FILE

112

PUCO EXHIBIT FILING

Date of Hearing: 3/2/10

Case No. 09-1947-EL-POR

PUCO Case Caption: First Energy Companies

List of exhibits being filed:

OCC Exs. 2 → 11

OEC Exs. 1 → 2

Company Ex. 9

Reporter's Signature: Maria DiPaolo Jones
Date Submitted: 3/4/09

Case Number 09-1947-EL-POR

The following exhibit(s) were prefiled and can be located with the pleadings:

Exhibits	Date Filed
OEC Ex. 2	12/8/09
~~[illegible]~~	
OCC Ex. 5	11/4/08

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 Edison Company For Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2010 through 2012 and Associated Cost Recovery Mechanisms.	Case Nos. 09-1947-EL-POR 09-1948-EL-POR 09-1949-EL-POR
In the Matter of the Application of 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

- - -

PROCEEDINGS

before Mr. Gregory Price and Ms. Kimberly Bojko, Hearing Examiners, at the Public Utilities Commission of Ohio, 180 East Broad Street, Room 11-A, Columbus, Ohio, called at 10:00 a.m. on Tuesday, March 2, 2010.

VOLUME II

OEC Ex. 1

OEC– Set 1
DR-1
Witness: Fitzpatrick

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-1 Describe in detail FirstEnergy Companies' efforts in the Portfolio Plan achieve the "waived" 2009 energy efficiency and peak demand benchmarks.

Response: This interrogatory cannot be fully answered unless and until the Companies know the actual shortfall that occurred in 2009. The Companies have several applications for 2009 programs pending before the Commission. Until the Commission rules, the Companies have assumed that the current applications are approved. The current plan uses these values towards the cumulative 2010 goals. Further, the potential for meeting said benchmarks will depend on the point in 2010 at which the Commission rules on the Plans.

OEC– Set 1
DR-2
Witness: Fitzpatrick

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-2 How much of the "waived" 2009 energy efficiency and peak demand benchmark requirements does the FirstEnergy Companies intend to make up in 2010, 2011, and 2012, respectively?

Response:

See the response to OEC Set 1 DR-1

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-3 Do the FirstEnergy Companies agree that for annual periods in which the FirstEnergy Companies fails to achieve energy efficiency and peak demand reduction benchmarks, which the FirstEnergy Companies should be allowed to recover lost distribution revenues associated with Commission approved programs?

Response: The Companies believe that they are entitled to recover all lost revenues that are the result of any energy efficiency/peak demand reduction program that is approved by the Commission.

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-4 *If the answer to the above question is yes, what is the statutory basis for that revenue recovery?*

Response: Objection. The question calls for a legal analysis, which is protected as attorney work product.

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-5 Over the 3 year period covered by the Portfolio Plan, what is the percentage of overall energy efficiency savings for each year that the FirstEnergy Companies expect to come from Historic Programs?

Response: Objection: It is unclear what is meant by Historic Programs. If it is referring to self-directed Mercantile projects, the answer is as follows:

Historical Savings Percentages

Year	2010	2011	2012
OE	48.6%	8.9%	6.1%
CE	50.1%	9.8%	7.3%
TE	52.9%	12.4%	6.0%

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-6 Over the 3 year period covered by the Portfolio Plan, what is the percentage of overall energy efficiency program administration spending which program administration for the Historic Programs will represent?

Response: Objection: It is unclear what is meant by Historic Programs. If it is referring to self-directed Mercantile projects, the answer is as follows: Ohio Edison Company 2.4%, The Cleveland Electric Illuminating Company 2.4%, and The Toledo Edison Company 1.8%.

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

OEC Set 1
DR-7 Explain FirstEnergy's claim in Appendix D, page 1, of the executive summary of the Portfolio Plan which states that the FirstEnergy Companies will not achieve the cumulative statutorily required savings mandates.

Response:

The Market Study, which has an extended timeframe until 2025, Base Case results reveal an achievable potential for energy reductions over forecasted sales resulting in 12.6 % for OE, 11.9 % for TE and 13.5 % for CEI by 2025. The High Case results from the study reveal an achievable potential for energy reductions of 19.2 % for OE, 17.9 % for TE and 19.9 % for CEI. These achievable potential estimates are the result of a careful analysis of commercially viable technologies, stated customer intentions as gathered from statistically valid surveys, and cost effectiveness testing. The percentage savings values shown above represent a conservative estimate by operating company of EEPD market potential. It is likely during the process of program design that some of these estimates may change. While these estimates fall short of the 22 % goal established by the PUCO for 2025, the short-term cumulative statutory requirements are met in the market study. The market study however does not produce enough savings in the later years to keep pace with the increasing statutorily required cumulative savings mandates.

