

# THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF THE  
NON-MARKET-BASED SERVICES RIDER  
CONTAINED IN THE TARIFFS OF OHIO  
EDISON COMPANY, THE CLEVELAND  
ELECTRIC ILLUMINATING COMPANY,  
AND THE TOLEDO EDISON COMPANY.

CASE NO. 21-695-EL-RDR

## FINDING AND ORDER

Entered in the Journal on August 25, 2021

### I. SUMMARY

{¶ 1} The Commission finds that the interim application filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company should be approved for rates effective September 1, 2021.

### II. DISCUSSION

{¶ 2} Ohio Edison Company (Ohio Edison), The Cleveland Electric Illuminating Company (CEI), and The Toledo Edison Company (Toledo Edison) (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 customers within its certified territory a standard service offer (SSO) of all competitive retail electric services (CRES) necessary to maintain essential electric services 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 approving a stipulation and two supplemental stipulations (Combined Stipulation), authorizing the Companies' second ESP for the period beginning June 1, 2011 through 2014. *In re Ohio Edison Co., Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 10-388-EL-SSO (ESP II Case).

Among other terms, the Combined Stipulation authorized the Companies' Non-Market-Based Services Rider (Rider NMB). Rider NMB is a non-bypassable rider that is designed to recover non-market-based transmission-related costs, such as Network Integration Transmission Service charges, imposed on or charged to the Companies by the Federal Energy Regulatory Commission or PJM Interconnection, LLC (PJM). *ESP II Case*, Opinion and Order (Aug. 25, 2010) at 12.

{¶ 5} On July 18, 2012, the Commission issued an Opinion and Order approving a stipulation between FirstEnergy and certain parties, which provided for an ESP for the period beginning June 1, 2014, through May 31, 2016, pursuant to R.C. 4928.143. *In re Ohio Edison Co., Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 12-1230-EL-SSO (*ESP III Case*). In that Opinion and Order, the Commission clarified that the Companies should file annually an application, in a separate docket, for a review of certain riders approved in that proceeding, including Rider NMB. *ESP III Case*, Opinion and Order (July 18, 2012) at 44.

{¶ 6} Subsequently, the Commission also specified that the Companies should make their filings for Rider NMB no later than January 15 of each year with rates to be effective no later than 75 days following the filing of the application. *In re Ohio Edison Co., Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 15-648-EL-RDR, Finding and Order (July 1, 2015) at 3-4.

{¶ 7} The Commission also approved the NMB Pilot Program, which will allow customers served under the program to be billed directly by PJM or their competitive retail electric service provider and to no longer be subject to the Rider NMB rates. *In re Ohio Edison Co., Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 14-1297-EL-SSO (*ESP IV Case*), Opinion and Order (Mar. 31, 2016), Fifth Entry on Rehearing (Oct. 12, 2016). Participation in the NMB Pilot Program will provide these customers an opportunity to control their transmission-related costs by controlling their Network Service Peak Load.

{¶ 8} In the Companies' most recent annual Rider NMB audit, Case No. 20-1768-EL-RDR, the Commission directed FirstEnergy to modify the proposed Rider NMB rates for Ohio Edison's and Toledo Edison's General Service -Transmission (Rate GT) classes and the CEI's General Service - Subtransmission (Rate GSU) class<sup>1</sup> to reduce the impacts such that customers' monthly bill increases would not exceed ten percent. This was accomplished through typical bill adjustments reducing these class revenue requirements by approximately \$21 million. The Commission further directed FirstEnergy to file an interim update in six months to determine if the recovery of the additional funds would be appropriate at that time and to file revised final tariffs. *In re the Application of Ohio Edison Co., The Cleveland Elec. Illum. Co., and The Toledo Edison Co.*, Case No. 20-1768-EL-RDR, Finding and Order (Feb. 24, 2021).

{¶ 9} On June 21, 2021, FirstEnergy filed an interim review application and proposed compliance tariff pages reflecting revisions to Rider NMB to comply with the Commission's Finding and Order in Case No. 20-1768-EL-RDR, as well as the Companies' *ESP III Case* and *ESP IV Case*. The Companies request that the Rider NMB rates, which reflect the current and projected costs through February 28, 2022, become effective September 1, 2021.

