

combination of charges to NorthStar and full recovery of all interruptible credits or other delta revenue. In addition, under the proposed reasonable arrangement construct, Toledo Edison agrees that North Star should work with the Company to address the specifics of offering the incremental demand response resources associated with the Expanded Facility into the PJM capacity market, including the administration of applicable costs and any market compensation resulting from these activities, consistent with the Company's current approved treatment of similar market compensation. North Star working with Toledo Edison on these matters will also ensure that the customer's existing load continues to be treated consistent with the terms of Toledo Edison's Rider ELR.

COMMENTS

A. The Reasonable Arrangement Must Keep the Utility Financially Whole

Under North Star's proposed reasonable arrangement construct, Toledo Edison must be able to recover all interruptible demand credits. North Star's application proposes that Toledo Edison be permitted to recover the costs of the interruptible credits through its Delta Revenue Recovery Rider, or an equivalent recovery mechanism, with such recovery a fundamental term of the arrangement. Toledo Edison supports this proposal.

If the Commission adopts any alternative construct that results in delta revenue, the Commission should ensure that Toledo Edison remains financially whole, through a combination of charges to North Star and full recovery of delta revenue. For instance, Toledo Edison must recover 100% of the base distribution charges and all distribution-related rider charges that are otherwise applicable to North Star. Since these charges cover Toledo Edison's fixed costs to enable Toledo Edison to provide distribution service to North Star, it makes sense for North Star to be responsible for these charges, rather than other customers. Nevertheless, if the

Commission determines that North Star should receive a discount on base distribution or distribution-related charges, then all resulting discounts must be recovered by Toledo Edison as delta revenue. This ensures that Toledo Edison is compensated for its fixed costs of providing distribution service.

In addition, Toledo Edison should fully recover all costs associated with transmission and generation. Transmission and generation charges are outside Toledo Edison's control and are recovered through riders that are reconcilable and revenue neutral to Toledo Edison. Therefore, delta revenue created by a customer discount on these riders must be recovered to avoid financial harm to Toledo Edison.

B. North Star Should work with Toledo Edison to Implement any Commission Approved Provisions Related to Participation in PJM Demand Response Programs

North Star's application includes a provision whereby the customer is not precluded from participating in other PJM demand response programs through a curtailment service provider. Further, the application specifies that North Star should work with Toledo Edison regarding compensation received from PJM associated with North Star's load currently being served under Rider ELR. Toledo Edison agrees with this provision. Under the proposed reasonable arrangement construct, North Star should work with the Company to address the specifics the incremental demand response resources associated with the Expanded Facility into the PJM capacity market, including the administration of applicable costs and any market compensation resulting from these activities, consistent with the Company's current approved treatment of PJM market compensation. North Star working with Toledo Edison on these matters will also ensure that the customer's existing load continues to be treated consistent with the terms of Toledo Edison's Rider ELR.

CONCLUSION

For the reasons stated herein, Toledo Edison urges the Commission to ensure the arrangement keeps Toledo Edison financially whole, including full recovery of all interruptible credits or other delta revenue, and that North Star should work with Toledo Edison to implement Commission approved provisions related to participation in the PJM capacity market.

Respectfully submitted,

/s/ Scott J. Casto

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CERTIFICATE OF SERVICE

A copy of the foregoing has been served by electronic mail, this 20th day of June, 2019 upon the following parties.

/s/ Scott J. Casto _____

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This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

6/20/2019 4:09:26 PM

in

Case No(s). 19-0950-EL-AEC

Summary: Comments of Toledo Edison Company electronically filed by Mr. Scott J Casto on behalf of The Toledo Edison Company