BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan	Case No. 23-301-EL-SSO

APPLICATION

Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (the "Companies") request Commission approval of the Companies' fifth Electric Security Plan ("ESP V") for the period June 1, 2024 through May 31, 2032. To develop ESP V, the Companies openly engaged interested stakeholders, solicited input, and listened. The Companies incorporated stakeholder feedback in crafting their ESP. The result is an ESP that supports a diverse array of interests and embodies the Companies' commitment to positively impacting their customers and the communities they serve.

ESP V will procure Standard Service Offer ("SSO") generation supply through a competitive bidding process ("CBP"). In addition, ESP V includes terms and conditions which promote reliability, affordability, and stewardship. With regard to reliability, the Companies propose provisions that support capital investment in, and maintenance of, the Companies' distribution system. To promote affordability, the Companies include CBP enhancements to increase supplier participation and reduce risk. The Companies also propose rate design and cost recovery proposals to mitigate bill impacts on customers. In addition, the Companies propose a portfolio of energy efficiency and demand response

("EE/PDR") programs to help customers save money on their electric bills, with costs deferred and amortized to mitigate bill impacts.

With regard to stewardship, the Companies are privileged to serve over two million customers. The Companies are in a unique position to positively impact their customers, communities, and other stakeholders, and strive to protect the environment. The proposed portfolio of EE/PDR programs will help customers save money on their electric bill and protect the environment. In addition, the Companies are proposing $52 million to support low-income customers and other initiatives to enhance the customer experience, which will not be recovered from customers.

For these reasons and as explained further below, the Companies respectfully request the Commission approve the proposed ESP V without modification, including all necessary accounting authority, issue a procedural schedule that enables the Companies to conduct ESP V SSO auctions in advance of June 1, 2024, and grant such other relief as necessary to approve ESP V.

I. Introduction — the Companies' Electric Security Plan

1. The Companies request authority to provide an SSO pursuant to R.C. 4928.141. As their SSO, and in accordance with R.C. 4928.143 and O.A.C. 4901:1-35, the Companies propose to implement this ESP V providing generation service pricing for the period of June 1, 2024 through May 31, 2032.

2. ESP V proposes continuing to provide generation supply to non-shopping customers through a CBP generally similar to the Companies' current approach in ESP

IV.[1] This approach, which has produced competitive market-based prices for SSO customers, uses a descending clock auction format, as well as a staggered or laddered schedule of procurements and a mix of products designed to smooth out generation prices. The process is designed to provide customers competitive pricing of energy services and mitigate price volatility. The Companies seek to enhance the process's benefits for customers even further, by proposing modifications to encourage supplier participation, reduce risk premiums and minimize risk of supplier default.

3. In addition to providing for the competitive supply of generation, ESP V includes other provisions, comprising an overall package that addresses the broad range of issues contemplated within the scope of Am. Sub. S.B. 221.

4. The Companies have a strong track record of delivering reliable service. ESP V also includes provisions to support the Companies' ability to maintain reliability and continue the path to a modern and more reliable and resilient delivery system. The Companies propose to continue their capital investment riders, introduce an enhanced vegetation management program and associated rider, and establish a plan to recover deferred costs of repairing storm damage. These programs will support the Companies' delivery system through continued capital investment and maintenance.

5. In addition, the Companies through ESP V propose to introduce a cost-effective portfolio of energy efficiency and demand response initiatives to help customers control their energy costs and protect the environment. The Companies also propose to continue, with modifications, their existing demand response program for commercial and industrial customers, to provide a resource to curtail load during emergency events.

[1] Case No. 14-1297-EL-SSO.

6. While ESP V supports these important benefits, it is also focused on maintaining customer affordability. In addition to CBP enhancements, the Companies' proposals include important measures to mitigate bill impacts, including cost caps, delayed cost recovery, and a phase-down of credits to demand response participating customers to balance rate impacts to participating and non-participating customers. Further, the Companies propose rate design changes to help customers better manage their electric bills, including proposed modifications to their transmission cost recovery.

7. ESP V also seeks to streamline the Companies' tariffs and improve their clarity for customers, by proposing to eliminate several inactive riders and related tariff provisions, along with updates to the Electric Generation Supplier Coordination Tariffs ("Supplier Tariffs").

8. ESP V also includes the Companies' commitment to contribute $52 million, without cost recovery from customers, for bill payment assistance and support to low-income customers, for customer education on transportation electrification and electric vehicle incentives, as well as potential grid innovation investments.

