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PUCO

VIA FEDERAL EXPRESS

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, OH 43215-3793

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

Dear Sir or Madam:

Enclosed, please find the original and twenty (20) copies of the Initial Post-Hearing Brief of OmniSource Corporation in the above-referenced matter. Please date stamp the two extra copies and return them in the enclosed stamped self-addressed envelope.

Sincerely,



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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 Company and The Toledo)	
Edison Company for Approval of a Market)	
Rate Offer to Conduct a Competitive Bidding)	Case No. 08-936-EL-SSO
Process for Standard Service Offer Electric)	
General Supply, Accounting Modifications)	
Associated with Reconciliation Mechanism,)	
And Tariffs for General Service)	

**INITIAL POST-HEARING BRIEF
BY
OMNISOURCE CORPORATION**

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**INITIAL POST-HEARING BRIEF
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INTRODUCTION

OmniSource Corporation ("OmniSource"), a wholly-owned subsidiary of Steel Dynamics, Inc., submits the following argument regarding the proposed Market Rate Offer ("MRO") plan submitted by the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (collectively "FirstEnergy Companies") for consideration and approval by the Public Utilities Commission of Ohio ("the Commission").

ARGUMENT

OmniSource is one of North America's leading scrap metal recycling companies. OmniSource takes unusable and obsolete metal products and turns them into new raw materials for use in mills and foundries that produce steel, copper, and aluminum. OmniSource is a large industrial consumer of electricity delivered to it by the Toledo Edison Company.

In the above-captioned proceeding, the FirstEnergy Companies request approval of a

MRO plan that, if approved by the Commission, will likely have a dramatic effect on the rates that OmniSource pays and the terms and conditions under which OmniSource takes electric service. In an effort to ameliorate that rate impact and more generally improve the FirstEnergy Companies' MRO plan, OmniSource herein supports several modifications to the MRO plan as proposed in the testimony of Dr. Dennis W. Goins on behalf of Nucor Steel Marion, Inc. (Nucor Exh. 1). More specifically, OmniSource agrees with Dr. Goins that the Commission, at a minimum, should direct the FirstEnergy Companies to modify the MRO plan to include:

- (i) interruptible rate options;
- (ii) time-of-day rates; and
- (iii) economic development rates.

I. Interruptible Rates Should Be Part of the MRO Rate Options

OmniSource concurs with Dr. Goins that the FirstEnergy Companies' proposed MRO rates "reduce incentives for customers to control peak demands and use electricity efficiently." Nucor Exh. 1 at 10, lines 6-7. With interruptible rates absent from the MRO plan, the potential system cost and reliability benefits that could be provided by prospective interruptible customers, such as OmniSource, are effectively excluded as well. As Dr. Goins states:

Interruptible load has long been recognized as a means to reduce generating and transmission capacity requirements and a substitute for such ancillary services as spinning and operating reserves. Interruptible load expands the range of resources available to meet contingencies, lowers customer costs, and can even be used to mitigate price volatility and curb potential market power problems.

Nucor Exh. 1 at 11, lines 13-18.

The Commission should therefore, as suggested by Dr. Goins, require the FirstEnergy Companies to include in their MRO plan at least two stand-alone interruptible rate options: (1) an emergency or reliability rate and (2) an economic interruption rate. See Nucor Exh. 1 at 12,

lines 17-23. Moreover, OmniSource agrees with Dr. Goins that such rates could be patterned after similar rates proposed by the FirstEnergy Companies in their Electric Security Plan (“ESP”) filing (PUCO Case NO. 08-935-EL-SSO), which is also presently before the Commission. *See id.* at 13-14. While the specific terms and credits of such interruptible service would need to be further developed by interested parties, OmniSource is of the opinion that the interruptible credits under the MRO plan would need to be much higher than those presently set forth in FirstEnergy Companies’ ESP filing. In sum, without the inclusion in the MRO plan of reasonable terms and appropriate credits for interruptible service that are sufficient to motivate potential customers to participate, the FirstEnergy Companies are not doing all they can to prudently manage their system costs and reliability.

II. Time-of-Day Rates Should Be Part of the MRO Rate Options

OmniSource also supports Dr. Goins recommendation that time-of-day rates, similar to those proposed in the FirstEnergy Companies’ ESP filing, should be included as MRO rate options. *See* Nucor Exh. 1 at 16, lines 5-16. Time-of-day rates better reflect peak and off-peak production costs, which in turn provide better price signals to customers. As a result, similar to interruptible rates, time-of-day rates have consequent benefit in terms of lowering system costs and enhancing system reliability.

III. Economic Development Rates Should Be Part of the MRO Rate Options

Lastly, the FirstEnergy Companies MRO plan should also include meaningful economic development rate options. As suggested by Dr. Goins, “such options would help mitigate the MRO rate impacts as well as support the state’s economic infrastructure.” Nucor Exh. 1 at 9, lines 16-17. As is the case with potential interruptible rates, while the specific terms and credits of economic development rate options to be included in the MRO would need to be further

developed by interested parties, similar rates proposed in the FirstEnergy Companies' ESP filing would be an acceptable starting point.

CONCLUSION

For the reasons set forth above, OmniSource respectfully requests that if the Commission approves the FirstEnergy Companies' MRO plan, the Commission, at a minimum, direct the FirstEnergy Companies to modify the MRO plan to include: (i) interruptible rate options; (ii) time-of-day rates; and (iii) economic development rates, as more fully set forth above.

Respectfully submitted,



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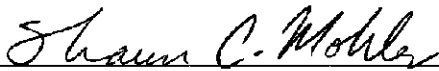
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October 3, 2008

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the parties of record in this proceeding via U.S. Mail postage prepaid and/or electronic transmission on October 3, 2008.



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**Case 08-936-EL-SSO
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