

**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 July 20, 2023

**{¶ 1}** 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.

{¶ 2} 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.

{¶ 3} 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.

{¶ 4} 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*).<sup>1</sup> 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).

{¶ 5} Subsequently, in the Fifth Entry on Rehearing in the *ESP IV Case*, the Commission noted that it intended to undertake a detailed policy review of grid modernization and that FirstEnergy's grid modernization business plan would be

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

addressed following such review. *ESP IV Case*, Fifth Entry on Rehearing at 96-97. The 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).<sup>2</sup> 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).

{¶ 6} On January 10, 2018, the Commission opened an investigation into the financial impacts of the 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.

{¶ 7} 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).

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

{¶ 8} By Entry issued November 15, 2018, the attorney examiner consolidated the above-captioned cases and set a procedural schedule, including scheduling an evidentiary hearing, which commenced on February 5, 2019. The hearing concluded on February 6, 2019.

{¶ 9} 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.

{¶ 10} 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 the Commission's decision to reject Environmental Advocates' proposal to incorporate a \$30 million smart thermostat program in Grid Mod I and the Commission's 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.

{¶ 11} 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.

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

{¶ 13} Accordingly, on March 9, 2022, the Commission issued an Entry directing Staff to reissue an 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.

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

{¶ 15} Daymark filed its audit report on November 14, 2022.

{¶ 16} At this time, the attorney examiner finds it appropriate to allow interested stakeholders to file comments on the audit report filed by Daymark on November 14, 2022. Therefore, comments and reply comments on the audit report may be filed no later than August 11, 2023, and August 25, 2023, respectively.

{¶ 17} It is, therefore,

{¶ 18} ORDERED, That interested stakeholders file comments in accordance with the schedule outlined in Paragraph 16. It is, further,

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

THE PUBLIC UTILITIES COMMISSION OF OHIO

/s/Megan J. Addison

By: Megan J. Addison  
Attorney Examiner

GNS/dr

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ATA**

Summary: Attorney Examiner Entry ordering that interested stakeholders file comments and reply comments on the audit report no later than August 11, 2023, and August 25, 2023, respectively, electronically filed by Debbie S. Ryan on behalf of Megan J. Addison, Attorney Examiner, Public Utilities Commission of Ohio.