9. The Companies' Application incorporates by reference the testimony of the following witnesses (which testimony is being filed concurrently with this Application):

Witness	**Topic(s)**
Santino Fanelli	• ESP V overview, including rates and tariffs • Stewardship initiatives without cost recovery • Projected financial statements for ESP V • ESP vs. MRO "In the Aggregate" test • How ESP V supports state policies
Juliette Lawless	• Proposal to establish a new Storm Cost Recovery Rider ("Rider SCR") • Proposed changes to the Non-Mark-Based Services Rider ("Rider NMB") and the Rider NMB Opt-Out Pilot

Robert Lee	• SSO CBP and associated documents
Brandon McMillen	• Continuation of and proposed changes to the Delivery Capital Recovery Rider (“Rider DCR”), Advanced Metering Infrastructure / Modern Grid Rider (“Rider AMI”), Economic Load Response Program Rider (“Rider ELR”), and Economic Development Rider (“Rider EDR”) • Proposal to eliminate inactive riders • Proposal to establish a new Energy Efficiency Cost Recovery Rider (“Rider EEC”) • Proposal to establish a new Vegetation Management Cost Recovery Rider (“Rider VMC”)
Edward Miller	• Proposal for new energy efficiency and demand response programs
Dhara Patel	• SSO retail rates • Estimated customer impacts of ESP V
Amanda Richardson	• Companies’ reliability performance, alignment with customer expectations, and emphasis on and dedication of resources to reliability
Shawn Standish	• Companies’ vegetation management practices • Proposal for an enhanced vegetation management program
Edward Stein	• Proposed changes to Rider ELR • Proposed changes to Unaccounted for Energy • Support for the proposed changes to Rider NMB • Proposed changes to the Companies’ Supplier Tariffs

10. A proposed Legal Notice is attached as Attachment 1 to this Application as required by O.A.C. 4901:1-35-04(B).

11. The testimony filed supports the outcome that ESP V in the aggregate is more favorable as compared to the expected results that would otherwise apply under a Market Rate Offer.

12. Accordingly, the Companies request approval of ESP V as described further below and in the Companies’ witnesses’ testimony. In Section IX of this Application, the

Companies have proposed a procedural schedule. This schedule allows intervenors to prepare for hearing and affords the Commission time to issue an Opinion and Order within the timeframe contemplated by R.C. 4928.143.

Following are the proposed terms of ESP V.

II. Generation

13. The Companies propose to acquire generation to serve SSO customers for the period beginning June 1, 2024 and ending May 31, 2032 through a CBP. While the proposed process is generally consistent with the process the Companies presently use, the Companies propose certain modifications to encourage supplier participation, and to reduce risk premiums and risk of supplier default. For instance, the Companies propose to eliminate 36-month contracts from the SSO supply portfolio, establish a volumetric cap on suppliers' exposure to load migration back to SSO service, and use a capacity proxy price to help manage the risk of potential disruptions in the wholesale capacity auctions. In addition, the Companies seek to modify the collateral requirements for winning SSO suppliers and make administrative changes to simplify the bidding process. Companies' Witness Lee's testimony describes the Companies' proposed descending-clock format CBP and auction schedule, as well as modifications to the mix of products, bidder qualification requirements and the Master SSO Supply Agreement executed by winning bidders.

14. The pricing resulting from the outcome of the CBP shall continue to be recovered through the Generation Service Rider ("Rider GEN"), with reconciliation through the Generation Cost Reconciliation Rider ("Rider GCR"). Companies' Witness

Patel's testimony explains the SSO rates and the impact of the proposed CBP modifications discussed above.

15. The Companies will separately purchase renewable energy credits to meet the renewable energy resource requirements of R.C. 4928.64. They propose to continue recovering all costs related to the procurement of RECs through the Alternative Energy Resource Rider ("Rider AER"). Companies' Witness Patel's testimony describes Rider AER and the processes of updating and auditing the Rider.

III. Distribution

16. The Companies propose to continue their Delivery Capital Recovery Rider ("Rider DCR"), under its current terms and conditions, during the period of ESP V. Through Rider DCR, first established in ESP II and continued in ESPs III and IV, the Companies have the opportunity to earn a return of and on plant-in-service which was not included in the rate base in the Companies' last distribution rate case.

17. Rider DCR supports system reliability by facilitating capital investment in the Companies' delivery systems. Companies' Witness Richardson's testimony explains how the Companies are placing sufficient emphasis on and dedicating sufficient resources to reliability and demonstrates how the Companies' and customers' expectations align. Companies' Witness McMillen's testimony explains Rider DCR, the Companies' proposed annual increases in revenue caps, and the processes for updating and auditing the Rider, as well as Companies' proposal to base the level of annual aggregate revenue cap increases on the Companies' reliability performance.

