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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison company for Approval Of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2010 through 2012 and Associated Cost Recovery Mechanism.	Case Nos. 09-1947-EL-POR 09-1948-EL-POR 09-1949-EL-POR
In the Matter of the Application of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval Of Their Initial Benchmark Reports.	Case Nos. 09-1942-EL-EEC 09-1943-EL-EEC 09-1944-EL-EEC
In the Matter of the Energy Efficiency and Peak Demand Reduction Program Portfolio of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company.	Case Nos. 09-580-EL-EEC 09-581-EL-EEC 09-582-EL-EEC

**TESTIMONY OF
GREGORY SCHECK**
Policy and Market Analysis Division
Public Utilities Commission of Ohio

February 23, 2010

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Testimony of Gregory Scheck

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3 1. Q. Please state your name, employer and business address.

4 A. My name is Gregory C. Scheck. I am employed by the Public Utilities
5 Commission of Ohio, 180 East Broad Street, Columbus, Ohio 43266-0573.

6 2. Q. What is your current position at the Commission?

7 A. I am a Utilities Specialist in the Policy and Market Analysis Division of the
8 Utilities Department. I am responsible for analyzing issues and providing
9 recommendations pertaining to energy efficiency, demand response, peak
10 demand reductions, advanced metering infrastructure and smart grid.

11 3. Q. What are your qualifications as they relate to your testimony in this
12 proceeding?

13 A. I have worked at the Commission since 1985 in various capacities. Most of
14 that time I have spent reviewing and evaluating demand forecasts, demand
15 side management applications, and advanced metering issues.

16 4. Q. What is the purpose of your testimony in this proceeding?

17 A. I will address the objections I have made in this case filed on February 17,
18 2010 along with another recommendation.

19 5. Q. The first objection that I will address relates to the Companies' preliminary
20 analysis that that the Small Commercial Enterprise, the Large Commercial
21 Enterprise and the Governmental Lighting Equipment programs all fail the
22 Total Resource Cost Test. When these lighting programs are rolled into the
23 larger set of commercial and industrial programs they cause those class of

1 program portfolios to fail the TRC test as well. Why is this a problem with
2 respect to the Companies' 3-Year Portfolio Plan?

3 A. The reason that this analysis poses a problem is that the Commission's
4 administrative rules as put forth in O.A.C. 4901:1-39-04 (B) states that,
5

6 "Each electric utility shall demonstrate that its program portfolio plan is
7 cost-effective on a portfolio basis. In general, each program proposed
8 within a program portfolio plan must also be cost-effective, although each
9 measure within a program need not be cost-effective."

10 The problem with the Company's filing is that the company would like to
11 proceed with the rollout of a small and large enterprise commercial and
12 industrial lighting program and yet they are providing preliminary analysis
13 that says this program is not cost-effective on a total resources basis. This
14 would suggest that the Companies' should be purchasing the incremental
15 cost of power for customers rather than pursuing energy efficiency in the
16 commercial and industrial lighting category since most of the lighting
17 categories do not pass the TRC test.

18 6. Q. Are the TRC preliminary test results for commercial and industrial lighting
19 different than those filed by the other Ohio electric utilities?

20 A Yes, as I have observed in both AEP-Ohio's DSM Potential Study Volume
21 2 and Duke Energy Ohio's filing they both demonstrate that commercial and
22 industrial lighting measures in general are cost-effective on a total
23 resources basis. In addition, I have spoken to Dayton Power and Light

1 Company personnel and they indicated that commercial lighting was a cost-
2 effective program.

3 7. Q. Why do you believe that the Company has provided a preliminary analysis
4 that commercial lighting is not cost-effective on a total resources basis?

5 A. From my review, with respect to the High Performance T8, 4 lamp fixtures
6 replacing T12, 4 lamp fixtures with magnetic ballasts the Company has
7 provided high estimates for both the labor and incremental lighting
8 equipment costs. The assumption that the entire labor costs should be
9 included is not reasonable in that in many of the retrofit applications the
10 customer would have less than the useful life remaining with their current
11 lighting system.

