

POWERING OHIO'S PROGRESS

Organizations that represent the interests of more than a million Ohioans support our ESP.

More than 1,100 letters of support have been sent to Governor Kasich and the PUCO.

15 local governments have already passed resolutions endorsing our plan.

December 22, 2014

Public Utilities Commission of Ohio
Docketing Division
180 East Broad Street
Columbus, Ohio 43215-3793

Please find enclosed for filing a Stipulation and Recommendation ("Stipulation") entered into by Ohio Edison Company ("OE"), The Toledo Edison Company ("TE"), The Cleveland Electric Illuminating Company ("CEI") (OE, TE and CEI collectively, the "Companies"), Ohio Power Company, Ohio Energy Group, City of Akron, Council of Smaller Enterprises, Cleveland Housing Network, Consumer Protection Association, Council for Economic Opportunities in Greater Cleveland, Citizens Coalition, Nucor Steel Marion, Inc., Material Science Corp., Association of Independent Colleges and Universities of Ohio ("AICUO"), and the International Brotherhood of Electrical Workers, Local 245. The Stipulation recommends improvements to the Companies' ESP IV submitted for Commission review in this proceeding.

The Companies' ESP IV, also known as Powering Ohio's Progress, has received broad support, reflecting the Companies' commitment to keep electric rates affordable for businesses and residents through a solid plan for the future. Powering Ohio's Progress will deliver significant benefits to Ohio. It helps assure service reliability by keeping vital baseload power plants in and near Ohio available to serve customers. It also helps safeguard customers from retail price increases that could result from rising energy and capacity prices in future years. And it promotes economic development by retaining local jobs, protecting local tax revenues and powering manufacturing and other industries in Ohio.

To date, more than 1,100 letters of support have been docketed in this proceeding, and 15 local communities have already passed resolutions endorsing Powering Ohio's Progress. Letters of support have come from a broad spectrum of stakeholders throughout Ohio, including small businesses, industrial customers, school districts, local governments, labor unions, non-profit organizations, economic development groups, FirstEnergy employees, and local residents.

These Ohio businesses and communities have submitted letters to Governor Kasich and the Commission stating their support.

Action Supply
Air Systems Inc.
Ambulance Service Inc.
AO Grumney Co. Inc.
Appalachian Partnership for Economic
Growth
Applied Industrial Technologies
Associated General Contractors of NW Ohio
Atwell's Police & Fire Equipment Co.
Benton-Carroll-Salem Local School District
Bergholz Village
Bloomingdale Village
Board of Mahoning County Commissioners
Boilermakers Local 154
Bricklayers & Allied Craftworkers 10 OH
Brown and O'Malley Co.
Brush Creek Township
C&K Industrial Services Inc.
C&W Tank Cleaning Co.
Camelot Coal Co.
Campbell Transportation
Carneuse Lime and Stone
Carroll Township Trustees
Checker Transportation
City Machine Technologies Inc.
Cleveland Pump Repair & Services LLC
Columbiana County
Columbus Equipment Co.
Commercial Group Lifting Products
Control Systems
Corrpro
Cortland, Ohio
CPR Enterprises, LLC
Cross Creek Township
Crown Battery
Curtiss-Wright Corp.
Dillonvale Village
Dunbar Mechanical Inc.
E.J. Rawson Trucking Co.
Eagon & Associates Inc.
Eastern Gateway Community College
Edison Local Schools
Empire Village
EnviroServe
ERB Electric Co.
Erie Group of Companies

