FILE

103

RECEIVED-DOCKETING DIV
2010 MAY -3 AM 9:13
PUCO

THE PUBLIC UTILITIES COMMISSION OF OHIO

~~~~~~~~~~~~~~~~~~~~~~~~

IN THE MATTER OF:

OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR AUTHORITY TO ESTABLISH A STANDARD SERVICE OFFER PURSUANT TO SECTION 4928.143, REVISED CODE, IN THE FORM OF AN ELECTRIC SECURITY PLAN.

Case No. 10-388-EL-SSO

~~~~~~~~~~~~~~~~~~~~~~~~

PUBLIC HEARING

April 27, 2010
6:00 p.m.

Taken at:

Lakeland Community College

7700 Clocktower Drive

Kirtland, Ohio

Charles L. Butera, Notary Public

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician ___ Date Processed 5/5/2010

1 APPEARANCES:

2

3 KIMBERLY W. BOJKO, ESQ.
4 Attorney Examiner
5 Public Utilities Commission of Ohio
6 180 East Broad Street
7 Columbus, Ohio 43215
8 (614)752-7999
9 Kim.Bojko@puc.state.oh.us
10
11 PAUL A. Centolella
12 Commissioner
13 Public Utilities Commission of Ohio
14 180 East Broad Street
15 Columbus, Ohio 43215
16 (614)644-8226
17 Paul.Centolella@puc.state.oh.us
18
19 EBONY L. MILLER, ESQ.
20 FirstEnergy
21 76 South Main Street
22 Akron, Ohio 44308
23 (330)384-5969
24 elmiller@firstenergycorp.com
25

1 APPEARANCES/continued:
2
3 JODY M. KYLER, ESQ.
4 Assistant Consumers' Counsel
5 Office of the Ohio Consumers' Counsel

10 West Broad Street
Suite 1800
Columbus, Ohio 43215
(614)466-9601
kyler@occ.state.oh.us

~ ~ ~ ~ ~

18:08:28

I N D E X

Fisco Exhibit 1 was marked 107 20

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 MS. BOJKO: The Public Utilities
2 Commission of Ohio has assigned for public
3 hearing at this time and place. Case No.
4 10-388-EL-SSO, being captioned in the matter of
5 the application of Ohio Edison, the Cleveland 18:08:41
6 Electric Illuminating Company, and the Toledo
7 Edison Company for authority to establish a
8 standard service offer pursuant to section
9 4928.143 of the Revised Code in the form of an
10 Electric Security Plan. 18:08:57
11 My name is Kim Bojko and with me

12 this evening is commissioner Centolella and
13 Beth Trombold. I am one of the attorney
14 examiners that has been assigned to preside
15 over this proceeding. And I also presided over 18:09:09
16 the evidentiary hearing in Columbus that
17 occurred last week and lasted approximately --
18 it lasted four days of hearing from numerous
19 witnesses on this case.
20 But at the hearing tonight, we are 18:09:22
21 going to hear from you. There are
22 representatives from the company here and there
23 are representatives from interveners, but
24 tonight, this is the opportunity to hear from
25 you. So if you have a question other than the 18:09:33

1 proceeding before us today, feel free to speak
2 with one of the individuals, either us or the
3 company representatives or the Consumers'
4 Counsel that's here. I'm not sure if other
5 interveners are here, but feel free to talk to 18:09:48
6 them as well and they will be happy to answer
7 your questions.
8 And at this time I would like to
9 take appearances of the parties. Let's begin
10 with the company, FirstEnergy. 18:09:59
11 MS. MILLER: Good evening. My name
12 is Ebony Miller. I'm here on behalf of the
13 Cleveland Electric Illuminating Company, the
14 Toledo Edison Company and Ohio Edison Company.

15 MS. BOJKO: And then the office of 18:10:11
16 the Consumers' Counsel.
17 MS. KYLER: On behalf of the
18 residential consumers of FirstEnergy, Janine
19 Migden-Ostrander, Ohio Consumers' counsel by
20 Jody Kyler, Assistant Consumers' counsel. 18:10:22
21 MS. BOJKO: Do we have any other
22 intervening parties present tonight that would
23 like to make an appearance? Seeing none, we
24 will continue.
25 First of all, I would like to 18:10:31

1 describe a little bit more about the case. On
2 March 23, 2010, FirstEnergy filed with the
3 Commission an application along with the signed
4 agreement among several parties to establish
5 its next Electric Security plan, and this plan 18:10:46
6 is commonly called an ESP Plan. And this will
7 be for the supply and pricing of electric
8 service from June 1, 2011 through May 31, 2014.
9 Electric generation rates under the new plan
10 would again be determined through a competitive 18:11:03
11 bid process, conducted by an independent bid
12 manager, as it was done in the companies' last
13 Electric Security Plan. And under the proposed
14 ESP, FirstEnergy's base distribution rates
15 would remain frozen through May 31, 2014. The 18:11:18
16 company would also establish a mechanism in
17 2012 to recover improvements to the company's

18 distribution system. And this cost recovery
19 would be subject to quarterly filings and
20 annual audits by the commission. FirstEnergy 18:11:32
21 would also continue to promote economic
22 development, job retention, energy efficiency,
23 conservation and low-income programs.
24 As has been stated this evening,
25 there have been eight local public hearings 18:11:47

1 scheduled in this case, and those local public
2 hearings are only one aspect of the entire
3 process. The evidentiary hearing began, which
4 is just explained, on April 20 and it concluded
5 on April 23. And the purpose of that hearing 18:12:00
6 was to allow the companies, the staff of the
7 commissions, the interveners -- such as
8 Consumers' Counsel and the companies -- to
9 present witnesses regarding the company's
10 proposal. And they were to support their 18:12:15
11 positions in the case at the evidentiary
12 hearing.
13 So the purpose of tonight's public
14 hearing is to move away from the parties that
15 normally practice before the Commissions and 18:12:24
16 it's to hear from the public. So today, this
17 is your opportunity, so please feel free to
18 come up and testify before us and tell us your
19 opinions about the case that's pending before
20 us. 18:12:36

21 When you arrived you were offered
22 an opportunity to sign up to testify. But if
23 you missed that opportunity, that's okay. It's
24 not too late. Just go back to the back, the
25 table is still back there and you can sign up, 18:12:46

1 and then we will take the witnesses in the
2 order in which they have signed in.
3 Before you begin your statement, I
4 will ask for your name and address for the
5 record. You must state it clearly so the court 18:12:59
6 reporter will be able to take down your name
7 and address. And your testimony will be
8 considered part of the official record of the
9 case, and it will be reviewed, as Commissioner
10 Centolella has explained, by all of the
11 commissioners, not just him here tonight, but
12 will be reviewed by the other four
13 commissioners, as well as the examiners that
14 will be making the decision in the case. The
15 commissioners ultimately have the five-member 18:13:23
16 vote that was explained to you.
17 Your statement will be under oath,
18 so we will ask you to take an oath when you
19 come up to testify. And the other parties, the
20 other interveners to the case that have made 18:13:36
21 appearances before you tonight, are allowed to
22 ask you questions, on the record, about your
23 testimony. So should you decide that you do

24 not want to testify when your name is called,
25 that's fine, just say pass and we'll move on to 18:13:46

1 the next person.
2 Again, tonight's hearing is being
3 transcribed by a court reporter, so you need to
4 speak clearly, slowly, so that they are able to
5 accurately reflect your comments on the record. 18:14:00
6 And if you have prepared written statements, it
7 would be very helpful if you could provide that
8 to the court reporter after your testimony is
9 given.
10 We appreciate your participation in 18:14:12
11 tonight's hearing, and we want everyone who
12 wishes to make a public statement to be able to
13 do so. Therefore, please keep your comments
14 brief and to the point; we have a number of
15 people already signed up to testify. So if at 18:14:24
16 all possible, we would like to try to keep your
17 comments to five minutes, if at all possible,
18 in order to allow everybody else a chance to
19 testify. We want to give everyone an
20 opportunity that wants to speak to speak 18:14:39
21 tonight.
22 Also, if you have been here a while
23 and you've heard people testify and you agree
24 with what they're saying and you need to leave,
25 that is fine as well. We have now placed 18:14:51

11

1 sign-up sheets out on the table where you
2 signed in, and it asks you to note that if you
3 would like to oppose the application before us,
4 and you can also note if you support the
5 application before us. If you would like to 18:15:05
6 just sign your name on the document out on the
7 table instead of testifying if you need to
8 leave, or if you just are in agreement with
9 everybody else, what they said, and you feel
10 like you do not want to be repetitious, that's 18:15:17
11 fine as well, just go ahead and sign. And your
12 name will be part of the official record in
13 this case that either opposes or supports the
14 proposal that's before us tonight.
15 I am presiding over this hearing 18:15:31
16 and I am unable to answer any substantive of
17 questions that you may have, because the case
18 is pending before the Commissions. So we are
19 not able to answer questions for you. However,
20 you may direct those questions, as we stated 18:15:45
21 previously, to either the company
22 representatives that are here as well as the
23 Consumers' Counsel. And I believe there are
24 other parties of interest here that might be
25 able to answer questions as well. I also know 18:15:59

12

that there is literature out there that will help answer your questions.

But before we get started, does anybody have any questions about the process? Not substantive questions about the 18:16:09 application, but any questions about what is going to happen tonight with regard to this local hearing? Yes.

MEMBER OF THE AUDIENCE: Just for verification, in fact, this hearing has nothing 18:16:22 -- doesn't really address the all-electric rates, right?

MS. BOJKO: That is correct.

MEMBER OF THE AUDIENCE: Okay. Thank you. 18:16:31

MS. BOJKO: Are there any other -- I should say, you said this hearing, the proposal before us does not address the all-electric --

MEMBER OF THE AUDIENCE: What we're talking about here tonight is not going to be about the all-electric rates.

MS. BOJKO: That's correct. Are there any other questions? Seeing none, let's get started. 18:16:54

First of all on our list, we have Representative Fende. Would you please come up to the podium. Could you please raise your

4 right hand.

5 LORRAINE FENDE, of lawful age,

6 having been first duly sworn, testified as

7 follows:

8 MS. BOJKO: Please state your name

9 and address for the record.

10 MS. FENDE: It's State 18:17:17

11 Representative Lorraine Fende. 372 East 328th

12 Street, Willowick, Ohio, 44095. And before I

13 start my testimony, I want to thank everybody

14 for coming this evening and welcome you to the

15 62nd District. 18:17:32

16 I'm testifying today to oppose

17 FirstEnergy's Electric Security Plan

18 application and stipulations.

19 On March 23, 2010, FirstEnergy

20 filed an application Case No. 10-388-EL-SSO 18:17:44

21 along with the stipulation agreement to set its

22 generation rates under an Electric Security

23 Plan known as the ESP.

24 The ESP also proposes to set new

25 delivery or distribution charges as well as 18:18:01

1 settle a number of cases and issues pending

2 before the PUCO. In FirstEnergy's application,

3 they ask for PUCO's decision by May 5, 2010.

4 I am concerned about this case

5 because it will allow FirstEnergy to recover 18:18:16

6 hundreds of millions of dollars of expenses

7 from consumers and this decision will be made
8 in what I feel is a relatively short period of
9 time. And this will be too short of a time to
10 adequately review and analyze increases of this 18:18:28
11 size.
12 As I previously stated, FirstEnergy
13 filed its application and stipulated agreement
14 at the same time. When I voted in support of
15 Senate Bill 221 in 2008, I voted in support of 18:18:43
16 the thorough process for rate cases of this
17 magnitude. Senate Bill 221 included a 275-day
18 process, which would allow all interested
19 parties to review an application before an
20 electric utility tries to settle those parties. 18:19:01
21 The law allows for a process of up to nine
22 months, and in this case it should be adhered
23 to.
24 These public hearings were
25 scheduled in a relatively short period of time, 18:19:10

15

1 giving the average Ohioan little time to learn
2 about these complicated issues.
3 $390 million. This charge allows
4 FirstEnergy to collect up to $390 million from
5 its customers over two and a half years. 18:19:26
6 FirstEnergy would be allowed to make quarterly
7 adjustments to the charge to obtain recovery of
8 and the return on capital investments made to
9 this electric distribution system. These costs

10 have not been carefully reviewed. There has 18:19:43
11 been no determination that they are just,
12 reasonable or prudent. This is the big
13 problem, as my constituents could be paying
14 FirstEnergy for expenses that are unnecessary
15 and that they cannot afford. 18:19:57
16 I especially think this proposal is
17 a problem because of the results of the last
18 distribution rate case. In 2007, FirstEnergy
19 requested an annual distribution rate increase
20 of about $340 million. After the application 18:20:10
21 was fully studied, PUCO granted less than half
22 of the percentages requested by rate increase.
23 At the end of the process, FirstEnergy was
24 approved to collect $137 million from its
25 customers, not the initial 340. This is a 18:20:27

16

1 clear example of why the PUCO should allow more
2 time to review this expensive rate proposal.
3 Without this proposal, FirstEnergy's customer
4 bills could possibly decrease.
5 This added rider takes away the 18:20:44
6 benefits that consumers deserve. This would be
7 equal to a tax cut because we would put more
8 money in the pockets of consumers to pay bills
9 or buy products to stimulate the economy. I
10 urge the PUCO to reject this proposal. 18:20:57
11 Payments of the transmission
12 expansion costs. FirstEnergy has applied to

13 move its transmission assets from one Regional
14 Transmission Organization, which is known as an
15 RTO, to another. Regional Transmission 18:21:11
16 Organizations manage utilities transmission
17 systems in the specific regions to ensure the
18 fair flow of electricity from power plants to
19 customers. FirstEnergy should not recover the
20 cost of this switch from its consumers. 18:21:27
21 FirstEnergy has made a business decision to
22 move all of its transmission operations into a
23 new Regional Transmission Organization, and its
24 shareholders should be responsible for the cost
25 associated with that change. I have not heard 18:21:42

1 that there will be any benefits to my
2 constituents because of this move.
3 The Federal Energy Regulatory
4 Commission, which is known as the FERC -- a
5 federal agency that regulates the transmission 18:21:55
6 of electricity, natural gas and oil -- in a
7 December 17, 2009 order, stated, "Transmission
8 owners seek to change RTOs should be prepared
9 to assume the costs attributable to their
10 decision." The PUCO, in my opinion, should 18:22:14
11 enforce this principle to protect Ohioans.
12 Under the agreement, several organizations have
13 struck deals with FirstEnergy related to its
14 economic development and job retention. While
15 I wholeheartedly support economic development, 18:22:28

