

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company of a Grid Modernization Business Plan)	
)	
)	Case No. 16-481-EL-UNC
)	
)	
In the Matter of the Filing by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company Application for Approval of a Distribution Platform Modernization Plan)	
)	
)	Case No. 17-2436-EL-UNC
)	
)	
)	
In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company to Implement Matters Relating to the Tax Cuts and Jobs Act of 2017)	
)	
)	Case No. 18-1604-EL-UNC
)	
)	
)	
In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of a Tariff Change)	
)	
)	Case No. 18-1656-EL-ATA
)	

SUPPLEMENTAL STIPULATION AND RECOMMENDATION

I. INTRODUCTION

Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (the “Companies”) agree with the Staff of the Public Utilities Commission of Ohio (“Commission”) and the other Signatory Parties hereto to all of the terms and conditions of the Stipulation and Recommendation (“Original Stipulation”) filed in Case Nos. 16-481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC and 18-1656-EL-

ATA at the Commission on November 9, 2018, subject to and including all of the following additions and modifications to and clarification of such Original Stipulation by this “Supplemental Stipulation:”¹

1. Delete the existing Section V.A.e.-f. of the Original Stipulation appearing on page 9, and insert the following new Section V.A.e.-f.:

- e. Rate Design. The amount included in the new credit mechanism for current tax savings not reflected in riders and the EDIT amortizations, will be allocated to residential and non-residential rate schedules based on the allocation factors contained in Attachment E to the Supplemental Stipulation.² Those allocations shall remain fixed for the term of the credit mechanism. The credit mechanism for the EDIT amount will not terminate when new base rates become effective. The resulting amounts shall be returned to customers as a credit that shall be calculated on the basis of dollars per kWh.
- f. Credit Template. Supplemental Attachment A reflects the template for the new credit mechanism.

2. Add the following sentence to the end of Section V.C.b. of the Original Stipulation appearing on pages 10-11:

¹ OCC and NOPEC agree to all terms and conditions of this Supplemental Stipulation except the terms and conditions of Sections V.B through V.I. related to grid modernization. In the interests of reaching a global settlement on a variety of issues, including providing the benefits of the Tax Cuts and Jobs Act of 2017 to customers, these parties agree not to oppose Sections V.B through V.I. of the Original Stipulation.

² Attachment E to this Supplemental Stipulation provides greater allocations of tax savings to residential customers than the Original Stipulation, resulting in lower total bills for residential customers than under the Original Stipulation.

None of the capital costs of up to \$516 million for Grid Mod I assets described in the Original Stipulation may be used to fund Distributed Energy Resources (“DER”) services located on the customer side of the meter.

3. Add the following sentence to the end of Section V.C.b.ii. of the Original Stipulation appearing on page 11:

During the three-year Grid Mod I deployment period, the Companies’ charges to consumers shall include an ROE to calculate the return on capital investments that is equal to the approved ATSI ROE, unless the approved ATSI ROE is greater than 10.38%, in which case the ROE shall be 10.38%.

4. A new Section V.C.b.v.9 shall be added to the Original Stipulation as follows:

9. Verification that the Grid Mod I investments are used and useful and were prudently incurred. If the Companies are unable to resolve any objections within 150 days of the filing of the application, an expedited hearing process will be established in order to allow the parties to present evidence to the Commission regarding the conformance of the application with this Supplemental Stipulation. If a Commission order finds that costs were either not prudently incurred or were not used and useful, such costs will not be collected from customers and, if already collected, shall be refunded to the customers.

5. A new Section V.C.b.viii. shall be added to the Original Stipulation as follows:

- viii. The Companies will include the following language on their Rider AMI tariffs:

This Rider is subject to reconciliation including, but not limited to, increases or refunds. Such reconciliation shall be based solely upon the results of audits ordered by the Commission in accordance with the July 18, 2012 Opinion and Order in Case No. 12-1230-EL-SSO, and the March 31, 2016 Opinion and Order in Case No. 14-1297-EL-SSO and upon the Commission's orders in Case Nos. 18-47-AU-COI, 16-481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC and 18-1656-EL-ATA.

- 6. The following sentence shall be added to the end of Section V.C.c. of the Original Stipulation appearing on page 14:**

Without limitation on the participation of other stakeholders in the Grid Mod collaborative, the Office of the Ohio Consumers' Counsel and the Northeast Ohio Public Energy Council shall be included as members of any collaborative group and in any group to gather stakeholder input associated with data access systems and processes.

- 7. Delete the existing second-to-last sentence in Section V.C.d.iii. of the Original Stipulation appearing on pages 15-16, which reads, "There will be no fees associated with accessing or requesting data provided via EDI, customer portal, or supplier portal (including data accessed through API)," and insert the following new second-to-last sentence in Section V.C.d.iii.:**

There will be no fees charged to customers or suppliers for individual access to or requests for data provided via EDI, customer portal, or supplier portal (including data accessed through API).

- 8. A new Section V.C.e.v. shall be added to the Original Stipulation as follows:**

- v. The Companies shall give residential and small commercial customers a credit for all actual salvage or sale proceeds from retired meters. The

Companies will use best efforts to maximize actual salvage or sale net proceeds, and will solicit recommendations to maximize actual salvage or sale net proceeds from the Grid Mod collaborative group.

- 9. Delete the existing Section V.E. of the Original Stipulation appearing on pages 22-23, and insert the following new Section V.E.:**

E. Grid Mod Consultant

Midway through the implementation period, Staff will perform an operational benefits assessment and a review or will obtain a consultant to conduct an operational benefits assessment and a review, to be completed prior to the commencement of Grid Mod II, to evaluate whether the actual functionality and performance of the project is consistent with the planned specifications. The consultant may also conduct an independent cost-benefit analysis for this project, which could include a review and possible increase or decrease to the level of operational savings credited to the revenue requirement of Rider AMI during Grid Mod I. The reviews shall also include an evaluation of the sufficiency and prudence of the Companies' efforts and calculations to maximize actual salvage or sale net proceeds, and the results of the evaluation may include a recommendation on the Companies' efforts to maximize actual salvage or sale net proceeds going forward. The results of the reviews may also be incorporated into future deployment of the Companies' grid modernization investment to ensure the goals of the investments are being met. The cost of the consultant shall be recovered through Rider AMI, and such costs shall not be subject to the cap set forth in Section V.C.b.iv. There shall be no approval to begin implementation of Grid Mod II and no approval of costs or charges to customers for Grid Mod II, until after an independent Commission audit according to ratemaking standards

and other standards is filed and the Commission resolves issues in a decision. If, through no fault of the Companies, the audit process is not resolved in a fashion that supports a timely transition between Grid Mod I and Grid Mod II, the Companies may seek Commission authorization to move forward with Grid Mod II, subject to the results of the Commission audit.

10. Delete the last sentence of existing Section V.F. of the Original Stipulation appearing on page 23-24 (the sentence beginning with “If by the start...”), and replace with the following:

If by the start of the fourth year there is no approved Grid Mod II plan and until such time as there is an approved Grid Mod II, which incorporates the incremental O&M costs and operational savings from Grid Mod I, or if there is no adopted recommendation from the third party consultant review, then the deemed annual Operational Savings from Grid Mod I shall continue to be based on Attachment D as follows for the Companies:

Year 4: \$8.58 million;

Year 5: \$9.68 million; and

Year 6: \$9.82 million.

In addition to these deemed operational savings, or any alternative operational savings the Commission may adopt as a result of the third party consultant review, in years 4 through 6, \$1 million will be allocated to residential customers as credits in Rider AMI, not to be recovered elsewhere.

With the exception of the additional \$1 million amount described above, which shall be allocated exclusively to residential customers, the Operational Savings for Grid Mod I will be allocated based on the allocation factors in Attachment F.

- 11. Delete the existing Section V.I. of the Original Stipulation appearing on page 25, and insert the following new Section V.I.:**

I. Capital Investment Levels

As long as the Companies' total capital spend during Grid Mod I does not exceed \$516 million in the aggregate, the Companies may make capital investments in AMI, DA, IVVC or other related grid modernization distribution system upgrades not to exceed the \$516 million referenced above. Other related Grid Mod I distribution system upgrades include up to \$16 million for AMI related distribution expenditures,¹⁴ and up to \$50 million in distribution platform modernization work as outlined in more detail in Case No. 17-2436-EL-UNC, i.e. new circuit tie miles, reconductoring, new reclosers and associated communications infrastructure, and SCADA devices on substations and circuits. However, capital investments in other related Grid Mod I distribution system upgrades shall not exceed \$66 million. For the avoidance of doubt, the Companies' spending of the \$16 million and \$50 million discussed above will not result in an increase to the \$516 million Grid Mod I spending cap.