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

REQUEST FOR PRODUCTION OF DOCUMENTS

OEC Set 1 RPD-1 Provide all documents, contracts, and calculations referred to or used in answering the above interrogatories.

Response: All documents contracts, and calculations referred to or used in answering the above interrogatories in response to OEC's Set 1 have been attached as part of each individual interrogatory response.

OCC Ex. 2

FirstEnergy Corp.
76 South Main Street
Akron, Ohio 44308
www.firstenergycorp.com

For Release: October 8, 2009

News Media Contact:
Ellen Raines
(330) 384-5808

FIRSTENERGY TO POSTPONE ENERGY-EFFICIENT LIGHT BULB DISTRIBUTION

AKRON, OH – FirstEnergy Corp. (NYSE: FE) today announced that it would postpone distribution of compact fluorescent light bulbs (CFLs) to customers of its Ohio utilities – Ohio Edison, The Cleveland Electric Illuminating Company and Toledo Edison – pending further discussions with the Public Utilities Commission of Ohio (PUCO).

The program, scheduled to begin on October 12, 2009, was developed to comply with energy-efficiency requirements under the state's new energy law, Senate Bill 221. Under the law, investor-owned electric utilities must reduce electricity usage by 22.2 percent by 2025. A proposal for the CFL distribution program was submitted to the PUCO July 9, 2009, and approved by the Commission on September 23, 2009.

FirstEnergy is a diversified energy company headquartered in Akron, Ohio. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. Its seven electric utility operating companies comprise the nation's fifth largest investor-owned electric system, based on 4.5 million customers served within a 36,100-square-mile area of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

Forward-Looking Statements: This news release includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "believe," "estimate" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may differ materially due to the speed and nature of increased competition in the electric utility industry and legislative and regulatory changes affecting how generation rates will be determined following the expiration of existing rate plans in Pennsylvania, the impact of the Public Utilities Commission of Ohio's regulatory process on the Ohio Companies associated with the distribution rate case, economic or weather conditions affecting future sales and margins, changes in markets for energy services, changing energy and commodity market prices and availability, replacement power costs being higher than anticipated or inadequately hedged, the continued ability of FirstEnergy's regulated utilities to collect transition and other charges or to recover increased transmission costs, maintenance costs being higher than anticipated, other legislative and regulatory changes, revised environmental requirements, including possible greenhouse gas emission regulations, the potential impacts of the U.S. Court of Appeals' July 11, 2008 decision requiring revisions to the Clean Air Interstate Rules and the scope of any laws, rules or regulations that may ultimately take their place, the uncertainty of the timing and amounts of the capital expenditures needed to, among other things, implement the Air Quality Compliance Plan (including that such amounts could be higher than anticipated or that certain generating units may need to be shut down) or levels of emission reductions related to the Consent Decree resolving the New Source Review litigation or other similar potential regulatory initiatives or actions, adverse regulatory or legal decisions and outcomes (including, but not limited to, the revocation of necessary licenses or operating permits and oversight) by the Nuclear Regulatory Commission, Metropolitan Edison Company's and Pennsylvania Electric Company's transmission service charge filings with the Pennsylvania Public Utility Commission, the continuing availability of generating units and their ability to operate at or near full capacity, the ability to comply with applicable state and federal reliability standards, the ability to accomplish or realize anticipated benefits from strategic goals (including employee workforce initiatives), the ability to improve electric commodity margins and to experience growth in the distribution business, the changing market conditions that could affect the value of assets held in FirstEnergy's nuclear decommissioning trusts, pension trusts and other trust funds, and cause it to make additional contributions sooner, or in an amount that is larger than currently anticipated, the ability to access the public securities and other capital and credit markets in accordance with FirstEnergy's financing plan and the cost of such capital, changes in general economic conditions affecting the company, the state of the capital and credit markets affecting the company, interest rates and any actions taken by credit rating agencies that could negatively affect FirstEnergy's access to financing or its costs or increase its requirements to post additional collateral to support outstanding commodity positions, letters of credit and other financial guarantees, the continuing decline of the national and regional economy and its impact on the company's major industrial and commercial customers, issues concerning the soundness of financial institutions and counterparties with which FirstEnergy does business, and the risks and other factors discussed from time to time in its Securities and Exchange Commission filings, and other similar factors. The foregoing review of factors should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy's business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. FirstEnergy expressly disclaims any current intention to update any forward-looking statements contained herein as a result of new information, future events, or otherwise.

