

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Filing by Ohio)	
Edison Company, the Cleveland)	Case No. 16-481-EL-UNC
Electric Illuminating Company, and)	
The Toledo Edison Company of a Grid)	
Modernization Business Plan.)	

In the Matter of the Filing by Ohio)	
Edison Company, The Cleveland)	Case No. 17-2436-EL-UNC
Electric Illuminating Company, and)	
The Toledo Edison Company Application))	
For Approval of a Distribution Platform)	
Modernization Plan.)	

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland)	Case No. 18-1604-EL-UNC
Electric Illuminating Company, and)	
The Toledo Edison Company to)	
Implement Matters Relating to the Tax)	
Cuts and Jobs Act of 2017.)	

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland)	Case No. 18-1656-EL-ATA
Electric Illuminating Company, and)	
The Toledo Edison Company for)	
Approval of a Tariff Change.)	

**OHIO PARTNERS FOR AFFORDABLE ENERGY'S
INITIAL POST-HEARING BRIEF**

Ohio Partners for Affordable Energy ("OPAE") respectfully submits to the Public Utilities Commission of Ohio ("Commission") this initial post-hearing brief in above-referenced proceedings considering the filings and applications made by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (together "FirstEnergy") concerning FirstEnergy's

Grid Modernization Business Plan, Distribution Platform Modernization Plan, and Implementation of the Tax Cuts and Jobs Act of 2017.

OPAЕ is a signatory party to the Supplemental Stipulation and Recommendation (“Supplemental Stipulation”) filed in these cases on January 25, 2019. OPAЕ recommends that the Commission adopt the Supplemental Stipulation, which is a better deal for residential consumers than the original settlement filed on November 9, 2018.

The Supplemental Stipulation is a product of serious bargaining among capable, knowledgeable parties. In addition to OPAЕ, the Supplemental Stipulation was signed by the FirstEnergy distribution companies, the Commission Staff, the Office of the Ohio Consumers’ Counsel (“OCC”), the Northeast Ohio Public Energy Council, the Ohio Energy Group, the Industrial Energy Users-Ohio, the Ohio Cable Telecommunications Association, the Ohio Hospital Association, Interstate Gas Supply, Inc., Direct Energy Services, LLC, Direct Energy Business, LLC, and the Environmental Defense Fund.

The Supplemental Stipulation, as a package, benefits FirstEnergy’s customers and the public interest. The Supplemental Stipulation provides additional tax related benefits to residential customers that the original settlement did not provide. Under the Supplemental Stipulation, residential customers will receive approximately \$125.9 million more of the \$808 million rate reduction in refunds to residential customers related to Excess Accumulated Deferred Taxes (“EDIT”) from the Federal Tax Cuts and Jobs Act of 2017. The increased residential percentages and variances between the original settlement and the

Supplemental Stipulation related to the EDIT are provided in OCC Ex. 1 at WRW Attachment B. Given that the original settlement did not allocate enough of the tax benefits to residential customers, the Commission should find that the Supplemental Stipulation will result in a just and reasonable credit to residential customers' monthly bills. OCC Ex. 1 at 7.

Another benefit for consumers of the Supplemental Stipulation is its improvement in the provisions for grid modernization costs. OPAE is not agreeing to Sections V.B through V.I of the original settlement, but is not opposing these provisions in agreeing to the Supplemental Stipulation. See Footnote in Supplemental Stipulation at 10. OPAE is not opposing the provisions for the initial grid upgrades in exchange for obtaining improved terms for a future audit of the grid charges.

Smart meters and other grid upgrades do not necessarily provide enough value to justify the increased charges to consumers. The Supplemental Stipulation establishes criteria under which regulatory review can occur to determine if investments for grid modernization are used and useful and if the costs are prudently incurred. Additional consumer protections are required in the mid-deployment regulatory review. There will be a full examination of the cost-effectiveness of the first phase of the grid modernization deployment before customers are charged for the second phase of grid modernization. The Supplemental Stipulation also increases the amount of operational savings from grid upgrades used to reduce residential customer bills. OCC Ex. 1 at 6-7.

Grid modernization should be implemented responsibly for consumers. Utilities will have to bear some of the risk for their failure to either hit performance benchmarks or contain costs within approved levels. There must be protections such as audits to evaluate if the grid modernization functionality is being delivered to consumers, prudence reviews, assurances that performance metrics are achieved, and charges to customers are just and reasonable. The Supplemental Stipulation is consistent with the Commission's PowerForward policies so that customers obtain benefits of grid upgrades commensurate with the costs they are paying. OCC Ex. 1 at 9.

The Supplemental Stipulation benefits customers and the public interest. Therefore, OPAE recommends that the Commission approve the Supplemental Stipulation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

A copy of the foregoing Initial Post-Hearing Brief of Ohio Partners for Affordable Energy will be served on this 1st day of March 2019 by the Commission's e-filing system to these parties who have electronically subscribed to these cases.

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Summary: Brief electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy