

**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 Plans of Ohio Edison	)	Case No. 18-857-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of The Determination Of The	)	
Existence Of Significantly Excessive Earnings For 2018	)	
Under The Electric Security Plans of Ohio Edison	)	Case No. 19-1338-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of The Determination Of The	)	
Existence Of Significantly Excessive Earnings For 2019	)	
Under The Electric Security Plans of Ohio Edison	)	Case No. 20-1034-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of the Quadrennial Review Required	)	
By R.C. 4928.143(E) For The Electric Security Plans	)	Case No. 20-1476-EL-UNC
Of Ohio Edison Company, The Cleveland Electric	)	
Illuminating Company, and The Toledo Edison	)	
Company	)	

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**DIRECT TESTIMONY OF**

**JOSEPH M. STORSIN, JR.**

**ON BEHALF OF**

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

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**March 1, 2021**

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

2 A. My name is Joseph M. Storsin, Jr. My business address is FirstEnergy Corp.  
3 (“FirstEnergy”), 76 South Main Street, Akron, Ohio 44308. I am employed by  
4 FirstEnergy Service Company as Assistant Controller – FirstEnergy Utilities for  
5 FirstEnergy and a number of its subsidiary companies, including Ohio Edison  
6 Company (“OE”), The Cleveland Electric Illuminating Company (“CEI”), and The  
7 Toledo Edison Company (“TE”) (collectively, “Companies”).

8 **Q. WHAT ARE YOUR EDUCATIONAL AND PROFESSIONAL**  
9 **QUALIFICATIONS?**

10 A. I earned a Bachelor of Business Administration degree in Finance & Accounting and  
11 an MBA, both from Kent State University. I joined FirstEnergy in 2006 and held  
12 several positions of increasing responsibility within finance functions, until I was  
13 promoted to my current role as Assistant Controller – FirstEnergy Utilities in August  
14 2020. I am a licensed Certified Public Accountant in Ohio.

15 **Q. PLEASE DESCRIBE YOUR DUTIES AS ASSISTANT CONTROLLER –**  
16 **FIRSTENERGY UTILITIES.**

17 A. In this position, my responsibilities include financial reporting and analysis, budgeting  
18 and forecasting, certain regulated accounting functions and compliance with Sarbanes-  
19 Oxley for FirstEnergy’s distribution and transmission subsidiaries.

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

21 A. The purpose of my testimony is to present net income and balance sheet information  
22 that is used in the determination of whether the Companies’ Electric Security Plan  
23 (“ESP IV”) is substantially likely, over its remaining term, to provide the Companies

1 with a total earned return on common equity that is significantly in excess of the return  
2 of common equity likely to be earned by publicly traded companies that face  
3 comparable business and financial risk (“Prospective Significantly Excessive Earnings  
4 Test” or “Prospective SEET”).

5 **Q. WHAT MATERIALS HAVE YOU INCLUDED WITH YOUR TESTIMONY?**

6 A. I have included the following attachments to my testimony:

7 Schedule JMS-1 Preliminary Actual and Projected Income Statements

8 Schedule JMS-2 Preliminary Actual and Projected Balance Sheets

9 **Q. PLEASE DESCRIBE SCHEDULE JMS-1 AND SCHEDULE JMS-2.**

10 A. Schedule JMS-1 and Schedule JMS-2 provide the Companies’ preliminary actual  
11 income statements and balance sheets for calendar year 2020 and projections for  
12 calendar years 2021-2024, where information for 2021-2024 is based on the  
13 Companies’ current financial forecast. These schedules are reasonable to use as the  
14 starting point for the Prospective SEET analysis described in the testimony of  
15 Companies’ witness Tracy M. Ashton.

16 **Q. DO THESE SCHEDULES INCLUDE ACTUAL AND ESTIMATED**  
17 **FINANCIAL IMPACTS UNDER ESP IV?**

18 A. Yes. These schedules also include impacts from the recent Commission order  
19 approving the Companies’ request to set their Conservation Support Rider to zero,<sup>1</sup> and  
20 the Companies’ recent decision not to seek recovery of lost distribution revenue from  
21 residential and commercial customers as authorized under ESP IV.

