

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)	Case No. 09-1820-EL-ATA
Edison Company for Approval of Ohio Site)	Case No. 09-1821-EL-GRD
Deployment of the Smart Grid)	Case No. 09-1822-EL-EEC
Modernization Initiative and Timely)	Case No. 09-1823-EL-AAM
Recovery of Associated Costs.)	

FINDING AND ORDER

The Commission finds:

- (1) Ohio Edison Company, The Cleveland Electric Illuminating Company (CEI), and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are public utilities as defined in Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) On November 18, 2009, the Companies 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, the Commission's staff (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. The Joint Recommendation provides, *inter alia*, that:
 - (a) The Companies will 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.
 - (b) The Companies shall implement several of the recommendations made by the Shelton Group, a marketing communications agency retained by the Companies, including a touch-base contact with customers to confirm equipment function and to answer questions; print and digital marketing; a mix of mail, telephone, internet, and door hangers; evaluation of changes in consumption analysis for Phase 1 and Phase 2 customers; continued reinforcement of understanding of summer peak time power usage and customer awareness; and implementation of the remaining Shelton Group recommendations that are cost-effective and feasible. Additionally, the Commission should approve recovery of costs incurred by the Companies due to implementing Staff's recommendations as set forth in the Joint Recommendation.
 - (c) The Commission should grant the Companies the authority to proceed immediately with Phase 2 of the Ohio Site Development.
 - (d) The Commission should adopt the Staff Report, as modified herein.

- (7) The Commission finds that the Joint Recommendation is reasonable and should be adopted. Consequently, the Commission finds that the Companies should proceed with Phase 2 of the Smart Grid Program, consistent with the Joint Recommendation.

It is, therefore,

ORDERED, That the Companies implement the recommendations as set forth in the Joint Recommendation, including the Staff Report as modified by the Joint Recommendation. It is, further,

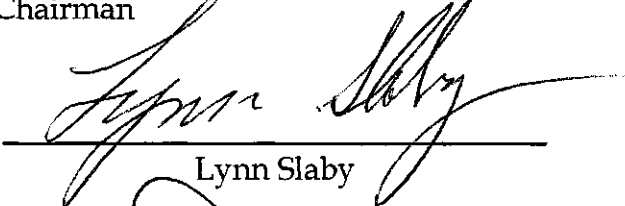
ORDERED, That the Companies proceed with Phase 2 of the Smart Grid Program. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Steven D. Lesser

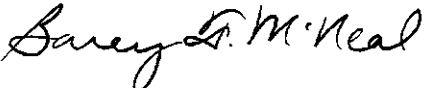

Lynn Slaby


M. Beth Trombold

MWC/sc

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Barcy F. McNeal
Secretary