

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan.

Case No. 08-935-EL-SSO

(1) On December 14, 2005, the Commission initiated an investigation concerning state implementation of Sections 1251 through 1254 of the Energy Policy Act of 2005. *In the Matter of the Commission's Response to the Provisions of the Federal Energy Policy Act of 2005 Regarding Net Metering, Smart Metering and Demand Response, Cogeneration and Power Production Purchase Sale Requirements, and Interconnection*, Case No. 05-1500-EL-COI, Entry (December 14, 2005) (05-1500). In that entry, staff was

directed to conduct a series of technical conferences for all interested persons to discuss these issues.

- (2) On March 28, 2007, the Commission issued a finding and order in 05-1500 adopting recommendations of staff regarding net metering, smart metering, cogeneration and small power production purchase and sale requirements, and interconnection. Concerning smart metering and advanced metering infrastructure (AMI), the Commission indicated that all electric utilities should offer tariffs to all customer classes which are, at a minimum, differentiated according to on- and off-peak wholesale periods.
- (3) On May 30, 2007, the instant proceeding, Case No. 07-646-EL-UNC, (07-646) was initiated to institute the workshop process to research and further investigate smart metering and AMI in the state of Ohio consistent with the Commission's directives. By entry of June 27, 2007, a workshop was scheduled for July 26, 2007, to discuss smart metering and AMI.
- (4) On January 21, 2009, the Commission issued its opinion and order in *In the Matter of the Application of The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices, and for Tariff Approvals*, Case No. 07-551-EL-AIR et al., Opinion and Order (January 21, 2009). In part, the Commission found that it was appropriate to establish an AMI/Modern Grid rider set at a zero balance until further evaluation of the costs and benefits of an AMI/Modern Grid project. The Commission further directed that The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (the Companies) work with staff to conduct a study of AMI/Modern Grid technology and deployment options and that the Companies file the assessment and proposed deployment strategy in 07-646 by June 1, 2009.
- (5) On March 25, 2009, the Commission issued its second opinion and order in *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the form of an Electric Security Plan*, Case No. 08-935-EL-SSO et al., Second

Opinion and Order (March 25, 2009), where it ordered, in part, the Companies to develop a proposal to pursue federal funds available under the Economic Recovery Act that might be available for smart grid investment. The Commission also ordered the Companies to work with signatory parties to develop tariffs for customers that include critical peak, time-of-day and real-time pricing, and consideration of a load factor provision for Rate GSU and Rate GP.

- (6) On May 5, 2009, the Companies filed a motion for an extension of time in which to file its AMI/Modern Grid study from June 1, 2009, until August 14, 2009. The Companies state that because they are part of an electric system that spans three states, the Companies must evaluate an AMI/Modern Grid project on a comprehensive basis, rather than solely within Ohio. The Companies indicate that their affiliated companies in Pennsylvania will be filing their comprehensive smart metering implementation plan in Pennsylvania on August 14, 2009, and the extension will allow the Companies to develop a more comprehensive plan for the Commission's review. The Companies note, however, that they are prepared to submit their study to the Commission on June 1, 2009, if the extension is not granted.
- (7) On May 14, 2009, staff filed comments in response to the Companies' motion. Staff notes that, because the initial meeting with FirstEnergy and staff did not occur until April 29, 2009, it is concerned whether, under the current circumstances, the Companies will be able to submit a plan that thoroughly analyzes all areas that the Commission ordered to be addressed. However, staff is also concerned that a delay may result in missed opportunities for the Companies to obtain stimulus funding for Ohio because the first deadline for applications for funding under the U.S. Department of Energy's (DOE) Notice of Intent to Issue a Funding Opportunity Announcement for the Smart Grid Investment Grant Program is anticipated to be July 29, 2009. According to staff, granting the Companies' motion for an extension to August 14, 2009, will delay having a plan in place by that time and could jeopardize the Companies' ability to participate in this round of funding.
- (8) Given the circumstances of this case, the concerns of staff related to the timing of the Companies' application for federal

