



# FirstEnergy's all-electric rate

## When did these rates change?

In 2006, the Public Utilities Commission of Ohio (PUCO) approved an agreement between FirstEnergy, PUCO Staff, the Office of the Ohio Consumers' Counsel (OCC) and the cities of Akron, Cleveland and Toledo to establish electric generation prices through the end of 2008 that would shield consumers from potential rate shock. This "Rate Certainty Plan," or RCP, was necessary because a strong electricity generation market had not developed to allow rates to move to a free market structure.

Because of the move to competition, FirstEnergy's RCP eliminated the all-electric generation rates for new customers at the beginning of 2007. At that time, customers who received service under those discounted rates were "grandfathered," meaning they would still receive their discounts as long they remained at the same residence.

Three years later in 2009, the PUCO approved a portion of an electric distribution service rate increase requested by FirstEnergy. This was the first distribution rate increase for Ohio Edison since 1990 and the first distribution rate increase for Toledo Edison and Cleveland Electric Illuminating since 1996. As part of the rate increase, customers who once received service under the grandfathered rates were served at the standard residential distribution rate but still received a distribution discount of approximately 1.7 cents/ kilowatt hour (kWh).

Finally, in FirstEnergy's electric security plan case, the grandfathered all-electric customers were moved to the standard residential generation rate but still received a 1.9 cents/kWh generation discount. In short, while over the years there has been an effort to align all-electric rates with those paid by other customers, the all-electric discounts for both generation and distribution were never entirely removed.

## Why was the all-electric rate discount initially reduced?

The all-electric rate discounts changed for a number of reasons. Discounted rates resulted in customers paying less than the actual cost paid by FirstEnergy to purchase electricity for their customers, and the cost of the discounts is recovered from other FirstEnergy customers who do not receive the discounts. Additionally, artificially low electric rates can work against Ohio's efforts to encourage energy conservation.

## How did the PUCO initially respond to concerns about all-electric pricing?

The impact of the all-electric discount changes began to be felt during 2009-2010 winter billing cycle when many customers saw their bills increase significantly. The PUCO received hundreds of contacts from FirstEnergy customers and public officials expressing concerns and attended town hall meetings across northern Ohio. Shortly thereafter, the PUCO provided temporary rate relief to FirstEnergy's all-electric customers by directing the utility to temporarily return the customers' rates to the December 2008 level through May 31, 2011.

## What is the long-term solution?

In May 2011, the PUCO extended the December 2008 discount level for two years. Between October 2011 and March 2013, FirstEnergy will make adjustments to the residential generation credit to maintain existing discount levels. During this time, electric heating customers using 3,500 kilowatt hours (kWh) of electricity per month will owe a monthly bill of approximately \$191 for Cleveland Electric Illuminating, \$229 for Ohio Edison and \$275 for Toledo Edison.

Beginning in October 2013, FirstEnergy will phase out the residential generation credit in six equal annual reductions made each year through 2018. This gradual, eight-year discount reduction allows customers time to prepare for increased rates and to consider taking steps to reduce their usage. The Commission's decision does not impact the approximately 3.6 cent per kWh discount associated with the economic development and residential distribution credit riders. This portion of the discount will remain.

## Does the discount remain with the home?

Yes. Homebuyers who purchase a home that uses electricity as the sole or primary source of heating will be entitled to receive the same level of discounts approved by the Commission as long as the new homeowner otherwise qualifies for the discounts, maintains electric heat and the discounts remains in effect.

## How can I learn more?

Case [10-176-EL-ATA](#)

**The Illuminating Company/Ohio Edison  
All-Electric Rate Update  
February 2018**

**Q: Does the All-Electric Rate phase-out in 2018?**

A: Yes, the Residential Generation Credit Rider (Rider RGC) will be completely phased out to zero October 31, 2018.

However, the following credits will continue, until modified or eliminated by PUCO Order:

- Residential Non-Standard Credit Provision (Economic Development Rider Provision A. for non-shopping customers or the Rider RGC Additional Provision for shopping customers)
  - Currently 1.90¢/kWh for all kWh in excess of 500 kWh during each winter billing period, applicable to qualifying customers.
- Residential Distribution Credit Rider (Rider RDC)
  - Currently 1.77¢/kWh for all kWh in excess of 500 kWh during each winter billing period, applicable to qualifying customers.
- For more information Contact FirstEnergy Customer Service at 1-800-589-3101, or go to the PUCO web site to shop for electric supply and to obtain an "apples-to-apples" comparison: <http://www.energychoice.ohio.gov/>