16 I am hard-pressed to ask my constituents to pay
17 for these investments without assurances that
18 the benefits will follow. This should be
19 addressed in a separate proceeding.
20 If FirstEnergy wants to expand 18:22:41
21 their sales in our area, they should contribute
22 to the funding of this economic development
23 from their shareholders' money, not my
24 constituents'. Thank you for your time.
25 And I would like to reiterate my 18:22:51

1 concerns for my constituents or customers of
2 FirstEnergy. They simply cannot afford these
3 rate increases. And I strongly urge the PUCO
4 to reject this plan. And before I turn this
5 over, I again would like to thank everybody for 18:23:05
6 coming.
7 And Representative Deborah Newcomb
8 and myself, and we have our aide out in Bath,
9 that if you wouldn't mind before you leave this
10 evening to sign in with your names and 18:23:15
11 addresses. And we also have complaint forms
12 that we will -- if you would like to fill out
13 -- we have those there, that we will forward on
14 to the OCC and also the PUCO.
15 And we're asking you to do this 18:23:27
16 after the fact because we didn't want to
17 confuse anybody with signing up for people who
18 wanted to testify this evening, or people who

19 just wanted to put their names down because
20 they were in attendance. So again, we do have 18:23:37
21 those documents out front -- or back, if you
22 would please sign in or sign out before you
23 leave. Thank you.
24 MS. BOJKO: Thank you.
25 Representative Newcomb. 18:23:47

1 MS. NEWCOMB: Thank you. Deborah
2 Newcomb, 392 Residence Street in Conneaut,
3 Ohio.
4 MS. BOJKO: I'm sorry, could you
5 please raise your right hand?
6 DEBORAH NEWCOMB, of lawful age,
7 having been first duly sworn, testified as
8 follows:
9 MS. BOJKO: Please proceed.
10 MS. NEWCOMB: Again, my name is 18:24:14
11 Deborah Newcomb, 392 Residence Street,
12 Conneaut, Ohio. I'm a state representative for
13 Ashtabula, for Northern Trumbull County, 99th
14 District of Ohio. And I will provide a written
15 copy to the court reporter after my testimony. 18:24:26
16 MS. BOJKO: Thank you.
17 MS. NEWCOMB: I am here today to
18 express my concerns regarding the recent filing
19 of FirstEnergy's Electric Security Plan and its
20 potential impact on many residents in my 18:24:36
21 communities.

22 Senate Bill 221 just passed in
23 2008, by a large bi-partisan margin, to ensure
24 electricity price stabilization, modernize
25 energy efficiency standards, encourage future 18:24:49

20

1 economic development in advanced energy and new
2 technologies, and provide accountability and
3 transparency provisions for utility customers
4 based on significant evidence that Ohio
5 customers would actually pay less under these 18:25:03
6 plans in comparison to market-based prices.
7 Senate Bill 221 stipulates that
8 Ohio's electric utility companies must file
9 these rate stabilization plans to eliminate
10 market uncertainty. As a result, FirstEnergy 18:25:18
11 filed their plan with the PUCO to offer
12 long-term rate stability and support for
13 economic development.
14 My understanding is the plan would
15 use a competitive bidding process to establish 18:25:27
16 generation supply and pricing, determining
17 generation rates for FirstEnergy customers from
18 June 2011 to May 2014. In addition, the plan
19 would also allow the utility to collect up to
20 390 million through quarterly increases, while
21 investing millions of dollars in local economic
22 development arrangements.
23 The additional request that has
24 been filed along with the competitive bidding

25 process proposal is imprudent, especially with

21

1 the May 5 PUCO ruling deadline. While I
2 understand that the competitive bidding process
3 is the best cost-savings measure for
4 FirstEnergy customers, and investment in local
5 economic development is critical to the 18:26:08
6 Northeast Ohio region, the approval of this
7 plan, as presented, could negatively impact
8 customers who are already struggling during
9 this tough economic situation and further
10 impact their ability to pay monthly electric 18:26:23
11 bills.
12 The bidding process, I know, is
13 fast approaching and that is the reason for the
14 expedited PUCO ruling on the stipulated plan.
15 However, with most recent experiences with 18:26:32
16 FirstEnergy, the PUCO and over 4,000
17 all-electric homeowners in my district, I
18 believe fast-tracking this review process could
19 prove to be irresponsible and yield unintended
20 consequences. This ruling holds a great 18:26:48
21 significance to my area and my communities and
22 many FirstEnergy customers. Therefore, I want
23 to ensure that the public, PUCO, the Ohio
24 Consumers' Counsel and FirstEnergy are working
25 together, thoroughly participating in this 18:27:02

22

1 procedure, to understand the impact of these
2 rates could have on the community.
3 SB 221 provides a mechanism for
4 deliberating fair and just decisions,
5 particularly when it comes to dealing with 18:27:12
6 utility companies. The consumers of
7 FirstEnergy must be provided some assurances
8 that increases will not significantly impact
9 their bills and that they remain a part of this
10 process.
11 I urge the PUCO Commissioners and
12 staff to carefully consider the concerns of the
13 Ohio Consumers' Counsel, the FirstEnergy
14 customers, and our people in the 99th District
15 when making your final decision regarding this 18:27:36
16 case.
17 Unemployment is over 14 percent and
18 people are struggling like never before during
19 this toughest economy ever, and they need our
20 help and consideration -- even though I know 18:27:48
21 these are probably not part of the things you
22 have to consider.
23 But FirstEnergy customers simply
24 cannot accommodate any more significant
25 increases, no matter how important other 18:27:57

1 aspects of this plan may be to certain groups.
2 And I thank you for your time.

3 MR. CENTOLELLA: Thank you.
4 MS. BOJKO: Thank you. Senator
5 Grendell. Sir, could you please raise your
6 right hand.
7 TIMOTHY J. GRENDELL, of lawful age,
8 having been first duly sworn, testified as
9 follows:
10 MS. BOJKO: Please state your name 18:28:36
11 and address for the record.
12 MR. GRENDELL: Timothy J. Grendell,
13 G-r-e-n-d-e-l-l. 7413 Tattersall,
14 T-a-t-t-e-r-s-a-l-l, Drive, Chesterland, Ohio,
15 44026. 18:28:48
16 MS. BOJKO: Please proceed.
17 MR. GRENDELL: Thank you. First of
18 all, let me thank everyone for coming to the
19 18th Senate District, because you're also in
20 the 18th Senate District. And thank you PUCO 18:28:57
21 for bringing this hearing to the 18th Senate
22 District.
23 When Senate Bill 221 was passed,
24 the PUCO review of the ESP was a critical
25 component. It was a component to assure that 18:29:11

1 these folks, the people who will pay for the
2 electric service, are properly protected from
3 the re-regulation process embodied in Senate
4 Bill 221. So I ask the PUCO, do not rush the
5 process. 18:29:29

6 And while I understand why
7 FirstEnergy has requested this decision,
8 they're asking you to make a decision in
9 one-sixth of the time that was provided for in
10 Senate Bill 221. 18:29:40
11 And as Representative Newcomb has
12 so correctly pointed out, when -- as we look at
13 the all-electric discount debacle, we
14 understand that we should all learn that there
15 is a price to be paid when we rush to make 18:29:54
16 decisions.
17 Now I agree and I applaud the Ohio
18 consumers' counsel on their position on this
19 application and fully agree with and support
20 their position. I think the consumers here all 18:30:03
21 know that on this one, the Consumers' Counsel
22 is standing up for you and is fighting a good
23 fight to try to make sure you are protected in
24 this process. I commend Representatives Fende
25 and Newcomb for also standing up for their 18:30:18

1 constituents.
2 On behalf of my constituents of the
3 18th Senate District, I oppose the proposed
4 FirstEnergy Electric Security Plan for the
5 following reasons: 18:30:27
6 With respect to the replacement for
7 the current delivery system improvement charge
8 with a new larger delivery capital recovery

9 charge. The new proposal would allow
10 FirstEnergy to collect up to $390 million 18:30:37
11 through quarterly increases over approximately
12 two and a half years. In case they haven't
13 noticed, we are still in a down economy in
14 Northeast Ohio. This will unduly burden our
15 consumers, our fledgling small businesses, and 18:30:53
16 those on fixed incomes. Upon the document I
17 have had a chance to review, it is my opinion
18 that these are not yet justified, and I agree
19 with Representative Fende in the numbers that
20 she gave to the Commission, that further review 18:31:07
21 and justification has to be provided before
22 that kind of increase would be permitted.
23 Secondly, FirstEnergy has
24 incorrectly claimed that the benefit of its
25 agreement; that it will not charge customers

26

1 for certain future transmission-related costs.
2 But I agree with the Ohio Consumers' Counsel
3 that the cost are a direct result of
4 FirstEnergy's business decision to switch from
5 one Regional Transmission Organization to 18:31:29
6 another, which also dovetails into that
7 discussion about all-electric homes for another
8 day. And I agree with Ohio Consumers' Counsel
9 that the customer should not be held
10 responsible for those costs. Representative 18:31:40
11 Fende hit the nail on the head there with

12 respect to economic development arrangements
13 that would cost customers million of dollars in
14 additional charges.
15 These deals should be reviewed in 18:31:50
16 separate proceedings that allow for full
17 disclosure of information and complete PUCO
18 review process.
19 Frankly, as a legislator who voted
20 for Senate Bill 221, I am greatly disturbed by 18:32:03
21 this pre-process where some folks have a chance
22 to sit down, read some sort of prior agreement,
23 that is apparently not even in the full public
24 forum, stipulate to it and present it to the
25 PUCO before the process even gets started. I 18:32:16

1 certainly don't think that's what was
2 contemplated in transparency when we passed
3 Senate Bill 221.
4 I also object to the procedure and
5 the short time frame that the PUCO has 18:32:27
6 followed, as a result of this, to try to reach
7 this agreement. The Ohio law allows up to 275
8 days of processing these cases. And with the
9 intricacy involved with the ESP, a longer
10 process with sufficient and proper review 18:32:41
11 should be permitted so that the best interests
12 of these folks, the residents and consumers who
13 already paid for this electric, are covered.
14 Just remember, this was filed on

15 March 23. FirstEnergy is asking for an answer 18:32:54
16 in about 43 days, May 5. When we spent 275
17 days with appearance, we didn't rush to
18 judgment and have to embarrassingly undo a
19 decision that wasn't justified in the first
20 place. 18:33:09
21 And again, with talking about rates
22 that would kick in June 1, 2011, which is over
23 a year from now, a major concern I also have is
24 that under the pending market offer rate case
25 proposal, FirstEnergy can raise these rates 18:33:20

1 automatically without going through the PUCO
2 process, with each increase that will affect
3 the consumer. This should not be an acceptable
4 process and there should be a separate proposal
5 or process that would provide full disclosure, 18:33:32
6 accountability and proper review for the
7 requests. The idea that they're going to raise
8 it and make quarterly filings that you're going
9 to audit at the end of the year is backwards.
10 They should have to justify any rate increases 18:33:45
11 to you before those increases are approved. I
12 just don't think this is a process that was
13 contemplated to protect the consumers, the
14 homeowners and the small business people in my
15 district.
16 I respectfully request that you
17 take the following actions with respect to the

18 ESP: disapprove FirstEnergy's pending ESP
19 proposal. It's too fast, it's too hot.
20 Secondly, have FirstEnergy resubmit a new 18:34:14
21 proposal and go through the required process,
22 follow Ohio law of 275-day procedure with
23 consideration of more time and when such
24 complex requests are made that are going to
25 cost the consumers hundreds of millions of 18:34:26

1 dollars in additional money out of their
2 pocket. If FirstEnergy really respects its
3 customers, it would not try to ram through a
4 $390 million process increase in six weeks.
5 And finally, I would ask FirstEnergy to supply 18:34:42
6 each time they want a rate increase not to tell
7 you after the fact or just justify after the
8 fact why they've already charged these people
9 more money, which they would have to justify
10 before they charge these people more money why 18:34:56
11 they are doing that. And you should thoroughly
12 review that and approve it before they have the
13 ability to raise the cost to these fine folks
14 and my constituents throughout my district.
15 I am troubled by the stipulation of 18:35:08
16 advanced process because the parties who didn't
17 have a chance to sit with FirstEnergy and
18 stipulate in advance are the consumers, are the
19 people who have to pay, who work to take care
20 of their families and pay their taxes. They 18:35:22

21 don't get to hire the lawyers, they don't get
22 to hire the lobbyist, they don't get to sit
23 with FirstEnergy and cut special deals that
24 then get submitted in the form of a
25 stipulation. They got to go through the 18:35:34

1 process and hope that PUCO protects them. I am
2 counting on PUCO in doing that because that was
3 the critical part of Senate Bill 221. I ask
4 that you take the time at the latest process
5 and get it right and please protect my 18:35:48
6 constituents.
7 I thank you very much for the
8 opportunity to say a few words this evening.
9 MS. BOJKO: Thank you, Senator.
10 Sue Steigerwald. Please raise your right hand. 18:36:12
11 SUE STEIGERWALD, of lawful age,
12 having been first duly sworn, testified as
13 follows:
14 MS. BOJKO: Please state your name
15 and address for the record. 18:36:31
16 MS. STEIGERWALD: Sue Steigerwald,
17 10731 Beechwood Drive, Kirtland, Ohio, 44094.
18 Hi, I am one of the leaders of
19 CCAP, the all-electric group. And while I
20 fully understand this hearing is dealing with 18:36:46
21 FirstEnergy's new ESP and not the all-electric
22 case, it would be a myth in this testimony not
23 to at least mention the impact that this

24 particular ESP could have to the 100,000
25 all-electric customers awaiting a decision in 18:37:04

