



complex, and although a number of agencies were charged to begin disbursing funds immediately, many of those same agencies needed time to understand the Stimulus Act and develop processes and procedures for disbursement. The Companies closely monitored applicable agencies, such as the Department of Energy ("DOE") awaiting guidance on project criteria and application requirements, while at the same time developing a straw-man smart grid investment plan.

On May 21, 2009, the Commission issued an Entry directing the Companies to file with the Commission their draft DOE funding application, including a cost/benefit analysis for any program included in the application. Given the fact that the DOE had not issued standard filing requirements or any sort of application for smart grid investment at the time, the Commission's order on its face posed a challenge. However, the Companies could and did begin developing a rough draft smart grid application. The Companies rough draft application became somewhat of a moving target as the Companies received regular and often conflicting information on what DOE would require in the application. The Companies scheduled a meeting with Staff for June 25, 2009 driven in part because DOE still had not released an application for the Companies to file with the Commission, and also to discuss: (i) the need for a letter expressing Commission support, which the Companies believe would increase the likelihood of DOE project approval; (ii) the need for timely cost recovery not to exceed one year from when costs are incurred; and, (iii) the content of the Companies' rough draft application to be filed on July 1, 2009.

During the Companies' June 25, 2009 meeting with Staff, the Companies learned that DOE had just released the standard filing requirements and form of application (the "DOE Application Requirements"). The DOE Application Requirements materially differed in many respects from the Companies' rough draft application. More importantly, DOE's June 25<sup>th</sup>

issuance of the DOE application provided the Companies only three (3) short days to conform their rough draft application with DOE requirements before this July 1, 2009 filing. Although, the Companies have made some progress, the attached private and confidential draft application represents, and is very much a working draft. In addition to certain sections still pending which shall be included prior to ultimate submission to the DOE, the overall application will include greater detail, and more robust pricing, engineering and statistical analysis when submitted to the DOE.<sup>1</sup> In addition, based on the Companies' discussions with Commission Staff, the Companies plan to investigate expanding the number of meters and customer classes involved in the project, the content and context of the time sensitive pricing programs offered to customers of the project area, and the impact to the project budget of those expansions. The Companies will continue to work with Staff as the Companies work to complete their Stimulus Act Application.

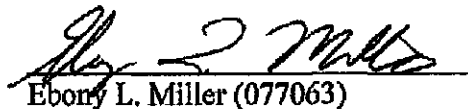
The Companies' Stimulus Act Application attached hereto as Exhibit 1 and filed under seal is the initial draft of a sensitive, confidential document. The sensitive nature results in part because of the competitive process of procuring stimulus funds, and in part from the level of detail provided pertaining to the Companies' distribution infrastructure and system. However, at a very high level, the purposes of the Companies' smart grid project are the following: assess changes necessary to both the operation and design of the Companies' system to accommodate smart grid technologies; document process steps to achieve transferability to wider range of the Companies' Ohio distribution systems; provide data to DOE to strengthen the metrics associated with the transition to a smart grid system and smart-grid technologies, and understand customer behavior and motivations in energy consumption and their response to pricing signals.

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<sup>1</sup> The DOE application must be submitted to DOE on or before August 6, 2009.

WHEREFORE, Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company respectfully submit this Draft Stimulus Application for Staff review. The Companies understand that the Commission will not issue a letter of support to any Ohio energy delivery utility. Therefore, the Companies will submit an application for approval to recover the costs, not funded by the federal stimulus portion, associated with their DOE application and the implementation of their smart grid project to be fully recovered over a period not to exceed one year, on a non-bypassable basis. The Companies' Stimulus Application and smart grid project is for the benefit of all the Companies, and as such, costs incurred shall be spread out among the customers of all three Companies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ebony L. Miller", is written over a horizontal line.

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**EXHIBIT 1**

**[Confidential Document Filed Under Seal]**

## CERTIFICATE OF SERVICE

This is to certify that the foregoing Request for Staff Review has been served upon all of the parties of record by electronic mail this 1<sup>st</sup> day of July, 2009.

  
Ebony L. Miller

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