{¶ 10} Staff filed its review and recommendation on August 11, 2021. In its review, of the interim application, Staff examined Ohio Edison and Toledo Edison's GT classes and the CEI's GSU class bill impacts and found the Companies' updates to be acceptable. According to Staff, the proposed rates for Ohio Edison and Toledo Edison's GT classes continue to include a typical bill adjustment to reduce bill impacts such that customers monthly bill increases would not exceed ten percent; however, Staff emphasizes the proposed typical bill adjustment is approximately a third of the prior adjustment approved in Case No. 20-1768-EL-RDR. Staff adds that CEI's GSU class no longer needs a rate mitigation measure. Ultimately, Staff recommends that the typical bill adjustment in Case

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<sup>1</sup> Rates GSU and GT are two rate schedules offered in the Companies' Electric Service Regulations to non-residential, non-lighting customers.

No. 20-1768-EL-RDR and this interim application should be tracked, and FirstEnergy should propose an appropriate reconciliation to avoid subsidization between rate classes in the next annual audit.<sup>2</sup>

{¶ 11} The Commission has reviewed the Companies' interim application and Staff's review and recommendations. The Commission finds that the Companies' interim application is consistent with the directives contained in the Commission's Finding and Order in Case No. 20-1768-EL-RDR, as well as the stipulations approved by the Commission in the *ESP III Case* and *ESP IV Case*, does not appear to be unjust or unreasonable, and should be approved for rates effective September 1, 2021. As suggested by Staff, the Commission directs the Companies to include a proposed reconciliation in the next annual audit for our consideration. Additionally, as noted in Case No. 20-1768-EL-RDR, all costs or credits included in Rider NMB may be subject to further adjustments following the next annual audit.

{¶ 12} As a final matter, Ohio Adm.Code 4901:1-36-03(F) provides that affected parties may file a motion to intervene and detailed comments on any issues concerning any application filed under this rule within 40 days of the date of the filing of the application. Therefore, motions to intervene were due to be filed by August 2, 2021.

{¶ 13} On July 12, 2021, the Ohio Energy Group (OEG) filed a timely motion to intervene, claiming to satisfy all the Commission's intervention requirements set forth in Ohio Adm.Code 4901-1-11 and R.C. 4903.221. Specifically, OEG posits that its members purchase electric distribution services from FirstEnergy and will therefore be directly affected by the outcome of this proceeding.

{¶ 14} No memoranda contra OEG's motion to intervene were filed.

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<sup>2</sup> The Companies' interim filing included an update to the over/under reconciliation component with actuals through May 2021. While Staff notes that it did not audit the reconciliation component as part of its review of this interim filing, it will review the actuals as part of its annual review of Rider NMB in the next application.

{¶ 15} Upon review, the Commission finds that OEG has satisfied the intervention requirements set forth in R.C. 4903.221 and Ohio Adm.Code 4901-1-11. Accordingly, its motion to intervene should be granted.

### III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That FirstEnergy's interim application be approved, in accordance with this Finding and Order. It is further,

{¶ 18} ORDERED, That FirstEnergy's proposed tariff sheets for Rider NMB be approved and become effective no earlier than September 1, 2021, subject to further review by the Commission. It is, further,

{¶ 19} ORDERED, That FirstEnergy be authorized to file, in final form, complete copies of their final tariffs in each company's respective TRF docket, as well as in this case docket. It is, further,

{¶ 20} ORDERED, That the effective date of the final tariffs shall be a date not earlier than September 1, 2021, and the date upon which two complete copies are filed with the Commission as directed. It is, further,

{¶ 21} ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 22} ORDERED, That OEG's motion to intervene be granted. It is, further,

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

COMMISSIONERS:

*Approving:*

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

MJA/kck

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Summary: Finding & Order finding that the interim application filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company should be approved for rates effective September 1, 2021 electronically filed by Heather A. Chilcote on behalf of Public Utilities Commission of Ohio