Estabrook
F.N. Cuthbert Inc.
FirstEnergy Contractors
FirstEnergy Employees
Geddis Landscaping
Gexpro
GPD Group
Great Lakes Construction
Great Lakes Petroleum
Harrison Hills School District
Howland
Hughes Primeau Controls Inc.
Independence Excavating Inc.
Indian Creek Local School District
Industrial Supplies Co.
Industrial Technical Sales & Service Inc.
International Brotherhood of Electrical
Workers
Island Creek Township
Jefferson County
Jefferson County Board of Commissioners
Jefferson County Educational Service
Center
Jefferson County Port Authority
Jefferson Security Services Inc.
Jones & Henry Laboratories Inc.
Kinney Brooks Co.
Knox Township
Laborers' District Council of Ohio
Laborers' International Union of North
America
Lake Erie Shores & Islands
Mayors Association of Portage, Summit &
Stark Counties
Mike Pusateri Excavating Inc.
Millwright-Pile Driver Local No. 1090
Mingo Junction Village
Molecular Repair Systems Inc.
Mount Pleasant Village
Murray Energy Corp.
National Heat Exchange Cleaning Corp.
New Alexandria Village
Norfolk Southern Corp.
Ohio CAT
OTP Industrial Solutions

Ottawa County Auditor
Ottawa County Commissioners
Ottawa County Emergency Management
Agency
Ottawa County Improvement Corp.
Ottawa County Treasurer
Owens Community College
Penn Tool Sales and Service Inc.
Pepco - Professional Electric Products Co.
PetroLiance, LLC
Phoenix Partners, LLC
Pickands Mather
Pipelines Inc.
QualTech NP
Regional Growth Partnership
Rhino Energy, LLC
Richmond Village
Ridge Machine & Welding Co.
Rosebud Mining Co.
Ross Township
Rudolph/Libbe Companies
Salem Township
Salem, Ohio
Sandusky County Economic Development Corp.
Selinsky Force, LLC
Smithfield Township
Smithfield Village
Springfield Township
Steubenville Board of Education
Steubenville Township

Steubenville, Ohio
Stock Equipment Company Inc.
Stratton Village
Summit County
Toledo Building Services Co.
Toledo Casino Visitors
Toronto City Schools
Toronto Fire Department
Toronto, Ohio
Trumbull Industries
UA Local 50 Members
United Way of Jefferson County
United Way of Southern Columbiana
County
Urban Mission
Utility Workers Local 457
Village of Amsterdam
Village of Bloomingdale
Village of Tiltonsville
Village of Woodville
Voto Sales
Warren Township
Wayne Township
Wells Township
Wesco Distribution
Western Reserve
Western Reserve Water Systems
Woodville Village
Yorkville Village

Please file the attached Stipulation and Recommendation in the docket of Case No. 14-1297-EL-SSO.

Respectfully Yours,

A handwritten signature in dark ink, appearing to read "James W. Burk", followed by the text "(cmo)" in parentheses.

James W. Burk
Counsel of Record for Ohio Edison Company,
The Toledo Edison Company and
The Cleveland Electric Illuminating Company

Enclosure

**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. 14-1297-EL-SSO
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)	

STIPULATION AND RECOMMENDATION

I. INTRODUCTION

We now sit at a crossroads in Ohio. Retail electric service customers have enjoyed the benefits of relatively low and stable retail prices for several years, but we expect increasing retail prices, increased volatility, and reliability challenges in the future. Fortunately, the 127th General Assembly anticipated these challenges and provided the appropriate tools to address them in S.B. 221. Because of spiking retail electric generation rates in the mid-2000s, Ohio's legislators authorized Ohio's electric distribution utilities to provide a standard service offer to retail customers that included, among other things, retail rate stabilization mechanisms and economic development and job retention programs. Under S.B. 221, the Commission must approve an "electric security plan" or "ESP" provided it is more favorable in the aggregate than the expected results of a market rate offer (also referred to as an "MRO"). Soon after the enactment of S.B. 221, however, the generation price spikes of the mid-2000s rapidly receded. As a result, the Companies' first three ESPs did not need to fully utilize the flexibility available under an ESP.

Through the Companies' fourth electric security plan entitled Powering Ohio's Progress, the Companies now propose to exercise the full power of an ESP. A key component of Powering Ohio's Progress is a fifteen-year Economic Stability Program that will help safeguard customers from rising market prices and volatility – the exact concerns that drove the 127th General Assembly to enact S.B. 221. The Economic Stability Program will help ensure retail customers have access to generation at affordable and stable prices on a stable system – i.e. "Electric Security Plan". The Economic Stability Program also will support Ohio's economic future.

We cannot afford to ignore the facts in front of us. Ohio has retired nearly 4,000 MWs of coal-fired generation since 2010, and will retire additional units totaling nearly 3,900 MWs by 2016. Moreover, nuclear plants across the region – valuable zero-carbon resources – are at risk of retirement. This negatively affects the state's economy and job prospects, as well as the state's fuel diversity and system reliability. By approving Powering Ohio's Progress and its Economic Stability Program, the Commission can help protect fuel diversity and system reliability in our state while promoting affordable and stable retail rates.

The stability provided to retail customers through the Economic Stability Program will not affect retail competition in Ohio, as all customers will retain the unfettered ability to shop for generation service. Customers also will continue to benefit from the Companies' standard service offer, which will be determined pursuant to the results of a descending-clock format competitive bid process conducted by an independent bid manager as provided in the ESP IV Application and related testimony.

Since filing Powering Ohio's Progress in August, the Companies have discussed the benefits of their electric security plan with parties to this case, answered questions, and addressed some concerns. The Companies engaged in extensive, serious negotiations with parties culminating in the development of this Stipulation and Recommendation. The undersigned parties recommend that the Commission approve Powering Ohio's Progress, as modified below.

II. BACKGROUND

Rule 4901-1-30, Ohio Administrative Code, 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 proceedings.

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 lengthy, 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. The Companies and numerous other parties have engaged in a wide range of discussions over a period of time related to the development of the Companies' fourth Electric Security Plan ("ESP IV"), also referred to as Powering Ohio's Progress, which continues to include a competitive bidding process, recovery of transmission-related costs, distribution

reliability and cost recovery, economic development and energy efficiency funding, and support for low income customers. ESP IV also includes the Economic Stability Program, which will contribute toward stabilizing retail rates and mitigating price increases for customers over the long term and will help assure system reliability. This Stipulation represents the culmination of these discussions and is an accommodation of the diverse interests represented by the Signatory Parties, and it is entitled to careful consideration by the Commission. For purposes of resolving the issues raised by this proceeding, the Signatory Parties stipulate, agree and recommend as set forth below.

In the event the Commission does not approve this ESP IV as filed by Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("Toledo Edison") (hereinafter individually and collectively "Company" or "Companies") and modified by this Stipulation by April 8, 2015, in order to have the Companies offer capacity arising from the Economic Stability Program and eligible demand response resources, if any, into the 2018/2019 PJM Base Residual Auction, then the Companies may render this Stipulation and ESP IV null and void and the Application and this Stipulation shall be considered withdrawn upon the filing of a written notice by the Companies with the Commission.

III. PARTIES

This Stipulation is entered into by and among the Companies and the other Signatory Parties hereto. All the Signatory Parties have agreed to fully support the ESP IV filed in this proceeding as set forth in this Stipulation.

IV. RECITALS

WHEREAS, the Companies filed their ESP IV on August 4, 2014 following pre-filing discussions about its content with a number of interested stakeholders. Following the filing date, the Companies communicated with parties regarding the potential settlement of this proceeding, and subsequently engaged in negotiations with parties¹ culminating in the development of this Stipulation and Recommendation with the Signatory Parties;

WHEREAS, all of the related 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 reasonable resolution of all such issues. This Stipulation is the product of the discussions and negotiations of the Signatory Parties, and is not intended to reflect the views or proposals which any individual party may have advanced acting unilaterally. Accordingly, this Stipulation represents an accommodation of the diverse interests represented by the Signatory Parties, and is entitled to careful consideration by the Commission;

WHEREAS, the ESP IV as set forth in this Stipulation represents a serious compromise of complex issues and involves substantial customer benefits that would not otherwise have been achievable. Through implementation of the Economic Stability Program and continuing timely recovery of all amounts authorized by the PUCO to be collected through rate components and deferral of cost recovery, the ESP IV provides electric service at more predictable prices for an extended period, which would not have

¹ The Companies made reasonable efforts to meet with all interested parties to this proceeding to engage in meaningful settlement discussions.