- 12. Delete the existing Section VI.4. of the Original Stipulation appearing on page 29, and insert the following new Section VI.4.:**

4. The Original and Supplemental Stipulations are submitted for purposes of this proceeding only and are not deemed binding in any other proceeding. Except for enforcement purposes or to establish that the terms of the Original and Supplemental Stipulations are lawful, neither these Stipulations nor any

¹⁴ AMI related distribution expenditures include costs incurred to address safety and protection for customers, such as socket repairs. Socket repairs are not distributed energy resources.

information or data contained in, supporting, or attached to these Stipulations shall be offered or relied upon in any other proceedings. In addition, these Stipulations are agreed to without any admission against, prejudice to, or limitation on any position which any Signatory Party, or Signatory Party who agreed not to oppose the grid modernization provisions, may advocate in another proceeding or another phase of this proceeding, including, without limitation any position to be advocated by a party in a future proceeding regarding the Companies' Distribution Modernization Riders. Signatory Parties are not bound by the terms of these Stipulations in other cases or other phases involving the expansion of the Companies' grid modernization such as Grid Mod II.

- 13. On Attachment C of the Original Stipulation, replace the fourth and fifth metrics under the heading “Physical Meters” with the following:**

Meters salvaged or sold (#)	The number of meters sent to salvage or sold. <ul style="list-style-type: none">• Meters (physical count) retired and replaced with an AMI meter and sent to salvage or sold each month.
Meters salvaged or sold (\$)	The salvage or sale value of legacy meters retired and replaced with an AMI meter.

- 14. On page 10 of the Original Stipulation, there shall be a footnote added to the end of section C.a., which reads, “The Office of the Ohio Consumers’ Counsel and NOPEC take no position on whether Grid Mod I produces a positive cost-benefit analysis for consumers, but agree not to oppose Attachment B for purposes of the Original Stipulation and Supplemental Stipulation.”**

- 15. On page 29-30, paragraph 5 of the Original Stipulation shall be replaced in its entirety by the following paragraph:**

The agreement of the Signatory Parties reflected in this document is expressly conditioned upon its acceptance in its entirety and without material alteration by the Commission. Each Signatory Party has the right, in its sole discretion, to determine whether any Commission modification of these Stipulations constitutes a material alteration thereof. The Signatory Parties agree that if the Commission or any court of competent jurisdiction rejects all or any material part of these Stipulations, or otherwise materially modifies their 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 Stipulations without material modification, then within forty-five days thereafter the adversely affected Signatory Party may terminate its Signatory Party status without penalty or cost, withdraw from the Stipulation, and regain its rights as a non-Signatory Party as if it had never executed the Stipulations by filing a notice with the Commission and the other Signatory Parties. However, no Signatory Party shall terminate its status and withdraw from the Stipulations without first negotiating in good faith with the other Signatory Parties to achieve an outcome that substantially satisfies the intent of the Stipulations.

IN WITNESS WHEREOF, this Supplemental Stipulation has been signed by the authorized agents of the undersigned Parties as of this 25th day of January, 2019. The undersigned Parties respectfully request the Commission to issue its Opinion and Order approving and adopting the Original Stipulation and Supplemental Stipulation (together “Stipulation”) as filed and without modification. These Stipulations will be held open for

additional intervenors and parties to sign on as Signatory Parties until the issuance of an Order by the Commission.

Signatory Parties

s/ Brian J. Knipe
Ohio Edison Company

s/ Thomas Lindgren /per email consent
Staff of the Public Utilities Commission
of Ohio

s/ Brian J. Knipe
The Toledo Edison Company

s/ Michael L. Kurtz /per e-mail consent
Ohio Energy Group

s/ Brian J. Knipe
The Cleveland Electric Illuminating
Company

s/ Frank P. Darr /per email consent
Industrial Energy Users – Ohio

s/ Rebekah J. Glover /per email consent
Direct Energy Services, LLC and
Direct Energy Business, LLC

s/ Gretchen Petrucci /per email consent
Ohio Cable Telecommunications
Association

s/ Trent A. Dougherty /per email consent
Environmental Defense Fund

s/ Devin Parram /per email consent
Ohio Hospital Association

s/ Larry S. Sauer /per email consent*
The Office of the Ohio Consumers'
Counsel

s/ Joseph Olier /per email consent
Interstate Gas Supply, Inc.

s/ Dane Stinson /per email consent*
The Northeast Ohio Public Energy
Council

s/ Colleen Mooney /per email consent*
Ohio Partners for Affordable Energy

*This party is a Signatory Party to all terms and conditions of the Stipulation except the terms and conditions of Sections V.B through V.I. related to grid modernization. In the interests of reaching a global settlement on a variety of issues, including providing the benefits of the Tax Cuts and Jobs Act of 2017 to customers, this party agrees not to oppose Sections V.B through V.I. of the Original Stipulation