18. In accordance with the Stipulation the Commission approved in Case Nos. 20-1476-EL-UNC, et al., the Companies will file a base distribution rate case in May 2024. The Companies may file another base rate case during the term of ESP V as well. As Companies' Witness McMillen explains, following approval of the Companies' new base distribution rates, Rider DCR's rate base will be reset to zero as of the rate case's date certain. Going forward, the Rider DCR revenue requirement will be calculated using incremental rate base compared to the balance as of the date certain.

19. The Companies also propose to continue their Advanced Metering Infrastructure / Modern Grid Rider ("Rider AMI"), under its current terms and conditions, during the period of ESP V. Rider AMI recovers the costs of distribution grid modernization initiatives, such as costs associated with the Companies' first phase of their grid modernization business plan ("Grid Mod I").[2] These initiatives further the development of a reliable and resilient distribution grid, enable customers to make informed decisions about their energy usage that control costs and result in carbon reduction, and enhance a robust marketplace in which third party providers can offer customers innovative products and services using interval data. Companies' Witness McMillen's testimony explains Rider AMI, the processes for updating and auditing the Rider, and how Rider AMI may be affected by the Companies' upcoming base distribution rate case.

20. The Companies propose to establish a new Storm Cost Recovery Rider ("Rider SCR"), pursuant to R.C. 4928.143(B)(2)(h). Since the Companies' last base distribution rate case, the Companies have been authorized to defer actual major storm

[2] Case No. 16-481-EL-UNC, et al.

damage expenses. Under this deferral mechanism, actual major storm damage expenses in excess of the test year levels are added to the deferral, while actual major storm damage expenses that are less than the test year levels are subtracted from the deferred amount. As of December 31, 2022, the aggregate deferral balance is approximately $126 million.

21. Rider SCR will return to customers, or recover from customers, the storm deferral amounts as of May 31, 2024 using a five-year amortization period, and ongoing incremental expense compared to the baseline amounts starting June 1, 2024, subject to reconciliation and carrying charges. Rider SCR will help ensure that recovery of the Companies' major storm expense better aligns with the timing of storm restoration work and the service benefits realized. Companies’ Witness Lawless’s testimony explains Rider SCR, the processes for updating and auditing the Rider, cost caps, and the impact of the Companies’ upcoming base distribution rate case on Rider SCR.

22. The Companies propose to establish a new Vegetation Management Cost Recovery Rider (“Rider VMC”), pursuant to R.C. 4928.143(B)(2)(h). Rider VMC would recover incremental vegetation management operation and maintenance (“O&M”) expenses compared to baseline levels in the test year in the Companies’ last base distribution rate case. Rider VMC would ensure that customers are paying for the Companies’ actual vegetation management expenses, subject to reconciliation and carrying charges. Companies’ Witness McMillen’s testimony explains Rider VMC, the processes for reconciling and auditing the Rider, cost caps, and the impact of the Companies’ upcoming base distribution rate case on Rider VMC.

23. Rider VMC will also support the Companies’ proposed enhanced vegetation management program. Under this program, described in the testimony of

Companies' Witness Standish, the Companies will accelerate removal of trees and brush, mitigating the Companies' most frequent cause of outages and improving reliability.

IV. Transmission

24. Presently, NITS and other non-market-based FERC/RTO charges are paid by the Companies and recovered through Rider NMB for all shopping and non-shopping customers, except for customers participating in the Companies' Rider NMB Pilot, which was approved in ESP IV.

25. In ESP V, the Companies propose to change the allocation of unaccounted for energy ("UFE") and include UFE charges or credits in Rider NMB. The Companies also propose to eliminate the Rider NMB Pilot, and to modify the Rider NMB rate design by adding a second rate, NMB 2, applicable to commercial and industrial customers who have interval or advanced meters. NMB 2 will be charged to customers based upon their Network Service Peak Loads ("NSPL"). The current Rider NMB charges, renamed NMB 1, will remain unchanged, except for the inclusion of UFE, and apply to residential and lighting customers along with commercial and industrial customers who do not have interval or advanced meters. The new Rider NMB 1 and NMB 2 rates would be effective as of April 1, 2025. These changes will allow customers to better control their individual Rider NMB charges by managing their individual NSPL, consistent with the current Rider NMB Pilot. Companies' Witnesses Lawless and Stein explain these modifications to Rider NMB.

V. Energy Efficiency, Economic Development and Job Retention

26. The Companies fully support energy efficiency and recognize the numerous benefits of providing energy efficiency programs to our customers. The Companies propose a portfolio of cost-effective energy efficiency and demand response programs, including, but not limited to appliance recycling and rebates, energy education, programs to support energy efficiency for low-income customers, load control, and energy management for business customers. These programs will help customers use electricity more efficiently and save on their electric bills while reducing carbon emissions.

27. As part of its energy efficiency proposal, the Companies propose to continue the Community Connections program with increased funding. This program was originally approved in the Companies' last base distribution rate case and subsequent ESPs. The Community Connections program is designed to assist low-income customers through installation of a variety of energy efficiency projects.

28. The Companies conducted three different tests to calculate the cost-effectiveness of their proposed programs. In all three instances, the proposed programs are projected to be cost-effective at the portfolio level, estimated to result in between $139 million and $524 million in net benefits to customers.

29. To recover costs of these energy efficiency programs, the Companies propose an Energy Efficiency Cost Recovery Rider ("Rider EEC"), pursuant to R.C. 4928.143(B)(2)(h) and (i) and R.C. 4905.70. To mitigate customer rate impacts, cost recovery for these programs will be spread over eight years, with carrying charges. Companies' Witness Miller's testimony described these programs and Companies' Witness McMillen's testimony explains Rider EEC.

30. The Companies propose to continue and modify their Economic Load Response Program Rider ("Rider ELR") to encourage customers' direct participation in PJM Capacity Market Demand Response programs, as described in the testimony of Companies' Witness Stein. Further, the modifications will scale down credits to participating customers through Rider ELR and the Economic Development Rider ("Rider EDR") provision b, to better align with market pricing and to balance rate impacts to participating and non-participating customers. Companies' Witness McMillen's testimony discusses these modifications.

31. In addition, over the eight-year term of ESP V, the Companies' will contribute $52 million, without recovery from customers, to promote stewardship in the Companies' service territories. This commitment includes:

a. $36 million to support low-income customers, including $20 million for bill payment assistance programs and $16 million for a bill discount program for eligible low-income senior citizens.

b. At least $12 million for customer incentives and education initiatives designed to help ensure customers have good experiences with electric vehicles, help them understand how to maximize the benefits of their investment, and support widespread adoption of the technology.

c. Up to $4 million for the Companies' share of an investment in an energy storage project on the distribution system, if approved for funding by the DOE. If the project is not accepted, or if the application is accepted and the Companies' share is less than $4 million, then the remaining amount of this commitment up to $4 million will be used to increase the support for electric vehicles described above.

VI. Tariffs, Riders, and Deferrals.

32. In ESP V, the Companies seek to streamline and clarify their tariffs, including by reducing the number of riders and relevant tariff provisions to heighten customer understanding and mitigate concerns of future charges. The Companies propose to establish 3 new riders, modify existing riders, and eliminate 18 riders and tariff provisions. Companies' Witness Fanelli's testimony includes a list of the Companies' riders and relevant tariff provisions, divided into four categories: (1) Continue, No Changes; (2) Continue, With Changes; (3) Eliminate, Remove; and (4) New Tariff. These proposed changes are more fully described in the testimony of Companies' Witnesses Lawless, McMillen, Patel, and Stein.

VII. State Policies under R.C. 4928.02

33. ESP V is more favorable in the aggregate to customers as compared to the expected results that would otherwise occur under an MRO alternative, and provides substantial customer benefits. Companies' Witness Fanelli's testimony explains the relative benefits of ESP V compared to an MRO.

34. The Companies' service territories have experienced high levels of shopping. Many shopping customers in the Companies' territories have participated in

governmental aggregation programs. ESP V presents no changes that would adversely affect governmental aggregation in the Companies' territories.

35. The policies of this state, as expressed in R.C. 4928.02, generally seek to promote, among other things: (1) reliable, reasonably priced electric service; (2) vigorous retail electric competition; and (3) reliable and cost-effective distribution and transmission service. ESP V furthers these policies by providing for affordable distribution rates, while allowing for recovery of capital investments to maintain reliable service. ESP V also provides nonshopping customers with competitively priced retail generation service, while allowing for active retail electric competition.

36. Companies' Witness Fanelli's testimony further discusses state policies set forth under R.C. 4928.02.

VIII. Regulatory Requirements

37. Pursuant to O.A.C. 4901:1-35-03(B)(2), the Companies have provided justification for their proposed CBP plan. Companies' Witness Lee's testimony justifies the proposed CBP, which includes minor enhancements to the Companies' current CBP.

38. Pursuant to O.A.C. 4901:1-35-03(C)(2), the Companies have included pro forma financial projections of the effect of the ESP's implementation upon the electric utility for the duration of the ESP. Companies' Witness Fanelli's testimony discusses this information.

