

**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
JOSEPH P. BUCKLEY
CAPITAL RECOVERY AND FINANCIAL ANALYSIS DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO**

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September 15, 2008

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1 1. Q. Please state, for the record, your name, position, and business address?

2 A. My name is Joseph P. Buckley. I am employed as a Utility Specialist 3 in
3 the Capital Recovery and Financial Analysis Division of the Public Utilities
4 Commission of Ohio (PUCO), 180 East Broad Street, Columbus, Ohio
5 43215
6

7 2. Q. Please state your educational and professional backgrounds?

8 A. I received a Bachelor of Science Degree in Economics from the Ohio State
9 University and a Master's Degree in Business Administration from the Uni-
10 versity of Dayton. In 2000, I earned the Certified in Financial Management
11 (CFM) designation, awarded by the Institute of Management Accountants.
12 Also I attended, The Annual Regulatory Studies Program sponsored by The
13 National Association of Regulatory Utility Commissioners (NARUC) and
14 The Training for Utility Management Analyst also sponsored by NARUC.
15 I have been employed by the PUCO since 1987. Since that time I have
16 progressed through various positions and was promoted to my current posi-
17 tion of Utility Specialist 3, in 2000. In addition, I have worked on several
18 joint Federal Communication Commission (FCC) and NARUC projects and
19 audits and currently serve on the Midwest ISO's Finance Committee as
20 Vice-Chairman.
21

3. Q. What is your involvement in this proceeding?

A. I will address the company's proposed Corporate Separation Plan (CSP).

4. Q. Please describe the progression of First Energy's CSP from the enactment of Senate Bill 3 (SB3) to the current state.

A. According to the Company's response to a Staff data request in this proceeding the following events occurred after the enactment of S.B. 3:

Asset Transfer:

July, 2000 Commission approves the CSP

September, 2000 Companies transfer transmission assets to American Transmission Systems, Inc.

June, 2004 Commission approves extension of financial separation waiver providing the Companies additional time to transfer ownership of generating assets. (Case No. 03-2144-EL-ATA)

October, 2005 Companies transfer ownership of non-nuclear generating assets.

December, 2005 Companies transfer ownership of nuclear generating assets.

Debt Redemptions Relating to Asset Transfer:

Transmission Debt Redemption (debt owed to Companies):

Ohio Edison: Final payment is scheduled for June, 2040, but may be paid in advance.

Toledo Edison: Final payment is scheduled for June, 2040, but may be paid in advance.

CEI: Final payment received February, 2005

Generation Debt Redemption (debt owed to Companies):

Ohio Edison: Final payment received October 2007

Toledo Edison: Final payment received October 2007

CEI: Final payment received October 2007

Staff believes that based on these events the Companies' generating assets have been structurally separated from the operating companies.

5. Q. Does Staff believe an updated CSP should be filed?

A. Yes. As detailed in the proposed Commission Order that was re-scheduled from September 10, 2008 to September 17, 2008, with the adoption of the new corporate separation chapter, the Commission clarifies that each electric utility must file, within sixty days of the effective date of this chapter (4901:1-37), an application requesting approval of its corporate separation plan and Chapter 4901:1-37-05 (Application) outlines what should be included in the filing. Once approved, the electric utility shall file the plan in its "TRF" docket, and maintain a current version of its approved plan in that docket. Staff believes the policy and financial impacts of the CSP are substantial and requiring a separate filing should allow interested parties easy access to the plan and subsequent updates.

6. Q. How does Staff believe FE's CSP should be verified for compliance with the proposed CSP rules?

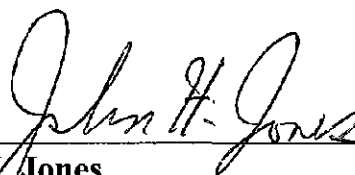
1 A. Staff feels the CSP should be audited by an independent auditing firm
2 within the first year of approval of the plan. The audit would be funded by
3 the Company but managed by the Staff. The audit would cover compliance
4 with the CSP rules including the code of conduct; cost allocation manual
5 and any waivers that have been granted.

6
7 7. Q. Does this conclude your testimony?

8 A. Yes, it does. However, I reserve the right to submit supplemental testi-
9 mony as described herein, as new information subsequently becomes avail-
10 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 Joseph P. Buckley, 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 15th day of September, 2008.



