



**Public Utilities  
Commission**

Asim Z. Haque, Chairman

Commissioners

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FILE

February 9, 2018

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

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PUCO

RE: *In the Matter of the Review of the Non-Market Based Services Rider contained in the Tariffs of Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company, Case No. 17-2378-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by The Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company to update its Non-Market Based Services Rider, in Case No. 17-2378-EL-RDR.

Tamara S. Turkenton  
Director, Rates and Analysis Dept.  
Public Utilities Commission of Ohio

David Liphtratt  
Chief, Research and Policy Division  
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

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**The Ohio Edison Company  
The Cleveland Electric Illuminating Company  
The Toledo Edison Company**

**Case No. 17-2378-EL-RDR (NMB)**

**Summary**

On December 15, 2017 The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy) filed the Non-Market Based Services Rider (NMB) annual update application. The NMB is designed to recover non-market based transmission-related costs, such as Network Integration Transmission Service (NITS) charges, imposed on or charged to the Companies by the Federal Energy Regulatory Commission (FERC) or PJM on a non-bypassable basis.

The NMB pilot program (Pilot) was approved in Case No. 14-1297-EL-SSO. The Pilot began June 1, 2016 and as of the filing of the application in this Case, 52 customers (76 accounts) are expected to be participating in the Pilot as of March 1, 2018.

Customers served under the Pilot are billed directly by PJM or their CRES provider and are no longer subject to the NMB Rider rates. This allows the customer or their CRES to be billed directly for certain costs such as NITS based on the customer's specific Network Service Peak Load (NSPL), as opposed to the customer being billed by the utility under Rider NMB based on their monthly metered billing demand. This provides an opportunity for these customers to control their transmission related costs by controlling their NSPL.

**Staff Review**

Staff reviewed the December 15, 2017 application. In its review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous cases and to ensure proper accounting treatment was applied. The audit consisted of a review of the financial statements regarding completeness, occurrence, presentation, valuation, allocation, and accuracy. Staff conducted this audit through a combination of document review, interview, and interrogatories. Staff requested documentation as needed to determine that the costs were substantiated and jurisdictional or to conclude that an adjustment was warranted. Staff concludes that the proposed NMB rates reflect the current and projected costs through February 28, 2019. However, Rider NMB is subject to reconciliation in its next update application.

The proposed rates do not include any adjustment to reflect the potential reduction in costs related to the new corporate tax rates that became effective January 1, 2018 since the amount and timing of such reduction is unknown at this time. However, the reduced costs resulting from the lower tax rate will ultimately flow Rider NMB.

**Conclusion**

Staff recommends to the Commission that FirstEnergy's application filed on December 15, 2017 be approved for rates effective March 1, 2018.