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*Via Federal Express  
and Facsimile (614-466-0313)*

September 18, 2009

Ms. Renee J. Jenkins  
Director, Administration Department  
Secretary to the Commission  
Docketing Division  
The Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, OH 43215-3793

Dear Ms. Jenkins:

**Re:** In the Matter of the Adoption of a Portfolio Plan Template for Electric Utility Energy Efficiency and Peak-Demand Reduction Programs. *Case No. 09-714-EL-UNC*

Enclosed for filing, please find the original and seventeen (17) copies of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company Reply Comments to the draft portfolio plan template. Please file the enclosed in the above-referenced docket, time-stamping the two extras and returning them to the undersigned in the enclosed envelope.

Thank you for your assistance in this matter. Please contact me if you have any questions concerning this matter.

Very truly yours,

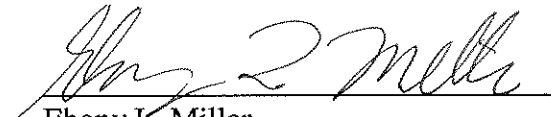


kag  
Enclosures

cc: Parties of Record

## CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a copy of the foregoing was served by regular U.S. Mail, postage prepaid, to the parties of record, on this 18<sup>th</sup> day of September, 2009.

  
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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Adoption of a Portfolio  
Plan Template for Electric Utility Energy  
Efficiency and Peak-Demand Reduction  
Programs.

Case No. 09-714-EL-UNC

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REPLY COMMENTS OF OHIO EDISON COMPANY,  
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND  
THE TOLEDO EDISON COMPANY

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REPLY COMMENTS OF OHIO EDISON COMPANY,  
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**I. INTRODUCTION**

Come now Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (“Companies”), by counsel, and, in compliance with the August 28, 2009 Entry, respectfully submit their reply comments to the comments of other parties regarding the draft portfolio plan template. The Companies appreciate the opportunity to submit these reply comments.

**II. REPLY COMMENTS TO INTERVERNOR INITIAL COMMENTS**

**1. Section 2- Energy Efficiency Portfolio- Program Summary**

Ohio Consumer and Environmental Advocates (“OCEA”) request that proposed Section 2.1 through 2.7 be supplemented to denote whether programs are of a pilot or experimental nature. The Companies believe that OCEA’s additional language is subjective and unnecessary. The current proposed language requires a designation of which programs are “new or continuing”. Moreover, proposed Section 1.4 requires a summary of the program implementation schedule over the three-year plan period and proposed Section 3.1.4 requires an indication of the number of customers in the program description. The Companies believe such information is sufficient to ascertain the

duration of a program and the number of included customers, and general terms such as “pilot” and “experimental” are not necessary in the program summary. Further, such terms applied to a variety of programs, all of which are new, may inherently be applied in a vague and ambiguous manner.

The Companies agree with Duke Energy Ohio, Inc. (“Duke”) that the portfolio plan template should utilize a company’s traditional customer groups rather than arbitrary segments. Duke sets forth and recommends its traditional customer segmentations, which includes an institutional/government segment. The Companies’ traditional customer classifications do not include an institutional/government segment, and inclusion of such a classification for the Companies would be cost prohibitive and overly burdensome. Thus, the Companies request that such a segment not be applied to all companies. As stated in the Companies’ initial comments, the Companies recommend the following customer classifications: residential, commercial, industrial, and street lighting. Alternatively, the Companies recommend that the portfolio plan template provide the proper flexibility to enable each company to use their existing customer classifications.

## **2. Section 3- Program Descriptions**

The Companies oppose OCEA’s proposal which would require a seemingly duplicative reporting of “all cost-effective energy efficiency”. Proposed Section 3.8 already requires each program to indicate the Total Resource Cost (“TRC”) test results, including the values for each benefit and cost component of the TRC calculation. It is wholly unnecessary to add the same information to proposed Section 3.1.2. Moreover, to

the extent that OCEA's proposed language is not duplicative, the purpose of the proposed language is unclear and OCEA's single sentence in support is not helpful.

OCEA also proposes to add an "agriculture" sector to the proposed portfolio plan template. As stated in the Companies' initial comments, adding new customer classifications would not only create a mismatch between the new classification and the Companies' existing information technology system (for customer identification and billing purposes), but it would also create a mismatch with the Companies' completed Market Study. Moreover, the Companies neither have sufficient knowledge to ascertain what constitutes an "agriculture" sector, nor sufficient customer information to properly place customers in an "agriculture" sector. The Companies respectfully request that the Commission reject OCEA's recommendations.

