THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE 2017 REVIEW OF THE DISTRIBUTION UNCOLLECTIBLE RIDER, PIPP UNCOLLECTIBLE RIDER, NON-DISTRIBUTION UNCOLLECTIBLE RIDER, GENERATION COST RECONCILIATION RIDER, AND ECONOMIC DEVELOPMENT RIDER OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY.	**CASE NO. 16-2143-EL-RDR**

FINDING AND ORDER

Entered in the Journal on June 19, 2019

I. SUMMARY

{¶ 1} In this Finding and Order, the Commission approves the application filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company regarding the 2017 audit review of the PIPP Uncollectible Rider, the Distribution Uncollectible Rider, the Non-Distribution Uncollectible Rider, the Generation Cost Reconciliation Rider, and the Economic Development Rider.

II. DISCUSSION

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy or the Companies) are electric distribution utilities as defined in R.C. 4928.01(A)(6) and public utilities as defined in R.C. 4905.02 and, as such, are subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4928.141 provides that an electric distribution utility shall provide consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service to customers, including firm supply of electric generation services. The SSO may be either a market rate offer in accordance with R.C. 4928.142, or an electric security plan (ESP) in accordance with R.C. 4928.143.

{¶ 4} On August 25, 2010, the Commission issued an Opinion and Order in *In re Application of Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co. for Auth. to Establish a Std. Serv. Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Elec. Security Plan*, Case No. 10-388-EL-SSO (*ESP II Case*). In that Opinion and Order, the Commission approved a combined stipulation, as modified, authorizing FirstEnergy to establish multiple riders.

{¶ 5} On July 18, 2012, the Commission issued an Opinion and Order in Case No. 12-1230-EL-SSO (*ESP III Case*), approving a stipulation filed by various parties extending, with modifications, the combined stipulation approved by the Commission in the *ESP II Case*. In the July 18, 2012 Opinion and Order in the *ESP III Case*, the Commission found that the Companies should file an application annually in July for the combined review of the PIPP Uncollectible Rider (Rider PUR), Distribution Uncollectible Rider (Rider DUN), Non-Distribution Uncollectible Rider (Rider NDU), Generation Cost Reconciliation Rider (Rider GCR), and Economic Development Rider (Rider EDR). *ESP III Case*, Opinion and Order (July 18, 2012) at 44. Rider PUR recovers uncollectible expenses associated with the Universal Service Fund/Percentage of Income Payment Plan. Rider DUN recovers distribution uncollectible expenses in excess of the amount being recovered in base rates, which were set in *In re Application of Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co. for Auth. to Increase Rates for Distrib. Serv., Modify Certain Accounting Practices and for Tariff Approvals,* Case No. 07-551-EL-AIR. Rider NDU recovers non-distribution uncollectible expenses. Rider GCR recovers the generation cost difference that the Companies pay suppliers as compared to the costs recovered from customers. Rider EDR contains seven provisions: a residential non-standard credit provision; an interruptible credit provision; a non-residential provision; a general service-transmission provision; a standard charge provision; an automaker credit provision; and an automaker charge provision.

{¶ 6} On March 31, 2016, the Commission issued its Opinion and Order in Case No. 14-1297-EL-SSO (*ESP IV Case*), continuing the Companies' obligation to file an annual application for the combined review of Riders DUN, PUR, NDU, GCR, and EDR. *ESP IV Case*, Opinion and Order (Mar. 31, 2016) at 14-30.

{¶ 7} On July 31, 2018, the Companies filed an application for the review of Riders PUR, DUN, NDU, GCR, and EDR, in accordance with the requirements set forth in the *ESP III Case* and *ESP IV Case*.

{¶ 8} On August 20, 2018, the Office of the Ohio Consumers' Counsel (OCC) filed a motion to intervene in this matter. In support of its motion, OCC asserts that Ohio's residential customers may potentially be adversely affected by this proceeding. No memoranda contra OCC's motion to intervene were filed. The Commission finds that the unopposed motion is consistent with the Commission's intervention requirements set forth in R.C. 4903.221(B) and Ohio Adm.Code 4901-1-11(B), is reasonable, and should be granted.

{¶ 9} Thereafter, on October 24, 2018, Staff filed its review and recommendations regarding the Companies' application. In its review, Staff states that it reviewed the Companies' filings. Regarding the uncollectible riders (Riders DUN, PUR, and NDU), Staff states that it found minor errors in the Companies' work papers, which have since been adequately addressed. Although Staff clarifies that the errors did not result in any adjustments, Staff recommends that the Companies consider ways to improve internal review of the accounting required to calculate the revenue requirements in anticipation of future applications for review. Staff concludes that the filing regarding the uncollectible riders for the four quarters ending December 31, 2017, is both consistent with, and in compliance with, the Commission's orders. Therefore, Staff recommends that the application be approved as filed for Riders DUN, PUR, and NDU.

{¶ 10} As to Rider GCR, Staff states that it has reviewed the rider for the four quarters ending December 31, 2017. Staff notes that the Companies' work papers contained several errors, but that these errors were corrected prior to Staff's review. Therefore, Staff is satisfied that the filing regarding Rider GCR is both consistent with, and in compliance with, the Commission's orders and recommends that the application be approved as filed for Rider GCR.

{¶ 11} Regarding Rider EDR, Staff states that it reviewed all seven provisions of the rider for the four quarters ending December 31, 2017, and is satisfied that the filing is both consistent with, and in compliance with, the Commission's orders. Accordingly, Staff recommends that the Commission accept the application as filed for Rider EDR.

{¶ 12} The Commission has reviewed the Companies' application and Staff's review and recommendations. The Commission finds that, in accordance with Staff's recommendations, the Companies' application is consistent with the stipulations approved by the Commission in the *ESP III Case* and *the ESP IV Case*, does not appear to be unjust or unreasonable, and should be approved. However, consistent with Staff's findings, the Commission recommends that the Companies consider ways to improve internal review of the accounting necessary to calculate the revenue requirements for future applications in order to avoid errors. Finally, the Commission finds that it is not necessary to hold a hearing in this matter.

III. ORDER

{¶ 13} It is, therefore,

{¶ 14} ORDERED, That FirstEnergy's application be approved. It is, further,

{¶ 15} ORDERED, That a copy of this Finding and Order be served upon all parties of record.

COMMISSIONERS:
Approving:
Sam Randazzo, Chairman
M. Beth Trombold
Lawrence K. Friedeman
Daniel R. Conway
Dennis P. Deters

MJA/TMS /mef