

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE FILING BY OHIO
EDISON COMPANY, THE CLEVELAND
ELECTRIC ILLUMINATING COMPANY AND
THE TOLEDO EDISON COMPANY OF A
GRID MODERNIZATION BUSINESS PLAN.

CASE NO. 16-481-EL-UNC

IN THE MATTER OF THE FILING BY OHIO
EDISON COMPANY, THE CLEVELAND
ELECTRIC ILLUMINATING COMPANY AND
THE TOLEDO EDISON COMPANY OF AN
APPLICATION FOR APPROVAL OF A
DISTRIBUTION PLATFORM
MODERNIZATION PLAN

CASE NO. 17-2436-EL-UNC

IN THE MATTER OF THE APPLICATION OF
OHIO EDISON COMPANY, THE
CLEVELAND ELECTRIC ILLUMINATING
COMPANY AND THE TOLEDO EDISON
COMPANY TO IMPLEMENT MATTERS
RELATING TO THE TAX CUTS AND JOBS
ACT OF 2017.

CASE NO. 18-1604-EL-UNC

IN THE MATTER OF THE APPLICATION OF
OHIO EDISON COMPANY, THE
CLEVELAND ELECTRIC ILLUMINATING
COMPANY AND THE TOLEDO EDISON
COMPANY FOR APPROVAL OF A TARIFF
CHANGE.

CASE NO. 18-1656-EL-ATA

ENTRY

Entered in the Journal on March 9, 2022

I. SUMMARY

{¶ 1} The Commission directs Staff to issue a request for proposals for consulting services to assist Staff with the review of the operational benefits associated with the first phase of the grid modernization plan for Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company.

II. DISCUSSION

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are electric distribution utilities, as defined in R.C. 4928.01(A)(6), and public utilities as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service to customers, including a firm supply of electric generation service. The SSO may be either a market rate offer in accordance with R.C. 4928.142 or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On March 31, 2016, in Case No. 14-1297-EL-SSO, the Commission approved FirstEnergy's application for its fourth ESP (ESP IV). *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and the Toledo Edison Co. for Authority to Provide for a Std. Serv. Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Elec. Security Plan*, Case No. 14-1297-EL-SSO (*ESP IV Case*), Opinion and Order (Mar. 31, 2016). Moreover, on October 12, 2016, the Commission issued the Fifth Entry on Rehearing in the *ESP IV Case*, further modifying *ESP IV*.

{¶ 5} Among other terms, *ESP IV* required the Companies to undertake grid modernization initiatives that promote customer choice in Ohio and to file a grid modernization business plan. *ESP IV Case*, Opinion and Order at 22, 95-96. Accordingly, on February 29, 2016, the Companies filed a grid modernization plan with the Commission in Case No. 16-481-EL-UNC (*Grid Mod Case*).¹ Specifically, the Companies' plan provided scenarios for the Companies to achieve smart meter installation, as well as other grid

¹ The attorney examiner took administrative notice of the plan filed in the *Grid Mod Case* during the evidentiary hearing (Tr. Vol. 1 at 28).

modernization investments like distribution automation (DA) and integrated volt-VAR control (Co. Ex. 2 at 5; Co. Ex. 1 at 5-6; business plan application at 13).

{¶ 6} Subsequently, in the Fifth Entry on Rehearing in the *ESP IV Case*, the Commission noted that we intended to undertake a detailed policy review of grid modernization and that FirstEnergy's grid modernization business plan would be addressed following such review. *ESP IV Case*, Fifth Entry on Rehearing at 96-97. The Commission commenced this detailed policy review in 2017, and, on August 29, 2018, the Commission released *PowerForward: A Roadmap to Ohio's Electricity Future*. In the interim, on December 4, 2017, the Companies filed an application for approval of a distribution platform modernization plan (DPM Plan) in Case No. 17-2436-EL-UNC (*DPM Plan Case*) as a complement to the initiative (Co. Ex. 1 at 3; Co. Ex. 2 at 5).² According to FirstEnergy, the DPM Plan was designed to be completed over a three-year period to provide enhanced reliability and timelier outage restoration (DPM Plan at 1).

