

Ohio

**Public Utilities
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August 2, 2013

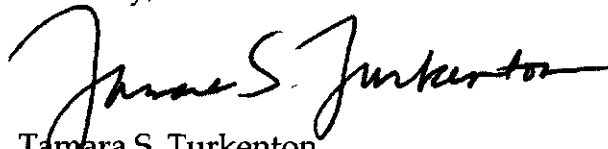
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Review of the Non-Market-Based Services Rider (NMB Rider)
contained in the Tariffs of Ohio Edison Company, The Cleveland Electric Illuminating
Company and The Toledo Edison Company, Case No. 13-812-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the
application filed by Ohio Edison Company, The Cleveland Electric Illuminating
Company and The Toledo Edison Company, in Case No. 13-812-EL-RDR

Sincerely,



Tamara S. Turkenton
Chief, Accounting & Electricity Division
Public Utilities Commission of Ohio

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Enclosure
Cc: Parties of Record

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**Cleveland Electric Illuminating Company
Ohio Edison Company
Toledo Edison Company
Case No. 13-812-EL-RDR**

SUMMARY

On May 1, 2013, The Cleveland Electric Illuminating Company, Ohio Edison Company and The Toledo Edison Company (FirstEnergy) filed an annual update to its Non-Market-Based Services Rider (Rider NMB).

The proposed updated rates are effective from June 1, 2013, through May 31, 2014. For the three companies combined, the revenue to be collected by this Rider during the June 1, 2013, through May 31, 2014, timeframe is approximately \$254M, which is approximately \$52M higher than the revenue that would be collected under current rates. The projected \$254M in revenue includes a \$7.9M negative adjustment to reflect an over recovery from the prior period and projected costs of \$262M over the June 1, 2013, through May 31, 2014, timeframe. The majority of the increase in projected costs is a result of an increase in the Network Integration Transmission Service Costs and Generation Deactivation charges.

STAFF REVIEW

The Staff has completed its review of the filing and it believes that FirstEnergy has appropriately included in its Rider NMB only those costs and credits that were incurred as a result of serving its retail customers in Ohio during the June 1, 2012 through May 31, 2013 timeframe, which includes estimated costs for April and May 2013. On a quarterly basis, staff will continue to review and evaluate the costs included in Rider NMB.

Currently, the Rider NMB update application is filed on May 1 each year with June 1 as the effective date for the updated rates. This does not provide sufficient time for staff review of the application prior to the June 1 effective date. As a result, Staff recommends that beginning in 2014, and every year thereafter, the application should continue to be filed on May 1, however, the updated rates for Rider NMB should become effective on July 1 as opposed to June 1 providing additional time for Staff review of the annual application.

CONCLUSION

The Staff recommends that FirstEnergy's update filing in Case No. 13-812-EL-RDR be approved on a bills rendered basis beginning June 1, 2013. Staff also recommends that as discussed above, future annual applications should be filed no later than May 1 with a proposed effective date of July 1 for the proposed updated rates.