



June 10, 2014

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

RE: *In the Matter of the Review of the Non-Market-Based Services Rider (Rider NMB) contained in the tariffs of Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company, Case No 14-542-EL-RDR*

Dear Docketing Division:

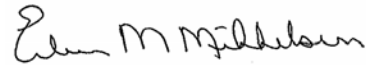
Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company (Companies) respectfully submit this response to the Staff's Review and Recommendations in regard to the Companies application in Case No 14-542-EL-RDR.

The Staff recommends that \$33,858 in "net metering expenses", plus carrying charges, be excluded from Rider NMB. The Staff states that net metering is a distribution service and as such should not be recovered through a "transmission/ancillary service rider for approved FERC and PJM costs." The Companies wish to clarify that the net metering expenses included in Rider NMB for recovery are not distribution related expenses. The dollars included for recovery are payments for net-kilowatt-hours of generation supplied by customer-generators taking service under the Net Energy Metering Rider offered pursuant to Section 4928.67(A)(1) of the Ohio Revised Code and 4901:1-10-28(A)(1) of the Ohio Administrative Code. These payments made to net metering customers are not distribution related expenses incurred by the Companies arising from providing net metering service. As such, these costs should be recovered by the Companies.

The Companies rightfully sought recovery of these generation payments in Rider NMB. The Net Energy Metering Rider is applied to shopping and non-shopping customers. Further, the excess generation that the net metering customers are being compensated for benefits all suppliers and thereby ultimately all customers. The Companies retain no benefit. Therefore, the payments made to net metering customers for that electricity supplied under the Net Energy Metering Rider must also similarly be borne by all customers in order to keep the equation in balance. Rider NMB appropriately provides a non-bypassable means to recover these expenses. The payments made to net metering customers are payments "imposed upon" the Companies under the net metering statute, R.C. 4928.67, and associated Commission rules. The Companies should not be required to pay for this excess generation without being able to contemporaneously recover the costs from customers. Rider NMB is designed to recover on a non-bypassable basis non-market based expenses like payments for net-kilowatt-hours of electricity supplied by net metering customers.

In the event the Commission adopts the Staff recommendation, the Companies request authority to defer for future recovery any costs associated with payments to net metering customers, and would seek Commission approval of an alternative recovery mechanism in a future proceeding. Further, and also in the event the Commission agrees with the Staff, the Companies request that the Rider NMB rates be approved as filed with the directive that the \$33,858 plus carrying charges will be removed from the Rider NMB deferral and the adjustment will be included in the reconciliation of the next Rider NMB application.

Sincerely,

A handwritten signature in black ink, appearing to read "Eileen M. Mikkelsen". The signature is fluid and cursive, with the first name "Eileen" being more prominent.

Eileen M. Mikkelsen  
Director, Rates and Regulatory Affairs  
FirstEnergy Service Company

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 14-0542-EL-RDR**

Summary: Response Response of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company to Staff Recommendation electronically filed by Mr. Robert M. Endris on behalf of Mrs. Eileen M. Mikkelsen