1 case 10176.
2 Let me give you the negative
3 effects that the last distribution rate
4 increase had on the all-electric customers just
5 12 short months ago. This increase totaled 18:37:16
6 $157 million, and counted as a first
7 distribution rate increase for CEI in the last
8 12 years. This seemed to be FirstEnergy's
9 primary justification for this increase. As
10 the Ohio Consumers' Counsel found justification 18:37:30
11 for the last $157 million increase, besides $25
12 million need for Toledo Edison. In fact, this
13 case 07551 opposing last year's distribution
14 rate increase is still open. And on March 18,
15 2009, the PUCO granted the Consumers' Counsel a 18:37:53
16 new hearing.
17 So the point here being that
18 there's still considerable disagreement weather
19 the last distribution rate increase was even
20 necessary. And yet, FirstEnergy is here asking 18:38:05
21 for another one in the meantime. The effects
22 of the last $157 million increase was
23 devastating to the all-electric customer.
24 I have personally examined several
25 all-electric customer bills, comparing what 18:38:17

32

1 their January through March '09 bill looks like
2 in relation to their '10. And I can report
3 that at least half of the total increase to the
4 all-electric customers' all-electric bill is
5 due to the distribution increase that happened 18:38:32
6 last time.
7 It's important to mention the
8 effects of this distribution increase because
9 the new ESP proposed by FirstEnergy includes a
10 delivery capital recovery charge of up $390 18:38:45
11 million more. The net amount of the increase
12 is debatable, with FirstEnergy stating that
13 with certain existing riders expiring, the
14 total amount of the increase is really 90
15 million. So even if we believe that 18:39:00
16 FirstEnergy's assessment, that the net effect
17 is really $90 million, the question to be asked
18 is still, why is this necessary on top of the
19 137 million that just went into effect last
20 year? FirstEnergy is trying to call a public 18:39:14
21 outcry over this plan by saying the net
22 increase is only 90 million because the other
23 300 million is simply replacing the existing
24 rider. The problem with that logic is that we
25 were done paying on those -- the debt on those 18:39:29

33

1 existing $300 million in riders. And our bills
2 were scheduled to go down.
3 Before this new ESP was proposed,
4 according to Consumers' Counsel, the average
5 750-kilowatt customer was scheduled to receive 18:39:42
6 a 10 percent decrease in their bill. However,
7 instead of letting our bills go down,
8 FirstEnergy is implementing $300 million of new
9 riders to replace the ones that we have already
10 paid off and then adding 90 million on top of 18:39:55
11 this.
12 In addition to the distribution
13 system riders, the other new riders include
14 economic development arrangements that will
15 cost FirstEnergy customers millions in 18:40:04
16 additional charges. For instance, the Ohio
17 Consumers' -- the Ohio Energy Group
18 representing automakers will receive $8.2
19 million, the Ohio Partners for Affordable
20 Energy 15 million, and then Cleveland Clinic 70 18:40:18
21 million. While economic development is good,
22 the problem with this proposed funding is that
23 it is solely funded through Ohio customers, not
24 FirstEnergy shareholders. Why should Ohio
25 customers fund these projects that will only 18:40:33

34

1 increase FirstEnergy's profit potential? It is
2 no surprise that many of these customers came
3 out early in support of this new ESP that they

4 had negotiated behind closed doors.
5 FirstEnergy is trying to bully its way in 18:40:46
6 requesting an approval of this ESP in six short
7 weeks rather than the allowable nine-month
8 process.
9 The PUCO allows this to happen --
10 if the PUCO allows this to happen, a dangerous 18:40:56
11 precedent is going to be set that will allow
12 FirstEnergy to request ridiculous shortened
13 time frames and future filings as well. The
14 timetable allows a full nine months because
15 rate cases and ESPs are very complicated and 18:41:11
16 effect 1.9 million customers for decades. Is
17 it not worth proper diligence to get it right?
18 The current ESP does not expire
19 until May 2011. If FirstEnergy is so confident
20 that this ESP is so good for the average 18:41:27
21 consumer, then why rush it? Why not handle it
22 with the same procedures a real rate case has,
23 for the complete review of what is prudent and
24 reasonable can take place? How can this ESP be
25 approved when there are so many open questions? 18:41:43

1 The only way to approve this ESP would be to
2 trust FirstEnergy that they have the best
3 interest of their customers at heart.
4 Just hours ago, I spoke at length
5 with a very knowledgeable FirstEnergy lawyer, 18:41:54
6 Jim Burk. He spent a considerable amount of

7 time with me, answering my questions about this
8 ESP. I greatly appreciate his time and really
9 wish that I could believe all of the positive
10 things he said about this ESP. Well, Jim 18:42:06
11 certainly appears to be genuine to me,
12 unfortunately FirstEnergy's credibility has
13 taken a beating in the last six months. Who
14 can forget the elimination of the all-electric
15 discount, which actually caused the Consumers' 18:42:22
16 Counsel the need to file a declaration of
17 emergency -- economic emergency. The
18 government had to intervene and instruct the
19 PUCO to order FirstEnergy to stop what they
20 were doing. So we have serious mistakes that 18:42:37
21 have been made in the last six months, and are
22 we willing to go for another? I'm not.
23 So in closing, I ask the PUCO to
24 learn from the past mistakes and deny
25 FirstEnergy's request to approve this proposal 18:42:48

36

1 on fast track by May 5. The mission of the
2 PUCO is to assure all customers access to
3 reliable utility services at fair prices.
4 There is no way that PUCO could fully
5 understand all the ramifications of this 18:43:05
6 complex ESP within the six short weeks.
7 Therefore, the PUCO must stand up against
8 FirstEnergy's bullying and deny the ESP request
9 until such time so that it could be fully

10 imbedded. Thank you. 18:43:19

11 MS. BOJKO: Thank you. Joe Hays.

12 If we could hold the applause until the end, I

13 think that we can move this along a little

14 quicker. There are a lot of people that would

15 like to have an opportunity tonight to talk. 18:43:42

16 Mr. Hays, please raise your right hand.

17 JOE HAYS, of lawful age, having

18 been first duly sworn, testified as follows:

19 MS. BOJKO: Please state your name

20 and address for the record. 18:43:54

21 MR. HAYS: It's Joe Hays, H-a-y-s,

22 21707 Cedar Branch Trail, Strongsville, Ohio,

23 44149.

24 MS. BOJKO: Thank you.

25 MR. HAYS: I don't have several 18:44:10

37

1 pages of anything to address, but I have some

2 quick points that I would like to make on

3 behalf of consumers, of which I happen to be

4 one.

5 First off, I stand before you to 18:44:22

6 say that I am standing here in favor of the

7 OCC's position with regard to FirstEnergy's

8 current ESP. And I'm also here in opposition

9 to FirstEnergy's ESP. A couple of points I

10 would like to make that are contained within 18:44:45

11 this proposal is -- and I'll start with the

12 very best one -- is the recovery of loss

13 revenues. This has to do with the fact that if
14 we as consumers happen to somehow be able to
15 consume less energy, then FirstEnergy is 18:45:04
16 looking to receive money in lieu of what was
17 actually used in electricity. That makes no
18 sense. If I cut back, I believe FirstEnergy
19 should cut back.
20 Second, our replacement of the 18:45:22
21 current delivery system, I think the current
22 delivery system is just fine. And although
23 this is expiring in 2011, a renewal might be
24 more in order than a replacement.
25 And finally, I don't believe as 18:45:39

38

1 consumers that we should be bared of the
2 responsibility of covering the cost of the
3 transmission-related costs. That should be
4 part of the FirstEnergy business plan. And if
5 money is the issue, then I would like to 18:45:59
6 suggest to FirstEnergy, if they're strapped for
7 the cash, they perhaps shouldn't have purchased
8 Allegheny Power. Okay.
9 The most recent winter rate
10 increase fiasco should only go to serve not 18:46:15
11 only the PUCO, but we as consumers of
12 FirstEnergy's product. That we should look
13 with at least an eye-stance on what in the
14 world they are possibly trying to do because
15 they weren't to be trusted. It was deceptive 18:46:36

16 advertising and they pulled the wool over
17 PUCO's eyes first, where you had to go back and
18 retract. And you should look at this one in
19 the same light. Thank you.
20 MS. BOJKO: Thank you. Jerry 18:46:56
21 DeCicca. Please raise your right hand.
22 JERRY DECICCA, of lawful age,
23 having been first duly sworn, testified as
24 follows:
25 MS. BOJKO: Please state and spell 18:47:22

1 your name and your address for the record,
2 please.
3 MR. DECICCA: My name is Jerry
4 DeCicca. It's spelled, D-e-C-i-c-c-a. My
5 address is 8276 Deepwood Boulevard, Mentor, 18:47:32
6 Ohio.
7 My testimony is not going to be as
8 good as some of the others. I have to find my
9 glasses first. You know, like I said, I live
10 in Deepwood condominiums in Mentor and all 170 18:47:51
11 homes in Deepwood are all-electric with no
12 option for natural gas heat.
13 For 23 years I worked in the
14 electric utility business -- primarily in the
15 steam generation side -- and I gained a lot of 18:48:10
16 respect for their engineering staff that they
17 used. You know, after reading the information
18 on this Electric Security Plan, the rate plan,

19 I wonder if our electric supplier puts more
20 importance on financial scammers than it does 18:48:27
21 on engineering, and here's why I believe
22 this -- you know, I believe our electric bills
23 are way too confusing and complicated. You
24 know, the real cost of electric is our total
25 bill divided by the kilowatts used. My cost is 18:48:43

1 closer to 10 cents a kilowatt than 5 cents.
2 And will we soon see a new cost for light pole
3 connections? How many light poles are involved
4 to get the juice to your home?
5 You know, alternate suppliers, who 18:49:03
6 understands this? How can FirstEnergy
7 Solutions be an alternate supplier when
8 FirstEnergy makes the electricity, don't they?
9 You know, in justifying the rate increase for
10 lost revenue, due to more efficient electric 18:49:19
11 products, you know, that's just crazy. That
12 means when all of this -- all of our electric
13 homeowners this winter were wearing heavy coats
14 inside to save money so we could buy food, it
15 didn't matter, we're going to pay for it 18:49:34
16 anyway. You know our electric supplier, like
17 someone just mentioned, wants to supply
18 energy-saving light bulbs, our rates would go
19 up anyway. There's a lot wrong with this
20 justification, you know, and I guess I would 18:49:51
21 like to know, are all electric suppliers

22 guaranteed a profit no matter what they do?
23 Instead of buying this other electric utility,
24 why isn't this one used for capital
25 improvements? You know, what good is it for me 18:50:04

41

1 for FirstEnergy to spend their money on new
2 utility? You know, I personally believe a lot
3 of my concerns are a result of this
4 deregulation, however it works. You know, in
5 the old days, our electric supplier loved all 18:50:20
6 these electric homeowners because we used more
7 electricity during the winter months and kept
8 the plants running. You never heard of a
9 brownout in the wintertime. And also, where
10 did all the extra money go when they dropped 18:50:35
11 their all-electric rates -- when they dropped
12 all-electric rates for last winter? Are we
13 ever going to get that money back? You know,
14 as a customer, I want reliable electricity at
15 the lowest possible cost. You know, 18:50:49
16 electricity is something that's a necessity and
17 we can't go out and purchase it like shopping
18 around like we do for a car. You know, we need
19 to trust our supplier and our state officials
20 that oversee our necessity. And I believe 18:51:03
21 there is work to be done to establish this
22 trust and I hope this rate plan will be
23 revisited. Thank you.
24 MS. BOJKO: Thank you.

25 MR. CENTOLELLA: Thank you. 18:51:15

42

1 MS. BOJKO: Bill Sass. Please
2 raise your right hand.
3 BILL SASS, of lawful age, having
4 been first duly sworn, testified as follows:
5 MS. BOJKO: Please state your name 18:51:37
6 and address for the record.
7 MR. SASS: My name is Bill Sass,
8 S-a-s-s. I'm located at 1400 Erieview Drive,
9 Madison, Ohio. I'll even give you my phone
10 number, (440)428-1610. 18:51:53
11 I too did not come with a prepared
12 statement, so I have nothing to drop on the
13 podium. So I would appreciate the chance to
14 ask a few questions or present some ideas. It
15 seems like -- I would like to say first, on 18:52:10
16 behalf of many of the customers and residents
17 here, we appreciate you being here.
18 Again, I would like to say that
19 over the past year, when Mr. Rudolph was
20 chairman of CEI, he was very congenial to work 18:52:28
21 with. I don't feel we have that kind of
22 togetherness today where the customer can
23 communicate with the heads of the CEI and
24 FirstEnergy. It would be nice if we did, but
25 unfortunately we don't. So 30 years ago plus, 18:52:47

43

1 we seemed to have an abundance of electricity.
2 And many of these homeowners out here, homes
3 were built -- as the last individual stated --
4 we do -- I do live on an all-electric street,
5 no gas lines, no duct work in our homes, no 18:53:07
6 furnaces. So it's going to cost us a bundle if
7 we want to go to an alternate source. But
8 we're not here to discuss the all-electric home
9 right now, we're here to discuss ways of
10 controlling our cost. 18:53:24
11 Thirty years ago plus, why did we
12 have an abundance of energy? Was it because
13 the Perry Nuclear Plant was coming into
14 existence? Was that the reason deals were made
15 for builders to build? Possibly yes. However, 18:53:42
16 since that period of time, the second reactor
17 at Perry Nuclear Plant has never been fired up.
18 How many millions of dollars were spent on the
19 cooling tower? How much of the second reactor
20 is completed? How much would it take to 18:54:09
21 complete the rest of the reactor?
22 Last weekend the paper, Plain
23 Dealer, showed an energy company, I think in
24 Columbus -- like I said, I didn't bring that
25 with me tonight because I didn't think I would 18:54:28

1 be speaking -- they showed that they don't have
2 a high demand for your electricity now. Is

3 this the same thing that FirstEnergy and CEI is
4 facing right now? Have things toned down? Is
5 that why they're coming to the residents and 18:54:46
6 trying to charge more money? Is it another
7 form of gouging? Is FirstEnergy living within
8 their means? You look around and see some of
9 their workers -- okay -- must be a nice company
10 to work for with the homes and the automobiles. 18:55:11
11 If they would treat their customers as they
12 treat their employees, I think we would all be
13 better off and we could communicate and we
14 could get things accomplished a lot more.
15 If we learned to downsize with the 18:55:29
16 times, we wouldn't be facing many of these
17 problems we are today. As the constituent
18 said, we're out of work, we're facing a
19 recession. We have a retiree here, we have
20 people on fixed incomes, these people are 18:55:50
21 hurting. These people don't have the luxuries
22 that those employees have. If we have to sell
23 our home at 35 to 40 percent loss -- if you
24 have a home, $200,000, that's $80,000 you take
25 out of your -- let's say for retirement. Is 18:56:09

1 the PUCO or FirstEnergy or CEI willing to make
2 these kinds of sacrifices? I don't think so.
3 We got to all learn to live within
4 our means. And if they have to downsize, so be
5 it. And if they want to expand and make more 18:56:29

6 electricity, I would like to know how much
7 money was spent on cooling tower number two,
8 how close it is to completion, and if there is
9 a demand out there for more energy, fire it up,
10 cut our costs, don't increase them. Thank you. 18:56:48
11 MS. BOJKO: Connie Kline.
12 CONNIE KLINE, of lawful age, having
13 been first duly sworn, testified as follows:
14 MS. BOJKO: Please state your name
15 and address for the record. 18:57:29
16 MS. KLINE: My name is Connie
17 Kline. 38531 Dodds Landing, Willoughby Hills,
18 Ohio.
19 I do have written testimony. I
20 guess great minds think alike because much of 18:57:44
21 what I have written has already been said.
22 We'll lighten things up just a little bit, it's
23 like a cave in here. It's so dark. First, I
24 will show this to the PUCO because they'll
25 appreciate it. 18:58:05

46

1 You don't remember me, Mr.
2 Centolella, but I remember you.
3 MR. CENTOLELLA: Okay.
4 MS. KLINE: You're actually one of
5 the better Commissioners on the board. 18:58:13
6 You guys can't see this. I'm going
7 to actually leave it right here. There we go.
8 Thank you for conducting these public hearings

9 and for the opportunity to address the PUCO in
10 the matter of FirstEnergy's case 10-388-EL-SSO. 18:58:36
11 I prefer to call it "Utilities Gone Wild."
12 Perception is sometimes greater
13 than reality as illustrated by this famous 1982
14 Cleveland Press editorial cartoon. You can see
15 how long these types of issues have been going 18:58:56
16 on. This cartoon, that I enlarged, was from
17 1982, which shows the Cleveland Electric
18 Illuminating Company and the Public Utilities
19 Commission of Ohio, cuddling. That's the
20 G-rated version, and motel room bed. 18:59:14
21 Fast forward 28 years, CEI is now
22 part of FirstEnergy or as some call it
23 FirstEnemy, but the public's perception remains
24 unchanged, and there's a vast new cast of
25 characters waiting in the motel lobby. Among

1 them, the City of Cleveland, the Cleveland
2 Clinic, the Industrial Energy Users of Ohio,
3 the Morgan Stanley Capital Group, the Ohio
4 Manufacturers' Association, the Ohio Hospital
5 Association, domestic automakers, and the Ohio
6 Association of Independent Colleges and
7 Universities, to name a few. Frivolity aside,
8 I am deeply disturbed by both the procedural
9 and substantive aspects of this case including,
10 but not limited to:
11 The so-called economic development

12 arrangements; in other words, the
13 multi-million-dollar backroom deal crafted
14 between FirstEnergy and the above-mentioned
15 entities as well as other beneficiaries. As 19:00:12
16 usual, it appears that residential ratepayers
17 will shoulder most of the burden of these deals
18 and will reap few, if any, benefits.
19 FirstEnergy shareholders will not fund any of
20 these deals. Mr. Amr Ibrahim of the Ohio 19:00:26
21 Consumers' Counsel says in his April 5, 2010
22 testimony, "FirstEnergy states that it shall
23 collect $13.7 million from consumers for the
24 Cleveland Clinic deal, of which $7.9 million
25 will be collected from residential customers." 19:00:58

48

1 It's 57 percent. "FirstEnergy shall collect
2 $2.7 million in recovered revenues for the
3 arrangement offered to the domestic automakers,
4 of which $1.1 or approximately 41 percent will
5 be collected from the residential customers." 19:01:20
6 All of these economic development supports
7 should be reviewed individually in separate
8 proceedings.
9 The attorney examiner's granting of
10 FirstEnergy's motion for waiver of rules and 19:01:30
11 the unprecedented fast-tracking of this case in
12 six weeks from March 23, 2010 filing date to
13 the May 5 date by which FirstEnergy wants PUCO
14 approval. A case as complex and far-reaching

15 as this one should be afforded the full 275 19:01:46
16 days provided by Ohio law. This ridiculously
17 short time frame alone should be sufficient for
18 PUCO denial of this case.
19 FirstEnergy wants approval of its
20 Electric Security Plan by May 5 so that a 19:01:59
21 wholesale generation auction can be conducted
22 in July of 2010 to supposedly lock in low
23 prices. However, as the Ohio Consumers'
24 Counsel has pointed out, FirstEnergy's own
25 witness, Mr. Schmitzer, testified in Case 19:02:16

1 09-906-EL-SSO that "forward market prices for
2 power to be delivered in future years already
3 reflect the market's judgment that electric
4 prices will increase." Further, Mr. Wilson
5 Gonzalez's April 15, 2010, testimony on behalf 19:02:35
6 of the OCC addresses the uncertainty in
7 connection with FirstEnergy's switch from the
8 Midwest Independent System Operator, MISO, to
9 the East Coast-based PJM transmission authority
10 in Philadelphia and the possible price risk
11 associated with excessive lead time between a
12 July 2010 auction and the start of actual
13 delivery on June 1, 2011, when the Electric
14 Security Plan will take effect.
15 FirstEnergy's exaggerated claims of 19:03:10
16 millions of dollars in savings by not passing
17 along to customers fees associated with leaving

18 MISO and entering PJM. According to FERC, the
19 transmission owner, in this case the American
20 Transmission Systems, Inc., ATSI, is
21 responsible for these fees, not the customers
22 served by American Transmission Systems. The
23 ESP does not guarantee that FirstEnergy
24 customers will be protected from incurring
25 extra charges associated with FirstEnergy's

1 business decision to switch from MISO to PJM.
2 The stipulation delivery capital
3 recovery charge Rider DCR, which would permit
4 FirstEnergy to collect $390 million through
5 quarterly increases over a 30-month period
6 subject only to FirstEnergy's "burden of proof
7 to demonstrate the accuracy of the quarterly
8 filings," which requires considerably less
9 verification and review of the accuracy and
10 reasonableness of these filings than would
11 occur under a separate distribution rate
12 proceeding. FirstEnergy has claimed in various
13 Plain Dealer and News Herald articles that
14 since Rider DCR "replaces an existing rider, in
15 most cases customers wouldn't see any
16 additional impact" or "an increase of, only,
17 $90 million."
18 Page 15 of the stipulation states,
19 "Quarterly Rider DCR will not be an application
20 to increase rates within the meaning of Revised

21 Code 4909.18." In his April 15, 2010
22 testimony, the OCC's Mr. Gonzalez characterizes
23 FirstEnergy's semantic shenanigans as
24 ridiculous. He said, "The stipulation
25 provision that proposes that quarterly

1 increases in ordinary distribution rates do not
2 fit the description of an increase is absurd."
3 Delivery issues should be handled in a separate
4 distribution rate case.
5 Collection of lost revenues 19:05:18
6 proposed in stipulation. These are charges to
7 customers for revenue that a utility is not
8 realized due to implementation of energy
9 efficiency programs and conservation. A recent
10 example of this was FirstEnergy's fiasco
11 "giveaway" compact of fluorescent bulbs that
12 would cost customers quadruple the amount they
13 would pay in stores. FirstEnergy's lost
14 revenue is not capped either by a dollar amount
15 or a time period, which has the potential to
16 cost residential customers tens of millions of
17 dollars and actually cause them to pay more in
18 lost revenue collection than they would in
19 energy efficiency programs. In the 1990s,
20 Minnesota's lost revenue program permitted
21 electric utilities to recover more than they
22 actually spent on conservation, which doubled
23 the cost of energy efficiency for ratepayers.

24 As a result of this, the Minnesota lost revenue
25 recovery program was discontinued. As noted in

1 Mr. Gonzalez's April 15 testimony, Connecticut
2 electric utilities are "only allowed recovery
3 of lost revenues if their earnings are below
4 their allowed rate of return for six months."
5 I know you can't answer any questions, but it's 19:06:40
6 my understanding that the current rate of
7 return is about eight and a half percent.
8 Which is nice. Nice for the company.
9 Apparently, FirstEnergy has also audaciously
10 demanded assurance that the PUCO will not 19:06:55
11 oppose its purchase of Allegheny Energy in
12 Pennsylvania. And FirstEnergy also wants this
13 case approved as a total package, which
14 presumably means that they do not want the PUCO
15 to separate out any parts of the case for
16 denial.
17 Given the rush to resolution
18 imposed by this ridiculously short timeline,
19 it's remarkable that the OCC and other
20 non-signatory -- people that the interveners 19:07:23
21 that didn't sign on the stipulation -- were
22 able to provide such comprehensive valuable
23 testimony. It is incredible that ordinary
24 citizens have submitted testimony; I heartily
25 commend them. All of you. 19:07:37

53

I support the application for rehearing, filed April 19 by the OCC, Citizen Power, Environmental Law & Policy Center, the Natural Resources Defence Council, the Northwest Ohio Aggregation Coalition, the Northeast Ohio Public Energy Council, and the Ohio Environmental Council, particularly Part A which states, "The PUCO's entry is unreasonable and unlawful because it took administrative notice of the record in the pending Market Rate Offer Case without any basis in law and thereby unlawfully eliminated a portion of FirstEnergy's burden of proof."

The PUCO should deny this case. However, I disagree with the OCC that the PUCO 19:08:22 should decide the pending MRO Case 09-09-EL-SSO instead. The MRO would statutorily mandate -- due to Senate Bill 221 -- FirstEnergy henceforth use auctions that would not be part of a rate plan submitted and subject to some 19:08:43 PUCO control. I fear this would expose ratepayers to potentially volatile wholesale prices without the option of returning to a PUCO-negotiated process, as flawed as that process may be. 19:09:00

54

1 Absent blanket denial of this, the
2 PUCO should require that a separate
3 distribution rate case be filed and all
4 economic development supports be reviewed
5 individually in separate proceedings. 19:09:09
6 FirstEnergy customers must be
7 protected from any extra charges associated
8 with FirstEnergy's business decision to switch
9 transmission grid authorities from MISO TO PJM.
10 The issue of lost revenue must be 19:09:24
11 resolved in a manner favorable to customers,
12 especially residential ratepayers. Thank you.
13 MS. BOJKO: Al Clough, C-l-o-u-g-h.
14 Ralph Miller. On deck is Connie Luhta.
15 RALPH MILLER, of lawful age, having
16 been first duly sworn, testified as follows:
17 MS. BOJKO: Please state your name
18 and address for the record.
19 MR. MILLER: My name is Ralph
20 Miller, address is 7191 South Meadow Drive, 19:10:42
21 Concord Township, Ohio.
22 I am the owner of an all-electric
23 home and have been for 31 years. I'm not here
24 -- I didn't know that that was part of this
25 meeting. But I want to say that I agree with 19:11:06

1 all of the previous people that have spoken.
2 I'm not even going to bring up that my November
3 electric bill was $100, when the equal payment

4 plan was $187. I don't know why they reduced
5 it to 100, but they made up for it in December 19:11:22
6 when my bill was $438. And then the following
7 month was $440, but I realize that's not part
8 of this meeting. But I will state that I am in
9 total agreement with all of the things that
10 have been brought up by the previous speakers. 19:11:42
11 Thank you.
12 MS. BOJKO: Thank you. Connie
13 Luhta. Again, we have approximately 30 people
14 that would like to testify, so if we could
15 maybe hold the applause until the end, it would 19:12:05
16 be appreciated. Thank you.
17 CONNIE LUHTA, of lawful age, having
18 been first duly sworn, testified as follows:
19 MS. LUHTA: My name is Connie
20 Luhta, L-u-h-t-a. 12361 Concord Hambden Road, 19:12:20
21 Concord Township, 44077.
22 I just want to thank
23 Representatives Newcomb and Fende and Senator
24 Grendell for their testimony. I agree
25 completely with them and I do support the OCC's 19:12:38

1 decision.
2 But I just wanted to add one little
3 thing. It may be small, but it's important to
4 us. For as long as I can remember, FirstEnergy
5 would pay for light poles. And early this 19:12:52
6 year, they changed the policy. And now, if we

7 ask in the township for a light pole, the
8 township has to pay for the pole. We always
9 paid for the electric, but now we have to pay
10 for the installation of the pole itself? And 19:13:11
11 that then is the cost that is assumed by the
12 taxpayers of Concord Township. I didn't know
13 whether that came under the PUCO jurisdiction
14 or not. You do that and you approved that.
15 MR. CENTOLELLA: Let me just get a 19:13:29
16 clarification. These are light poles for
17 street lighting --
18 MS. LUHTA: Yes, street lights.
19 When it's an intersection of a township road
20 and a county road and it's for safety purposes, 19:13:39
21 we ask that these street lights be installed.
22 Before, it was an automatic thing, they did it,
23 but now we pay for the pole.
24 MR. CENTOLELLA: Okay.
25 MS. BOJKO: Thank you. Kathy 19:13:52

D

57

1 Miller. And on deck is Bill Zoller.
2 KATHY MILLER, of lawful age, having
3 been first duly sworn, testified as follows:
4 MS. BOJKO: Please proceed. State
5 your name and address for the record. 19:14:15
6 MS. MILLER: Kathy Miller, 7191
7 South Meadow Drive, Concord Township, Ohio. I
8 track and report on federal and state
9 health-care legislation and regulations for my

10 present job. This work has made me keenly 19:14:31
11 aware that time frames and deadlines, comment
12 periods and the like, are to be respected and
13 adhered to. Therefore, I have to say that I
14 see a big difference between 43 days and the
15 275 days specified in Ohio Senate Bill 221. I 19:14:52
16 urge the PUCO to, at the very minimum, take the
17 time to thoroughly explore and give full and
18 careful consideration to FirstEnergy's
19 proposal.
20 As a second point, I would like to 19:15:10
21 impress upon PUCO that caution must be
22 exercised in raising rates and setting new
23 standards. I currently live with my parents --
24 you just heard from my dad -- in an
25 all-electric home, I might add. And I've seen 19:15:27

58

1 firsthand how devastating higher electricity
2 rates can be on two people who are retired, and
3 their daughter, who I must point out is losing
4 her job in August due to her company's
5 outsourcing to India and China. So please all 19:15:45
6 PUCO Commissioners, think twice before making
7 any rash decisions, before agreeing on
8 FirstEnergy's ESP. And just one question
9 before I close, are we really talking about an
10 Electric Security Plan here? Maybe not. Thank 19:16:03
11 you.
12 MS. BOJKO: Bill Zoller. Fritz

13 Harrell.

14 FRITZ HARRELL, of lawful age,

15 having been first duly sworn, testified as

16 follows:

17 MS. BOJKO: Please state and spell

18 your name for the record.

