

FAX



The Legal Aid Society of Cleveland Since 1905

PUCO

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Chief of Docketing The Public Utilities Commission of Ohio 180 East Broad Street Columbus, Ohio 43215-3793

January 14, 2010

SUBJECT:

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of Ohio Site Deployment of the Smart Grid Modernization Initiative and Timely Recovery of Associated Costs) Case No. 09-1820-EL-ATA) Case No. 09-1821-EL-GRD) Case No. 09-1822-EL-BEC) Case No. 09-1823-EL-AAM)

To the PUCO, Commissioners, Attorney Examiner, and Staff, And to all Parties involved in these cases.

Enclosed is a letter. We request that you file the letter as part of the record in this case.

We are also sending twenty copies overnight so these can be distributed to the various offices at the PUCO.

We are also providing a copy of this to all involved in this proceeding.

Thank you for your time and attention.

Respectfully submitted,

Handwritten signature of Joseph P. Meissner

Joseph P. Meissner, Attorney, 002236 Citizens Coalition

www.lasclev.org

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The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215-3793

January 14, 2010

SUBJECT:

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	Case No. 09-1820-EL-ATA
Illuminating Company and The Toledo Edison)	Case No. 09-1821-EL-GRD
Company for Approval of Ohio Site)	Case No. 09-1822-EL-EEC
Deployment of the Smart Grid)	Case No. 09-1823-EL-AAM
Modernization Initiative and Timely)	
Recovery of Associated Costs)	

To the PUCO, Commissioners, Attorney Examiner, and Staff,
And to all Parties involved in these cases.

This counsel of Attorney Joseph Meissner represents the Citizens Coalition. Yesterday, January 13, 2010, was the date set in the PUCO Entry, dated December 30, 2009, for the filing of comments related to the Application on November 18, 2009, filed by FirstEnergy on its Smart Grid Modernization Initiative as well as the recovery of various costs and any possible associated lost distribution revenues.

It was the intention of the Citizens Coalition through its counsel to file Comments on January 13, 2010. Unfortunately, counsel Joseph Meissner who was necessary for filing the Comments spent most of yesterday in a Hospital Emergency Room because of sudden concerns about a serious health problem of a family member. It was thus impossible to complete the Comments and file these timely.

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In the alternative, Counsel for the Citizens Coalition is filing this Letter with the Commission about the main concerns and questions of the Citizens Coalition related to FirstEnergy's Smart Grid Application and cost recovery issues. The Coalition would request that the PUCO consider this Letter in its decision, to the extent this is permissible, by law, regulations, and precedent.

1. Importance of this Proceeding related to Smart Grid: The Citizens Coalition views this proceeding as extremely important, both to the customers and to the companies, for the progress of the Ohio Electric Industry is serving the needs of the customers. Some view Smart Grid as the alternative solution to building ever-more expensive generating plant, especially plant needed to serve increasing peak load demands. Others see Smart Grid as an "over sold product of the environmental and green movement" which will never deliver on its promises. A few even question whether "Smart Grid" is really the latest of industry "seams" which will only benefit "meter producing companies" while costing customers enormous sums in up-front expenses with only a promise of benefits at some remote future time. The view of the Citizens Coalition is that the PUCO must protect customers from paying for an enormous costly experiment that may never really benefit the customers.

2. Comparison of Smart Grid Costs and Benefits: In its Supplemental Report, dated August 14, 2009, in the Case Number 07-646-EL-UNC, page 2, FirstEnergy makes this statement: "As noted in the June 1, 2009 report, the assessment of the direct costs and benefits of Smart Meter technologies indicates the costs currently exceed benefits." This is a very troubling confession since it is the current understanding of Citizens Coalition that any real benefits from "Smart Grid technologies" might possibly only flow to customers at some distant time in the future when many customer dollars already would have been spent on the "Smart Meters" and other implementing equipment. The Citizens Coalition would request that FirstEnergy explain its admission. Is this statement still true? Or have there been developments since August 14, 2009, -- only some five months ago--that would change FirstEnergy's own conclusion?

3. Even today, \$114 million is a not inconsiderable sum: Can The PUCO Reduce This Burden on the Customers? The Citizens Coalition understands that \$114 million will be spent on the FirstEnergy Application. Some \$71 million of this is for Ohio while the remainder is for Pennsylvania. This sum is composed of \$57 million of the taxpayers' money and another \$57 million from ratepayers. (There is no indication that FE stockholders nor company executives will bear any of this burden.) Is there any way of spending the taxpayer dollars first, holding on to the ratepayers' \$57 million, and ascertaining whether this Smart Grid Modernization Initiative will actually provide any benefits for customers? If this is possible, then there would be no need to burden ratepayers at this point with any of the costs.

