

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Delivery Capital)
Recover Rider Contained in the Tariffs)
of Ohio Edison Company, The Cleveland) **Case No. 13-2100-EL-RDR**
Electric Illuminating Company and The)
Toledo Edison Company)

**JOINT STIPULATION AND RECOMMENDATION OF COMMISSION STAFF
AND OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
AND THE TOLEDO EDISON COMPANY**

INTRODUCTION

Rule 4901-1-30, Ohio Administrative Code (“O.A.C.”) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the parties who have signed below (the “Signatory Parties”) and to recommend that the Public Utilities Commission of Ohio (the “Commission” or “PUCO”) approve and adopt this Stipulation and Recommendation (“Stipulation”), as part of its Opinion and Order in this proceeding, resolving all of the issues in the proceeding.

This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of issues in this proceeding; violates no regulatory principle or precedent; and is the product of serious bargaining among knowledgeable and capable Signatory Parties in a cooperative process and undertaken by the Signatory Parties representing a wide range of interests to resolve the aforementioned issues. For purposes

of resolving the issues raised by this proceeding, the Signatory Parties stipulate, agree and recommend as set forth below.

PARTIES

This Stipulation is entered into by and among Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, “Companies”) and the Staff of the Public Utilities Commission of Ohio (“Staff”).¹ The Office of Consumers’ Counsel (“OCC”) has authorized the Companies to state that it does not oppose this Stipulation and Recommendation.

STIPULATION

On April 9, 2014, Blue Ridge Consulting Services, Inc. (“Blue Ridge”), an independent auditor selected by Commission Staff, filed its Compliance Audit Report (“Report”) of the Delivery Capital Recovery (“DCR”) Rider of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, “Companies”). By Entry issued on April 14, 2014, the Commission ordered that comments be filed by May 27, 2014 and reply comments filed by June 26, 2014. In lieu of comments and reply comments, the Commission Staff and the Companies hereby timely file this Joint Stipulation and Recommendation.

The Commission Staff and the Companies stipulate and recommend that the Commission adopt the recommendations Blue Ridge made in its Report as specifically described below:

- On Page 11 of the Report, Blue Ridge recommended that the Companies carefully monitor the current manual process used by Accounting Policy and

¹ The Commission Staff is a party for the purpose of entering into this Stipulation pursuant to O.A.C. 4901-1-10(C).

Control to move CIACs to ensure that the CIACs are applied to the correct work orders and FERC accounts.

- On Page 11 of the Report, Blue Ridge recommends that the resolution to issues identified in SOX compliance tests during 2013 related to AFUDC rates in PowerPlant be reviewed in the next audit.
- On Page 12 of the Report, Blue Ridge recommended that the ATSI Land Lease calculation methodology should revert to the previous methodology for future filings and a reconciliation calculation should be included in the next filing. Rider DCR effective June 1, 2014 incorporates this recommendation.
- On Page 13 of the Report, Blue Ridge recommended that an adjustment be made in the next Rider DCR filing to remove the cumulative impact of AMI projects from the Rider DCR plant balances. Rider DCR effective June 1, 2014 incorporates this recommendation.
- On Page 15 of the Report, Blue Ridge recommended that the Companies correct errors identified as part of its work order transactional testing and adjust Rider DCR accordingly. Rider DCR effective June 1, 2014 incorporates this recommendation.
- On Page 15 of the Report, Blue Ridge recommended that certain costs associated with building improvements should be removed from Rider DCR. Rider DCR effective June 1, 2014 incorporates this recommendation.
- On Page 15 of the Report, Blue Ridge recommended that the Companies complete a process revision to ensure that AFUDC is not accrued on projects that are not eligible. Blue Ridge further recommended that the Companies

review the entire population of utility plant included in the Rider DCR to ensure other similar fees have not accrued AFUDC.

- On Page 17 of the Report, Blue Ridge reiterated its recommendation from the audit of the 2012 Rider DCR (Case No. 12-2855-EL-RDR) that the Commission consider an updated depreciation study be conducted as the last approved study was based on balances as of May 31, 2007. Staff recommends the Commission direct the Companies to submit this study to Staff no later than June 1, 2015.
- On Page 19 of the Report, Blue Ridge recommended that the Companies include in Rider DCR filings a comparison of the annual Rider DCR revenue to the adjusted annual cap taking into account prior years' under and over collections. Rider DCR effective June 1, 2014 incorporates this comparison.
- On Page 24 of the Report, Blue Ridge reiterated its recommendation from the audit of the 2012 Rider DCR (Case No. 12-2855-EL-RDR) that the Companies include quantification of any increase in efficiency and savings within its (IT) project justifications for IT projects justified on the basis of an increase in efficiency and savings.

PROCEDURAL ISSUES

This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, nor is it to be offered or relied upon in any other proceedings, except as necessary to enforce the terms of this Stipulation. The agreement of the Signatory Parties reflected in this document is expressly conditioned upon its

acceptance in its entirety and without alteration by the Commission. The Signatory Parties agree that if the Commission or any court of competent jurisdiction rejects all or any material part of this Stipulation, or otherwise materially modifies its terms, any adversely affected Signatory Party shall have the right to file an application for rehearing or a motion for reconsideration. If such application or motion is filed, and if the Commission or court does not, on rehearing or reconsideration, accept the Stipulation without material modification within 45 days of the filing of such motion, then anytime thereafter the adversely affected Signatory Party may terminate its Signatory Party status without penalty or cost and regain its rights as a non-Signatory Party as if it had never executed the Stipulation by filing a notice with the Commission and the other Signatory Parties.

Unless the Signatory Party exercises its right to terminate its Signatory Party status as described above, each Signatory Party agrees to and will support the reasonableness of this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal from the Commission's adoption and/or enforcement of this Stipulation. The Signatory Parties also agree to urge the Commission to accept and approve the terms hereof as promptly as possible.

IN WITNESS WHEREOF, this Stipulation has been signed by the authorized agents of the undersigned Parties as of this 27th day of May, 2014. The undersigned Parties respectfully request the Commission to issue its Opinion and Order adopting this Stipulation and Recommendation in all respects.

Respectfully submitted,

/s/Thomas McNamee

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ATTORNEY FOR STAFF OF THE
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Respectfully submitted,

/s/ James W. Burk

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ATTORNEYS FOR OHIO EDISON
COMPANY, THE CLEVELAND ELECTRIC
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TOLEDO EDISON COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Stipulation and Recommendation was served via electronic mail upon the following parties of record, this 28th day of May, 2014.

/s/ James W. Burk

James W. Burk
Managing Counsel

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Summary: Stipulation Joint Stipulation electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO