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FILE

February 20, 2020

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2020 FEB 20 PM 12:43

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Review of the Non-Market Based Services Rider contained in the Tariffs of Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company, Case No. 19-2120-EL-RDR*

Dear Docketing Division:

Enclosed please find the Staff's Review and Recommendations in regard to the application filed by The Ohio Edison, The Cleveland Electric Illuminating Company and The Toledo Edison Company to update its Non-Market Based Services Rider, in Case No. 19-2120-EL-RDR

Tamara S. Turkenton
Director, Rates and Analysis Department
Public Utilities Commission of Ohio

Enclosure

Cc: Parties of Record

This is to certify that the images appearing are an accurate and complete reproduction of a case file. Sent on delivery in the regular course of business.
Initialed A Date Processed 2/20/20

**The Ohio Edison Company
The Cleveland Electric Illuminating Company
The Toledo Edison Company**

Case No. 19-2120-EL-RDR (NMB)

Summary

On December 16, 2019 The Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, FirstEnergy) filed the Non-Market Based Services Rider (NMB) annual update application. The NMB is designed to recover non-market based transmission-related costs, such as Network Integration Transmission Service (NITS) charges, imposed on or charged to the Companies by the Federal Energy Regulatory Commission (FERC) or PJM on a non-bypassable basis.

The NMB pilot program (Pilot) was approved in Case No. 14-1297-EL-SSO. The Pilot began June 1, 2016 and as of the filing of the application in this Case, 58 customers are expected to be participating in the Pilot as of March 1, 2020.

Customers served under the Pilot are billed directly by PJM or their CRES provider and are no longer subject to the NMB Rider rates. This allows the customer or their CRES to be billed directly for certain costs such as NITS based on the customer's specific Network Service Peak Load (NSPL), as opposed to the customer being billed by the utility under Rider NMB based on their monthly metered billing demand. This provides an opportunity for these customers to control their transmission related costs by controlling their NSPL.

Staff Review

In its annual review, Staff examined the as-filed schedules for consistency with the Commission's Opinion and Orders in previous NMB cases and conducted this audit through a combination of document review, interviews, and interrogatories. For the audit period October 1, 2018 through September 30, 2019, Staff requested documentation as needed to determine that the costs were substantiated and jurisdictional or to conclude that an adjustment was warranted. Staff concludes that the proposed NMB rates reflect the current and projected costs through February 28, 2021. However, Rider NMB is subject to reconciliation in its next application. Staff notes that it continues its audit of the Legacy RTEP costs authorized on October 23, 2019 in Case No. 18-1818-EL-RDR.

Staff recommends to the Commission that it direct FirstEnergy to work with Staff in developing standard information that would be provided to Staff when the annual application is filed. Given the short timeframe for the audit, a standard data request would facilitate a more efficient review. In general Staff seeks: (a) support for the costs and revenues reflected in the applications schedules,

for example, general ledger screenshots and copies of invoices, (b) support for forecasted cost/credits and billing determinants, and (c) typical bill comparisons.

Conclusion

Staff recommends to the Commission that FirstEnergy's application filed on December 16, 2019 as supplemented on January 29, 2020 be approved for rates effective March 1, 2020.