,411,017.69	0.00	0.00000	1.00000	97.06
32.5	15,768,150.66	4,583.64	0.00029	0.99971	97.06
33.5	9,419,695.19	5,777.28	0.00061	0.99939	97.03
34.5	8,167,193.15	496.78	0.00006	0.99994	96.97
35.5	6,763,755.37	56.26	0.00001	0.99999	96.96
36.5	11,416,889.97	8,750.00	0.00077	0.99923	96.96
37.5	12,190,797.39	11,578.99	0.00095	0.99905	96.89
38.5	7,811,643.27	7,058.00	0.00090	0.99910	96.80
39.5	8,462,776.98	4,492.72	0.00053	0.99947	96.71
40.5	7,790,327.68	12,360.11	0.00159	0.99841	96.66
41.5	11,277,649.68	28,032.94	0.00249	0.99751	96.51
42.5	13,437,950.29	21,752.88	0.00162	0.99838	96.27
43.5	12,216,541.29	7,205.10	0.00059	0.99941	96.11
44.5	11,774,119.94	28,947.80	0.00246	0.99754	96.05
45.5	10,372,136.21	586.95	0.00006	0.99994	95.81
46.5	10,122,025.03	0.55	0.00000	1.00000	95.80
47.5	10,316,764.03	993.52	0.00010	0.99990	95.80
48.5	10,937,200.81	3,710.76	0.00034	0.99966	95.79
49.5	9,806,225.44	0.00	0.00000	1.00000	95.76
50.5	8,197,406.24	2,875.83	0.00035	0.99965	95.76
51.5	6,682,821.41	9,620.47	0.00144	0.99856	95.73
52.5	5,487,325.72	0.00	0.00000	1.00000	95.59

Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: OECO 101/6-353 Station equipment

Placement Band: 1912 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	4,762,001.40	307.05	0.00006	0.99994	95.59
54.5	3,833,975.66	0.00	0.00000	1.00000	95.58
55.5	2,729,930.46	0.00	0.00000	1.00000	95.58
56.5	1,893,599.35	0.00	0.00000	1.00000	95.58
57.5	1,691,928.13	0.00	0.00000	1.00000	95.58
58.5	1,371,794.65	2,109.00	0.00154	0.99846	95.58
59.5	1,041,776.12	0.00	0.00000	1.00000	95.43
60.5	1,067,345.26	0.00	0.00000	1.00000	95.43
61.5	992,634.63	0.00	0.00000	1.00000	95.43
62.5	832,741.30	0.10	0.00000	1.00000	95.43
63.5	787,748.84	0.00	0.00000	1.00000	95.43
64.5	537,594.75	0.00	0.00000	1.00000	95.43
65.5	382,250.11	0.00	0.00000	1.00000	95.43
66.5	212,963.63	0.00	0.00000	1.00000	95.43
67.5	297,001.11	0.00	0.00000	1.00000	95.43
68.5	544,290.34	0.00	0.00000	1.00000	95.43
69.5	931,274.35	0.00	0.00000	1.00000	95.43
70.5	1,104,019.36	0.00	0.00000	1.00000	95.43
71.5	948,013.57	0.00	0.00000	1.00000	95.43
72.5	981,944.07	258.00	0.00026	0.99974	95.43
73.5	987,053.17	0.00	0.00000	1.00000	95.41
74.5	1,005,389.66	0.00	0.00000	1.00000	95.41
75.5	865,726.88	0.00	0.00000	1.00000	95.41
76.5	601,514.77	0.00	0.00000	1.00000	95.41
77.5	325,887.12	0.00	0.00000	1.00000	95.41
78.5	211,624.81	0.00	0.00000	1.00000	95.41
79.5	149,194.12	0.00	0.00000	1.00000	95.41
80.5	102,384.87	0.00	0.00000	1.00000	95.41
81.5	95,509.07	0.00	0.00000	1.00000	95.41
82.5	29,390.96	0.00	0.00000	1.00000	95.41
83.5	5,742.23	0.00	0.00000	1.00000	95.41
84.5	5,923.35	0.00	0.00000	1.00000	95.41
85.5	4,888.12	0.00	0.00000	1.00000	95.41
86.5	5,141.02	0.00	0.00000	1.00000	95.41
87.5	3,465.07	0.00	0.00000	1.00000	95.41
88.5	3,465.07	0.00	0.00000	1.00000	95.41
89.5	3,465.07	0.00	0.00000	1.00000	95.41
90.5	2,323.75	0.00	0.00000	1.00000	95.41
91.5	2,080.36	0.00	0.00000	1.00000	95.41
92.5	254.90	0.00	0.00000	1.00000	95.41
93.5	254.90	0.00	0.00000	1.00000	95.41
94.5	0.00	0.00	0.00000	0.00000	95.41

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 353 Station Equipment	1999	56,380.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OECO 353 Station Equipment	2000	0.00	10,000.00	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00
OECO 353 Station Equipment	2001	559,888.74	625.44	0.11	0.00	0.00	25,344.66	4.53	(24,719.22)	-4.42	-4.42
OECO 353 Station Equipment	2002	42,964.07	0.00	0.00	0.00	0.00	1,898.30	4.42	(1,898.30)	-4.42	-4.42
OECO 353 Station Equipment	2003	16,518.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OECO 353 Station Equipment	2004	0.00	6,099.21	0.00	0.00	0.00	10,034.06	0.00	(3,934.85)	0.00	0.00
OECO 353 Station Equipment	2005	16,797.12	6,220.00	37.03	0.00	0.00	0.00	0.00	6,220.00	37.03	37.03
OECO 353 Station Equipment	2006	12,309.36	0.00	0.00	0.00	0.00	4,370.66	35.51	(4,370.66)	-35.51	-35.51
		703,869.19	22,944.65	3.26	0.00	0.00	51,647.68	7.34	(28,703.03)	-4.08	

Whole Life Depreciation Accrual

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Account: OECD 101/6-353 Station equipment

Dispersion: 50 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$90,975,686.42		\$1,987,150.34	2.184266
Whole Life		50	\$2,001,459.49	
Amortization		0	\$0.00	
Retirements	\$1,300,832.39	50	\$14,309.16	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$90,975,686.42 *		\$1,987,150.34	2.184266
Average:	\$90,325,270.23		\$1,987,150.34	2.199994
Grand Total:	\$90,975,686.42 *		\$1,987,150.34	2.184266

* Excluding 2007 Retirements

Generation Arrangement Report

Vol. 4B, Attach. PRC-1, p. 21

Account: OECO 191/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$545,261.30	50.00	49.55	1.0900	1.0000	\$594,357.04	\$11,995.75
2005	1.50	\$152,066.93	50.00	48.65	1.0702	1.0000	\$162,741.17	\$3,345.47
2004	2.50	\$125,251.35	50.00	47.75	1.0505	1.0000	\$131,573.12	\$2,755.53
2003	3.50	\$41,239.00	50.00	46.86	1.0309	1.0000	\$42,511.64	\$907.26
2002	4.50	\$4,221,136.79	50.00	45.97	1.0114	1.0000	\$4,269,101.44	\$92,865.01
2001	5.50	\$66,974.79	50.00	45.09	0.9920	1.0000	\$66,438.08	\$1,473.45
2000	6.50	\$5,277,851.18	50.00	44.22	0.9727	1.0000	\$5,133,953.37	\$116,112.73
1999	7.50	\$324,079.39	50.00	43.35	0.9536	1.0000	\$309,047.00	\$7,129.75
1998	8.50	\$1,490,760.27	50.00	42.48	0.9346	1.0000	\$1,393,308.41	\$32,796.73
1987	9.50	\$815,604.04	50.00	41.63	0.9158	1.0000	\$863,753.55	\$13,543.29
1996	10.50	\$3,082,988.48	50.00	40.77	0.8970	1.0000	\$2,765,593.88	\$67,825.75
1995	11.50	\$2,489,331.37	50.00	39.93	0.8785	1.0000	\$2,186,808.73	\$54,765.29
1994	12.50	\$2,973,419.79	50.00	39.09	0.8600	1.0000	\$2,557,244.75	\$85,415.24
1993	13.50	\$5,907,807.02	50.00	38.26	0.8417	1.0000	\$4,972,891.97	\$129,971.75
1992	14.50	\$7,599,634.10	50.00	37.44	0.8236	1.0000	\$6,259,127.74	\$167,191.95
1991	15.50	\$3,786,570.92	50.00	36.62	0.8056	1.0000	\$3,050,558.19	\$83,304.56
1990	16.50	\$4,955,504.49	50.00	35.81	0.7878	1.0000	\$3,903,907.16	\$109,021.10
1989	17.50	\$1,619,955.41	50.00	35.01	0.7701	1.0000	\$1,247,558.46	\$35,639.02
1988	18.50	\$925,720.68	50.00	34.21	0.7526	1.0000	\$696,712.27	\$20,365.85
1987	19.50	\$94,090.37	50.00	33.42	0.7353	1.0000	\$89,181.68	\$2,069.99
1986	20.50	\$1,352,508.55	50.00	32.64	0.7181	1.0000	\$971,227.33	\$29,755.19
1985	21.50	\$914,970.87	50.00	31.87	0.7011	1.0000	\$641,478.37	\$20,129.36
1984	22.50	\$1,150,373.93	50.00	31.10	0.6843	1.0000	\$787,159.59	\$25,308.23
1983	23.50	\$1,428,311.02	50.00	30.35	0.6676	1.0000	\$953,557.05	\$31,422.84
1982	24.50	\$1,500,773.07	50.00	29.60	0.6511	1.0000	\$977,216.68	\$33,017.01
1981	25.50	\$1,853,513.89	50.00	28.86	0.6349	1.0000	\$1,049,755.71	\$36,377.30
1980	26.50	\$1,558,819.68	50.00	28.13	0.6188	1.0000	\$964,549.57	\$34,294.03
1979	27.50	\$1,975,159.94	50.00	27.40	0.6029	1.0000	\$1,190,757.63	\$43,453.52
1978	28.50	\$4,444,860.57	50.00	26.69	0.5872	1.0000	\$2,609,857.24	\$97,788.93
1977	29.50	\$3,448,275.52	50.00	25.98	0.5717	1.0000	\$1,971,238.31	\$75,862.06
1976	30.50	\$850,550.18	50.00	25.29	0.5564	1.0000	\$473,214.42	\$18,712.10
1975	31.50	\$2,169,431.95	50.00	24.60	0.5413	1.0000	\$1,174,258.31	\$47,727.50
1974	32.50	\$2,139,456.65	50.00	23.93	0.5264	1.0000	\$1,126,201.15	\$47,068.05
1973	33.50	\$1,318,940.91	50.00	23.26	0.5117	1.0000	\$674,947.89	\$29,016.70

Generation Arrangement Report

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Account: OECO 101/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	\$785,928.11	50.00	22.60	0.4973	1.0000	\$390,836.68	\$17,290.42
1971	35.50	\$1,077,077.19	50.00	21.96	0.4831	1.0000	\$520,307.66	\$23,695.70
1970	36.50	\$641,049.73	50.00	21.32	0.4891	1.0000	\$300,707.24	\$14,103.09
1969	37.50	\$946,372.86	50.00	20.70	0.4553	1.0000	\$430,914.80	\$20,820.20
1968	38.50	\$867,273.61	50.00	20.08	0.4418	1.0000	\$383,173.99	\$19,080.02
1967	39.50	\$576,792.35	50.00	19.48	0.4285	1.0000	\$247,172.57	\$12,689.43
1966	40.50	\$326,242.27	50.00	18.89	0.4155	1.0000	\$135,552.71	\$7,177.33
1965	41.50	\$275,630.00	50.00	18.30	0.4027	1.0000	\$110,998.28	\$6,063.86
1964	42.50	\$290,922.59	50.00	17.74	0.3902	1.0000	\$113,509.36	\$6,400.30
1963	43.50	\$211,677.23	50.00	17.18	0.3779	1.0000	\$79,989.83	\$4,656.90
1962	44.50	\$194,124.96	50.00	16.63	0.3659	1.0000	\$71,022.24	\$4,270.75
1961	45.50	\$194,979.44	50.00	16.09	0.3541	1.0000	\$69,039.91	\$4,289.55
1960	46.50	\$176,091.12	50.00	15.57	0.3426	1.0000	\$60,324.19	\$3,874.00
1959	47.50	\$308,771.62	50.00	15.06	0.3313	1.0000	\$102,304.77	\$6,792.98
1958	48.50	\$328,461.84	50.00	14.56	0.3203	1.0000	\$105,219.18	\$7,226.16
1957	49.50	\$1,901,286.70	50.00	14.07	0.3096	1.0000	\$588,673.50	\$41,828.31
1956	50.50	\$1,490,870.75	50.00	13.60	0.2992	1.0000	\$446,007.02	\$32,799.16
1955	51.50	\$1,196,774.12	50.00	13.13	0.2890	1.0000	\$345,820.19	\$26,329.03
1954	52.50	\$535,132.63	50.00	12.68	0.2790	1.0000	\$149,312.91	\$11,772.92
1953	53.50	\$840,937.54	50.00	12.24	0.2693	1.0000	\$226,497.10	\$18,500.63
1952	54.50	\$709,148.91	50.00	11.81	0.2599	1.0000	\$184,316.36	\$15,601.28
1951	55.50	\$828,818.35	50.00	11.40	0.2507	1.0000	\$207,817.16	\$18,234.00
1950	56.50	\$1,063,292.15	50.00	10.99	0.2418	1.0000	\$257,113.36	\$23,392.43
1949	57.50	\$390,485.08	50.00	10.60	0.2331	1.0000	\$91,031.26	\$8,590.67
1948	58.50	\$501,316.11	50.00	10.21	0.2247	1.0000	\$112,630.18	\$11,028.95
1947	59.50	\$334,297.10	50.00	9.84	0.2164	1.0000	\$72,354.14	\$7,354.54
1946	60.50	\$103,558.58	50.00	9.47	0.2084	1.0000	\$21,584.18	\$2,278.29
1945	61.50	\$186,770.11	50.00	9.12	0.2006	1.0000	\$33,457.20	\$3,668.94
1944	62.50	\$3,882.33	50.00	8.77	0.1930	1.0000	\$749.32	\$85.41
1943	63.50	\$53,102.93	50.00	8.44	0.1856	1.0000	\$9,854.77	\$1,168.26
1942	64.50	\$257,476.85	50.00	8.11	0.1783	1.0000	\$45,913.97	\$5,664.49
1941	65.50	\$199,518.78	50.00	7.78	0.1712	1.0000	\$34,161.39	\$4,389.41
1940	66.50	\$150,929.01	50.00	7.47	0.1643	1.0000	\$24,790.94	\$3,320.44
1939	67.50	\$17,199.57	50.00	7.16	0.1574	1.0000	\$2,707.47	\$378.39

Account: OECO 101/6-353 Station equipment

Dispersion: 50.00 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1938	68.50	\$21,899.14	50.00	6.88	0.1507	1.0000	\$3,299.78	\$481.78
1937	69.50	\$75,568.95	50.00	6.55	0.1440	1.0000	\$10,885.50	\$1,662.52
1936	70.50	\$14,690.43	50.00	6.25	0.1375	1.0000	\$2,019.66	\$323.19
1935	71.50	\$14,689.57	50.00	5.95	0.1310	1.0000	\$1,921.41	\$322.73
1934	72.50	\$8,742.30	50.00	5.66	0.1245	1.0000	\$1,088.59	\$192.33
1933	73.50	\$6,010.52	50.00	5.37	0.1181	1.0000	\$709.81	\$132.23
1932	74.50	\$3,266.82	50.00	5.08	0.1117	1.0000	\$364.88	\$71.87
1931	75.50	\$93,800.71	50.00	4.79	0.1053	1.0000	\$9,878.13	\$2,063.82
1930	76.50	\$125,681.64	50.00	4.50	0.0989	1.0000	\$12,434.94	\$2,765.00
1929	77.50	\$171,616.74	50.00	4.21	0.0926	1.0000	\$15,889.11	\$3,775.57
1928	78.50	\$87,971.76	50.00	3.92	0.0862	1.0000	\$7,587.08	\$1,935.38
1927	79.50	\$52,262.96	50.00	3.63	0.0799	1.0000	\$4,177.42	\$1,149.79
1926	80.50	\$54,722.86	50.00	3.35	0.0736	1.0000	\$4,030.08	\$1,203.90
1925	81.50	\$16,878.28	50.00	3.06	0.0674	1.0000	\$1,137.71	\$371.32
1924	82.50	\$59,681.58	50.00	2.78	0.0612	1.0000	\$3,653.85	\$1,312.99
1923	83.50	\$13,090.63	50.00	2.51	0.0551	1.0000	\$721.44	\$287.99
1922	84.50	\$1,568.58	50.00	2.23	0.0491	1.0000	\$78.89	\$34.46
1921	85.50	\$1,277.23	50.00	1.96	0.0432	1.0000	\$55.12	\$28.10
1919	87.50	\$1,435.95	50.00	1.44	0.0317	1.0000	\$45.54	\$31.59
1918	88.50	\$0.00	50.00	1.19	0.0263	1.0000	\$0.00	\$0.00
1917	89.50	\$0.00	50.00	0.96	0.0212	1.0000	\$0.00	\$0.00
1916	90.50	\$1,141.32	50.00	0.76	0.0168	1.0000	\$19.17	\$25.11
1915	91.50	\$243.39	50.00	0.64	0.0141	1.0000	\$3.44	\$5.35
1914	92.50	\$1,825.46	50.00	0.25	0.0055	1.0000	\$10.03	\$40.16
1913	93.50	\$0.00	50.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1912	94.50	\$254.90	50.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$90,975,686.42	50.00	30.98	0.6815	1.0000	\$61,997,684.15	\$2,001,459.49

Depreciation Reserve Summary

Vol. 4B, Attach. PRC-1, p. 24

Account: OECO 101/6-353 Station equipment
 Scenario: Ohio 2007 Transmission Accounts ADR
 Version: 50 - R2

Average Net Salvage Rate: -10.00%

Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$90,975,886.42	\$41,891,213.31	0.4605	\$58,182,041.75	0.6395
Computed	\$90,975,886.42	\$38,075,590.91	0.4185	\$61,997,664.15	0.6815
Difference		\$3,815,622.40	0.0419	(\$3,815,622.40)	-0.0419

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 354 Towers & Fixtures

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 51 S4.

Actuarial Life Analysis

169 L4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 75 Years

Recommendation

Change to 60 R4 Based on Industry Standards and Actuarial Life Analysis.

Comments:

The longer service life is recommended as the data demonstrates that there are few retirements and a better match to exposures is at 60 years. EEI Industry trends indicate a longer life for towers.

Salvage Factor Estimates

Current Net salvage Rate is	-9%
Proposed Net salvage Rate	-9%

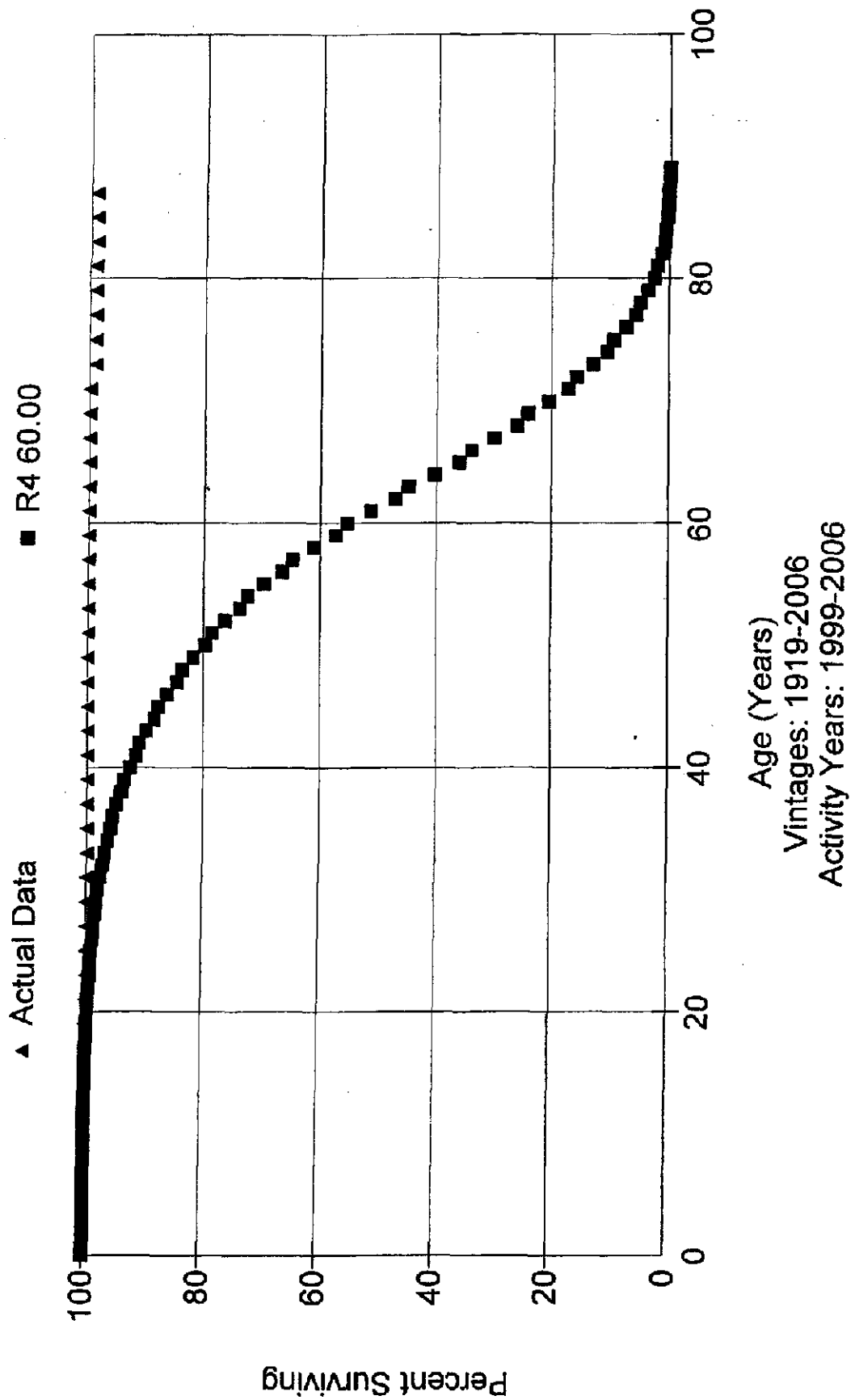
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 14% to -60%. There was no activity for this account 1999-2006 so the current rate is recommended.

Summary of Recommendations

<u>60</u>	Average Service Life
<u>R4</u>	Iowa Curve
<u>-9</u>	% Net Salvage

Ohio Edison Company Account 354 Towers & Fixtures



Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: OEEO 101/6-354 Towers & fixtures

Placement Band: 1919 - 2006

Observation Band: 1989 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	-1,665.39	0.00	0.00000	1.00000	100.00
0.5	10,693.97	0.00	0.00000	1.00000	100.00
1.5	11,616.72	0.00	0.00000	1.00000	100.00
2.5	9,665.87	0.00	0.00000	1.00000	100.00
3.5	9,665.87	0.00	0.00000	1.00000	100.00
4.5	72,379.71	0.00	0.00000	1.00000	100.00
5.5	157,058.17	0.00	0.00000	1.00000	100.00
6.5	111,538.50	0.00	0.00000	1.00000	100.00
7.5	27,535.18	0.00	0.00000	1.00000	100.00
8.5	617,084.04	0.00	0.00000	1.00000	100.00
9.5	2,202,757.58	0.00	0.00000	1.00000	100.00
10.5	2,913,100.05	0.00	0.00000	1.00000	100.00
11.5	3,505,113.13	0.00	0.00000	1.00000	100.00
12.5	2,383,909.56	0.00	0.00000	1.00000	100.00
13.5	15,594,550.90	0.00	0.00000	1.00000	100.00
14.5	15,388,327.96	0.00	0.00000	1.00000	100.00
15.5	0.00	0.00	0.00000	0.00000	100.00
16.5	0.00	0.00	0.00000	0.00000	
17.5	540,449.74	0.00	0.00000	1.00000	
18.5	1,405,629.81	0.00	0.00000	1.00000	
19.5	1,139,215.88	0.00	0.00000	1.00000	
20.5	379,923.53	0.00	0.00000	1.00000	
21.5	14,980,526.50	0.00	0.00000	1.00000	
22.5	16,245,016.58	0.00	0.00000	1.00000	
23.5	6,212,527.27	0.00	0.00000	1.00000	
24.5	5,276,103.31	0.00	0.00000	1.00000	
25.5	2,183,071.81	0.00	0.00000	1.00000	
26.5	2,355,124.41	0.00	0.00000	1.00000	
27.5	1,339,478.52	0.00	0.00000	1.00000	
28.5	4,336,968.78	0.00	0.00000	1.00000	
29.5	3,872,221.67	0.00	0.00000	1.00000	
30.5	7,943,407.54	0.00	0.00000	1.00000	
31.5	9,316,477.51	0.00	0.00000	1.00000	
32.5	2,233,947.35	0.00	0.00000	1.00000	
33.5	846,265.51	0.00	0.00000	1.00000	
34.5	659,849.20	0.00	0.00000	1.00000	
35.5	593,465.26	0.00	0.00000	1.00000	
36.5	3,476,018.33	0.00	0.00000	1.00000	
37.5	3,598,583.90	0.00	0.00000	1.00000	
38.5	4,636,880.44	0.00	0.00000	1.00000	
39.5	4,707,138.54	0.00	0.00000	1.00000	
40.5	985,987.79	0.00	0.00000	1.00000	
41.5	1,090,729.62	0.00	0.00000	1.00000	
42.5	992,446.40	0.00	0.00000	1.00000	
43.5	651,823.80	0.00	0.00000	1.00000	
44.5	1,870,571.17	0.00	0.00000	1.00000	
45.5	1,950,560.92	0.00	0.00000	1.00000	
46.5	1,100,314.79	0.00	0.00000	1.00000	
47.5	940,900.70	0.00	0.00000	1.00000	
48.5	1,317,841.40	0.00	0.00000	1.00000	
49.5	1,347,503.96	0.00	0.00000	1.00000	
50.5	625,303.97	0.00	0.00000	1.00000	
51.5	769,786.91	0.00	0.00000	1.00000	
52.5	1,880,132.81	0.00	0.00000	1.00000	

Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

Vol. 4B, Attach. PRC-1, p. 29

Account: OECO 101/6-354 Towers & fixtures

Placement Band: 1919 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,640,839.79	0.00	0.00000	1.00000	
54.5	69,862.42	0.00	0.00000	1.00000	
55.5	69,862.42	0.00	0.00000	1.00000	
56.5	69,862.42	0.00	0.00000	1.00000	
57.5	70,470.35	0.00	0.00000	1.00000	
58.5	89,448.12	0.00	0.00000	1.00000	
59.5	88,840.19	0.00	0.00000	1.00000	
60.5	7,581.84	0.00	0.00000	1.00000	
61.5	7,884.31	0.00	0.00000	1.00000	
62.5	62,672.18	0.00	0.00000	1.00000	
63.5	67,818.17	0.00	0.00000	1.00000	
64.5	5,448.46	0.00	0.00000	1.00000	
65.5	2,527.17	0.00	0.00000	1.00000	
66.5	2,527.17	0.00	0.00000	1.00000	
67.5	302.47	0.00	0.00000	1.00000	
68.5	4,471.02	0.00	0.00000	1.00000	
69.5	166,345.60	0.00	0.00000	1.00000	
70.5	939,323.67	0.00	0.00000	1.00000	
71.5	821,631.15	0.00	0.00000	1.00000	
72.5	194,128.42	1,941.95	0.01000	0.99000	
73.5	280,060.17	0.00	0.00000	1.00000	
74.5	882,415.40	0.00	0.00000	1.00000	
75.5	1,078,263.45	0.00	0.00000	1.00000	
76.5	330,164.41	0.00	0.00000	1.00000	
77.5	19,786.36	0.00	0.00000	1.00000	
78.5	17,833.52	0.00	0.00000	1.00000	
79.5	22,882.85	0.00	0.00000	1.00000	
80.5	22,882.85	0.00	0.00000	1.00000	
81.5	15,564.56	0.00	0.00000	1.00000	
82.5	14,747.12	0.00	0.00000	1.00000	
83.5	14,290.65	0.00	0.00000	1.00000	
84.5	13,160.85	0.00	0.00000	1.00000	
85.5	6,991.28	0.00	0.00000	1.00000	
86.5	6,991.28	0.00	0.00000	1.00000	
87.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Retirements	<u>Gross Salvage (Cash)</u>		<u>Gross Salvage (Returns)</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OEEO 354 Towers & Fixtures	2000	1,941.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 354 Towers & Fixtures	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		1,941.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Account: OECO 101/6-354 Towers & fixtures

Dispersion: 60 - R4

Average Net Salvage Rate: -9.00%

Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$278,311.58		\$4,877.59	1.752743
Whole Life		60	\$5,055.99	
Amortization		0	\$0.00	
Retirements	\$19,641.19	60	\$178.41	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$278,311.58 *		\$4,877.59	1.752919
Average:	\$268,490.99		\$4,877.59	1.816668
Grand Total:	\$278,311.58 *		\$4,877.59	1.752919

* Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-354 Towers & fixtures

Dispersion: 60.00 - R4

Average Net Salvage Rate: -9.00%

Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2003	3.50	\$0.00	60.00	56.50	1.0265	1.0000	\$0.00	\$0.00
2001	5.50	(\$675.14)	60.00	54.51	0.9902	1.0000	(\$668.55)	(\$12.27)
2000	6.50	\$1,126.82	60.00	53.51	0.9721	1.0000	\$1,095.40	\$20.47
1999	7.50	\$0.00	60.00	52.51	0.9540	1.0000	\$0.00	\$0.00
1998	8.50	\$0.00	60.00	51.52	0.9359	1.0000	\$0.00	\$0.00
1994	12.50	\$0.00	60.00	47.55	0.8637	1.0000	\$0.00	\$0.00
1993	13.50	\$0.00	60.00	46.56	0.8458	1.0000	\$0.00	\$0.00
1992	14.50	\$0.00	60.00	45.57	0.8278	1.0000	\$0.00	\$0.00
1991	15.50	\$0.00	60.00	44.58	0.8099	1.0000	\$0.00	\$0.00
1990	16.50	\$0.00	60.00	43.60	0.7920	1.0000	\$0.00	\$0.00
1989	17.50	\$0.00	60.00	42.62	0.7742	1.0000	\$0.00	\$0.00
1988	18.50	\$0.00	60.00	41.64	0.7564	1.0000	\$0.00	\$0.00
1987	19.50	\$0.00	60.00	40.66	0.7387	1.0000	\$0.00	\$0.00
1986	20.50	\$0.00	60.00	39.69	0.7211	1.0000	\$0.00	\$0.00
1985	21.50	\$0.00	60.00	38.72	0.7035	1.0000	\$0.00	\$0.00
1981	25.50	\$0.00	60.00	34.90	0.6340	1.0000	\$0.00	\$0.00
1980	26.50	\$0.00	60.00	33.98	0.6169	1.0000	\$0.00	\$0.00
1979	27.50	\$0.00	60.00	33.02	0.5999	1.0000	\$0.00	\$0.00
1978	28.50	\$0.00	60.00	32.10	0.5831	1.0000	\$0.00	\$0.00
1977	29.50	\$0.00	60.00	31.18	0.5664	1.0000	\$0.00	\$0.00
1976	30.50	\$0.00	60.00	30.27	0.5498	1.0000	\$0.00	\$0.00
1975	31.50	\$0.00	60.00	29.36	0.5334	1.0000	\$0.00	\$0.00
1974	32.50	\$0.00	60.00	28.47	0.5172	1.0000	\$0.00	\$0.00
1973	33.50	\$0.00	60.00	27.58	0.5011	1.0000	\$0.00	\$0.00
1972	34.50	\$0.00	60.00	26.71	0.4853	1.0000	\$0.00	\$0.00
1971	35.50	\$0.00	60.00	25.85	0.4696	1.0000	\$0.00	\$0.00
1970	36.50	\$0.00	60.00	25.00	0.4541	1.0000	\$0.00	\$0.00
1969	37.50	\$0.00	60.00	24.15	0.4388	1.0000	\$0.00	\$0.00
1968	38.50	\$0.00	60.00	23.33	0.4238	1.0000	\$0.00	\$0.00
1967	39.50	\$120,781.31	60.00	22.51	0.4089	1.0000	\$48,388.92	\$2,194.19
1966	40.50	\$0.00	60.00	21.70	0.3943	1.0000	\$0.00	\$0.00
1965	41.50	\$0.00	60.00	20.91	0.3799	1.0000	\$0.00	\$0.00
1964	42.50	\$0.00	60.00	20.13	0.3657	1.0000	\$0.00	\$0.00
1963	43.50	\$0.00	60.00	19.36	0.3518	1.0000	\$0.00	\$0.00

Account: OECO 101/6-354 Towers & fixtures

Dispersion: 60.00 - R4

Average Net Salvage Rate: -9.00%

Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1962	44.50	\$0.00	60.00	18.61	0.3381	1.0000	\$0.00	\$0.00
1961	45.50	\$0.00	60.00	17.87	0.3246	1.0000	\$0.00	\$0.00
1960	46.50	\$7,647.07	60.00	17.14	0.3113	1.0000	\$2,380.89	\$138.92
1959	47.50	\$0.00	60.00	16.42	0.2983	1.0000	\$0.00	\$0.00
1958	48.50	\$0.00	60.00	15.72	0.2855	1.0000	\$0.00	\$0.00
1957	49.50	\$0.00	60.00	15.02	0.2728	1.0000	\$0.00	\$0.00
1956	50.50	\$0.00	60.00	14.34	0.2605	1.0000	\$0.00	\$0.00
1955	51.50	\$0.00	60.00	13.67	0.2483	1.0000	\$0.00	\$0.00
1954	52.50	\$51,425.64	60.00	13.01	0.2363	1.0000	\$12,150.86	\$934.23
1953	53.50	\$0.00	60.00	12.37	0.2247	1.0000	\$0.00	\$0.00
1952	54.50	\$0.00	60.00	11.75	0.2134	1.0000	\$0.00	\$0.00
1951	55.50	\$0.00	60.00	11.15	0.2025	1.0000	\$0.00	\$0.00
1950	56.50	\$0.00	60.00	10.58	0.1922	1.0000	\$0.00	\$0.00
1949	57.50	\$0.00	60.00	10.03	0.1822	1.0000	\$0.00	\$0.00
1948	58.50	\$0.00	60.00	9.51	0.1727	1.0000	\$0.00	\$0.00
1947	59.50	\$0.00	60.00	9.02	0.1638	1.0000	\$0.00	\$0.00
1946	60.50	\$69,862.42	60.00	8.55	0.1554	1.0000	\$10,854.22	\$1,269.17
1941	65.50	\$0.00	60.00	6.58	0.1196	1.0000	\$0.00	\$0.00
1940	66.50	\$0.00	60.00	6.25	0.1135	1.0000	\$0.00	\$0.00
1938	68.50	\$0.00	60.00	5.61	0.1020	1.0000	\$0.00	\$0.00
1937	69.50	\$302.47	60.00	5.32	0.0966	1.0000	\$29.22	\$5.49
1936	70.50	\$0.00	60.00	5.04	0.0915	1.0000	\$0.00	\$0.00
1935	71.50	\$0.00	60.00	4.74	0.0862	1.0000	\$0.00	\$0.00
1933	73.50	\$0.00	60.00	4.21	0.0764	1.0000	\$0.00	\$0.00
1930	76.50	\$0.00	60.00	3.40	0.0618	1.0000	\$0.00	\$0.00
1929	77.50	\$1,063.35	60.00	3.14	0.0571	1.0000	\$60.70	\$19.32
1928	78.50	\$1,952.84	60.00	2.89	0.0526	1.0000	\$102.66	\$35.48
1927	79.50	\$1,941.95	60.00	2.66	0.0483	1.0000	\$93.84	\$35.28
1926	80.50	\$0.00	60.00	2.39	0.0435	1.0000	\$0.00	\$0.00
1925	81.50	\$7,318.29	60.00	2.16	0.0393	1.0000	\$287.42	\$132.95
1924	82.50	\$817.44	60.00	1.95	0.0355	1.0000	\$29.01	\$14.85
1923	83.50	\$456.47	60.00	1.70	0.0308	1.0000	\$14.07	\$8.29
1922	84.50	\$1,129.80	60.00	1.49	0.0270	1.0000	\$30.51	\$20.52
1921	85.50	\$6,169.57	60.00	1.32	0.0239	1.0000	\$147.57	\$112.08

Account: OECO 101/6-354 Towers & fixtures

Dispersion: 60.00 - R4

Age Net Salvage Rate: -9.00%

Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1919	87.50	\$6,991.28	60.00	0.88	0.0159	1.0000	\$111.40	\$127.01
		\$278,311.58	60.00	15.05	0.2735	1.0000	\$76,108.64	\$5,055.99

Depreciation Reserve Summary

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Account: OECO 101/6-354 Towers & fixtures
 Scenario: Ohio 2007 Transmission Accounts ADR
 Dispersion: 60 - R4
 Average Net Salvage Rate: -9.00%
 Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$278,311.58	\$283,135.03	1.0173	\$20,224.58	0.0727
Computed	\$278,311.58	\$227,250.99	0.8165	\$78,108.63	0.2735
Difference		\$55,884.04	0.2008	(\$55,884.04)	-0.2008

Ohio Edison Company**Average Life and Salvage Rate Determination**

Based On Year End 2006 Data using Beginning Balance 1999

Account 355 Poles and Fixtures**Life and Iowa Survivor Curve**

Current Life and Iowa Survivor Curve is 48 R3.

