

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE REVIEW OF THE
NON-MARKET-BASED SERVICES RIDER
PILOT PROGRAM ESTABLISHED BY OHIO
EDISON COMPANY, THE CLEVELAND
ELECTRIC ILLUMINATING COMPANY,
AND THE TOLEDO EDISON COMPANY.

CASE NO. 22-391-EL-RDR

ENTRY

Entered in the Journal on August 10, 2022

I. SUMMARY

{¶ 1} In this Entry, the Commission selects Exeter Associates as the auditor to assist Staff with the review of Non-Market-Based Services Rider Pilot Program established by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company.

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 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., The 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., The 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} The Commission subsequently 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., The 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 provides these customers an opportunity to control their transmission-related costs by controlling their Network Service Peak Load.

{¶ 7} When approving the Rider NMB Pilot Program, the Commission directed the Companies and Staff to review the actual results of the Rider NMB pilot program and report their findings to the Commission. The Commission directed that the review include, at a minimum: whether there is an aggregate savings in transmission costs for all of the

Companies' customers, whether and how much in transmission costs are being shifted to customers not participating in the pilot program, whether the benefits of the pilot program outweigh any costs, and whether Rider NMB results in an overall cost savings to customers.

{¶ 8} Accordingly, on June 15, 2022, the Commission issued an Entry directing Staff to reissue a request for proposal (RFP) to acquire audit services to assist the Commission with the review of the Rider NMB Pilot Program.

{¶ 9} The proposals received in response to the RFP have been evaluated and, after consideration of those proposals, the Commission selects Exeter Associates, Inc. (Exeter). The Commission finds that Exeter has the necessary experience to complete the required work.

{¶ 10} The Companies shall enter into a contract with Exeter by August 24, 2022, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and relevant Commission entries in this case.

{¶ 11} The Commission shall solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 12} Exeter will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. Exeter is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates

this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

{¶ 13} Upon request of Exeter or Staff, the Companies shall provide any and all documents or information requested. The Companies may conspicuously mark such documents or information “confidential” if the Companies believe the document should be deemed as such. In no event, however, shall the Companies refuse or delay in providing such documents or information.

{¶ 14} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days’ prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 15} Exeter shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Exeter may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by Exeter or its agents in the preparation and presentation of the report.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That Exeter be selected to perform the audit activities set forth above and in the RFP. It is, further,

{¶ 18} ORDERED, That the Companies and Exeter shall observe the requirements set forth herein. It is, further,

{¶ 19} ORDERED, That a copy of this Entry be served upon all parties of record.

COMMISSIONERS:

Approving:

Jenifer French, Chair

M. Beth Trombold

Lawrence K. Friedeman

Daniel R. Conway

Dennis P. Deters

GAP/hac

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Case No(s). 22-0391-EL-RDR

Summary: Entry selecting Exeter Associates as the auditor to assist Staff with the review of Non-Market-Based Services Rider Pilot Program established by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company. electronically filed by Ms. Mary E. Fischer on behalf of Public Utilities Commission of Ohio