

**BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO**

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

REBUTTAL TESTIMONY OF

KATHERINE M. KETTLEWELL

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

1 **Q. HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN THIS**
2 **PROCEEDING?**

3 **A.** Yes. I submitted direct testimony in this case on December 15, 2009, in
4 connection with the Energy Efficiency & Peak Demand Reduction Program
5 Portfolio and Initial Benchmark Report (the “Plans”) filed by Ohio Edison
6 Company, The Cleveland Electric Illuminating Company, and The Toledo Edison
7 Company (collectively, the “Companies”).

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 **A.** The purpose of my rebuttal testimony is to respond to statements made by Dr.
10 Dennis W. Goins in his direct testimony filed in this proceeding on February 17,
11 2010. In particular, I respond to his recommendations regarding estimating the
12 interruptible capability of the Companies’ interruptible program.

13 **Q. IN HIS DIRECT TESTIMONY, DR. GOINS STATES ON PAGE 6,**
14 **PARAGRAPH 6, LINES 12, 13, AND 14 THAT “FIRSTENERGY**
15 **ADOPTED A MEASUREMENT APPROACH THAT UNDERSTATES**
16 **THE PDR VALUE OF RIDERS ELR AND OLR.” DO THE COMPANIES**
17 **BELIEVE THAT THIS CALCULATION UNDERSTATES THE PDR**
18 **VALUE OF RIDERS ELR AND OLR?**

19 **A.** Yes, but the Companies disagree with Dr. Goin’s alternative methodology for
20 calculating the PDR value, which I refer to as “Interruptible Capability.”

21 **Q. WHY DO YOU AGREE THAT THE ESTIMATE IS UNDERSTATED?**

22 **A.** Section 4901:1-39-05(E) states: “An electric utility may satisfy peak-demand
23 reduction benchmarks through a combination of energy efficiency and peak
24 demand response programs...”

1 Section 49-1:1-39-05(E)(1) addresses energy efficiency programs, indicating that
2 “an electric utility may count the programs’ effects resulting in coincident peak-
3 demand savings.” Section 4901:1-39-05(E)(2) addresses demand response
4 programs and allows an electric utility to count peak-demand reductions through
5 one of several options, including a demonstration of its capability to reduce its
6 peak demand through a peak-demand reduction program that “meets the
7 requirements to be counted as a capacity resource under the tariff of a regional
8 transmission organization approved by the Federal Energy Regulatory
9 Commission.” When calculating the Interruptible Capability – which is a peak-
10 demand reduction, rather than energy efficiency program – the Companies used
11 the energy efficiency methodology set forth in 4901:1-39-05(E)(1). The
12 Companies should have used the peak-demand reduction methodology set forth in
13 Section 4901:1-39-05(E)(2). Under the latter methodology, Interruptible
14 Capability on a combined basis would be 258 MWs.

15 **Q. HOW DO THE COMPANIES CURRENTLY REGISTER THEIR ELR**
16 **INTERRUPTIBLE CAPABILITY WITH MISO?**

17 **A.** The Companies currently register the Companies’ ELR Interruptible Capability as
18 load modifying resource (LMR) capacity in MISO through Module E. The
19 Companies believe that this valuation of Interruptible Capability is consistent with
20 the requirements of Section 4901:1-39-05(E)(2) of the Green Rules, and plan to
21 submit this valuation method for compliance with 2009 and 2010 benchmarks.
22 The Companies utilize a multi-factor calculation to develop the LMR capacity
23 utilized by MISO for emergency purposes. The multifactor calculation looks at

1 maximum performance, average on-peak performance, average performance at
2 system monthly peaks including the hour before and the hour after the peak, and
3 average performance during the hours of 3 p.m. to 6 p.m., Monday through
4 Friday, June through August. These factors are then given weights to arrive at a
5 realistic operational capability associated with interruptible resources. The time
6 period covered by this multi-factor calculation is consistent with the time periods
7 that would most likely result in emergency interruptions. Currently the amounts
8 registered through Module E are: 48 MWs for CEI, 66 MWs for Ohio Edison and
9 144 MWs for Toledo Edison.

10 **Q. ON PAGE 9, LINES 15, 16 AND 17 OF HIS TESTIMONY, DR. GOINS**
11 **RECOMMENDS THAT THE COMMISSION “DETERMINE THAT**
12 **FIRSTENERGY MAY USE RIDER ELR AND OLR INTERRUPTIBLE**
13 **LOAD TOWARD MEETING ITS PEAK DEMAND REDUCTION**
14 **BENCHMARKS UNDER REVISED CODE § 4928.66(A).” DO YOU**
15 **AGREE WITH THIS RECOMMENDATION?**

16 **A.** No. The calculation of interruptible capability in Rider ELR is not provided for in
17 the Green Rules as an option. The calculation in Rider ELR is intended to be
18 used to calculate the value of the interruptible capability to the customer, and it
19 does not reflect the operational interruptible capability that would qualify under
20 an RTO tariff. While it is likely that actual interruptions could be called on
21 during the time period specified in Rider ELR, that time period is too broad. It is
22 unlikely that actual interruptions would be called during all hours of that specified
23 time period, or that the maximum load of all ELR customers would be available

1 for curtailment all the time. The calculation in Rider ELR would significantly
2 overstate our actual interruptible capability. However, the Companies are not
3 opposed to using this methodology should the Commission choose to allow it.

4 **Q. HOW DO THE COMPANIES INTEND TO CALCULATE**
5 **INTERRUPTIBLE CAPABILITY FOR COMPLIANCE WITH THE**
6 **STATUTORY BENCHMARKS IN 2011 AND 2012?**

7 **A.** For compliance in 2011 and 2012, interruptible capability for the purpose of
8 compliance to the benchmarks would be valued using PJM rules. To be
9 considered a demand resource in PJM, the interruptible capability would need to
10 be qualified as a demand resource in the Reliability Pricing Model (RPM) and
11 would need to clear through either the ATSI utilities' FRR auction or any
12 subsequent incremental auctions. The compliance value for 2011 and 2012 will
13 be equal to the value of demand resources that have cleared in either the FRR
14 auction or any subsequent incremental auctions. For years beyond 2012, the
15 Companies would begin to value interruptible capability based on the demand
16 resources that clear in annual RPM Base Residual Auctions or incremental
17 auctions.

18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 **A.** Yes, it does.

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Case No(s). 09-0580-EL-EEC, 09-0581-EL-EEC, 09-0582-EL-EEC, 09-1942-EL-EEC, 09-1943-EL-EEC,

Summary: Testimony (Rebuttal) of Katherine M. Kettlewell electronically filed by Mr. James F Lang on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company