39. Pursuant to O.A.C. 4901:1-35-03(C)(3), the Companies have included projected rate impacts by customer class/rate schedules for the duration of the ESP,

including post-ESP impacts of deferrals, if any, associated with their proposed ESP V. Companies' Witnesses' Patel's and McMillen's testimony discuss this information.

40. Pursuant to O.A.C. 4901:1-35-03(B)(3) and (C)(4), the Companies state that their corporate separation plan is publicly available as filed in Case No. 09-462-EL-UNC and approved in Case No. 10-388-EL-SSO. The Companies have obtained no waivers related to their approved corporate separation plan. The Companies are preparing amendments to their corporate separation plan to incorporate the recommendations of the Commission's auditor in the audit report filed on September 13, 2021 in Case No. 17-974-EL-UNC.

41. Further, pursuant to O.A.C. 4901:1-35-03(C)(5), the Companies' operational support plan has been implemented and the Companies are not aware of any outstanding problems with the implementation of their operational support plan.

42. Pursuant to O.A.C. 4901:1-35-03(B)(4) and (C)(6), the Companies' ESP V will not affect governmental aggregation programs or implementation of R.C. 4928.20(I), (J) and (K).

43. If this ESP V application is inconsistent with the Commission's rules, the Companies request waivers of those rules to the extent that the Commission deems necessary to approve and implement this Plan. It is the Companies' understanding that the Commission's rule related to electronic filing, O.A.C. 4901-1-02(D)(9), prevails over the SSO rule, O.A.C. 4901:1-35-03(A), that may otherwise require the filing of hard copies of this Application. If the Commission deems O.A.C. 4901:1-35-03(A) to require filing of hard copies, the Companies seek a waiver of O.A.C. 4901:1-35-03(A).

44. As required by O.A.C. 4901:1-35-03(G), workpapers have been filed simultaneously with the filing of the Application in this proceeding.

IX. Procedural Schedule

45. The Companies recommend the following procedural schedule, which will provide intervening parties an adequate opportunity for discovery and preparation for hearing while still providing the Commission with a reasonable amount of time to render a decision within the 275-day time frame provided in R.C. 4928.143.

Application filed	April 5, 2023
Motions to intervene due	May 22, 2023
Discovery requests cutoff except deposition notices	August 11, 2023
Intervenor testimony due	August 25, 2023
Staff testimony due	September 1, 2023
Procedural Conference	October 2, 2023
Evidentiary Hearing	October 9, 2023

46. The Companies request that, based upon the foregoing procedural schedule, the Commission render a decision approving this Application no later than January 5, 2024. Approval of this ESP V by that date would comply with the statutory approval time limit of 275 days.

47. The term of ESP V is the period during which the standard service offer provided by it is in effect, i.e., June 1, 2024 through May 31, 2032, but shall remain in effect until the effective date of the Companies' next electric security plan, except that

certain provisions will continue after May 31, 2032 to the extent such provisions are necessary to carry out the terms and conditions of ESP V.

48. For the foregoing reasons, the Companies respectfully request that:

i. The Commission find that the Companies' proposed ESP V is more favorable in the aggregate as compared to the expected results that would otherwise apply under R.C. 4928.142;

ii. The Commission approve the proposed ESP V without modification, including all proposed riders and tariffs, as well all necessary accounting authority; and

iii. The Commission grant such further relief as necessary to approve ESP V.

IN WITNESS WHEREOF, this has been filed this 5th day of April, 2023.

Respectfully submitted,

/s/ Brian J Knipe

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Application Attachment 1

LEGAL NOTICE

Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively "The Companies") are subsidiary electric utility operating companies of FirstEnergy Corp. in Ohio. The Companies have filed with the Public Utilities Commission of Ohio (PUCO) Case No. 23-301-EL-SSO, *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. § 4928.143 in the Form of an Electric Security Plan*. In this case, the Commission will consider The Companies' request for approval of an Electric Security Plan ("ESP") that includes its standard service offer ("SSO"), that will become effective June 1, 2024 through May 31, 2032. The ESP, which includes the SSO pricing for generation, also addresses provisions regarding distribution service, alternative energy resource requirements, energy efficiency requirements and other matters. Estimated average rate impacts to all non-shopping customers of the Companies are 2.3% in the initial year of ESP V, with average annual impacts of 0.6% over the eight-year term. The impacts on individual customers will vary. The Companies' ESP is subject to changes, including changes as to amount and form, by the PUCO.

Any person may request to become a party to the proceeding.

Further information, such as requesting a copy of the filing, may be obtained by contacting the Public Utilities Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43215-3793, viewing the Commission's web page at http://www.puc.state.oh.us, or contacting the Commission's call center at 1-800-686-7826.