(100809)

OCC Ex. 3

Retail, Community Group and OPT IN FirstEnergy CFL Distribution Estimate 11/24/09 DRAFT

CFL Program committed/spent	$8,916,640	
($0.00 Indicates item previously committed)		
Retail and Community Group		CFLs #
Number of 2 packs estimated	1,552,000	3,104,000
Recycled kraft paper bag twin handle color printed	$0.00	
Collateral in bag includes brochures, instruction and letter	$0.00	
CFLs **(2 per pack)**	$0.00	
Distribution	$1.00	
Warehousing	$0.05	
Package cost for includes materials and 2 CFLs	$1.05	
Committed Total Delivered Cost	$1,629,600.00	
Number of households for opt in delivery estimated	100,000	600,000
Corrugated mailing box with color printing	$0.19	
Collateral in box includes brochures, instruction and letter	$0.00	
CFLs **(6 per household)**	$0.00	
Mail house preparation	$0.29	
Residential Delivery	$7.00	
Package cost for opt in includes materials and 6 CFLs	$7.48	
Total opt in Cost	$748,000.00	
Subtotal cost for all	$2,377,600.00	
Small Business Distribution	14,000	
CFLs sent (3 CFLs per small business)	42,000	42,000
Total Cost for sm bus. ($11 per business)	$154,000.00	
Predistribution education and collateral costs	$0.00	
Administrative, measurement and verification cost	$50,000.00	
Sales Tax	$516,796.00	
	$3,098,396.00	
Additional Cost Multi Year Program		
Administrative and operations cost, phone,mail and web	$425,000.00	
Public notification, Advertising and Marketing	$210,000.00	
	$635,000.00	
Grand Total	$12,650,036.00	3,746,000
Cost per CFL*	**$3.37 ***	

*CFL program cost is an estimate; actual cost may vary.

GMT 11/24/09

CFL Program Committed / Spent

DRAFT

CFLs - Distribution Vendor Committed Cost		$8,916,640
Bag and box cost and assemble	$1,031,250	
Brochure print	$292,000	
CFLs	$5,996,250	
Personnel services (halted when staging finished)	$630,000	
Management services	$225,000	
Warehousing facilities and services*	$315,000	
Advertising art work and design	$427,140	
Total Cost		**$8,916,640**

* Final cost subject to timing and delivery schedule

OCC Ex. 4

Original FirstEnergy CFL Distribution Cost Estimate 9/23/09

** Indicates money spent on listed item

Number of households for door to door delivery estimated	1,500,000
Recycled kraft paper bag twin handle color printed	$0.30 **
Collateral in bag includes brochures, instruction and letter	$0.08 **
CFLs (2 per household)	$3.15 **
Distribution	$0.76 **
Warehousing	$0.05 **
Package cost delivered includes materials and 2 CFLs	$4.34
Total Delivered Cost	$6,510,000.00
Number of households for postal delivery estimated	375,000
Corrugated mailing box with color printing	$0.50 **
Collateral in box includes brochures, instruction and letter	$0.08 **
CFLs (2 per household)	$3.15 **
Mail house preparation	$0.29 **
Postage	$1.27
Package cost mailed includes materials and 2 CFLs	$5.29
Total Mailed Cost	$1,983,750.00
Subtotal cost for all	$8,493,750.00
Small Business Distribution	14,000
CFLs sent (3 CFLs per small business)	42,000
Total Cost for sm bus. ($11 per business)	$462,000.00
Predistribution education and public awareness	$1,892,000.00 **
Administrative and measurement and verification cost	$1,450,000.00
Sales Tax	$516,796.00
	$12,814,546.00
Grand total	$12,814,546.00
Cost percCFL	$3.42
Additional Cost Over Original Plan	**0**
Additional Cost Over Filing	**-$310,454**
Approved by the PUCO cost per CFL	**$3.50**
Approved by the PUCO total cost	**$13,125,000.00**

