

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In The Matter Of The Determination Of The	)	
Existence Of Significantly Excessive Earnings For 2017	)	
Under The Electric Security Plans of Ohio Edison	)	Case No. 18-857-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of The Determination Of The	)	
Existence Of Significantly Excessive Earnings For 2018	)	
Under The Electric Security Plans of Ohio Edison	)	Case No. 19-1338-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of The Determination Of The	)	
Existence Of Significantly Excessive Earnings For 2019	)	
Under The Electric Security Plans of Ohio Edison	)	Case No. 20-1034-EL-UNC
Company, The Cleveland Electric Illuminating	)	
Company, And The Toledo Edison Company	)	
	)	
In The Matter Of the Quadrennial Review Required	)	
By R.C. 4928.143(E) For The Electric Security Plans	)	
Of Ohio Edison Company, The Cleveland Electric	)	Case No. 20-1476-EL-UNC
Illuminating Company, and The Toledo Edison	)	
Company	)	

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**DIRECT TESTIMONY OF**

**SANTINO L. FANELLI**

**ON BEHALF OF**

**OHIO EDISON COMPANY  
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY  
THE TOLEDO EDISON COMPANY**

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**March 1, 2021**

1 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

2 A. My name is Santino L. Fanelli. I am employed by FirstEnergy Service Company as  
3 Director of the Rates and Regulatory Affairs Department. My business address is 76 South  
4 Main Street, Akron, Ohio 44308.

5 **Q. WHAT ARE YOUR CURRENT JOB DUTIES AND AREAS OF**  
6 **RESPONSIBILITY?**

7 A. I am responsible for managing the regulatory activities of Ohio Edison Company (“OE”),  
8 The Cleveland Electric Illuminating Company (“CEI”), and The Toledo Edison Company  
9 (“TE”) (collectively, the “Companies”). I have experience in numerous matters that have  
10 come before the Public Utilities Commission of Ohio (“Commission”), and I interact with  
11 Commission Staff and other stakeholders on a routine basis.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

13 A. Yes. I have testified on behalf of the Companies in several proceedings, including the  
14 Companies’ current Electric Security Plan in Case No. 14-1297-EL-SSO (“ESP IV”).

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

16 A. The purpose of my testimony is to demonstrate that the Companies’ ESP IV continues to  
17 be more favorable in the aggregate during its remaining term as compared to the expected  
18 results that would otherwise apply under a Market Rate Offer (“MRO”), pursuant to Ohio  
19 Revised Code 4928.143(E).

20 **Q. WHAT IS THE TERM OF ESP IV?**

21 A. ESP IV was approved for the term June 1, 2016 through May 31, 2024.

1 **Q. WAS ESP IV FOUND BY THE COMMISSION TO BE MORE FAVORABLE IN**  
2 **THE AGGREGATE THAN THE EXPECTED RESULTS OF AN MRO?**

3 A. Yes. Taking into consideration quantitative and qualitative benefits, the Commission  
4 found ESP IV to be more favorable in the aggregate over its full term than the expected  
5 results of an MRO.

6 **Q. WHAT ARE THE QUANTITATIVE BENEFITS OF ESP IV?**

7 A. In ESP IV, the Commission found quantifiable benefits from shareholder funding  
8 commitments totaling approximately \$51 million over the full term of ESP IV that would  
9 not be available under an MRO. For the remaining term of ESP IV from January 1, 2020  
10 through May 31, 2024, these quantitative benefits that would not be available under an  
11 MRO are nearly \$38 million as summarized in the table below:

	<u>Total</u> <u>ESP IV</u>	<u>Remaining</u> <u>ESP IV Term</u>
Economic Development	\$24.0 million	\$19.7 million
Fuel Funds	\$19.1 million	\$13.1 million
Customer Advisory Agency	<u>\$8.0 million</u>	<u>\$5.0 million</u>
Total Quantitative Benefits	\$51.1 million	\$37.8 million

12  
13 **Q. WHAT ARE THE QUALITATIVE BENEFITS OF ESP IV?**

14 A. The Commission found several qualitative benefits of ESP IV compared to the expected  
15 results of an MRO that continue to apply over its remaining term, including:

- 16 • continuation of the base distribution rate freeze to provide rate certainty, stability,  
17 and predictability for customers;
- 18 • various rate options and programs for eligible customers that support economic  
19 development, job retention, and provide opportunities for customers to save on their  
20 bills;

- a goal to reduce CO<sub>2</sub> emissions by at least 90% below 2005 levels by 2045 with periodic reporting requirements;
- programs to promote the use of energy efficiency;
- commitments to grid modernization through the deployment of smart grid technology and advanced metering infrastructure, which led to the approval and ongoing implementation of an initial phase of a grid modernization plan;
- provisions to promote resource diversity, including evaluation of battery technology and the opportunity to procure additional renewable energy resources;
- customer assistance programs and support for low-income customers; and
- commitments to promote competition, including implementation of a supplier web portal, various changes to the Companies' tariffs to eliminate perceived barriers to competition, and enabling competitive providers to offer innovative products.

**Q. HAVE THERE BEEN CHANGES TO ANY OF THESE QUANTITATIVE OR QUALITATIVE BENEFITS SINCE ESP IV WAS APPROVED?**

A. No.

**Q. DOES ESP IV CONTINUE TO BE MORE FAVORABLE IN THE AGGREGATE DURING ITS REMAINING TERM THAN THE EXPECTED RESULTS OF AN MRO?**

A. Yes. The Commission found ESP IV to be more favorable in the aggregate than the expected results of an MRO over the full term of ESP IV. There have been no changes to ESP IV that would change this conclusion for its remaining term.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

A. Yes.

### **CERTIFICATE OF SERVICE**

I hereby certify that Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company filed the foregoing document electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 1st day of March 2021. The PUCO's e-filing system will electronically serve notice of the filing of this document on counsel for all parties.

/s/ Brian J. Knipe

*An Attorney 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**

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**in**

**Case No(s). 18-0857-EL-UNC, 19-1338-EL-UNC, 20-1034-EL-UNC, 20-1476-EL-UNC**

Summary: Testimony - Direct Testimony of Santino L. Fanelli electronically filed by Ms. Margaret Dengler on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company