19 MR. HARRELL: Okay. Fritz Harrell,

20 H-a-r-r-e-l-l, 5329 East Heisley Road in 19:16:45

21 Mentor.

22 I would like to thank you for the

23 opportunity to speak here tonight. I would say

24 I've been using compact fluorescents for ten

25 years, so I must owe FirstEnergy an awful lot

59

1 for the kilowatts I haven't used.

2 I am an all-electric homeowner, as

3 many people are here. But the relevance of

4 that is that we've become a large consumer of

5 electric. My house uses probably 6,000 19:17:11

6 kilowatts in the winter. My sister has an

7 all-electric house, which is larger than mine;

8 she uses approximately 8,000 kilowatts in the

9 winter months. So we are very large -- our

10 family is very large users of power. 19:17:27

11 There used to be a rate scheduled

12 called "time of day," which both of us took

13 advantage of. What was nice there is that we

14 could make decisions about our lifestyle and

15 choose when we used our power, and the result 19:17:40

16 would be substantial discounts. But I have
17 been affected by this recession as everyone
18 else has here.
19 I have been hearing from these
20 people on fixed incomes, I would love to be on 19:17:52
21 a fixed income. The recession has caused my
22 income to drop by about 30 percent in the last
23 couple of years. My electrical usage has gone
24 down by about 10 percent, but my cost of
25 electricity has gone up by over 120 percent. 19:18:06

60

1 So I'm using less and paying considerably more.
2 The case before the commission is
3 relative to transmission distribution of
4 electricity. You know, we look around this
5 room, we can see the results of the 19:18:19
6 electricity. We see the lights on, I can feel
7 the air conditioning, I can hear the sound
8 system; and that's the power portion of it in
9 use. The transmission distribution is getting
10 the power to here. I see that as being similar 19:18:31
11 to the highways. What FirstEnergy is asking
12 for is money so that they could repave their
13 electrical highway and add more lanes to their
14 electrical highway. But what I haven't seen is
15 the plan is for exactly how they're -- where 19:18:47
16 they want to add these lanes and where they
17 want to do the repaving. And being a former
18 "time of day" person, I know that I used to use

19 the highway in the off-hours.

20 Those of you who drove here tonight 19:19:00

21 on Interstate 90 saw the three lanes at the

22 Route 306 exit and saw heavy traffic, all three

23 lanes were in use. If you go through there at

24 3:00 in the morning, you don't even need one

25 lane. And our electrical grid has similar 19:19:13

1 peaks and valleys. And part of the federal

2 policy that's been implemented in this country,

3 encouraging alternative sources of energy, and

4 also encourage hybrid vehicles or plug-in

5 vehicles. Part of that is based on premise 19:19:32

6 that off-peak power will be less expensive.

7 As I said, FirstEnergy had this

8 time of day plan for over 20 years. And did

9 away with it about two years ago. It's

10 interesting to note that at the same time that 19:19:45

11 Ohio did away with time of day, the FirstEnergy

12 subsidiary in Pennsylvania started a time of

13 day program. It's also interesting to note

14 that the FirstEnergy subsidiary in New Jersey

15 currently has a very sophisticated time of day 19:19:58

16 program, where there is a readout in the

17 individual's home that tells them what this

18 hour's kilowatt cost them. And so the consumer

19 can make an informed decision, 24 hours a day,

20 and say, "Oh my gosh, it's 30 cents a kilowatt 19:20:11

21 because it's July and everybody's air

22 conditioner is on. I'm not going to turn on
23 the oven. I'm not going to run my clothes
24 dryer." But at 9 o'clock at night they could
25 look at the same readout and say, "Oh, it's

1 only two and a half cents a kilowatt, I'm going
2 to dry some clothes." And so they reward the
3 consumer for good behavior and as a result,
4 they don't need to make the investment in the
5 infrastructure to move that power because the
6 infrastructure is already there.
7 So Ohio went from being a
8 progressive leader in transmission distribution
9 through their time of day program, by dropping
10 it. They haven't even become a follower, 19:20:50
11 they're not even in the game any longer. And
12 that I find to be very disturbing.
13 As I said, I haven't really seen a
14 good plan for what they're going to do with
15 this $390 million. I heard some references to 19:21:03
16 smart grid and similar things. I would
17 encourage the Consumers' Counsel and the Public
18 Utilities Commission to pursue smart grid and
19 also to give preferential admission to smart
20 grid programs to the heavy residential users, 19:21:21
21 which would be all-electric homes and former
22 time of day users. Where people who have
23 already made adjustments in our lifestyles, it
24 would maximize the benefit of such plans.

25 Now, I have a hard time getting my 19:21:36

63

1 arms around this $390 million number. That's
2 an awful lot of money. And I guess the best
3 analogy I can think of was looking at last
4 week's lottos. $390 million would equal
5 getting the jackpot in the Mega Millions and 19:21:52
6 the jackpot in the Powerball at the same time.
7 An awful lot of money. I thank the commission
8 for their time this evening.
9 MS. BOJKO: Anita Vlchek, and Anne
10 Roffe will be on deck. Anita Vlchek. 19:22:09
11 ANITA VLCHEK, of lawful age, having
12 been first duly sworn, testified as follows:
13 MS. BOJKO: Could you please state
14 and spell your name for the record.
15 MS. VLCHEK: Anita Vlchek, 6298
16 Dewey Road, Madison, Ohio.
17 I'm a simple person. I don't have
18 a lot of flowery words. I just have a few
19 comments. The word "fast track" scares me.
20 The amount of time that FirstEnergy wants this 19:22:57
21 pushed through implies to me shadiness and
22 underhandedness. There's some things wrong
23 about all of this, just based on this time
24 thing that FirstEnergy has requested. The
25 quarterly increase -- I'm 55 years old, I'm 19:23:19

64

1 lucky enough to have a job, even though my
2 income has been cut in half in the last eight
3 years.
4 Quarterly increase -- I'm never
5 going to have another pay increase for the rest 19:23:33
6 of my life and yet, I have to somehow find more
7 money and more money and more money. This is
8 terrorizing me. I can't live my life anymore.
9 I'm so worried about what everybody is trying
10 to suck out of my bank account. I haven't even 19:23:51
11 recovered yet from January's electric bill.
12 And now they're asking for more.
13 And the lost revenues -- when my
14 January bill hit, I was so frightened, I called
15 FirstEnergy and she said to me, "Well, ma'am, 19:24:11
16 you use too much electricity. We raised our
17 rates so that you could start to conserve."
18 Now I find out with this new Electric Security
19 Plan that my reward for conservation of
20 electricity is to have my rates yet increased 19:24:25
21 again. This is never-ending. This is -- it's
22 not right. It's just not right. And I so
23 oppose this. And especially the time frame
24 that they want to push this through because
25 there's something underhanded going on here, 19:24:44

1 just based on the time frame alone. Thank you.
2 MS. BOJKO: Thank you. Anne Roffe.

3 MS. ROFFE: Pass.
4 MS. BOJKO: Richard Huber.
5 MR. HUBER: Pass. 19:25:06
6 MS. BOJKO: Gail Larson. Please
7 raise your right hand.
8 GAIL LARSON, of lawful age, having
9 been first duly sworn, testified as follows:
10 MS. BOJKO: Please state your name 19:25:25
11 and address for the record.
12 MS. LARSON: Gail Larson, G-a-i-l,
13 L-a-r-s-o-n. 3200 State Road, Rock Creek,
14 Ohio. I agree with everything that people have
15 said tonight and this is my personal take on 19:25:37
16 how this situation is affecting our home.
17 Our provider is the Illuminating
18 Company owned by FirstEnergy. We own an
19 all-electric home which we purchased in 2008.
20 We are currently billed at the standard rate.
21 In January 2009, we paid $445 for 5,215
22 kilowatt hours. In January 2010, we paid $556
23 for 4,545 kilowatt hours. We used 670 kilowatt
24 hours less due to our conservation measures
25 that we put in place last year after the high

1 bill we got in January, and yet we paid $111
2 more this year for the same time period. Why?
3 Because the distribution-related component
4 charge went up 129 percent due to the 2009
5 rider. 19:26:32

FirstEnergy's Electric Security Plan makes us very anxious because of the unknowns about the distribution charges. What will FirstEnergy use as a formula this time to charge us for the $390 million they want to collect from us?

The formula which it appears FirstEnergy wants to use to bill us include, but is not limited to: $15 million for Ohio Partners for Affordable Energy (OPAE), plus $70 million for the Cleveland Clinic's expansion, plus increasingly higher billing for kilowatts hours used over 500 because we are an electric home. 19:27:00

All of these components and additional unknowns will price us out of our home. How much does it really cost FirstEnergy to deliver their product to my home? 19:27:10

Please take note: The Ohio Partners for Affordable Energy mission says on

their website, "We advocate for affordable energy policies for moderate and low-income Ohioans." FirstEnergy clearly finds this classic mission worthy of their $15 million, so they must support that mission.

We ask that any rate plans that the Public Utility Commission approves, going forward, include a commitment to provide all

9 homeowners of Northeast Ohio affordable
10 electric power to our homes based on
11 reasonable, transparent and accountable
12 requests for increases. Thank you very much.
13 MS. BOJKO: Pat Sommer. Joe
14 Fioriante. I may be mispronouncing it. They
15 live in Deepwood Boulevard. Representative 19:28:21
16 Schneider.
17 MARK SCHNEIDER, of lawful age,
18 having been first duly sworn, testified as
19 follows:
20 MS. BOJKO: Please state your name 19:29:08
21 and address for the record.
22 MR. SCHNEIDER: My name is Mark
23 Schneider. My address is 8914 Trotter Lane,
24 Unit D, Mentor, 44060.
25 MS. BOJKO: Please proceed. 19:29:23

68

1 MR. SCHNEIDER: I would like to
2 take this opportunity to first off, apologize
3 for my tardiness for this hearing, I was
4 speaking and testifying with a number of
5 charities in Lake County today down in Columbus 19:29:35
6 and the hearing ran late. It's important work,
7 but luckily I was able to make it back here in
8 time. I would like to also go forward and
9 thank the Public Utilities Commission for
10 holding this very important public hearing and 19:29:47
11 doing so at the request of Representative

12 Fende, Newcomb, myself and so many other
13 representatives that asked that in light of the
14 circumstances around us in dealing with utility
15 issues, that we bring this type of forum to the 19:30:00
16 people of our communities, rather than make
17 them travel to Columbus to give their opinions.
18 And this kind of access is to be commended in
19 this level of transparency that hopefully it
20 brings to the process. 19:30:13
21 So I want to commend the Public
22 Utilities Commission and thank them for their
23 participation in this matter.
24 Also, I would like to thank
25 FirstEnergy, who I know has representatives 19:30:22

1 here this evening, for also being attentive and
2 wanting to be a part of this process, and in
3 doing so, creating a more open environment to
4 discuss these matters.
5 And formally, I would like to thank 19:30:37
6 so many of my constituents. The constituents
7 throughout Lake County in our region for taking
8 part, not only in this evening's process, but
9 in so many other forums that have taken place
10 throughout our state on this issue. 19:30:50
11 I wanted to speak on behalf of the
12 numerous constituents that I represent in the
13 63rd District, which is comprised of all of
14 Mentor and eastern Lake County in the House of

15 Representatives. And out of these 19:31:03
16 constituents, we recently had approximately
17 4,000 homes that were involved in the
18 all-electric discount. And as such, that
19 served as a beginning to start discussing these
20 utility issues in the numerous forums that I 19:31:18
21 tried to present for my constituents.
22 And I thought of more than anything
23 else I wanted to make sure that this process
24 was an open one, and that it's an ongoing
25 process. I urge the Public Utilities 19:31:33

1 Commission to take the full time allotted to
2 them to conduct these hearings. In light of
3 recent developments that we've all read about
4 and some of us have experienced firsthand, in
5 light of, you know, the very feelings right now 19:31:49
6 towards government and towards regulations, I
7 want to make sure that the Public Utilities
8 Commission takes every opportunity to
9 investigate these rate plans, this proposed
10 system and also takes the time and does not 19:32:06
11 make any kind of rash decisions or decisions
12 that could even appear to be quickly motivated
13 or quickly executed.
14 Furthermore, I plead with the
15 Public Utilities Commission that when a 19:32:19
16 decision is made in this matter, when a ruling
17 is handed down, and when a rate structure is

18 contemplated, that it be put forward to these
19 people in this room and the people of my
20 communities and throughout the State of Ohio, 19:32:35
21 and it's very clear and in plain-spoken manner.
22 I consider myself a man of
23 education, a man who has had real-world
24 experience in dealing with issues involving
25 utilities as well as a myriad of other issues. 19:32:50

71

1 However, when I try to take a look at the kind
2 of paperwork that sometimes these rate plans
3 are spelled out in or when I try to go through
4 these different bills to figure out the pricing
5 schemes, I certainty have difficulty in reading 19:33:08
6 through that. And I know if I'm having
7 difficulty in that regard, the citizens in this
8 room most likely are feeling the same way. I
9 can't emphasize enough the importance. And I
10 get so many calls from constituents and 19:33:23
11 correspondences from constituents and I meet
12 with constituents at these meetings telling me
13 that they don't understand how the rate system
14 works. They can't follow the rate systems or
15 the changes in the rate system and their bills 19:33:35
16 are at times unintelligible to them.
17 So I urge and I plead with the
18 Public Utilities Commission that when a finding
19 is made, that we take great efforts on behalf
20 of these people here today and throughout our 19:33:48

