THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE FILING BY OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY OF A GRID MODERNIZATION BUSINESS PLAN.	**CASE NO. 16-481-EL-UNC**
IN THE MATTER OF THE FILING BY OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY OF AN APPLICATION FOR APPROVAL OF A DISTRIBUTION PLATFORM MODERNIZATION PLAN	**CASE NO. 17-2436-EL-UNC**
IN THE MATTER OF THE APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY TO IMPLEMENT MATTERS RELATING TO THE TAX CUTS AND JOBS ACT OF 2017.	**CASE NO. 18-1604-EL-UNC**
IN THE MATTER OF THE APPLICATION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY FOR APPROVAL OF A TARIFF CHANGE.	**CASE NO. 18-1656-EL-ATA**

ENTRY

Entered in the Journal on September 16, 2022

{¶ 1} In this Entry, the attorney examiner finds that the motion for extension to file the audit report is reasonable and, therefore, should be granted.

{¶ 2} Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (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 consumers within its certified territory a standard service offer (SSO) of all competitive retail electric services necessary to maintain essential electric service to customers, including a firm supply of electric generation service. 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 March 31, 2016, in Case No. 14-1297-EL-SSO, the Commission approved FirstEnergy's application for its fourth ESP (ESP IV). *In re Ohio Edison Co., The Cleveland Elec. Illum. Co., and the Toledo Edison Co. for Authority to Provide for a Std. Serv. Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Elec. Security Plan*, Case No. 14-1297-EL-SSO (*ESP IV Case*), Opinion and Order (Mar. 31, 2016). Moreover, on October 12, 2016, the Commission issued the Fifth Entry on Rehearing in the *ESP IV Case*, further modifying ESP IV.

{¶ 5} Among other terms, ESP IV required the Companies to undertake grid modernization initiatives that promote customer choice in Ohio and to file a grid modernization business plan. *ESP IV Case*, Opinion and Order at 22, 95-96. Accordingly, on February 29, 2016, the Companies filed a grid modernization plan with the Commission in Case No. 16-481-EL-UNC (*Grid Mod Case*).[1] Specifically, the Companies' plan provided scenarios for the Companies to achieve smart meter installation, as well as other grid modernization investments like distribution automation and integrated volt-VAR control (Co. Ex. 2 at 5; Co. Ex. 1 at 5-6; business plan application at 13).

{¶ 6} Subsequently, on October 12, 2016, in the Fifth Entry on Rehearing in the *ESP IV Case*, the Commission noted that we intended to undertake a detailed policy review of grid modernization and that FirstEnergy's grid modernization business plan would be addressed following such review. *ESP IV Case*, Fifth Entry on Rehearing at 96-97. The

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1 The attorney examiner took administrative notice of the plan filed in the *Grid Mod Case* during the evidentiary hearing (Tr. Vol. 1 at 28).

Commission commenced this detailed policy review in 2017, and, on August 29, 2018, the Commission released *PowerForward: A Roadmap to Ohio's Electricity Future*. In the interim, on December 4, 2017, the Companies filed an application for approval of a distribution platform modernization plan (DPM Plan) in Case No. 17-2436-EL-UNC (*DPM Plan Case*) as a complement to the initiative (Co. Ex. 1 at 3; Co. Ex. 2 at 5).[2] According to FirstEnergy, the DPM Plan was designed to be completed over a three-year period to provide enhanced reliability and timelier outage restoration (DPM Plan at 1).

{¶ 7} On January 10, 2018, the Commission opened an investigation into the financial impacts of Tax Cuts and Jobs Act of 2017 (TCJA) on regulated utilities in this state. *See In re the Commission's Investigation of the Financial Impact of the TCJA on Regulated Ohio Utility Companies*, Case No. 18-47-AU-COI, Entry (Jan. 10, 2018). On October 24, 2018, following an extensive comment period and hearing, the Commission directed public utilities to file applications not for an increase in rates, pursuant to R.C. 4909.18, by January 1, 2019, in order to return to consumers the tax impacts resulting from the TCJA. On October 30, 2018, the Companies filed an application to establish a process to resolve TCJA-related issues in Case No. 18-1604-EL-UNC.