**TCJA Credit Mechanism
Rate Calculation**

**ILLUSTRATIVE
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(1)	Company	OE	CEI	TE
(2)	Current Income Tax Savings ¹	\$ (16,330,521)	\$ (13,356,153)	\$ (5,415,665)
(3)	Carrying Charges (On Stub Period)	\$ (536,465)	\$ (438,755)	\$ (177,907)
(4)	Amortization of Normalized EDIT ¹	\$ (8,059,885)	\$ (8,975,055)	\$ (2,176,897)
(5)	Amortization of Non-Norm. Property EDIT ¹	\$ (11,542,042)	\$ (4,889,337)	\$ (2,893,788)
(6)	Amortization of Non-Property EDIT ¹	\$ 12,411,988	\$ 3,585,904	\$ 2,591,504
(7)	Cumulative Return on Normalized EDIT ¹	\$ 654,207	\$ 724,750	\$ 178,427
(8)	Over/(Under) Recovery	\$ (10,000)	\$ 10,000	\$ (3,000)
(9)	Subtotal	\$ (23,412,717)	\$ (23,338,648)	\$ (7,897,326)
(10)	CAT Gross Up	100.261%	100.261%	100.261%
(11)	Total	\$ (23,473,749)	\$ (23,399,486)	\$ (7,917,912)
(12)				
(13)	Allocation Factors	OE	CEI	TE
(14)	Rate RS	62.45%	47.55%	57.93%
(15)	Rate GS	23.34%	35.70%	23.00%
(16)	Rate GP	5.79%	1.20%	5.33%
(17)	Rate GSU	1.40%	8.65%	0.30%
(18)	Rate GT	5.68%	3.78%	11.35%
(19)	Rate STL	0.85%	2.04%	1.66%
(20)	Rate POL	0.44%	1.03%	0.39%
(21)	Rate TRF	0.05%	0.04%	0.03%
(22)	Total	100.00%	100.00%	100.00%
(23)				
(24)	Allocation to Rate Schedules	OE	CEI	TE
(25)	Rate RS	\$ (14,659,356)	\$ (11,126,456)	\$ (4,586,847)
(26)	Rate GS	\$ (5,479,574)	\$ (8,354,217)	\$ (1,821,252)
(27)	Rate GP	\$ (1,359,550)	\$ (281,497)	\$ (421,967)
(28)	Rate GSU	\$ (328,112)	\$ (2,025,175)	\$ (24,111)
(29)	Rate GT	\$ (1,333,414)	\$ (884,308)	\$ (898,650)
(30)	Rate STL	\$ (198,517)	\$ (477,686)	\$ (131,603)
(31)	Rate POL	\$ (104,052)	\$ (240,141)	\$ (30,948)
(32)	Rate TRF	\$ (11,174)	\$ (10,004)	\$ (2,534)
(33)	Total	\$ (23,473,749)	\$ (23,399,486)	\$ (7,917,912)
(34)				
(35)	Annual MWH Sales	OE	CEI	TE
(36)	Rate RS	8,958,101	5,338,614	2,410,145
(37)	Rate GS	6,451,699	6,261,027	1,879,377
(38)	Rate GP	2,520,462	488,101	1,025,532
(39)	Rate GSU	876,081	3,651,479	107,482
(40)	Rate GT	4,543,070	2,442,223	4,905,225
(41)	Rate STL	123,895	121,983	49,075
(42)	Rate POL	35,054	52,283	8,980
(43)	Rate TRF	14,295	16,785	2,219
(44)				
(45)	Rate (\$/kWh)	OE	CEI	TE
(46)	Rate RS	\$ (0.001636)	\$ (0.002084)	\$ (0.001903)
(47)	Rate GS	\$ (0.000849)	\$ (0.001334)	\$ (0.000969)
(48)	Rate GP	\$ (0.000539)	\$ (0.000577)	\$ (0.000411)
(49)	Rate GSU	\$ (0.000375)	\$ (0.000555)	\$ (0.000224)
(50)	Rate GT	\$ (0.000294)	\$ (0.000362)	\$ (0.000183)
(51)	Rate STL	\$ (0.001602)	\$ (0.003916)	\$ (0.002682)
(52)	Rate POL	\$ (0.002968)	\$ (0.004593)	\$ (0.003446)
(53)	Rate TRF	\$ (0.000782)	\$ (0.000596)	\$ (0.001142)