21 region to do some of the plain-spoken manner
22 that can be interpreted and understood by our
23 citizens to again create a level of
24 transparency in this process.
25 In addition, as a representative 19:34:00

1 who has numerous constituents that have been
2 affected by utility issues that have been
3 brought up tonight as well as utility issues in
4 the near past, I ask that the Public Utilities
5 Commission give special attention and ensure to 19:34:16
6 these folks that this is not a meek attempt to
7 recoup any cost that may have been involved in
8 the all-electric discount plan and that special
9 scrutiny is given in that regard.
10 We have folks here from throughout 19:34:37
11 my district, we have folks here representing
12 every walk of life and every age range
13 possible. We have folks here from the Public
14 Utilities Commission representing our citizens
15 and our consumers. We have folks here from 19:34:54
16 FirstEnergy representing the distributors and
17 producers of our energy. And each of us has a
18 responsibility to the people of our state.
19 Each of us is in entrusted in different parts
20 of this process. And it's by working together 19:35:12
21 in this way and by holding these open forums
22 and by remembering that responsibility we have
23 to the consumers of this region -- the

24 consumers of this region, which I would argue
25 there is no greater responsibility that we 19:35:31

1 have -- that in keeping all of these things in
2 mind, if we follow these steps in the process,
3 then I am sure we will reach a just result and
4 we will do so in a contemplative way, and we
5 will do so in a way that is fair to all, in a 19:35:47
6 way that -- we can point to someone's future
7 when studying on how to make decisions in the
8 realm of utilities and decisions beyond that in
9 our state government.
10 And most of all, I want to thank 19:35:59
11 everybody for participating in their state
12 government this evening. Thank you.
13 MS. BOJKO: Thank you.
14 MR. CENTOLELLA: Thank you.
15 MS. BOJKO: Brian Humphrey.
16 MR. HUMPHREY: I'll Pass.
17 MS. BOJKO: Deborah Newcomb.
18 MS. NEWCOMB: I'll pass.
19 MS. BOJKO: Fred Schoemig.
20 FRED SCHOEMIG, of lawful age,
21 having been first duly sworn, testified as
22 follows:
23 MS. BOJKO: Please state your name
24 and spell your last name and your address for
25 the record please.

MR. SCHOENIG: My name is Fred Schoenig, S-c-h-o-e-n-i-g. My wife Margaret and I live at 12527 Concord Hambden Road in Concord Township, 44024.

First of all, I would like to thank you for having these hearings. I would like to especially thank you for publicizing them. I understand there was an all-electric hearing last summer, but neither myself nor many, many other people ever knew about it. So thanks for 19:37:29 having this well-publicized.

My wife and I came to Lake County about 20 years ago, and we moved into an all-electric rated home. And at the time we were told by the electric Illuminating Company 19:37:46 that the all-electric rate was permanent. Our January bill this year was almost $900. That's about three times higher than it was last year for less electric.

Prior to coming to Lake County, I 19:38:05 was an engineering manager for GE Nuclear Energy. In my opinion, the real issue is trust. We've heard that word several times from other speakers. Over the past five years, FirstEnergy has lost the confidence of their 19:38:29

1 customers and they have lost our trust. Why?
2 There are many reasons, some of which are the
3 following:
4 One, mismanaging their nuclear
5 power plants, radioactive leaks, fuel failures,
6 cracks in critical components are common
7 occurrences.
8 Two, they bamboozled the state
9 legislature into passing Senate Bill 221.
10 Three, they conned PUCO into 19:39:01
11 accepting the energy-efficient light bulb
12 fiasco.
13 Four, they effectively hid the
14 all-electric rate changes, so far in the
15 details of their proposal, that neither the 19:39:14
16 PUCO nor the Ohio Consumers' Counsel knew what
17 was happening.
18 Five, FirstEnergy's corporate
19 strategy seems to be to confuse both their
20 customers and PUCO with overly complicated 19:39:31
21 corporate structure, proposals to PUCO that
22 PUCO can't understand, and very confusing
23 electric bills.
24 What's wrong with Electric Security
25 Plan? First of all, the name. Whose security? 19:39:48

1 Certainly not ours. We don't understand the
2 proposal. I hope that PUCO does. Some issues
3 in my mind are the following: the $390 million

4 increase is proposed without critical reviews.
5 Consumers should not be paying for special 19:40:17
6 economic development deals. Consumers should
7 not be paying for FirstEnergy internal
8 organizational changes and the cost of which.
9 Consumers should not be paying for FirstEnergy
10 setting up separate profit centers, whose major 19:40:43
11 purpose seems to be to confuse their customers
12 and PUCO as to what the real cost and profits
13 are.
14 The proposed Electric Security Plan
15 will increase our all-electric rate, no doubt 19:40:57
16 in my mind. I think the PUCO has to reject
17 this proposal and they have to encourage
18 FirstEnergy to take steps to regain the
19 public's confidence and trust. Thank you.
20 MS. BOJKO: Tom Waltermire. 19:41:31
21 TOM WALTERMIRE, of lawful age,
22 having been first duly sworn, testified as
23 follows:
24 MS. BOJKO: Please state your name
25 and address for the record. 19:41:50

77

1 MR. WALTERMIRE: Thomas Waltermire,
2 W-a-l-t-e-r-m-i-r-e. I live at 1009 State
3 Route 45 in Austinburg, Ohio.
4 All I want to say is that we have a
5 lot of people here from the state legislation 19:42:08
6 (sic). You have the authority to deregulate

7 the electric utility company and I would
8 believe that you have the right and the -- to
9 re-regulate it. I would certainly believe that
10 we were much better off in the '70s and '80s 19:42:26
11 with regulated electricity.
12 I need to tell you I worked for 35
13 years for the Illuminating Company.
14 Twenty-nine of those years was in the
15 management. I can tell you that all of those 19:42:39
16 years I was working for them, I never worried
17 about reliability of my electric service.
18 Since that, I now have a whole-house generator
19 because the service that I received was
20 terrible. I can go out, and because I worked 19:43:02
21 in the overhead lines department, drive down
22 the road and I can look up and I can notice the
23 problems that they have. They don't do
24 anything about it. They would much rather have
25 the poles burn off, have the wires come down 19:43:17

1 and then we'll fix it. I wholeheartedly think
2 that the Public Utilities Commission should
3 reject this proposal and tell them to go back
4 to it.
5 The other thing that I was thinking 19:43:31
6 about is that, you know, we have a CEO -- if I
7 remember correctly -- $18.5 million last year
8 in compensation. I would propose that the
9 Public Utilities Commission, the state

10 legislature, whoever, would put in a provision 19:43:52
11 that the CEO and any vice presidents and so
12 forth that work for the company, can make no
13 more than say 300 times the lowest paid
14 full-time employee, which would mean that your
15 CEO could only make $1.5 million; anything over 19:44:11
16 that should be charged to the stockholders. So
17 that's my proposal for this meeting.
18 I certainly reject the idea of this
19 ESP. I think that it's blown out of
20 proportion. And I don't believe that they have 19:44:29
21 used their money correctly.
22 The other thing is folks, think
23 about this, all of the generating stations,
24 other than Perry, were written off over the
25 years in depreciation. FirstEnergy decided, 19:44:46

79

1 what we're going to do is, we're going to
2 change this from the regulated portion -- state
3 legislature, I want to do it -- over into
4 FirstEnergy Solution, which is unregulated.
5 You the ratepayer, the customer, paid for those 19:45:02
6 generators. Paid all of them. And what
7 happens? FirstEnergy Solution is now going out
8 on the open market with the idea that these
9 companies that have started and bought out all
10 of these generators to generate electricity, 19:45:20
11 and they want to take and get the same kind of
12 profits that they can on the open market. It's

13 a monopoly, folks. They are ripping you off.
14 And I think that the only way we're going to
15 change this is if the Public Utilities
16 Commission and the state legislature says,
17 "Enough is enough."
18 So that's what I have to say and I
19 would hope that it gets back to Mr. Alexander,
20 because he really needs to know it. 19:45:47
21 MS. BOJKO: Dean Dabson.
22 MR. DABSON: Dean Dabson,
23 D-a-b-s-o-n. 7132 Enfield, Mentor, Ohio.
24 MS. BOJKO: Please raise your right
25 hand, sir. 19:46:27

1 DEAN DABSON, of lawful age, having
2 been first duly sworn, testified as follows:
3 MS. BOJKO: Please proceed.
4 MR. DABSON: Okay. I've heard a
5 lot about -- from representatives of large 19:46:36
6 companies, including their attorneys -- about
7 making a profit and they need to make a decent
8 profit. But I think there's a difference
9 between making a decent profit and making a
10 living versus gouging and making a killing, and 19:46:50
11 the difference is collateral damage to the
12 consumer. And I also think the whole electric
13 system suffers as well, because greed tends to
14 be blind in terms of serious money, and I think
15 we have seen that on Wall Street with billions 19:47:11

16 and billions of dollars invested and perhaps
17 not wisely. Yet $16 billion and FirstEnergy
18 goes on a shopping spree to enlarge its market
19 share. Now shouldn't they have used a portion
20 of that money to upgrade the electrical grid 19:47:28
21 first before spending money on acquisitions?
22 And I think they're going to try to get out of
23 that one by saying that they're pretty much in
24 a position of a parent or holding company and
25 they're not responsible for the individual 19:47:48

1 components, like Illuminating Company, etc.
2 But I think that those things are being
3 challenged in other areas, yet a recent example
4 of American Financial and American Trust cases.
5 Okay. 19:48:08
6 Another issue is population is
7 declining in Northeast Ohio, and shouldn't the
8 electric usage be declining? So that's another
9 one of my issues. Not only when the consumer
10 cuts its energy consumption, but the population 19:48:31
11 would cut their energy consumption, shouldn't
12 there be some sort of reduction in the rates
13 due to the fact that the energy supply
14 requirements of FirstEnergy should also be cut?
15 Another area is the Cleveland 19:48:48
16 Clinic. The Cleveland Clinic has a number of
17 very wealthy patrons and contributors, Saudi
18 Arabians, OPEC cartel members, energy

19 suppliers. And the actual status of the clinic
20 is a nonprofit organization and that has been 19:49:13
21 questioned.
22 So when should FirstEnergy charge
23 its customers in that expansion in terms of the
24 electrical needs? So those are my comments.
25 Thank you.

1 MR. CENTOLELLA: Thank you.
2 MS. BOJKO: Thank you. Jerry
3 Kayser.
4 JERRY KAYSER, of lawful age, having
5 been first duly sworn, testified as follows:
6 MS. BOJKO: Please state your name
7 and address for the record.
8 MR. KAYSER: Jerry Kayser,
9 K-a-y-s-e-r. 14885 Durkee Road, Burton, Ohio,
10 44021. 19:50:33
11 I would like to start by thanking
12 the PUCO for having these hearings in open
13 public for an opportunity to speak. It's
14 refreshing.
15 I happen to have been one of those 19:50:52
16 lost souls that bought an all-electric house in
17 early 2007. My seller told me, "Ah, you got
18 this great discounted rate." Well, with the
19 new increases, we now pay 13 cents a kilowatt.
20 My January bill was "only" $1,151. I oppose 19:51:14
21 this new ESP and I suggest to you that you wait

22 until May 5 -- I think that's the date -- and
23 just tell them that we reject it.
24 $390 million is almost three times
25 as large as the last increase. Now, let me 19:51:43

1 digress and talk about how that impacted my
2 family personally. My mother-in-law lost her
3 house, so we moved her into our house and put
4 her in an in-law suite. She's 75 and she likes
5 the building temperature to be her age, which 19:52:01
6 is about 10 degrees higher than we keep the
7 rest of the house. So she moved in last year
8 and I kept saying, "Well, you know, mom, you
9 know, we got to figure something out, our
10 electric bill went up" -- I'm thinking it must 19:52:18
11 be her. Well, no, it wasn't her, it was
12 FirstEnergy. We actually consumed two percent
13 less energy. Now, that's not a lot, but that's
14 a little bit. And this is before we even knew
15 what was going on with these rates; I was just 19:52:34
16 thinking it was my mother-in-law. In spite of
17 the fact that we now have a second stove and a
18 second refrigerator, we have electric heaters
19 because our all-electric house -- you know,
20 that's the only way we can heat it. But we 19:52:48
21 have special extra electric heaters to keep her
22 warm. We consume about 47,000 BTUs a year.
23 According to what I understand, there used to
24 be a declining scale as you consume more

25 electric, now with the new rate it's less, 13, 19:53:10

84

1 whether you buy one unit or 1,000 units.
2 That's not correct. I certainly appreciate the
3 idea of, you know, timeliness and some of the
4 other things that used to be in place.
5 To allow something like this to 19:53:28
6 even go into consideration at this time, when
7 you haven't really figured out how to sort out
8 the issues about conservation and what to do
9 with the all-electric people who -- and to turn
10 around and fast track it. No. Just decline. 19:53:45
11 They still have plenty of time before the
12 current program, or time to revise the program.
13 I want to share with you a trust
14 issue with FirstEnergy, because you're dealing
15 with them. And I think you need to know about 19:54:00
16 this. In the Plain Dealer on the 16th of
17 April, reporting on your ruling to them on
18 Thursday April 15, the PUCO ruled Thursday that
19 anyone who buys or rents a home that has had
20 the low rates in the past will get them again 19:54:19
21 "at a minimum," through next winter. And
22 tonight we have the information about the
23 temporary rollback. The article further
24 clarifies a March 3 ruling that requires
25 FirstEnergy temporarily restored low rates to 19:54:37

85

1 customers who have been with them before
2 January 1, 2009. Still doesn't include me.
3 It's okay. But thank you PUCO, your new ruling
4 orders FirstEnergy to extend the rates within
5 one week -- one week would be April 22 -- to 19:54:52
6 people who bought all-electric homes or rented
7 all-electric apartments even after FirstEnergy
8 began phasing out the program, which was the
9 2006 adjustment that you made.
10 Well, on April 22 I called 19:55:10
11 FirstEnergy -- well, actually, I called them on
12 the 16th and I called them back on the 22nd and
13 I asked them -- first on the 16th I asked if
14 they were aware that our house and our property
15 was all-electric. They said, yes, they were 19:55:22
16 aware of it and it's in their records. I said
17 that's good. So I said, "I'm calling just to
18 make sure that you've got us set up and we're
19 now getting -- because it's now one week --
20 getting this new rate." And I was told that 19:55:35
21 order is pending. I was told it will take a
22 while before it goes into effect. And I was
23 told that FirstEnergy will not credit back to
24 the date that PUCO said that they had to
25 provide that new rate. 19:55:54

86

1 I'm sorry, but how can we trust
2 these guys? And you know the back -- you know,

I understand the whole thing about economic development, I'm a businessman, but for it to go at the expense of the residential customers. 19:56:12 You've got a proposal from them that's asking for three times as much as the last one, that quite frankly -- just to let you know, even though we are consuming a little bit less energy at this point, I'm sure it will be a lot 19:56:26 less. We're paying 70 percent higher because of the price change from the rate that we paid in 2009. 70 percent higher on 137 million, you want that to be three times as large -- I'm sorry, they want it to be three times as large. 19:56:46 I'm sorry, FirstEnergy, but to more than double my utility cost is outrageous. Thank you for allowing me to speak.