been available otherwise, all of which is critical to the economy of Ohio and the well-being of Ohioans. The rates, together with other terms and conditions provided in the ESP IV, better assure customers of stabilized prices through the periods covered by the different aspects of the ESP IV and continue to support energy efficiency, reasonable generation pricing for customers, economic development and low income customers;

WHEREAS, in order to address these and other concerns and to continue providing to customers assurances as to the price of electricity covered by the ESP IV and support energy efficiency, economic development, and low income customers and more stabilized pricing, the Signatory Parties stipulate and agree to the ESP IV as filed and modified as set forth below;

NOW, THEREFORE, the Signatory Parties stipulate, agree and recommend that the Commission approve the ESP IV and this Stipulation and Recommendation and issue its Opinion and Order in accordance herewith, and recommend that the Commission act by April 8, 2015, to permit the Companies adequate time to offer capacity arising from the Economic Stability Program and eligible demand response resources, if any, into the 2018-2019 PJM Base Residual Auction.

V. TERMS AND CONDITIONS

Set forth below are the specific terms and conditions agreed to by the Signatory Parties that are different from or in addition to the terms and conditions contained in the Companies' ESP IV Application.² If not changed by the terms and conditions expressly set out below, the Signatory Parties expressly agree and recommend that the Commission

² Capitalized terms not otherwise defined herein have the same meaning as in the Companies' ESP IV Application or related tariffs.

approve and adopt the ESP IV filing in its entirety as filed by the Companies with the Commission on August 4, 2014 in this proceeding.

A. Rate Design

1. The Signatory Parties agree to the Companies' proposed rate design with the following changes, which are intended to promote economic development and provide stability and certainty regarding retail electric service:

i) Rider ELR will renew for service rendered beginning June 1, 2016 and shall expire with service rendered May 31, 2019, subject to the following modifications:

(1) Participation is voluntary and limited to (i) customers taking service under Rider ELR during ESP III; and (ii) up to 75,000 kW of additional Curtailable Load available on a first-come, first-serve basis for customers who historically have been eligible for Rider ELR, with no participant exceeding historical Curtailable Load cap.

(2) If the Curtailable Load of new Rider ELR customers that execute the Companies' standard Program contract addendum prior to May 1, 2015 exceeds 75,000 kW, the Curtailable Load of these new customers will be approved to participate in Rider ELR on a pro rata basis so that their total Curtailable Load in the aggregate equals 75,000 kW.

(3) The Interruptible Credit Provision ("Rider EDR (b)") will continue during ESP IV and expire on May 31, 2019. The Rider ELR credit will be \$5.00 per kW per month by unit of Curtailable Load. This credit will be recovered through the DSE 1 component of Rider DSE. The Rider EDR

(b) credit will be \$5.00 per kW per month by unit of Curtailable Load as defined in Rider ELR. The Rider EDR (b) credit will be recovered in Rider EDR (e), in the same manner as was recovered in ESP III.

(4) Only Emergency Curtailment Events will apply. The Economic Buy Through Option Event will be removed from Rider ELR.

(5) Rider ELR will be available to shopping and non-shopping customers. The Companies will remove from Rider ELR the eligibility requirement that “the customer is taking generation service from the Company.”

(6) Upon advance notification provided by the Company of an Emergency Curtailment Event requested by PJM, which notification will be provided as soon as practical, a customer taking service under this rider must curtail all load above its firm load level by the time designated by PJM as the event start time. As set forth in Exhibit B to the Application filed in Case No. 14-2037-EL-ATA, the two-hour response time for an Emergency Curtailment Event requested by the Companies or a transmission operator will apply, as will the PJM “hardship” provisions (safety and equipment damage) allowing for extra time beyond 30 minutes. The Companies will work in good faith with their Rider ELR customers to develop terms and conditions of interruptible service that comply with necessary PJM requirements. For purposes of clarification, ELR customers may opt out of the opportunity and ability to obtain direct benefits from the Companies’ EE/PDR Portfolio Plans as provided in S.B. 310.