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<sup>1</sup> See *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of Tariff Amendments*, Case No. 21-101-EL-ATA, Finding and Order (Feb. 2, 2021).

1   **Q. PLEASE DESCRIBE OTHER ASSUMPTIONS IN YOUR SCHEDULES THAT**  
2       **ARE RELIED UPON IN DETERMINING ADJUSTMENTS UNDER THE**  
3       **PROSPECTIVE SEET ANALYSIS.**

4   A. First, the information on these schedules includes revenue, expenses, and earnings of  
5       affiliates. Second, there are no reductions in the Companies' equity resulting from a  
6       write-off of goodwill or arising from a Commission Order in these schedules. Third,  
7       these schedules do not include any additional liabilities or write-off of regulatory assets  
8       due to implementation of ESP IV.

9   **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10   A. Yes.

**Schedule JMS-1**  
**Preliminary Actual and Projected Income Statements**

Page 1 of 1

Line No.	Description	2020	2021	2022	2023	2024
1	Operating Revenues					
2	Sales of Electricity	\$ 2,038,711,802				
3	Other	\$ 759,414,351				
4	Total Electric Operating Revenues	\$ 2,798,126,152				
5						
6	Operating Expenses					
7	Operation & Maintenance	\$ 1,528,577,362				
8	Depreciation & Amortization	\$ 302,562,831				
9	Taxes & Other Income	\$ 433,408,755				
10	Operating Expenses	\$ 2,264,548,948				
11						
12	Operating Margin	\$ 533,577,205				
13						
14	Other Income (Expense)	\$ 26,063,181				
15						
16	Earnings before Interest & Taxes	\$ 507,514,024				
17						
18	Interest Expense	\$ 123,860,782				
19						
20	Income Taxes	\$ 17,264,552				
21						
22	Net Income (Excluding Subsidiary Company Earnings)	\$ 366,388,690				
23						
24	Subsidiary Company Earnings	\$ 38,580,452				
25						
26	Net Income	\$ 404,969,143				