MS. BOJKO: Debbie Caranci. Please raise your right hand. 19:57:37

DEBBIE CARANCI, of lawful age, having been first duly sworn, testified as follows:

MS. CARANCI: Debbie Caranci, C-a-r-a-n-c-i. 4055 Austin Road, Geneva, Ohio. 19:57:42

44041.

I didn't really come prepared with a testimony or statement, but I do want to speak. What I am concerned about is when FirstEnergy says that they had support of a 19:57:59

6 broad diverse number; parties including PUCO
7 Staff, Ohio Schools Council, the City of
8 Cleveland, and competitive electric suppliers.
9 Well, they didn't ask every person. So when
10 they say they have support of what they are 19:58:16
11 going to do, they didn't ask everyone here. So
12 that's what concerns me. What also concerns me
13 is I do not have an all-electric home. I guess
14 you can consider it an all-gas home. I have
15 gas stove, gas water heater, gas air, forced 19:58:29
16 air, gas dryer, and my electric bill was $103
17 and they charged me $168 to deliver it --
18 distribution charges. When I called to ask
19 why, I was told I could always go somewhere
20 else if I didn't like it by FirstEnergy. And I 19:58:49
21 said "Well, unless I'm stupid I can get a
22 different supplier, but first FirstEnergy
23 distribution is charging me the same."
24 And also, another gentleman here
25 tonight said, you know, that FirstEnergy is 19:59:01

88

1 going to be -- largest in the nation, but then
2 we're supposed to be not upset that our rates
3 are going sky-high.
4 I also feel for the all-electric
5 people that keep saying don't bring that up, 19:59:13
6 but I have a daughter that rents a home for
7 $400 a month and her electric bill was $500 and
8 the $204 was the electric part, the rest of it

9 was distrubution charges. So I'm helping her
10 pay her electric, plus I'm paying my electric 19:59:27
11 bill because she's going to college.
12 Again, I don't want to waste
13 anybody's time here tonight. I just feel that
14 this is wrong. I also called the Public
15 Utility Commission, I know you hire other 19:59:37
16 people to take on the extra calls, but the lady
17 informed me, "Do you know how many times you've
18 called to question or to complain?" Yes, I
19 could tell her. I called every month to ask
20 what was going on. And I think that is my 19:59:50
21 right as a United States citizen. So thank you
22 for your time.
23 MS. BOJKO: Sal Russo. Please
24 raise your right hand.
25 SAL RUSSO, of lawful age, having

1 been first duly sworn, testified as follows:
2 MS. BOJKO: Please state your name
3 and address for the record.
4 MR. RUSSO: My name is Sal Russo
5 and my address is 3025 Edgewood Road, Pepper 20:00:29
6 Pike, 44124.
7 My background is in the grocery
8 business. It was started by my
9 great-grandfather Sam Russo. And we had our
10 original store in Cleveland Heights. And we 20:00:49
11 were fortunate enough, we had a good

12 relationship with the adjacent property owner,
13 that in 1998 we bought a mixed-use building.
14 It has retail on the first floor and the
15 mezzanine level, it has two floors of offices. 20:01:10
16 The building was built in 1918. And the
17 offices on the second and third floor are
18 small. And I could sympathize with the people
19 that are here this evening that have spoken
20 about the impact of the removal of the 20:01:29
21 all-electric discount on their residences. But
22 I am here to talk about the impact that it's
23 had on a commercial account at this particular
24 building that I own. A lot of the tenants are
25 social workers, therapists, counselors, 20:01:49

1 psychologists, psychiatrists, dentists,
2 writers, consultants, they're small-business
3 owners. And quite a few of them when they
4 inquired about our building, I asked them, you
5 know, "Where are you leasing now?" And it's 20:02:05
6 very common for them to say that, "Well, you
7 know, I'm working out of my house right now and
8 I want to get out and you know establish
9 myself. I need a commercial address." And
10 because we have smaller offices, it's seems to 20:02:18
11 be a good fit. So you know, just like owning
12 -- affording a home is part of the American
13 dream, so is owning your own business. The
14 previous owner of my building, decades ago,

15 purchased sub-meters and had them installed. 20:02:37
16 And he would buy his electricity in bulk and
17 then the sub-meters were read and the tenants
18 paid a standard charge under the Illuminating
19 Company. Same rate that they would have if
20 they had an account directly with the 20:02:56
21 Illuminating Company based on their usage.
22 I would say six years ago or so, we
23 made a strategic decision to abandon a central
24 boiler that heated the second and third floor
25 offices. The boiler was old and it was very 20:03:16

1 costly to maintain and it was impossible to
2 provide consistent heat across the wide range
3 of offices. Some on the south side, some on
4 the north side. So we purchased electric
5 furnaces. We had all of the rooftop 20:03:38
6 air-conditioning units converted to have
7 electric heat. We paid the expense for that.
8 And it worked out well and everyone -- every
9 individual tenant had, you know, regular heat
10 during the winter months. The rate increase 20:03:55
11 that came about in the summer of 2009 -- this
12 gets to what the previous speaker mentioned --
13 the service plans were flattened, so that was
14 the first negative impact that I experienced.
15 I was no longer able to buy in bulk because the 20:04:18
16 tenants were now the same rate, even though
17 they had much smaller units.

18 But the bigger impact for us was
19 the -- was the removal of the all-electric
20 discount. And as far as that impact, I looked 20:04:39
21 at from January 7th of 2010 through April 5th
22 of 2010 the cost -- and this is just on the
23 meter for the electric heat -- I paid 11.3
24 cents per kilowatt hour versus from January 9,
25 2009 through April 6, 2009, I paid 3.5 cents 20:05:12

1 per kilowatt hour. So that's an increase of
2 3.23 times, over 300 percent.
3 And to give you an example, when
4 the typical tenant is looking at my building
5 and he says, "Well, what's it going to cost me, 20:05:34
6 I'm in my house now, so I'm sharing utilities."
7 You say, Your rent's going to be X and your
8 electric is based on the past year they had
9 used, should be about $150 a month. And he
10 gets his first bill for January and it's close 20:05:51
11 to $500 a month. And as a building owner it
12 makes me look foolish. I didn't provide him
13 with accurate information.
14 So I'm happy to hear that the
15 Commission has ordered the temporary 20:06:08
16 reinstatement of the all-electric discount.
17 And I have tried to follow it with regard to
18 what's been written in the Plain Dealer. I've
19 had some correspondences with Governor
20 Strickland's office, but I haven't heard 20:06:23

21 anything about the reinstatement of the
22 discount applying to commercial accounts. And
23 that's the main reason I came here is to let
24 everyone know that it's not just residential
25 users; there are commercial accounts, there are 20:06:38

1 small businesses that are being impacted.
2 So my questions are, does the
3 temporary reinstatement of the all-electric
4 discount apply to commercial accounts? And
5 then regarding what I read in the flyer that 20:06:55
6 the Commission has ordered PUCO staff to
7 conduct an investigation and submit a report,
8 will commercial accounts such as my mine be
9 considered in that investigation?
10 And I know that this pertains to 20:07:10
11 the Illuminating Company -- but since this is
12 the Public Utilities Commission of Ohio -- I
13 was very -- I was shocked to read in the Plain
14 Dealer a month or so ago regarding Dominion
15 Gas -- that there was 56 and a half cents per 20:07:34
16 MCF that was going to fund homes where the
17 homeowners could not afford their natural gas.
18 And that that charge was going from 56 and a
19 half cents to like a $1.71 per MCF. I took
20 that cost and divided it over my gas cost per 20:07:59
21 MCF. And it amounted to a 26 percent tax on my
22 gas to subsidize other people's gas charges.
23 And I was shocked and I -- I'm speechless on

24 that. How that gets passed. Anyway, thank you
25 for your time. 20:08:22

94

1 MS. BOJKO: Rosemary Bailer. Ralph
2 Chetnik. Please raise your right hand.
3 RALPH CHETNIK, of lawful age,
4 having been first duly sworn, testified as
5 follows:
6 MS. BOJKO: Please state your name
7 and --
8 MR. CHETNIK: Ralph Chetnik,
9 C-h-e-t-n-i-k. 8021 Eagle Road, Kirtland,
10 Ohio. I just want to expand a little bit about 20:08:58
11 what Mr. Waltermire said. You know, I believe
12 that if you want to know what's going on in the
13 country you talk to the workers. And I worked
14 for CEI for five years. But if you think
15 you're mad at the utilities companies now -- 20:09:15
16 the power men are the men that do the repairs
17 after a storm. And I had a lot of friends -- I
18 still talk to them -- they pointblank told me,
19 you better get a generator because they said if
20 we have a storm, what they're doing is phasing 20:09:31
21 out -- if you call FirstEnergy, they won't tell
22 you this. They won't talk. It's not their
23 department. They won't get to telling you
24 who's doing what. But from Ashtabula to
25 Cuyahoga County, there's very few power men 20:09:48

95

1 left and as they retire, they're not
2 replaceable. They're going to outsource the
3 repair work, and if you have two storms that
4 hit at the same time, you better have a
5 generator. And you think you're going to be 20:09:58
6 mad at the facilities, no, just wait until
7 then.
8 Also, you know, like I said, I
9 worked there -- this is going back memory
10 lane -- but I worked in CEI from '63 to '69. 20:10:07
11 You know, back then, you know, we would put a
12 -- 12, 8, 16 boxes, you know, we would put you
13 from here and put you all the way down to the
14 -- put a new main point, give you new breakers.
15 It's all a matter of greed today, what these 20:10:26
16 companies want. I mean, they still made a
17 profit, they made a big profit back then. Now,
18 you have to do everything yourself. They don't
19 do anything for the money, all they do is
20 collect it, and the reason for that is 20:10:46
21 stockholders. They don't care about you, they
22 care about one thing, stockholders. You know,
23 they have the gall, CEI -- you know, in the
24 paper, in the news article, when they stated --
25 referring to where it says artificially low 20:11:04

96

1 electric rates also work against Ohio efforts
2 to encourage energy conservation. And they
3 actually stated in the paper, FirstEnergy
4 stated that, if you give all-electric rates,
5 people will abuse the electric. And how many 20:11:20
6 of us are barely paying our bills and we're
7 going to abuse the electric? I shut my rooms
8 off to try to keep the heat. And they have the
9 gall to say that. This is their excuse. This
10 is the best excuse they can give for not 20:11:38
11 keeping the all-electric rates? You know,
12 there's representatives here, you know, but you
13 can't get any answers from these people. You
14 can't get anything at all.
15 And they actually at PUCO -- guess 20:11:53
16 who pays PUCO's wages? If you don't know,
17 FirstEnergy. Okay. They actually were stupid
18 enough, I should say, to put in this paper, if
19 you look at the statement here on the white
20 paper you had. When do these rates change -- 20:12:12
21 it says that the RCPs, which is the
22 FirstEnergy's rates certainty plan -- when
23 necessary because of strong electricity
24 generation, market cannot be built to allow
25 rates to move to a free market structure. 20:12:27

97

1 Therefore, you have the rate certainty plan,
2 which guaranteed them at a certain rate. And
3 then down the road -- which other people

4 iterated on this -- down the road the
5 artificially low interest rates also work 20:12:42
6 against Ohioans' efforts to encourage
7 conservation. They were stupid enough to put
8 this in there. What they don't tell you is, if
9 you conserve, you're not going to have strong
10 enough electricity generation markets to 20:13:00
11 develop a free-market plan. So if you conserve
12 electricity, you get charged more. If you
13 don't conserve electricity, you get charged
14 more. So who is helping you out in this?
15 They're not helping you out at all. I think 20:13:12
16 that's about it.
17 I also would like to say that I
18 think they should look over this program and
19 try to do what's right for the consumer and
20 give the people some answers. If you call 20:13:35
21 FirstEnergy, let the people -- don't give the
22 people some answers, don't treat them like
23 they're nobody, because that's what FirstEnergy
24 does. Thank you.
25 MS. BOJKO: Mary Lambert.

