

FILE

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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Edison :  
Company, The Cleveland Electric Illuminating : Case No. 08-936-EL-SSO  
Company and The Toledo Edison Company for :  
Approval of a Market Rate Offer to Conduct a :  
Competitive Bidding Process for Standard Service :  
Offer Electric Generation Supply, Accounting :  
Modifications Associated with Reconciliation :  
Mechanism, and Tariffs for Generation Service. :

**PREFILED TESTIMONY  
OF  
ROBERT B. FORTNEY  
RATES AND TARIFFS/ENERGY AND WATER DIVISION  
PUBLIC UTILITIES COMMISSION OF OHIO**

PUCO

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September 15, 2008

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1 1. Q. Please state your name and business address.

2 A. My name is Robert B. Fortney. My business address is 180 E. Broad  
3 Street, Columbus, Ohio 43215.  
4

5 2. Q. By whom are you employed and in what capacity?

6 A. I am employed by the Public Utilities Commission of Ohio (PUCO) as a  
7 Public Utilities Administrator 3 in the Rates and Tariffs Division of the  
8 Utilities Department.  
9

10 3. Q. Please outline your educational background and work experience.

11 A. I received a Bachelor of Science Degree in Business Administration from  
12 Ball State University, Muncie, Indiana, in 1971. I received a Master of  
13 Business Administration Degree from the University of Dayton, Dayton,  
14 Ohio, in 1979. I have been with the Commission staff for 23 years,  
15 involved in all aspects of electric utility rates, rules and regulations.  
16

17 4. Q. What is the purpose of your testimony in this proceeding?

18 A. I will make recommendations regarding Rider CRT (Cost Recovery True-  
19 up Rider) as proposed in the application and in the testimony and exhibits  
20 of Kevin Norris.  
21

1 5. Q. What is the purpose of Rider CRT?

2 A. The FE companies have proposed this mechanism to adjust the retail price  
3 to account for the differences between the generation revenues and costs  
4 during the prior quarter. It is intended to ensure that the supply costs are  
5 fully recovered and that customers pay no more or less than the costs to  
6 procure power and implement the program.

7  
8 6. Q. Other than the cost/revenue true-up, what other expenses are included in the  
9 Rider?

10 A. Other expenses proposed to be recovered include (1) any competitive bid-  
11 ding process expenses not recovered through the tranche fees paid by the  
12 supplier, (2) a working capital adjustment to account for the lag between  
13 the supply cost occurrence and cost collection, (3) uncollectible amounts  
14 associated with the generation service, and (4) delta revenues associated  
15 with any economic development schedules, energy efficiency schedules,  
16 reasonable arrangements, governmental special contracts, and unique  
17 arrangements. The CRT Rider for CEI also has a component to reflect the  
18 delta revenue resulting from the extended CEI special contracts. Also,  
19 future costs related to alternative energy resources are proposed to be  
20 included.

1 7. Q. How does the proposed Rider work?

2 A. The companies propose to update the Rider quarterly and implement the  
3 charges approximately 60 days following the conclusion of the reconcilia-  
4 tion period. The Rider, per the companies' proposal, would be unavoid-  
5 able.

6  
7 8. Q. What are your recommendations regarding the Rider?

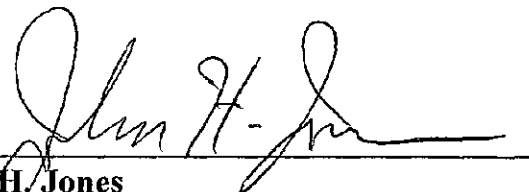
8 A. First, I recommend that any portion of the Rider related to delta revenues be  
9 removed. The delta revenue recovery should be placed in a separate Rider  
10 and the companies should apply to recover those costs in accordance with  
11 Chapter 4901:1-38, Reasonable Arrangements. The Commission will  
12 determine the appropriate level of delta recovery in those applications.  
13 Second, after the delta revenues are removed, everything else in the Rider is  
14 related to the generation costs. I can think of no logical rationale which  
15 would require customers who are not taking generation service from the  
16 companies to pay the charges to be included in this Rider. Therefore, I rec-  
17 ommend that Rider CRT be avoidable for those customers.

18  
19 9. Q. Does this conclude your testimony?

20 A. Yes, it does. However, I reserve the right to submit supplemental testi-  
21 mony as described herein, as new information subsequently becomes avail-  
22 able or in response to positions taken by other parties.

## PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Robert B. Fortney, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, hand-delivered, and/or delivered via electronic mail, upon the following parties of record, this 15<sup>th</sup> day of September, 2008.

  
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