{¶ 8} On November 9, 2018, a stipulation and recommendation was filed, recommending a resolution for the above-captioned cases. The Companies indicated the resolution included components of the applications in both the Grid Mod Case and the DPM Plan Case and represented the first phase of its grid modernization initiative (Grid Mod I). On January 25, 2019, a supplemental stipulation and recommendation was filed, which modified the original stipulation (collectively referred to as the Stipulation).

{¶ 9} By Entry issued November 15, 2018, the attorney examiner consolidated the above-captioned cases and set a procedural schedule, including scheduling an evidentiary

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2 The attorney examiner took administrative notice of the plan filed in the *DPM Plan Case* during the evidentiary hearing (Tr. Vol. 1 at 28).

hearing, which commenced on February 5, 2019. The hearing concluded on February 6, 2019.

{¶ 10} The Commission issued its Opinion and Order on July 17, 2019, approving the Stipulation, subject to the Commission's adjustments to the calculation of the total estimated net benefits proposed for Grid Mod I. Opinion and Order at ¶¶ 115-116. Pursuant to the terms of the approved Stipulation, the Commission directed Staff, or its consultant, to conduct an operational benefits assessment and review prior to the next projected phase of the Companies' grid modernization investments to evaluate whether the actual functionality and performance of the project is consistent with the planned specifications. Opinion and Order at ¶¶ 44-45, 71.

{¶ 11} Pursuant to R.C. 4903.10, any party to a Commission proceeding may apply for rehearing with respect to any matters determined by the Commission within 30 days after the Commission's order is journalized. Environmental Law and Policy Center, the Natural Resources Defense Council, and the Ohio Environmental Council (Environmental Advocates) filed an application for rehearing on August 16, 2019, seeking the Commission's reconsideration of our decision to reject Environmental Advocates' proposal to incorporate a $30 million smart thermostat program in Grid Mod I and our findings regarding the confidentiality of settlement negotiations. The Companies and Industrial Energy Users-Ohio filed memoranda contra on August 26, 2019. By Entry on Rehearing issued September 11, 2019, the Commission denied Environmental Advocates' application for rehearing.

{¶ 12} Pursuant to the terms of the Stipulation, on August 25, 2021, the Commission directed Staff to issue a request for proposal (RFP) to acquire consulting services to assist the Commission with the operational benefits assessment to evaluate whether the actual functionality and performance of Grid Mod I are consistent with planned specifications as approved in the Stipulation. Entry (Aug.25, 2021). Subsequently, the Commission selected PA Consulting Group, Inc. (PA Consulting) as the auditor in this case. Entry (Oct. 20, 2021) at ¶ 16.

{¶ 13} However, on March 7, 2022, Staff filed a letter in the docket representing that PA Consulting is withdrawing from its work on this audit.

{¶ 14} Accordingly, on March 9, 2022, the Commission issued an Entry directing Staff to reissue a RFP to acquire audit services to assist the Commission with the operational benefits assessment and evaluate whether the actual functionality and performance of Grid Mod I are consistent with planned specifications as approved in the Stipulation.

{¶ 15} On April 20, 2022, the Commission selected Daymark Energy Advisors, Inc. (Daymark) to conduct the audit.

{¶ 16} On September 7, 2022, Staff filed a motion to extend the deadline for the final audit report from September 16, 2022, to October 14, 2022. Staff states that Daymark requires additional time to complete the gathering of evidence and analysis central to its review because of the complexity of the audit. Additionally, the ruling is requested on an expedited basis pursuant to Ohio Adm.Code 4901-1-12(C). Staff states that it has contacted all parties and, although not all parties responded, no responding party has expressed an objection to the extension or to the expedited ruling. No memoranda contra were filed in response to Staff's September 7, 2022 motion.

{¶ 17} Upon review, the attorney examiner finds Staff's motion is reasonable and, therefore, should be granted. Accordingly, Daymark is directed to provide its final audit report by October 14, 2022, unless otherwise directed.

{¶ 18} It is, therefore,

{¶ 19} ORDERED, That Staff's motion for an extension be granted. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/ Jacky Werman St. John

By: Jacky Werman St. John
Attorney Examiner

NJW/dmh

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Case No(s). 16-0481-EL-UNC, 17-2436-EL-UNC, 18-1604-EL-UNC, 18-1656-EL-ATA

Summary: Attorney Examiner Entry that Staff's motion for extension be granted electronically filed by Ms. Donielle M. Hunter on behalf of Jacky Werman St. John, Attorney Examiner, Public Utilities Commission of Ohio