Actuarial Life Analysis

89 R5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 - 70 Years

Recommendation

Continue to use 48 R3.

Comments:

The current Iowa Curve is very representative of industry standards today according to the 2003 EEI Study. Due to the limited amount of activity in this account no change in the Iowa Curve and average service life is recommended.

Salvage Factor Estimates

Current Net salvage Rate is	-43%
Proposed Net salvage Rate	-43%

Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 5% to -60%. The current rate of -43% is still recommended.

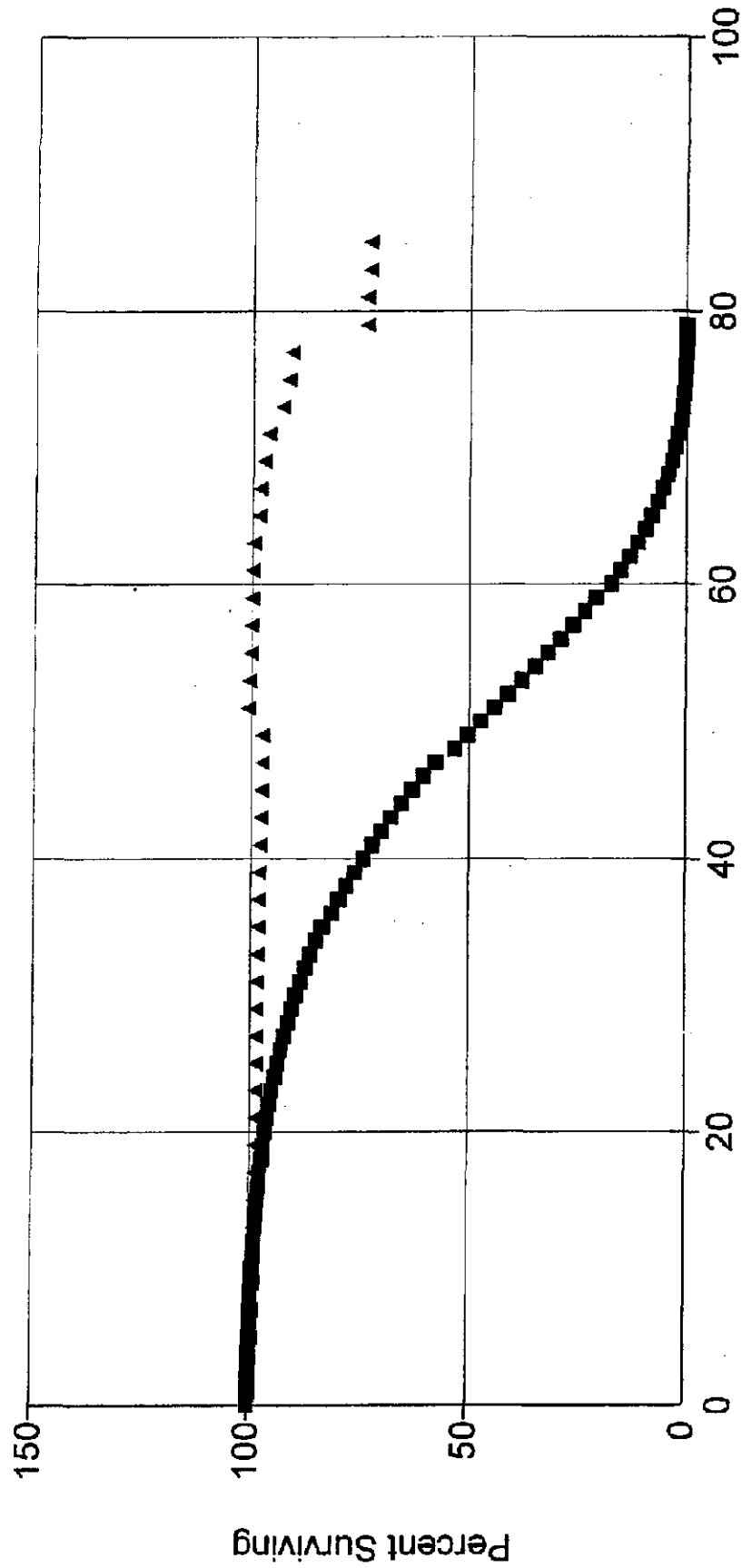
Summary of Recommendations

<u>48</u>	Average Service Life
<u>R3</u>	Iowa Curve
<u>-43</u>	% Net Salvage

Ohio Edison Company Account 355 Poles and Fixtures

▲ Actual Data

■ R3 48.00



Age (Years)
Vintages: 1921-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: OEEO 101/6-355 Poles & fixtures

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	1,054,925.55	11,099.05	0.01052	0.98948	100.00
0.5	4,821,806.90	0.00	0.00000	1.00000	98.95
1.5	8,010,206.86	0.00	0.00000	1.00000	98.95
2.5	8,963,916.47	0.00	0.00000	1.00000	98.95
3.5	10,512,502.73	55,660.08	0.00529	0.99471	98.95
4.5	12,014,449.64	7,589.00	0.00063	0.99937	98.43
5.5	12,856,347.82	6,040.47	0.00047	0.99953	98.37
6.5	11,480,633.67	7,672.00	0.00067	0.99933	98.32
7.5	11,320,362.89	1,511.72	0.00013	0.99987	98.25
8.5	13,186,576.38	0.00	0.00000	1.00000	98.24
9.5	16,147,842.80	755.86	0.00005	0.99995	98.24
10.5	12,410,489.24	0.00	0.00000	1.00000	98.24
11.5	9,729,420.85	14,300.00	0.00147	0.99853	98.24
12.5	12,647,747.82	0.00	0.00000	1.00000	98.10
13.5	13,857,599.55	0.00	0.00000	1.00000	98.10
14.5	11,584,384.12	0.00	0.00000	1.00000	98.10
15.5	13,375,459.31	3,776.81	0.00028	0.99972	98.10
16.5	12,879,347.43	4,077.00	0.00032	0.99968	98.07
17.5	10,463,298.48	0.00	0.00000	1.00000	98.04
18.5	10,287,412.09	0.00	0.00000	1.00000	98.04
19.5	10,097,568.05	5,677.00	0.00056	0.99944	98.04
20.5	9,557,469.74	3,692.12	0.00039	0.99961	97.99
21.5	9,554,212.71	0.00	0.00000	1.00000	97.95
22.5	9,507,401.61	1,110.00	0.00012	0.99988	97.95
23.5	7,516,470.17	5,763.00	0.00077	0.99923	97.84
24.5	6,702,194.17	0.00	0.00000	1.00000	97.86
25.5	5,851,585.50	0.00	0.00000	1.00000	97.86
26.5	5,026,448.82	0.00	0.00000	1.00000	97.86
27.5	5,981,733.40	1,280.00	0.00021	0.99979	97.86
28.5	7,506,891.28	811.80	0.00011	0.99989	97.84
29.5	6,473,202.89	2,538.47	0.00039	0.99961	97.83
30.5	4,873,403.75	4,715.59	0.00097	0.99903	97.79
31.5	5,015,425.68	1,070.00	0.00021	0.99979	97.70
32.5	4,425,405.20	540.00	0.00012	0.99988	97.68
33.5	3,833,473.16	2,971.86	0.00078	0.99922	97.67
34.5	3,216,798.85	4,994.84	0.00155	0.99845	97.59
35.5	3,253,043.81	608.00	0.00019	0.99981	97.44
36.5	3,682,176.62	2,914.22	0.00079	0.99921	97.42
37.5	3,483,937.79	0.00	0.00000	1.00000	97.34
38.5	3,399,554.41	3,374.96	0.00099	0.99901	97.34
39.5	3,338,027.33	974.34	0.00029	0.99971	97.24
40.5	3,607,293.80	1,369.25	0.00038	0.99962	97.21
41.5	3,854,472.69	1,821.80	0.00047	0.99953	97.17
42.5	3,495,377.35	4,087.09	0.00117	0.99883	97.12
43.5	2,984,134.79	1,999.99	0.00067	0.99933	97.01
44.5	2,314,178.76	1,704.21	0.00074	0.99926	96.95
45.5	2,189,357.18	2,925.28	0.00134	0.99866	96.88
46.5	2,176,506.89	2,269.29	0.00104	0.99896	96.75
47.5	1,727,748.31	587.78	0.00034	0.99966	96.65
48.5	1,341,094.11	0.00	0.00000	1.00000	96.62
49.5	1,098,737.09	590.65	0.00054	0.99946	96.62
50.5	1,062,298.03	-38,008.27	-0.03578	1.03578	96.57
51.5	918,800.79	526.98	0.00057	0.99943	100.03
52.5	1,032,190.39	871.69	0.00084	0.99918	99.97

Observed Life Table

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Scenario: Ohio 2007 Transmission Accounts

Account: OECC 101/6-355 Poles & fixtures

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	868,849.57	1,243.47	0.00143	0.99857	99.89
54.5	426,098.96	542.32	0.00127	0.99873	99.75
55.5	388,390.15	371.70	0.00096	0.99904	99.82
56.5	291,203.73	196.79	0.00068	0.99932	99.52
57.5	264,295.59	0.00	0.00000	1.00000	99.45
58.5	229,346.98	238.49	0.00104	0.99896	99.45
59.5	210,995.66	171.22	0.00081	0.99919	99.35
60.5	35,009.24	0.00	0.00000	1.00000	99.27
61.5	37,183.29	139.28	0.00374	0.99626	99.27
62.5	45,439.45	0.00	0.00000	1.00000	98.90
63.5	44,262.82	221.46	0.00499	0.99501	98.90
64.5	26,169.57	200.50	0.00768	0.99232	98.41
65.5	24,851.05	0.00	0.00000	1.00000	97.65
66.5	25,384.58	44.51	0.00177	0.99823	97.65
67.5	29,726.54	104.61	0.00353	0.99647	97.48
68.5	28,995.12	126.52	0.00438	0.99562	97.14
69.5	33,648.93	226.52	0.00675	0.99325	96.71
70.5	61,035.70	211.29	0.00346	0.99654	96.06
71.5	60,828.84	653.88	0.01075	0.98925	95.73
72.5	57,081.34	1,437.38	0.02517	0.97483	94.70
73.5	55,117.57	288.50	0.00524	0.99476	92.32
74.5	52,576.60	481.32	0.00915	0.99085	91.84
75.5	50,299.39	49.24	0.00097	0.99903	91.00
76.5	51,549.87	367.93	0.00714	0.99286	90.91
77.5	58,829.53	11,106.08	0.18878	0.81122	90.26
78.5	10,008.29	0.00	0.00000	1.00000	73.22
79.5	7,852.14	0.00	0.00000	1.00000	73.22
80.5	7,852.14	0.00	0.00000	1.00000	73.22
81.5	7,852.14	71.22	0.00904	0.99096	73.22
82.5	6,556.91	0.00	0.00000	1.00000	72.56
83.5	2,912.87	0.00	0.00000	1.00000	72.56
84.5	2,286.18	0.00	0.00000	1.00000	72.56
85.5	0.00	0.00	0.00000	0.00000	72.56

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 355 Poles & Fixtures	1999	45,318.43	41,912.30	92.48	0.00	0.00	48,181.61	106.32	(6,269.31)	-13.83	-13.83
OECO 355 Poles & Fixtures	2000	27,437.27	45,035.35	164.14	0.00	0.00	15,365.37	56.00	29,669.98	108.14	108.14
OECO 355 Poles & Fixtures	2001	3,787.94	0.00	0.00	0.00	0.00	6,796.37	179.42	(6,796.37)	-179.42	-179.42
OECO 355 Poles & Fixtures	2002	6,866.95	0.00	0.00	0.00	0.00	30,587.42	445.43	(30,587.42)	-445.43	-445.43
OECO 355 Poles & Fixtures	2003	3,698.93	39,675.41	1072.62	0.00	0.00	14,929.20	403.61	24,746.21	699.01	699.01
OECO 355 Poles & Fixtures	2004	1,511.72	1,385.82	91.67	0.00	0.00	7,911.17	523.32	(6,525.35)	-431.65	-431.65
OECO 355 Poles & Fixtures	2005	799.15	0.00	0.00	0.00	0.00	(4,037.56)	-505.23	4,037.56	505.23	505.23
OECO 355 Poles & Fixtures	2006	10,180.87	33,767.00	331.35	0.00	0.00	2,950.52	28.95	30,816.48	302.39	302.39
		99,611.26	161,775.88	162.41	0.00	0.00	122,684.10	123.16	39,091.78	39.24	

Whole Life Depreciation Accrual

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Account: OECO 101/6-355 Poles & fixtures

Dispersion: 48 - R3

Average Net Salvage Rate: -43.00%

Pure Net Salvage Rate: -43.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$22,349,334.40		\$659,530.64	2.951010
Whole Life		48	\$665,592.11	
Amortization		0	\$0.00	
Retirements	\$406,923.84	48	\$6,061.47	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$22,349,334.40 *		\$659,530.64	2.951012
Average:	\$22,145,872.48		\$659,530.64	2.978120
Grand Total:	\$22,349,334.40 *		\$659,530.64	2.951012

Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-355 Poles & fixtures

Dispersion: 48.00 - R3

Average Net Salvage Rate: -43.00%

Future Net Salvage Rate: -43.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$242,653.73	48.00	47.51	1.4153	1.0000	\$343,434.53	\$7,229.06
2005	1.50	\$225,264.71	48.00	46.53	1.3861	1.0000	\$312,231.25	\$6,711.01
2004	2.50	\$150,044.39	48.00	45.55	1.3589	1.0000	\$203,590.43	\$4,470.07
2003	3.50	\$271,804.79	48.00	44.57	1.3278	1.0000	\$360,893.37	\$8,097.52
2002	4.50	\$351,053.56	48.00	43.60	1.2988	1.0000	\$455,939.75	\$10,458.47
2001	5.50	\$383,589.99	48.00	42.63	1.2699	1.0000	\$461,717.28	\$10,831.95
2000	6.50	\$187,205.40	48.00	41.66	1.2411	1.0000	\$232,341.68	\$5,577.16
1999	7.50	\$326,603.63	48.00	40.70	1.2125	1.0000	\$395,998.22	\$9,730.07
1998	8.50	\$275,063.55	48.00	39.74	1.1840	1.0000	\$325,674.70	\$8,194.60
1997	9.50	\$116,567.28	48.00	38.79	1.1557	1.0000	\$134,713.19	\$3,472.73
1996	10.50	\$67,170.00	48.00	37.85	1.1275	1.0000	\$75,735.35	\$2,001.11
1995	11.50	\$431,709.53	48.00	36.91	1.0995	1.0000	\$474,678.97	\$12,861.35
1994	12.50	\$462,742.07	48.00	35.97	1.0717	1.0000	\$495,941.48	\$13,785.88
1993	13.50	\$879,131.74	48.00	35.05	1.0442	1.0000	\$917,958.49	\$26,180.80
1992	14.50	\$755,235.69	48.00	34.13	1.0168	1.0000	\$767,912.93	\$22,499.73
1991	15.50	\$562,198.09	48.00	33.22	0.9896	1.0000	\$556,371.66	\$16,748.82
1990	16.50	\$433,540.83	48.00	32.32	0.9627	1.0000	\$417,381.51	\$12,915.90
1989	17.50	\$879,720.78	48.00	31.42	0.9361	1.0000	\$638,253.50	\$20,250.01
1988	18.50	\$795,792.88	48.00	30.53	0.9096	1.0000	\$723,851.39	\$23,708.00
1987	19.50	\$226,691.66	48.00	29.65	0.8834	1.0000	\$200,270.27	\$6,753.52
1986	20.50	\$680,691.98	48.00	28.79	0.8576	1.0000	\$583,736.16	\$20,278.95
1985	21.50	\$397,013.85	48.00	27.93	0.8320	1.0000	\$330,302.88	\$11,827.70
1984	22.50	\$739,588.39	48.00	27.08	0.8067	1.0000	\$598,594.25	\$22,033.57
1983	23.50	\$1,087,724.30	48.00	26.24	0.7816	1.0000	\$850,208.55	\$32,405.12
1982	24.50	\$708,378.96	48.00	25.41	0.7589	1.0000	\$536,189.70	\$21,103.79
1981	25.50	\$1,195,021.28	48.00	24.59	0.7325	1.0000	\$875,369.96	\$35,601.68
1980	26.50	\$946,681.97	48.00	23.78	0.7084	1.0000	\$670,650.27	\$28,203.23
1979	27.50	\$137,340.07	48.00	22.98	0.6847	1.0000	\$94,030.68	\$4,091.59
1978	28.50	\$408,965.67	48.00	22.19	0.6612	1.0000	\$270,415.99	\$12,183.77
1977	29.50	\$295,974.19	48.00	21.42	0.6381	1.0000	\$188,868.96	\$8,817.56
1976	30.50	\$253,683.00	48.00	20.65	0.6153	1.0000	\$156,095.33	\$7,557.64
1975	31.50	\$466,765.11	48.00	19.90	0.5929	1.0000	\$276,759.16	\$13,905.71
1974	32.50	\$898,614.76	48.00	19.16	0.5708	1.0000	\$513,030.36	\$26,771.23

Generation Arrangement Report

Vol. 4B, Attach. PRC-1, p. 44

Account: OECO 101/6-355 Poles & fixtures

Dispersion: 48.00 - R3

Average Net Salvage Rate: -43.00%

Future Net Salvage Rate: -43.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	\$419,405.65	48.00	18.44	0.5493	1.0000	\$230,372.73	\$12,494.79
1972	34.50	\$318,223.77	48.00	17.72	0.5281	1.0000	\$168,038.51	\$9,480.42
1971	35.50	\$389,218.15	48.00	17.03	0.5072	1.0000	\$197,420.99	\$11,595.46
1970	36.50	\$353,227.01	48.00	16.34	0.4868	1.0000	\$171,960.94	\$10,523.22
1969	37.50	\$290,170.23	48.00	15.67	0.4669	1.0000	\$135,474.81	\$8,644.65
1968	38.50	\$387,839.68	48.00	15.02	0.4474	1.0000	\$173,517.08	\$11,554.39
1967	39.50	\$289,332.88	48.00	14.38	0.4284	1.0000	\$123,947.26	\$8,619.71
1966	40.50	\$286,784.25	48.00	13.76	0.4099	1.0000	\$117,548.23	\$8,543.78
1965	41.50	\$339,433.74	48.00	13.15	0.3919	1.0000	\$133,023.54	\$10,112.30
1964	42.50	\$230,316.91	48.00	12.57	0.3744	1.0000	\$86,222.90	\$6,861.52
1963	43.50	\$314,786.71	48.00	12.00	0.3575	1.0000	\$112,528.45	\$9,378.02
1962	44.50	\$381,319.76	48.00	11.45	0.3412	1.0000	\$130,088.82	\$11,360.15
1961	45.50	\$161,645.10	48.00	10.92	0.3254	1.0000	\$52,599.54	\$4,815.88
1960	46.50	\$361,333.61	48.00	10.41	0.3102	1.0000	\$112,100.77	\$10,764.73
1959	47.50	\$186,853.35	48.00	9.92	0.2957	1.0000	\$49,333.03	\$4,970.84
1958	48.50	\$100,844.76	48.00	9.46	0.2817	1.0000	\$28,406.68	\$3,004.33
1957	49.50	\$315,305.06	48.00	9.01	0.2683	1.0000	\$84,594.98	\$9,393.46
1956	50.50	\$150,383.67	48.00	8.58	0.2555	1.0000	\$38,420.76	\$4,480.18
1955	51.50	\$144,632.84	48.00	8.16	0.2432	1.0000	\$35,181.36	\$4,308.85
1954	52.50	\$98,566.57	48.00	7.77	0.2316	1.0000	\$22,824.55	\$2,936.46
1953	53.50	\$124,099.56	48.00	7.40	0.2204	1.0000	\$27,353.79	\$3,697.13
1952	54.50	\$174,833.84	48.00	7.04	0.2098	1.0000	\$36,683.77	\$5,208.59
1951	55.50	\$38,868.64	48.00	6.70	0.1997	1.0000	\$7,761.50	\$1,157.96
1950	56.50	\$115,324.52	48.00	6.38	0.1900	1.0000	\$21,911.12	\$3,435.71
1949	57.50	\$28,350.79	48.00	6.07	0.1807	1.0000	\$5,123.54	\$844.62
1948	58.50	\$47,511.98	48.00	5.77	0.1718	1.0000	\$8,162.43	\$1,415.46
1947	59.50	\$15,476.55	48.00	5.48	0.1632	1.0000	\$2,689.02	\$490.86
1946	60.50	\$173,152.63	48.00	5.20	0.1549	1.0000	\$26,815.23	\$5,158.51
1945	61.50	\$2,185.77	48.00	4.93	0.1468	1.0000	\$320.78	\$65.12
1944	62.50	\$1,723.45	48.00	4.66	0.1388	1.0000	\$239.23	\$51.34
1943	63.50	\$1,194.20	48.00	4.40	0.1310	1.0000	\$156.42	\$35.58
1942	64.50	\$17,919.39	48.00	4.14	0.1232	1.0000	\$2,208.42	\$533.85
1941	65.50	\$1,685.21	48.00	3.88	0.1155	1.0000	\$194.70	\$50.21

Generation Arrangement Report

Vol. 4B, Attach. PRC-1, p. 45

Account: OECO 101/6-355 Poles & fixtures

Dispersion: 48.00 - R3

Average Net Salvage Rate: -43.00%

Future Net Salvage Rate: -43.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1940	66.50	\$2,425.16	48.00	3.63	0.1082	1.0000	\$262.40	\$72.25
1939	67.50	\$1,435.69	48.00	3.38	0.1006	1.0000	\$144.38	\$42.77
1938	68.50	\$5,101.20	48.00	3.12	0.0929	1.0000	\$474.10	\$151.97
1937	69.50	\$3,297.57	48.00	2.86	0.0853	1.0000	\$281.36	\$98.24
1936	70.50	\$5,813.99	48.00	2.61	0.0777	1.0000	\$451.97	\$173.21
1935	71.50	\$971.70	48.00	2.36	0.0702	1.0000	\$68.22	\$28.95
1934	72.50	\$5,118.90	48.00	2.11	0.0627	1.0000	\$321.21	\$152.50
1933	73.50	\$567.19	48.00	1.86	0.0554	1.0000	\$31.42	\$16.90
1932	74.50	\$2,845.10	48.00	1.62	0.0482	1.0000	\$137.03	\$84.76
1931	75.50	\$5,511.15	48.00	1.38	0.0410	1.0000	\$226.22	\$164.19
1930	76.50	\$3,867.31	48.00	1.14	0.0340	1.0000	\$131.46	\$115.21
1929	77.50	\$5,744.65	48.00	0.90	0.0268	1.0000	\$153.81	\$171.14
1928	78.50	\$33,519.66	48.00	0.72	0.0216	1.0000	\$723.95	\$998.61
1927	79.50	\$2,156.15	48.00	0.57	0.0170	1.0000	\$36.61	\$64.24
1926	80.50	\$0.00	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1925	81.50	\$0.00	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1924	82.50	\$1,224.01	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1923	83.50	\$3,644.04	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1922	84.50	\$626.71	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1921	85.50	\$2,286.16	48.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$22,349,334.40	48.00	25.20	0.7509	1.0000	\$16,781,812.26	\$665,592.11

Depreciation Reserve Summary

Vol. 4B, Attach. PRC-1, p. 46

Account: DECO 101/6-355 Poles & fixtures
 Scenario: Ohio 2007 Transmission Accounts ADR
 Dispersion: 48 - R3

Age Net Salvage Rate: -43.00%
 Future Net Salvage Rate: -43.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$22,349,334.40	\$16,014,842.22	0.7166	\$15,944,705.97	0.7134
Computed	\$22,349,334.40	\$15,177,735.93	0.6791	\$16,781,812.26	0.7509
Difference		\$837,106.29	0.0375	(\$837,106.29)	-0.0375

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 356 Overhead Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 55 R2.

Actuarial Life Analysis

109 R3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 30 - 72 Years

Recommendation

Continue to use 55 R2 Based on Industry Standards and Actuarial Life Analysis

Comments:

The current Iowa Curve is representative of industry standards today according to the 2003 EEI Study, and the curve is a good match to the current exposures in this account.

Salvage Factor Estimates

Current Net salvage Rate is	-40%
Proposed Net salvage Rate	-40%

Comments:

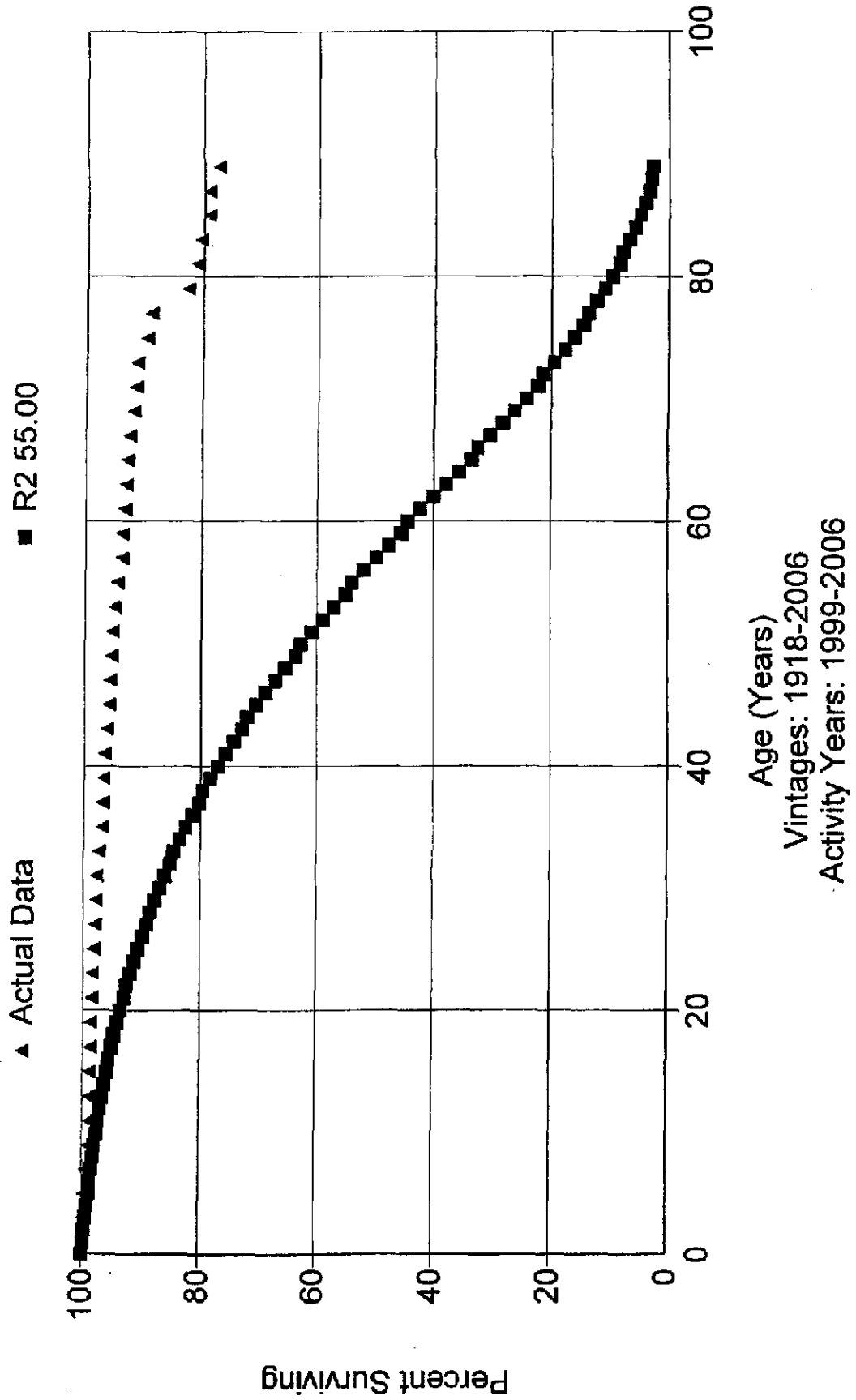
Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 15% to -60%. The current rate of -40% is recommended.

