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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Ohio :
Edison Company, The Cleveland Electric :
Illuminating Company, and The Toledo :
Edison Company for Authority to : Case No. 10-388-EL-SSO
Establish a Standard Service Offer :
Pursuant to Section 4928.143, Revised :
Code, in the Form of an Electric Security :
Plan. :

**POST JUNE 21, 2010 HEARING BRIEF
SUBMITTED ON BEHALF OF THE STAFF
OF
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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July 1, 2010

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DISCUSSION

In its May13, 2010, Entry On Rehearing, the Commission said “based upon the comments received during the local public hearings held in this proceeding, the Commission believes that additional information regarding the impact of the proposed ESP on customer’s bills is necessary before we can consider the Joint Stipulation. “ The Commission then directed Staff to present a detailed analysis of the impact of the proposed ESP on customer’s bills. Staff presented the testimony of Robert Fortney to fulfill this directive.

Mr. Fortney utilized the same assumptions contained in the record (through the testimony of Company witness Ridmann) for the proposed ESP and, working with the company, utilized the billing system of the company to generate a series of bill estimates at a variety of price levels. Mr. Fortney reviewed this information to assure that this

essentially mechanical process was performed correctly. Having assured himself of the accuracy of the estimates, they were submitted as an attachment to Staff Exhibit 4.

That the process of generating the typical bills is essentially mechanical does not mean that the result is unimportant or uninformative. By virtue of this examination the Staff was able to identify two slight improvements in the proposed ESP, both relating to the lighting schedules.

First, the Staff noted that all lighting schedules (traffic, street, and private outdoor lights) were to receive an allocation of capacity costs under the stipulation. This is erroneous as only traffic lighting contributes to the summer peaks on which those capacity costs are based. The other groups are not lighted during the day and so do not contribute to the capacity needs. Changing the allocation so that capacity costs are assigned to the class that drives the cost and are not assigned to those that do not is only sensible and the Staff recommends the Commission alter the proposal in this way.

Second, Staff identified an anomalous outcome also regarding the lighting schedules. It would be possible that where the overall company rates decreased, the elimination of an EDR credit rider could allow a large percentage increase for these lighting schedules. Staff recommends that this possibility be controlled. Staff recommends that, in the event that there is an overall average decrease in the company rates, the lighting schedules not be increased. In this way the anomaly, average rates dropping while lighting rates skyrocket, is resolved.

In sum, the Staff has fulfilled the Commission's directive. In doing so the Staff identified two small improvements that could be made to the proposal and the Staff recommends the Commission make those improvements.

Criticisms

Staff anticipates that its efforts will be criticized in a number of ways, none of which have merit.

It will be suggested that the Staff looked at the wrong scenarios. There are an infinite number of potential scenarios that could be examined. In fact the number increases geometrically with each changed assumption. The filed information is a four inch high stack. Examining more scenarios risks being overwhelmed with paper. The assumptions selected are correct for the ESP as proposed and reflect a reasonable range of potential auction outcomes. This is enough.

It will be suggested that the Staff should have developed its own computer capability to generate typical bills. To do so would be a waste of resources. Generating bills is a mechanical process. The means to effectuate this mechanical process already exist, the company billing system. Recreating this billing system¹ in house would be expensive and would ultimately serve no purpose.

It may be suggested that the Staff's scenarios did not extend far enough out in time. This represents a disagreement over judgment. Projections are always inaccurate and the further out in time projections extend, the less accuracy they tend to have.

¹ Rather, billing systems. If it were necessary to develop a parallel billing system for FirstEnergy, it would be necessary for all the regulated entities. Such a task is remarkably broad in scope.

Projections which are too far into the future run the risk of creating confusion and misunderstanding rather than adding to understanding. How far is far enough, but not too far, is the question. Staff believes that one year is all that would be meaningful. Going beyond that results in projections which are simply a patchwork of arguable assumptions. In Staff's view, this would not be helpful and Staff did not do it.

Staff may be criticized because it did not consider the ability to pay on the part of any customers. While it is true Staff did not take ability to pay into consideration, this is not a valid criticism. Staff was not tasked in this way. It had no reason to take the ability to pay into consideration and no standards under which it could do so.

In sum, none of the criticisms are valid and the Commission should proceed to decide the case.

SUMMARY

The Staff was given a simple task, provide typical bills under the ESP proposal. It has done so for a reasonable range of potential auction prices. Its task is complete. In the process of accomplishing this task the Staff identified two slight improvements that could be made to the proposal in the lighting schedules. The proposal should be altered to reflect these slight improvements.

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PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Post-Hearing Brief submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid or via electronic mail, upon the following parties of record, this 1st day of July, 2010.

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