Notes:

- (2) Source: Page 2, line 19
 (3) Source: Page 5, line 6
 (4) - (6) Source: Page 3, line 23
 (7) Source: Page 4, line 31
 (8) Source: Page 6, line 3
 (9) Σ Line (2) through Line (8)
 (10) CAT Tax Gross Up: $(1 / (1 - .0026))$
 (14) - (21) Tax Allocation %
 (25) - (32) Calculation: Line (11) x Allocation Factor (Lines (14) - (21)).
 (36) - (43) Source: 2017 FERC Form 1 MWh
 (46) - (53) Calculation: Lines (25) - (32) / (Lines (36) - (43) x 1,000)

¹ Includes Stub Period amounts

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TCJA Credit Mechanism
Current Income Tax Expense Savings from TCJA

	OE	CEI	TE	TOTAL	Notes
(1) <u>Rate Base</u>					
(2) Net Plant	\$ 1,271,000,000	\$ 1,154,000,000	\$ 394,700,000	\$ 2,819,700,000	Case 07-551-EL-AIR
(3) ADIT Balance	\$ (197,100,000)	\$ (246,400,000)	\$ (10,316,000)	\$ (453,816,000)	Case 07-551-EL-AIR
(4) Other Rate Base	\$ 45,765,124	\$ 22,543,783	\$ (6,464,513)	\$ 61,844,395	Case 07-551-EL-AIR
(5) Subtotal	\$ 1,119,665,124	\$ 930,143,783	\$ 377,919,487	\$ 2,427,728,395	Sum(Line(2):Line(4))
(6)					
(7) <u>Equity Return</u>					
(8) % Equity	49%	49%	49%	49%	Case 07-551-EL-AIR
(9) % ROE	10.5%	10.5%	10.5%	10.5%	Case 07-551-EL-AIR
(10) Total Equity Return	\$ 57,606,771	\$ 47,855,898	\$ 19,443,958	\$ 124,906,626	Line(5) x Line(8) x Line(9)
(11)					
(12) <u>Income Tax Expense</u>					
(13) Rate %	37.5%	36.5%	36.4%	36.9%	Case 07-551-EL-AIR
(14) Expense	\$ 34,544,027	\$ 27,510,967	\$ 11,115,867	\$ 73,170,862	Line(10) x (1/(1-Line(13))) - 1)
(15)					
(16) New Rate %	24.0%	22.8%	22.7%	23.4%	Line 13 with 21% FIT rate
(17) New Expense	\$ 18,213,506	\$ 14,154,814	\$ 5,700,202	\$ 38,068,522	Line(10) x (1/(1-Line(16))) - 1)
(18)					
(19) Savings	\$ 16,330,521	\$ 13,356,153	\$ 5,415,665	\$ 35,102,340	Line(14) - Line(17)

**TCJA Credit Mechanism
Excess Deferred Income Tax Amortization**

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EDIT Balances (Pre-Tax)		OE		CEI		TE		Total		Source
(1)	Property Related Normalized EDIT	\$	(202,870,343)	\$	(225,096,763)	\$	(54,795,596)	\$	(482,762,701)	Balance at 12/31/2017
(2)	Non-Normalized Property EDIT	\$	(116,207,017)	\$	(49,050,345)	\$	(29,136,313)	\$	(194,393,675)	Balance at 12/31/2017
(3)	Non-Normalized Non-Property EDIT	\$	62,482,883	\$	17,987,082	\$	13,046,373	\$	93,516,338	Balance at 12/31/2017
(4)										
(5)										
(6)										

(7)	EDIT Amortization (Pre-Tax)	OE		CEI		TE	
		Normalized	Non-Norm. Property	Normalized	Non-Norm. Property	Normalized	Non-Norm. Property
(8)							
(9)	January	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(10)	February	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(11)	March	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(12)	April	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(13)	May	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(14)	June	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(15)	July	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(16)	August	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(17)	September	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(18)	October	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(19)	November	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(20)	December	\$ (676,234)	\$ (968,392)	\$ (750,323)	\$ (408,753)	\$ (182,652)	\$ (242,803)
(21)	Total	\$ (8,114,814)	\$ (11,620,702)	\$ (9,003,871)	\$ (4,905,034)	\$ (2,191,824)	\$ (2,913,631)
(22)	Pole Attachment	\$ (54,929)	\$ (78,660)	\$ (28,815)	\$ (15,698)	\$ (14,927)	\$ (19,843)
(23)	Net EDIT Amort	\$ (8,059,885)	\$ (11,542,042)	\$ (8,975,055)	\$ (4,889,337)	\$ (2,176,897)	\$ (2,893,788)