Summary of Recommendations

<u>55</u>	Average Service Life
<u>R2</u>	Iowa Curve
<u>-40</u>	% Net Salvage

Ohio Edison Compnay

Account 356 Overhead Conductor



Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

Vol. 4B, Attach. PRC-1, p. 50

Account: OECO 101/6-356 Overhead cond

Placement Band: 1918 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	1,017,087.08	6,008.08	0.00591	0.99409	100.00
0.5	4,741,910.37	3,354.05	0.00071	0.99929	99.41
1.5	7,582,976.55	291.73	0.00004	0.99996	99.34
2.5	11,998,196.51	1,090.68	0.00009	0.99991	99.34
3.5	15,293,646.36	3,042.80	0.00020	0.99980	99.33
4.5	12,362,239.41	5,117.06	0.00041	0.99959	99.31
5.5	12,232,175.33	5,722.78	0.00047	0.99953	99.27
6.5	11,364,392.51	19,281.74	0.00170	0.99830	99.22
7.5	17,573,315.80	99,163.64	0.00564	0.99436	99.05
8.5	19,931,792.98	6,479.42	0.00033	0.99967	98.49
9.5	18,688,324.03	3,505.95	0.00019	0.99981	98.46
10.5	17,278,156.56	2,156.69	0.00012	0.99988	98.44
11.5	17,012,040.48	3,239.42	0.00019	0.99981	98.43
12.5	20,387,142.51	2,435.88	0.00012	0.99988	98.41
13.5	27,726,473.54	20,193.81	0.00073	0.99927	98.40
14.5	23,721,016.65	1,088.49	0.00005	0.99995	98.33
15.5	16,208,920.20	5,837.86	0.00036	0.99964	98.33
16.5	15,379,089.69	4,435.28	0.00029	0.99971	98.29
17.5	12,139,903.48	2,099.80	0.00017	0.99983	98.26
18.5	16,371,285.12	4,868.23	0.00030	0.99970	98.24
19.5	15,106,235.98	3,248.87	0.00022	0.99978	98.21
20.5	8,736,445.31	19,351.28	0.00221	0.99779	98.19
21.5	14,185,859.00	2,952.02	0.00021	0.99979	97.97
22.5	14,636,660.60	3,069.45	0.00021	0.99979	97.95
23.5	8,760,705.59	17,020.94	0.00194	0.99806	97.93
24.5	8,230,332.49	3,478.93	0.00042	0.99958	97.74
25.5	6,479,753.70	2,377.92	0.00037	0.99963	97.70
26.5	6,055,217.30	4,641.92	0.00077	0.99923	97.66
27.5	7,511,470.11	4,763.63	0.00063	0.99937	97.58
28.5	8,950,218.14	12,865.68	0.00144	0.99856	97.52
29.5	8,733,314.79	6,364.61	0.00095	0.99905	97.38
30.5	5,848,867.80	4,063.99	0.00069	0.99931	97.29
31.5	6,109,789.99	14,585.44	0.00239	0.99761	97.22
32.5	5,350,241.90	2,390.96	0.00045	0.99955	96.99
33.5	4,489,375.38	2,109.85	0.00047	0.99953	96.95
34.5	2,999,112.29	13,816.95	0.00461	0.99539	96.90
35.5	2,997,314.00	2,199.65	0.00073	0.99927	96.45
36.5	8,577,560.38	3,165.34	0.00037	0.99963	96.38
37.5	8,983,721.77	6,586.53	0.00073	0.99927	96.34
38.5	9,796,422.53	4,499.57	0.00046	0.99954	96.27
39.5	9,648,005.22	11,510.77	0.00119	0.99881	95.23
40.5	5,239,361.55	5,620.44	0.00107	0.99893	96.12
41.5	6,539,559.05	9,153.95	0.00140	0.99860	96.02
42.5	5,580,643.96	13,093.59	0.00235	0.99765	95.89
43.5	4,723,795.40	7,242.89	0.00153	0.99847	95.66
44.5	5,419,537.20	9,067.28	0.00167	0.99833	95.51
45.5	4,612,428.33	5,932.67	0.00129	0.99871	95.35
46.5	3,141,945.97	4,333.07	0.00138	0.99862	95.23
47.5	2,570,614.53	2,504.12	0.00097	0.99903	95.10
48.5	2,909,235.78	4,574.85	0.00157	0.99843	95.01
49.5	3,478,824.26	2,325.28	0.00067	0.99933	94.86
50.5	2,820,207.88	-888.25	-0.00031	1.00031	94.80
51.5	1,922,443.72	4,041.64	0.00210	0.99790	94.83
52.5	2,700,710.12	5,493.45	0.00203	0.99797	94.63

Observed Life Table

Vol. 4B, Attach. PRC-1, p. 51

Scenario: Ohio 2007 Transmission Accounts

Account: OEEO 101/6-356 Overhead cond

Placement Band: 1918 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	2,284,333.01	8,508.29	0.00372	0.99628	94.44
54.5	1,115,120.46	1,229.55	0.00110	0.99890	94.09
55.5	1,047,049.74	5,807.68	0.00555	0.99445	93.99
56.5	577,100.92	1,327.05	0.00230	0.99770	93.47
57.5	547,393.56	21.87	0.00004	0.99996	93.26
58.5	549,306.03	39.19	0.00007	0.99993	93.26
59.5	535,857.53	2,669.89	0.00498	0.99502	93.25
60.5	120,948.10	30.06	0.00025	0.99975	92.79
61.5	115,690.24	84.42	0.00073	0.99927	92.77
62.5	100,091.46	90.88	0.00091	0.99909	92.70
63.5	101,189.35	41.63	0.00042	0.99958	92.62
64.5	60,945.68	135.51	0.00223	0.99777	92.58
65.5	52,062.76	158.79	0.00305	0.99695	92.37
66.5	46,725.59	22.13	0.00047	0.99953	92.09
67.5	64,483.88	25.89	0.00040	0.99960	92.05
68.5	79,719.22	583.02	0.00731	0.99269	92.01
69.5	160,098.29	290.89	0.00182	0.99818	91.34
70.5	533,811.11	508.91	0.00095	0.99905	91.17
71.5	493,772.32	132.34	0.00027	0.99973	91.08
72.5	234,015.87	319.50	0.00137	0.99863	91.06
73.5	220,050.61	3,724.58	0.01693	0.98307	90.94
74.5	234,366.23	295.30	0.00126	0.99874	89.40
75.5	396,574.89	2,903.09	0.00732	0.99268	89.29
76.5	306,772.99	299.35	0.00097	0.99903	88.64
77.5	160,750.42	10,497.09	0.06530	0.93470	88.55
78.5	82,594.85	510.17	0.00617	0.99383	82.77
79.5	48,074.15	762.93	0.01587	0.98413	82.26
80.5	57,704.23	176.38	0.00305	0.99695	80.95
81.5	51,826.96	328.11	0.00633	0.99367	80.70
82.5	48,870.27	41.07	0.00084	0.99916	80.19
83.5	21,834.45	356.61	0.01635	0.98365	80.12
84.5	17,874.76	13.24	0.00073	0.99927	78.81
85.5	10,811.45	0.78	0.00009	0.99991	78.75
86.5	10,516.98	0.00	0.00000	1.00000	78.74
87.5	10,339.98	214.18	0.02070	0.97930	78.74
88.5	0.00	0.00	0.00000	0.00000	77.11

Net Salvage Analysis Report

Account	Year	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
		Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 356 Overhead Conductor	1999	19,829.77	5365.05	0.00	0.00	21,849.92	5857.50	(1,820.15)	-492.45	-492.45
OECO 356 Overhead Conductor	2000	0.00	0.00	0.00	0.00	12,925.99	4.97	(12,925.99)	-4.97	-4.97
OECO 356 Overhead Conductor	2001	1,981.77	0.00	0.00	0.00	2,412.12	121.72	(2,412.12)	-121.72	-121.72
OECO 356 Overhead Conductor	2002	6,998.87	0.00	0.00	0.00	32,619.75	466.07	(32,619.75)	-466.07	-466.07
OECO 356 Overhead Conductor	2003	6,709.51	425.40	0.00	0.00	5,028.92	74.97	23,512.53	350.44	350.44
OECO 356 Overhead Conductor	2004	142.83	65202.33	0.00	0.00	6,937.00	4856.82	86,191.49	60345.51	60345.51
OECO 356 Overhead Conductor	2005	1,377.90	0.00	0.00	0.00	15,171.88	1101.09	(15,171.88)	-1101.09	-1101.09
OECO 356 Overhead Conductor	2006	77,862.66	0.00	0.00	0.00	15,473.51	18.92	(15,473.51)	-18.92	-18.92
		355,563.84	39.80	0.00	0.00	112,220.09	31.56	29,280.62	8.23	

Whole Life Depreciation Accrual

Vol. 4B, Attach. PRC-1, p. 53

Account: OECO 101/6-356 Overhead cond

Dispersion: 55 - R2

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$27,927,906.98		\$707,501.03	2.533314
Whole Life		55	\$710,892.18	
Amortization		0	\$0.00	
Retirements	\$286,447.70	55	\$3,391.15	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$27,927,906.98 *		\$707,501.03	2.533316
Average:	\$27,794,683.13		\$707,501.03	2.545455
Grand Total:	\$27,927,906.98 *		\$707,501.03	2.533316

* Excluding 2007 Retirements

Generation Arrangement Report

Vol. 4B, Attach. PRC-1, p. 54

Account: OECO 101/6-356 Overhead cond

Dispersion: 55.00 - R2

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$266,363.69	55.00	54.55	1.3885	1.0000	\$369,838.94	\$6,780.17
2005	1.50	\$315,923.79	55.00	53.64	1.3655	1.0000	\$431,391.38	\$8,041.70
2004	2.50	\$21,300.30	55.00	52.75	1.3426	1.0000	\$28,598.70	\$542.19
2003	3.50	\$470,169.67	55.00	51.85	1.3199	1.0000	\$620,592.96	\$11,967.96
2002	4.50	\$594,694.68	55.00	50.97	1.2973	1.0000	\$771,509.11	\$15,137.68
2001	5.50	\$232,582.79	55.00	50.08	1.2748	1.0000	\$296,504.14	\$5,920.29
2000	6.50	\$212,574.49	55.00	49.20	1.2525	1.0000	\$266,245.54	\$5,410.99
1999	7.50	\$190,653.31	55.00	48.33	1.2303	1.0000	\$234,552.30	\$4,852.99
1998	8.50	\$213,330.64	55.00	47.46	1.2082	1.0000	\$257,744.11	\$5,430.23
1997	9.50	\$71,298.49	55.00	46.60	1.1862	1.0000	\$84,577.74	\$1,814.87
1996	10.50	\$88,964.72	55.00	45.75	1.1644	1.0000	\$104,758.81	\$2,290.01
1995	11.50	\$487,756.40	55.00	44.89	1.1428	1.0000	\$557,395.56	\$12,415.62
1994	12.50	\$575,154.74	55.00	44.05	1.1213	1.0000	\$644,896.53	\$14,640.30
1993	13.50	\$1,163,901.28	55.00	43.21	1.0999	1.0000	\$1,280,153.06	\$29,626.58
1992	14.50	\$827,204.51	55.00	42.38	1.0787	1.0000	\$892,311.44	\$21,056.11
1991	15.50	\$5,492,534.43	55.00	41.55	1.0577	1.0000	\$5,809,208.85	\$139,809.97
1990	16.50	\$2,534,263.90	55.00	40.73	1.0368	1.0000	\$2,627,427.94	\$64,508.54
1989	17.50	\$359,454.48	55.00	39.92	1.0160	1.0000	\$365,215.49	\$9,149.75
1988	18.50	\$649,649.19	55.00	39.11	0.9955	1.0000	\$646,694.65	\$16,536.52
1987	19.50	\$513,294.07	55.00	38.31	0.9751	1.0000	\$500,500.54	\$13,065.67
1986	20.50	\$1,482,755.58	55.00	37.51	0.9549	1.0000	\$1,415,820.72	\$37,742.87
1985	21.50	\$187,814.72	55.00	36.72	0.9348	1.0000	\$175,569.01	\$4,780.74
1984	22.50	\$367,814.60	55.00	35.94	0.9149	1.0000	\$336,520.44	\$9,362.55
1983	23.50	\$298,985.81	55.00	35.17	0.8952	1.0000	\$267,658.14	\$7,610.55
1982	24.50	\$327,150.21	55.00	34.40	0.8757	1.0000	\$286,484.77	\$8,327.46
1981	25.50	\$906,287.87	55.00	33.64	0.8564	1.0000	\$776,155.68	\$23,069.15
1980	26.50	\$655,908.24	55.00	32.89	0.8373	1.0000	\$549,179.33	\$16,695.85
1979	27.50	\$59,388.80	55.00	32.15	0.8183	1.0000	\$48,600.04	\$1,511.71
1978	28.50	\$334,410.88	55.00	31.41	0.7998	1.0000	\$267,390.02	\$8,512.28
1977	29.50	\$368,639.07	55.00	30.68	0.7810	1.0000	\$287,916.83	\$9,383.54
1976	30.50	\$906,805.73	55.00	29.96	0.7627	1.0000	\$691,645.80	\$23,082.33
1975	31.50	\$270,561.43	55.00	29.25	0.7446	1.0000	\$201,459.42	\$6,887.02
1974	32.50	\$455,210.07	55.00	28.55	0.7267	1.0000	\$330,789.26	\$11,587.17
1973	33.50	\$457,171.25	55.00	27.85	0.7090	1.0000	\$324,119.23	\$11,637.09

Generation Arrangement Report

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Account: OECO 101/8-356 Overhead cond

Dispersion: 55.00 - R2

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	\$298,651.70	55.00	27.17	0.6915	1.0000	\$208,510.15	\$7,602.04
1971	35.50	\$203,355.36	55.00	26.49	0.6742	1.0000	\$137,101.54	\$5,176.32
1970	36.50	\$340,371.90	55.00	25.82	0.6572	1.0000	\$223,695.14	\$8,664.01
1969	37.50	\$200,985.40	55.00	25.16	0.6404	1.0000	\$128,710.87	\$5,115.99
1968	38.50	\$241,290.80	55.00	24.51	0.6238	1.0000	\$150,522.45	\$6,141.95
1967	39.50	\$278,740.58	55.00	23.87	0.6075	1.0000	\$169,329.10	\$7,095.21
1966	40.50	\$187,568.18	55.00	23.23	0.5914	1.0000	\$110,924.85	\$4,774.46
1965	41.50	\$239,513.29	55.00	22.61	0.5758	1.0000	\$137,858.86	\$6,096.70
1964	42.50	\$195,624.39	55.00	22.00	0.5600	1.0000	\$109,546.41	\$4,979.53
1963	43.50	\$344,799.68	55.00	21.40	0.5446	1.0000	\$187,789.43	\$8,776.72
1962	44.50	\$264,180.48	55.00	20.80	0.5295	1.0000	\$139,895.31	\$6,724.59
1961	45.50	\$119,400.57	55.00	20.22	0.5147	1.0000	\$61,456.15	\$3,039.29
1960	46.50	\$179,699.03	55.00	19.65	0.5001	1.0000	\$89,872.80	\$4,574.16
1959	47.50	\$145,662.41	55.00	19.09	0.4859	1.0000	\$70,774.33	\$3,707.77
1958	48.50	\$158,553.81	55.00	18.54	0.4718	1.0000	\$74,813.55	\$4,035.92
1957	49.50	\$285,945.54	55.00	18.00	0.4581	1.0000	\$130,987.83	\$7,278.61
1956	50.50	\$111,669.70	55.00	17.47	0.4446	1.0000	\$49,648.09	\$2,842.50
1955	51.50	\$164,307.22	55.00	16.95	0.4314	1.0000	\$70,877.59	\$4,182.37
1954	52.50	\$147,954.39	55.00	16.44	0.4185	1.0000	\$61,914.82	\$3,766.11
1953	53.50	\$188,489.18	55.00	15.94	0.4058	1.0000	\$76,490.71	\$4,797.91
1952	54.50	\$208,378.75	55.00	15.46	0.3934	1.0000	\$81,981.95	\$5,304.19
1951	55.50	\$74,440.80	55.00	14.98	0.3813	1.0000	\$28,385.63	\$1,894.86
1950	56.50	\$218,366.61	55.00	14.52	0.3695	1.0000	\$80,882.59	\$5,558.42
1949	57.50	\$32,171.59	55.00	14.08	0.3579	1.0000	\$11,514.83	\$818.91
1948	58.50	\$33,992.84	55.00	13.62	0.3467	1.0000	\$11,783.79	\$865.27
1947	59.50	\$17,000.17	55.00	13.19	0.3356	1.0000	\$5,705.97	\$432.73
1946	60.50	\$400,900.52	55.00	12.76	0.3249	1.0000	\$130,248.99	\$10,204.74
1945	61.50	\$13,151.66	55.00	12.35	0.3144	1.0000	\$4,134.89	\$334.77
1944	62.50	\$23,284.83	55.00	11.95	0.3042	1.0000	\$7,082.76	\$592.70
1943	63.50	\$3,802.59	55.00	11.56	0.2942	1.0000	\$1,118.69	\$96.79
1942	64.50	\$44,215.04	55.00	11.17	0.2845	1.0000	\$12,577.10	\$1,125.47
1941	65.50	\$6,644.93	55.00	10.80	0.2750	1.0000	\$1,882.02	\$174.23
1940	66.50	\$19,922.67	55.00	10.44	0.2667	1.0000	\$5,293.15	\$507.12
1939	67.50	\$4,165.03	55.00	10.08	0.2586	1.0000	\$1,068.92	\$106.02

Account: OECO 101/6-356 Overhead cond

Dispersion: 55.00 - R2

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1938	68.50	\$3,529.79	55.00	9.74	0.2478	1.0000	\$874.74	\$89.85
1937	69.50	\$6,869.20	55.00	9.39	0.2391	1.0000	\$1,642.52	\$174.85
1936	70.50	\$3,575.34	55.00	9.06	0.2306	1.0000	\$824.63	\$91.01
1935	71.50	\$3,771.85	55.00	8.74	0.2224	1.0000	\$838.70	\$96.01
1934	72.50	\$6,311.12	55.00	8.42	0.2142	1.0000	\$1,352.04	\$160.65
1933	73.50	\$489.56	55.00	8.10	0.2063	1.0000	\$100.98	\$12.46
1932	74.50	\$17,604.93	55.00	7.79	0.1983	1.0000	\$3,491.06	\$448.13
1931	75.50	\$10,154.88	55.00	7.48	0.1905	1.0000	\$1,934.77	\$258.49
1930	76.50	\$2,355.47	55.00	7.18	0.1829	1.0000	\$430.73	\$59.96
1929	77.50	\$10,129.07	55.00	6.89	0.1753	1.0000	\$1,775.51	\$257.83
1928	78.50	\$14,927.41	55.00	6.59	0.1678	1.0000	\$2,504.86	\$379.97
1927	79.50	\$33,292.06	55.00	6.30	0.1604	1.0000	\$5,339.55	\$847.43
1926	80.50	\$2,396.45	55.00	6.00	0.1528	1.0000	\$368.14	\$61.00
1925	81.50	\$5,700.89	55.00	5.71	0.1454	1.0000	\$828.74	\$145.11
1924	82.50	\$179.10	55.00	5.42	0.1380	1.0000	\$24.71	\$4.56
1923	83.50	\$26,994.75	55.00	5.13	0.1307	1.0000	\$3,527.14	\$687.14
1922	84.50	\$3,803.08	55.00	4.85	0.1234	1.0000	\$444.53	\$91.71
1921	85.50	\$7,050.07	55.00	4.55	0.1158	1.0000	\$816.70	\$179.46
1920	86.50	\$293.69	55.00	4.26	0.1085	1.0000	\$31.86	\$7.48
1919	87.50	\$177.00	55.00	3.98	0.1012	1.0000	\$17.91	\$4.51
1918	88.50	\$10,125.80	55.00	3.69	0.0940	1.0000	\$951.44	\$257.75
		\$27,927,906.98	55.00	35.94	0.9148	1.0000	\$25,549,728.65	\$710,892.18

Depreciation Reserve Summary

Vol. 4B, Attach. PRC-1, p. 57

Account: OECO 101/6-356 Overhead cond
 Scenario: Ohio 2007 Transmission Accounts ADR
 Version: 55 - R2
 Average Net Salvage Rate: -40.00%
 Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$27,927,906.98	\$13,766,044.91	0.4929	\$25,333,024.86	0.9071
Computed	\$27,927,906.98	\$13,549,343.13	0.4852	\$25,549,726.64	0.9148
Difference		\$216,701.78	0.0078	(\$216,701.78)	-0.0078

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 357 Underground Conduit

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 66 S3.

Actuarial Life Analysis

Account 357 does not have enough history for analysis.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28.5 to 75 Years.

Recommendation

Change to 60 S3 Based on Industry Standards and Actuarial Life Analysis.

Comments:

This account has limited history for analysis, but the decreased life is more in line with EEI Standards.

Salvage Factor Estimates

Current Net salvage Rate is	0%
Proposed Net salvage Rate	0%

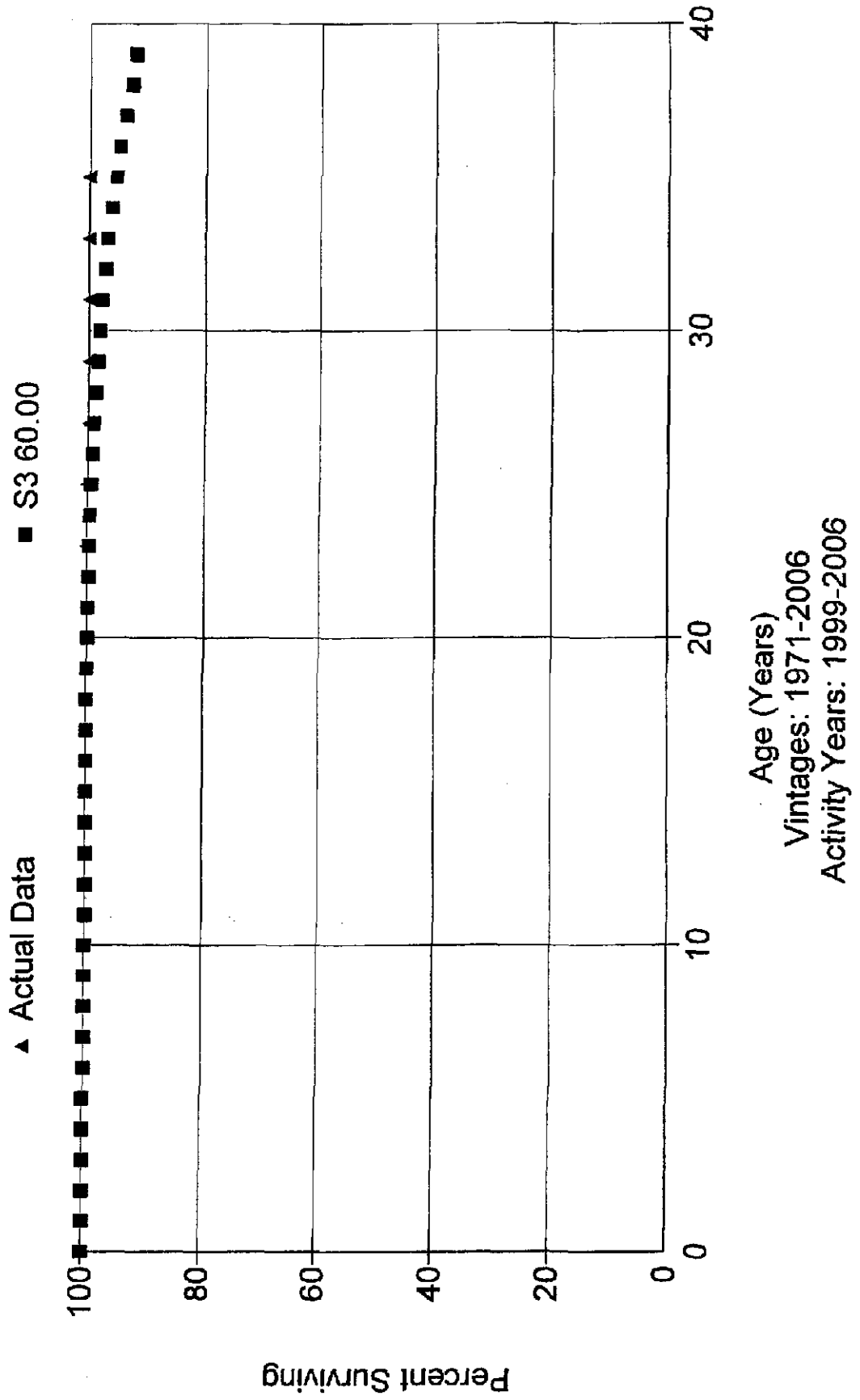
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 0% to -20%. As there were no retirements during the study period no change in the rate is recommended.

Summary of Recommendations

<u>60</u>	Average Service Life
<u>S3</u>	Iowa Curve
<u>0</u>	% Net Salvage

Ohio Edison Company Account 357 Underground Conduit



Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: QECO 101/6-357 Underground conduit

Placement Band: 1971 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	0.00	0.00	0.00000	0.00000	100.00
0.5	0.00	0.00	0.00000	0.00000	0.00
1.5	0.00	0.00	0.00000	0.00000	
2.5	0.00	0.00	0.00000	0.00000	
3.5	0.00	0.00	0.00000	0.00000	
4.5	0.00	0.00	0.00000	0.00000	
5.5	205,942.15	0.00	0.00000	1.00000	
6.5	205,942.15	0.00	0.00000	1.00000	
7.5	212,340.94	0.00	0.00000	1.00000	
8.5	212,340.94	0.00	0.00000	1.00000	
9.5	276,779.29	0.00	0.00000	1.00000	
10.5	276,779.29	0.00	0.00000	1.00000	
11.5	276,779.29	0.00	0.00000	1.00000	
12.5	276,779.29	0.00	0.00000	1.00000	
13.5	70,837.14	0.00	0.00000	1.00000	
14.5	70,837.14	0.00	0.00000	1.00000	
15.5	69,580.88	0.00	0.00000	1.00000	
16.5	69,580.88	0.00	0.00000	1.00000	
17.5	5,142.53	0.00	0.00000	1.00000	
18.5	5,142.53	0.00	0.00000	1.00000	
19.5	9,668.19	0.00	0.00000	1.00000	
20.5	54,353.85	0.00	0.00000	1.00000	
21.5	65,116.60	0.00	0.00000	1.00000	
22.5	88,674.81	0.00	0.00000	1.00000	
23.5	295,346.35	0.00	0.00000	1.00000	
24.5	394,559.25	0.00	0.00000	1.00000	
25.5	398,872.20	0.00	0.00000	1.00000	
26.5	1,081,059.71	0.00	0.00000	1.00000	
27.5	1,152,110.22	0.00	0.00000	1.00000	
28.5	1,107,424.56	0.00	0.00000	1.00000	
29.5	1,098,661.81	0.00	0.00000	1.00000	
30.5	1,073,103.60	0.00	0.00000	1.00000	
31.5	861,289.53	0.00	0.00000	1.00000	
32.5	762,076.63	0.00	0.00000	1.00000	
33.5	757,763.68	0.00	0.00000	1.00000	
34.5	75,576.17	0.00	0.00000	1.00000	
35.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	<u>Gross Salvage (Cash)</u>		<u>Gross Salvage (Returns)</u>		<u>Cost of Removal</u>		<u>Net Salvage</u>		1-Yr Avg
		Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
		Retirements								
OEEO 357 Underground Conduit	1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OEEO 357 Underground Conduit	2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Whole Life Depreciation Accrual

Vol. 4B, Attach. PRC-1, p. 63

Account: OECO 101/6-357 Underground conduit

Dispersion: 60 - S3

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$1,503,634.67		\$24,997.75	1.662521
Whole Life		60	\$25,060.58	
Amortization		0	\$0.00	
Retirements	\$7,539.93	60	\$62.83	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$1,503,634.67 *		\$24,997.75	1.662554
Average:	\$1,499,864.70		\$24,997.75	1.666667
Grand Total:	\$1,503,634.67 *		\$24,997.75	1.662554

* Excluding 2007 Retirements

Generation Arrangement Report

Vol. 4B, Attach. PRC-1, p. 64

Account: OECO 101/6-357 Underground conduit

Dispersion: 60.00 - S3

Average Net Salvage Rate: 0.00%

Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2003	3.50	\$0.00	60.00	56.50	0.9417	1.0000	\$0.00	\$0.00
1995	11.50	\$65,076.97	60.00	48.50	0.8084	1.0000	\$52,605.59	\$1,084.62
1993	13.50	\$205,942.15	60.00	46.50	0.7751	1.0000	\$159,618.43	\$3,432.37
1991	15.50	\$6,398.79	60.00	44.51	0.7418	1.0000	\$4,746.89	\$106.65
1989	17.50	\$64,438.35	60.00	42.52	0.7087	1.0000	\$45,669.84	\$1,073.97
1983	23.50	\$5,142.53	60.00	36.65	0.6109	1.0000	\$3,141.62	\$85.71
1979	27.50	\$4,525.66	60.00	32.88	0.5481	1.0000	\$2,480.40	\$75.43
1978	28.50	\$44,685.66	60.00	31.97	0.5328	1.0000	\$23,808.19	\$744.76
1977	29.50	\$10,762.75	60.00	31.07	0.5178	1.0000	\$5,572.98	\$179.38
1976	30.50	\$23,558.21	60.00	30.18	0.5030	1.0000	\$11,849.23	\$392.64
1975	31.50	\$211,814.07	60.00	29.30	0.4884	1.0000	\$103,444.45	\$3,530.23
1974	32.50	\$99,212.90	60.00	28.45	0.4741	1.0000	\$47,039.21	\$1,653.55
1973	33.50	\$4,312.85	60.00	27.60	0.4601	1.0000	\$1,984.25	\$71.88
1972	34.50	\$682,187.51	60.00	26.78	0.4463	1.0000	\$304,491.84	\$11,369.79
1971	35.50	\$75,576.17	60.00	25.97	0.4329	1.0000	\$32,715.73	\$1,259.60
		\$1,503,634.67	60.00	31.89	0.5315	1.0000	\$799,168.65	\$25,060.58

Depreciation Reserve Summary

Vol. 4B, Attach. PRC-1, p. 65

Account: OEEO 101/8-357 Underground conduit
 Scenario: Ohio 2007 Transmission Accounts ADR
 Revision: 60 - S3
 Average Net Salvage Rate: 0.00%
 Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$1,503,634.67	\$678,326.34	0.4511	\$825,308.33	0.5489
Computed	\$1,503,634.67	\$704,466.02	0.4685	\$799,168.65	0.5315
Difference		(\$26,139.68)	-0.0174	\$26,139.68	0.0174

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 358 Underground Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 45 R3.

Actuarial Life Analysis

241 S1.5 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28.5 to 72 Years.

Recommendation

Continue to use 45 R3 Based on Industry Standards and Actuarial Life Analysis

Comments:

The current Iowa Curve is representative of industry standards today according to the 2003 EEI Study, and the curve is a good match to the current exposures in this account.

Salvage Factor Estimates

Current Net salvage Rate is	10%
Proposed Net salvage Rate	10%

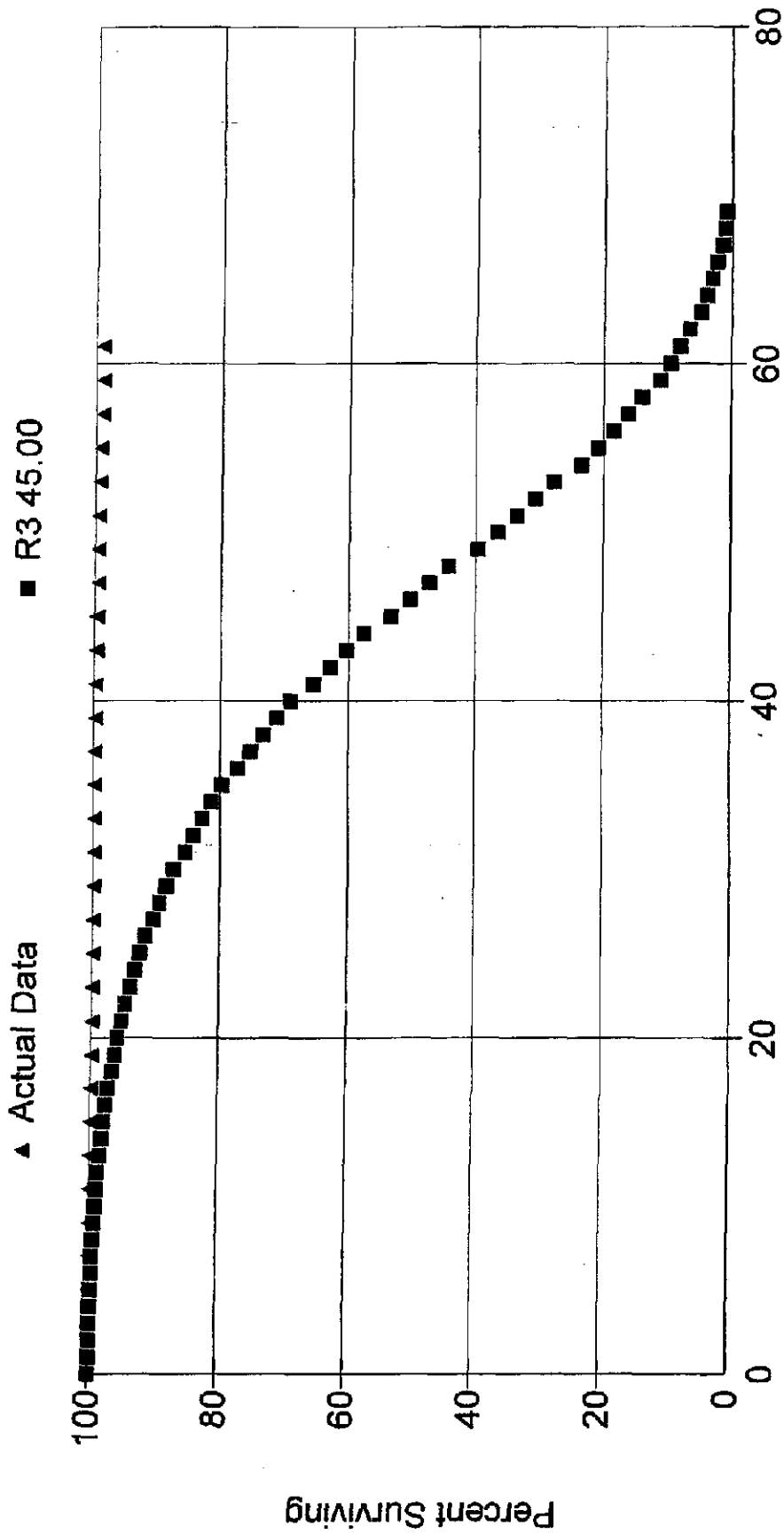
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 10% to -30%. The study data has limited information and the current rate is recommended.

