

FILE

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

4
RECEIVED-DOCKETING DIV
2010 JAN 20 PM 5:01
PUCO

In the Matter of the Application of Ohio)	
Edison Company, The Cleveland Electric)	Case No. 09-1820-EL-ATA
Illuminating Company and The Toledo Edison)	Case No. 09-1821-EL-GRD
Company for Approval of Ohio Site)	Case No. 09-1822-EL-EEC
Deployment of the Smart Grid Modernization)	Case No. 09-1823-EL-AAM
Initiative and Timely Recovery of Associated)	
Costs.)	

REPLY COMMENTS OF
OHIO PARTNERS FOR AFFORDABLE

Ohio Partners for Affordable Energy ("OPAE") hereby submits its reply comments to the Application in the above-captioned cases. The Applications of the Ohio Edison Company, The Cleveland Electric Illuminating Company ("CEI"), and the Toledo Edison Company (collectively, "FirstEnergy" or "Companies") request approval for a smart grid plan and the collection costs and lost revenues associated with the deployment of the proposed pilot project. Failure to address a particular comment by other parties does not indicate support for those positions taken.

OPAE is addressing only one comment in this pleading: the nature of the cost recovery. To the extent that cost recovery is authorized, OPAE believes a volumetric charge is most equitable for customers. Rider AML, which was approved by the Public Utilities Commission of Ohio in Case No. 07-551-EL-AIR, *et.al.* to collect the costs of smart grid, is a volumetric rider. Staff Comments at 20. Staff instead proposes to overturn that Commission decision by offering a 'one size fits all' approach, suggesting a fixed per customer charge be used to collect 100% of the costs. Staff Comments at 21. Staff, as it is wont to do, ignores the fact that income tends to mirror usage and proposes a rate design would have an inequitable impact on low-use customers, including most low-income customers who have little ability to reduce consumption. Rate design should

- 1 -

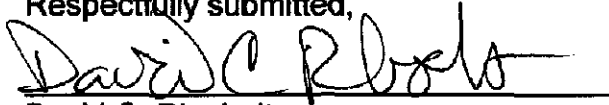
This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business
Technician BSM Date Processed 1/21/10

not be an issue in this case. The determination of the nature of the rider has already been made by the Commission. Staff fails to offer evidence adequate to overturn a prior Commission ruling.

Traditional ratemaking would allocate these costs based on principles of cost causation but precedent no longer controls rate design. The business cases for AMI and advanced distribution systems focus on the savings they can create, a different paradigm. Staff and OCC comments stress the need for benefits to outweigh the costs when ratepayers make investments. OCC at 6. Reliability improvements benefit customers based in direct proportion to the amount of energy they use. Larger businesses benefit more because the larger amounts of power they consumer will be delivered more reliably. Manufacturers often depend on equipment that is sensitive to fluctuations in power quality so reliability is more valuable to them. Larger users also see greater benefits from reductions in peak demand.

In this case costs should follow the benefits. Those with a greater potential to benefit – the larger users – should pay more. As Staff notes in its comments, “if some operational cost savings occur during the pilot, then such cost savings should be credited against the rider.” Staff Comments at 2. When calculating the benefits of smart grid, customer savings are also included. However, the ability to reduce demand or use in response to price signals is also a function of usage. A 4,000 square foot home or a 10,000 square foot grocery store simply has more usage that can be controlled than a 1,000 foot bungalow without air conditioning. Using a fixed customer charge is asymmetrical because low-use customers have less of an ability to offset the fixed charge with usage reductions or by shifting use on peak. Therefore, the volumetric charge is the most appropriate mechanism for cost recovery.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David C. Rinebolt", written over a horizontal line.

David C. Rinebolt

Colleen L. Mooney

Ohio Partners for Affordable Energy

231 West Lima Street

Findlay, OH 45840

Telephone: (419) 425-8860

FAX: (419) 425-8862

cmooney2@columbus.rr.com

drinebolt@ohiopartners.org

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion for Hearing and Memorandum in Support and Memorandum of Support was served by regular U.S. Mail upon the following parties identified below in these cases on this 20th day of January 2010.


David C. Rinebolt

Ebony L. Miller
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308

Duane W. Luckey
Attorney General's Office
Public Utilities Commission of Ohio
180 E. Broad St., 9th Floor
Columbus, OH 43215-3793

Ann Hotz
Office of Consumers' Counsel
10 West Broad Street, 18th Floor
Columbus, Ohio 43215

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh St., Suite 1510
Cincinnati, OH 45202

Joe Clark
McNees Wallace & Nurick
21 E State St, 17th Floor
Columbus, OH 43215

Michael K. Lavanga
Brickfield, Burchette, Ritts & Stone
1025 Thomas Jefferson St., NW
Washington, DC 20007