

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	Case No. 09-1820-EL-ATA
Illuminating Company, and The Toledo)	Case No. 09-1821-EL-GRD
Edison Company for Approval of Ohio)	Case No. 09-1822-EL-EEC
Site Deployment of the Smart Grid)	Case No. 09-1823-EL-AAM
Modernization Initiative and Timely)	
Recovery of Associated Costs.)	

FINDING AND ORDER

The Commission finds:

- (1) Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are public utilities as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.
- (2) On November 18, 2009, FirstEnergy filed an application with the Commission in this proceeding for approval of their proposed Ohio Site Deployment, a three-year pilot program of the Companies' Smart Grid Modernization Initiative (Smart Grid Program). By Finding and Order issued on June 30, 2010, the Commission approved FirstEnergy's application for the Smart Grid Program with modifications, specifically Phase 1 of the Smart Grid Program, which was an initial test phase of 5,000 customers. The Commission provided that, after reviewing the results of Phase 1, the Commission would make a decision whether the Companies should proceed to Phase 2, or expansion of the initial test phase to 44,000 customers.
- (3) On October 19, 2012, the Companies filed a report on the Consumer Behavior Study of Phase 1 of the Smart Grid Program as well as a request for a directive from the Commission as to whether the Companies should proceed with Phase 2 of the Smart Grid Program.

- (4) On February 8, 2013, Staff filed a report (Staff Report) recommending that the Commission approve Phase 2 of the Smart Grid Program for a second and third year. Additionally, Staff made multiple recommendations.
- (5) On February 21, 2013, the Companies filed a letter in response (Response Letter) to the Staff Report.
- (6) Thereafter, on April 18, 2013, FirstEnergy and Staff filed a joint recommendation (Joint Recommendation) reflecting several of the proposed modifications and clarifications contained in the Response Letter, including the requirement that FirstEnergy develop and offer to Phase 2 customers a voluntary two-part residential time-of-use on- and off-peak Standard Service Offer rate with potentially different seasonal characteristics including critical peak pricing periods.
- (7) By Finding and Order issued May 15, 2013, the Commission adopted the Joint Recommendation. The Companies were instructed to proceed with Phase 2 of the Smart Grid Program and implement the recommendations as set forth in the Joint Recommendation and the Staff Report.

On December 22, 2014, FirstEnergy filed an application seeking authority for further cost recovery to complete studies related to the Ohio Site Deployment of the Smart Grid Program. FirstEnergy notes that while the Smart Grid Program has been partially funded by its customers, the remainder is being provided through the U.S. Department of Energy (DOE). See *In re FirstEnergy*, Case No. 10-388-EL-SSO, Opinion and Order (Aug. 25, 2010) at 14 (where the Commission ordered that the Ohio Site Deployment would not be completed unless DOE matched funding in an equal amount). The DOE grant in Ohio covered a four year implementation period, from June 2010 through June 2014, and a one year data collection period, from June 2014 through June 2015, for the Volt Var Optimization and Distribution Automation studies. As indicated in its application, FirstEnergy argues that this data should be collected over a five year period. Once DOE funding for the Ohio Site Deployment completes on June 1, 2015,

FirstEnergy contends that it will have several years of data collection to complete for the Volt Var Optimization and Distribution Automation studies. As such, FirstEnergy requests approval from the Commission to collect 100 percent of the on-going data collection and maintenance costs for the completion of these studies from June 1, 2015 to June 1, 2019. The Companies estimate the operating and maintenance costs to complete the data collection will be approximately \$8.5 million.

- (8) The Commission finds that FirstEnergy's application for further cost recovery to complete the Volt Var Optimization and Distribution Automation studies is reasonable and should be granted, as modified herein. The Companies are directed to continue to offer to Phase 2 customers the voluntary two-part residential time-of-use on- and off-peak Standard Service Offer rate as described in Finding (6), until otherwise ordered by the Commission. Additionally, FirstEnergy is directed to file an interim report regarding the data obtained from the Volt Var Optimization and Distribution Automation studies within 60 days from the date of this Finding and Order and annually thereafter. The Commission will only approve recovery of prudently incurred costs, subject to an annual true-up and reconciliation. As such, the Companies shall continue to keep the accounting records for the Ohio Site Deployment actual costs separate, to facilitate the Commission's review and verification of these costs.

It is, therefore,

ORDERED, That FirstEnergy's application for cost recovery to complete studies related to the Ohio Site Deployment of the Smart Grid Program is reasonable and should be granted as modified by this Finding and Order. It is, further,

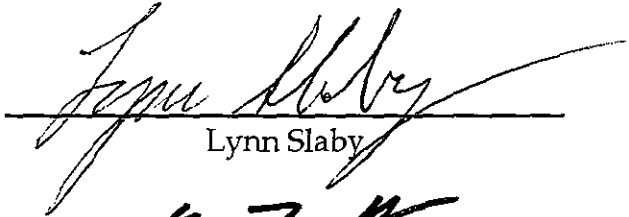
ORDERED, That FirstEnergy file an interim report regarding the Volt Var Optimization and Distribution Automation studies within 60 days from the date of this Finding and Order and annually thereafter.

ORDERED, That a copy of this Finding and Order be served upon all parties of record.

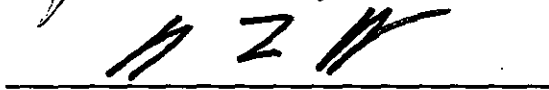
THE PUBLIC UTILITIES COMMISSION OF OHIO



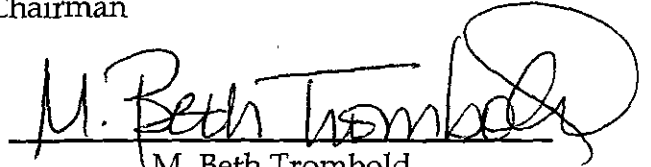
Andre T. Porter, Chairman



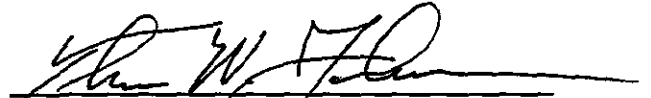
Lynn Slaby



Asim Z. Haque



M. Beth Trombold



Thomas W. Johnson

GAP/MJA/sc

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Barcy F. McNeal
Secretary