

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 Edison Company for ) Case No. 09-641-EL-ATA  
Approval of a Residential Distribution )  
Deferral Rider. )

In the Matter of the Application of )  
Ohio Edison Company, The Cleveland )  
Electric Illuminating Company, and )  
The Toledo Edison Company for ) Case No. 09-642-EL-ATA  
Approval of a Non-Residential Distribution )  
Deferral Rider. )

FINDING AND ORDER

The Commission finds:

- (1) The Applicants, Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (Companies or Applicants), are public utilities as defined in Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) In Case No. 08-935-EL-SSO, the Commission approved the Companies' recovery of certain accounting deferrals through the implementation of Rider DDC, which is to take effect January 1, 2011. The specific deferrals to be recovered include: (1) deferrals associated with the post date-certain distribution deferrals initially authorized in the Companies' Rate Certainty Plan (RCP) in Case No. 05-1125-EL-ATA; (2) line extension deferrals authorized in Case No. 01-2708-EL-COI; and (3) transition tax deferrals approved in Case No. 99-1212-EL-ETP. The total amount of the deferrals approved for recovery through Rider DDC is \$282 million, excluding carrying charges. Of this total deferred amount, \$156 million is attributable to residential customers and \$126 million is attributable to non-residential customers. Under the existing Rider DDC, the RCP distribution deferrals are to be recovered over a 25-year period while accruing carrying charges during the entire period. The

transition tax deferrals and the line extension deferrals are to be recovered over a five-year period with carrying charges.

- (3) On July 27, 2009, the Companies filed with this Commission two applications for approval to establish residential and non-residential distribution deferral riders to replace Rider DDC. The Companies state that the purpose of the applications is to permit a savings for residential customers and non-residential customers of \$178 million and \$142 million, respectively, over the life of the recovery of the approved deferrals through the reduction in carrying charges. Under the Companies' proposed Residential Deferred Distribution Cost Recovery Rider (RDD Rider) and Non-Residential Deferred Distribution Cost Recovery Rider (NDD Rider), the Companies request authority to commence recovery of the deferrals on September 1, 2009, when the Companies' rates are scheduled to decline due to the shift from summer rates to winter rates. The RDD and NDD Riders would be in effect during the period September 2009 through May 2011. However, the Riders would be set to zero during the summer months of June, July, and August of 2010. Additionally, if needed, the Riders would be subject to reconciliation during September through December 2011. The Companies have filed proposed tariffs with the applications.
- (4) The Companies state that the conceptual underpinning of these applications is that the favorable price for generation that resulted from the Companies' May 2009 competitive bidding process creates an opportunity to save the Companies' customers an additional \$320 million dollars in carrying costs. The savings arise from recovering the deferrals discussed above sooner and over a shorter period of time through the withdrawal of Rider DDC and the implementation of the RDD and NDD Riders. The Companies state that with implementation of the new Riders on September 1, 2009, customers will continue to experience a rate decrease as a result of the change from summer to winter rates, while at the same time incur less carrying costs over the long term.
- (5) On July 28, 2009, the Companies filed in docket 09-641-EL-ATA a letter, with attachments, setting forth an agreement and resolution of several outstanding matters with the Ohio Consumers and Environmental Advocates (OCEA). The letter

agreed to by the Companies and OCEA provides for the following:

- (a) OCEA will support the application filed in Case No. 09-641-EL-ATA and not oppose the application filed in Case No. 09-642-EL-ATA.
  - (b) The Companies and OCEA have agreed-upon terms of the Fuel Fund Grant (FFG) Program contemplated by Section F.1(iv) of the Supplemental Stipulation approved by the Commission in Case No. 08-935-EL-SSO on March 25, 2009. The agreed upon terms of the FFG program were attached to the letter.
  - (c) The Companies agree to make an additional \$2.5 million available to the FFG Program and not seek recovery of such amount from customers. Of this amount, \$625,000 is to be made available in year 2009, \$1.25 million in 2010, and \$625,000 in 2011.
  - (d) With regard to the Companies' application filed in Case No. 09-551-EL-ATA, the Companies and OCEA have agreed to the terms of the Residential Renewable Energy Credit Program pursuant to Section A.9 of the Supplemental Stipulation in Case No. 08-935-EL-SSO.
- (6) The Office of the Ohio Consumers' Counsel (OCC); The Neighborhood Environmental Coalition, The Empowerment Center of Greater Cleveland, United Clevelanders Against Poverty, Cleveland Housing Network, and The Consumers for Fair Utility Rates (the Coalition); Northwest Ohio Aggregation Coalition (NOAC); Northeast Ohio Public Energy Counsel (NOPEC) and Citizen Power, Inc. (Citizen Power) filed motions to intervene in Case No. 09-641-EL-ATA. OCC states that the Companies' application will affect the rates that residential customers will pay for electric service. The Coalition, NOPEC, NOAC, and Citizen Power state that they are organizations with members in Ohio and that they have a real and substantial interest in this matter as the Companies' request will have an affect on rates paid by all residential customers of the Companies.

