

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Implementation of  
Sections 4928.54 and 4928.544 of the  
Revised Code.**

**Case No. 16-247-EL-UNC**

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**COMMENTS OF OHIO EDISON COMPANY,  
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND  
THE TOLEDO EDISON COMPANY ON STAFF'S SECOND  
RECOMMENDATION**

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Come now Ohio Edison Company (“Ohio Edison”), The Cleveland Electric Illuminating Company (“CEI”), and The Toledo Edison Company (“Toledo Edison”) (collectively, the “Companies”), by counsel, and, pursuant to the Public Utilities Commission of Ohio Entry issued February 23, 2016 (“Entry”), respectfully submit their comments in this proceeding addressing the Staff’s Second Recommendation filed on February 23, 2016.

## **I. INTRODUCTION**

The Companies appreciate the efforts of Staff in evaluating the comments received in this proceeding and providing a second recommendation. While the additional detail contained in the second recommendation (“RFP option”) assists the Companies’ understanding of the RFP option compared to Options 1 and 2, the Companies, with their comments below, simply seek to clarify their understanding of how the RFP would work before implementation of any of the Staff’s recommended options.

## **II. COMMENTS**

First, the Companies understand, under the RFP option, that PIPP load will be included in the standard service offer (“SSO”) load, subject to being bid out under the RFP option. This means that SSO winning bidders would be obligated to serve PIPP load, in proportion to the number of SSO tranches they were serving, in the event of unsuccessful RFP procurement or default by the PIPP supplier. If the Commission orders the Companies to implement the RFP option, the Commission should clearly indicate that the Companies are authorized to modify the existing Master SSO Supply Agreement (“MSA”) used to procure SSO supply, to the extent the Companies determine such

modification is necessary to clearly define the obligations of winning bidders in the SSO auction. The Commission Order would also need to authorize the Companies to develop a Master Supply Agreement specific to the RFP option. The Companies further understand that under the RFP option, the winning CRES provider would supply the PIPP load under a wholesale transaction, which would require a wholesale contract between the winning CRES provider and the Companies. It would be the obligation of the winning CRES provider to obtain any and all necessary FERC and PJM approvals necessary to effectuate such a wholesale transaction.

Second, the Companies note that a suitable RFP process remains to be developed in a fairly short time frame. Although not directly stated, the Companies interpret Staff's RFP option to consist of a "single-shot" sealed bid by certified CRES providers that have registered with the Companies prior to the RFP bid event. As part of the RFP option process, the CRES provider would also have to qualify to participate in the RFP option well ahead of the actual submission of bids. Further, within this process there must be a transmittal of the SSO auction weighted average price to potential PIPP RFP bidders in a manner that doesn't compromise the existing SSO process for public announcement of results (similar to the concerns noted by the Companies in their previous comments). Therefore, the SSO auction weighted average price could only be provided to PIPP RFP bidders following the Commission making the SSO auction pricing public. The length of time following the Commission acceptance of the outcome of the SSO auction needed for

an RFP participant to formulate and submit a bid for the entire PIPP load would need to be determined by the Commission as part of its Order.<sup>1</sup>

Finally, the SSO price that a winning bid in the RFP option would need to beat in order to reduce the cost of the PIPP program pursuant to R.C. 4928.542(B) needs to be clearly established in the Order. Consistent with the language in the Second Staff Recommendation<sup>2</sup>, from the Companies' perspective, that winning PIPP load price for the June 1, 2016 – May 31, 2017 PJM delivery year must be below the weighted average of the clearing prices for all of the products from all of the Companies' SSO auctions conducted in order to procure supply for that delivery year. For future delivery years the same process would be used based upon the clearing prices from the Companies' preceding October and January SSO auctions combined with the outcome of previous auctions, as applicable for the then upcoming delivery year.<sup>3</sup>

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<sup>1</sup> This is of particular concern to the Companies this year in the period before June 1, 2016 since it is anticipated there will be very little time between Commission acceptance of auction results and when delivery of power commences on June 1, 2016.

<sup>2</sup> Staff's Second Recommendation, p. 4.

<sup>3</sup> The Companies proposed an auction schedule that displays which SSO auctions would contribute to the price to beat for the PIPP load auction for subsequent delivery years. This auction schedule is pending approval in the Companies' ESP IV proceeding, Case No. 14-1297-EL-SSO.

### III. CONCLUSION

The Companies again appreciate the opportunity to provide comments on Staff's Second Recommendation. The Companies urge the Commission to consider the comments of the Companies set forth above and previously submitted in this proceeding.

/s/ James W. Burk

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**CERTIFICATE OF SERVICE**

I certify that these comments were filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 29th day of February, 2016. The Commission's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

*/s/ Robert M. Endris*  
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Summary: Comments Comments on Staff's Second Recommendation of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Mr. Robert M. Endris on behalf of Burk, James W. Mr.