

June 12, 2015

Docketing Division
Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, Ohio 43215

RE: *In the Matter of the Review of the Non-Market-Based Services Rider (Rider NMB) contained in the Tariffs of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company, Case No. 15-0648-EL-RDR*

Dear Docketing Division:

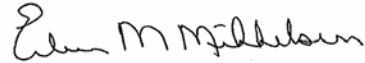
Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, “Companies”, or “FirstEnergy”) have reviewed the Staff Report filed on June 10, 2015, in the above referenced matter. The Companies appreciate the timely review and submission of the Staff’s Review and Recommendations (“Staff Report”) and offer the following comments for the Commission’s consideration.

The Staff Report includes concerns with the Companies’ use of the current embedded cost of long term debt as the carrying cost rate for the Rider NMB under- or over-recovered balance. Specifically, the Staff Report notes that, “due to timing differences, these rates are challenging to verify, and Staff has concerns about the understandability of calculating the embedded cost of long term debt.” In response, the Companies take this opportunity to attempt to address the Staff’s concerns. First, as the Staff Report accurately points out, the Companies have used the current embedded cost of long term debt to calculate carrying costs in the prior Rider NMB filings which have been approved by the Commission, so continuing the current methodology would be consistent with prior practice. Second, the Companies note that they provided Staff with documentation supporting the cost of long term debt used in the Rider NMB filing in this proceeding, and would commit to providing similar supporting documentation as part of their Rider NMB filings going forward. Third, the Companies will commit to work with Staff to resolve its concerns about the understandability of calculating the embedded cost of long term debt. Finally, the Companies believe that using the current embedded cost of long term debt as the carrying cost for Rider NMB is appropriate because it reflects the current cost to the Companies to carry the under- or over-recovered balance. For these reasons, the Companies believe that Staff’s concerns can be addressed and that the current methodology for calculating carrying costs for Rider NMB should continue.

The Staff Report recommends that “FirstEnergy applies the cost of long-term debt approved in Case No. 07-551-EL-AIR, which is 6.22% consolidated for the FirstEnergy Companies, rather than the annual embedded cost of long term debt on a going forward basis”. The Companies note that the approved cost of long term debt in Case No. 07-551-EL-AIR is

6.54%, not 6.22%. If the recommendation from the Staff Report is accepted by the Commission, the recommendation should be modified by the Commission to reflect the actual approved cost of long term debt of 6.54% from the Companies' last rate case.

Sincerely,



Eileen M. Mikkelsen
Director, Rates & Regulatory Affairs

Enclosures

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 15-0648-EL-RDR

Summary: Response of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company to Staff Recommendation electronically filed by Ms. Tamera J Singleton on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company and Mikkelsen, Eileen M