John H. Jones
Assistant Attorney General

Parties of Record:

Jeffrey Small
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215
small@occ.state.oh.us

Langdon Bell
Barth E. Royer
Bell & Royer Co., LPA
33 South Grant Avenue
Columbus, OH 43215-3900
barthroyer@aol.com
lbell33@aol.com

M. Howard Petricoff
Stephen Howard
Vorys Sater Seymour & Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008
mhpetricoff@vssp.com
showard@vssp.com

James Burk
Arthur Korkosz
Mark A. Hayden
Ebony Miller
FirstEnergy Service Company
76 Main Street
Akron, OH 44308-1890
burkj@firstenergycorp.com
korkosza@firstenergycorp.com
haydenm@firstenergycorp.com
elmiller@firstenergycorp.com

David F. Boehm
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@bkllawfirm.com

David Rinebolt
Ohio Partners for Affordable Energy
P.O. Box 1793
Findlay, OH 45839-1793
drinebolt@aol.com

Lisa McAlister
Daniel J. Neilsen
Samuel C. Randazzo
Joseph M. Clark
McNees Wallace & Nurick
21 East State Street, 17th Floor
Columbus, OH 43215-4228
lmcalister@mwncmh.com
dneilsen@mwncmh.com
srandazzo@mwncmh.com
jclark@mwncmh.com

Sheilah McAdams
City of Maumee
204 West Wayne Street
Maumee, OH 43537
sheilahmc@aol.com

Matthew S. White
Chester, Willcox & Saxbe
65 East State Street, Suite 1000
Columbus, OH 43215
mwhite@cwslaw.com

Lance Keiffer
Lucas County Commissioners
711 Adams 2nd Floor
Toledo, OH 43624
lkeiffer@co.lucas.oh.us

Henry Eckhart
Attorney at Law
50 West Broad Street
Suite 2117
Columbus, OH 43215-3301
henryeckhart@aol.com

Cynthia A. Fonner
David Fein
Constellation Energy Group, Inc.
550 West Washington Street
Suite 300
Chicago, IL 60661
david.fein@constellation.com
cynthia.a.fonner@constellation.com

Brian J. Ballenger
Ballenger & Moore Co.
3401 Woodville Road
Suite C
Toledo, OH 43619
ballengerlawbjb@sbcglobal.net

Craig Goodman
National Energy Marketers Assn.
3333 K Street N.W. Suite 110
Washington, D.C. 20007
cgoodman@energymarketers.com

Garrett Stone
Brickfield, Burchette, Ritts & Stone
1025 Thomas Jefferson Street, N.W.
8th Floor West Tower
Washington, D.C. 20007
gas@bbrslaw.com

John Bentine
Mark Yurick
Chester, Willcox & Saxbe
65 East State Street, Suite 1000
Columbus, OH 43215-4213
jbentine@cwslaw.com
myurick@cwslaw.com

Richard L. Sites
Ohio Hospital Association
155 East Broad Street, 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.org

David A. Muntean
Sean W. Vollman
Max Rothal
161 South High Street, Suite 202
Akron, OH 44308
munteda@ci.akron.oh.us
vollmse@ci.akron.oh.us

Gregory K. Lawrence
McDermott Will & Emery
28 State Street
Boston, MA 02109
glawrence@mwe.com

Steve Millard
Council of Smaller Enterprises
100 Public Square
Suite 201
Cleveland, OH 44113
smillard@cose.org

Leslie A. Kovacik
City of Toledo
Department of Law
420 Madison Avenue, 4th Floor
Toledo, OH 43604-1219
leslie.kovacik@toledo.oh.gov

Craig I. Smith
2824 Coventry Road
Cleveland, OH 44120
wis29@yahoo.com

Damon E. Xenopoulos
Brickfield, Burchette, Ritts & Stone
1025 Thomas Jefferson Street N.W.
8th Floor West Tower
Washington, D.C. 20007
dex@bbrslaw.com

Douglas M. Mancino
McDermott Will & Emery
2049 Century Park East, Suite 3800
Los Angeles, CA 90067
dmancino@mwe.com

Glenn Krassen
E. Brett Breitschwerdt
Bricker & Eckler
1375 East Ninth Street, Suite 1500
Cleveland, OH 44114-1718
gkrassen@bricker.com
ebreitschwerdt@bricker.com

Gregory H. Dunn
Andre T. Porter
Christopher Miller
Schottenstein Zox & Dunn
250 West Street
Columbus, OH 43215
gdunn@szd.com
cmiller@szd.com
aporter@szd.com

Nicholas C. York
Eric D. Weldele
Tucker Ellis & West
1225 Huntington Center
41 South High Street
Columbus, OH 43215
nicholas.york@tuckerellis.com
eric.weldele@tuckerellis.com

Larry R. Gearhardt
Ohio Farm Bureau Federation
280 North High Street
P.O. Box 182383
Columbus, OH 43218-2383
lgearhardt@ofbf.org

Joseph P. Meissner
Legal Aid Society of Cleveland
1223 West 6th Street
Cleveland, OH 44113
jpmessn@lasclev.org

Nolan Moser
Air & Energy Program Manager
The Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
nolan@theOEC.org

Theodore S. Robinson
Citizen Power
2121 Murray Avenue
Pittsburgh, PA 15217
robinson@citizenpower.com

F. Mitchell Dutton
FPL Energy Power Marketing, Inc.
700 Universe Boulevard
CTR/JB
Juno Beach, FL 33408
mitch.dutton@fpl.com

Dane Stinson
Bailey Cavalieri
10 West Broad Street, Suite 2100
Columbus, OH 43215-3422
dane.stinson@baileycavalieri.com