

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Review of the Delivery)
Capital Recovery Rider Contained in the)
Tariffs of Ohio Edison Company, The) Case No. 14-1929-EL-RDR
Cleveland Electric Illuminating Company,)
and The Toledo Edison Company.)

**REPLY COMMENTS OF OHIO EDISON COMPANY,
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
AND THE TOLEDO EDISON COMPANY**

On April 22, 2015, Blue Ridge Consulting Services, Inc. (“Blue Ridge”), the independent auditor selected to perform the audit of the Delivery Capital Recovery (“DCR”) Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, “Companies”), filed its Compliance Audit Report (“Report”) with the Public Utilities Commission of Ohio (“Commission”).

On May 8, 2015, the Attorney Examiner issued an Entry requiring Comments and Reply Comments to be filed by June 8, 2015, and July 8, 2015, respectively. On May 18, 2015, the Companies and Commission Staff filed a Joint Stipulation to memorialize their agreement that the Commission should adopt the listed recommendations Blue Ridge made in its Report.

On June 3, 2015, the Office of the Ohio Consumers’ Counsel (“OCC”) filed its Motion to Intervene and Memorandum in Support and Comments (“OCC Comments”). The OCC complained that “FE’s DCR Rider is yet another instance of single-issue ratemaking through a rider.”¹ The OCC also opines as to what kind of costs it believes should be eligible for rider recovery.² However, neither one of these declarations is related in any way to the content or findings in the Report, or within the scope of this

¹ OCC Comments at p.2.

² OCC Comments at p.3.

proceeding. The Commission previously ruled upon the appropriateness and lawfulness of Rider DCR when it approved the Companies' Rider DCR in both their ESP 2 (Case No. 10-388-EL-SSO) and ESP 3 (Case No. 12-1230-EL-SSO) proceedings pursuant to authority granted under State law.

The OCC also erroneously asserts "this case involves reviewing FE's collection through its DCR Rider of over \$240 million from customers for certain taxes and a return on and of plant in service." This significantly overstates both the amount collected by the Companies and the amount authorized to be collected by the Commission during the review period, and therefore should not be relied upon for any purposes by the Commission.³ Further, OCC's statement that "Riders act as a disincentive for utilities to control costs and potentially incentivize uneconomic choices" is patently untrue and without basis in this proceeding. The auditor and the Staff closely scrutinize the Companies' activities and the dollars proposed to be recovered through Rider DCR, and found very few instances that warranted adjustment. The OCC, possibly in an effort to make a more dramatic point, apparently combined in some form or fashion the number of Riders from each separate FE EDU to come up with its "grand total" number of riders of 83, instead of the number applicable to a given customer's bill, which is far less. None of the individual companies has anywhere near 83 riders.

Moreover, the OCC utterly fails to acknowledge the Joint Stipulation filed three weeks earlier wherein the Companies agreed to fully reflect all rate impacts arising from the adjustments identified therein. In fact, the Companies have already included such adjustments in their most recent quarterly update.⁴ The OCC's Comments are nothing

³ Report at p. 87.

⁴ Filed on July 1, 2015.

more than an announcement of its general regulatory philosophy with no relation to the subject matter of this proceeding.

Conclusion

The OCC's Comments present no issues or recommendations that can be acted upon in this proceeding and should be rejected by the Commission.

Respectfully submitted this 8th day of July,
2015,

On Behalf of Ohio Edison Company, The
Cleveland Electric Illuminating Company
and The Toledo Edison Company,

/s/ James W. Burk

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Certificate of Service

I hereby certify that a copy of the foregoing has been served this 8th day of July, 2015 by e-mail, as noted below, on the parties listed below.

/s/ Robert M. Endris

Robert M. Endris

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Summary: Reply Reply Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Mr. Robert M. Endris on behalf of Burk, James W. Mr.