98

1 MARY LAMBERT, of lawful age, having
2 been first duly sworn, testified as follows:
3 MS. LAMBERT: Okay. I live in
4 Burton, too. I live on Claridon Troy Road.
5 And I have lived in Geauga County for 35 years. 20:14:18
6 I have been almost exclusively in new

7 construction for most of that. And I remember
8 back in 1978 when this all-electric promise
9 started. I was working for a builder in
10 Chagrin Falls and, I mean, he would come take 20:14:29
11 us to lunch at least once a week and try to get
12 us to build all-electric homes because this
13 promise of this all-electric discount. And
14 over the years I have encouraged people to
15 build all-electric homes because of this 20:14:43
16 wonderful discount that was promised.
17 In 1994 when my husband and I
18 started our own construction company, we were
19 solicited by the Illuminating Company at that
20 time. In August of 2000, we started a rental 20:14:58
21 project. A little number of suites. We have
22 eight rental suites that are all-electric. And
23 we got a letter from FirstEnergy promising us
24 the all-electric discount on our rentals. It
25 said, "FirstEnergy is interested in becoming 20:15:14

99

1 your energy partner to assist you in making the
2 best energy decision possible for your
3 construction projects. The following proposal
4 is based on" -- okay. It's got names and stuff
5 in here -- "featuring the electric/heat pumps 20:15:30
6 and installing this HVAC equipment package will
7 create a win-win situation for you as a builder
8 and for each of your future tenants." Now
9 they're starting to say that when the account

10 name changes, the discount shouldn't carry 20:15:44
11 forward. And this is a letter promising it to
12 tenants. And am I supposed to pay my tenants'
13 electric bills? Good thing I'm not. I'm
14 sorry, I didn't mean to target you with that.
15 But it seems to me that there has been a real 20:16:01
16 betrayal of the very people that supported
17 FirstEnergy or supported the Illuminating
18 Company in building their market.
19 You know, when I go to sell a home
20 and I say this is an all-electric home, it's a 20:16:20
21 wonderful thing to have an all-electric home,
22 you know, it's going to be a one-utility bill,
23 and it's very reasonably priced, it's
24 competitive with gas, we've gone -- it took
25 years to get people to believe that 20:16:33

1 all-electric could compete with gas. Now,
2 these very people that have bought an
3 all-electric home, you know, they're not going
4 to have that advantage in the resale market.
5 You know, as when I rent to 20:16:45
6 tenants, I estimate the electric bill, like Mr.
7 Russo was saying. They say, "How much is it
8 going to cost me to heat my apartment? What's
9 my budget bill going to be?" And then they
10 move in and it's over twice as much as I 20:16:57
11 promised them. And I'm feeling bad. So now I
12 have tenants that are behind in their rent.

13 And when I go to get new tenants, I probably
14 will get less income and it's because I
15 believed in the all-electric promise. 20:17:13
16 I have a little problem with their
17 estimates. My husband and I were out of town
18 for a good part of the winter and our driveway
19 wasn't plowed, so they chose to estimate. My
20 last two months, since they read the meter, 20:17:27
21 have been zero because they estimated so much
22 more than we actually used, or could have used.
23 They estimated more than we have ever used.
24 So I don't know how this process
25 works. And I understand that this discount 20:17:43

0

101

1 goes back to a specific date. Well, I won't
2 get any discount because they figure that I
3 used all this year's electricity last year and
4 they just pre-billed me for it, you know, so I
5 don't know what I should have done different 20:17:58
6 there.
7 But you know, I don't want to
8 repeat things that other people have said, but
9 my tenants, my eight tenants, are either -- all
10 of them are either retired, underemployed or 20:18:10
11 unemployed at this time. This is not an easy
12 time for people. And the doubling of their
13 utility bills is just -- not only untimely but
14 just unfair.
15 I also want to say this: there's a 20:18:30

16 program out for free gas for people that are in
17 the poverty level. They don't have to pay for
18 their gas. I wonder about not having to pay
19 for it. I have seen situations -- I am aware
20 of situations where people actually leave the 20:18:48
21 window open and leave the heat on because it
22 doesn't cost them anything. And it just kind
23 of -- it's just a little bit more of spreading
24 the wealth, I guess. So that's it.
25 MR. CENTOLELLA: Thank you. We 20:19:04

102

1 would like to have copies of the letters
2 that --
3 MS. LAMBERT: I sent them to you.
4 MR. CENTOLELLA: Okay. Very good.
5 MS. LAMBERT: I can give you
6 another copy tonight, but this is my original.
7 MR. CENTOLELLA: Okay. I don't
8 want to take your original but if you have an
9 extra copy, we can include it in the record of
10 the proceeding as an exhibit.
11 MS. LAMBERT: Is there a copy
12 machine here?
13 MR. CENTOLELLA: I don't know, but
14 we can make arrangements if you would like to
15 send them to us. 20:19:23
16 MS. LAMBERT: Okay. All right.
17 Yeah, I will.
18 MR. CENTOLELLA: Okay.

19 MS. BOJKO: John Mobasseri.

20 MR. MOBASSERI: Mobasseri.

21 MS. BOJKO: Please raise your right

22 hand.

23 JOHN MOBASSERI, of lawful age,

24 having been first duly sworn, testified as

25 follows:

1 MS. BOJKO: Please state your name

2 and address for the record.

3 MR. MOBASSERI: John Mobasseri,

4 8430 Riverside Drive. I moved into my home --

5 I actually bought my home in 2007. I called 20:19:53

6 FirstEnergy beforehand to make sure -- because

7 it was an oil home, we don't have gas lines on

8 our street -- I said that I wanted to put an

9 all-electric furnace in my home. Of course,

10 they told me, go ahead. You'll have the -- 20:20:08

11 you'll have the right. No problem. I moved in

12 there in December, 25th, 26th, almost Christmas

13 of December of 2007. I got my first bill in

14 January of $1,800 to heat my home. Oh, it gets

15 better. It gets a lot better. Over that next 20:20:27

16 period from December of '08 (sic) to April of

17 '08, I spent close to $8,000 on electricity.

18 This month, this year -- this month actually, I

19 got a $2,500 bill in the mail for electricity,

20 when I have used less this year. So now I have 20:20:44

21 to clean out my daughter's college funds to pay

22 that.

23 I'm just wondering why when I

24 actually called the PUCO, I said, you know,

25 "What can I do about this?" They told me my 20:20:58

1 option was to move. Move. I said, "That's the

2 best option for me is to move?" So now I have

3 to pay and clean out my daughter's education to

4 pay a bill that's due on my birthday.

5 So I'm just wondering what is PUCO 20:21:16

6 doing to really help us? And why isn't -- why

7 aren't we getting anything done with our

8 senators or anybody else to try and help us?

9 When I called FirstEnergy they told

10 me that I was going to be grandfathered in. 20:21:29

11 But when I went in there, I got slammed. I

12 have no savings now. My daughter's college

13 fund is going to be gone. So I'm just

14 wondering, who's really benefitting from this,

15 me or you? Who's really going to get anything 20:21:43

16 out of this? I think that FirstEnergy is

17 scamming the people. I was told that I had an

18 all-electric home, that I should be able to

19 live in my house and have heat. This winter,

20 we had to leave for three to four weeks just to 20:21:59

21 get out. I had to go rent a hotel room. And I

22 still had heat bills through the roof. I mean,

23 it's just -- it's crazy. I hope PUCO or

24 whatever does something.

25 MS. BOJKO: Eileen Fisco. Could 20:22:54

105

1 you please raise your right hand.
2 EILEEN FISCO, of lawful age, having
3 been first duly sworn, testified as follows:
4 MS. BOJKO: Please state your name
5 and address for the record. 20:22:59
6 MS. FISCO: Eileen Fisco. P.O. Box
7 445, Gates Mills. I want to make a couple of
8 comments. The first one is that the electric
9 discount, the all-electric discount, was not
10 restored. I'll give you the information as to 20:23:19
11 why. Public Utilities wrote me a letter and I
12 also called them and they said even if it
13 wasn't fully restored, it was still restored.
14 You can't be half pregnant; you're either
15 pregnant or you're not pregnant. We either 20:23:36
16 have a full discount or we don't have a
17 discount. And we don't have our full electric
18 discount. Now, I understand the situation like
19 this. We have a teeter-totter and the
20 government has to try to help corporations make 20:23:49
21 money, but they also have to help consumers not
22 go broke. And I feel it's your job to balance
23 that teeter-totter.
24 So is there a solution to this
25 problem? I think there is. You're going to 20:24:04

106

1 have to come up with something to help people
2 who live in all-electric homes, instead of
3 taking the attitude that down the line we're
4 not going to get any kind of discount. We lose
5 real estate value, people don't get pay 20:24:18
6 increases like they used to. Meanwhile, you
7 have corporations with the power of lobbyists
8 that can make these changes and de-regulations
9 that came in the roughness about and we don't
10 have that power. We just have the power to 20:24:31
11 come here and talk to you. We don't have
12 lobbyists. So it's your duty, I feel, to
13 balance that teeter-totter. Maybe you
14 represent corporations, but we're still the
15 United States of America and you still have an 20:24:47
16 obligation to help middle-class in this
17 country. And I feel you're not doing that
18 right now. And whatever they come up with -- I
19 understand their position. If you could
20 guarantee CEI X number of customers and have 20:25:02
21 them work the way they're supposed to, we could
22 get our discount. But their lobbyists took
23 away regulation, now we have a de-regulated
24 situation. And they want to go out in the open
25 market and compete every day for electric 20:25:23

1 rates. And they can't guarantee that they're
2 going to have their customers. So work out a

3 compromise, guarantee an X amount for all of
4 the discounted people and work out something.
5 There's got to be a compromise. There are 20:25:35
6 other solutions to these problems. Don't cut
7 off the people that are counting on our
8 government to help us in situations where -- we
9 were founded as a country, on the basis that
10 you have corporations if you ever need help, 20:25:51
11 and you have the government regulate so that
12 the consumer gets helped. So neither suffers.
13 It's all I'm asking you to do. Please restore
14 the all-electric discount.
15 MS. BOJKO: We will mark your 20:26:09
16 letter -- your example -- sample billing as
17 Fisco Exhibit 1 and that will be attached to
18 the record.
19 - - - - -
20 (Thereupon, Deposition Fisco Exhibit
21 1 was marked for purposes of
22 identification.)
23 - - - - -
24 MS. BOJKO: Do we have any other
25 members of the public that did not sign up that 20:26:23

1 wishes to testify at this point? We have
2 concluded the list. Yes, sir, would you like
3 to testify?
4 MR. CLOUGH: I thought I did sign
5 up. 20:26:37

6 MS. BOJKO: I may have tried to
7 pronounce your name and you just didn't
8 recognize it. What is your name, sir?
9 MR. CLOUGH: Al Clough.
10 MS. BOJKO: I did call Al Clough. 20:26:45
11 Could you please proceed to the podium.
12 Mr. Clough, could you please raise your right
13 hand?
14 ALLEN CLOUGH, of lawful age, having
15 been first duly sworn, testified as follows:
16 MR. CLOUGH: I do. The last time I
17 said that, I was married 60 years ago. I came
18 here basically --
19 MS. BOJKO: Could you please state
20 your name and address for the record. 20:27:21
21 MR. CLOUGH: Yeah. Alan Clough,
22 C-l-o-u-g-h.
23 MS. BOJKO: And your address.
24 MR. CLOUGH: 7774 Fairview Avenue,
25 Kirtland.

1 MS. BOJKO: Thank you. Now please
2 proceed.
3 MR. CLOUGH: Okay. I came here --
4 basically I was hoping something was going to
5 be said about the all-electric residential 20:27:37
6 cost. And I agree with several of the other
7 ones that stood here and said in January it was
8 like -- my house was like $180. It was $450

9 two months later. I don't know why it should
10 be so high. I don't know why it should gain so 20:27:57
11 much. But basically, this is what I came to
12 say. It's the only thing I'm going to say.
13 When I came to the meeting here, it was a month
14 ago or two months ago or whatever it was -- I
15 don't remember when it was, but I was here. 20:28:15
16 And somebody asked a question to the
17 Illuminating Company representative -- who pays
18 PUCO fees for being on the board? He said, we
19 do, the Illuminating companies. How can we
20 trust them? How can we trust them to 20:28:34
21 accurately and faithfully make any
22 recommendations when they're being paid by the
23 ones asking for the increase? I say they
24 can't. But somebody has got to push that on
25 them to get a regulated fee that's going to be 20:28:58

1 honest and fair. That's it.
2 MS. BOJKO: Thank you.
3 THE COURT: I want to just briefly
4 respond to the comment that was made twice now.
5 I don't have what was said by FirstEnergy at 20:29:19
6 the prior meeting. But the way the Public
7 Utilities Commission is funded, it's funded
8 based upon a budget that is approved by the
9 state legislature that is then collected in an
10 assessment that -- it does appear on the 20:29:33
11 utility bills, but it is not determined by the

12 utility and we are paid from state funds, not
13 from utility funds. And it's simply a matter
14 of assessment that is charged through the
15 utility bills. It's not money that comes from 20:29:50
16 the utility.
17 MR. CLOUGH: Are you on the PUCO
18 board?
19 MR. CENTOLELLA: Yes. I'm a
20 commissioner on the Public Utilities.
21 MR. CLOUGH: And who pays your
22 wage?
23 MR. CENTOLELLA: The State of Ohio
24 pays them. I'm a state employee.
25 MR. CLOUGH: Who pays the State of

1 Ohio for that?
2 MR. CENTOLELLA: Well, as in any
3 state expenditure, it's raised through fees and
4 taxes and we have a specific fee that is for
5 the budget of the Public Utilities Commission. 20:30:09
6 MR. CLOUGH: Well, when I was here
7 the last time, the man sitting in your
8 position, very deathly said the Illuminating
9 companies in Ohio pay -- not the Illuminating,
10 but the -- the utilities pay for the salaries 20:30:23
11 of the people on the board.
12 MR. CENTOLELLA: Well, if he said
13 that, then he's speaking incorrectly. We're
14 state employees and we work for all of you.

15 MEMBER OF THE AUDIENCE: I wish 20:30:43
16 that was true, otherwise you wouldn't have told
17 me to move.
18 MR. CENTOLELLA: I want to find out
19 a little bit more about that. I appreciate you
20 telling us about that. I do want to say that I 20:30:51
21 appreciate all of the testimony that we've
22 heard tonight. And we want to thank you and I
23 will certainly consider what I've heard and I'm
24 sure my colleagues will look at the record and
25 consider it as well. 20:31:03

1 MS. BOJKO: At this time, that
2 concludes the Public Utilities Commission local
3 hearing. We do again appreciate you all for
4 coming and we will close the meeting. Thank
5 you. 20:31:19
6 (Hearing concluded.)
7 - - - - -
8
9
10
11
12
13
14
15
16
17

18
19
20
21
22
23
24
25

1 CERTIFICATE
2
3
4 I, Charles L. Butera, do hereby
5 certify that as such Reporter I took down in
6 Stenotypy all of the proceedings had in the
7 foregoing transcript; that I have transcribed
8 my said Stenotype notes into typewritten form
9 as appears in the foregoing transcript; that
10 said transcript is the complete form of the
11 proceedings had in said cause and constitutes a
12 true and correct transcript therein.
13
14
15
16 _____
17 Charles L. Butera, Notary Public
18 within and for the State of Ohio
19
20 My commission expires December 23, 2013.

21

22

23

24

25