{¶ 7} On January 10, 2018, the Commission opened an investigation into the financial impacts of Tax Cuts and Jobs Act of 2017 (TCJA) on regulated utilities in this state. See *In re the Commission's Investigation of the Financial Impact of the TCJA on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI, Entry (Jan. 10, 2018). On October 24, 2018, following an extensive comment period and hearing, the Commission directed public utilities to file applications not for an increase in rates, pursuant to R.C. 4909.18, by January 1, 2019, in order to return to consumers the tax impacts resulting from the TCJA. On October 30, 2018, the Companies filed an application to establish a process to resolve TCJA-related issues in Case No. 18-1604-EL-UNC.

{¶ 8} On November 9, 2018, a stipulation and recommendation was filed, recommending a resolution for the above-captioned cases. On January 25, 2019, a

² The attorney examiner took administrative notice of the plan filed in the *DPM Plan Case* during the evidentiary hearing (Tr. Vol. 1 at 28).

supplemental stipulation and recommendation was filed, which modified the original stipulation (collectively referred to as the Stipulation).

{¶ 9} By Entry issued November 15, 2018, the attorney examiner consolidated the above-captioned cases and set a procedural schedule, including scheduling an evidentiary hearing, which commenced on February 5, 2019. The hearing concluded on February 6, 2019.

{¶ 10} The Commission issued its Opinion and Order on July 17, 2019, approving the Stipulation, subject to the Commission's adjustments to the calculation of the total estimated net benefits proposed for Grid Mod I. Opinion and Order at ¶¶ 115-116. Pursuant to the terms of the approved Stipulation, the Commission directed Staff, or its consultant, to conduct an operational benefits assessment and review prior to the next projected phase of the Companies' grid modernization investments to evaluate whether the actual functionality and performance of the project is consistent with the planned specifications. Opinion and Order at ¶¶ 44-45, 71.

{¶ 11} Pursuant to R.C. 4903.10, any party to a Commission proceeding may apply for rehearing with respect to any matters determined by the Commission within 30 days after the Commission's order is journalized.

{¶ 12} Environmental Advocates filed an application for rehearing on August 16, 2019, seeking the Commission's reconsideration of our decision to reject Environmental Advocates' proposal to incorporate a \$30 million smart thermostat program in Grid Mod I and our findings regarding the confidentiality of settlement negotiations.

{¶ 13} The Companies and Industrial Energy Users-Ohio filed memoranda contra on August 26, 2019.

{¶ 14} By Entry on Rehearing issued September 11, 2019, the Commission denied Environmental Advocates' application for rehearing.

{¶ 15} Pursuant to the terms of the Stipulation, on August 25, 2021, the Commission directed Staff to issue a request for proposal (RFP) to acquire consulting services to assist the Commission with the operational benefits assessment to evaluate whether the actual functionality and performance of Grid Mod I are consistent with planned specifications as approved in the Stipulation. Entry (Aug.25, 2021). Subsequently, the Commission selected PA Consulting Group, Inc. (PA Consulting) as the auditor in this case. Entry (Oct. 20, 2022) at ¶ 16.

{¶ 16} However, on March 7, 2022, Staff filed a letter in the docket representing that PA Consulting is withdrawing from its work on this audit.

{¶ 17} Accordingly, the Commission directs Staff to issue the attached RFP to acquire consulting services to assist the Commission with the operational benefits assessment to evaluate whether the actual functionality and performance of Grid Mod I are consistent with planned specifications as approved in the Stipulation. The review shall include an estimation of the dollar value and the timing of future operational savings, as compared to the stipulated amounts currently being credited, and make recommendations for an ongoing level of operational savings to be achieved and recognized in rates as part of the annual rider filing. All proposals submitted pursuant to the RFP are due April 6, 2022. In order to demonstrate the ability to perform the services required in the RFP, the proposal must show, in detail, the consultant's understanding of the project and the work required. Each proposal must address, with specificity, how the consultant will handle all of the issues in the RFP. The consultant must demonstrate that it will be able to perform the required services, showing its clear understanding of the tasks to be completed, the experience and qualifications of the personnel who will perform the work, and the anticipated breakdown of costs and timing. The selection criteria to be used by the Commission to determine the selection of the consultant shall be the technical and management capabilities of each firm, as well as the overall cost of each bid.