Notes:

- Property Normalized EDIT Amort. (Pre-Tax): Based on ARAM (Illustrative at 25 years)
- Non-Normalized Property-Related EDIT Amort: Based on 10-year straight line amortization
- Non-Normalized Non-Property EDIT Amort: Based on 5-year straight-line amortization
- Line 22 - Annual EDIT amortization returned through Pole Attachment rates

TCJA Credit Mechanism

Cumulative Return on Property EDIT

ILLUSTRATIVE
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EDIT Balances (After-Tax)		OE	CEI	TE	Total	Source
(1)	Property Related Normalized EDIT	\$ (157,240,782)	\$ (173,640,455)	\$ (42,962,870)	\$ (373,844,107)	Balance at 12/31/2017
(2)						
(3)						
(4)						
Weighted Average Cost of Capital		OE	CEI	TE	Source	
(5)	Debt %	51%	51%	51%	Case No. 07-551-EL-AIR	
(6)	Cost of Debt	6.54%	6.54%	6.54%	Case No. 07-551-EL-AIR	
(7)	Equity %	49%	49%	49%	Case No. 07-551-EL-AIR	
(8)	Return on Equity	10.50%	10.50%	10.50%	Case No. 07-551-EL-AIR	
(9)	Composite Income Tax %	22.05%	22.41%	21.85%	Current Composite Tax Rate	
(10)	Pre-tax WACC	9.94%	9.97%	9.92%	WACC Calculation	
(11)						
(12)						
(13)						
Normalized EDIT Amort. (After-Tax)		OE	CEI	TE		
(14)	January	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(15)	February	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(16)	March	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(17)	April	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(18)	May	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(19)	June	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(20)	July	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(21)	August	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(22)	September	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(23)	October	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(24)	November	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(25)	December	\$ (524,136)	\$ (578,802)	\$ (143,210)		
(26)	Total	\$ (6,289,631)	\$ (6,945,618)	\$ (1,718,515)		
(27)						
(28)	Annual Return	\$ 654,207	\$ 724,750	\$ 178,427		
(29)	Cumulative Return	\$ 654,207	\$ 724,750	\$ 178,427		
(30)						
(31)						

Notes:

- Normalized EDIT Amort. (After-Tax): Based on ARAM (Illustrative at 25 years)
- Annual Return = -Property EDIT Amort. (After-Tax) x $(1 * (1 + \text{WACC}/12)^{12}) - 1$
- Cumulative Return = Annual Return + Prior Year Cumulative Return

TCJA Credit Mechanism
Prior Period Reconciliation

ILLUSTRATIVE
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	OE	CEI	TE
(1) Amount of Annual Credit	\$ (100,000)	\$ (120,000)	\$ (85,000)
(2) Actual Amount Credited	\$ (90,000)	\$ (130,000)	\$ (82,000)
(3) Over/(Under) Credit	\$ (10,000)	\$ 10,000	\$ (3,000)

**TCJA Credit Mechanism
Allocations**

(1)	Rate	OE	CEI	TE
(2)	Rate RS	62.45%	47.55%	57.93%
(3)	Rate GS	23.34%	35.70%	23.00%
(4)	Rate GP	5.79%	1.20%	5.33%
(5)	Rate GSU	1.40%	8.65%	0.30%
(6)	Rate GT	5.68%	3.78%	11.35%
(7)	Rate STL	0.85%	2.04%	1.66%
(8)	Rate POL	0.44%	1.03%	0.39%
(9)	Rate TRF	0.05%	0.04%	0.03%
(10)	Total	100.00%	100.00%	100.00%

Operational Savings Allocation

Rate	Allocation
RS	89.19%
GS	10.67%
GP	0.02%
GSU	0.01%
STL	0.01%
POL	0.09%
TRF	0.02%
Total	100.00%

CERTIFICATE OF SERVICE

I certify that the foregoing was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 25th day of January, 2019. The PUCO's e-filing system will electronically serve notice of the filing of this document on all parties of record.

/s/ James F. Lang

One of the Attorneys for Ohio Edison Company,
The Cleveland Electric Illuminating Company, and
The Toledo Edison Company

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

1/25/2019 9:33:51 AM

in

Case No(s). 16-0481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC, 18-1656-EL-ATA

Summary: Stipulation Supplemental 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