- (7) The Automaker Credit Provision (“Rider EDR (h)”) will continue during ESP IV and expire on May 31, 2019. All kWh exceeding the Baseline Usage shall receive a credit of \$0.01 per kWh.
- (8) The Automaker Charge Provision (“Rider EDR (i)”) will continue during ESP IV and expire on May 31, 2019, except as needed for final reconciliation purposes only.
- (9) The General Service - Transmission (Rate GT) Provision (“Rider EDR (d)”) will be modified from the ESP IV Application as follows:
- (a) The charge for June 1, 2016 through May 31, 2017 will be \$8.00 per kVA of billing demand.
 - (b) The charge for June 1, 2017 through May 31, 2018 will be \$6.00 per kVA of billing demand.
 - (c) The charge for June 1, 2018 through May 31, 2019 will be \$4.00 per kVA of billing demand.
 - (d) All dollars collected will be returned to Rate GT customers via the Rider EDR (d) credit.
- ii) Rider GCR will be modified from the ESP IV Application to provide that it will shift to recovery through a nonbypassable charge if the balance of Rider GCR exceeds 10% of the projected generation expense in two consecutive quarters.
- iii) Rider DRR will be modified to provide that costs recovered through Rider DRR will be allocated to rate schedules based on a percentage of base

distribution charges under the Companies' distribution schedules. Rider DRR will be recovered on a kWh basis within the rate schedules.

- iv) The Rider RRS rate for GS, GP, GSU and GT customers will be based on billing demand. The Rider RRS rate for residential and lighting schedules will be a kWh charge.
- v) The Time-Of-Day Option under Rider GEN will continue during ESP IV.
- vi) With respect to provisions above that will expire on May 31, 2019, this Stipulation does not preclude any Signatory Party from arguing for an extension of that provision in the Companies' next ESP.

B. Energy Efficiency/Demand Response

1. **City of Akron Energy Efficiency Program.** To help make energy efficiency programs available to Akron residents in the Ohio Edison service territory and to enable the City of Akron to achieve its energy efficiency and sustainability goals, the Companies will provide funding to the City of Akron to be used only for the benefit of Ohio Edison customers in the City of Akron in the following amounts: \$100,000 during the first year of the ESP; \$100,000 during the second year of the ESP; and \$100,000 during the third year of the ESP, with such amounts recovered through Rider DSE.
2. **Council of Smaller Enterprises ("COSE") Ohio Efficiency Resource Program.**
The Companies will contribute \$170,000 in 2016, \$25,000 in 2017, \$25,000 in 2018, and \$20,000 in 2019 (together, "COSE Unrestricted Payment") to COSE's Ohio Efficiency Resource Program to encourage the advancement of energy efficiency for members of COSE. The COSE Unrestricted Payment will serve as "seed money" to provide upfront loans to members of COSE to invest in energy

efficiency projects. Additionally, the Companies will pay up to \$1,000,000 in administrator compensation during the term of ESP IV, to be paid out in project-specific installments, upon COSE submitting a mercantile or utility-sponsored C&I application and receiving Commission approval for specific projects (“COSE Restricted Payment”). The COSE Restricted Payment will be equal to the amounts for administrator compensation approved by the Commission in Case No. 09-553-EL-EEC. The energy savings and peak demand reductions from COSE’s Ohio Efficiency Resource Program will be committed to and counted towards the Companies’ statutory requirements. All costs the Companies incur associated with the program, including the COSE Unrestricted Payment and the COSE Restricted Payment, shall be recovered through Rider DSE.

3. **Partnership with COSE.** The Companies will partner with COSE to bring greater awareness of COSE’s Ohio Efficiency Resource Program, including the Companies’ aforementioned \$1,000,000 commitment towards the program. This partnership will include supporting COSE’s education efforts to other potential investors on the benefits of an energy efficiency resource program and participating in certain COSE-sponsored advertising and events.
4. **Level II Energy Efficiency Audits.** The Companies commit to perform 58 ASHRAE Level II Energy Efficiency Audits for C&I customers (“Level II Audits”) in 2016, 100 Level II Audits in 2017, 100 Level II Audits in 2018, and 42 Level II Audits in 2019. COSE shall designate the C&I COSE members located in the Companies’ service territory eligible for the audits and identify facilities where audits should be conducted. COSE, the auditor and the facility

management will work together to schedule the audits. All costs the Companies incur to conduct the audits shall be recovered through Rider DSE.