{¶ 18} FirstEnergy shall directly contract with the consultant chosen by the Commission and bear the costs of the consulting services solicited in the RFP.

{¶ 19} The Commission shall select and solely direct the work of the consultant. Staff will review and approve payment invoices submitted by the consultant.

{¶ 20} The consultant shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by the consultant may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by the consultant or its agents in the preparation and presentation of the report.

{¶ 21} The consultant will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. The consultant is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

{¶ 22} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the consultant may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request

for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 23} Upon request of the consultant or Staff, FirstEnergy shall provide any and all documents or information requested. FirstEnergy may conspicuously mark such documents or information as “confidential” if FirstEnergy believes the documents should be deemed as such. In no event, however, shall FirstEnergy refuse or delay in providing such documents or information.

III. ORDER

{¶ 24} It is, therefore,

{¶ 25} ORDERED, That Staff issue the RFP attached to this Entry and that April 6, 2022, be set as the due date for proposals in response to the RFP. It is, further,

{¶ 26} ORDERED, That, in accordance with Paragraph 18, FirstEnergy bear the cost of the consulting services of the contractor chosen by the Commission. It is, further,

{¶ 27} ORDERED, That FirstEnergy and the contractor shall observe the requirements set forth herein. It is, further,

{¶ 28} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis Deters

GAP/hac

REQUEST FOR PROPOSAL NO. RA21-GM-1

Operational Benefits Assessment of FirstEnergy Ohio's Grid Mod I

Issued by:
THE
PUBLIC UTILITIES COMMISSION OF OHIO
180 East Broad Street
Columbus, Ohio
43215-3793

PROPOSAL DUE: April 6, 2022



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I. INTRODUCTION

On July 17, 2019, the Public Utilities Commission of Ohio (Commission or PUCO) issued its Opinion and Order in Case Nos. 16-481-EL-UNC, et al., approving a Stipulation and Recommendation (Stipulation) that resolved four outstanding cases involving Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies).¹ The Stipulation included matters related to the Tax Cut and Jobs Act of 2017 and implementation of grid modernization investments in each of the operating companies.²

Case History

In Case No. 14-1297-EL-SSO (ESP IV), as part of the Third Supplemental Stipulation & Recommendation filed in the case, which was ultimately approved, the Companies committed to filing a grid modernization business plan within 90 days.³ On February 29, 2016, the grid modernization business plan was filed pursuant to that commitment.⁴ On December 1, 2017, the Companies filed a supplemental application for a distribution platform modernization plan to better enable future grid modernization efforts.⁵ The Stipulation approved in the current cases includes aspects from the applications filed in both proceedings.

Summary of Stipulation

As approved by the Commission in Case Nos. 16-481-EL-UNC, et al., the Companies are authorized to recover capital costs up to \$516 million for grid modernization investments (“Grid Mod I”) through the Advanced Metering Infrastructure/Modern Grid Rider (Rider AMI). The Grid Mod I components are to be implemented over a three-year period. The Companies are eligible to recover the incremental operations and maintenance (O&M) expenses associated with the project, up to an aggregate of \$139 million over the three-year period, which includes \$72.2 million for the retirement of non-AMI meters. All

¹ *In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan, et al.*, Case Nos. 16-0481-EL-UNC, et al. Opinion & Order (July 17, 2019) (*Grid Mod I Order*).

² *In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan, et al.*, Case Nos. 16-0481-EL-UNC, et al., Supplemental Stipulation and Recommendation (January 25, 2019) (*Grid Mod I Stipulation*).

³ *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan*, Case No. 14-1297-EL-SSO, Third Supplemental Stipulation and Recommendation at 9-10 (Dec. 1, 2015).

⁴ *In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan*, Case No. 16-0481-EL-UNC, Application (February 29, 2016).

⁵ *In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company Application for Approval of a Distribution Platform Modernization Plan*, Case No. 17-2436-EL-UNC, Application (Dec. 1, 2017).

expenditures recovered through Rider AMI are subject to an annual audit to ensure prudence, used and usefulness, and that O&M expenses are truly incremental from expenses already included in base rates. The Stipulation also includes a provision to cap O&M expenses beyond year 3, if the next phase of the Grid Mod project, i.e. Grid Mod II, is not approved by the Commission before the start of the fourth year.⁶

Per the Stipulation, the Companies will credit the revenue requirement of Rider AMI to reflect the agreed to level of operational savings associated with the Grid Mod I investments. For the first three years, the credit is fixed at: \$(0.05) million, \$(0.90M), and \$(3.28M), respectively. If Grid Mod II is not approved by the Commission before the start of the fourth year or if a recommendation from a consultant based on the review in the current request for proposal (RFP) is not approved by that time, then the operational savings credit will continue, as follows for Year 4 through 6: \$(8.58M), \$(9.68M), and \$(9.82M).⁷

The investments included in the Grid Mod I scope of work include the following technologies: advanced metering infrastructure (AMI), including 700,000 smart meters; a meter data management system (MDMS); data access enhancements for customers and competitive retail electric service (CRES) providers, including upgrades to the wholesale settlement process within PJM; distribution automation technology on at least 200 circuits; integrated volt-VAR control on at least 202 circuits; and an advanced distribution management system.⁸

As part of Grid Mod I, the Companies will also establish and facilitate a collaborative working group to provide updates on the project implementation, along with a specific stakeholder group focused on data access enhancements. The Companies are also required to report on a pre-established set of performance metrics that will assist in measuring the deployment status and associated impacts from the Grid Mod I investments.⁹

Within six months of approval of the Stipulation, the Companies are required to present a plan for the implementation of a time-varying rate using AMI data and file an application for approval of the rate, following consultation with the collaborative working group. Within six months of approval of the Stipulation, the Companies were also required to file an application under Ohio Adm.Code 4901:1-10(B)(7) to revise its current reliability performance standards, and do so again within a year after the Grid Mod I deployment is complete.¹⁰

⁶ *Grid Mod I Stipulation* at 10-12.

⁷ *Id.* at 23-24.

⁸ *Id.* at 14-15, 19.

⁹ *Id.* at 14.

¹⁰ *Id.* at 18, 21.

Midway through the implementation of Grid Mod I, the Commission staff or an external consultant are required to conduct an operational benefits assessment to “evaluate whether the actual functionality and performance of the project are consistent with planned specifications,” which is to be completed before the beginning of Grid Mod II.¹¹ As further described in the Commission’s decision, “The consultant may also conduct an independent cost-benefit analysis for this project, which could include a review and possible increase or decrease to the level of operational savings credited to the revenue requirement of Rider AMI during Grid Mod I. The reviews shall also include an evaluation of the sufficiency and prudence of the Companies’ efforts and calculations to maximize actual salvage or sale net proceeds, and the results of the evaluation may include a recommendation on the Companies’ efforts to maximize actual salvage or sale net proceeds going forward.”¹² If applicable, the consulting costs are eligible for recovery through Rider AMI and are not subject to the caps on O&M expenses.

II. PURPOSE

In accordance with the Commission’s Order in Case Nos. 16-0481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC, and 18-1656-EL-ATA, the Commission is seeking proposals to conduct an operational benefits assessment to evaluate whether the actual functionality and performance of the project are consistent with planned specifications as approved in the Stipulation. The auditor’s review shall also estimate the dollar value and the timing of operational savings, as compared to the stipulated amounts currently being credited, and make recommendations for an ongoing level of operational savings to be achieved and recognized in rates as part of the annual rider filing.

The auditor shall be familiar with and comply with all:

- Generally accepted accounting principles (GAAP).
- Federal Energy Regulatory Commission (FERC) Uniform System of Accounts.

III. SCOPE OF INVESTIGATION

A. General Project Requirements

The auditor selected shall:

- Review Case Nos. 14-1297-EL-SSO, 16-0481-EL-UNC, 17-2436-EL-UNC, and any other applicable cases.
- Read all applicable testimony and work papers.

¹¹ *Id.* at 22.

¹² *Grid Mod I Order at 22-23* (July 17, 2019).