Duke recommends that the TRC test should not be implemented at the proposed sector level. Duke argues that programs cut across sectors and that it would be difficult, if not impossible, to implement programs utilizing the TRC test by sector. The Companies agree. Duke has suggested that the TRC test be implemented at the program level. The Companies disagree with this approach. While the Companies may evaluate cost effectiveness at the program level, the purpose of the TRC test is to evaluate the cost effectiveness of a portfolio of programs, as such, splintering out "sectors" or "programs" has the effect of diluting the perceived value of the portfolio as a whole. The Companies recommend that the TRC test be implemented at the portfolio level. As stated in the Companies' comments to the proposed Technical Reference Manual in Case No. 09-0512-GE-UNC ("Initial TRM Comments"), applying the TRC test at the portfolio level provides the Companies with the flexibility to explore different implementation strategies

and to support the deployment of new technologies, market transformation programs, and low income programs.

### **3. Section 5-Portfolio Management and Implementation Strategies**

Duke contends that requiring the use of Gantt charts is overly burdensome and unnecessary for the Commission to assess the reasonableness of a utility's programs. Duke further argues that the timing of implementation steps needs to be flexible to allow a utility to adapt to changes in the market place, and that a utility cannot provide the detailed plans that result from Gantt charts with any high degree of accuracy. The Companies agree that Gantt charts should not be required. Proposed Section 5.1.2.5 requires "individual program implementation schedules with milestones in the form of Gantt charts *or similar format*." (emphasis added). The Companies request Commission clarification that such a "similar format" would provide proper flexibility to allow a utility to adapt to a number of internal (training requirements, resource availability, etc.) and external (availability of contractors, availability of technologies, etc.) contingencies, and require only the level of detail available at the time of implementation.

### **4. Section 7-Cost Recovery Mechanism**

OCEA argues that information regarding the receipt and use of stimulus money, grants, donations, "bartering", or other types of miscellaneous funding used for the programs is necessary to gather a complete picture of how utilities fund their programs. However, OCEA does not provide a single reason, rationale or example to support why such additional information is necessary. In fact, the only rationale OCEA provides is that such information "could be very enlightening for purposes of arriving at a cost recovery determination by the Commission". OCEA's recommendation is unnecessary.



Proposed Section 7.1 already requires a utility to provide all calculations and supporting cost documentation. Moreover, OCEA's proposed language does not contain the specificity to clarify that the reporting requirement would be limited to funds received "by the utility".

## **5. Section 8-Cost Effectiveness**

OCEA proposes to add an entirely new section that would require a description of the methodology and relevant data utilized to calculate any avoided cost (including but not limited to energy and capacity). This new section is unnecessary and would be unduly burdensome. Moreover, OCEA acknowledges that the existing template requests enough detailed data from utilities for the Commission to make an informed decision on each utility's filing, and that such template establishes a clear and transparent path to utility energy efficiency and peak demand reduction compliance.<sup>1</sup> OCEA's additional request is unnecessary and should be rejected.

## **6. Section 12-Glossary**

Duke, The Dayton Power and Light Company ("DP&L"), and Industrial Energy Users- Ohio ("IEU-Ohio") take issue with the Glossary definition of "Mercantile Self-Directed". Specifically, the language "or not" that appears at the end of the definition. As argued by each of Duke, DP&L, and IEU-Ohio, it is unreasonable to require a utility to report on a mercantile customer's project if the mercantile customer has not committed such project to the utility. The Companies agree and respectfully request that the language "or not" be deleted from the end of the proposed definition of Mercantile Self-Directed.

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<sup>1</sup> See OCEA Comments at 2.

## **7. Table 4**

DP&L argues that the headings for columns eight and nine in Table 4 which reference "Net Lifetime MWH Savings" and "Net Peak Demand kW Savings" respectively, should be modified to delete the term "net" in each of column eight and column nine. The Companies agree. As stated in the Companies' Initial TRM Comments, performance of utility programs should be evaluated based on gross savings alone. Further, in their Initial TRM Comments, the Companies' argued:

The Companies agree with the Commission Staff that "Ohio does not have a history of significant ratepayer-funded energy efficiency programs and because electricity prices have been relatively low in Ohio, there is a high probability that energy efficiency programs proposed by utilities in their first three-year plan will have a high net to gross savings ratio if these programs are well-designed." (Appdx. A, p. 2.)

Initial TRM Comments at 3.

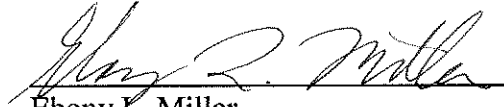
The Companies respectfully request that the Commission delete the term "net" in the headings for column eight and column nine in Table 4.

## **III. CONCLUSION**

The Companies thank the Commission for the opportunity to present reply comments and respectfully request the Commission to incorporate the Companies'

recommendations as set forth above in the portfolio plan template adopted in this proceeding.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Ebony L. Miller", written over a horizontal line.

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**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

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**in**

**Case No(s). 09-0714-EL-UNC**

Summary: Reply Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company regarding the draft portfolio plan template electronically filed by Ms. Ebony L Miller on behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company