5. **Association of Independent Colleges and Universities of Ohio (“AICUO”)**

Ohio Efficiency Resource Program. The Companies will contribute \$50,000 in 2016, \$50,000 in 2017, \$50,000 in 2018, and \$50,000 in 2019 (together, “AICUO Unrestricted Payment”) to encourage the advancement and education of energy efficiency for members of AICUO. Additionally, the Companies will pay up to \$1,000,000 in administrator compensation during the term of ESP IV, to be paid out in project-specific installments, upon AICUO submitting a mercantile or utility-sponsored C&I application and receiving Commission approval for specific projects (“AICUO Restricted Payment”). The AICUO Restricted Payment will be equal to the amounts for administrator compensation approved by the Commission in Case No. 09-553-EL-EEC. The energy savings and peak demand reductions from AICUO’s Ohio Efficiency Resource Program will be committed to and counted towards the Companies’ statutory requirements. All costs the Companies incur associated with the program, including the AICUO Unrestricted Payment and the AICUO Restricted Payment, shall be recovered through Rider DSE.

6. **Partnership with AICUO.** The Companies will partner with AICUO to bring greater awareness of AICUO’s Ohio Efficiency Resource Program, including the Companies’ aforementioned \$1,000,000 commitment towards the program. This partnership will include supporting AICUO’s educational efforts on the benefits of energy efficiency.

7. **EE/PDR Amended Plan.** The energy efficiency and peak demand reduction programs recommended above by the Stipulated Parties will be additions to the Companies' Amended Plan approved by the Commission in Case No. 12-2190-EL-POR, et al. Approval of the Stipulation by the Commission constitutes the Commission's approval of these programs for inclusion in the Amended Plan pursuant to paragraph 5 of the Verified Application in Case No. 12-2190-EL-POR, et al. The Commission's approval is a necessary action to administer the implementation of the Amended Plan as provided in paragraph 5 of the Verified Application.

C. Other Issues

1. In order to assist low-income customers (defined as customers at or below 200 percent of the Federal Poverty Guideline) in the CEI service territory in paying their electric bills, a fuel fund provided by the Companies shall be continued consisting of \$1,390,000 to be spent in each calendar year from 2017 through 2019. Any unspent funds from the annual fuel fund provided herein will be carried over through the following calendar year but must be spent prior to June 1, 2019. The Cleveland Housing Network ("CHN"), the Consumer Protection Association ("CPA") and the Council for Economic Opportunities in Greater Cleveland ("CEOGC") shall each receive fuel fund monies in the amount of \$463,333 per year, with \$46,300 used to administer the fuel fund and \$417,033 used for low income funding.

Such fuel fund shall be available only to distribution customers of CEI. As a condition of receiving the funds, any organization receiving funds from the

Companies shall provide the Companies and the Commission Staff with an annual accounting of how the dollars were disbursed and will agree to an audit of those dollars if requested by the Companies or the Commission Staff. The funds for the respective calendar year shall be made available by January 31 of that year. If the Stipulation is rejected or modified due to court or regulatory action and terminated by the Companies, the Companies will have no obligation to continue the fuel fund for periods after the termination date.

2. The Companies will contribute \$1,000,000 in 2017, \$1,000,000 in 2018, and \$1,000,000 in 2019 to the Citizens Coalition, which will determine how to allocate this money among CHN, CPA and CEOGC for use in establishing a Customer Advisory Agency, for additional CEI fuel fund program funding or for energy efficiency in the CEI service territory. The Companies will work with CHN, CPA and CEOGC to establish a Customer Advisory Agency. This Customer Advisory Agency will be designed to ensure the preservation and growth of the competitive market in Ohio and will be available to help all residential customers in the three service territories of the Companies. The Companies, CHN, CPA and CEOGC will determine the details for this Customer Advisory Agency in discussions conducted between the date the Stipulation in this proceeding is approved and the date when ESP IV takes effect. The Customer Advisory Agency will be a pilot program that will be evaluated at the end of the ESP IV term.
3. Notwithstanding paragraph V.A.1.i.9. above, Material Sciences Corporation agrees that Toledo Edison will bill to and collect from Material Sciences

Corporation a charge of \$4.00 per kVa of billing demand under Rider EDR (d), General Service-Transmission (Rate GT) Provision, for service June 1, 2016 through May 31, 2019.

4. The administrator for the Community Connections program, which will be continued under ESP IV, will be selected by the Companies.
5. If this Stipulation is inconsistent with the Commission's rules, the Signatory Parties request waivers of those rules to the extent that the Commission deems necessary to approve and implement this Stipulation.

D. Statutory Compliance

1. The ESP IV is more favorable in the aggregate to customers as compared to the expected results that would otherwise occur under an MRO alternative and represents a serious compromise of complex issues and involves substantial customer benefits that would not otherwise have been achievable. Through combining more certain rate levels and timely recovery of all amounts authorized by the Commission to be collected through rate components and deferral of cost recovery, this ESP IV provides electric service at more predictable prices for an extended period through the adoption of the Economic Stability Program and supports demand response, energy efficiency, economic development and low income customers, which would not have been available otherwise, all of which is critical to the economy of Ohio and the well-being of Ohioans.
2. The ESP IV is in all respects consistent with Ohio law and does not violate any important regulatory principle or practice. The Economic Stability Program, as implemented through Rider RRS, is a term, condition or charge that relates to

bypassability and default service as would have the effect of stabilizing or providing certainty regarding retail electric service and also is an economic development and job retention program.

VI. Procedural Aspects

1. Recognizing the value of a timely ruling by the Commission to achieve the benefits described in this Stipulation, the Signatory Parties urge the Commission to render a decision adopting this Stipulation no later than April 8, 2015 in order to permit the Companies to offer capacity arising from the Economic Stability Program and eligible demand response resources, if any, into the 2018/2019 PJM BRA.
2. In the event the Commission does not approve this ESP IV as filed by the Companies by April 8, 2015, then the Companies may render this Stipulation and ESP IV null and void and the Application filed with this Stipulation shall be considered withdrawn upon the Companies filing a written notice with the Commission.
3. The ESP IV and this Stipulation are presented, collectively, by all three Companies and its offer is conditioned on its acceptance in its totality with all of its provisions and accepted for all three Companies. The Commission's approval of the Stipulation indicates the Commission's acceptance of all of the Signatory Parties' recommendations contained herein.

4. The term of this ESP IV is June 1, 2016 to May 31, 2019.³ The duration of this ESP IV (including for purposes of determining the applicability of R.C. 4928.143(E)) is the period during which the standard service offer provided by it is in effect, i.e., June 1, 2016 through May 31, 2019, which will be the termination date, except that certain provisions will continue after May 31, 2019 to the extent such provisions are necessary to carry out the terms and conditions of the ESP IV and this Stipulation. The Signatory Parties agree to not take a position contrary to the preceding sentence in any forum. Approval of the Stipulation by the Commission shall constitute its concurrence with this position.
5. This Stipulation is submitted for purposes of this proceeding only, and is not deemed binding in any other proceeding, and except as otherwise provided herein, 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. Notwithstanding anything herein to the contrary, the Companies have the right to withdraw and terminate the Application and the ESP IV if the Commission or any court of competent jurisdiction rejects all or any part of the ESP IV and this Stipulation or otherwise modifies their terms or provisions. 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

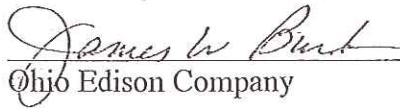
³ The Companies' current ESP is in place through May 31, 2016, and the proposed ESP IV will commence on June 1, 2016, reflecting the outcome of the Companies' wholesale generation auctions conducted in October 2015 and January 2016.

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. The provisions of this Paragraph do not impair the right of the Companies to withdraw and terminate the ESP IV at any time prior to approval of the Application and ESP IV by the Commission.

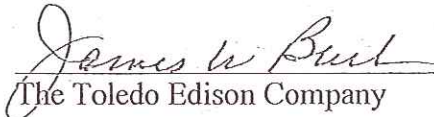
6. Unless the Signatory Party exercises its right to terminate its Signatory Party status as described above, each Signatory Party agrees to and will support the reasonableness of the ESP IV and this Stipulation before the Commission, and to cause its counsel to do the same, and in any appeal from the Commission's adoption and/or enforcement of the ESP IV and 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 and Recommendation has been signed by the authorized agents of the undersigned Parties as of this 22nd day of December, 2014. The undersigned Parties respectfully request the Commission to issue its Opinion and Order approving and adopting the ESP IV as filed and modified as set forth in this Stipulation. The Stipulation will be held open for additional interveners and parties to sign on as Signatory Parties until the issuance of an Order by the Commission.

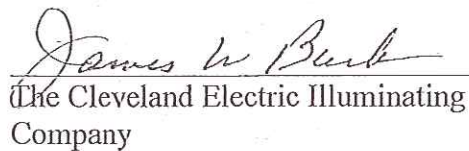
Signatory Parties


Ohio Edison Company

Cleveland Housing Network


The Toledo Edison Company

Consumer Protection Association


The Cleveland Electric Illuminating
Company

Council for Economic Opportunities in
Greater Cleveland

Ohio Power Company

Citizens Coalition

Ohio Energy Group

City of Akron

Nucor Steel Marion, Inc.

Council of Smaller Enterprises
("COSE")

Material Sciences Corporation

Association of Independent Colleges and
Universities of Ohio ("AICUO")

International Brotherhood of Electrical
Workers Local 245

Signatory Parties

Ohio Edison Company

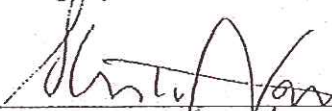
Cleveland Housing Network

The Toledo Edison Company

Consumer Protection Association

The Cleveland Electric Illuminating
Company

Council for Economic Opportunities in
Greater Cleveland



Ohio Power Company⁴

Citizens Coalition

Ohio Energy Group

City of Akron

Nucor Steel Marion, Inc.

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⁴ The interest of Ohio Power Company (AEP Ohio) in intervening in this proceeding and its purpose in signing this Stipulation are limited to the legal and policy bases supporting the RRS Rider. AEP Ohio recommends adoption of the RRS Rider in this proceeding in recognition that the underlying legal and policy bases supporting the RRS Rider in this proceeding are comparable to AEP Ohio's Purchased Power Agreement Rider currently pending in Case Nos. 13-2385-EL-SSO, 13-2386-EL-SSO, 14-1693-EL-RDR and 14-1694-EL-AAM. AEP Ohio does not take any position with regard to any other issue being settled or litigated in this proceeding.

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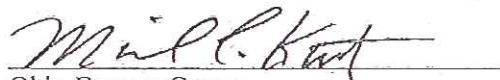
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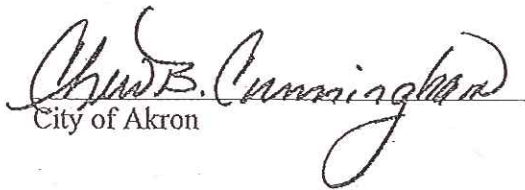
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Consumer Protection Association

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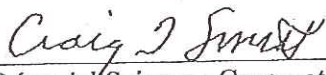
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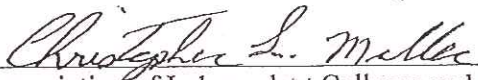
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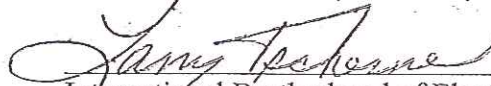
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This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 14-1297-EL-SSO

Summary: Stipulation and Recommendation electronically filed by Mr. James F Lang on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company