- Review the discovery issued in the case, to date, along with the Companies' responses.
- Review the performance metrics associated with Grid Mod I.
- Evaluate and determine the operational benefits associated with the approved deployment of Grid Mod I technologies that fall into the following categories: direct expense reductions, increases in revenues, operational efficiencies, and avoided costs.
- Quantify the value of the operational savings that have already been captured.
- Estimate the dollar value and the timing of future operational savings, as compared to the stipulated amounts currently being credited.
- Submit a report of findings and recommendations for an ongoing level of operational savings to be achieved and recognized in rates as part of the annual rider filing, to the extent such operational savings are not already reflected in rates, in the applicable case docket.

B. Role of the Auditor

Any auditor who is chosen by the Commission to perform an audit expressly agrees to perform his or her audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit report was generated. Further, it shall be understood that the Commission and/or Staff shall not be liable for any acts committed by the auditor or its agents in the preparation and presentation of the audit reports.

C. Commission Staff Supervision

Staff will oversee the project. Staff personnel shall be informed of all correspondence between the auditor selected and the Company, and shall be given advanced notice of all meetings and interviews with the Company to allow Staff the opportunity to attend. The auditor shall meet with Staff no less than bi-weekly through the duration of the audit. These meetings may occur via telephone or online conference technology, such as Microsoft Teams or Cisco WebEx.

D. Cost of Audit and Quotation of Charges

The proposed cost of the audit shall include all expenses associated with conducting the audit and presenting the findings and recommendations in the audit report. A detailed presentation of costs shall be provided, broken down by phase/task, in

conformance with this RFP. The proposed costs shall be considered firm prices for performing the work described in the proposal.

E. Cost of Presenting Expert Testimony

The proposed cost of the audit shall include actual costs associated with serving as an expert witness before the Commission during the applicable hearing, including time and materials. These expenses will be billed separately from the cost of the audit but should be included in the total bid and included in the firm price used for contract purposes. Expenses associated with the presentation of testimony will include the following:

- Transportation expense (i.e., airfare, etc.)
- Living expenses (hotels, meals, local transportation)
- Preparation time, up to 8 hours per witness
- Hours spent in travel
- Hours spent presenting testimony
- Materials

IV. TIMELINE

The timeline presented below is intended to provide the auditor an understanding of the timeframe during which the audit is to be conducted. Although precise dates are used below, the actual dates for awarding the audit and conducting the audit as well as hearing activities may vary somewhat when they are established by a subsequent Commission entry.

Audit proposals due	April 6, 2022
Award audit (Commission Order)	April 20, 2022
Audit Conducted	April 20, 2022, through August 31, 2022
Draft audit report presented to Staff	September 1, 2022
Final audit report filed with Commission	September 16, 2022

V. DEADLINES AND DELIVERABLES

A. Availability of Documents

The Company shall provide any and all documents or information requested by the selected auditor and Staff. The Company may conspicuously mark such documents or information as “confidential.” In no event, however, shall the Company refuse or delay to provide such documents or information.

Staff or the selected auditor shall not publicly disclose any document marked “confidential” by the Company, except upon three days prior notice of intent to disclose served upon the Company’s counsel. Three days after such notice, Staff or the selected auditor may disclose or otherwise make use of such documents or information for any purpose, unless the Company moves the Commission for a protective order pertaining to such documents or information within the three day notice period.

The three day notice period will be computed according to Ohio Adm.Code 4901-1-07. Service shall be complete upon mailing or delivery in person.

B. Fiscal Reports

The auditor will submit invoices when work is 50 percent complete and when work is 100 percent complete, unless more frequent intervals are agreed to by Staff. The invoices shall include details regarding the dates and activities covered by each invoice, and shall be sufficiently detailed to allow Staff to identify the work completed, the time spent in each billable activity, the personnel involved, and the corresponding charges in relation to the activity schedule originally set forth in the auditor’s proposal. All invoices are to be sent to the Company and copies are to be sent to Staff.

After approval of the invoice by the Staff, the Company will be authorized to make payment.

The Company shall be ordered by the Commission to enter into a contract, which shall incorporate by reference all provisions of this proposal, with the auditor chosen by the Commission to perform the audit. Auditors shall submit a copy of this contract agreement between the auditor and Company to the Staff member assigned to the audit.

C. Interim Reporting

At the midpoint of the audit activities, the auditor selected will provide a progress report to Staff. This report will briefly describe progress made on required audit

activities, as well as initial/tentative findings and conclusions on issues investigated to date. Unless requested by Staff, this interim report may be made verbally.

D. Draft Report

An electronic draft of the final audit report shall be sent to Staff at least ten days prior to the due date of the final audit report.

E. Final Report

An electronic version of the complete final audit report shall be docketed with the Commission by the morning of the date specified in Section IV. The final report should include an executive summary of recommendations. The final docketed report should contain an overview of the investigation, recommended adjustments, if any, and an attestation by the auditor that the financial information contained in the application is from a reliable source. The final audit report should be docketed in a “searchable” PDF format. If it is necessary to prepare a redacted report, due to confidentiality concerns, a non-redacted report shall also be provided to both the Commission and the Company. If necessary, the final redacted report should be redacted using the Adobe Acrobat “redaction tool”. The non-redacted report shall clearly be labeled “confidential.”

F. Working Papers

A complete set of working papers is an integral part of the audit requirements. With the final audit report, the auditor selected shall deliver to Staff one complete set of working papers that contain documents used and procedures followed to develop the conclusions set forth in the audit report. Working papers should include Applicant’s name, case number, description (items in folder), and source documents. Voluminous documents may be included only as references in the working papers, upon Staff’s agreement. Confidential documents should be clearly marked and provided in a separate section of the working papers.

The auditor selected shall maintain working papers and document all supporting information, including, with limitation, meetings, interviews, or any pertinent information. The auditor selected shall utilize Staff’s data request procedures, utilizing a Microsoft Outlook public folder (or similarly accessible method) for issuing information requests and recording responses or may use its own system/process, provided Staff has full access to all data requests and responses and is able to store the requests and responses in Microsoft Outlook. All text documents

should be word searchable and all data and formulas in Excel spreadsheets shall be fully disclosed and accessible.

G. Production Of Documents

At any time, upon request of the Commission or Staff, the auditor selected shall immediately produce any document of information obtained or produced within the scope of the audit.

H. Testimony

The auditor shall be expected to present expert testimony during the course of any hearing at which the audit report is considered. The individual providing testimony will be one or more persons who conducted or directed the audit activities being considered at any hearing.

VI. MINIMUM CONTENTS OF PROPOSAL

Each proposal shall contain page numbers and a table of contents. In a separate section, reflected in the table of contents, the following information shall be provided:

- A. Name, mailing address, and telephone number of the individual to contact if further information is desired;
- B. An indication of how the bidder plans to incorporate Staff's participation in the proposed work plan; and
- C. The name(s) of all subcontractors to be used in the performance of the proposed work, identification of the specific items to be performed/provided by the subcontractor, and the cost of the proposed subcontractor's work; or if no subcontractors are to be used, the entry "Subcontractor – non"/ (all such subcontractors indicated in the proposal will be acknowledged as accepted by the Commission upon selection of the proposal for contract awarded unless the auditor is previously notified of the contrary. No addition, deletion, or substitution of subcontractors will be permitted during the course of the contract unless approved in advance by Staff in writing.) If subcontractors are proposed, all information required in this section shall be supplied for each subcontractor proposed. Such information shall be supplied in a format parallel to the overall format specified for the contractor.

- D. The following required Equal Employment Opportunity (EEO) data must be provided for the auditor and each subcontractor:
1. The total number of employees;
 2. The percentage of the total which are women;
 3. The percentage of the total which are Black, Hispanic, Asian, or American Indian (please specify);
 4. The total number of employees located in Ohio offices;
 5. The percentage of the Ohio total which are women;
 6. The percentage of the Ohio total which are Black, Hispanic, Asian, or American Indian (please specify);
 7. The number of individuals to be assigned to the project;
 8. The percentage of the total assigned which are women;
 9. The percentage of the total assigned which are Black, Hispanic, Asian, or American Indian (please specify);
- E. A listing of contracts the auditor and each subcontractor has with the State of Ohio and:
1. Name of the state agency(s) for each contract;
 2. The cost of each contract;
 3. The duration of each current contract.
- F. A statement that neither the auditor, nor its parent(s) or subsidiaries have a financial interest in the Company and/or shared officers or directors and that the auditor, if selected, will not acquire or be subject to such an interest during the course of the work described in this RFP.