stimulus funding, and the Companies' concerns related to the development of a more comprehensive study, the Commission finds that a more limited extension of time should be granted to the Companies. To that end, the Companies are directed to file by June 1, 2009, a preliminary study consistent with the Commission's January 21 Order in Case No. 07-551-EL-AIR et al. The ordering paragraph requires the Companies to "work with staff to conduct a study of AMI/Modern Grid technology and deployment options at FirstEnergy. The study should include an assessment of potential advanced smart metering technology investments, open system architecture planning, large-scale AMI deployment, other cost effective modern/smart grid applications, and a cost/benefit analysis of such programs." (Order at 45) The preliminary study required to be filed by June 1, 2009, shall, therefore, include information such as which potential advanced metering technology investments would be studied, how open system architecture would be addressed in the study, which "other" cost effective modern/smart grid applications may be included in the study, how the cost benefit analysis would be conducted, and what the overall methodology of the study would be. This preliminary study should include enough information for the company to work with staff in developing a final study.

- (9) In addition, by June 1, 2009, the Companies shall identify the steps that they have taken to work with signatory parties to develop tariffs for customers, which include critical peak, time-of-day and real-time pricing, and consideration of a load factor provision for Rate GSU and Rate GP. To the extent further steps may be needed, the Companies shall indicate what those steps are, and when they will be taken.
- (10) A technical conference should be held on June 15, 2009, at the offices of the Commission to discuss the Companies' June 1, 2009, filings.
- (11) Thereafter, on July 1, 2009, the Companies shall file with the Commission their draft DOE funding application(s) consistent with paragraph 26 of the Commission's second opinion and order in Case No. 08-935-EL-SSO. That filing shall include a cost/benefit analysis for any program included in the draft application.

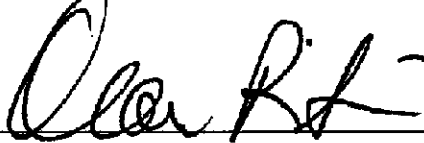
- (12) By July 15, 2009, the Companies shall meet with staff to discuss their draft application filed on July 1, 2009, and incorporate any modifications recommended by staff in their final funding application filed at DOE by the anticipated deadline of July 29, 2009.
- (13) In addition, the Companies shall provide to staff supplemental information pertinent to its AMI/Modern Grid study as such information becomes available. On or before August 14, 2009, the Companies shall file their comprehensive study.
- (14) Further, during the period June 1, 2009, and August 14, 2009, the Companies shall confer with staff on a regular basis on the status of their comprehensive study.

It is, therefore,

ORDERED, That the Companies' motion for an extension of time be granted as set forth herein. It is, further,

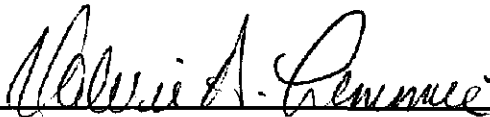
ORDERED, That copies of this entry be served upon all parties of record in Case Nos. 05-1500-EL-COI, 07-551-EL-AIR et al., 07-646-EL-UNC, and 08-935-EL-SSO.

THE PUBLIC UTILITIES COMMISSION OF OHIO

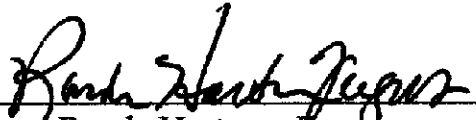


Alan R. Schriber, Chairman

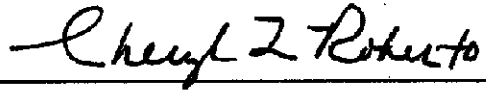
Paul A. Centolella



Valerie A. Lemmie



Ronda Hartman Fergus




Cheryl L. Roberto

SEF;geb

Entered in the Journal

MAY 21 2008



Renee J. Jenkins
Secretary