

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**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. 12-1230-EL-SSO

APPLICATION

Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (hereinafter collectively referred to as the “Companies”), by this Application request regulatory authority to provide for a standard service offer (“SSO”) pursuant to R.C. § 4928.141. As their SSO, and pursuant to and consistent with the provisions of R.C. § 4928.143 and 4901:1-35, Ohio Administrative Code, the Companies propose to implement this comprehensive electric security plan (“ESP”), which is essentially a two-year extension of their current ESP, but which has added features designed to provide additional customer benefits. The ESP is designed to provide stable pricing of energy services for their customers through modifying the competitive bidding schedule to procure generation for the Companies’ SSO Load and elongating the recovery period for renewable energy credit costs, assure supplies of electricity through a competitive procurement process, enhance distribution service, and promote demand response and energy efficiency, economic development and job retention and support for low income customers within their service areas. This SSO will carry forward the benefits and other terms and provisions as contained in the Companies’ current ESP as approved in Case No. 10-388-EL-SSO.

The Companies' ESP is embodied in the attached Stipulation and Recommendation, including the Attachments thereto ("Stipulation", the Companies' plan hereinafter referred to as the "ESP 3"), which is incorporated by reference herein and as if all of the terms and conditions set forth in such attachment are fully written here.

In addition to the benefits being continued from the Companies' current ESP, the Signatory Parties recognize the following additional advantages of implementing ESP 3 at this time: 1) potentially enabling the Companies to bid demand response resources and energy efficiency resources into the PJM 2015-2016 Base Residual Auction thereby adding to supply in that auction, which may in turn increase low-cost capacity supply in that auction; 2) modifying the bid schedule previously approved in the Companies' current ESP so that the bids to occur in October 2012 and January 2013 will be for a three year period rather than a one year period in an attempt to capture the current historically lower generation prices and blend them with potentially higher prices occurring over the life of the ESP 3 plan, thereby smoothing out generation prices and mitigating volatility in generation pricing for customers through May 31, 2016; 3) extending the recovery period for renewable energy credit costs over the life of the ESP 3 plan in order to lower the rider charge that otherwise would have been in place for customers related to compliance with the statutory benchmarks for renewable energy resources; and 4) to maintain the benefits gained and now being realized from the 2010 ESP Stipulation for an additional two years, thus enhancing the stability and predictability of rate levels and tariff provisions for customers. The filing also includes the prefiled written testimony of William R. Ridmann in support of the Stipulation that demonstrates that the ESP 3 is more favorable in the aggregate as compared to the expected results that would otherwise apply under a market rate offer.

Time is of the essence; the Commission must act quickly on this Application by May 2, 2012 as such expedited approval, as discussed more fully in the Stipulation, is expected to permit the Companies to bid demand response resources and PJM-qualifying energy efficiency resources into the 2015/2016 PJM Base Residual Auction (“BRA”) commencing on May 7, 2012. If approval cannot be achieved by May 2, 2012, approval should be granted no later than June 20, 2012, which would be too late to bid demand response resources and energy efficiency resources into the 2015/2016 PJM BRA on May 7, 2012, but should still permit adequate time to implement changes to the competitive bidding process for a three year bid period to take advantage of historically low market prices for wholesale electric generation, all to the benefit of customers.

The Companies request that no party that participated as an intervenor in Case No. 10-388-EL-SSO need move to intervene in this proceeding in order to be deemed a party hereto. As demonstrated by the number and diversity of signatory parties to the Stipulation (“Signatory Parties”), the Companies believe that the vast majority of the issues and concerns raised by the Signatory Parties have been addressed in the substantive provisions of this Stipulation, and reflect, as a result of such discussions and compromises by the Signatory Parties, an overall fair and reasonable resolution of such issues. This Stipulation is the product of the discussions and negotiations of the Signatory Parties.¹ Accordingly, this Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties, and is entitled to careful consideration by the Commission.

The ESP 3 presents a broad and flexible approach that includes the benefits and the terms and conditions found in the Companies’ current ESP that provides for the competitive supply of generation, but also allows for the inclusion of various provisions in an overall package to

¹ Negotiations were had with all parties in Case No. 10-388-EL-SSO.

address the broad range of issues contemplated within the scope of Am. Sub. S.B. 221. The ESP 3 has numerous quantitative and qualitative elements, carefully integrated into a package which, taken in the aggregate, is considerably more favorable to customers than the Market Rate Offer alternative. Further, the ESP 3 addresses price issues from several perspectives, including that:

- 1) it provides greater price certainty over the ESP 3 period, particularly with the proposed modification to the bid schedule for the Companies' SSO Load and spreading out the cost recovery of renewable energy credits;
- 2) it settles pricing and service arrangements for the totality of electric service, not just generation;
- 3) it continues to provide substantial support for energy efficiency and demand response through targeted support to several Signatory Parties;
- 4) it continues to provide economic development funding for targeted major employers in the state of Ohio as well as a more general source of funding;
- 5) it continues to provide support for low income customers in the form of continuation of the Community Connections program and funding for the fuel fund, with all of the foregoing remaining in place over the ESP period; and
- 6) it continues to utilize competitive markets for the procurement of 100% of the energy and capacity for POLR service and thereby imposes no artificial barriers to competition and to customers enjoying the historically lower market prices for electricity.

In order to achieve a Commission ruling by May 2, 2012, the Companies recommend that a hearing be held on the ESP 3 and this Stipulation to commence on April 23, 2012. This timeframe will permit non-signatory parties to review the Stipulation and the attachments thereto and still permit the issuance of an Opinion and Order by May 2, 2012. Such an expedited review is reasonable given that nearly all of the terms and conditions contained in the ESP 3 Stipulation have already been considered and approved by the Commission as part of the Companies'

existing ESP, and the additional provisions discussed above are expected to be beneficial to customers over the life of the ESP 3 plan period.

The Companies further request that the Commission take administrative notice of the evidentiary record established in the Companies' current ESP, Case No. 10-388-EL-SSO, and thereby incorporate by reference that record for the purposes of and use in this proceeding.

It is in the best interest of all parties that a timely ruling is made. Accordingly, the Companies along with the other Signatory Parties respectfully request that the Commission issue an order approving the Stipulation and ESP 3, by May 2, 2012.

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CERTIFICATE OF SERVICE

This is to certify that the Companies have served the following documents upon all of the parties of record in Case No. 10-388-EL-SSO, as designated on the attached service list, by electronic mail this 13th day of April, 2012:

Application
Stipulation, including Attachments
Testimony of William R. Ridmann
Motion for Waiver of Rules and Request for Expedited Treatment

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Summary: Application for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan electronically filed by Ms. Laura C. McBride on behalf of Ohio Edison Company and The Toledo Edison Company and The Cleveland Electric Illuminating Company