Summary of Recommendations

<u>45</u>	Average Service Life
<u>R3</u>	Iowa Curve
<u>10</u>	% Net Salvage

Ohio Edison Company Account 358 Underground Conductor



Age (Years)
Vintages: 1946-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: Ohio 2007 Transmission Accounts
 Account: OECO 101/6-358 Undergrd condtr CR
 Placement Band: 1946 - 2006

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Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	208,184.40	64.34	0.00031	0.99969	100.00
0.5	195,662.75	0.00	0.00000	1.00000	99.97
1.5	278,792.87	0.00	0.00000	1.00000	99.97
2.5	190,463.06	0.00	0.00000	1.00000	99.97
3.5	87,231.75	0.00	0.00000	1.00000	99.97
4.5	40,666.52	0.00	0.00000	1.00000	99.97
5.5	97,372.39	0.00	0.00000	1.00000	99.97
6.5	97,372.39	0.00	0.00000	1.00000	99.97
7.5	129,718.40	0.00	0.00000	1.00000	99.97
8.5	140,202.22	0.00	0.00000	1.00000	99.97
9.5	574,111.40	54.94	0.00010	0.99990	99.97
10.5	602,501.28	0.00	0.00000	1.00000	99.96
11.5	651,140.38	0.00	0.00000	1.00000	99.96
12.5	651,140.38	109.88	0.00017	0.99983	99.96
13.5	844,561.89	22.03	0.00003	0.99997	99.94
14.5	881,123.67	0.00	0.00000	1.00000	99.94
15.5	846,957.79	0.00	0.00000	1.00000	99.94
16.5	1,037,647.60	103.33	0.00010	0.99990	99.94
17.5	766,519.16	38.91	0.00005	0.99995	99.93
18.5	924,295.74	0.00	0.00000	1.00000	99.93
19.5	1,041,279.09	74.45	0.00007	0.99993	99.93
20.5	1,872,936.89	194.04	0.00010	0.99990	99.92
21.5	1,632,721.83	108.22	0.00007	0.99993	99.91
22.5	1,638,685.75	0.00	0.00000	1.00000	99.90
23.5	1,662,357.58	363.28	0.00022	0.99978	99.90
24.5	1,756,024.06	92.96	0.00005	0.99995	99.88
25.5	1,688,868.56	28.17	0.00002	0.99998	99.88
26.5	2,031,241.01	144.40	0.00007	0.99993	99.88
27.5	1,892,735.37	175.65	0.00009	0.99991	99.87
28.5	1,084,541.12	0.00	0.00000	1.00000	99.86
29.5	1,131,110.89	314.66	0.00028	0.99972	99.86
30.5	1,198,789.80	54.72	0.00005	0.99995	99.83
31.5	1,176,075.73	11.29	0.00001	0.99999	99.83
32.5	881,221.91	74.42	0.00008	0.99992	99.83
33.5	823,959.53	121.84	0.00015	0.99985	99.82
34.5	332,629.52	24.44	0.00007	0.99993	99.81
35.5	312,082.27	16.20	0.00005	0.99995	99.80
36.5	292,546.56	46.48	0.00016	0.99984	99.80
37.5	217,980.69	39.45	0.00018	0.99982	99.78
38.5	127,847.95	39.17	0.00031	0.99969	99.76
39.5	140,790.57	12.97	0.00009	0.99991	99.73
40.5	294,323.61	138.28	0.00047	0.99953	99.72
41.5	265,136.07	43.47	0.00016	0.99984	99.67
42.5	375,918.47	169.55	0.00045	0.99955	99.65
43.5	373,465.17	303.74	0.00081	0.99919	99.61
44.5	398,961.02	18.04	0.00005	0.99995	99.53
45.5	389,053.82	311.56	0.00080	0.99920	99.53
46.5	369,076.80	0.00	0.00000	1.00000	99.45
47.5	358,856.28	28.65	0.00008	0.99992	99.45
48.5	205,500.35	0.00	0.00000	1.00000	99.44
49.5	196,247.71	0.00	0.00000	1.00000	99.44
50.5	48,962.45	41.91	0.00086	0.99914	99.44
51.5	48,586.16	0.00	0.00000	1.00000	99.35
52.5	234,340.92	363.79	0.00155	0.99845	99.35

Observed Life Table

Scenario: Ohio 2007 Transmission Accounts

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Account: OECO 101/6-358 Undergrd condtr CR

Placement Band: 1946 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	233,977.13	0.00	0.00000	1.00000	99.20
54.5	233,317.91	0.00	0.00000	1.00000	99.20
55.5	218,938.10	808.42	0.00369	0.99631	99.20
56.5	218,129.68	0.00	0.00000	1.00000	98.83
57.5	218,129.68	0.00	0.00000	1.00000	98.83
58.5	218,129.68	0.00	0.00000	1.00000	98.83
59.5	214,069.17	0.00	0.00000	1.00000	98.83
60.5	0.00	0.00	0.00000	0.00000	98.83

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 358 Underground Conductor	1999	1,430.83	0.00	0.00	0.00	0.00	1,078.34	75.38	(1,078.34)	-75.38	-75.38
OECO 358 Underground Conductor	2002	3,126.82	(12,648.33)	-404.51	0.00	0.00	0.00	0.00	(12,648.33)	-404.51	-404.51
OECO 358 Underground Conductor	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OECO 358 Underground Conductor	2005	0.00	0.00	0.00	0.00	0.00	11.21	0.00	(11.21)	0.00	0.00
OECO 358 Underground Conductor	2006	0.00	0.00	0.00	0.00	0.00	239.63	0.00	(239.63)	0.00	0.00
		4,557.45	(12,648.33)	-277.53	0.00	0.00	1,329.18	29.16	(13,977.51)	-306.70	

Whole Life Depreciation Accrual

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Account: OECO 101/6-358 Undergrd condtr CR

Dispersion: 45 - R3

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$4,739,936.25		\$93,480.88	1.972208
Whole Life		45	\$94,798.73	
Amortization		0	\$0.00	
Retirements	\$131,784.44	45	\$1,317.84	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$4,739,936.25 *		\$93,480.88	1.972218
Average:	\$4,674,044.03		\$93,480.88	2.000000
Grand Total:	\$4,739,936.25 *		\$93,480.88	1.972218

* Excluding 2007 Retirements

Account: OECO 101/6-358 Undergrd condtr CR

Dispersion: 45.00 - R3

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$12,457.31	45.00	44.51	0.8902	1.0000	\$11,088.89	\$249.15
2005	1.50	\$5,199.68	45.00	43.53	0.8705	1.0000	\$4,526.37	\$103.99
2004	2.50	\$0.00	45.00	42.55	0.8509	1.0000	\$0.00	\$0.00
2003	3.50	\$103,231.31	45.00	41.57	0.8314	1.0000	\$85,825.90	\$2,064.63
2002	4.50	\$46,565.23	45.00	40.60	0.8118	1.0000	\$37,808.61	\$931.30
2001	5.50	\$27,862.29	45.00	39.63	0.7926	1.0000	\$22,083.15	\$557.25
1999	7.50	\$12,804.23	45.00	37.71	0.7541	1.0000	\$9,656.00	\$256.08
1998	8.50	\$0.00	45.00	36.75	0.7351	1.0000	\$0.00	\$0.00
1995	11.50	\$0.00	45.00	33.93	0.6786	1.0000	\$0.00	\$0.00
1993	13.50	\$84,568.16	45.00	32.08	0.6416	1.0000	\$54,262.98	\$1,691.36
1991	15.50	\$45,150.24	45.00	30.27	0.6054	1.0000	\$27,331.74	\$903.00
1990	16.50	\$10,483.82	45.00	29.37	0.5874	1.0000	\$6,159.59	\$209.68
1989	17.50	\$433,744.36	45.00	28.49	0.5697	1.0000	\$247,118.69	\$8,674.89
1988	18.50	\$28,444.82	45.00	27.61	0.5522	1.0000	\$15,707.69	\$568.90
1987	19.50	\$48,639.10	45.00	26.74	0.5349	1.0000	\$26,016.58	\$972.78
1985	21.50	\$278,011.42	45.00	25.04	0.5008	1.0000	\$139,237.92	\$5,560.23
1984	22.50	\$36,583.81	45.00	24.21	0.4841	1.0000	\$17,711.57	\$731.68
1983	23.50	\$10,984.36	45.00	23.38	0.4677	1.0000	\$5,136.94	\$218.69
1982	24.50	\$201,061.95	45.00	22.57	0.4514	1.0000	\$90,759.65	\$4,021.24
1981	25.50	\$182,641.43	45.00	21.77	0.4353	1.0000	\$70,805.38	\$3,252.83
1980	26.50	\$186,161.81	45.00	20.98	0.4198	1.0000	\$78,106.60	\$3,723.24
1979	27.50	\$165,622.45	45.00	20.20	0.4040	1.0000	\$66,914.96	\$3,312.45
1978	28.50	\$831,235.83	45.00	19.44	0.3887	1.0000	\$323,118.26	\$16,624.72
1977	29.50	\$37,961.25	45.00	18.68	0.3736	1.0000	\$14,183.70	\$759.23
1976	30.50	\$42,627.78	45.00	17.94	0.3589	1.0000	\$15,297.62	\$852.56
1975	31.50	\$34,612.21	45.00	17.22	0.3444	1.0000	\$11,919.38	\$692.24
1974	32.50	\$294,842.53	45.00	16.51	0.3302	1.0000	\$97,343.58	\$5,896.85
1973	33.50	\$95,578.89	45.00	15.81	0.3162	1.0000	\$30,225.01	\$1,911.58
1972	34.50	\$528,162.57	45.00	15.13	0.3026	1.0000	\$159,812.50	\$10,563.25
1971	35.50	\$27,246.30	45.00	14.47	0.2893	1.0000	\$7,882.45	\$544.93
1970	36.50	\$23,217.23	45.00	13.82	0.2764	1.0000	\$6,416.23	\$464.34
1969	37.50	\$84,419.39	45.00	13.19	0.2638	1.0000	\$22,266.20	\$1,688.39
1968	38.50	\$110,475.39	45.00	12.57	0.2515	1.0000	\$27,781.48	\$2,209.51
1967	39.50	\$11,930.28	45.00	11.98	0.2396	1.0000	\$2,858.83	\$238.61

Generation Arrangement Report

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Account: OECO 101/6-358 Undergrd condtr CR

Dispersion: 45.00 - R3

Average Net Salvage Rate: 10.00%

Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1965	41.50	\$38,328.96	45.00	10.88	0.2171	1.0000	\$8,321.75	\$766.58
1964	42.50	\$36,901.60	45.00	10.32	0.2065	1.0000	\$7,618.76	\$738.03
1963	43.50	\$6,691.09	45.00	9.81	0.1962	1.0000	\$1,312.76	\$133.82
1962	44.50	\$3,697.72	45.00	9.32	0.1864	1.0000	\$889.23	\$73.95
1961	45.50	\$8,889.16	45.00	8.85	0.1770	1.0000	\$1,750.53	\$197.78
1960	46.50	\$20,324.68	45.00	8.40	0.1681	1.0000	\$3,415.64	\$406.49
1959	47.50	\$24,860.20	45.00	7.97	0.1595	1.0000	\$3,965.02	\$497.20
1958	48.50	\$153,127.28	45.00	7.57	0.1514	1.0000	\$23,177.52	\$3,062.55
1957	49.50	\$9,252.64	45.00	7.18	0.1436	1.0000	\$1,328.86	\$185.05
1956	50.50	\$147,285.26	45.00	6.81	0.1363	1.0000	\$20,068.52	\$2,945.71
1955	51.50	\$4,394.89	45.00	6.46	0.1292	1.0000	\$568.03	\$87.90
1954	52.50	\$29,486.62	45.00	6.13	0.1226	1.0000	\$3,615.56	\$589.73
1952	54.50	\$659.22	45.00	5.51	0.1102	1.0000	\$72.62	\$13.18
1951	55.50	\$14,379.81	45.00	5.22	0.1043	1.0000	\$1,499.82	\$287.80
1947	59.50	\$4,060.51	45.00	4.13	0.0827	1.0000	\$335.62	\$81.21
1946	60.50	\$214,069.17	45.00	3.87	0.0775	1.0000	\$18,580.05	\$4,281.38
		\$4,739,936.25	45.00	19.30	0.3860	1.0000	\$1,829,683.70	\$94,798.73

Depreciation Reserve Summary

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Account: OECO 101/6-358 Undergrd condtr CR
 Scenario: Ohio 2007 Transmission Accounts ADR
 Dispersion: 45 - R3

Average Net Salvage Rate: 10.00%
 Future Net Salvage Rate: 10.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$4,739,936.25	\$2,510,783.63	0.5297	\$1,755,159.00	0.3703
Computed	\$4,739,936.25	\$2,436,258.93	0.5140	\$1,829,683.69	0.3860
Difference		\$74,524.70	0.0157	(\$74,524.70)	-0.0157

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 361 Structures & Improvements

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 51 R4.

Actuarial Life Analysis

239 R3 best fit using 1999 - 2006 data.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 33 to 60 Years.

Recommendation

Continue to use 51 R4 Based on Industry Standards and Actuarial Life Analysis

Comments:

No change to the average life is recommended. Due to limited retirements the results of the actuarial study are inconclusive.

Salvage Factor Estimates

Current Net salvage Rate is	-25%
Proposed Net salvage Rate	-25%

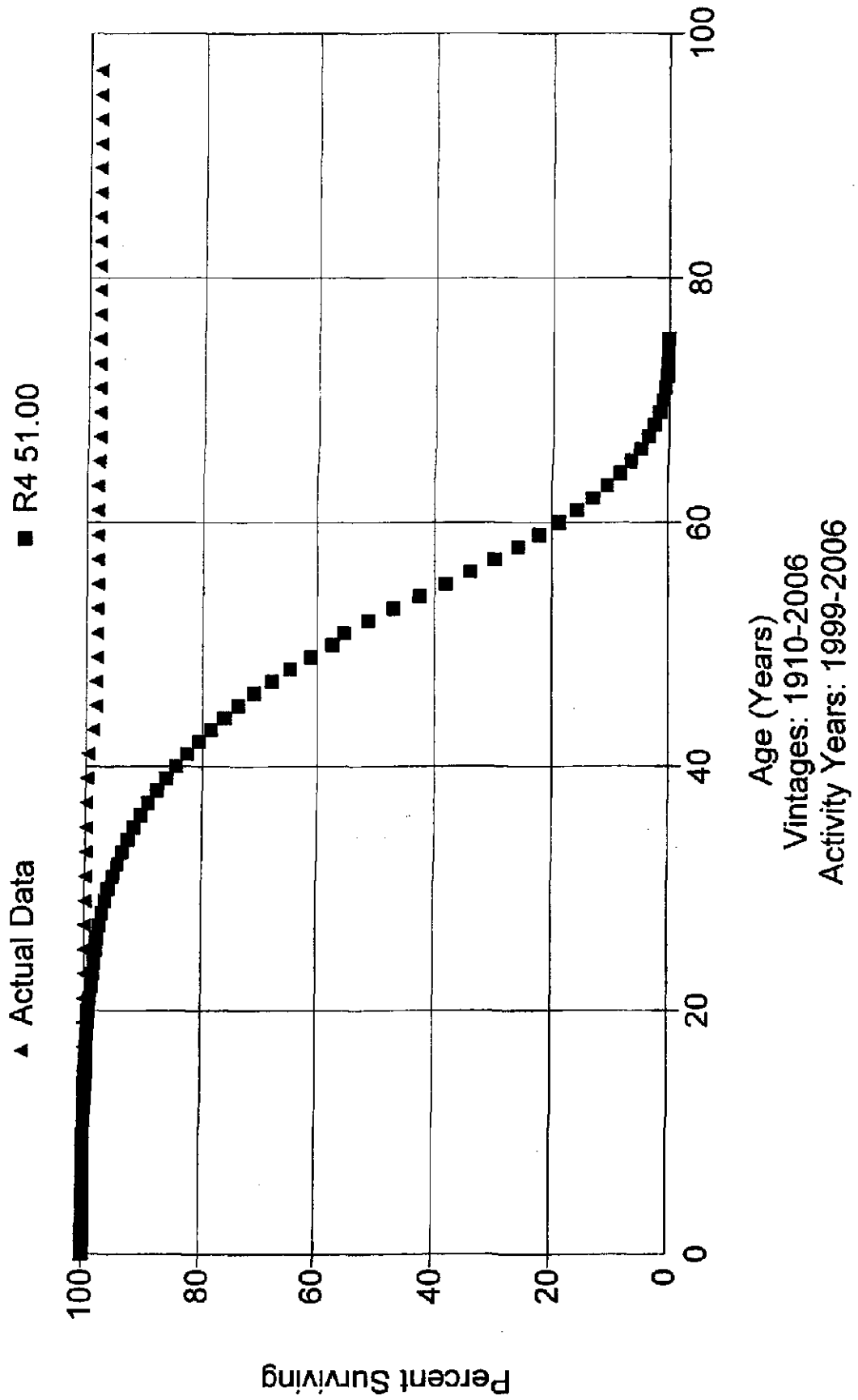
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 0% to -40% The current rate of -25% is thus still a viable option.

Summary of Recommendations

<u>51</u>	Average Service Life
<u>R4</u>	Iowa Curve
<u>-25</u>	% Net Salvage

Ohio Edison Company Account 361 Structures/Improvements



Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECO 101/6-361 Structures/improve

Placement Band: 1910 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	287,703.78	0.00	0.00000	1.00000	100.00
0.5	287,703.78	0.00	0.00000	1.00000	100.00
1.5	450,099.59	0.00	0.00000	1.00000	100.00
2.5	795,478.66	0.00	0.00000	1.00000	100.00
3.5	1,141,325.28	0.00	0.00000	1.00000	100.00
4.5	1,515,901.24	0.00	0.00000	1.00000	100.00
5.5	1,804,575.75	0.00	0.00000	1.00000	100.00
6.5	2,072,367.06	0.00	0.00000	1.00000	100.00
7.5	2,453,678.75	0.00	0.00000	1.00000	100.00
8.5	2,769,684.99	0.00	0.00000	1.00000	100.00
9.5	2,636,915.15	0.00	0.00000	1.00000	100.00
10.5	2,367,247.99	0.00	0.00000	1.00000	100.00
11.5	1,944,083.14	0.00	0.00000	1.00000	100.00
12.5	1,833,918.00	0.00	0.00000	1.00000	100.00
13.5	1,540,608.98	0.00	0.00000	1.00000	100.00
14.5	1,477,349.80	0.00	0.00000	1.00000	100.00
15.5	1,278,209.03	0.00	0.00000	1.00000	100.00
16.5	1,089,346.77	0.00	0.00000	1.00000	100.00
17.5	1,225,312.76	0.00	0.00000	1.00000	100.00
18.5	1,203,496.99	0.00	0.00000	1.00000	100.00
19.5	1,336,023.86	0.00	0.00000	1.00000	100.00
20.5	1,116,258.26	0.00	0.00000	1.00000	100.00
21.5	1,072,925.77	0.00	0.00000	1.00000	100.00
22.5	920,113.25	0.00	0.00000	1.00000	100.00
23.5	806,083.81	0.00	0.00000	1.00000	100.00
24.5	806,284.30	0.00	0.00000	1.00000	100.00
25.5	820,981.82	0.00	0.00000	1.00000	100.00
26.5	897,514.71	0.00	0.00000	1.00000	100.00
27.5	909,901.84	0.00	0.00000	1.00000	100.00
28.5	971,585.85	937.91	0.00097	0.99903	100.00
29.5	979,381.40	0.00	0.00000	1.00000	99.90
30.5	972,920.11	0.00	0.00000	1.00000	99.90
31.5	1,014,391.69	0.00	0.00000	1.00000	99.90
32.5	934,645.42	0.00	0.00000	1.00000	99.90
33.5	800,791.95	0.00	0.00000	1.00000	99.90
34.5	657,042.50	0.00	0.00000	1.00000	99.90
35.5	537,274.90	0.00	0.00000	1.00000	99.90
36.5	488,976.28	0.00	0.00000	1.00000	99.90
37.5	450,141.56	0.00	0.00000	1.00000	99.90
38.5	424,502.28	0.00	0.00000	1.00000	99.90
39.5	341,288.11	0.00	0.00000	1.00000	99.90
40.5	348,986.54	725.41	0.00208	0.99792	99.90
41.5	413,937.79	3,537.64	0.00855	0.99145	99.69
42.5	464,964.99	0.00	0.00000	1.00000	98.84
43.5	484,257.73	0.00	0.00000	1.00000	98.84
44.5	514,101.31	2,291.47	0.00446	0.99554	98.84
45.5	530,518.85	0.00	0.00000	1.00000	98.40
46.5	520,702.98	0.00	0.00000	1.00000	98.40
47.5	494,503.86	153.76	0.00031	0.99969	98.40
48.5	442,248.85	744.26	0.00168	0.99832	98.37
49.5	362,690.69	0.00	0.00000	1.00000	98.20
50.5	303,383.35	0.00	0.00000	1.00000	98.20
51.5	257,039.99	0.00	0.00000	1.00000	98.20
52.5	174,855.15	0.00	0.00000	1.00000	98.20

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECO 101/6-361 Structures/improve

Placement Band: 1910 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	110,904.65	0.00	0.00000	1.00000	98.20
54.5	83,338.18	0.00	0.00000	1.00000	98.20
55.5	53,537.32	0.00	0.00000	1.00000	98.20
56.5	39,336.39	0.00	0.00000	1.00000	98.20
57.5	15,860.13	0.00	0.00000	1.00000	98.20
58.5	16,183.89	0.00	0.00000	1.00000	98.20
59.5	16,998.11	0.00	0.00000	1.00000	98.20
60.5	15,652.14	0.00	0.00000	1.00000	98.20
61.5	19,227.19	0.00	0.00000	1.00000	98.20
62.5	21,456.51	0.00	0.00000	1.00000	98.20
63.5	21,669.07	0.00	0.00000	1.00000	98.20
64.5	19,794.33	0.00	0.00000	1.00000	98.20
65.5	18,059.65	0.00	0.00000	1.00000	98.20
66.5	16,643.06	0.00	0.00000	1.00000	98.20
67.5	13,732.12	0.00	0.00000	1.00000	98.20
68.5	21,234.79	0.00	0.00000	1.00000	98.20
69.5	21,442.60	0.00	0.00000	1.00000	98.20
70.5	29,048.19	0.00	0.00000	1.00000	98.20
71.5	32,722.31	0.00	0.00000	1.00000	98.20
72.5	34,423.18	0.00	0.00000	1.00000	98.20
73.5	35,748.74	0.00	0.00000	1.00000	98.20
74.5	34,079.27	0.00	0.00000	1.00000	98.20
75.5	34,473.66	0.00	0.00000	1.00000	98.20
76.5	26,034.81	0.00	0.00000	1.00000	98.20
77.5	19,713.49	0.00	0.00000	1.00000	98.20
78.5	9,620.34	0.00	0.00000	1.00000	98.20
79.5	5,374.01	0.00	0.00000	1.00000	98.20
80.5	3,212.53	0.00	0.00000	1.00000	98.20
81.5	1,835.96	0.00	0.00000	1.00000	98.20
82.5	2,167.78	0.00	0.00000	1.00000	98.20
83.5	1,429.00	0.00	0.00000	1.00000	98.20
84.5	331.82	0.00	0.00000	1.00000	98.20
85.5	419.77	0.00	0.00000	1.00000	98.20
86.5	1,353.03	0.00	0.00000	1.00000	98.20
87.5	1,353.03	0.00	0.00000	1.00000	98.20
88.5	1,427.43	0.00	0.00000	1.00000	98.20
89.5	1,427.43	0.00	0.00000	1.00000	98.20
90.5	1,095.61	0.00	0.00000	1.00000	98.20
91.5	1,095.61	0.00	0.00000	1.00000	98.20
92.5	1,095.61	0.00	0.00000	1.00000	98.20
93.5	1,007.66	0.00	0.00000	1.00000	98.20
94.5	74.40	0.00	0.00000	1.00000	98.20
95.5	74.40	0.00	0.00000	1.00000	98.20
96.5	0.00	0.00	0.00000	0.00000	98.20

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OEEO 361 Structures/Improvements	1999	7,492.43	0.00	0.00	0.00	0.00	536.41	7.16	(536.41)	-7.16	-7.16
OEEO 361 Structures/Improvements	2002	6,667.17	2,265.70	33.98	0.00	0.00	177.10	2.66	2,088.60	31.33	31.33
OEEO 361 Structures/Improvements	2004	0.00	0.00	0.00	0.00	0.00	0.01	0.00	(0.01)	0.00	0.00
		14,159.60	2,265.70	16.00	0.00	0.00	713.52	5.04	1,552.18	10.96	

Account: OECO 101/6-361 Structures/Improve

Dispersion: 51 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$6,431,754.68		\$155,797.13	2.422319
Whole Life		51	\$156,967.95	
Amortization		0	\$0.00	
Retirements	\$95,538.77	51	\$1,170.82	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$6,431,754.68 *		\$155,797.13	2.422327
Average:	\$6,383,985.30		\$155,797.13	2.440437
Grand Total:	\$6,431,754.68 *		\$155,797.13	2.422327

* Excluding 2007 Retirements

Account: OECO 1D1/6-361 Structures/improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2005	1.50	\$8,811.91	51.00	49.50	1.2133	1.0000	\$10,691.24	\$215.98
2004	2.50	\$25,530.75	51.00	48.50	1.1888	1.0000	\$30,350.89	\$625.75
2003	3.50	\$82,750.29	51.00	47.50	1.1643	1.0000	\$96,347.74	\$2,028.19
2002	4.50	\$919.38	51.00	46.51	1.1399	1.0000	\$1,047.97	\$22.53
2001	5.50	\$121,142.66	51.00	45.51	1.1154	1.0000	\$135,124.90	\$2,969.18
2000	6.50	\$18,434.29	51.00	44.51	1.0910	1.0000	\$20,111.90	\$451.82
1999	7.50	\$30,114.50	51.00	43.52	1.0666	1.0000	\$32,120.05	\$738.10
1998	8.50	\$13,311.09	51.00	42.52	1.0422	1.0000	\$13,873.02	\$326.25
1997	9.50	\$62,047.39	51.00	41.53	1.0179	1.0000	\$63,156.16	\$1,520.77
1996	10.50	\$447,168.58	51.00	40.54	0.9936	1.0000	\$444,292.89	\$10,960.01
1995	11.50	\$111,108.66	51.00	39.55	0.9693	1.0000	\$107,696.78	\$2,723.25
1994	12.50	\$375,495.34	51.00	38.56	0.9451	1.0000	\$354,870.90	\$9,203.32
1993	13.50	\$414,522.70	51.00	37.57	0.9209	1.0000	\$381,748.50	\$10,159.87
1992	14.50	\$286,225.60	51.00	36.59	0.8968	1.0000	\$256,700.65	\$7,015.33
1991	15.50	\$411,426.19	51.00	35.61	0.8728	1.0000	\$359,111.73	\$10,083.98
1990	16.50	\$329,317.33	51.00	34.64	0.8489	1.0000	\$279,565.84	\$8,071.50
1989	17.50	\$25,126.79	51.00	33.66	0.8251	1.0000	\$20,732.44	\$815.85
1988	18.50	\$96,537.13	51.00	32.70	0.8014	1.0000	\$77,366.52	\$2,366.11
1987	19.50	\$5,432.06	51.00	31.74	0.7778	1.0000	\$4,225.32	\$133.14
1986	20.50	\$265,330.20	51.00	30.78	0.7544	1.0000	\$200,171.89	\$8,503.19
1985	21.50	\$121,213.68	51.00	29.83	0.7312	1.0000	\$88,626.61	\$2,970.92
1984	22.50	\$222,966.42	51.00	28.89	0.7081	1.0000	\$157,876.03	\$5,464.86
1983	23.50	\$212,285.42	51.00	27.96	0.6852	1.0000	\$145,453.25	\$5,203.07
1982	24.50	\$140,455.07	51.00	27.03	0.6625	1.0000	\$93,049.57	\$3,442.53
1981	25.50	\$161,092.78	51.00	26.11	0.6400	1.0000	\$103,103.59	\$3,948.35
1980	26.50	\$74,721.36	51.00	25.21	0.6178	1.0000	\$46,163.66	\$1,831.41
1979	27.50	\$137,958.93	51.00	24.31	0.5959	1.0000	\$82,203.88	\$3,381.35
1978	28.50	\$45,564.60	51.00	23.43	0.5742	1.0000	\$26,162.03	\$1,116.78
1977	29.50	\$77,881.19	51.00	22.55	0.5528	1.0000	\$43,051.61	\$1,908.85
1976	30.50	\$70,153.90	51.00	21.69	0.5317	1.0000	\$37,301.31	\$1,719.46
1975	31.50	\$98,255.98	51.00	20.85	0.5109	1.0000	\$50,203.33	\$2,408.23
1974	32.50	\$140,655.56	51.00	20.01	0.4905	1.0000	\$88,994.43	\$3,447.44
1973	33.50	\$175,790.30	51.00	19.19	0.4704	1.0000	\$82,696.81	\$4,308.59
1972	34.50	\$151,254.25	51.00	18.39	0.4507	1.0000	\$68,170.14	\$3,707.21

Account: OECO 101/6-361 Structures/improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1971	35.50	\$150,758.81	51.00	17.60	0.4313	1.0000	\$65,026.33	\$3,695.07
1970	36.50	\$106,310.70	51.00	16.82	0.4123	1.0000	\$43,832.92	\$2,605.65
1969	37.50	\$86,614.65	51.00	16.06	0.3937	1.0000	\$34,096.80	\$2,122.91
1968	38.50	\$63,279.86	51.00	15.32	0.3755	1.0000	\$23,758.54	\$1,550.98
1967	39.50	\$139,727.56	51.00	14.59	0.3575	1.0000	\$49,957.05	\$3,424.70
1966	40.50	\$37,164.86	51.00	13.87	0.3400	1.0000	\$12,634.88	\$810.90
1965	41.50	\$41,936.83	51.00	13.17	0.3227	1.0000	\$13,534.64	\$1,027.86
1964	42.50	\$7,504.80	51.00	12.48	0.3058	1.0000	\$2,295.24	\$183.94
1963	43.50	\$29,491.73	51.00	11.80	0.2893	1.0000	\$8,530.96	\$722.84
1962	44.50	\$58,012.06	51.00	11.14	0.2731	1.0000	\$15,841.56	\$1,421.86
1961	45.50	\$47,779.95	51.00	10.50	0.2574	1.0000	\$12,296.38	\$1,171.08
1960	46.50	\$37,640.58	51.00	9.88	0.2422	1.0000	\$9,116.82	\$922.56
1959	47.50	\$56,513.39	51.00	9.29	0.2277	1.0000	\$12,869.45	\$1,385.13
1958	48.50	\$69,381.79	51.00	8.73	0.2140	1.0000	\$14,846.34	\$1,700.53
1957	49.50	\$103,012.23	51.00	8.20	0.2010	1.0000	\$20,706.88	\$2,524.81
1956	50.50	\$62,069.64	51.00	7.70	0.1888	1.0000	\$11,721.08	\$1,521.31
1955	51.50	\$48,784.47	51.00	7.24	0.1774	1.0000	\$8,656.36	\$1,195.70
1954	52.50	\$85,564.17	51.00	6.80	0.1668	1.0000	\$14,270.82	\$2,097.16
1953	53.50	\$66,488.96	51.00	6.40	0.1588	1.0000	\$10,427.13	\$1,629.63
1952	54.50	\$27,824.71	51.00	6.02	0.1475	1.0000	\$4,104.11	\$681.98
1951	55.50	\$30,160.51	51.00	5.66	0.1387	1.0000	\$4,184.32	\$739.23
1950	56.50	\$16,536.28	51.00	5.32	0.1305	1.0000	\$2,157.46	\$405.30
1949	57.50	\$25,261.95	51.00	5.00	0.1226	1.0000	\$3,097.95	\$619.17
1948	58.50	\$2,762.30	51.00	4.70	0.1152	1.0000	\$318.09	\$67.70
1947	59.50	\$2,441.11	51.00	4.41	0.1080	1.0000	\$283.59	\$59.83
1946	60.50	\$3,379.33	51.00	4.12	0.1010	1.0000	\$341.47	\$82.83
1945	61.50	\$2,538.48	51.00	3.85	0.0943	1.0000	\$239.43	\$62.22
1944	62.50	\$258.24	51.00	3.58	0.0878	1.0000	\$22.66	\$6.33
1943	63.50	\$359.65	51.00	3.32	0.0813	1.0000	\$29.26	\$8.81
1942	64.50	\$2,335.35	51.00	3.05	0.0747	1.0000	\$174.34	\$57.24
1941	65.50	\$1,785.69	51.00	2.79	0.0683	1.0000	\$122.01	\$43.77
1940	66.50	\$3,086.06	51.00	2.53	0.0621	1.0000	\$191.69	\$75.64
1939	67.50	\$3,255.33	51.00	2.29	0.0560	1.0000	\$182.38	\$79.79
1938	68.50	\$2,033.36	51.00	2.04	0.0501	1.0000	\$101.85	\$48.84

Account: OECO 101/8-361 Structures/improve

Dispersion: 51.00 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1937	69.50	\$6,113.51	51.00	1.81	0.0443	1.0000	\$270.98	\$149.84
1936	70.50	\$2,487.56	51.00	1.58	0.0388	1.0000	\$96.43	\$60.97
1935	71.50	\$572.21	51.00	1.36	0.0334	1.0000	\$19.12	\$14.02
1934	72.50	\$460.81	51.00	1.18	0.0283	1.0000	\$13.04	\$11.29
1933	73.50	\$51.01	51.00	0.96	0.0235	1.0000	\$1.20	\$1.25
1932	74.50	\$1,669.47	51.00	0.77	0.0189	1.0000	\$31.56	\$40.92
1931	75.50	\$344.39	51.00	0.59	0.0145	1.0000	\$4.99	\$8.44
1930	76.50	\$9,536.03	51.00	0.28	0.0063	1.0000	\$59.91	\$233.73
1929	77.50	\$6,321.32	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1928	78.50	\$10,093.15	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1927	79.50	\$4,246.33	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1926	80.50	\$2,161.48	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1925	81.50	\$1,376.57	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1923	83.50	\$738.78	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1922	84.50	\$1,097.18	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1916	90.50	\$331.82	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1913	93.50	\$87.95	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1912	94.50	\$933.26	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1910	96.50	\$74.40	51.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$6,431,754.68	51.00	27.80	0.6814	1.0000	\$4,382,811.57	\$156,967.95

Depreciation Reserve Summary

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Account: OECO 101/6-361 Structures/improve

Scenario: Ohio 2007 Distribution Accts ADR

Version: 51 - R4

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$6,431,754.68	\$3,669,330.57	0.5705	\$4,370,362.78	0.6795
Computed	\$6,431,754.68	\$3,656,881.78	0.5686	\$4,382,811.57	0.6814
Difference		\$12,448.79	0.0019	(\$12,448.79)	-0.0019

Ohio Edison Company**Average Life and Salvage Rate Determination**

Based On Year End 2006 Data using Beginning Balance 1999

Account 362 Station Equipment**Life and Iowa Survivor Curve**

Current Life and Iowa Survivor Curve is 49 R2.

Actuarial Life Analysis

173 L0 best fit using 1999 - 2006 data.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 25 to 55 Years.

Recommendation

Change to 49 R3 Based on Industry Standards and Actuarial Life Analysis.

Comments:

Due to limited retirement data in older vintages the actuarial analysis suggested an average life of 173 years. Currently a 49 year average life is being used and this falls within EEI Industry Standards. An R3 Iowa Curve is suggested to more closely match plant activity.

Salvage Factor Estimates

Current Net salvage Rate is	-25%
Proposed Net salvage Rate	-25%

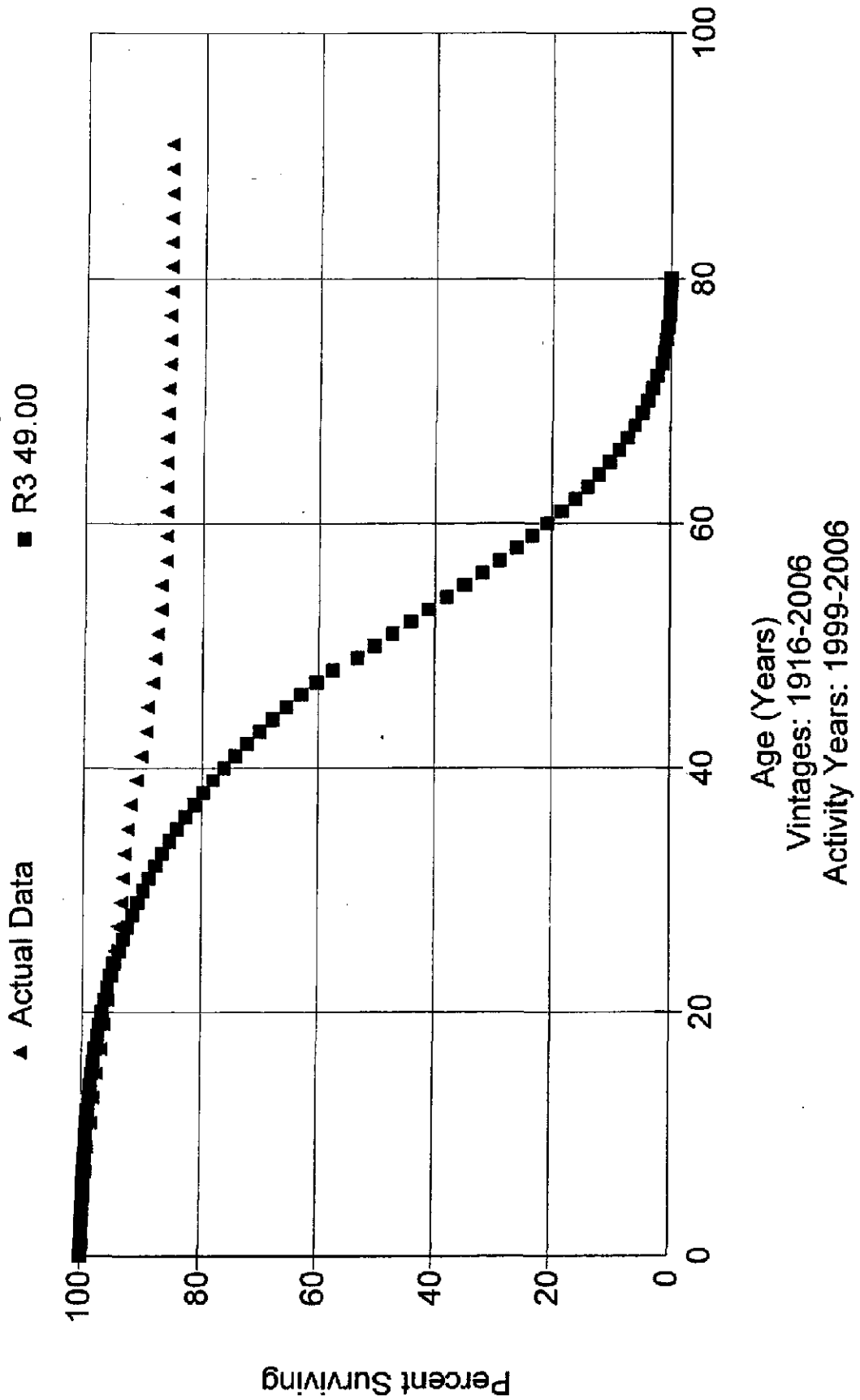
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 30% to -25% The current rate of -25% is thus still a viable option.

Summary of Recommendations

<u>49</u>	Average Service Life
<u>R3</u>	Iowa Curve
<u>-25</u>	% Net Salvage

Ohio Edison Company Account 362 Station Equipment



Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECQ 101/6-362 Station equipment

Placement Band: 1916 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	35,176,701.79	39,706.78	0.00113	0.99887	100.00
0.5	31,481,400.81	44,474.66	0.00141	0.99859	99.89
1.5	26,527,564.38	1,316.94	0.00005	0.99995	99.75
2.5	27,272,011.72	811.57	0.00003	0.99997	99.75
3.5	27,838,545.74	0.00	0.00000	1.00000	99.75
4.5	25,606,659.93	24,324.57	0.00095	0.99905	99.75
5.5	30,175,137.57	22,608.59	0.00075	0.99925	99.66
6.5	41,418,186.52	96,980.38	0.00234	0.99766	99.59
7.5	46,921,535.77	64,316.12	0.00137	0.99863	99.36
8.5	55,549,250.51	89,225.76	0.00161	0.99839	99.22
9.5	54,541,395.75	238,449.76	0.00437	0.99563	99.06
10.5	50,495,327.72	62,648.38	0.00124	0.99876	98.63
11.5	47,809,940.31	75,836.08	0.00159	0.99841	98.51
12.5	44,258,625.46	117,778.24	0.00266	0.99734	98.35
13.5	37,314,120.11	190,688.06	0.00511	0.99489	98.09
14.5	26,551,429.13	29,008.00	0.00109	0.99891	97.59
15.5	22,211,639.31	153,095.32	0.00689	0.99311	97.48
16.5	13,466,005.13	0.00	0.00000	1.00000	96.81
17.5	14,495,400.85	15,253.00	0.00105	0.99895	96.81
18.5	15,314,129.28	46,338.13	0.00303	0.99697	96.71
19.5	18,697,899.55	68,020.75	0.00353	0.99647	96.42
20.5	19,388,213.10	53,287.64	0.00275	0.99725	96.08
21.5	21,887,321.08	18,121.30	0.00083	0.99917	95.82
22.5	21,931,717.63	125,180.20	0.00571	0.99429	95.74
23.5	21,783,679.70	59,597.81	0.00274	0.99726	95.19
24.5	22,045,816.76	57,365.67	0.00260	0.99740	94.93
25.5	22,773,670.70	0.00	0.00000	1.00000	94.68
26.5	23,853,797.90	115,559.70	0.00484	0.99516	94.68
27.5	22,444,023.96	70,456.71	0.00314	0.99686	94.22
28.5	23,171,774.65	67,544.38	0.00291	0.99709	93.92
29.5	21,928,377.02	41,215.66	0.00188	0.99812	93.65
30.5	21,163,837.70	33,541.38	0.00158	0.99842	93.47
31.5	19,442,800.56	42,350.84	0.00218	0.99782	93.32
32.5	17,351,410.61	19,229.23	0.00111	0.99889	93.12
33.5	14,550,379.58	59,292.68	0.00408	0.99592	93.02
34.5	11,618,687.20	16,538.74	0.00142	0.99858	92.64
35.5	9,334,932.25	35,994.93	0.00386	0.99614	92.51
36.5	7,612,078.65	4,050.46	0.00053	0.99947	92.15
37.5	5,901,102.02	11,284.36	0.00191	0.99809	92.10
38.5	4,762,918.73	40,511.31	0.00851	0.99149	91.92
39.5	4,734,252.87	24,625.06	0.00520	0.99480	91.14
40.5	5,354,812.76	19,035.00	0.00355	0.99645	90.67
41.5	6,179,370.72	36,082.19	0.00584	0.99416	90.35
42.5	6,726,983.44	22,172.76	0.00330	0.99670	89.82
43.5	6,892,986.30	245.41	0.00004	0.99996	89.52
44.5	7,120,654.65	17,844.56	0.00251	0.99749	89.52
45.5	7,754,674.75	24,880.21	0.00321	0.99679	89.30
46.5	7,557,219.59	39,467.96	0.00522	0.99478	89.01
47.5	7,062,038.94	7,510.49	0.00106	0.99894	88.55
48.5	6,642,673.26	25,989.12	0.00391	0.99609	88.46
49.5	5,669,549.58	22,850.52	0.00403	0.99597	88.11
50.5	5,064,305.99	18.53	0.00000	1.00000	87.75
51.5	4,546,982.31	64.18	0.00001	0.99999	87.75
52.5	3,574,401.48	21,735.63	0.00608	0.99392	87.75

Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OEEO 101/6-362 Station equipment

Placement Band: 1916 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	2,549,662.40	170.37	0.00007	0.99993	87.22
54.5	2,081,894.23	190.48	0.00009	0.99991	87.21
55.5	1,507,054.31	0.00	0.00000	1.00000	87.20
56.5	989,469.10	10,124.25	0.01023	0.98977	87.20
57.5	467,023.80	0.00	0.00000	1.00000	86.31
58.5	336,179.52	0.00	0.00000	1.00000	86.31
59.5	311,466.60	0.00	0.00000	1.00000	86.31
60.5	285,959.53	85.69	0.00030	0.99970	86.31
61.5	316,580.96	0.00	0.00000	1.00000	86.28
62.5	310,134.99	0.00	0.00000	1.00000	86.28
63.5	329,912.21	0.00	0.00000	1.00000	86.28
64.5	255,967.27	0.00	0.00000	1.00000	86.28
65.5	226,972.33	0.00	0.00000	1.00000	86.28
66.5	192,167.72	0.00	0.00000	1.00000	86.28
67.5	164,503.91	0.00	0.00000	1.00000	86.28
68.5	239,982.75	0.00	0.00000	1.00000	86.28
69.5	396,028.11	0.00	0.00000	1.00000	86.28
70.5	495,623.54	114.11	0.00023	0.99977	86.28
71.5	519,375.94	1,806.88	0.00348	0.99652	86.26
72.5	525,760.89	80.03	0.00015	0.99985	85.96
73.5	510,734.94	0.00	0.00000	1.00000	85.95
74.5	509,094.94	0.00	0.00000	1.00000	85.95
75.5	507,272.51	0.00	0.00000	1.00000	85.95
76.5	416,699.75	0.00	0.00000	1.00000	85.95
77.5	205,762.60	0.00	0.00000	1.00000	85.95
78.5	80,963.86	93.20	0.00115	0.99885	85.95
79.5	39,617.05	0.00	0.00000	1.00000	85.85
80.5	17,882.42	0.00	0.00000	1.00000	85.85
81.5	5,262.74	0.00	0.00000	1.00000	85.85
82.5	4,905.39	0.00	0.00000	1.00000	85.85
83.5	3,422.19	0.00	0.00000	1.00000	85.85
84.5	3,131.63	0.00	0.00000	1.00000	85.85
85.5	3,068.10	0.00	0.00000	1.00000	85.85
86.5	2,866.04	0.00	0.00000	1.00000	85.85
87.5	220.48	0.00	0.00000	1.00000	85.85
88.5	61.10	0.00	0.00000	1.00000	85.85
89.5	0.00	0.00	0.00000	0.00000	85.85

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 362 Station Equipment	1999	165,980.38	0.00	0.00	0.00	0.00	1,500.00	0.90	(1,500.00)	-0.90	-0.90
OECO 362 Station Equipment	2000	259.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OECO 362 Station Equipment	2001	825,871.00	161.50	0.02	0.00	0.00	46,483.74	5.63	(46,322.24)	-5.61	-5.61
OECO 362 Station Equipment	2002	819,582.90	56,614.30	6.91	0.00	0.00	5,524.49	0.67	51,089.81	6.23	6.23
OECO 362 Station Equipment	2003	139,306.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OECO 362 Station Equipment	2004	0.00	29,574.29	0.00	0.00	0.00	82,091.17	0.00	(52,516.88)	0.00	0.00
OECO 362 Station Equipment	2005	58,079.72	103.58	0.18	0.00	0.00	60,208.70	103.67	(60,105.12)	-103.49	-103.49
OECO 362 Station Equipment	2006	688,334.54	0.00	0.00	0.00	0.00	45,549.70	6.62	(45,549.70)	-6.62	-6.62
		2,697,415.02	86,453.67	3.21	0.00	0.00	241,357.80	8.95	(154,804.13)	-5.74	

Account: OECO 101/5-362 Station equipment

Dispersion: 49 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$159,516,413.25		\$4,045,510.90	2.536110
Whole Life		49	\$4,089,168.02	
Amortization		0	\$0.00	
Retirements	\$1,854,796.67	49	\$23,658.12	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$159,516,413.25 *		\$4,045,510.90	2.536110
Average:	\$158,589,014.92		\$4,045,510.80	2.550940
Grand Total:	\$159,516,413.25 *		\$4,045,510.90	2.536110

Excluding 2007 Retirements

Account: OECO 101/6-362 Station equipment

Dispersion: 49.00 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$4,599,641.55	49.00	48.51	1.2374	1.0000	\$5,691,761.06	\$117,337.79
2005	1.50	\$10,036,577.91	49.00	47.53	1.2124	1.0000	\$12,168,113.16	\$256,035.16
2004	2.50	\$4,702,673.06	49.00	46.55	1.1874	1.0000	\$5,583,827.10	\$119,966.16
2003	3.50	\$2,663,854.90	49.00	45.57	1.1624	1.0000	\$3,096,589.84	\$67,855.48
2002	4.50	\$6,939,630.09	49.00	44.59	1.1376	1.0000	\$7,894,627.11	\$177,031.38
2001	5.50	\$2,987,746.53	49.00	43.62	1.1129	1.0000	\$3,324,959.43	\$76,218.02
2000	6.50	\$2,032,109.61	49.00	42.66	1.0882	1.0000	\$2,211,393.34	\$51,839.53
1999	7.50	\$1,882,859.15	49.00	41.70	1.0637	1.0000	\$2,002,784.80	\$48,032.12
1998	8.50	\$1,507,148.55	49.00	40.74	1.0393	1.0000	\$1,566,356.64	\$38,447.62
1997	9.50	\$3,544,228.00	49.00	39.78	1.0150	1.0000	\$3,597,410.27	\$90,413.98
1996	10.50	\$6,238,366.12	49.00	38.84	0.9909	1.0000	\$6,181,365.93	\$159,141.99
1995	11.50	\$3,724,817.42	49.00	37.90	0.9669	1.0000	\$3,601,201.64	\$95,015.75
1994	12.50	\$4,918,259.00	49.00	36.97	0.9430	1.0000	\$4,637,914.14	\$125,465.79
1993	13.50	\$6,861,356.76	49.00	36.04	0.9193	1.0000	\$6,307,894.98	\$175,034.61
1992	14.50	\$13,096,624.64	49.00	35.12	0.8958	1.0000	\$11,732,400.68	\$334,097.57
1991	15.50	\$7,309,984.30	49.00	34.20	0.8725	1.0000	\$6,378,163.08	\$186,479.19
1990	16.50	\$10,918,183.39	49.00	33.30	0.8494	1.0000	\$9,274,138.02	\$278,525.09
1989	17.50	\$1,743,487.86	49.00	32.40	0.8265	1.0000	\$1,440,997.16	\$44,476.73
1988	18.50	\$1,357,057.63	49.00	31.51	0.8038	1.0000	\$1,090,814.29	\$34,618.82
1987	19.50	\$615,620.40	49.00	30.63	0.7813	1.0000	\$480,998.23	\$15,704.60
1986	20.50	\$1,140,014.70	49.00	29.76	0.7591	1.0000	\$865,340.29	\$29,082.01
1985	21.50	\$819,057.61	49.00	28.89	0.7370	1.0000	\$603,671.86	\$20,894.33
1984	22.50	\$2,538,240.32	49.00	28.04	0.7152	1.0000	\$1,815,475.53	\$64,751.03
1983	23.50	\$2,861,177.15	49.00	27.19	0.6937	1.0000	\$1,984,813.88	\$72,989.21
1982	24.50	\$2,272,331.36	49.00	26.36	0.6724	1.0000	\$1,527,934.12	\$57,967.64
1981	25.50	\$2,718,333.36	49.00	25.53	0.6514	1.0000	\$1,770,648.45	\$69,345.24
1980	26.50	\$2,183,031.31	49.00	24.72	0.6306	1.0000	\$1,376,616.41	\$55,689.57
1979	27.50	\$3,967,600.19	49.00	23.92	0.6101	1.0000	\$2,420,699.31	\$101,214.29
1978	28.50	\$1,740,903.48	49.00	23.12	0.5899	1.0000	\$1,026,893.76	\$44,410.80
1977	29.50	\$3,315,820.20	49.00	22.34	0.5699	1.0000	\$1,889,780.81	\$84,589.80
1976	30.50	\$2,540,873.70	49.00	21.57	0.5503	1.0000	\$1,398,117.89	\$64,818.21
1975	31.50	\$2,800,812.37	49.00	20.81	0.5309	1.0000	\$1,486,899.87	\$71,449.30
1974	32.50	\$2,564,983.95	49.00	20.06	0.5118	1.0000	\$1,312,803.67	\$65,433.26

Generation Arrangement Report

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Account: OECO 101/6-362 Station equipment

Dispersion: 49.00 - R3

Average Net Salvage Rate: -25.00%

Pure Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	\$3,412,760.69	49.00	19.33	0.4931	1.0000	\$1,682,726.00	\$87,060.22
1972	34.50	\$3,038,006.17	49.00	18.61	0.4746	1.0000	\$1,441,975.90	\$77,500.16
1971	35.50	\$2,658,408.27	49.00	17.90	0.4566	1.0000	\$1,212,802.20	\$67,785.52
1970	36.50	\$2,462,314.22	49.00	17.20	0.4388	1.0000	\$1,080,506.37	\$62,814.14
1969	37.50	\$2,078,302.33	49.00	16.52	0.4214	1.0000	\$875,751.62	\$53,017.92
1968	38.50	\$1,804,890.67	49.00	15.85	0.4044	1.0000	\$729,864.27	\$46,043.13
1967	39.50	\$1,058,883.59	49.00	15.20	0.3878	1.0000	\$410,605.99	\$27,012.34
1966	40.50	\$450,241.83	49.00	14.57	0.3718	1.0000	\$167,298.28	\$11,485.76
1965	41.50	\$721,026.56	49.00	13.95	0.3558	1.0000	\$256,541.82	\$18,393.53
1964	42.50	\$180,846.47	49.00	13.35	0.3405	1.0000	\$61,571.50	\$4,613.43
1963	43.50	\$345,878.42	49.00	12.76	0.3256	1.0000	\$112,609.44	\$8,823.43
1962	44.50	\$744,117.52	49.00	12.20	0.3112	1.0000	\$231,535.58	\$18,982.59
1961	45.50	\$414,882.16	49.00	11.65	0.2972	1.0000	\$123,308.38	\$10,583.73
1960	46.50	\$672,985.66	49.00	11.12	0.2837	1.0000	\$190,959.58	\$17,168.00
1959	47.50	\$1,030,741.87	49.00	10.61	0.2708	1.0000	\$279,109.06	\$26,294.44
1958	48.50	\$1,072,985.10	49.00	10.13	0.2583	1.0000	\$277,163.76	\$27,372.07
1957	49.50	\$1,547,139.94	49.00	9.66	0.2463	1.0000	\$381,117.87	\$39,467.86
1956	50.50	\$730,965.45	49.00	9.21	0.2349	1.0000	\$171,672.61	\$18,647.08
1955	51.50	\$572,859.57	49.00	8.78	0.2239	1.0000	\$128,243.58	\$14,613.76
1954	52.50	\$1,015,549.35	49.00	8.36	0.2134	1.0000	\$216,672.10	\$25,906.87
1953	53.50	\$1,043,207.80	49.00	7.97	0.2033	1.0000	\$212,098.37	\$26,612.44
1952	54.50	\$488,014.25	49.00	7.59	0.1937	1.0000	\$94,538.52	\$12,449.34
1951	55.50	\$550,936.85	49.00	7.23	0.1846	1.0000	\$101,662.54	\$14,051.96
1950	56.50	\$605,130.57	49.00	6.89	0.1758	1.0000	\$106,386.49	\$15,437.00
1949	57.50	\$546,477.64	49.00	6.56	0.1674	1.0000	\$91,498.83	\$13,940.76
1948	58.50	\$165,540.26	49.00	6.25	0.1594	1.0000	\$26,388.38	\$4,222.97
1947	59.50	\$55,682.36	49.00	5.95	0.1517	1.0000	\$8,446.89	\$1,420.47
1946	60.50	\$40,977.24	49.00	5.66	0.1443	1.0000	\$5,911.47	\$1,045.34
1945	61.50	\$24,248.20	49.00	5.38	0.1372	1.0000	\$3,327.57	\$618.58
1944	62.50	\$20,967.45	49.00	5.11	0.1303	1.0000	\$2,731.42	\$534.88
1943	63.50	\$189.26	49.00	4.84	0.1235	1.0000	\$23.37	\$4.83
1942	64.50	\$81,318.37	49.00	4.58	0.1188	1.0000	\$9,494.90	\$2,074.45
1941	65.50	\$57,755.17	49.00	4.32	0.1101	1.0000	\$6,361.72	\$1,473.35

Generation Arrangement Report

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Account: OECO 101/6-362 Station equipment

Dispersion: 49.00 - R3

Average Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1940	66.50	\$27,653.00	49.00	4.06	0.1036	1.0000	\$2,864.37	\$705.43
1939	67.50	\$30,969.44	49.00	3.80	0.0970	1.0000	\$3,005.31	\$790.04
1938	68.50	\$15,384.48	49.00	3.55	0.0905	1.0000	\$1,392.43	\$392.46
1937	69.50	\$54,965.32	49.00	3.29	0.0840	1.0000	\$4,615.03	\$1,401.92
1936	70.50	\$25,519.48	49.00	3.04	0.0775	1.0000	\$1,976.66	\$651.01
1935	71.50	\$19,966.48	49.00	2.78	0.0710	1.0000	\$1,416.70	\$509.35
1934	72.50	\$13,941.59	49.00	2.53	0.0645	1.0000	\$899.10	\$355.65
1933	73.50	\$27,626.70	49.00	2.28	0.0581	1.0000	\$1,604.72	\$704.76
1932	74.50	\$1,997.35	49.00	2.03	0.0518	1.0000	\$103.40	\$50.95
1931	75.50	\$3,305.63	49.00	1.78	0.0456	1.0000	\$150.60	\$84.33
1930	76.50	\$90,863.32	49.00	1.55	0.0395	1.0000	\$3,588.23	\$2,317.94
1929	77.50	\$161,195.22	49.00	1.32	0.0336	1.0000	\$5,412.02	\$4,112.12
1928	78.50	\$124,473.17	49.00	1.09	0.0279	1.0000	\$3,469.38	\$3,175.34
1927	79.50	\$43,404.53	49.00	0.88	0.0224	1.0000	\$973.10	\$1,107.26
1926	80.50	\$22,053.39	49.00	0.67	0.0171	1.0000	\$377.85	\$662.59
1925	81.50	\$12,680.78	49.00	0.41	0.0105	1.0000	\$132.70	\$323.49
1924	82.50	\$357.35	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1923	83.50	\$1,483.20	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1922	84.50	\$290.58	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1921	85.50	\$63.53	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1920	86.50	\$159.38	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1919	87.50	\$2,413.04	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1918	88.50	\$159.38	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1917	89.50	\$61.10	49.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$159,516,413.25	49.00	31.57	0.8054	1.0000	\$128,476,194.36	\$4,069,169.02

Depreciation Reserve Summary

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Account: OECO 101/6-362 Station equipment

Scenario: Ohio 2007 Distribution Accts ADR

Dispersion: 49 - R3

Page Net Salvage Rate: -25.00%

Future Net Salvage Rate: -25.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$159,516,413.25	\$64,966,420.91	0.4073	\$134,429,095.65	0.8427
Computed	\$159,516,413.25	\$70,919,322.21	0.4446	\$128,476,194.35	0.8054
Difference		(\$5,952,901.30)	-0.0373	\$5,952,901.30	0.0373

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 364 Poles & Towers

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 42 R2.

Actuarial Life Analysis

58 R3.0 best fit using 1999 - 2006 data.

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 20 to 55 Years.

Recommendation

Change to 46 R2.5 Based on Industry Standards and Actuarial Life Analysis.

Comments:

Based on EEI Industry Standards and plant data, a slightly longer life is warranted for this account. The actuarial life analysis recommends a 58 year average life; this is not warranted based on the information analyzed. The average service life and Iowa Curve were chosen based on their fit to the lower aged vintages.

Salvage Factor Estimates

Current Net salvage Rate is	-25%
Proposed Net salvage Rate	-35%

Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 5% to -374%. The activity used for this study shows an average of 41%; this is inconsistent with industry standards and a slight increase to -35% is recommended.

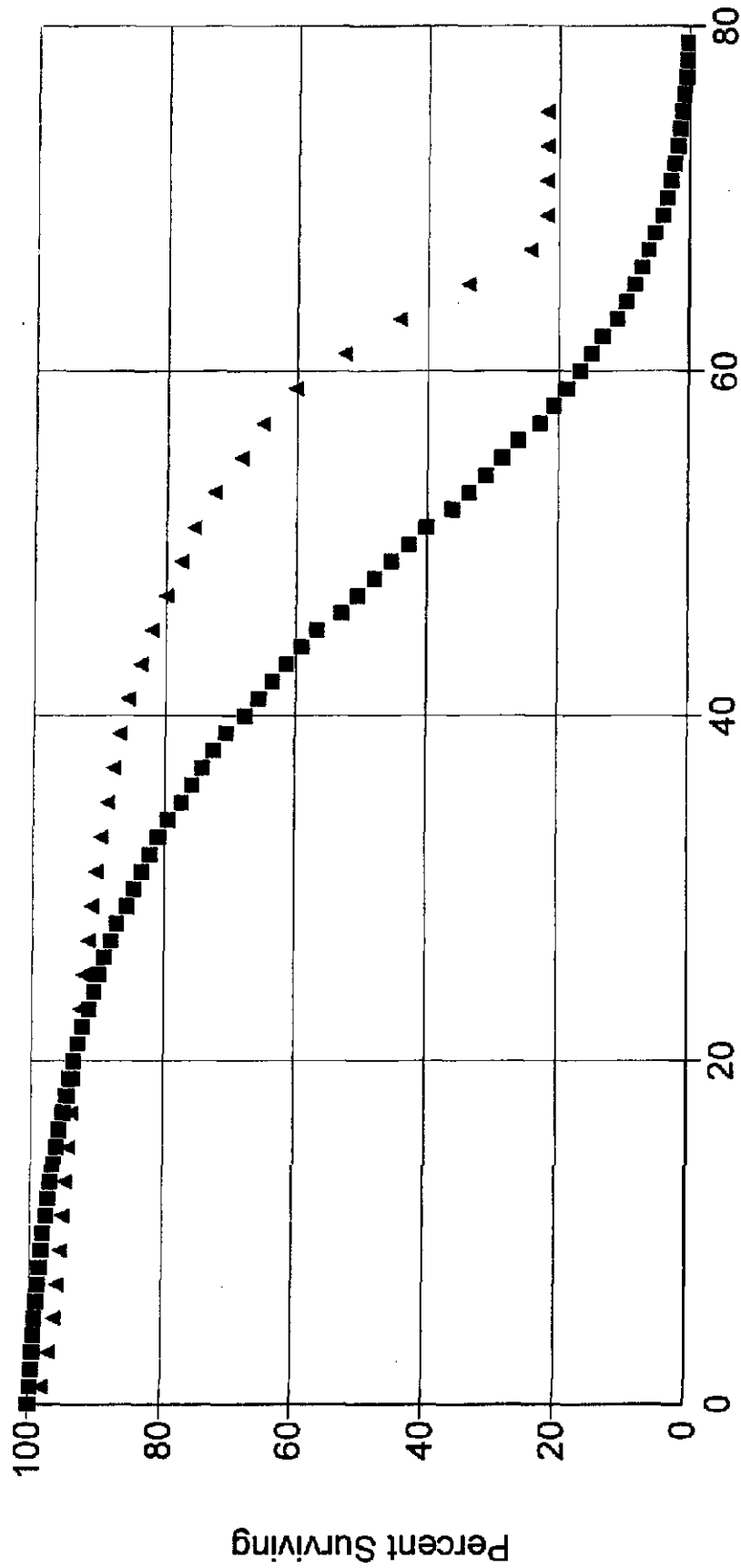
Summary of Recommendations

<u>46</u>	Average Service Life
<u>R2.5</u>	Iowa Curve
<u>-35</u>	% Net Salvage

Ohio Edison Company Account 364 Poles & Towers

▲ Actual Data

■ R2.5 46.00



Age (Years)
Vintages: 1931-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OEEO 101/6-364 Poles towers

Placement Band: 1931 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	79,265,251.41	569,375.16	0.00718	0.99282	100.00
0.5	59,507,421.21	688,631.01	0.01124	0.98876	99.28
1.5	64,284,559.35	526,623.51	0.00819	0.99181	98.16
2.5	71,637,566.74	139,870.24	0.00195	0.99805	97.36
3.5	73,844,743.10	470,204.37	0.00637	0.99363	97.17
4.5	74,557,459.66	179,163.30	0.00240	0.99760	96.55
5.5	77,967,390.75	144,327.49	0.00185	0.99815	96.32
6.5	80,585,637.82	245,517.89	0.00305	0.99695	96.14
7.5	83,282,366.85	137,618.45	0.00165	0.99835	95.85
8.5	80,036,289.13	175,005.15	0.00219	0.99781	95.69
9.5	76,862,714.64	115,216.43	0.00150	0.99850	95.48
10.5	76,149,988.31	157,624.50	0.00207	0.99793	95.34
11.5	74,702,912.71	122,578.08	0.00164	0.99836	95.14
12.5	73,158,966.23	173,938.12	0.00238	0.99762	94.98
13.5	73,843,750.90	120,042.61	0.00163	0.99837	94.75
14.5	73,576,154.54	123,738.28	0.00168	0.99832	94.60
15.5	72,813,113.38	170,240.94	0.00234	0.99766	94.44
16.5	71,361,400.10	134,441.43	0.00188	0.99812	94.22
17.5	71,318,498.59	139,078.89	0.00195	0.99805	94.04
18.5	69,229,137.41	124,334.01	0.00180	0.99820	93.86
19.5	65,949,365.45	154,151.57	0.00234	0.99766	93.69
20.5	63,812,589.96	180,193.41	0.00282	0.99718	93.47
21.5	59,746,157.26	158,303.31	0.00265	0.99735	93.21
22.5	55,688,166.10	133,721.41	0.00240	0.99760	92.96
23.5	53,848,225.56	162,811.59	0.00302	0.99698	92.74
24.5	53,434,949.81	115,304.95	0.00216	0.99784	92.46
25.5	51,751,890.79	220,423.90	0.00426	0.99574	92.26
26.5	48,358,302.49	125,430.05	0.00259	0.99741	91.87
27.5	44,980,800.25	118,615.32	0.00264	0.99736	91.63
28.5	41,659,049.99	143,166.87	0.00344	0.99656	91.39
29.5	38,026,392.88	144,163.22	0.00379	0.99621	91.08
30.5	34,522,827.16	129,609.16	0.00375	0.99625	90.73
31.5	30,868,737.61	140,913.92	0.00456	0.99544	90.39
32.5	25,874,544.39	111,919.55	0.00433	0.99567	89.98
33.5	23,840,482.48	99,781.08	0.00419	0.99581	89.59
34.5	22,425,308.77	128,669.59	0.00574	0.99426	89.21
35.5	22,658,798.80	110,469.46	0.00488	0.99512	88.70
36.5	22,660,835.48	122,424.82	0.00540	0.99460	88.27
37.5	22,225,918.22	104,630.84	0.00471	0.99529	87.79
38.5	22,126,011.05	116,468.66	0.00526	0.99474	87.38
39.5	21,517,345.72	124,000.92	0.00576	0.99424	86.92
40.5	21,029,078.45	152,751.30	0.00726	0.99274	86.42
41.5	20,440,017.05	177,598.57	0.00869	0.99131	85.79
42.5	19,846,032.55	291,634.24	0.01469	0.98531	85.04
43.5	18,667,993.73	196,536.55	0.01053	0.98947	83.79
44.5	17,620,158.78	171,459.70	0.00973	0.99027	82.91
45.5	16,226,892.54	209,365.89	0.01290	0.98710	82.10
46.5	14,364,264.78	166,014.90	0.01156	0.98844	81.04
47.5	12,238,016.83	209,754.05	0.01714	0.98286	80.10
48.5	10,436,907.28	130,397.10	0.01249	0.98751	78.73
49.5	8,246,838.79	100,363.55	0.01217	0.98783	77.75
50.5	6,357,127.56	92,571.84	0.01456	0.98544	76.80
51.5	4,699,641.64	92,618.77	0.01971	0.98029	75.68
52.5	2,973,040.34	62,059.88	0.02087	0.97913	74.19

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECO 101/6-364 Poles towers

Placement Band: 1931 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,753,194.70	45,945.14	0.02621	0.97379	72.64
54.5	1,028,663.85	29,934.05	0.02910	0.97090	70.74
55.5	883,967.10	25,081.30	0.02837	0.97163	68.68
56.5	551,665.32	11,798.16	0.02139	0.97861	66.73
57.5	407,922.86	10,664.53	0.02614	0.97386	65.30
58.5	300,970.74	16,208.48	0.05385	0.94615	63.59
59.5	251,292.22	11,733.83	0.04669	0.95331	60.17
60.5	181,387.99	14,383.45	0.07929	0.92071	57.36
61.5	208,799.26	11,765.01	0.05635	0.94365	52.81
62.5	184,158.28	20,543.50	0.11156	0.88844	49.83
63.5	178,125.76	23,694.52	0.13302	0.86698	44.27
64.5	157,816.18	18,252.32	0.11565	0.88435	38.38
65.5	138,751.22	21,255.77	0.15320	0.84680	33.94
66.5	118,818.10	17,784.15	0.14967	0.85033	28.74
67.5	106,915.14	10,297.83	0.09632	0.90368	24.44
68.5	76,460.27	430.26	0.00562	0.99438	22.09
69.5	5,377.88	0.00	0.00000	1.00000	21.97
70.5	7,423.59	0.00	0.00000	1.00000	21.97
71.5	9,003.08	0.00	0.00000	1.00000	21.97
72.5	7,830.18	0.00	0.00000	1.00000	21.97
73.5	7,830.18	0.00	0.00000	1.00000	21.97
74.5	7,415.19	0.00	0.00000	1.00000	21.97
75.5	0.00	0.00	0.00000	0.00000	21.97

Net Salvage Analysis Report

Account	Year	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
		Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 364 Poles & Towers	1999	163,864.91	44.63	0.00	0.00	(28,806.70)	-7.85	192,671.61	52.47	52.47
OECO 364 Poles & Towers	2000	56,511.65	5.18	0.00	0.00	384,589.55	35.24	(328,077.90)	-30.06	-30.06
OECO 364 Poles & Towers	2001	225,874.53	24.99	0.00	0.00	398,606.59	44.11	(172,732.06)	-19.11	-19.11
OECO 364 Poles & Towers	2002	454,353.71	42.54	0.00	0.00	435,729.43	40.78	18,624.28	1.74	1.74
OECO 364 Poles & Towers	2003	1,367,547.13	138.22	0.00	0.00	241,552.20	24.41	1,125,994.93	113.80	113.80
OECO 364 Poles & Towers	2004	55,796.03	5.37	0.00	0.00	83,781.93	8.07	(27,985.90)	-2.70	-2.70
OECO 364 Poles & Towers	2005	3,756,207.89	425.07	0.00	0.00	771,960.92	87.36	2,984,246.97	337.71	337.71
OECO 364 Poles & Towers	2006	1,029,119.85	37.67	0.00	0.00	1,062,288.86	38.88	(33,169.01)	-1.21	-1.21
OECO 364 Poles & Towers		7,109,275.70	78.35	0.00	0.00	3,349,702.78	36.92	3,759,572.92	41.43	

Account: OECO 101/6-364 Poles towers

Dispersion: 46 - R2.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$343,551,032.08		\$10,022,467.04	2.917316
Whole Life		46	\$10,082,463.14	
Amortization		0	\$0.00	
Retirements	\$4,088,623.40	46	\$59,996.10	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$343,551,032.08 *		\$10,022,467.04	2.917316
Average:	\$341,506,720.38		\$10,022,467.04	2.934779
Grand Total:	\$343,551,032.08 *		\$10,022,467.04	2.917316

* Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-364 Poles towers

Dispersion: 46.00 - R2.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$22,390,863.86	46.00	45.53	1.3361	1.0000	\$29,917,166.30	\$657,123.18
2005	1.50	\$12,414,717.15	46.00	44.59	1.3085	1.0000	\$16,244,589.88	\$364,344.96
2004	2.50	\$2,391,279.76	46.00	43.65	1.2810	1.0000	\$3,063,155.60	\$70,178.86
2003	3.50	\$8,449,700.71	46.00	42.71	1.2535	1.0000	\$10,592,093.17	\$247,980.35
2002	4.50	\$8,680,295.19	46.00	41.78	1.2263	1.0000	\$10,644,600.07	\$254,747.79
2001	5.50	\$6,741,139.84	46.00	40.86	1.1992	1.0000	\$8,083,955.41	\$197,837.80
2000	6.50	\$7,817,897.73	46.00	39.94	1.1722	1.0000	\$9,164,431.55	\$229,438.30
1999	7.50	\$6,428,377.33	46.00	39.03	1.1454	1.0000	\$7,363,299.87	\$188,658.90
1998	8.50	\$7,635,528.77	46.00	38.12	1.1188	1.0000	\$8,542,662.53	\$224,086.17
1997	9.50	\$10,281,640.05	46.00	37.22	1.0923	1.0000	\$11,231,011.88	\$301,743.78
1996	10.50	\$10,467,511.13	46.00	36.33	1.0861	1.0000	\$11,159,124.51	\$307,198.70
1995	11.50	\$10,738,071.21	46.00	35.44	1.0400	1.0000	\$11,167,541.26	\$315,139.05
1994	12.50	\$10,135,100.85	46.00	34.56	1.0141	1.0000	\$10,278,329.11	\$297,443.18
1993	13.50	\$10,275,340.00	46.00	33.68	0.9885	1.0000	\$10,156,900.28	\$301,558.89
1992	14.50	\$10,477,383.32	46.00	32.81	0.9630	1.0000	\$10,089,721.14	\$307,488.42
1991	15.50	\$9,275,994.99	46.00	31.95	0.9378	1.0000	\$8,698,951.28	\$272,230.29
1990	16.50	\$9,573,825.29	46.00	31.10	0.9128	1.0000	\$8,739,202.03	\$280,970.96
1989	17.50	\$6,665,716.93	46.00	30.26	0.8881	1.0000	\$5,919,810.62	\$195,624.30
1988	18.50	\$9,384,774.46	46.00	29.43	0.8636	1.0000	\$8,104,868.26	\$275,422.73
1987	19.50	\$8,963,742.94	46.00	28.60	0.8394	1.0000	\$7,524,204.09	\$263,066.37
1986	20.50	\$8,204,737.61	46.00	27.78	0.8154	1.0000	\$6,690,224.48	\$240,791.21
1985	21.50	\$10,650,355.93	46.00	26.98	0.7917	1.0000	\$8,432,234.06	\$312,564.79
1984	22.50	\$10,233,945.85	46.00	26.18	0.7683	1.0000	\$7,863,119.38	\$300,344.08
1983	23.50	\$8,446,290.77	46.00	25.39	0.7452	1.0000	\$6,294,396.87	\$247,880.27
1982	24.50	\$8,095,227.49	46.00	24.62	0.7224	1.0000	\$5,848,085.06	\$237,577.33
1981	25.50	\$6,656,213.45	46.00	23.85	0.6999	1.0000	\$4,658,621.41	\$195,345.39
1980	26.50	\$7,189,666.22	46.00	23.09	0.6776	1.0000	\$4,872,007.80	\$211,001.07
1979	27.50	\$5,709,421.48	46.00	22.34	0.6558	1.0000	\$3,743,970.81	\$167,559.11
1978	28.50	\$6,068,213.32	46.00	21.61	0.6342	1.0000	\$3,848,463.01	\$178,088.87
1977	29.50	\$6,617,575.54	46.00	20.89	0.6130	1.0000	\$4,056,374.00	\$194,211.46
1976	30.50	\$6,209,505.25	46.00	20.17	0.5921	1.0000	\$3,676,571.22	\$182,235.48
1975	31.50	\$6,569,249.76	46.00	19.48	0.5716	1.0000	\$3,754,677.47	\$192,793.20
1974	32.50	\$7,648,735.51	46.00	18.79	0.5513	1.0000	\$4,217,115.52	\$224,473.76

Account: OECO 101/6-364 Poles towers

Dispersion: 46.00 - R2.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	\$4,957,124.53	46.00	18.11	0.5316	1.0000	\$2,635,075.80	\$145,480.83
1972	34.50	\$3,896,398.82	46.00	17.45	0.5122	1.0000	\$1,995,708.65	\$114,350.83
1971	35.50	\$2,384,019.95	46.00	16.81	0.4932	1.0000	\$1,175,848.98	\$69,965.80
1970	36.50	\$2,734,118.46	46.00	16.17	0.4747	1.0000	\$1,297,801.77	\$80,240.43
1969	37.50	\$3,000,072.26	46.00	15.55	0.4565	1.0000	\$1,369,526.73	\$88,045.60
1968	38.50	\$2,740,627.65	46.00	14.95	0.4389	1.0000	\$1,202,741.39	\$80,431.46
1967	39.50	\$2,932,083.29	46.00	14.37	0.4217	1.0000	\$1,236,432.99	\$86,050.27
1966	40.50	\$2,684,387.19	46.00	13.80	0.4050	1.0000	\$1,087,223.20	\$78,780.93
1965	41.50	\$2,903,860.50	46.00	13.25	0.3888	1.0000	\$1,129,162.52	\$85,221.99
1964	42.50	\$2,497,812.34	46.00	12.72	0.3732	1.0000	\$932,184.07	\$73,305.36
1963	43.50	\$2,651,842.28	46.00	12.20	0.3580	1.0000	\$949,436.56	\$77,825.81
1962	44.50	\$2,735,599.00	46.00	11.70	0.3435	1.0000	\$939,607.88	\$80,283.88
1961	45.50	\$2,541,190.68	46.00	11.23	0.3295	1.0000	\$837,231.16	\$74,578.42
1960	46.50	\$2,470,697.48	46.00	10.77	0.3160	1.0000	\$780,760.35	\$72,508.60
1959	47.50	\$2,209,800.20	46.00	10.33	0.3031	1.0000	\$669,817.01	\$64,852.83
1958	48.50	\$2,010,442.34	46.00	9.91	0.2908	1.0000	\$584,566.59	\$59,002.11
1957	49.50	\$2,256,661.54	46.00	9.51	0.2790	1.0000	\$629,510.00	\$66,228.11
1956	50.50	\$1,923,854.44	46.00	9.12	0.2677	1.0000	\$515,004.55	\$56,460.95
1955	51.50	\$1,645,112.41	46.00	8.76	0.2570	1.0000	\$422,723.44	\$48,280.47
1954	52.50	\$1,730,702.45	46.00	8.41	0.2467	1.0000	\$426,988.44	\$50,792.35
1953	53.50	\$1,218,920.45	46.00	8.07	0.2369	1.0000	\$288,806.59	\$35,772.67
1952	54.50	\$732,302.64	46.00	7.76	0.2276	1.0000	\$166,679.13	\$21,491.49
1951	55.50	\$211,522.15	46.00	7.45	0.2188	1.0000	\$46,271.10	\$6,207.72
1950	56.50	\$355,702.43	46.00	7.16	0.2102	1.0000	\$74,768.41	\$10,439.09
1949	57.50	\$156,870.81	46.00	6.88	0.2020	1.0000	\$31,683.97	\$4,603.82
1948	58.50	\$115,036.47	46.00	6.61	0.1941	1.0000	\$22,323.39	\$3,376.07
1947	59.50	\$56,893.51	46.00	6.35	0.1864	1.0000	\$10,603.62	\$1,669.70
1946	60.50	\$85,164.87	46.00	6.10	0.1791	1.0000	\$15,254.80	\$2,499.40
1945	61.50	\$44,528.32	46.00	5.86	0.1718	1.0000	\$7,651.57	\$1,306.81
1944	62.50	\$26,738.53	46.00	5.61	0.1647	1.0000	\$4,404.22	\$784.72
1943	63.50	\$718.98	46.00	5.37	0.1577	1.0000	\$113.40	\$21.10
1942	64.50	\$5,438.89	46.00	5.14	0.1509	1.0000	\$820.52	\$159.62
1941	65.50	\$14,890.53	46.00	4.91	0.1441	1.0000	\$2,117.02	\$431.14

Account: OECO 101/6-364 Poles towers

Dispersion: 46.00 - R2.5

Age Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1940	66.50	\$7,344.90	46.00	4.69	0.1377	1.0000	\$1,011.59	\$215.58
1939	67.50	\$7,622.28	46.00	4.47	0.1312	1.0000	\$999.70	\$223.70
1938	68.50	\$20,157.04	46.00	4.25	0.1247	1.0000	\$2,512.87	\$591.57
1937	69.50	\$70,317.03	46.00	4.03	0.1182	1.0000	\$8,313.45	\$2,063.65
1936	70.50	(\$2,060.87)	46.00	3.81	0.1118	1.0000	(\$230.44)	(\$60.48)
1935	71.50	(\$977.97)	46.00	3.59	0.1054	1.0000	(\$103.05)	(\$28.70)
1934	72.50	\$1,172.90	46.00	3.38	0.0992	1.0000	\$116.34	\$34.42
1933	73.50	\$0.00	46.00	3.16	0.0924	1.0000	\$0.00	\$0.00
1932	74.50	\$381.38	46.00	2.91	0.0854	1.0000	\$32.55	\$11.19
1931	75.50	\$7,415.19	46.00	2.65	0.0779	1.0000	\$577.71	\$217.62
1930	76.50	\$0.00	46.00	2.39	0.0701	1.0000	\$0.00	\$0.00
1929	77.50	\$1,605.43	46.00	2.11	0.0620	1.0000	\$99.61	\$47.12
1928	78.50	\$0.00	46.00	1.86	0.0545	1.0000	\$0.00	\$0.00
1927	79.50	\$0.00	46.00	1.59	0.0467	1.0000	\$0.00	\$0.00
1926	80.50	\$16,586.55	46.00	1.33	0.0391	1.0000	\$648.00	\$486.78
1925	81.50	\$1,627.64	46.00	1.08	0.0316	1.0000	\$51.41	\$47.77
1924	82.50	\$428.35	46.00	0.82	0.0241	1.0000	\$10.31	\$12.57
1921	85.50	\$63.53	46.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1908	98.50	\$372.62	46.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$343,551,032.08	46.00	29.37	0.8620	1.0000	\$296,144,369.74	\$10,082,463.14

Depreciation Reserve Summary

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Account: OECO 101/6-364 Poles towers
 Scenario: Ohio 2007 Distribution Accts ADR
 Dispersion: 46 - R2.5

Age Net Salvage Rate: -35.00%
 Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$343,551,032.08	\$155,811,992.73	0.4535	\$307,981,900.58	0.8965
Computed	\$343,551,032.08	\$167,649,523.57	0.4880	\$296,144,369.74	0.8620
Difference		(\$11,837,530.84)	-0.0345	\$11,837,530.84	0.0345

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 365 Overhead Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 45 R2.

Actuarial Life Analysis

71 R3 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 29 to 53 Years.

Recommendation

Change to 50 R1.5 Based on Industry Standards and Actuarial Life Analysis.

Comments:

Based on plant data, a slightly longer life is warranted for this account. The actuarial life analysis recommends a 71 year average life; this is not warranted based on the information analyzed.

Salvage Factor Estimates

Current Net salvage Rate is	-20%
Proposed Net salvage Rate	-35%

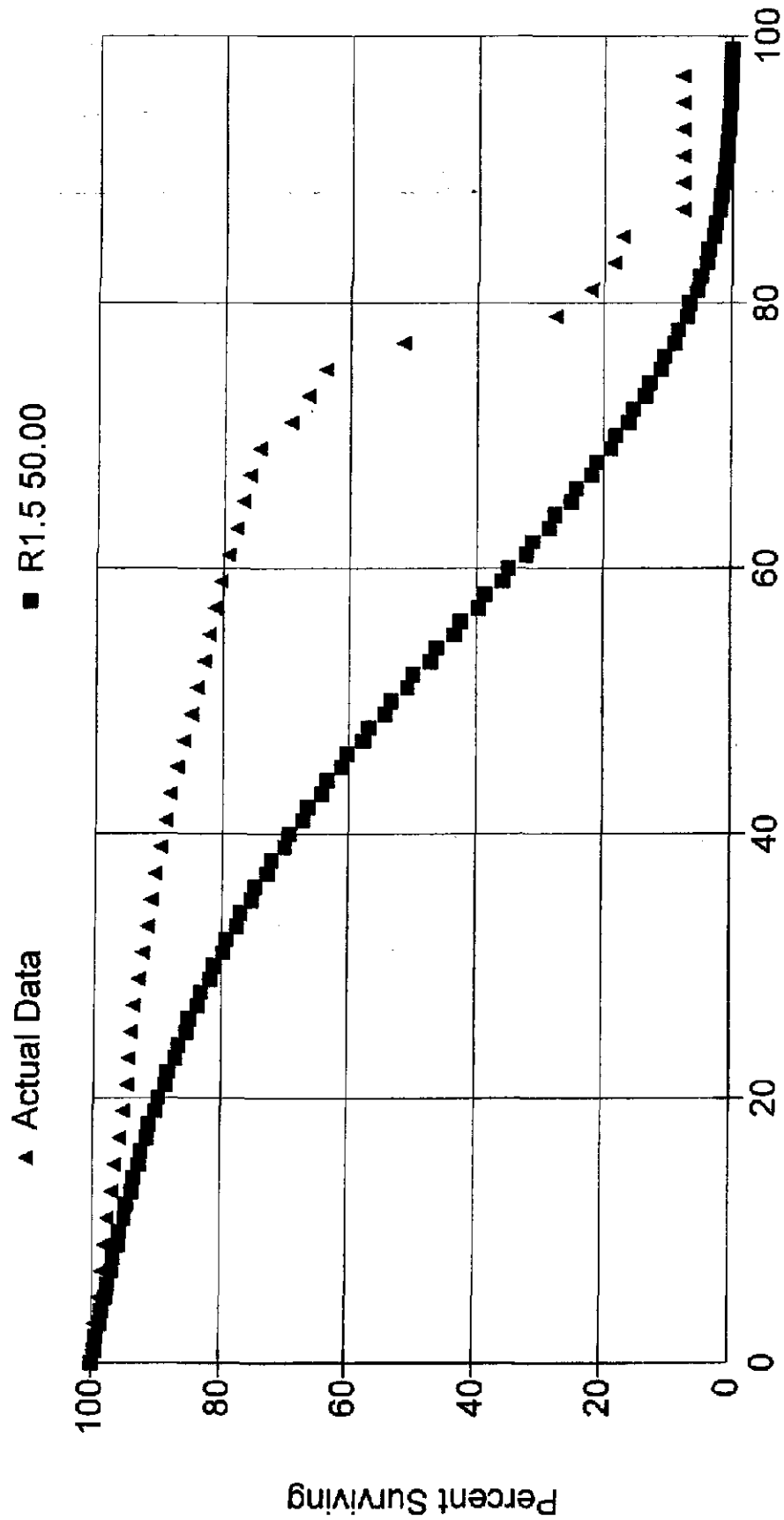
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 25% to -110%. Changing to a -35% rate is recommended to be more consistent with the other Ohio companies.

Summary of Recommendations

<u>50</u>	Average Service Life
<u>R1.5</u>	Iowa Curve
<u>-35</u>	% Net Salvage

Ohio Edison Company Account 365 Overhead Conductor



Age (Years)
Vintages: 1909-2006
Activity Years: 1999-2006

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OEEO 101/6-365 Overhead conductor

Placement Band: 1909 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	85,926,944.26	6,503.29	0.00008	0.99992	100.00
0.5	67,985,000.54	138,262.84	0.00203	0.99797	99.99
1.5	73,444,560.15	26,840.02	0.00037	0.99963	99.79
2.5	85,104,164.88	120,019.62	0.00141	0.99859	99.75
3.5	91,200,200.49	389,243.08	0.00427	0.99573	99.61
4.5	93,199,262.87	161,890.02	0.00174	0.99826	99.18
5.5	95,155,542.13	180,267.60	0.00189	0.99811	99.01
6.5	97,901,456.22	286,574.09	0.00305	0.99695	98.82
7.5	101,433,480.39	177,341.81	0.00175	0.99825	98.52
8.5	99,438,420.21	158,928.91	0.00160	0.99840	98.35
9.5	88,082,848.64	214,386.53	0.00243	0.99757	98.19
10.5	80,935,561.95	169,590.37	0.00210	0.99790	97.95
11.5	74,202,136.76	239,234.56	0.00322	0.99678	97.74
12.5	70,805,939.37	246,803.66	0.00349	0.99651	97.43
13.5	71,141,977.09	195,345.02	0.00275	0.99725	97.09
14.5	70,523,093.33	130,457.13	0.00185	0.99815	96.82
15.5	68,712,022.20	337,546.28	0.00491	0.99509	96.64
16.5	67,102,057.92	239,318.50	0.00357	0.99643	96.17
17.5	66,366,287.36	207,071.08	0.00312	0.99688	95.83
18.5	63,710,322.21	165,440.04	0.00260	0.99740	95.53
19.5	60,232,055.19	181,733.08	0.00302	0.99698	95.28
20.5	58,907,160.51	77,028.06	0.00135	0.99865	94.99
21.5	50,512,978.21	69,836.64	0.00138	0.99862	94.86
22.5	44,698,102.15	66,749.76	0.00149	0.99851	94.73
23.5	42,486,827.94	69,357.25	0.00163	0.99837	94.59
24.5	39,371,734.53	72,160.09	0.00183	0.99817	94.44
25.5	37,160,241.73	75,633.91	0.00204	0.99796	94.27
26.5	34,216,019.71	84,327.97	0.00246	0.99754	94.08
27.5	32,634,236.70	97,082.90	0.00297	0.99703	93.85
28.5	30,751,979.99	157,919.72	0.00514	0.99486	93.57
29.5	30,028,461.10	92,239.32	0.00307	0.99693	93.09
30.5	28,579,751.06	102,628.91	0.00359	0.99641	92.80
31.5	26,236,372.32	106,262.62	0.00405	0.99595	92.47
32.5	23,290,655.65	103,098.40	0.00443	0.99557	92.10
33.5	21,537,053.48	54,843.79	0.00255	0.99745	91.69
34.5	19,651,132.06	60,474.17	0.00308	0.99692	91.46
35.5	18,629,783.30	59,695.07	0.00320	0.99680	91.18
36.5	17,991,371.62	76,184.50	0.00423	0.99577	90.89
37.5	17,289,736.67	72,029.52	0.00417	0.99583	90.51
38.5	17,196,543.64	85,240.90	0.00496	0.99504	90.13
39.5	16,399,876.69	63,811.94	0.00389	0.99611	89.68
40.5	15,963,205.39	59,998.29	0.00376	0.99624	89.33
41.5	15,572,684.15	52,787.19	0.00339	0.99661	88.99
42.5	15,020,084.30	64,070.27	0.00427	0.99573	88.69
43.5	14,112,362.99	88,396.66	0.00626	0.99374	88.31
44.5	12,949,886.02	74,961.45	0.00579	0.99421	87.76
45.5	11,514,411.51	74,757.04	0.00649	0.99351	87.25
46.5	10,182,627.92	55,756.81	0.00548	0.99452	86.88
47.5	9,121,764.96	53,640.59	0.00588	0.99412	86.20
48.5	8,237,624.52	60,197.75	0.00731	0.99269	85.69
49.5	7,004,154.00	39,856.05	0.00569	0.99431	85.06
50.5	6,838,146.79	32,453.74	0.00489	0.99511	84.58
51.5	6,108,818.66	41,797.86	0.00684	0.99316	84.17
52.5	5,501,642.07	35,608.79	0.00647	0.99353	83.59

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OEEO 101/5-365 Overhead conductor

Placement Band: 1909 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	5,112,765.63	27,733.95	0.00542	0.99458	83.05
54.5	4,349,936.84	19,251.29	0.00443	0.99557	82.60
55.5	3,727,326.14	20,221.67	0.00543	0.99457	82.23
56.5	2,855,003.37	13,061.38	0.00457	0.99543	81.78
57.5	2,346,557.99	16,011.32	0.00682	0.99318	81.41
58.5	1,771,493.23	10,021.69	0.00566	0.99434	80.85
59.5	1,357,194.54	8,579.07	0.00632	0.99368	80.39
60.5	1,119,474.92	8,619.94	0.00770	0.99230	79.88
61.5	1,809,316.95	12,841.48	0.00710	0.99290	79.26
62.5	1,804,080.66	16,085.16	0.00892	0.99108	78.70
63.5	1,710,718.14	12,116.86	0.00708	0.99292	78.00
64.5	1,648,207.30	12,270.56	0.00745	0.99255	77.45
65.5	1,495,745.39	10,472.98	0.00700	0.99300	76.87
66.5	1,346,223.25	8,332.39	0.00619	0.99381	76.33
67.5	1,281,592.79	6,951.43	0.00542	0.99458	75.86
68.5	1,183,381.61	17,246.08	0.01457	0.98543	75.45
69.5	310,583.50	13,155.55	0.04236	0.95764	74.35
70.5	214,606.75	5,246.97	0.02445	0.97555	71.20
71.5	194,671.08	3,573.92	0.01836	0.98164	69.46
72.5	180,907.87	3,717.75	0.02055	0.97945	68.18
73.5	172,009.73	3,252.02	0.01891	0.98109	66.78
74.5	153,448.65	3,783.36	0.02455	0.97535	65.52
75.5	84,493.00	3,520.18	0.04166	0.95834	63.90
76.5	32,569.15	5,105.49	0.15674	0.84326	61.24
77.5	2,578.63	534.41	0.20706	0.79294	51.64
78.5	1,585.61	514.14	0.32409	0.67591	40.95
79.5	1,071.47	87.20	0.08123	0.91877	27.68
80.5	861.47	113.53	0.13240	0.86760	25.43
81.5	350.38	35.14	0.10000	0.90000	22.06
82.5	300.43	20.25	0.06667	0.93333	19.85
83.5	280.18	5.06	0.01786	0.98214	18.53
84.5	275.12	16.71	0.06182	0.93818	18.20
85.5	0.00	0.00	0.00000	0.00000	17.07
86.5	164.57	90.18	0.54545	0.45455	
87.5	74.39	0.00	0.00000	1.00000	
88.5	74.39	0.00	0.00000	1.00000	
89.5	74.39	0.00	0.00000	1.00000	
90.5	74.39	0.00	0.00000	1.00000	
91.5	74.39	0.00	0.00000	1.00000	
92.5	74.39	0.00	0.00000	1.00000	
93.5	74.39	0.00	0.00000	1.00000	
94.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Gross Salvage (Cash)			Gross Salvage (Returns)			Cost of Removal			Net Salvage		
		Amount	Pct.		Amount	Pct.		Amount	Pct.		Amount	Pct.	1-Yr Avg
OECO 365 Overhead Conductor	1999	224,837.83	78.04		0.00	0.00		233,156.48	80.92		(8,318.65)	-2.89	-2.89
OECO 365 Overhead Conductor	2000	414,711.53	87.78		0.00	0.00		352,658.63	74.84		62,052.90	13.13	13.13
OECO 365 Overhead Conductor	2001	151,829.15	45.94		0.00	0.00		267,145.76	80.95		(115,516.61)	-35.00	-35.00
OECO 365 Overhead Conductor	2002	1,068,750.61	237.18		0.00	0.00		515,384.46	114.38		553,366.15	122.81	122.81
OECO 365 Overhead Conductor	2003	767,613.86	162.02		0.00	0.00		545,405.59	115.12		222,208.07	46.90	46.90
OECO 365 Overhead Conductor	2004	444,438.88	62.49		0.00	0.00		383,434.17	53.91		61,004.71	8.58	8.58
OECO 365 Overhead Conductor	2005	371,934.96	108.71		0.00	0.00		2,490,135.51	727.83		(2,118,200.55)	-619.12	-619.12
OECO 365 Overhead Conductor	2006	3,454,339.98	112.04		0.00	0.00		7,886,187.73	255.79		(4,431,827.75)	-143.75	-143.75
		6,151,396.48	112.14		0.00	0.00		12,673,488.33	206.03		(5,775,231.93)	-93.88	

Whole Life Depreciation Accrual

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Account: OECO 1Q1/8-365 Overhead conductor

Dispersion: 50 - R1.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$347,506,200.55		\$9,337,041.12	2.686871
Whole Life		50	\$9,382,667.41	
Amortization		0	\$0.00	
Retirements	\$3,379,725.41	50	\$45,626.29	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$347,506,200.55 *		\$9,337,041.12	2.686871
Average:	\$345,816,337.85		\$9,337,041.12	2.700000
Grand Total:	\$347,506,200.55 *		\$9,337,041.12	2.686871

* Excluding 2007 Retirements

Account: DECO 101/6-365 Overhead conductor

Dispersion: 50.00 - R1.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$23,247,615.27	50.00	49.59	1.3389	1.0000	\$31,125,494.86	\$627,685.61
2005	1.50	\$18,907,154.50	50.00	48.77	1.3167	1.0000	\$24,895,406.20	\$510,493.17
2004	2.50	\$4,637,364.49	50.00	47.95	1.2947	1.0000	\$6,003,891.13	\$125,208.84
2003	3.50	\$8,769,497.73	50.00	47.14	1.2728	1.0000	\$11,161,520.81	\$236,776.44
2002	4.50	\$9,089,222.76	50.00	46.33	1.2510	1.0000	\$11,370,444.59	\$245,409.01
2001	5.50	\$7,497,045.26	50.00	45.53	1.2293	1.0000	\$9,216,342.04	\$202,420.22
2000	6.50	\$7,422,728.43	50.00	44.73	1.2078	1.0000	\$8,965,049.55	\$200,413.67
1999	7.50	\$5,385,663.27	50.00	43.94	1.1864	1.0000	\$6,389,404.70	\$145,412.64
1998	8.50	\$6,032,159.15	50.00	43.15	1.1851	1.0000	\$7,028,066.95	\$162,868.30
1997	9.50	\$19,411,285.42	50.00	42.37	1.1439	1.0000	\$22,205,364.61	\$524,104.71
1996	10.50	\$16,638,500.13	50.00	41.59	1.1229	1.0000	\$18,683,675.60	\$449,239.50
1995	11.50	\$14,968,936.03	50.00	40.82	1.1020	1.0000	\$16,495,994.87	\$404,161.27
1994	12.50	\$11,333,397.23	50.00	40.05	1.0813	1.0000	\$12,254,241.39	\$306,001.73
1993	13.50	\$9,352,251.97	50.00	39.28	1.0606	1.0000	\$9,919,073.17	\$252,610.80
1992	14.50	\$10,131,752.23	50.00	38.52	1.0401	1.0000	\$10,537,978.96	\$273,557.31
1991	15.50	\$8,992,201.62	50.00	37.77	1.0197	1.0000	\$9,169,394.02	\$242,789.44
1990	16.50	\$9,665,829.66	50.00	37.02	0.9995	1.0000	\$9,660,585.47	\$260,977.40
1989	17.50	\$6,717,594.28	50.00	36.27	0.9793	1.0000	\$6,578,852.72	\$181,375.05
1988	18.50	\$9,014,406.48	50.00	35.53	0.9594	1.0000	\$8,648,225.80	\$243,388.97
1987	19.50	\$7,894,151.16	50.00	34.80	0.9396	1.0000	\$7,417,015.69	\$213,142.08
1986	20.50	\$7,812,174.74	50.00	34.07	0.9199	1.0000	\$7,186,277.50	\$210,928.72
1985	21.50	\$9,789,769.98	50.00	33.35	0.9004	1.0000	\$8,814,360.36	\$264,323.79
1984	22.50	\$9,482,886.50	50.00	32.63	0.8810	1.0000	\$8,354,529.98	\$256,037.94
1983	23.50	\$7,187,691.16	50.00	31.92	0.8618	1.0000	\$6,194,550.10	\$194,067.66
1982	24.50	\$8,301,338.17	50.00	31.22	0.8428	1.0000	\$6,996,518.26	\$224,136.13
1981	25.50	\$6,180,459.11	50.00	30.52	0.8240	1.0000	\$5,092,624.18	\$166,872.40
1980	26.50	\$6,485,032.05	50.00	29.83	0.8053	1.0000	\$5,222,869.33	\$175,095.87
1979	27.50	\$4,513,918.91	50.00	29.14	0.7869	1.0000	\$3,551,979.84	\$121,875.81
1978	28.50	\$4,584,662.18	50.00	28.47	0.7686	1.0000	\$3,523,963.93	\$123,785.88
1977	29.50	\$3,359,627.92	50.00	27.80	0.7506	1.0000	\$2,521,729.54	\$90,709.95
1976	30.50	\$3,662,898.74	50.00	27.14	0.7328	1.0000	\$2,684,020.52	\$98,898.27
1975	31.50	\$4,831,416.97	50.00	26.49	0.7151	1.0000	\$3,455,134.20	\$130,448.26
1974	32.50	\$5,128,875.30	50.00	25.84	0.6977	1.0000	\$3,578,599.15	\$138,479.63

Account: OECO 101/6-365 Overhead conductor

Dispersion: 50.00 - R1.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	\$3,945,642.63	50.00	25.21	0.6808	1.0000	\$2,685,262.57	\$106,532.35
1972	34.50	\$3,540,506.33	50.00	24.58	0.6636	1.0000	\$2,349,558.14	\$95,593.87
1971	35.50	\$2,948,723.67	50.00	23.96	0.6469	1.0000	\$1,907,579.37	\$79,615.54
1970	36.50	\$2,738,344.21	50.00	23.35	0.6305	1.0000	\$1,726,407.49	\$73,935.29
1969	37.50	\$2,725,132.94	50.00	22.75	0.6142	1.0000	\$1,673,889.58	\$73,578.59
1968	38.50	\$2,241,363.05	50.00	22.16	0.5983	1.0000	\$1,340,964.14	\$60,516.80
1967	39.50	\$2,515,741.28	50.00	21.58	0.5828	1.0000	\$1,465,611.60	\$67,925.01
1966	40.50	\$2,222,765.94	50.00	21.00	0.5671	1.0000	\$1,260,601.62	\$60,014.88
1965	41.50	\$2,238,930.21	50.00	20.44	0.5520	1.0000	\$1,235,781.10	\$60,451.12
1964	42.50	\$1,660,219.28	50.00	19.89	0.5370	1.0000	\$891,592.01	\$44,825.92
1963	43.50	\$1,941,605.26	50.00	19.35	0.5224	1.0000	\$1,014,282.39	\$52,423.34
1962	44.50	\$2,097,368.91	50.00	18.82	0.5080	1.0000	\$1,065,534.89	\$56,828.91
1961	45.50	\$2,022,367.26	50.00	18.29	0.4939	1.0000	\$998,931.70	\$54,803.92
1960	46.50	\$2,123,749.55	50.00	17.78	0.4801	1.0000	\$1,019,699.06	\$57,341.24
1959	47.50	\$1,732,089.93	50.00	17.28	0.4666	1.0000	\$808,221.63	\$46,766.70
1958	48.50	\$1,783,385.60	50.00	16.79	0.4534	1.0000	\$808,529.74	\$48,151.41
1957	49.50	\$1,848,941.73	50.00	16.31	0.4404	1.0000	\$814,298.79	\$49,921.43
1956	50.50	\$1,082,329.90	50.00	15.84	0.4277	1.0000	\$462,953.91	\$29,222.91
1955	51.50	\$1,060,684.38	50.00	15.38	0.4153	1.0000	\$440,553.42	\$28,638.48
1954	52.50	\$977,453.81	50.00	14.93	0.4032	1.0000	\$394,151.99	\$26,391.25
1953	53.50	\$628,044.29	50.00	14.50	0.3914	1.0000	\$245,822.51	\$16,957.20
1952	54.50	\$823,899.38	50.00	14.07	0.3799	1.0000	\$312,971.89	\$22,245.28
1951	55.50	\$701,777.04	50.00	13.65	0.3686	1.0000	\$258,666.24	\$18,947.98
1950	56.50	\$919,135.40	50.00	13.24	0.3576	1.0000	\$328,663.44	\$24,816.66
1949	57.50	\$651,219.04	50.00	12.85	0.3468	1.0000	\$225,869.89	\$17,582.91
1948	58.50	\$723,927.24	50.00	12.46	0.3364	1.0000	\$243,500.17	\$19,546.04
1947	59.50	\$538,457.25	50.00	12.08	0.3261	1.0000	\$175,605.40	\$14,538.35
1946	60.50	\$389,299.71	50.00	11.71	0.3161	1.0000	\$123,071.49	\$10,511.09
1945	61.50	\$258,938.88	50.00	11.35	0.3064	1.0000	\$79,330.94	\$6,991.35
1944	62.50	\$82,977.31	50.00	10.99	0.2968	1.0000	\$24,630.96	\$2,240.39
1943	63.50	\$93,862.88	50.00	10.65	0.2875	1.0000	\$26,928.89	\$2,528.90
1942	64.50	\$61,965.37	50.00	10.31	0.2784	1.0000	\$17,250.19	\$1,673.06
1941	65.50	\$147,338.92	50.00	9.98	0.2695	1.0000	\$39,701.08	\$3,978.15

Generation Arrangement Report

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Account: OECO 101/6-385 Overhead conductor

Dispersion: 50.00 - R1.5

Average Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1940	66.50	\$156,250.97	50.00	9.66	0.2607	1.0000	\$40,733.13	\$4,218.78
1939	67.50	\$126,694.41	50.00	9.34	0.2521	1.0000	\$31,938.83	\$3,420.75
1938	68.50	\$151,098.99	50.00	9.02	0.2436	1.0000	\$36,815.26	\$4,079.67
1937	69.50	\$903,268.24	50.00	8.72	0.2354	1.0000	\$212,588.20	\$24,388.24
1936	70.50	\$63,775.16	50.00	8.41	0.2272	1.0000	\$19,032.37	\$2,261.93
1935	71.50	\$14,804.32	50.00	8.12	0.2191	1.0000	\$3,244.14	\$399.72
1934	72.50	\$10,505.05	50.00	7.82	0.2112	1.0000	\$2,218.83	\$283.64
1933	73.50	\$6,403.40	50.00	7.53	0.2034	1.0000	\$1,302.46	\$172.89
1932	74.50	\$15,374.59	50.00	7.25	0.1957	1.0000	\$3,008.93	\$415.11
1931	75.50	\$65,172.29	50.00	6.97	0.1881	1.0000	\$12,261.17	\$1,759.65
1930	76.50	\$48,403.67	50.00	6.69	0.1807	1.0000	\$8,744.92	\$1,306.90
1929	77.50	\$25,627.51	50.00	6.42	0.1733	1.0000	\$4,442.11	\$691.94
1928	78.50	\$458.61	50.00	6.15	0.1661	1.0000	\$76.19	\$12.38
1927	79.50	\$0.00	50.00	5.89	0.1591	1.0000	\$0.00	\$0.00
1926	80.50	\$122.80	50.00	5.64	0.1522	1.0000	\$18.69	\$3.32
1925	81.50	\$397.56	50.00	5.39	0.1455	1.0000	\$57.84	\$10.73
1924	82.50	\$14.81	50.00	5.15	0.1389	1.0000	\$2.06	\$0.40
1921	85.60	\$258.41	50.00	4.45	0.1203	1.0000	\$31.08	\$6.98
1912	94.60	\$74.39	50.00	2.05	0.0564	1.0000	\$4.12	\$2.01
		\$347,506,200.55	50.00	36.42	0.9834	1.0000	\$341,745,928.58	\$9,382,667.41

Depreciation Reserve Summary

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Account: OECQ 101/8-355 Overhead conductor

Scenario: Ohio 2007 Distribution Accts ADR

Dispersion: 50 - R1.5

Age Net Salvage Rate: -35.00%

Future Net Salvage Rate: -35.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$347,506,200.55	\$121,474,057.02	0.3496	\$347,659,313.72	1.0004
Computed	\$347,506,200.55	\$127,387,442.16	0.3666	\$341,745,928.58	0.9834
Difference		(\$5,913,385.14)	-0.0170	\$5,913,385.14	0.0170

Ohio Edison Company**Average Life and Salvage Rate Determination**

Based On Year End 2006 Data using Beginning Balance 1999

Account 368 Underground Conduit**Life and Iowa Survivor Curve**

Current Life and Iowa Survivor Curve is 66 S3.

