

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

**In the Matter of the Determination of the
Existence of Significantly Excessive
Earnings for 2017 Under the Electric
Security Plan of Ohio Edison Company, The
Cleveland Electric Illuminating Company,
and The Toledo Edison Company**

Case No. 18-857-EL-UNC

SUPPLEMENTAL TESTIMONY OF

JOANNE M. SAVAGE

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Joanne M. Savage. My business address is FirstEnergy Corp. ("FirstEnergy"), 76
3 South Main Street, Akron, Ohio 44308. I am employed by FirstEnergy Service Company in
4 the Rates and Regulatory Affairs Department – Ohio, as Manager, Revenue Requirements.
5 This Department provides regulatory support for Ohio Edison Company ("Ohio Edison"), The
6 Cleveland Electric Illuminating Company ("CEI") and The Toledo Edison Company ("Toledo
7 Edison") (collectively, "Companies").
8

9 **Q. HAVE YOU PREVIOUSLY PROVIDED WRITTEN TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. Yes. I provided Direct Testimony on May 15, 2018.
12

13 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

14 A. My testimony supports the Stipulation and Recommendation ("Stipulation") filed on October
15 26, 2018 in this proceeding. I provide an overview of the Stipulation and discuss the criteria
16 the Commission has used in the past when considering stipulated agreements, and I will
17 describe how the Stipulation in this proceeding meets these criteria. The Commission should
18 approve the Stipulation and issue its Opinion and Order in this proceeding determining that
19 significantly excessive earnings under Revised Code Section 4928.143(F) did not occur with
20 respect to Ohio Edison Company ("OE"), The Cleveland Electric Illuminating Company
21 ("CEI"), and the Toledo Edison Company ("TE"), (collectively, "Companies"), under their
22 Electric Security Plan (ESP IV) in 2017.
23

1
2 **Q. PLEASE SUMMARIZE THE STIPULATION.**

3 A. The Stipulation provides that the returns on equity earned in 2017 by the Companies, as
4 adjusted by specific items contemplated in the stipulations approved by the Commission in
5 Case No. 14-1297-EL-SSO, do not reflect significantly excessive earnings for any of the
6 Companies under their ESP IV for 2017. The returns earned by the Companies were: CEI
7 4.0%, Ohio Edison 11.8%, and Toledo Edison 6.4%. The Signatory Parties stipulate, agree
8 and recommend that such returns do not reflect significantly excessive earnings for any of the
9 Companies under their ESP IV for 2017.
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11 **Q. PLEASE IDENTIFY THE PARTIES THAT HAVE SIGNED THE STIPULATION IN**
12 **THIS PROCEEDING**

13 A. The Signatory Parties to the Stipulation include: the Companies, the Staff of the Public Utilities
14 Commission of Ohio (“Staff”), and the Ohio Energy Group (“OEG”).
15

16 **Q. WHAT CRITERIA HAVE THE COMMISSION USED IN CONSIDERING APPROVAL**
17 **OF A STIPULATION AMONG SIGNATORY PARTIES TO A PROCEEDING?**

18 A. My understanding is that a stipulation must satisfy three criteria: (1) the stipulation must be
19 the product of serious bargaining among capable, knowledgeable parties; (2) the stipulation
20 must not violate any important regulatory principle or practice; and (3) the stipulation must, as
21 a package, benefit ratepayers and the public interest.
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23

1 **Q. DOES THE STIPULATION IN THIS PROCEEDING SATISFY ALL OF THE**
2 **CRITERIA ABOVE?**

3 A. Yes, it does.
4

5 **Q. IS THE STIPULATION A PRODUCT OF SERIOUS BARGAINING AMONG**
6 **CAPABLE, KOWLEDGEABLE PARTIES?**

7 A. Yes, it is. The Signatory Parties to the Stipulation have a history of participation and
8 experience in matters before the Commission and are represented by experienced and
9 competent counsel who are knowledgeable about the components of the Stipulation. I have
10 participated in communications relevant to the negotiations and am aware through direct
11 communications with the Companies' counsel of a number of other communications that have
12 occurred regarding the Stipulation.
13

14 **Q. DOES THE STIPULATION VIOLATE ANY IMPORTANT REGULATORY**
15 **PRINCIPLE OR PRACTICE?**

16 A. No, it does not. I believe the Stipulation is consistent with regulatory principles and practices
17 in Ohio, and similar stipulations in the past have been found by the Commission to be
18 consistent with regulatory principles and practices.
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1 **Q. DOES THE STIPULATION AS A PACKAGE BENEFIT CUSTOMERS AND THE**
2 **PUBLIC INTEREST?**

3 A. Yes, it does. The Stipulation provides benefits to customers and the public interest as it
4 contributes to a timely and reasonable resolution to this case. The Stipulation resolves all
5 issues as among the Signatory Parties.

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes, it does.

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Summary: Testimony Supplemental Testimony of Joanne Savage on Behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Mr Robert M Endris on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company