

## FirstEnergy's Electric Security Plan

### Senate Bill 221 and Ohio's electric market

In 2007, the Ohio General Assembly passed Senate Bill 221 to keep electric rates stable, create jobs and expand Ohio's green energy industry. The new law took effect in 2008 incorporating a system under which rates would be set by the Public Utilities Commission of Ohio (PUCO) beginning Jan. 1, 2009 and outlining a path for electric utilities to implement market-based pricing.

### FirstEnergy's Electric Security Plan

On Oct. 20, 2009, FirstEnergy initially filed an application for a market rate option (MRO). Soon after, a procedural schedule was established that included an extensive evidentiary hearing. The parties worked together in that proceeding, and FirstEnergy modified its request and filed an application for an electric security plan (ESP) on March 23, 2010. The ESP was filed along with a signed agreement among many of the parties involved in the case.

### How did the PUCO rule on FirstEnergy's ESP?

Upon fully examining the issues and evidence presented in the case, the PUCO issued its decision on Aug. 25, 2010. The new ESP, in effect June 1, 2011 through May 31, 2014, offers significant benefits to a broad range of customers.

Under the new ESP, retail generation rates are determined through a competitive bid process. The competitive bid process is conducted by an independent bid manager each October and January through in 2013. FirstEnergy's base distribution rates will remain frozen through May 31, 2014.

### Additional Details

- FirstEnergy will commit \$25 million to support economic development and job retention activities within their service territories during the term of the ESP.
- FirstEnergy will establish a fuel fund of \$4 million in each calendar year from 2012 through 2014 that will assist low income customers in paying their bills.
- The company will provide Percentage of Income Payment Plan customers with a 6 percent discount off their electricity rate.
- FirstEnergy will receive cost recovery for deployment of its smart grid program. All costs associated with the project will be recovered over a 10 year period.
- FirstEnergy will meet its renewable energy resource requirements during the term of the ESP by obtaining renewable energy credits (RECs) through a request for proposal process, with a specific requirement for solar RECs through four 10-year contracts.