12 In addition, to the above lighting program the Staff reviewed the
13 Companies' Occupancy Sensor lighting programs for both the Small and
14 Large Enterprise customer categories. Interestingly, the Occupancy Sensor
15 lighting program for smaller commercial customers passes the TRC test
16 while the same program for larger commercial customers does not. Staff
17 further reviewed the Company's consultant spreadsheet of assumptions
18 regarding these two programs and determined that the reason the
19 Occupancy Sensor lighting program for larger customers failed the TRC
20 test because it is assumed that only one customer would be participating in
21 this type of lighting program while the smaller commercial customers
22 would participate in much larger numbers. Staff does not believe that there
23 would be this amount of disparity in participation between the smaller and
24 larger customer classes.

1 The only reasoning the Staff can think as to why the Company used these
2 type of assumptions in their commercial lighting analysis is that the
3 Company may not be interested in putting forth their best efforts in terms of
4 administering their own commercial and industrial programs under their
5 supervision. On the other hand, the Companies' show that self-directed
6 mercantile projects are quite cost-effective. The Staff is concerned that the
7 Companies' may rely solely on the mercantile self-directed projects to
8 reach their annual benchmarks.

9 8. Q. Does the Staff any recommendations regarding the Companies' preliminary
10 cost effectiveness analysis?

11 A. Yes, the Staff recommends that the Company remodel its small and large
12 commercial and industrial enterprise and governmental sector lighting
13 analysis by providing an expected likelihood of lighting program cost
14 effectiveness outcomes using a range of assumptions.

15 9. Q. What other concerns does the Staff have regarding the Companies' POR
16 filings?

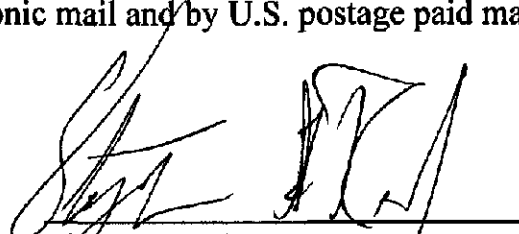
17 10. A. The Staff is concerned that the Company is proposing a request for bid for
18 interruptible load post May 31, 2011. Presently, the Companies' offer
19 interruptible load offering through their Riders ELR and OLR. These riders
20 have yet to be resolved in the Companies filed MRO case. At the present
21 time, it is unsure as to how the Companies' are going to meet their annual
22 peak load reduction targets for 2011 and beyond. The Staff recommends
23 that the Companies' need to provide more clarity as to how they are going
24 to meet their annual peak demand reduction targets from 2011 and beyond.

1 11. Q. Are there any other issues that the Staff would like express a concern and or
2 recommendation?

3 A. Some parties have expressed a concern about the collaborative makeup and
4 the collaborative process itself. Staff's general opinion is that a
5 collaborative process did start by the Company in May of 2009. The
6 Companies' collaborative process includes a general collaborative and
7 subcommittees to the general collaborative to work out specific program
8 issues. The Staff does note that the general collaborative and the
9 subcommittees have recently met quite frequently out of the necessity to
10 resolve the CFL light bulb program and getting some other programs on a
11 fast track to meet the Companies' goals in 2010 and beyond. The Staff
12 notes that the Companies' have almost been in a mode of emergency to
13 resolve issues and meet its annual targets. Going forward, the Staff
14 recommends that the Company have planned meetings in advance for the
15 next year with meeting materials provided in advance for relevant customer
16 input. The Companies' are fully aware of the annual benchmarks they need
17 to meet. It is the Companies' responsibility to allow enough time for
18 customer input regarding program designs and other ideas, because
19 ultimately it is the customers of the Companies' that must be convinced that
20 energy efficiency is worthwhile and receive their acceptance.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing *Testimony* submitted by the Staff of the Public Utilities of Ohio was sent by electronic mail and by U.S. postage paid mail to the parties listed on February 23rd, 2010.


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