Actuarial Life Analysis

78 R4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 28 to 84 Years.

Recommendation

Change to 70 R4 Based on Industry Standards and Actuarial Life Analysis.

Comments:

The actuarial analysis recommends an R4 Iowa Curve which is a good fit for the data. A 70 year average life matches significant activity; a 78 year average life is not warranted.

Salvage Factor Estimates

Current Net salvage Rate is	-5%
Proposed Net salvage Rate	-5%

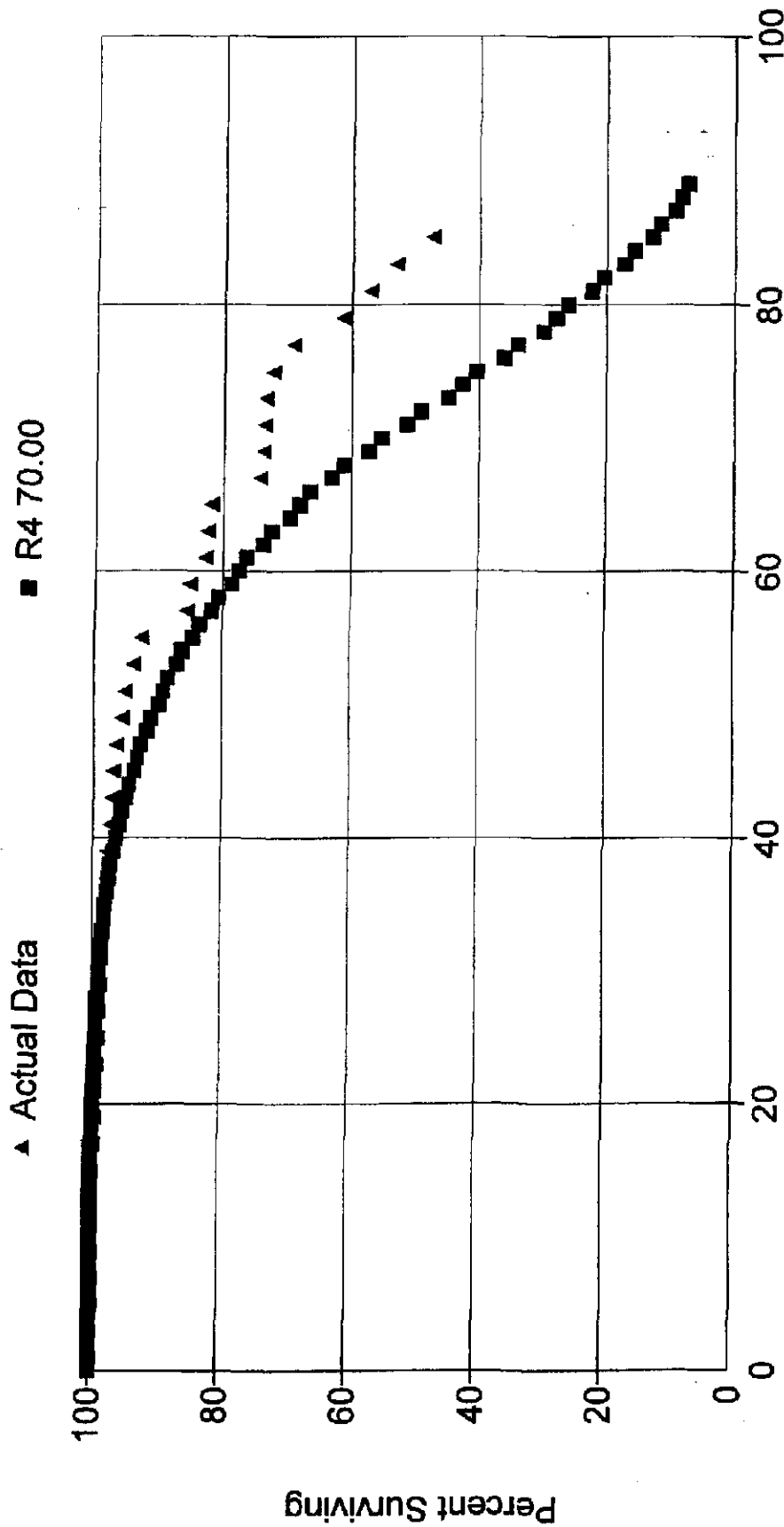
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 10% to -60%. The current rate of -5% is still a viable option.

Summary of Recommendations

<u>70</u>	Average Service Life
<u>R4</u>	Iowa Curve
<u>-5</u>	% Net Salvage

Ohio Edison Company Account 366 Underground Conduit



Age (Years)
Vintages: 1921-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OECO 101/6-366 Underground conduit

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	8,960,116.40	1,921.57	0.00021	0.99979	100.00
0.5	8,540,208.62	1,565.37	0.00018	0.99982	99.98
1.5	12,686,218.74	1,165.94	0.00009	0.99991	99.96
2.5	16,479,993.13	991.71	0.00006	0.99994	99.95
3.5	18,837,166.87	3,139.46	0.00017	0.99983	99.84
4.5	19,155,816.70	1,855.85	0.00010	0.99990	99.92
5.5	20,713,797.11	3,871.27	0.00019	0.99981	99.91
6.5	23,287,806.86	2,757.02	0.00012	0.99988	99.89
7.5	23,319,614.13	7,167.44	0.00031	0.99969	99.88
8.5	25,200,727.80	4,001.46	0.00016	0.99984	99.85
9.5	22,863,731.06	4,159.36	0.00018	0.99982	99.83
10.5	20,740,856.83	4,271.82	0.00021	0.99979	99.81
11.5	19,097,868.59	4,684.09	0.00025	0.99975	99.79
12.5	18,865,415.50	5,379.66	0.00029	0.99971	99.77
13.5	17,115,289.08	10,284.73	0.00060	0.99940	99.74
14.5	14,160,268.47	3,889.25	0.00027	0.99973	99.68
15.5	13,438,519.63	7,984.41	0.00059	0.99941	99.65
16.5	9,890,138.10	6,347.38	0.00064	0.99936	99.59
17.5	8,633,753.56	3,034.76	0.00035	0.99965	99.53
18.5	7,896,046.96	3,389.27	0.00043	0.99957	99.50
19.5	7,212,844.66	3,276.39	0.00045	0.99955	99.46
20.5	6,956,719.31	3,620.56	0.00052	0.99948	99.42
21.5	7,010,898.97	1,963.87	0.00028	0.99972	99.37
22.5	6,978,998.63	3,877.85	0.00056	0.99944	99.34
23.5	7,574,629.17	4,067.30	0.00054	0.99946	99.28
24.5	7,139,015.45	4,958.08	0.00069	0.99931	99.23
25.5	7,304,125.60	5,314.84	0.00073	0.99927	99.16
26.5	7,047,439.96	6,500.30	0.00092	0.99908	99.09
27.5	6,877,981.44	8,474.48	0.00123	0.99877	99.00
28.5	6,236,149.19	5,181.15	0.00083	0.99917	98.88
29.5	5,799,764.01	4,760.34	0.00082	0.99918	98.80
30.5	5,555,746.26	6,068.45	0.00109	0.99891	98.72
31.5	4,524,037.17	4,705.68	0.00104	0.99896	98.61
32.5	4,109,482.67	4,011.87	0.00098	0.99902	98.51
33.5	3,260,220.94	3,678.44	0.00113	0.99887	98.41
34.5	2,573,718.96	6,648.06	0.00258	0.99742	98.30
35.5	2,125,459.18	2,277.99	0.00107	0.99893	98.05
36.5	1,683,305.78	2,971.80	0.00177	0.99823	97.95
37.5	1,204,838.07	851.34	0.00071	0.99929	97.78
38.5	603,050.83	443.74	0.00074	0.99926	97.71
39.5	403,510.95	611.87	0.00152	0.99848	97.64
40.5	324,496.60	226.15	0.00070	0.99930	97.49
41.5	529,728.58	835.78	0.00158	0.99842	97.42
42.5	822,312.90	802.31	0.00073	0.99927	97.27
43.5	1,232,325.44	1,245.85	0.00101	0.99899	97.20
44.5	1,736,740.85	953.46	0.00055	0.99945	97.10
45.5	1,786,581.27	3,448.09	0.00193	0.99807	97.05
46.5	1,910,703.38	7,268.64	0.00380	0.99620	96.86
47.5	2,042,644.62	13,799.91	0.00676	0.99324	96.49
48.5	2,000,631.20	4,149.93	0.00207	0.99793	95.84
49.5	1,799,244.77	4,163.24	0.00231	0.99769	95.64
50.5	1,562,800.49	5,275.22	0.00338	0.99662	95.42
51.5	1,180,537.59	11,996.82	0.01016	0.98984	95.10
52.5	1,727,506.78	6,752.06	0.00391	0.99609	94.13

Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OEC0 101/6-366 Underground conduit

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	1,638,293.54	10,843.57	0.00662	0.99338	93.76
54.5	1,464,576.78	9,337.39	0.00638	0.99362	93.14
55.5	1,268,860.40	11,887.58	0.00937	0.99063	92.55
56.5	1,200,761.19	80,268.99	0.06687	0.93313	91.68
57.5	1,079,012.68	2,249.09	0.00208	0.99792	85.55
58.5	1,014,575.98	2,978.95	0.00294	0.99706	85.37
59.5	988,518.56	20,543.87	0.02078	0.97922	85.12
60.5	19,497.35	147.25	0.00754	0.99246	83.35
61.5	3,489.75	7.45	0.00201	0.99799	82.72
62.5	4,291.06	2.88	0.00070	0.99930	82.55
63.5	5,865.28	7.72	0.00136	0.99864	82.49
64.5	5,857.56	34.45	0.00580	0.99420	82.38
65.5	5,823.11	107.88	0.01855	0.98145	81.90
66.5	4,969.07	382.15	0.07688	0.92312	80.38
67.5	5,526.47	16.93	0.00308	0.99692	74.20
68.5	9,382.22	33.09	0.00352	0.99648	73.97
69.5	13,012.34	19.93	0.00154	0.99846	73.71
70.5	11,247.44	3.05	0.00027	0.99973	73.60
71.5	10,489.81	15.31	0.00143	0.99857	73.58
72.5	10,598.53	13.84	0.00132	0.99868	73.47
73.5	10,584.69	10.03	0.00094	0.99906	73.37
74.5	13,589.11	191.90	0.01413	0.98587	73.30
75.5	12,475.95	411.27	0.03294	0.96706	72.26
76.5	7,852.91	92.53	0.01184	0.98816	69.88
77.5	5,284.37	341.66	0.06472	0.93528	69.05
78.5	4,935.05	243.54	0.04944	0.95056	64.58
79.5	3,921.12	215.48	0.05483	0.94517	61.39
80.5	3,583.18	57.63	0.01619	0.98381	58.02
81.5	3,525.55	250.38	0.07090	0.92910	57.08
82.5	1,565.04	0.00	0.00000	1.00000	53.03
83.5	1,565.04	0.00	0.00000	1.00000	53.03
84.5	1,565.04	164.00	0.10479	0.89521	53.03
85.5	0.00	0.00	0.00000	0.00000	47.47

Net Salvage Analysis Report

Account	Year	Retirements	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
			Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 366 Underground Conduit	1999	13,589.95	5,868.47	43.18	0.00	0.00	2,829.17	20.82	3,039.30	22.36	22.36
OECO 366 Underground Conduit	2000	2,818.75	4,841.00	171.74	0.00	0.00	1,790.49	63.52	3,050.51	108.22	108.22
OECO 366 Underground Conduit	2001	5,179.53	311.09	6.01	0.00	0.00	411.04	7.94	(99.95)	-1.93	-1.93
OECO 366 Underground Conduit	2002	45,478.53	61,494.12	135.22	0.00	0.00	3,878.51	8.53	57,615.61	126.69	126.69
OECO 366 Underground Conduit	2003	198,906.10	39,482.70	19.85	0.00	0.00	6,216.72	3.13	33,265.98	16.72	16.72
OECO 366 Underground Conduit	2004	3,368.96	11,695.37	344.29	0.00	0.00	538.73	15.86	11,156.64	328.43	328.43
OECO 366 Underground Conduit	2005	4,186.56	14,918.01	356.33	0.00	0.00	19,606.56	468.32	(4,688.55)	-111.99	-111.99
OECO 366 Underground Conduit	2006	93,320.12	25.71	0.03	0.00	0.00	49,204.69	52.73	(49,178.98)	-52.70	-52.70
OECO 366 Underground Conduit		366,876.60	138,638.47	37.79	0.00	0.00	84,475.91	23.03	54,160.56	14.76	

Whole Life Depreciation Accrual

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Account: OECO 101/6-366 Underground conduit

Dispersion: 70 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$60,503,351.06		\$906,928.61	1.498973
Whole Life		70	\$907,550.27	
Amortization		0	\$0.00	
Retirements	\$82,887.51	70	\$621.66	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$60,503,351.06 *		\$906,928.61	1.498974
Average:	\$60,461,907.31		\$906,928.61	1.500000
Grand Total:	\$60,503,351.06 *		\$906,928.61	1.498974

* Excluding 2007 Retirements

Account: OECO 101/6-366 Underground conduit

Dispersion: 70.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$1,559,189.59	70.00	69.50	1.0425	1.0000	\$1,825,486.78	\$23,387.84
2005	1.50	\$1,700,389.10	70.00	68.50	1.0275	1.0000	\$1,747,187.63	\$25,505.84
2004	2.50	\$36,227.73	70.00	67.50	1.0125	1.0000	\$36,681.75	\$543.42
2003	3.50	\$590,627.94	70.00	66.50	0.9976	1.0000	\$589,187.50	\$8,859.42
2002	4.50	\$1,264,268.81	70.00	65.51	0.9826	1.0000	\$1,242,244.49	\$18,964.03
2001	5.50	\$1,108,136.13	70.00	64.51	0.9676	1.0000	\$1,072,251.54	\$18,622.04
2000	6.50	\$1,306,412.75	70.00	63.51	0.9526	1.0000	\$1,244,550.64	\$19,596.19
1999	7.50	\$1,378,511.24	70.00	62.51	0.9377	1.0000	\$1,292,809.53	\$20,677.67
1998	8.50	\$1,525,619.85	70.00	61.52	0.9227	1.0000	\$1,407,749.93	\$22,884.30
1997	9.50	\$4,538,590.73	70.00	60.52	0.9078	1.0000	\$4,120,155.59	\$68,078.86
1996	10.50	\$3,974,043.74	70.00	59.52	0.8929	1.0000	\$3,548,301.99	\$59,610.66
1995	11.50	\$2,965,918.64	70.00	58.53	0.8779	1.0000	\$2,603,925.62	\$44,488.78
1994	12.50	\$1,584,758.10	70.00	57.54	0.8630	1.0000	\$1,367,713.47	\$23,771.37
1993	13.50	\$2,683,842.24	70.00	56.54	0.8482	1.0000	\$2,259,350.97	\$39,957.63
1992	14.50	\$3,877,044.49	70.00	55.55	0.8333	1.0000	\$3,230,691.40	\$58,155.87
1991	15.50	\$1,410,478.15	70.00	54.56	0.8184	1.0000	\$1,154,379.38	\$21,157.17
1990	16.50	\$4,555,420.88	70.00	53.57	0.8036	1.0000	\$3,660,733.45	\$68,331.31
1989	17.50	\$1,875,827.20	70.00	52.59	0.7888	1.0000	\$1,568,518.78	\$29,637.41
1988	18.50	\$1,698,532.33	70.00	51.60	0.7740	1.0000	\$1,314,698.06	\$25,477.98
1987	19.50	\$1,301,898.06	70.00	50.62	0.7593	1.0000	\$988,489.59	\$19,528.47
1986	20.50	\$1,348,143.31	70.00	49.64	0.7446	1.0000	\$1,003,768.97	\$20,222.15
1985	21.50	\$915,493.32	70.00	48.66	0.7299	1.0000	\$688,198.08	\$13,732.40
1984	22.50	\$929,182.84	70.00	47.68	0.7152	1.0000	\$664,592.62	\$13,937.74
1983	23.50	\$688,823.06	70.00	46.71	0.7006	1.0000	\$483,320.49	\$10,347.35
1982	24.50	\$1,012,618.24	70.00	45.74	0.6861	1.0000	\$694,760.25	\$15,189.27
1981	25.50	\$723,476.37	70.00	44.78	0.6716	1.0000	\$485,908.64	\$10,852.15
1980	26.50	\$958,933.41	70.00	43.81	0.6572	1.0000	\$630,205.81	\$14,384.00
1979	27.50	\$618,341.46	70.00	42.86	0.6428	1.0000	\$397,490.93	\$9,275.12
1978	28.50	\$1,089,390.55	70.00	41.90	0.6285	1.0000	\$684,710.23	\$16,340.86
1977	29.50	\$967,289.32	70.00	40.95	0.6143	1.0000	\$594,204.71	\$14,509.04
1976	30.50	\$892,640.34	70.00	40.01	0.6001	1.0000	\$535,714.47	\$13,389.61
1975	31.50	\$1,279,985.10	70.00	39.07	0.5861	1.0000	\$750,184.51	\$19,199.48
1974	32.50	\$576,409.92	70.00	38.14	0.5721	1.0000	\$329,784.24	\$8,646.15
1973	33.50	\$888,191.59	70.00	37.22	0.5582	1.0000	\$495,824.23	\$13,322.87

Generation Arrangement Report

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Account: OECO 101/6-386 Underground conduit

Dispersion: 70.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	\$701,709.00	70.00	36.30	0.5445	1.0000	\$382,063.81	\$10,525.64
1971	35.50	\$450,882.80	70.00	35.39	0.5308	1.0000	\$239,321.23	\$6,763.24
1970	36.50	\$451,953.60	70.00	34.48	0.5172	1.0000	\$233,769.07	\$6,779.30
1969	37.50	\$531,385.80	70.00	33.58	0.5038	1.0000	\$267,681.61	\$7,970.34
1968	38.50	\$647,478.61	70.00	32.70	0.4905	1.0000	\$317,571.10	\$9,712.18
1967	39.50	\$252,875.79	70.00	31.82	0.4773	1.0000	\$120,694.95	\$3,793.14
1966	40.50	\$164,908.75	70.00	30.95	0.4642	1.0000	\$76,551.97	\$2,473.63
1965	41.50	\$42,113.59	70.00	30.09	0.4513	1.0000	\$19,006.02	\$631.70
1964	42.50	\$18,461.63	70.00	29.23	0.4385	1.0000	\$8,095.30	\$278.92
1963	43.50	\$8,958.13	70.00	28.39	0.4259	1.0000	\$3,815.07	\$134.37
1962	44.50	\$11,895.60	70.00	27.56	0.4134	1.0000	\$4,917.11	\$178.43
1961	45.50	\$54,906.35	70.00	26.74	0.4010	1.0000	\$22,020.09	\$823.60
1960	46.50	\$46,222.04	70.00	25.93	0.3889	1.0000	\$17,975.03	\$693.33
1959	47.50	\$52,949.14	70.00	25.12	0.3768	1.0000	\$19,953.45	\$794.24
1958	48.50	\$86,069.95	70.00	24.33	0.3650	1.0000	\$31,415.74	\$1,291.05
1957	49.50	\$244,107.23	70.00	23.55	0.3533	1.0000	\$86,235.19	\$3,661.61
1956	50.50	\$304,046.05	70.00	22.78	0.3418	1.0000	\$103,911.73	\$4,560.69
1955	51.50	\$403,544.10	70.00	22.02	0.3303	1.0000	\$133,308.43	\$6,053.16
1954	52.50	\$503,575.35	70.00	21.28	0.3182	1.0000	\$160,726.24	\$7,553.63
1953	53.50	\$99,466.98	70.00	20.54	0.3061	1.0000	\$30,649.03	\$1,492.00
1952	54.50	\$164,222.44	70.00	19.81	0.2972	1.0000	\$48,809.18	\$2,463.34
1951	55.50	\$186,539.55	70.00	19.10	0.2865	1.0000	\$53,444.06	\$2,798.09
1950	56.50	\$56,211.63	70.00	18.39	0.2759	1.0000	\$15,507.70	\$843.17
1949	57.50	\$41,459.52	70.00	17.70	0.2655	1.0000	\$11,006.35	\$621.89
1948	58.50	\$62,954.01	70.00	17.01	0.2551	1.0000	\$16,061.48	\$944.31
1947	59.50	\$23,078.47	70.00	16.33	0.2450	1.0000	\$5,654.71	\$346.18
1946	60.50	\$948,919.44	70.00	15.67	0.2351	1.0000	\$223,046.66	\$14,233.79
1945	61.50	\$16,675.49	70.00	15.02	0.2252	1.0000	\$3,755.81	\$250.13
1944	62.50	\$1,338.90	70.00	14.38	0.2157	1.0000	\$288.79	\$20.08
1943	63.50	\$130.46	70.00	13.76	0.2063	1.0000	\$26.92	\$1.86
1940	66.50	\$746.16	70.00	12.02	0.1803	1.0000	\$134.50	\$11.19
1938	68.50	\$402.40	70.00	10.97	0.1645	1.0000	\$66.21	\$6.04
1937	69.50	\$703.08	70.00	10.48	0.1572	1.0000	\$110.55	\$10.55
1936	70.50	\$1,752.63	70.00	10.02	0.1502	1.0000	\$283.30	\$26.29

Generation Arrangement Report

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Account: OECO 101/6-366 Underground conduit

Dispersion: 70.00 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1935	71.50	\$1,701.55	70.00	9.57	0.1436	1.0000	\$244.37	\$25.52
1931	75.50	\$921.26	70.00	8.00	0.1200	1.0000	\$110.57	\$13.82
1930	76.50	\$4,211.77	70.00	7.65	0.1148	1.0000	\$483.31	\$63.18
1929	77.50	\$4,274.02	70.00	7.32	0.1097	1.0000	\$469.06	\$64.11
1928	78.50	\$7.66	70.00	6.99	0.1049	1.0000	\$0.80	\$0.11
1927	79.50	\$770.39	70.00	6.68	0.1003	1.0000	\$77.24	\$11.56
1926	80.50	\$122.46	70.00	6.38	0.0956	1.0000	\$11.71	\$1.84
1924	82.50	\$1,710.13	70.00	5.80	0.0869	1.0000	\$148.68	\$25.65
1921	85.50	\$1,401.04	70.00	4.96	0.0744	1.0000	\$104.27	\$21.02
		\$60,503,351.06	70.00	51.95	0.7792	1.0000	\$47,143,073.63	\$907,550.27

Depreciation Reserve Summary

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Account: OECO 101/6-366 Underground conduit

Scenario: Ohio 2007 Distribution Accts ADR

Version: 70 - R4

Average Net Salvage Rate: -5.00%

Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$60,503,351.06	\$15,811,547.50	0.2580	\$47,916,971.11	0.7820
Computed	\$60,503,351.06	\$16,385,444.98	0.2708	\$47,143,073.63	0.7792
Difference		(\$773,897.48)	-0.0128	\$773,897.48	0.0128

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 367 Underground Conductor

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 44 R2.

Actuarial Life Analysis

56 R4 best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 24 to 63 Years.

Recommendation

Change to 44 R4 Based on Industry Standards and Actuarial Life Analysis.

Comments:

In analyzing the exposures a 44 year average service life is still an acceptable choice for this account. The R3 Iowa Curve is a better fit for the plant data.

Salvage Factor Estimates

Current Net salvage Rate is	9%
Proposed Net salvage Rate	9%

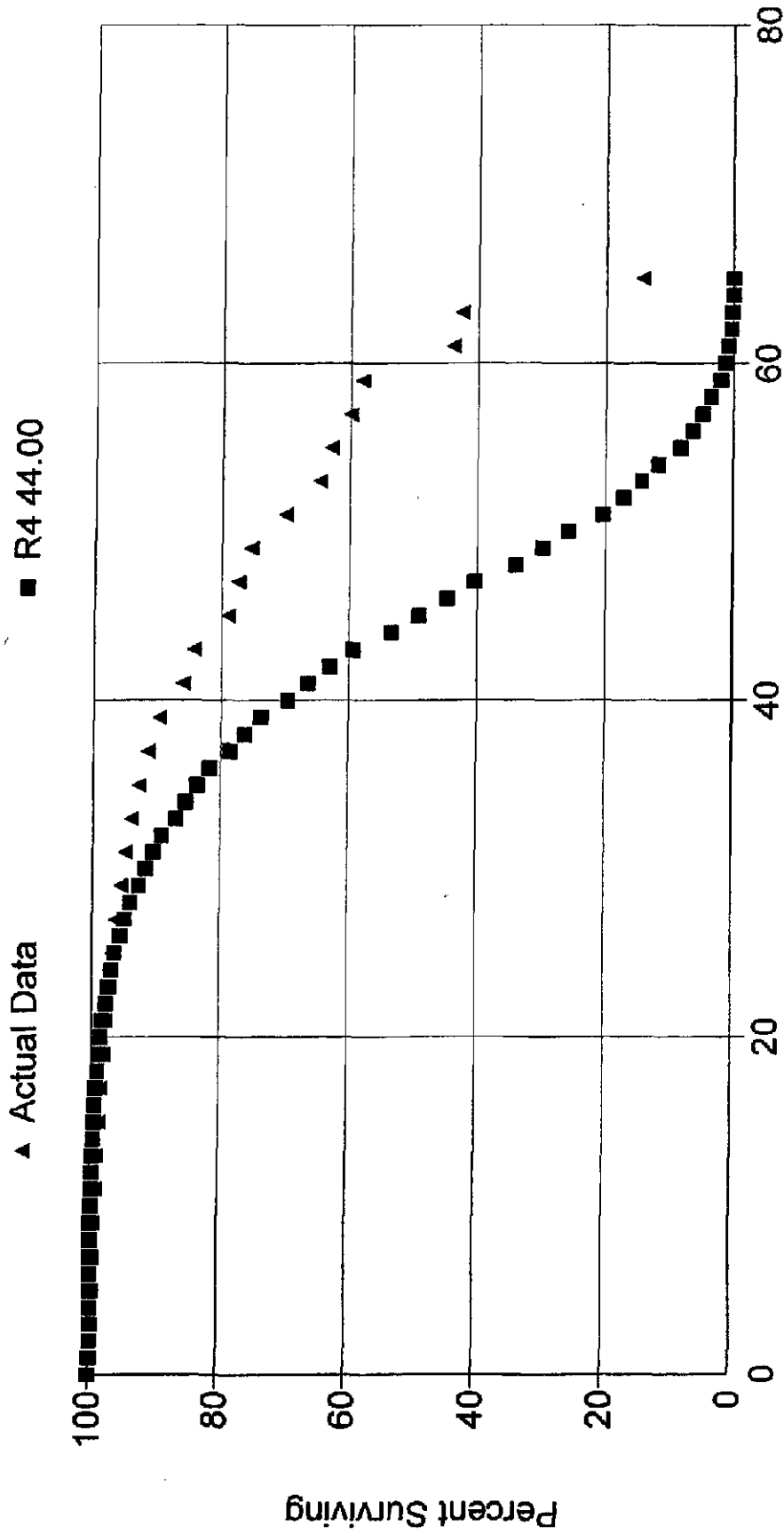
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 49% to -73%. The current rate of 9% falls within the industry average and is recommended.

Summary of Recommendations

<u>44</u>	Average Service Life
<u>R4</u>	Iowa Curve
<u>9</u>	% Net Salvage

Ohio Edison Company Account 367 Underground Conductor



Age (Years)
Vintages: 1921-2006
Activity Years: 1999-2006

Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OECD 101/6-367 Undergrd conductor

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	70,678,890.86	9,544.08	0.00014	0.99986	100.00
0.5	61,730,418.38	67,193.08	0.00109	0.99891	99.99
1.5	66,806,876.13	21,156.21	0.00032	0.99968	99.88
2.5	78,518,170.16	24,123.75	0.00031	0.99969	99.85
3.5	85,475,158.79	39,604.06	0.00046	0.99954	99.82
4.5	82,428,721.57	32,477.45	0.00039	0.99961	99.77
5.5	82,083,770.92	42,414.84	0.00052	0.99948	99.73
6.5	80,502,206.66	46,622.43	0.00058	0.99942	99.68
7.5	76,705,296.14	44,198.54	0.00058	0.99942	99.62
8.5	70,321,729.96	49,429.07	0.00070	0.99930	99.56
9.5	62,464,358.19	121,247.08	0.00194	0.99806	99.49
10.5	56,120,508.76	53,098.98	0.00095	0.99905	99.30
11.5	47,022,498.22	40,154.00	0.00085	0.99915	99.21
12.5	46,129,814.04	42,488.51	0.00092	0.99908	99.13
13.5	42,873,553.30	45,674.74	0.00107	0.99893	99.04
14.5	38,011,766.81	39,808.65	0.00105	0.99895	98.93
15.5	33,851,520.94	55,456.91	0.00164	0.99836	98.83
16.5	27,062,401.27	34,885.09	0.00128	0.99872	98.67
17.5	24,911,666.92	39,173.77	0.00157	0.99843	98.54
18.5	21,074,760.21	31,966.87	0.00152	0.99848	98.39
19.5	19,350,854.67	33,503.53	0.00173	0.99827	98.24
20.5	17,272,126.17	32,288.46	0.00187	0.99813	98.07
21.5	16,556,957.37	74,122.40	0.00448	0.99552	97.89
22.5	15,849,200.37	32,493.07	0.00205	0.99795	97.45
23.5	15,803,372.02	32,409.80	0.00205	0.99795	97.25
24.5	15,330,335.81	28,945.14	0.00189	0.99811	97.05
25.5	14,319,114.78	39,260.43	0.00274	0.99726	96.87
26.5	13,253,897.08	42,937.35	0.00324	0.99676	96.60
27.5	11,324,512.96	38,595.60	0.00341	0.99659	96.29
28.5	10,177,531.45	37,786.79	0.00371	0.99629	95.96
29.5	8,801,122.22	34,764.35	0.00396	0.99605	95.60
30.5	7,907,750.07	32,559.99	0.00412	0.99588	95.22
31.5	6,674,728.22	28,093.35	0.00421	0.99579	94.83
32.5	5,893,546.78	28,585.45	0.00485	0.99515	94.43
33.5	4,809,933.29	34,868.15	0.00725	0.99275	93.97
34.5	3,281,448.46	18,277.69	0.00557	0.99443	93.29
35.5	2,625,787.23	17,114.22	0.00652	0.99348	92.77
36.5	2,078,904.56	17,376.19	0.00836	0.99164	92.17
37.5	1,497,293.97	13,183.03	0.00880	0.99120	91.40
38.5	994,961.94	9,804.50	0.00985	0.99015	90.60
39.5	792,714.42	27,141.92	0.03424	0.96576	89.71
40.5	685,281.29	5,228.05	0.00763	0.99237	86.64
41.5	815,112.06	5,726.77	0.00703	0.99297	85.98
42.5	1,076,782.28	14,256.61	0.01324	0.98676	85.38
43.5	1,143,028.27	15,050.65	0.01317	0.98683	84.25
44.5	1,143,983.82	57,960.82	0.05067	0.94933	83.14
45.5	1,047,895.39	10,361.60	0.00989	0.99011	78.93
46.5	985,261.64	9,019.05	0.00915	0.99065	78.15
47.5	876,668.21	9,386.72	0.01071	0.98929	77.43
48.5	782,250.86	11,892.38	0.01520	0.98480	76.60
49.5	553,838.74	15,078.41	0.02722	0.97278	75.44
50.5	263,761.49	11,824.64	0.04483	0.95517	73.39
51.5	144,336.53	6,795.03	0.04708	0.95292	70.10
52.5	335,901.49	10,279.15	0.03060	0.96940	66.80

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECQ 101/6-367 Undergrd conductor

Placement Band: 1921 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	297,592.97	4,181.05	0.01405	0.98595	64.76
54.5	284,953.81	3,764.32	0.01321	0.98679	63.85
55.5	272,371.75	8,138.03	0.02988	0.97012	63.01
56.5	249,940.83	4,578.18	0.01832	0.98168	61.13
57.5	229,113.45	4,510.36	0.01968	0.98032	60.01
58.5	213,012.54	1,925.27	0.00904	0.99096	58.83
59.5	209,246.16	8,448.85	0.04038	0.95962	58.30
60.5	5,770.30	1,226.03	0.21248	0.78752	55.95
61.5	1,095.22	5.98	0.00548	0.99452	44.06
62.5	1,089.26	28.72	0.02663	0.97337	43.82
63.5	1,060.54	9.76	0.00943	0.99057	42.65
64.5	1,050.78	697.34	0.66318	0.33682	42.25
65.5	353.44	353.44	1.00000	0.00000	14.23
66.5	0.00	0.00	0.00000	0.00000	0.00
67.5	207.48	11.59	0.05797	0.94203	
68.5	1,783.45	80.81	0.04543	0.95457	
69.5	2,492.82	150.12	0.06017	0.93983	
70.5	2,342.70	306.57	0.13103	0.86897	
71.5	2,036.13	483.36	0.23723	0.76277	
72.5	1,552.77	1,013.24	0.65229	0.34771	
73.5	539.53	0.00	0.00000	1.00000	
74.5	539.53	0.00	0.00000	1.00000	
75.5	539.53	0.00	0.00000	1.00000	
76.5	376.60	0.00	0.00000	1.00000	
77.5	0.00	0.00	0.00000	0.00000	