If the auditor believes that such a financial interest may exist and that such a statement cannot be completed as part of the proposal, please provide a listing of

the auditor's (including parents and subsidiaries) and each subcontractor's clients which may have a financial interest in the Company, or their affiliates.

Auditors maintaining any present or ongoing contracts or agreements with the Company and affiliates may, at the discretion of the Commission, be disqualified by reason of possible conflict of interest. In the proposal, such contracts should be described in sufficient detail that the Commission can determine whether a conflict of interest exists. A response indicating that this information will be provided on request or that such contracts are too numerous to enumerate will be cause for disqualification of the auditor.

- G. A listing of all the auditor's and each subcontractor's offices, facilities, and equipment to be used in performance under this contract and their locations, including a specification of offices, facilities, and equipment located in Ohio. If none, state – none.
- H. For the auditor and each subcontractor, a description of all existing, pending or past rulings, judgements, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, fines, or any other matter related to services in Ohio or equivalent services in another jurisdiction within the past five years.
- I. A statement of financial responsibility including certification that the auditor, joint partners if the auditor is a conglomerate operation, and any subcontractors have no outstanding liens or claims against them.
- J. Contact persons that the Commission or Staff may call to receive an assessment of the auditor's, and each subcontractor's previous performance. References should be provided for the company or companies proposing and for the individuals designated as principals for the project. The information required for each reference is as follows:
 - Name of individual to contact for reference.
 - Company/facility which employed the individual .
 - Telephone number.
 - Whether reference is for the company or a principal.
 - Project or work for which reference is given.
- K. A description of the proposed scope of work to be performed including a work plan, expected deliverable products and task timing. In a separately numbered section,

the auditor will provide a detailed cost breakdown by phase/task of the work plan including the class of personnel performing each phase/task of the work, the hourly rate charged for each class, the number of hours charged for each class, an equivalent breakdown of all subcontracted work, any direct or indirect cost items which the auditor plans to charge, and the total cost.

- L. Identification, by name, of the lead personnel to be employed, the extent of their involvement in the project, and a description of how the proposed personnel's experience matches project requirements. Contract terms will not permit substitution of lead personnel without prior written approval of the Commission. Identification of lead personnel in the cost proposal will not constitute satisfactory compliance with this requirement.
- M. A description of the qualifications, experience, and proven results achieved by all professional lead or significant personnel to be employed on the project, with a summary of work performed on projects similar to the one contemplated by this RFP including specific references. The Commission reserves the right to request samples of prior relevant work from any auditor prior to making its final consultant selection.
- N. Identification by name, title and the hourly rate of pay and all other related costs of the individual or individuals who will present expert testimony before the Commission during the appropriate hearing.

VII. REVIEW CRITERIA

Proposals will be evaluated on a basis which includes the following criteria:

- A. Compliance with Minimum Contents Requirements

Lack of satisfactory response to the minimum contents requirements will be grounds for elimination of any proposal from further consideration.

- B. Cost

The total proposed contract price is specified in the Proposal. Auditors are encouraged to provide as competitive a bid as is practicable.

- C. Understanding Of Project

Whether the entity bidding on the project has grasped intent of the project; is knowledgeable of the technical aspects required; indicates understanding of potential problems; demonstrates understanding of regulatory issues, trends, and perspectives; and the work plan indicates appropriate phasing. Whether the method of handling the project is indicated, the proposal reflects thorough understanding of project requirement, the methods appear realistic under stated time constraints, and innovative methodologies appear appropriate to the project. The proposal is responsive to the RFP.

D. Experience Of Personnel Assigned To Project And Related Organizational Experience

Relevant experience in field, qualified to undertake assignment. References of previous clients/projects provided.

E. Timelines

Demonstrated ability to meet stated deadline; realistic timelines provided; demonstrated proven results of lead personnel.