Schedule JMS-2  
Preliminary Actual and Projected Balance Sheets

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Line No.	Description	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
1	<b>ASSETS</b>													
2	Gross Plant in Service	\$ 8,324,438,176	\$ 8,366,047,531	\$ 8,390,596,431	\$ 8,398,069,864	\$ 8,424,012,731	\$ 8,442,239,069	\$ 8,458,646,169	\$ 8,504,468,168	\$ 8,534,419,509	\$ 8,567,353,306	\$ 8,620,506,438	\$ 8,655,206,575	\$ 8,702,150,542
3	CWIP	\$ 193,610,441	\$ 174,586,098	\$ 179,388,040	\$ 200,114,734	\$ 205,663,330	\$ 222,201,726	\$ 239,845,739	\$ 255,954,902	\$ 259,816,403	\$ 267,552,409	\$ 260,290,185	\$ 259,844,997	\$ 257,323,139
4	TOTAL UTILITY PLANT	\$ 8,518,048,617	\$ 8,540,633,629	\$ 8,569,984,471	\$ 8,598,184,597	\$ 8,629,676,061	\$ 8,664,440,795	\$ 8,698,491,908	\$ 8,760,423,070	\$ 8,794,235,912	\$ 8,834,905,715	\$ 8,880,796,623	\$ 8,915,051,573	\$ 8,959,473,681
5														
6	Accumulated Depreciation	\$ (3,395,888,925)	\$ (3,410,091,719)	\$ (3,423,964,373)	\$ (3,434,441,065)	\$ (3,447,207,757)	\$ (3,461,865,761)	\$ (3,475,591,654)	\$ (3,499,964,595)	\$ (3,519,775,641)	\$ (3,527,498,278)	\$ (3,544,753,816)	\$ (3,561,717,154)	\$ (3,576,129,091)
7														
8	NET UTILITY PLANT	\$ 5,122,159,692	\$ 5,130,541,910	\$ 5,146,020,098	\$ 5,163,743,533	\$ 5,182,468,305	\$ 5,202,575,034	\$ 5,222,900,254	\$ 5,260,458,474	\$ 5,274,460,270	\$ 5,307,407,437	\$ 5,336,042,807	\$ 5,353,334,418	\$ 5,383,344,590
9														
10	Subsidiary Investment	\$ 203,846,827	\$ 208,237,591	\$ 212,958,031	\$ 209,105,805	\$ 212,813,979	\$ 216,095,054	\$ 219,162,210	\$ 224,681,319	\$ 229,131,666	\$ 230,632,322	\$ 233,733,632	\$ 237,430,245	\$ 211,354,275
11	Other Investments	\$ 87,311,893	\$ 87,534,738	\$ 85,563,817	\$ 81,658,966	\$ 83,453,781	\$ 84,516,604	\$ 85,342,781	\$ 86,732,771	\$ 87,861,362	\$ 86,379,239	\$ 86,188,695	\$ 88,646,341	\$ 89,589,155
12	Deferred Charges & Other Assets	\$ 2,543,149,740	\$ 2,534,918,762	\$ 2,513,642,084	\$ 2,497,377,869	\$ 2,479,339,978	\$ 2,448,341,475	\$ 2,425,170,193	\$ 2,397,023,690	\$ 2,375,804,026	\$ 2,360,647,524	\$ 2,339,491,405	\$ 2,320,052,783	\$ 2,560,766,080
13	Current Taxes	\$ 654,956,614	\$ 667,213,543	\$ 612,855,806	\$ 615,366,673	\$ 601,068,140	\$ 607,472,696	\$ 554,216,974	\$ 652,231,847	\$ 957,956,158	\$ 952,243,895	\$ 946,390,011	\$ 1,176,198,253	\$ 1,210,265,869
14	<b>TOTAL ASSETS</b>	\$ 8,611,424,766	\$ 8,628,446,543	\$ 8,571,039,837	\$ 8,567,252,846	\$ 8,559,144,183	\$ 8,559,000,864	\$ 8,506,792,412	\$ 8,621,128,102	\$ 8,925,213,483	\$ 8,937,310,416	\$ 8,941,846,550	\$ 9,175,662,041	\$ 9,455,319,968
15														
16	<b>EQUITY AND LIABILITIES</b>													
17	Common Stock	\$ 2,329,948,211	\$ 2,330,426,201	\$ 2,331,173,160	\$ 2,331,091,072	\$ 2,331,524,537	\$ 2,332,088,720	\$ 2,332,535,872	\$ 2,333,018,513	\$ 2,583,505,198	\$ 2,587,560,397	\$ 2,588,200,279	\$ 2,588,726,483	\$ 2,589,315,308
18	Retained Earnings	\$ 653,495,091	\$ 726,222,790	\$ 719,506,777	\$ 736,293,370	\$ 769,706,438	\$ 804,213,042	\$ 738,905,469	\$ 806,658,732	\$ 860,717,378	\$ 894,692,870	\$ 936,838,266	\$ 978,497,361	\$ 898,464,234
19	Other Paid in Capital	\$ 317,667,790	\$ 317,759,801	\$ 317,907,538	\$ 317,861,281	\$ 317,943,633	\$ 318,047,346	\$ 318,136,623	\$ 318,237,161	\$ 318,336,188	\$ 319,363,659	\$ 319,476,605	\$ 319,571,182	\$ 319,671,512
20	Other Comprehensive Income	\$ (5,116,814)	\$ (5,391,194)	\$ (5,375,824)	\$ (6,014,827)	\$ (6,226,340)	\$ (6,437,853)	\$ (6,649,366)	\$ (6,860,879)	\$ (7,072,392)	\$ (7,283,906)	\$ (7,495,419)	\$ (7,708,199)	\$ (7,863,231)