4. Who will Oversee and Objectively Monitor the Ohio Site Deployment of FirstEnergy's Smart Grid? The sum of \$114 million is a considerable amount of money as already stated. Ohio's portion will be \$71 million. This means that Ohio electric customers could be directly responsible for \$30 million to \$40 million of this. Who will Oversee the Smart Grid activities of FirstEnergy? Who will objectively monitor these activities?

a. Who has the capacity to do this oversight and monitoring? Who at the PUCO can do this? What are their names and backgrounds, especially related to Smart Grid? What funds and resources are needed for this oversight? What funds and resources are available to the PUCO for this?

b. Who has the capacity to do this oversight and monitoring? Who at Ohio Consumers Counsel can do this? What are their names and backgrounds, especially related to Smart Grid? What funds and resources are needed for this oversight? What funds and resources are available to the OCC for this?

c. Who involved with any of the other parties in this proceeding can do this? What are their names and backgrounds, especially related to Smart Grid? What funds and resources are needed for this oversight? What funds and resources are available to the other parties for this?

d. This is not meant to demean anyone. The Citizens Coalition frankly does not have the personnel and resources for this oversight. But the Coalition recognizes that such oversight and objective monitoring are absolutely required especially when \$114 million is at stake.

5. Recovery of Costs: The Citizens Coalition is opposed to any recovery of any costs related to this Application until it is shown that there are some actual and verifiable benefits for customers in the near term, rather than "pie in the sky promises" about benefits ten years from now. The Citizens Coalition is thus opposed to any recovery of any costs in riders, or otherwise, until actual and verifiable benefits have been presented by those advocating for this.

6. Costs Should only be Assessed against those who will Benefit from this: The Citizens Coalition is opposed to any attempt, whether by rider(s) or otherwise, to recover the costs for this Ohio Site Deployment and any related pilot program from customers who will not benefit from this. Those who want this FE Smart Grid Modernization Initiative Program and will benefit from it should bear the costs.

7. Citizens Coalition opposes at this time any "recovery of any [alleged] associated lost distribution revenues." There is no proof at this time that will be any such lost distribution

revenues. Why should customers in their current bills pay for something that may never happen? Customers are already overburdened, especially during the current serious economic recession, with enormous losses of employment and losses of income.

8. Will this Ohio Site Deployment and FirstEnergy's Smart Grid Modernization Initiative Produce Jobs and Reduce Unemployment in Ohio? Remember that \$114 million is being spent by FirstEnergy on these Smart Grid activities, including \$57 million of taxpayer moneys. The Citizens Coalition understands that one of the justifications for such activities is that these will produce jobs. So how many new jobs will FirstEnergy's activities generate, especially in local Ohio areas? How long will these jobs last? How much will these jobs pay? The Coalition would request FirstEnergy to justify their activities by providing this data.

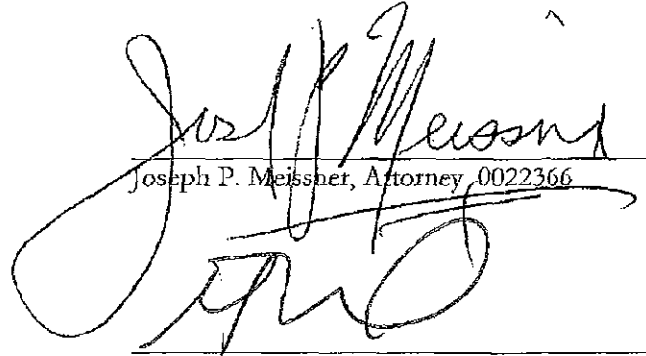
9. Cost Accounting: The Citizens Coalition understands that FirstEnergy is seeking rider(s) that will reimburse their costs. But what about any savings to FirstEnergy and its operating companies that are produced through demand reduction, energy efficiency measures, and Smart Grid activities? How are these savings passed on to the customers? Furthermore, the various measures including demand reductions should make FirstEnergy better able to raise needed capital at lower rates. How are these benefits--financed by the customers in their efforts to help reduce demand and increase efficiency--passed back to the customers? These savings and offsets in costs to FirstEnergy and its Operating Companies must be included in any computations of rider(s) if the PUCO should decided to impose such costly riders upon the already overstressed customers.

10. Coalition Concerns about Customers Selected to Participate: The Coalition understands that customers in suburbs east of Cleveland will be those initially involved in this effort. Why were these suburbs selected? Why not suburbs west of Cleveland? What about the City of Cleveland itself? Why are these customers being neglected? Furthermore, what about the choice of customers for this effort? The Coalition is concerned that there will be some kind of self-selection in which people who are computer literate, have time to invest in this effort, and are "thrilled" by such efforts will be those involved in any pilot programs. Will it really be possible to extend such programs to most customers who probably have neither the time, nor the resources, nor the inclination, nor the willingness, nor the training to participate in this effort?

We ask the Commission and other parties to consider these concerns and questions. We do plan on timely filing Reply Comments by January 20, 2010.

Thank you for your time and attention.

Respectfully submitted:



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PS: We did provide a copy of this to all involved in these proceedings. We also provided sufficient copies to the PUCO for distribution at the agency. We also requested the PUCO to file this letter in the involved proceedings.