

FAX

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

2003 JUL -7 PM 5:16
PUCO

In the Matter of the Commission's Investigation)
 Into the Question of the Desirability, Feasibility,)
 And Timing of Declaring that Retail Ancillary,)
 Metering, or Billing and Collection Service) **Case No. 03-681-EL-COI**
 Supplied to Customers is a Competitive Retail)
 Electric Service Pursuant to Section 4928.14,)
 Revised Code.)

**REPLY COMMENTS OF FIRSTENERGY SERVICE COMPANY ON BEHALF
 OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING
 COMPANY, AND THE TOLEDO EDISON COMPANY**

Pursuant to the Commission's March 20, 2003 Entry in this proceeding FirstEnergy Service Company, on behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company ("FirstEnergy") hereby submits its reply comments.

The initial comments submitted by the parties almost universally supported the view that no further steps should be taken at this time to make ancillary services competitive.

In fact, the comments related to making metering and billing and collection competitive were, for different reasons, consistently against the Commission taking such action at this time. One commentator stated that the time and resources of the parties would be better used trying to accelerate a competitive generation market. Others cited the lack of interest of customers in

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such services, and the customer confusion and frustration that would result. Still others asserted that electric distribution utilities (EDU) have already achieved economies of scale with regard to metering and billing and collection, with fully developed systems already providing such services in an accurate and dependable fashion to millions of customers across the state. Clearly, the consensus of the comments was, and FirstEnergy agrees, that the Commission should take no action at this time to implement competitive metering and billing and collection services.

The only contrarian view was offered by alternative suppliers. While professing that metering and billing and collection should be made competitive, little or no evidence was offered in the way of customer interest in these services at present, or the source of any potential savings for customers. Simply assuming customer savings would result from allowing supplier employees to multi-task is not an adequate basis for the Commission to move forward on this issue. NEMA Comments at unnumbered p. 3.

The EDU's have literally millions and millions of dollars of investment in meters and billing systems that have reliably served electric customers for many years. Several commentators confirmed that the changing systems and meters would be expected to cost more than any potential savings. FirstEnergy agrees. The increased costs would arise not only from having to reprogram computer systems, but also from having to create new data interfaces and exchanges to accommodate transmitting data from the third party meter reader to the third party

biller to the third party collection agent and, of course, to the EDU so that it may provide its own customers with accurate and timely information.

Further, if the customer is permitted to select a meter of their own choosing, the EDU will still need to be able to make sure the meter is operating properly, which will mean additional training and facilities to test the new varieties of meters and metering systems. Finally, unless the EDU is relieved of all obligation to maintain metering and billing and collection systems, the EDU will still have to maintain those systems with sufficient capacity to meter and bill all of its customers, potentially at a moment's notice, if the third party supplier leaves the state or decides its competitive metering or billing subsidiary isn't profitable enough, and gets out of the business.

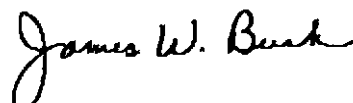
The Commission should not move forward with competitive metering and billing until it receives a high level of assurance that the competitive service offered will be less expensive and perform better than the existing system, and will not rely on artificial credits or other subsidies from the EDUs to function.

Finally, the items that suppliers say that customers want, such as more sophisticated metering and consolidated billing, are already generally available in the current environment. FirstEnergy routinely works with customers to allow the customer to have its own sophisticated metering system, or to extract information from the EDU's existing metering system, to meet the needs of the customer, without requiring the EDU to forego control over its "cash register". Further, a customer may typically designate a billing agent to allow it to

consolidate its billings from one entity. This type of service is already being offered by suppliers in Ohio today.

In conclusion, FirstEnergy supports the initial comments of the vast majority of commentors that the Commission should take no steps at this time to make metering and billing and collection services competitive in Ohio. FirstEnergy also supports the universal view that ancillary services should not be made competitive at this time.

Respectfully submitted,



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Certificate of Service

I certify that a copy of the foregoing FirstEnergy's Reply Comments was sent to the PUCO Electric Retail Ancillary Services (ERAS) List Serve this 7th day of July 2003.

James W. Burk

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