OCC, the Coalition, NOPEC, NOAC, and Citizen Power are members of OCEA and support the application.

- (7) OCC, the Coalition, NOPEC, NOAC, and Citizen Power have set forth reasonable grounds for intervention. Accordingly, their requests to intervene should be granted.
- (8) On August 12, 2009, William Ondrey Gruber filed a motion for admission *pro hac vice* requesting that Theodore Robinson be permitted to practice before the Commission in this matter. Mr. Robinson is a member of the Pennsylvania Bar and represents Citizen Power. The motion is reasonable and should be granted.
- (9) On August 13, 2009, OCEA filed comments in support of the application in Case No. 09-641-EL-ATA and requests that the Commission act upon the application expeditiously. OCEA believes that the accelerated recovery of deferrals will be advantageous to the Companies' customers.
- (10) The Commission has reviewed the applications, the proposed tariffs, and the supporting letter and the agreement of the terms of the FFG Program entered into by the Companies and OCEA. We find that the proposed Riders for both residential and non-residential customers will benefit customers by reducing carrying costs on the deferrals that the Commission has previously authorized. Recovering the deferrals over the period September 2009 through May 2011 (excluding summer months), as opposed to the current rider that recovers deferrals over a 25-year period for RCP distribution deferrals and a 5-year period for transition tax and line extension deferrals, results in an estimated savings of \$178 million for residential customers and \$142 million for non-residential customers. Additional benefits will accrue to customers through the Companies' agreement to provide an additional \$2.5 million to fund the FFG Program that provides financial assistance to eligible customers to help with their electric bills. The Commission also notes that there have been no objections filed to the applications. Accordingly, the applications to withdraw the Companies' existing Rider DDC tariff and to approve tariffs establishing the RDD and NDD Riders should be granted. The Commission also finds that the terms of the FFG Program entered into by the Companies and OCEA are reasonable and should be adopted.

- (11) With regard to the Residential Renewable Energy Credit Program, the Commission finds that the terms of the program are currently being considered in a related application in Case No. 09-551-EL-ATA. As such, the Commission will defer ruling on that program to that pending docket.

It is, therefore,

ORDERED, That the applications of The Toledo Edison Company, The Cleveland Electric Illuminating Company, and Ohio Edison Company are approved. It is, further,

ORDERED, That the Applicants are authorized to file in final form four complete copies of the tariffs consistent with this Finding and Order. Each Applicant shall file one copy in its TRF docket (or may make such filing electronically as directed in Case No. 06-900-AU-WVR) and one copy in this case docket. The remaining two copies shall be designated for distribution to the Rates and Tariffs, Energy and Water Division of the Commission's Utilities Department. It is, further,

ORDERED, That the Applicants file four complete printed copies of final tariffs with the Commission prior to the effective date. The new tariffs shall be effective for services rendered on and after September 1, 2009. It is, further,

ORDERED, That the Applicants shall notify all affected customers via a bill insert within 30 days of the effective date of the tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

ORDERED, That the motions to intervene filed by OCC, the Coalition, NOPEC, NOAC, and Citizen Power, and the motion for admission *pro hac vice* of Theodore Robinson are granted. It is, further,

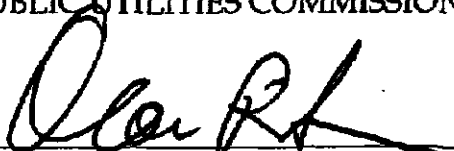
ORDERED, That the terms of the FFG Program entered into by the Companies and OCEA are approved. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon the Applicants and all parties of record. It is, further,

ORDERED, That a copy of this Finding and Order be served upon the Applicants and all parties of record. It is, further,

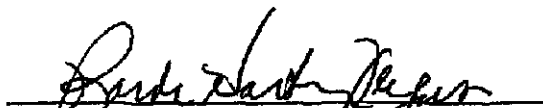
THE PUBLIC UTILITIES COMMISSION OF OHIO



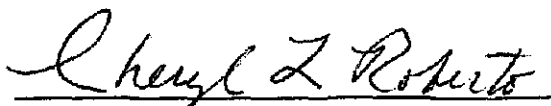
Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fergus



Cheryl L. Roberto

Valerie A. Lemmie

RRG:ct

Entered in the Journal

**AUG 19 2009**



Renee J. Jenkins  
Secretary