21	TOTAL COMMON EQUITY	\$ 3,295,994,278	\$ 3,369,017,598	\$ 3,363,211,652	\$ 3,379,230,896	\$ 3,412,948,268	\$ 3,447,911,255	\$ 3,382,928,599	\$ 3,451,053,526	\$ 3,755,486,371	\$ 3,794,333,020	\$ 3,837,019,732	\$ 3,879,086,827	\$ 3,799,587,823
22														
23	LONG TERM DEBT	\$ 2,174,355,139	\$ 2,173,950,190	\$ 2,173,587,800	\$ 2,173,223,646	\$ 2,172,857,717	\$ 2,172,485,758	\$ 2,172,112,530	\$ 2,420,280,674	\$ 2,419,826,255	\$ 2,419,455,610	\$ 2,419,078,140	\$ 2,418,705,393	\$ 2,418,330,773
24														
25	TOTAL CAPITAL	\$ 5,470,349,417	\$ 5,542,967,789	\$ 5,536,799,453	\$ 5,552,454,543	\$ 5,585,805,985	\$ 5,620,397,014	\$ 5,555,041,128	\$ 5,871,334,200	\$ 6,175,312,626	\$ 6,213,788,631	\$ 6,256,097,872	\$ 6,297,792,219	\$ 6,217,918,595
26														
27	Short Term Debt/Notes payable	\$ 117,661,541	\$ 150,632,657	\$ 181,879,832	\$ 158,968,019	\$ 161,138,911	\$ 209,509,346	\$ 248,697,015	\$ 109,877,646	\$ 95,191,690	\$ 76,837,581	\$ 76,859,861	\$ 280,793,204	\$ 254,565,353
28	Other Current Liabilities	\$ 597,171,759	\$ 550,880,945	\$ 494,496,436	\$ 659,314,348	\$ 632,675,884	\$ 567,554,445	\$ 558,386,647	\$ 475,460,693	\$ 489,342,330	\$ 629,248,214	\$ 592,630,142	\$ 591,935,716	\$ 587,826,575
29	ARO Liability	\$ 8,253,680	\$ 8,292,157	\$ 8,330,839	\$ 8,369,727	\$ 8,408,823	\$ 8,448,127	\$ 8,487,642	\$ 8,527,367	\$ 8,567,304	\$ 8,607,455	\$ 8,647,820	\$ 8,688,400	\$ 8,729,197
30	Deferred Income Taxes	\$ 704,623,640	\$ 720,424,302	\$ 707,085,987	\$ 640,016,627	\$ 636,038,961	\$ 632,552,078	\$ 633,302,713	\$ 637,159,215	\$ 633,740,279	\$ 636,516,797	\$ 644,477,307	\$ 644,294,330	\$ 647,486,546
31	Deferred Investment Tax Credit	\$ 8,058,810	\$ 8,058,810	\$ 7,806,369	\$ 7,680,149	\$ 7,553,929	\$ 7,427,708	\$ 7,301,488	\$ 7,175,267	\$ 7,049,047	\$ 6,922,826	\$ 6,796,606	\$ 6,670,386	\$ 6,544,165
32	Other Noncurrent Liabilities	\$ 1,705,305,917	\$ 1,647,189,883	\$ 1,634,640,920	\$ 1,540,449,434	\$ 1,527,521,690	\$ 1,513,112,145	\$ 1,495,575,779	\$ 1,511,593,714	\$ 1,516,010,206	\$ 1,365,388,913	\$ 1,356,336,942	\$ 1,345,487,786	\$ 1,732,249,536
33	<b>TOTAL EQUITY AND LIABILITIES</b>	\$ 8,611,424,766	\$ 8,628,446,543	\$ 8,571,039,837	\$ 8,567,252,846	\$ 8,559,144,183	\$ 8,559,000,864	\$ 8,506,792,412	\$ 8,621,128,102	\$ 8,925,213,483	\$ 8,937,310,416	\$ 8,941,846,550	\$ 9,175,662,041	\$ 9,455,319,968

**Schedule JMS-2**  
**Preliminary Actual and Projected Balance Sheet**

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**Schedule JMS-2**  
**Preliminary Actual and Projected Balance Sheet**

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**Schedule JMS-2**  
**Preliminary Actual and Projected Balance Sheet**

[illegible]

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### **CERTIFICATE OF SERVICE**

I hereby certify that Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company filed the foregoing document electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 1st day of March 2021. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/ Brian J. Knipe

*An Attorney for Ohio Edison Company, The  
Cleveland Electric Illuminating Company and The  
Toledo Edison Company*

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 18-0857-EL-UNC, 19-1338-EL-UNC, 20-1034-EL-UNC, 20-1476-EL-UNC**

Summary: Testimony - Direct Testimony of Joseph M. Storsin, Jr. electronically filed by Ms. Margaret Dengler on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company