Net Salvage Analysis Report

Account	Year	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
		Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OEEO 367 Underground Conductor	1999	158,246.98	191.93	0.00	0.00	37,204.88	42.44	131,041.99	149.49	149.49
OEEO 367 Underground Conductor	2000	120,098.11	85.26	0.00	0.00	52,710.64	37.42	67,388.47	47.84	47.84
OEEO 367 Underground Conductor	2001	104,142.40	72.89	0.00	0.00	31,526.93	22.08	72,615.47	50.82	50.82
OEEO 367 Underground Conductor	2002	244,729.39	131.17	0.00	0.00	55,784.65	29.90	188,944.74	101.27	101.27
OEEO 367 Underground Conductor	2003	92,702.43	87.06	0.00	0.00	26,454.39	19.14	66,248.04	47.92	47.92
OEEO 367 Underground Conductor	2004	(263,737.33)	-105.89	0.00	0.00	20,370.40	8.18	(284,107.73)	-114.06	-114.06
OEEO 367 Underground Conductor	2005	117,825.44	186.84	0.00	0.00	198,324.18	314.49	(80,498.74)	-127.65	-127.65
OEEO 367 Underground Conductor	2006	102,479.19	15.19	0.00	0.00	354,287.65	52.52	(251,808.46)	-37.33	-37.33
		1,683,003.20	40.79	0.00	0.00	776,663.83	46.15	(90,176.22)	-5.36	

Account: OECO 101/6-367 Undergrd conductor

Dispersion: 44 - R4

Average Net Salvage Rate: 9.00%

Future Net Salvage Rate: 9.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$201,832,254.71		\$4,166,025.98	2.064103
Whole Life		44	\$4,174,246.84	
Amortization		0	\$0.00	
Retirements	\$794,983.93	44	\$8,220.86	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$201,832,254.71 *		\$4,166,025.98	2.064104
Average:	\$201,434,762.75		\$4,166,025.98	2.068176
Grand Total:	\$201,832,254.71 *		\$4,166,025.98	2.064104

* Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-367 Undergrd conductor

Dispersion: 44.00 - R4

Average Net Salvage Rate: 9.00%

Future Net Salvage Rate: 9.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$14,748,871.21	44.00	43.50	0.8997	1.0000	\$13,269,107.62	\$305,033.47
2005	1.50	\$15,777,584.34	44.00	42.50	0.8790	1.0000	\$13,868,801.55	\$326,308.72
2004	2.50	\$1,087,146.48	44.00	41.50	0.8584	1.0000	\$933,153.94	\$22,484.17
2003	3.50	\$6,517,712.48	44.00	40.50	0.8377	1.0000	\$5,459,997.41	\$134,798.14
2002	4.50	\$7,812,751.57	44.00	39.51	0.8171	1.0000	\$6,383,684.78	\$181,581.91
2001	5.50	\$6,334,847.99	44.00	38.51	0.7965	1.0000	\$5,045,529.81	\$131,018.17
2000	6.50	\$8,543,300.70	44.00	37.51	0.7759	1.0000	\$6,628,558.02	\$176,690.99
1999	7.50	\$9,521,547.54	44.00	36.52	0.7553	1.0000	\$7,191,709.29	\$196,922.92
1998	8.50	\$8,857,883.84	44.00	35.53	0.7348	1.0000	\$6,361,594.81	\$179,060.78
1987	9.50	\$13,811,429.43	44.00	34.54	0.7143	1.0000	\$9,865,157.65	\$285,645.47
1996	10.50	\$14,262,552.89	44.00	33.55	0.6938	1.0000	\$9,895,768.91	\$294,975.53
1995	11.50	\$13,813,555.01	44.00	32.56	0.6734	1.0000	\$9,187,852.27	\$281,553.07
1994	12.50	\$4,773,910.01	44.00	31.58	0.6531	1.0000	\$3,117,862.00	\$98,733.14
1993	13.50	\$6,016,156.81	44.00	30.60	0.6328	1.0000	\$3,807,322.40	\$124,425.06
1992	14.50	\$6,960,953.98	44.00	29.62	0.6127	1.0000	\$4,264,889.74	\$143,965.18
1991	15.50	\$5,732,657.81	44.00	28.65	0.5928	1.0000	\$3,397,366.77	\$118,561.79
1990	16.50	\$8,239,315.64	44.00	27.69	0.5727	1.0000	\$4,718,511.07	\$170,404.03
1989	17.50	\$4,323,818.31	44.00	26.73	0.5529	1.0000	\$2,390,880.14	\$89,424.42
1988	18.50	\$6,472,265.44	44.00	25.78	0.5332	1.0000	\$3,451,285.48	\$133,858.22
1987	19.50	\$4,344,689.03	44.00	24.84	0.5138	1.0000	\$2,232,158.30	\$89,856.07
1986	20.50	\$3,814,408.62	44.00	23.91	0.4945	1.0000	\$1,886,078.10	\$78,888.91
1985	21.50	\$2,740,084.95	44.00	22.99	0.4754	1.0000	\$1,302,613.20	\$58,668.94
1984	22.50	\$2,117,961.32	44.00	22.07	0.4565	1.0000	\$966,953.58	\$43,803.29
1983	23.50	\$1,590,250.70	44.00	21.18	0.4380	1.0000	\$696,456.75	\$32,889.28
1982	24.50	\$1,445,170.38	44.00	20.29	0.4196	1.0000	\$606,384.60	\$29,888.75
1981	25.50	\$2,195,612.46	44.00	19.42	0.4016	1.0000	\$881,665.15	\$45,409.26
1980	26.50	\$2,628,553.27	44.00	18.56	0.3838	1.0000	\$1,008,893.37	\$54,363.26
1979	27.50	\$2,803,856.38	44.00	17.71	0.3663	1.0000	\$953,908.29	\$53,852.48
1978	28.50	\$1,733,824.43	44.00	16.89	0.3493	1.0000	\$605,561.00	\$35,858.64
1977	29.50	\$2,012,310.23	44.00	16.08	0.3325	1.0000	\$669,134.18	\$41,618.23
1976	30.50	\$1,457,446.76	44.00	15.28	0.3161	1.0000	\$460,723.83	\$30,142.65
1975	31.50	\$1,538,206.11	44.00	14.51	0.3000	1.0000	\$461,490.70	\$31,812.90
1974	32.50	\$977,479.44	44.00	13.75	0.2843	1.0000	\$277,936.58	\$20,216.05
1973	33.50	\$1,178,300.39	44.00	13.01	0.2690	1.0000	\$318,973.16	\$24,369.39

Generation Arrangement Report

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Account: OECO 101/6-367 Undergrd conductor

Dispersion: 44.00 - R4

Average Net Salvage Rate: 8.00%

Future Net Salvage Rate: 9.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1972	34.50	\$1,550,462.44	44.00	12.28	0.2540	1.0000	\$393,847.27	\$32,066.38
1971	35.50	\$694,545.26	44.00	11.57	0.2393	1.0000	\$166,222.57	\$14,364.46
1970	36.50	\$803,038.43	44.00	10.88	0.2250	1.0000	\$135,688.87	\$12,471.93
1969	37.50	\$647,706.56	44.00	10.20	0.2110	1.0000	\$138,871.10	\$13,395.75
1968	38.50	\$562,277.03	44.00	9.54	0.1973	1.0000	\$110,935.13	\$11,628.91
1967	39.50	\$320,630.18	44.00	8.90	0.1842	1.0000	\$59,044.91	\$6,631.22
1966	40.50	\$192,089.52	44.00	8.30	0.1716	1.0000	\$32,961.84	\$3,972.76
1965	41.50	\$115,788.76	44.00	7.72	0.1597	1.0000	\$18,493.50	\$2,394.72
1964	42.50	\$52,277.81	44.00	7.18	0.1485	1.0000	\$7,763.68	\$1,081.20
1963	43.50	\$50,394.89	44.00	6.68	0.1382	1.0000	\$6,962.86	\$1,042.26
1962	44.50	\$68,616.46	44.00	6.22	0.1286	1.0000	\$8,822.19	\$1,419.11
1961	45.50	\$77,054.76	44.00	5.79	0.1187	1.0000	\$9,222.40	\$1,593.63
1960	46.50	\$67,664.56	44.00	5.39	0.1115	1.0000	\$7,541.61	\$1,399.43
1959	47.50	\$117,623.58	44.00	5.02	0.1038	1.0000	\$12,211.54	\$2,432.87
1958	48.50	\$102,381.29	44.00	4.67	0.0987	1.0000	\$9,898.49	\$2,117.43
1957	49.50	\$236,316.45	44.00	4.36	0.0901	1.0000	\$21,265.59	\$4,887.45
1956	50.50	\$295,978.19	44.00	4.05	0.0837	1.0000	\$24,775.93	\$6,121.37
1955	51.50	\$117,737.25	44.00	3.75	0.0776	1.0000	\$9,138.43	\$2,435.02
1954	52.50	\$77,130.94	44.00	3.47	0.0717	1.0000	\$5,533.29	\$1,595.21
1953	53.50	\$34,440.87	44.00	3.20	0.0662	1.0000	\$2,280.75	\$712.30
1952	54.50	\$8,458.11	44.00	2.93	0.0606	1.0000	\$512.71	\$174.93
1951	55.50	\$8,817.74	44.00	2.68	0.0551	1.0000	\$485.95	\$182.37
1950	56.50	\$14,292.89	44.00	2.40	0.0497	1.0000	\$710.34	\$295.60
1949	57.50	\$16,542.20	44.00	2.16	0.0447	1.0000	\$738.86	\$342.12
1948	58.50	\$11,590.55	44.00	1.91	0.0395	1.0000	\$457.29	\$239.71
1947	59.50	\$2,815.93	44.00	1.66	0.0343	1.0000	\$89.84	\$54.10
1946	60.50	\$195,397.53	44.00	1.45	0.0301	1.0000	\$5,879.04	\$4,041.18
1945	61.50	\$3,449.05	44.00	1.23	0.0255	1.0000	\$87.96	\$71.33
1939	67.50	\$0.00	44.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1938	68.50	\$0.00	44.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1931	75.50	\$0.00	44.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1930	76.50	\$162.93	44.00	0.00	0.0000	0.0000	\$0.00	\$0.00
1929	77.50	\$376.60	44.00	0.00	0.0000	0.0000	\$0.00	\$0.00
		\$201,832,254.71	44.00	32.04	0.6626	1.0000	\$133,733,706.36	\$4,174,246.84

Depreciation Reserve Summary

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Account: OECO 101/6-367 Undergrd conductor

Scenario: Ohio 2007 Distribution Accts ADR

Version: 44 - R4

Average Net Salvage Rate: 9.00%

Future Net Salvage Rate: 9.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$201,832,254.71	\$41,689,708.71	0.2066	\$141,977,643.08	0.7034
Computed	\$201,832,254.71	\$49,933,645.43	0.2474	\$133,733,706.36	0.6626
Difference		(\$8,243,936.72)	-0.0408	\$8,243,936.72	0.0408

Ohio Edison Company

Average Life and Salvage Rate Determination

Based On Year End 2006 Data using Beginning Balance 1999

Account 368 Transformers

Life and Iowa Survivor Curve

Current Life and Iowa Survivor Curve is 41 SO.

Actuarial Life Analysis

38 SC best fit using 1999 - 2006 data

Industry Survey - EEI Survey of Depreciation Statistics 2003

Service Life Range 25 to 50 Years.

Recommendation

Change to 40 SC Based on Industry Standards and Actuarial Life Analysis.

Comments:

The actuarial analysis recommended SC curve is a good fit with the data, and the 40 year average service life is a viable option based on EEI Industry Standards.

Salvage Factor Estimates

Current Net salvage Rate is	-40%
Proposed Net salvage Rate	-40%

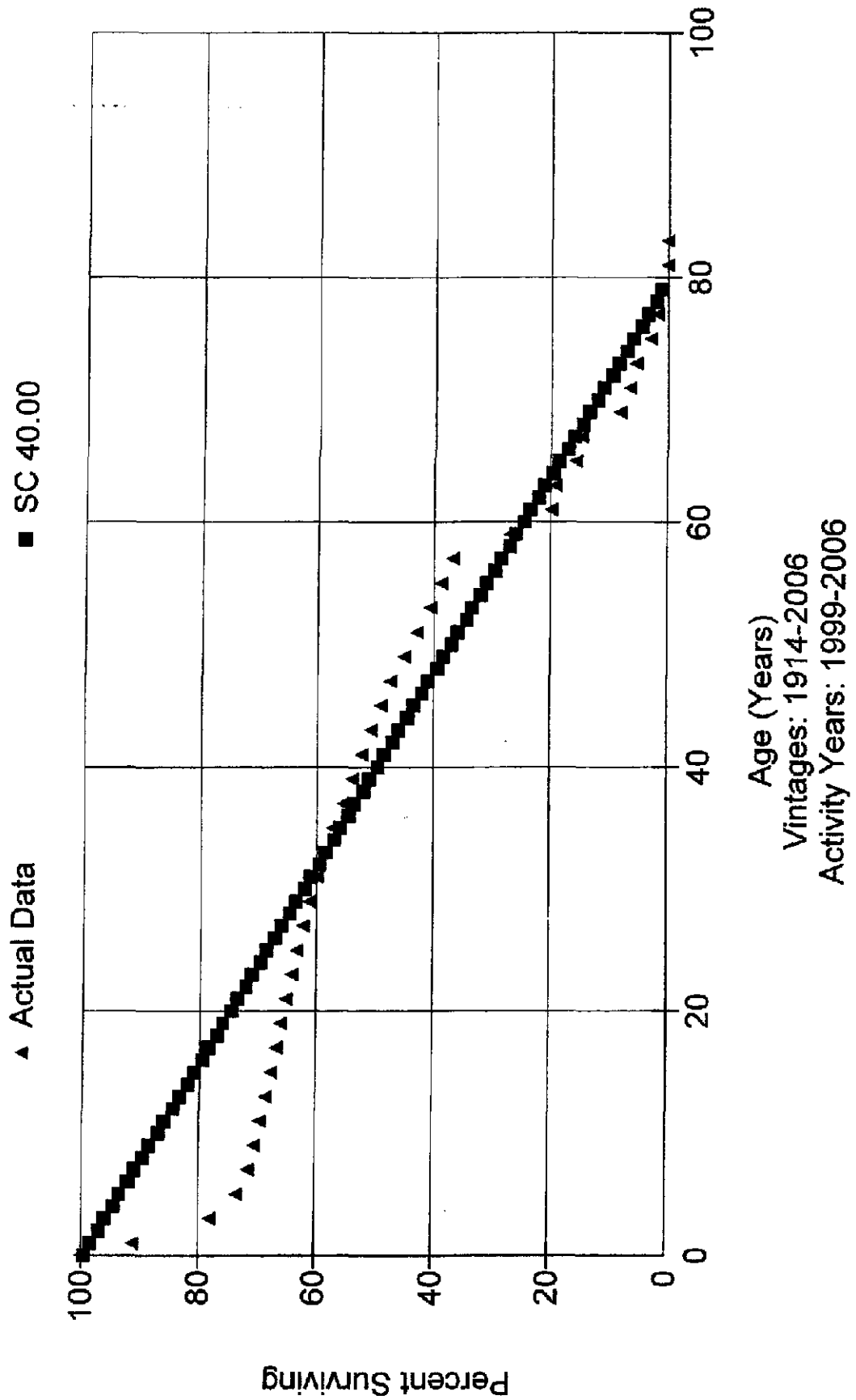
Comments:

Industry Averages per the 2003 EEI Study for the Net Salvage Rate range from 43% to -25%. The current rate of -40% is recommended.

Summary of Recommendations

<u>40</u>	Average Service Life
<u>SC</u>	Iowa Curve
<u>-40</u>	% Net Salvage

Ohio Edison Company Account 368 Transformers



Observed Life Table

Scenario: Ohio 2007 Distribution Accounts

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Account: OECD 101/6-388 Line transformers

Placement Band: 1914 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
0	118,872,755.49	2,742,439.01	0.02307	0.97693	100.00
0.5	80,016,862.20	5,421,689.00	0.06776	0.93224	97.69
1.5	48,835,667.19	3,905,419.23	0.07997	0.92003	91.07
2.5	51,201,879.15	3,526,938.78	0.06888	0.93112	83.79
3.5	55,508,545.13	2,191,291.29	0.03948	0.96052	78.02
4.5	61,583,474.46	1,311,247.64	0.02129	0.97871	74.94
5.5	68,499,201.78	1,026,436.68	0.01498	0.98502	73.34
6.5	76,241,415.80	906,772.86	0.01189	0.98811	72.24
7.5	80,913,980.19	552,159.43	0.00682	0.99318	71.38
8.5	81,046,256.09	654,109.81	0.00807	0.99193	70.89
9.5	84,210,639.84	480,123.12	0.00570	0.99430	70.32
10.5	86,674,580.65	632,135.00	0.00729	0.99271	69.92
11.5	88,196,591.08	443,287.01	0.00503	0.99497	69.41
12.5	85,586,306.41	712,736.03	0.00833	0.99167	69.06
13.5	81,238,130.99	550,354.93	0.00677	0.99323	68.48
14.5	73,465,573.64	476,898.55	0.00649	0.99351	68.02
15.5	67,287,938.95	430,778.43	0.00640	0.99360	67.58
16.5	61,383,096.25	392,217.83	0.00639	0.99361	67.15
17.5	58,481,144.29	298,960.20	0.00511	0.99489	66.72
18.5	52,665,912.63	331,180.96	0.00629	0.99371	66.38
19.5	47,656,772.79	273,656.26	0.00574	0.99426	65.96
20.5	46,300,941.64	385,589.06	0.00833	0.99167	65.58
21.5	46,451,794.85	274,790.42	0.00592	0.99408	65.03
22.5	44,504,454.10	347,574.25	0.00781	0.99219	64.65
23.5	42,880,125.18	299,015.21	0.00697	0.99303	64.15
24.5	43,389,113.76	286,431.28	0.00660	0.99340	63.70
25.5	41,162,454.57	355,534.38	0.00864	0.99136	63.28
26.5	40,165,606.64	320,704.10	0.00798	0.99202	62.73
27.5	37,513,981.48	300,287.11	0.00800	0.99200	62.23
28.5	33,759,004.36	310,550.93	0.00920	0.99080	61.73
29.5	28,788,495.97	319,886.66	0.01112	0.98888	61.16
30.5	26,561,128.13	258,447.79	0.00973	0.99027	60.48
31.5	25,320,894.53	242,388.18	0.00957	0.99043	59.89
32.5	20,861,212.75	218,968.44	0.01050	0.98950	59.32
33.5	17,051,451.54	232,683.07	0.01365	0.98635	58.70
34.5	14,888,829.78	178,666.79	0.01200	0.98800	57.90
35.5	13,004,752.94	231,403.50	0.01779	0.98221	57.21
36.5	11,763,891.99	176,807.98	0.01503	0.98497	56.19
37.5	11,288,783.52	160,524.44	0.01422	0.98578	55.35
38.5	11,528,982.17	160,848.88	0.01395	0.98605	54.56
39.5	11,515,137.22	163,157.20	0.01417	0.98583	53.80
40.5	11,662,204.18	178,180.95	0.01528	0.98472	53.04
41.5	12,571,867.27	192,162.81	0.01529	0.98471	52.23
42.5	12,972,206.40	197,576.40	0.01523	0.98477	51.43
43.5	13,372,804.54	242,904.90	0.01816	0.98184	50.65
44.5	13,007,234.65	212,229.21	0.01632	0.98368	49.73
45.5	12,249,841.53	205,727.48	0.01679	0.98321	48.92
46.5	11,157,223.23	171,592.41	0.01538	0.98462	48.10
47.5	10,139,265.68	238,441.61	0.02352	0.97648	47.36
48.5	8,756,748.53	206,101.13	0.02354	0.97648	46.25
49.5	6,727,434.58	132,542.08	0.01970	0.98030	45.16
50.5	5,239,412.79	154,913.54	0.02957	0.97043	44.27
51.5	3,956,908.86	110,757.05	0.02799	0.97201	42.96
52.5	3,074,420.02	80,012.17	0.02603	0.97397	41.76

Observed Life Table

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Scenario: Ohio 2007 Distribution Accounts

Account: OECD 101/6-368 Line transformers

Placement Band: 1914 - 2006

Observation Band: 1999 - 2006

Age at Beginning of Interval	Exposures at Beginning of Interval	Retirements During Interval	Retirement Ratio	Survivor Ratio	Percent Surv at Beginning of Interval
53.5	2,288,173.58	66,421.97	0.02903	0.97097	40.67
54.5	1,670,391.66	28,720.63	0.01719	0.98281	39.49
55.5	1,065,436.71	16,445.71	0.01544	0.98456	38.81
56.5	712,873.51	25,675.24	0.03602	0.96398	38.21
57.5	571,428.80	97,956.56	0.17142	0.82858	36.83
58.5	339,298.41	40,311.64	0.11881	0.88119	30.52
59.5	212,286.81	34,583.18	0.16291	0.83709	26.89
60.5	160,487.89	18,971.38	0.11821	0.88179	22.51
61.5	217,519.62	6,501.99	0.02989	0.97011	19.85
62.5	212,267.62	1,659.40	0.00782	0.99218	19.26
63.5	205,286.83	22,869.38	0.11140	0.88860	19.11
64.5	168,479.16	13,738.49	0.08153	0.91847	16.98
65.5	136,166.95	5,917.03	0.04345	0.95655	15.60
66.5	121,477.86	322.46	0.00265	0.99735	14.92
67.5	116,554.15	35,105.24	0.30119	0.69881	14.88
68.5	77,448.20	15,916.98	0.20552	0.79448	10.40
69.5	9,091.37	1,207.94	0.13288	0.86712	8.26
70.5	10,046.26	816.96	0.08133	0.91867	7.16
71.5	9,299.15	1,059.71	0.11399	0.88601	6.58
72.5	13,699.24	686.39	0.05008	0.94992	5.83
73.5	13,321.51	2,564.39	0.19246	0.80754	5.54
74.5	13,354.56	4,366.63	0.32699	0.67301	4.47
75.5	8,107.88	1,418.84	0.17514	0.82486	3.01
76.5	6,098.69	1,528.62	0.25070	0.74930	2.48
77.5	6,867.61	717.79	0.10454	0.89546	1.86
78.5	5,357.96	2,071.52	0.38671	0.61329	1.67
79.5	3,286.44	2,899.20	0.88223	0.11777	1.02
80.5	236.45	0.00	0.00000	1.00000	0.12
81.5	206.78	0.00	0.00000	1.00000	0.12
82.5	206.78	17.17	0.08213	0.91787	0.12
83.5	189.61	189.61	1.00000	0.00000	0.11
84.5	36.44	36.44	1.00000	0.00000	0.00
85.5	0.00	0.00	0.00000	0.00000	0.00

Net Salvage Analysis Report

Account	Year	Gross Salvage (Cash)		Gross Salvage (Returns)		Cost of Removal		Net Salvage		1-Yr Avg
		Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	
OECO 368 Transformers	1999	1,298,168.76	1.04	0.00	0.00	1,928.77	0.15	11,567.01	0.89	0.89
OECO 368 Transformers	2000	1,199,801.11	27.15	0.00	0.00	149,800.32	12.49	175,974.67	14.67	14.67
OECO 368 Transformers	2001	2,010,839.72	42.59	0.00	0.00	68,767.63	3.42	787,567.79	39.17	39.17
OECO 368 Transformers	2002	1,688,280.73	17.73	0.00	0.00	115,191.18	6.82	184,204.85	10.91	10.91
OECO 368 Transformers	2003	21,958,833.95	0.79	0.00	0.00	447,692.96	2.04	(274,158.00)	-1.25	-1.25
OECO 368 Transformers	2004	819,529.81	0.00	0.00	0.00	29,640.54	3.62	(29,640.54)	-3.62	-3.62
OECO 368 Transformers	2005	1,576,730.70	6.81	0.00	0.00	(4,337,066.86)	-275.07	4,444,488.16	281.88	281.88
OECO 368 Transformers	2006	3,533,948.27	0.13	0.00	0.00	44,003.53	1.25	(39,518.30)	-1.12	-1.12
		34,086,133.05	5.22	0.00	0.00	(3,480,043.93)	-10.21	5,260,482.64	15.43	

Whole Life Depreciation Accrual

Vol. 4B, Attach. PRC-1, p. 147

Account: OECO 101/6-368 Line transformers

Dispersion: 40 - SC

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

	Plant Amt	Period (Years)	Accrual (Dollars)	Accrual Rate (Percent)
Pre- 2007 Additions	\$326,894,068.49		\$11,345,319.51	3.470641
Whole Life		40	\$11,441,286.08	
Amortization		0	\$0.00	
Retirements	\$5,483,803.97	40	\$95,966.57	
2007 Additions	\$0.00		\$0.00	0.000000
Whole Life			\$0.00	
Retirements	\$0.00	0.00	\$0.00	
Total:	\$326,894,068.49 *		\$11,345,319.51	3.470641
Average:	\$324,152,166.51		\$11,345,319.51	3.499998
Grand Total:	\$326,894,068.49 *		\$11,345,319.51	3.470641

* Excluding 2007 Retirements

Generation Arrangement Report

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Account: OECO 101/6-368 Line transformers

Dispersion: 40.00 - SC

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
2006	0.50	\$42,715,066.76	40.00	39.75	1.3913	1.0000	\$59,427,336.63	\$1,495,027.34
2005	1.50	\$40,429,770.00	40.00	39.25	1.3738	1.0000	\$55,640,396.54	\$1,415,041.96
2004	2.50	\$1,222,431.07	40.00	38.75	1.3563	1.0000	\$1,657,922.14	\$42,785.09
2003	3.50	\$1,370,613.86	40.00	38.25	1.3388	1.0000	\$1,834,909.31	\$47,971.49
2002	4.50	\$2,235,892.06	40.00	37.75	1.3213	1.0000	\$2,954,172.38	\$78,256.22
2001	5.50	\$3,082,719.54	40.00	37.25	1.3038	1.0000	\$4,019,095.60	\$107,895.18
2000	6.50	\$4,912,674.89	40.00	36.75	1.2863	1.0000	\$6,318,928.08	\$171,943.62
1999	7.50	\$5,153,185.39	40.00	36.25	1.2688	1.0000	\$6,538,103.96	\$180,361.49
1998	8.50	\$4,848,788.73	40.00	35.75	1.2513	1.0000	\$6,067,046.90	\$169,707.61
1997	9.50	\$6,771,045.20	40.00	35.25	1.2338	1.0000	\$8,353,777.02	\$236,986.58
1996	10.50	\$7,779,123.50	40.00	34.75	1.2163	1.0000	\$9,461,358.96	\$272,269.32
1995	11.50	\$8,800,498.19	40.00	34.25	1.1988	1.0000	\$10,549,697.21	\$308,017.44
1994	12.50	\$10,005,635.28	40.00	33.75	1.1813	1.0000	\$11,819,156.67	\$350,197.23
1993	13.50	\$10,883,623.51	40.00	33.25	1.1638	1.0000	\$12,665,816.86	\$380,926.82
1992	14.50	\$13,030,168.69	40.00	32.75	1.1463	1.0000	\$14,935,830.86	\$456,055.90
1991	15.50	\$10,286,613.04	40.00	32.25	1.1288	1.0000	\$11,611,014.47	\$360,031.46
1990	16.50	\$11,422,748.99	40.00	31.75	1.1113	1.0000	\$12,693,529.82	\$399,796.21
1989	17.50	\$9,893,200.60	40.00	31.25	1.0938	1.0000	\$10,820,688.16	\$346,262.02
1988	18.50	\$10,123,191.66	40.00	30.75	1.0763	1.0000	\$10,895,085.02	\$354,311.71
1987	19.50	\$10,380,995.22	40.00	30.25	1.0588	1.0000	\$10,990,878.69	\$363,334.83
1986	20.50	\$7,419,126.94	40.00	29.75	1.0413	1.0000	\$7,725,165.93	\$259,669.44
1985	21.50	\$6,867,065.03	40.00	29.25	1.0238	1.0000	\$7,030,157.82	\$240,347.28
1984	22.50	\$5,485,773.22	40.00	28.75	1.0063	1.0000	\$5,520,059.30	\$192,002.06
1983	23.50	\$4,295,102.56	40.00	28.25	0.9888	1.0000	\$4,246,782.66	\$150,328.59
1982	24.50	\$5,510,345.04	40.00	27.75	0.9713	1.0000	\$5,351,922.62	\$192,862.08
1981	25.50	\$7,311,328.53	40.00	27.25	0.9538	1.0000	\$6,973,179.59	\$255,896.50
1980	26.50	\$4,259,615.41	40.00	26.75	0.9363	1.0000	\$3,988,064.93	\$149,086.54
1979	27.50	\$5,391,624.47	40.00	26.25	0.9188	1.0000	\$4,953,554.98	\$188,706.86
1978	28.50	\$5,990,156.56	40.00	25.75	0.9013	1.0000	\$5,398,628.60	\$209,655.48
1977	29.50	\$6,937,980.80	40.00	25.25	0.8838	1.0000	\$6,131,440.36	\$242,829.32
1976	30.50	\$3,557,148.55	40.00	24.75	0.8663	1.0000	\$3,081,379.93	\$124,600.20
1975	31.50	\$2,830,689.61	40.00	24.25	0.8488	1.0000	\$2,402,547.81	\$99,074.14
1974	32.50	\$5,888,762.95	40.00	23.75	0.8313	1.0000	\$4,895,034.20	\$206,106.70

Account: DECO 101/6-368 Line transformers

Dispersion: 40.00 - SC

Average Net Salvage Rate: -40.00%

Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2007

Vintage	Age	Surviving Plant	Avg Life	Remaining Life	Net Plant Ratio	Alloc Factor	Computed Net Plant	Accrual
1973	33.50	\$5,023,517.33	40.00	23.25	0.8138	1.0000	\$4,087,887.23	\$175,823.11
1972	34.50	\$3,358,470.92	40.00	22.75	0.7963	1.0000	\$2,674,182.47	\$117,546.48
1971	35.50	\$2,830,357.50	40.00	22.25	0.7788	1.0000	\$2,204,140.90	\$99,062.51
1970	36.50	\$2,296,864.55	40.00	21.75	0.7613	1.0000	\$1,748,488.14	\$80,390.26
1969	37.50	\$1,999,723.97	40.00	21.25	0.7438	1.0000	\$1,487,294.70	\$69,990.34
1968	38.50	\$1,456,568.82	40.00	20.75	0.7263	1.0000	\$1,057,833.11	\$50,979.91
1967	39.50	\$1,851,569.57	40.00	20.25	0.7088	1.0000	\$1,170,549.93	\$57,804.93
1966	40.50	\$1,487,919.68	40.00	19.75	0.6913	1.0000	\$1,028,524.48	\$52,077.19
1965	41.50	\$1,278,014.13	40.00	19.25	0.6738	1.0000	\$861,062.02	\$44,730.49
1964	42.50	\$1,264,001.77	40.00	18.75	0.6563	1.0000	\$829,501.16	\$44,240.06
1963	43.50	\$972,744.04	40.00	18.25	0.6388	1.0000	\$621,340.26	\$34,046.04
1962	44.50	\$1,129,827.34	40.00	17.75	0.6213	1.0000	\$701,905.23	\$39,543.96
1961	45.50	\$1,431,464.69	40.00	17.25	0.6038	1.0000	\$864,246.81	\$50,101.28
1960	46.50	\$1,609,058.72	40.00	16.75	0.5863	1.0000	\$943,310.67	\$56,317.06
1959	47.50	\$1,570,803.03	40.00	16.25	0.5688	1.0000	\$893,394.22	\$54,978.11
1958	48.50	\$1,600,827.62	40.00	15.75	0.5513	1.0000	\$882,456.23	\$56,028.97
1957	49.50	\$2,017,974.66	40.00	15.25	0.5338	1.0000	\$1,077,093.97	\$70,629.11
1956	50.50	\$1,852,169.43	40.00	14.75	0.5163	1.0000	\$852,932.47	\$57,825.93
1955	51.50	\$1,339,002.15	40.00	14.25	0.4988	1.0000	\$667,827.32	\$46,865.08
1954	52.50	\$848,110.37	40.00	13.75	0.4813	1.0000	\$408,153.12	\$29,683.86
1953	53.50	\$777,289.14	40.00	13.25	0.4638	1.0000	\$360,467.84	\$27,205.12
1952	54.50	\$593,513.81	40.00	12.75	0.4463	1.0000	\$264,855.54	\$20,772.98
1951	55.50	\$617,030.46	40.00	12.25	0.4288	1.0000	\$264,561.81	\$21,596.07
1950	56.50	\$378,528.58	40.00	11.75	0.4113	1.0000	\$155,669.88	\$13,248.50
1949	57.50	\$158,397.77	40.00	11.25	0.3938	1.0000	\$62,369.12	\$5,543.92
1948	58.50	\$162,653.89	40.00	10.75	0.3763	1.0000	\$61,198.53	\$5,692.89
1947	59.50	\$109,725.50	40.00	10.25	0.3588	1.0000	\$39,364.02	\$3,840.39
1946	60.50	\$22,672.23	40.00	9.75	0.3413	1.0000	\$7,736.90	\$793.53
1945	61.50	\$25,044.33	40.00	9.25	0.3238	1.0000	\$8,108.10	\$876.55
1944	62.50	\$11,770.75	40.00	8.75	0.3063	1.0000	\$3,604.79	\$411.98
1943	63.50	\$6,633.93	40.00	8.25	0.2888	1.0000	\$1,915.55	\$232.19
1942	64.50	\$14,750.94	40.00	7.75	0.2713	1.0000	\$4,001.19	\$516.28
1941	65.50	\$19,382.34	40.00	7.25	0.2538	1.0000	\$4,918.27	\$678.38