VIII. OTHER PROPOSAL CRITERIA

A. Relevance

The auditor shall include only relevant information and pertinent exhibits in the proposal. Duplication of materials provided in the RFP, exhaustive resumes, inclusion of standard company promotional materials, etc., will not garner additional points in the evaluation process and may detract from the clarity and conciseness of the proposal.

B. Proprietary Data in Proposal

Submissions to the Public Utilities Commission of Ohio become public documents available to open inspection. Proprietary data in a proposal will also assume this status. Therefore, discretionary action is recommended for any proprietary data to be submitted in proposals.

C. Due Date And Submittal Information

Any proposal submitted hereunder must be emailed to Krystina Schaefer (Krystina.Schaefer@puco.ohio.gov) on Wednesday, April 6, 2022 and no later than 5:00 p.m. ET.

D. Contractor Requirements And Minority Participation

The Commission, in awarding the contract, will give preference to Ohio contractors. Ohio contractors include not only established domestic companies actively doing business in Ohio but also encompass multi-state companies with headquarters outside of Ohio but with substantial commitments of offices, divisions, and facilities within the state. The Commission will give preference to proposals that demonstrate compliance with minority and women EEO criteria.

E. Late Proposals

A proposal is late if received at any time after the due date set for receipt of the proposals. A late proposal will be considered along with other proposals only if it is received before the evaluation of proposals has, in the sole opinion of the Commission, substantially progressed, and then only if it offers some important technical or scientific advantage that is of benefit to the Commission.

F. Modification Or Withdrawal Of Proposal

Any proposal may be modified or withdrawn upon written request of the auditor if such request is received by the Commission at the above address by the date set for receipt of original proposals.

G. Modification Or Withdrawal Of This RFP

This Request for Proposal may be modified or withdrawn at any time prior to the time set for receipt of proposals and thereafter, as long as no proposal has been opened. Upon any such modification or withdrawal, all bidders will be notified and any person or firm who has expressly requested such notice in writing will also be notified of such changes at the discretion of the Commission.

H. Right To Reject Any And All Proposals

The Commission reserves the right, without limitation or discussion with those submitting proposals, to reject any and all proposals.

I. Penalty For Divulging Information

The auditor selected shall abide by all provisions of Sections 4901.16 of the Ohio Revised Code which states; “Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission”

The auditor shall not divulge any information regarding its audit activities to the media or to any other entity, except in its report and testimony before the Commission, before, during, and /or after the audit. All comments or concerns that the auditor wants to address shall be directed to the Commission’s Media Office.

J. Conflict of Interest/Ethics

The auditor represents, warrants and certifies that it and its employees engaged in the administration or performance of this audit are knowledgeable of and understand the Ohio Ethics and Conflict of Interest laws including but not limited to Chapter 102 and Sections 2921.42 and 2921.43 of the Ohio Revised Code. Auditor further represents, warrants, and certifies that neither Auditor nor any of its employees will do any act that is inconsistent with such laws or otherwise presents a conflict of interest.

K. RFP Website

All firms wishing to remain on the Commission’s bidder list must subscribe to the PUCO RFP list by clicking on the “PUCO RFP Email Notification List” link at: <https://puco.ohio.gov/wps/portal/gov/puco/documents-and-rules/request-for-proposals>

Pending RFPs and further information will be posted at the above website.

L. Statutory Scope of Audit

Any auditor selected by the Commission to perform an audit shall execute its duties pursuant to the Public Utilities Commission’s statutory authority to investigate and

acquire records, contracts, reports and other documentation under Sections 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16, Revised Code.

M. Auditor Selection

The Commission reserves the right to determine that the described audit will not be conducted or will be conducted by Staff, depending on the Commission's needs and circumstances at the time of the selection.

IX. QUESTIONS

Technical questions regarding this RFP should be directed to Krystina Schaefer at Krystina.Schaefer@puco.ohio.gov. Direct administrative questions to either Krystina Schaefer at Krystina.Schaefer@puco.ohio.gov or Zee Molter at Zee.Molter@puco.ohio.gov.

**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

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**Case No(s). 16-0481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC, 18-1656-EL-
ATA**

Summary: Entry directing Staff to issue a request for proposals for consulting services to assist Staff with the review of the operational benefits associated with the first phase of the grid modernization plan for Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio