Company Exhibit_______

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio	)	
Edison Company, The Cleveland Electric	)	
Illuminating Company and The Toledo	)	Case No. 19-361-EL-RDR
Edison Company for an Extension of the	)	
Distribution Modernization Rider	)	

DIRECT TESTIMONY OF

STEVEN R. STAUB

ON BEHALF OF

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

MARCH 1, 2019

INTRODUCTION

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

A. My name is Steven R. Staub. I am employed by FirstEnergy Service Company as Vice President and Treasurer. My business address is 76 South Main Street, Akron, Ohio 44308.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Science degree in Accounting and Political Science from the University of Pittsburgh in 1993, a Master of Business Administration from the University of Pittsburgh in 1997, and a Master of Taxation from Robert Morris University in 2007. I worked for Mellon Bank, focusing on capital markets and corporate banking from 1994-1998. I then became a Senior Finance Analyst with Ford Motor Company from 1998-1999. In 1999, I joined Duquesne Light Company as a Senior Financial Consultant where I was promoted to Manager of Corporate Finance in 2002, and then promoted to Assistant Treasurer in 2003. In 2007 I became the Assistant Treasurer for Allegheny Energy Inc., which merged with FirstEnergy Corp. in 2011. I was the Executive Director and Assistant Treasurer in 2012 and was promoted to my current position in 2013.

Q. WHAT ARE YOUR CURRENT JOB DUTIES AND AREAS OF RESPONSIBILITY?

A. In my current position, I am responsible for Treasury activities including capital markets, cash management, derivatives, investment management, and debt compliance. I also work closely with business planning activities, including budgeting, forecasting, and financial planning, and investor relations. My responsibilities extend to each of the companies owned by FirstEnergy Corp., including Ohio Edison Company ("OE"), The Cleveland

Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("TE") (collectively, the "Companies").

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A. Yes. I testified on behalf of the Companies in Case No. 14-1297-EL-SSO.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support the Companies' request that the Commission extend the Companies' Distribution Modernization Rider ("Rider DMR") at its current amount, and under the same terms and conditions, for an additional two-year period. In particular, my testimony addresses the following topics:

- How Rider DMR – in addition to other aggressive actions taken by the Companies, their parent FirstEnergy Corp. ("FirstEnergy") and their stakeholders – has begun to strengthen the financial health of the Companies and FirstEnergy, and
- How an extension of Rider DMR helps improve FirstEnergy's and the Companies' financial positions to further support grid modernization investments and to provide significant benefits to customers.

RIDER DMR HAS HELPED FIRSTENERGY, THE COMPANIES AND THEIR CUSTOMERS

Q. WHAT WAS THE FINANCIAL CONDITION OF FIRSTENERGY AND THE COMPANIES AT THE TIME OF THE RIDER DMR APPROVAL?

A. At the time the Commission approved Rider DMR in 2016, FirstEnergy's and the Companies' credit ratings were at risk of being downgraded. FirstEnergy's and the Companies' financial condition limited the Companies' ability to implement grid modernization initiatives. Also, because of FirstEnergy's weakened financial condition, it was at risk of potential acquisition, and loss of its corporate headquarters in Ohio.

In 2016, FirstEnergy had non-investment grade credit ratings and the Companies had ratings at or near the bottom of the investment-grade range. Fitch had assigned FirstEnergy a non-investment grade rating of BB+. Moody's Investors Service ("Moody's") assigned FirstEnergy, CEI and TE a rating one notch above non-investment grade and OE a rating three notches above non-investment grade, with a negative outlook for FirstEnergy. Another credit rating agency, Standard & Poor's ("S&P"), had FirstEnergy's senior unsecured rating at BB+, which was non-investment grade, and its corporate issuer rating at BBB-, one notch above investment grade. S&P rated the Companies' issuer and unsecured ratings one notch above non-investment grade (BBB-), and the entire FirstEnergy family of companies was also on negative outlook. Under S&P's "family approach," a downgrade of FirstEnergy would have resulted in a downgrade of the Companies. While Moody's rates each legal entity individually, a non-investment grade parent would have been credit negative to the Companies.

Q. HOW HAS RIDER DMR AFFECTED FIRSTENERGY AND THE COMPANIES' BALANCE SHEETS AND THEIR CREDIT RATINGS?

A. Rider DMR and other proactive steps, which are described below as well as in the testimony of Company witnesses Pannell and Savage, have begun to improve credit metrics. Over 2017 and 2018, Rider DMR has strengthened the Companies' balance sheets. With Rider DMR, Moody's rates FirstEnergy as Baa3 with a stable outlook, OE as Baa1 with a positive outlook and CEI and TE as Baa3 with a positive outlook, in part because the regulatory environment in Ohio has been credit supportive. S&P rates

FirstEnergy's corporate issuer and senior unsecured ratings as BBB and BBB-, respectively (increased from BBB- and BB+ in August 2018). The Companies, as a result of the August 2018 increase, are rated BBB by S&P. Fitch also upgraded FirstEnergy to BBB- on November 11, 2016, thereby moving FirstEnergy from non-investment grade to investment grade. In January 2017, FirstEnergy re-engaged Fitch for coverage for its operating companies and they issued ratings of BBB for all three of the Companies.

Credit rating agencies have recognized the importance of Rider DMR to maintaining FirstEnergy's and the Companies' investment grade credit ratings. For example, shortly after the Commission approved Rider DMR, Moody's affirmed FirstEnergy's investment grade rating and changed the rating outlook from negative to stable, attributing its decision, in part, to the approval of Rider DMR. Additionally, in a May 8, 2017 release, Moody's again spoke favorably of Rider DMR as "an even stronger signal of support for the credit quality of FirstEnergy." Meanwhile, S&P similarly stated in a November 4, 2016 research update that it "expect[s] a modest improvement to the company's credit metrics in 2017, partly reflecting recent regulatory outcomes in Ohio." And in an April 10, 2017 research report, S&P affirmed that it viewed Rider DMR "as favorable for credit quality, resulting in our view of a mostly supportive regulatory framework." In Fitch's November 11, 2016 report, FirstEnergy's ratings upgrade and stable outlook were again attributed, in part, to "… credit supportive regulatory decisions in Ohio." The Fitch report also stated that "Fitch believes adoption of the DMR is credit supportive for FE."

Because of Rider DMR and the regulatory environment in Ohio being credit supportive, the Companies' credit ratings currently are more stable than otherwise would be the case. This has resulted in the Companies being in a stronger financial position to access capital markets at a reasonable cost to make grid modernization investments.

Q. HAS THE COMPANIES' WEIGHTED AVERAGE COST OF LONG-TERM DEBT CHANGED SINCE RIDER DMR'S APPROVAL?

A. Yes, the weighted average cost of long-term debt has decreased by approximately 1% since the approval of Rider DMR. At the time of the approval, the Companies' cost of long-term debt was 7.11%. Since 2016, the Companies have been able to refinance matured debt at lower interest rates due to market conditions, other proactive steps taken by FirstEnergy and the Companies, and the credit support provided by Rider DMR.

Q. PRIOR TO THE IMPLEMENTATION OF RIDER DMR, DID FIRSTENERGY AND THE COMPANIES TAKE ACTION TO ADDRESS THEIR FINANCIAL ISSUES?

A. Yes. FirstEnergy, the Companies and other stakeholders have taken other significant measures to address financial issues. In 2016 and earlier, FirstEnergy management took aggressive actions. These included FirstEnergy reducing the dividend by $300 million annually. FirstEnergy also announced its exit from the competitive generation business and deactivated over 4,500 megawatts of coal-fired capacity between 2013 and 2015 and sold generating plants. Company witnesses Pannell and Savage discuss other significant measures taken.

Q. HAVE FIRSTENERGY AND THE COMPANIES CONTINUED TAKING AGGRESSIVE STEPS TO IMPROVE FIRSTENERGY'S FINANCIAL CONDITIONS?

A. Yes. Since approval of Rider DMR, the Companies, FirstEnergy management, employees, shareholders, and the Companies' affiliated utilities in other states have continued taking aggressive measures to proactively address financial issues and improve credit metrics. The Companies and other FirstEnergy constituents have acted to improve their financial standing and credit metrics by, among other things: (1) issuing $2.5 billion of equity in January of 2018; (2) repaying debt totaling $1.45 billion in January of 2018; (3) contributing $1.75 billion into the pension plan, of which over $1.3 billion was apportioned for Ohio distribution utility and shared service employees; and (4) taking steps to eliminate risk by exiting the competitive generation business, including the sale of competitive generation assets and the filing of Chapter 11 bankruptcy by FirstEnergy Nuclear Operating Company, FirstEnergy Solutions Corp. ("FES") and FES's subsidiaries (collectively, the "FES Debtors") on March 31, 2018. FirstEnergy entered into a bankruptcy-court-approved, definitive settlement agreement that settled potential claims against FirstEnergy by the FES Debtors and their creditors, which allows FirstEnergy and the Companies to focus on distribution service improvements. Moody's noted in a November 2, 2018 Credit Opinion that this settlement is a credit positive. Company witnesses Pannell and Savage discuss other significant measures taken since the approval of Rider DMR.

In short, FirstEnergy management, employees, shareholders, and customers of affiliated utilities in other states have collectively undertaken substantial measures to proactively address these financial issues and improve credit metrics.

Q. WHAT IS THE RELATIONSHIP TODAY BETWEEN FIRSTENERGY AND FES?

A. FirstEnergy yielded any remaining control rights in FES on March 31, 2018, when FES voluntarily filed for bankruptcy. All decision-making, operational and financial control of FES is vested in an independent board of directors separate from FirstEnergy and subject to the jurisdiction of the bankruptcy court. FES's current and future financial performance does not impact FirstEnergy or its subsidiaries. In addition, the settlement does not require any ongoing financial support to FES from FirstEnergy or any of its subsidiaries. Conversely, the settlement requires no support to FirstEnergy and its subsidiaries from FES. FirstEnergy and FES are separate businesses operating independently from each other.

THE NEED FOR AN ADDITIONAL TWO-YEAR EXTENSION OF RIDER DMR

Q. IS AN EXTENSION OF RIDER DMR NECESSARY TO SUPPORT GRID MODERNIZATION AND PROVIDE BENEFITS TO CUSTOMERS?

A. Yes. While Rider DMR has helped strengthen FirstEnergy's and the Companies' balance sheets and financial position to make future grid modernization investments, the Companies' financial needs continue and an extension is needed. When Commission Staff proposed Rider DMR, they recognized that improving a company's financial condition takes time. Even with Rider DMR, FirstEnergy is less financially secure than other fully regulated utilities.

FirstEnergy has credit ratings that remain at or near the bottom of investment grade, as shown in Table 1 below.

<u>Table 1</u>

	Corporate Credit Rating (S&P) / Issuer Rating (Moody's) / Issuer Default (Fitch)			Senior Secured			Senior Unsecured		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
FirstEnergy Corp.	BBB	Baa3	BBB-	-	-	-	BBB-	Baa3	BBB-
Cleveland Electric Illuminating	BBB	Baa3	BBB	A-	Baa1	A-	BBB	Baa3	BBB+
Ohio Edison Co.	BBB	Baa1	BBB	A-	A2	A-	BBB	Baa1	BBB+
Toledo Edison Co.	BBB	Baa3	BBB	A-	Baa1	A-	-	-	-

Table 2 below shows the range of credit ratings of Moody's, S&P, and Fitch for investment and non-investment grade. As Table 2 illustrates, most of the credit ratings of FirstEnergy and the Companies are at or near the bottom of investment grade:

<u>Table 2</u>

		Moody's	S&P	Fitch
Investment Grade	Highest	Aaa	AAA	AAA
		Aa1	AA+	AA+
		Aa2	AA	AA
		Aa3	AA-	AA-
		A1	A+	A+
		A2	A	A
		A3	A-	A-
		Baa1	BBB+	BBB+
		Baa2	BBB	BBB
		Baa3	BBB-	BBB-
Non-Investment Grade		Ba1	BB+	BB+
		Ba2	BB	BB
		Ba3	BB-	BB-
		B1	B+	B+
		B2	B	B
		B3	B-	B-
		Caa1	CCC+	CCC
		Caa2	CCC	CC
		Caa3	CCC-	C
		Ca	CC	RD
		C	C	D
	Lowest		D	

Source: Fitch; Moody's; Standard & Poor's

FirstEnergy's financial condition is also reflected in credit metrics that are lower than those of other fully regulated utilities. When Moody's in November 2018 compared the projected cash flow from operations pre-working capital to debt ("CFO to debt") ratio of the thirty-four largest regulated electric and gas utility holding companies, FirstEnergy's projected CFO to debt of 13% was ranked thirty-first, close to the bottom of a range from 11% to 23%.

The Tax Cuts and Jobs Act ("Tax Reform") signed into law in December 2017 also has a negative cashflow impact on FirstEnergy. Though the corporate income tax rate was reduced from 35% to 21%, Tax Reform has an overall negative credit impact on regulated utilities. In a January 24, 2018 release, Moody's stated:

> For the investor-owned utilities sector, the 2017 tax reform legislation will have an overall negative credit impact on regulated operating companies and their holding companies. Moody's calculates that the recent changes in tax laws will dilute a utility's ratio of cash flow before changes in working capital to debt by approximately 150-250 basis points on average, depending to some degree on the size of the company's capital expenditure program.

FirstEnergy has shared with the investment community that it projected the dilutive impact of this ratio to be approximately 150-200 basis points. In anticipation of the effects of tax reform, FirstEnergy issued $2.5 billion in equity in January 2018.

Despite the issuance of equity, FirstEnergy has a significantly more leveraged balance sheet than other fully regulated utilities (which is a credit negative for ratings agencies), and a price to earnings ratio that is lower than others in the industry (which makes FirstEnergy vulnerable to being acquired, as explained below). Highly leveraged companies are viewed as riskier and could be valued at a discount to their peers in equity markets. While reducing leverage takes time, FirstEnergy has made progress. On

December 31, 2017, FirstEnergy's debt to capitalization ratio was 85.14%. As of December 31, 2018, it had decreased to 74.11%. As Table 3 illustrates, however, FirstEnergy remains highly leveraged relative to its peers, and FirstEnergy's price/earnings ratio is significantly lower compared to its peers:

Table 3

Peer Companies -- Price to Earnings Ratios and Debt to Capitalization Ratios

	P/E	Debt/Cap.
FirstEnergy Corp.	**15.02**	**74.11**
Regulated Peers		
Ameren Corp.	20.60	53.76
American Electric Power	18.66	56.85
Consolidated Edison	17.57	55.16
Duke Energy	17.27	56.93
DTE Energy Co.	18.30	57.06
PPL Corp.	12.57	65.40
Southern Company	15.72	61.50
Regulated Peers' Average:	**17.24**	**58.09**

* P/E Ratios as of 1-28-2019. Debt/Capitalization Ratio from Bloomberg as of 12-31-2018.

The Regulated Peers' Average price/earnings ratio is lowered by the inclusion of PPL Corp. and Southern Company. These companies can be fairly excluded from the comparison, however, because of PPL Corp.'s international exposure and Southern Company's ongoing budget issues relating to nuclear construction. When these companies are excluded, the Regulated Peers' Average price/earnings ratio increases to 18.48. A company with a low price/earnings ratio like FirstEnergy is vulnerable to being acquired by a company with a higher price/earnings ratio. For example, a company with a price/earnings ratio of 18.00 would immediately realize over $4 billion of additional value by acquiring a company like FirstEnergy with its price/earnings ratio of 15.02.[1] An acquisition would put FirstEnergy's Ohio headquarters in jeopardy.

Improving credit metrics takes time, which the Commission wisely recognized when it initially approved a three period for Rider DMR with a possible two-year extension. The Companies need the two-year extension given the realities of implementing the Companies' capital-intensive and time-intensive grid modernization initiatives. Extending Rider DMR will help protect the Companies against a potential future ratings downgrade by improving their CFO to debt ratio. Rider DMR improves FirstEnergy's CFO to debt ratio by approximately 78 basis points. This benefits customers by maintaining or improving the Companies' credit rating which results in a lower cost of borrowing for customers. Also, it will provide the Companies with more attractive borrowing costs, which will reduce their costs of doing business and support increased investments in grid modernization over the long term, benefitting customers. Extending Rider DMR also supports the retention of the FirstEnergy headquarters and nexus of operations in Akron, Ohio, which will help to keep jobs and economic benefits in Ohio.

Q. PLEASE DESCRIBE FIRSTENERGY'S AND THE COMPANIES' NEEDS FOR CASH.

A. FirstEnergy and the Companies have substantial current and future needs for cash. FirstEnergy and the Companies have a continual need to make substantial capital investments, including grid modernization investments that will extend well beyond the term of Rider DMR and the Companies' fourth electric security plan ("ESP IV"). In

[1] To calculate the additional value realized in an acquisition, the difference in price/earnings ratio of 2.98 is multiplied by FirstEnergy's earnings per share (FE Stock Price of $38.59 as of January 28, 2019 divided by the price/earnings ratio of 15.02). This is multiplied by 538M shares outstanding to arrive at over $4 billion in additional market capitalization.

addition, FirstEnergy's pension is expected to be underfunded by over one billion dollars in 2022 and beyond. Further, FirstEnergy and the Companies have significant cash needs for debt redemption requirements. The Companies' and FirstEnergy's long-term debt maturities total $350 million and $1.98 billion (including a $628 million tax note to be issued upon the emergence of FES from bankruptcy), respectively, through 2024. Additionally, FirstEnergy has $1.25 billion of bank loans maturing in October 2019 and $500 million maturing in October 2020.

FirstEnergy and the Companies need as much financial flexibility as possible to become stronger in the long term and to continue to support grid modernization. Financial flexibility is necessary for a purely regulated public utility company. Financial flexibility (the ability to react to unexpected circumstances and grid modernization investment opportunities) increases the Companies' ability to withstand a major unforeseen event, such as a major storm event, which results in significant and immediate cash outlay. A major storm event – either a combination of storms or a single major storm – would immediately reduce cash flow (even if deferred or capitalized for eventual recovery). Under such circumstances, FirstEnergy and the Companies would have to turn to capital markets to fund restoration and storm response efforts. Such unforeseen events can erode FirstEnergy's CFO to debt ratio by one or even two points. A $215 million decline in CFO erodes FirstEnergy's CFO to debt ratio by 100 basis points.

In addition, an economic downturn will result in a significant reduction in load, with a corresponding decline in cash flow for FirstEnergy and the Companies. A 1% change in load can result in approximately a $30 million decline in annual cash flow for FirstEnergy. To put this in perspective, the Great Recession caused the Companies' weather-adjusted retail load to decrease 10% from December 2007 to December 2009. Rider DMR provides financial flexibility, helping FirstEnergy and the Companies prevent a potential future downgrade.

Q. WHAT IS THE IMPACT ON THE COMPANIES OF AVOIDING A RATINGS DOWNGRADE?

A. If the Companies or FirstEnergy cannot maintain financial metrics adequate for investment grade ratings, a negative rating action may follow, causing FirstEnergy and the Companies to fall below investment grade. Falling below investment grade would subject the Companies and their customers to negative consequences. Avoiding a ratings downgrade will preserve FirstEnergy's and the Companies' access to capital markets, make capital less expensive for FirstEnergy and the Companies and with less restrictive terms and conditions, and prevent negative actions on existing borrowings and contracts. Maintaining a stronger rating also helps attract equity capital.

Q. HOW DOES AVOIDING A RATINGS DOWNGRADE PRESERVE ACCESS TO CAPITAL MARKETS?

A. When seeking capital, the Companies compete with numerous other businesses for investor dollars. A non-investment grade rating signals significant credit risk to the capital markets. A non-investment grade rating can immediately disqualify a company from competing for some investors' dollars. Typically, there are investors who are willing to make investments only in investment grade companies. The investor pool for non-investment grade companies is typically comprised of high-yield investors who are speculators. In periods of market volatility, the high-yield market is the first to close. In fact, market volatility closed the capital market to non-investment grade companies throughout the month of

December 2018, as evidenced by the fact that, for the first December in twelve years, no non-investment grade company issued debt in December 2018. A non-investment grade company with an immediate need for cash during that period would have difficulty accessing it. Maintaining an investment grade rating enables FirstEnergy to avoid constrained, limited, and speculative access to capital markets, and to continue seeking capital from investment grade investors, like insurance companies, who tend to buy and hold.

Q. HOW DOES AVOIDING A RATINGS DOWNGRADE MAKE CAPITAL LESS EXPENSIVE AND WITH LESS RESTRICTIVE TERMS AND CONDITIONS?

A. A downgrade to non-investment grade limits a company's access to capital to higher interest rates. When a company is non-investment grade, interest rates increase as much as 1%. In fact, in December 2018, a period of market volatility, indicative interest rates for non-investment grade issuers (who had difficulty even accessing the market) increased by more than 2%. A downgrade to non-investment grade also limits a company's access to capital to more restrictive terms and conditions, such as requiring a pledge of security and more rigid financial covenants.

Higher interest rates and more restrictive terms and conditions limit a company's financial flexibility during periods of uncertainty. Extending Rider DMR will help the Companies receive more favorable terms when accessing the credit market. By ensuring more attractive borrowing costs for the Companies, Rider DMR will reduce the Companies' costs of doing business, which will benefit customers.

Q. HOW DOES AVOIDING A RATINGS DOWNGRADE PREVENT NEGATIVE ACTIONS ON BORROWINGS AND CONTRACTS?

A. A downgrade may have negative impacts on existing borrowings and other contracts. It may give rise to collateral requirements which further erode liquidity and leave less cash available for the Companies to use in their business operations. For example, FirstEnergy Corp. has existing bonds which have an increase in the interest rate of 25 basis points for every notch that credit ratings fall compared to when the debt was issued. Every 25 basis points would result in approximately $9.6 million in additional interest costs annually. Furthermore, in the event of a one-notch credit rating downgrade, FirstEnergy Corp. will incur additional interest expense of approximately $4.7 million per year, on its term loan debt and revolving credit facility. Further, PJM Interconnection LLC ("PJM") would require additional collateral of the Companies to participate in PJM markets. In addition, FirstEnergy and the Companies may be required to post additional collateral associated with outstanding surety bonds. A downgrade may also trigger more stringent terms in existing agreements, such as a shortened period to pay invoices.

In addition, Rider DMR provides for more favorable terms with the Companies' vendors and suppliers, which should reduce the cost of grid modernization investments collected from customers. When a company is viewed as a credit risk, counterparties to contracts with the company face increased risk of non-payment or delayed payment. This increased risk results in increased contract prices as a result of risk premiums embedded in the pricing. Even a 1% increase in contract prices would have sizeable impact on the Companies and their customers. For example, if Standard Service Offer ("SSO") suppliers added a 1% risk premium to bids, a 1% increase in the SSO auction price would mean non-shopping customers would pay $4 million more annually. If the Companies' outside services vendors added a risk premium of 1%, it would cause the Companies to incur an additional $1 million of costs per year. Some of these costs flow through riders, such as costs incurred in connection with the Companies' energy efficiency programs. In addition, perceived risk of nonpayment or delayed payment could increase premiums associated with future surety bonds. With respect to capital expenditures, a 1% increase in capital costs would result in approximately $3 million more in capital costs annually. Customers will feel the impact of these increased capital costs over the life of the asset, which could be as long as thirty years. Because the Companies will be making potentially billions of dollars in capital investments in grid modernization over the next decade, customers benefit if the Companies are not viewed as a credit risk.

Q. DOES EXTENDING RIDER DMR PROVIDE ECONOMIC DEVELOPMENT BENEFITS TO OHIO?

A. Yes. Extending Rider DMR is necessary to provide FirstEnergy with the ability to maintain its corporate headquarters and nexus of operations in Ohio. A corporation with a weaker balance sheet as I explained above, particularly one such as FirstEnergy with a substantial price/earnings multiple discount relative to others in the industry, is at increased risk of becoming an acquisition target. Rider DMR and its associated headquarters condition, which is described in the testimony of Company witness Fanelli, reduce the risk that Ohio's jobs and dollars will flow out-of-state. Additionally, the state sees economic development benefits both directly from Rider DMR spending and indirectly from the headquarters condition and from the innovation and customer choice arising from grid modernization.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes. I reserve the right to supplement my testimony.

CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 1st day of March, 2019. The PUCO's e-filing system will electronically serve notice of the filing of this document on all parties of record.

/s/ *James F. Lang*
One of the Attorneys for Ohio Edison Company,
The Cleveland Electric Illuminating Company, and
The Toledo Edison Company