OPT OUT FirstEnergy CFL Distribution Cost Estimate 11/9/09

Cost Spent on CFLs Program	$10,104,631
$0.00 Indicates item previously purchased	
Number of households for door to door delivery estimated	1,000,000
Recycled kraft paper bag twin handle color printed	$0.00
Collateral in bag includes brochures, instruction and letter	$0.00
CFLs **(2 per household)**	$0.00
Distribution	$1.01
Warehousing sunk cost plus 12 month storage	$0.05
Package cost delivered includes materials and 2 CFLs	$1.06
Total Delivered Cost	$1,060,000.00
Number of households for postal delivery estimated	375,000
Corrugated mailing box with color printing	$0.00
Collateral in box includes brochures, instruction and letter	$0.00
CFLs **(2 to 6 per household) average 4**	$0.00
Mail house preparation	$0.29
Postage	$4.50
Package cost mailed includes materials and 4 CFLs	$4.79
Total Mailed Cost	$1,796,250.00
Subtotal cost for all	$2,856,250.00
Small Business Distribution	14,000
CFLs sent (3 CFLs per small business)	42,000
Total Cost for sm bus. ($11 per business)	$462,000.00
Predistribution education and collateral costs	$0.00
Administrative and measurement and verification cost	$125,000.00
Sales Tax	$516,796.00
	$3,960,046.00
Opt Out Additional Cost	
Administrative and operations cost, phone,mail and web	$250,000.00
Public notification (2 bill inserts)	$60,000.00
Coupon Program Cost Add-On to CFL Plan	$555,000.00
	$865,000.00
Grand Total	$14,929,677.00
Cost per CFL	**$3.98**
Additional Cost Over Spent Cost	**$4,825,046**
Additional Cost Over Filing	**1,804,677**

OPT IN FirstEnergy CFL *Distribution* Cost Estimate 11/9/09

Cost Spent on CFLs Program	$10,104,631
$0.00 Indicates item previously purchased	
Number of households for door to door *delivery estimated*	300,000
Recycled kraft paper bag twin handle color printed	$0.00
Collateral in bag includes brochures, instruction and letter	$0.00
CFLs **(2 per household)**	*$0.00*
Distribution	$1.50
Warehousing	$0.05
Package cost delivered includes materials and 2 CFLs	$1.55
Committed Total Delivered Cost	$465,000.00
Number of households *for postal delivery* estimated	525,000
Corrugated mailing box with color printing	$0.19
Collateral in box includes brochures, instruction and letter	$0.00
CFLs (6 per household)	$0.00
Mail house preparation	$0.29
Residential *Delivery*	$7.00
Package cost delivered includes materials and 6 CFLs	$7.48
Total Mailed Cost	$3,927,000.00
Subtotal cost for all	$4,392,000.00

Small Business *Distribution*	14,000
CFLs sent (3 CFLs per small business)	42,000
Total Cost for sm bus. ($11 per business)	$462,000.00

Predistribution *education and collateral costs*	$0.00
Administrative, measurement and *verification cost*	$125,000.00
Sales Tax	$516,796.00
	$5,495,796.00

Opt In Additional Cost Multi Year Program	
Administrative and operations cost, phone,mail and web	$425,000.00
Public notification, Advertising and Marketing	$250,000.00
Coupon Program Cost Add-On to CFL Plan	$555,000.00
	$1,230,000.00
Grand Total	$16,830,427.00
Cost per CFL	**$4.49**
Additional Cost Over Spent Cost	**$6,725,796**
Additional Cost Over Filing	**$3,705,427**

Estimated Coupon Program Cost Add-On to CFL Plan

Manufacturers Coupon Program; New CFLs	225,000	
Coupon Retail Amount Each		$1.00
Price paid to manufacturer for discount		
Coupon Support Cost Each		$1.00
Administration	$0.50	
Marketing	$0.33	
M&V	$0.17	
Per Coupon Cost		$2.00
Additional Cost		
Print Cost for Coupons Sent $.07ea.	1,500,000	*$105,000*
Estimated Coupon Response	15%	
CFL Coupons Redeemed	225,000	
Coupons Used by Customers Cost		$450,000
Total Cost		$555,000
Final Cost per Coupon		$2.47

OCC Ex 6 (8) ~~OCC Ex. E~~

FirstEnergy's Ohio Energy Efficiency Collaborative

12/10/09 Meeting Minutes

Attendance

See attached list below
(X = attended in person or via conference call)

Meeting Notes

1. Approval of Meeting Minutes
   a. Meeting minutes from the November 23, Collaborative meeting were approved.
      - Noted that Dylan Sullivan has not had an opportunity to review the meeting minutes.

2. Portfolio Plan Changes since Last Meeting presented by Luisa Freeman:
   a. FirstEnergy updated the Portfolio Plan to reflect the previously filed long-term forecast report which slightly changed the targets.
   b. Programs that were previously filed separately are now part of the Plan.
   c. Shared savings will now be included in the Plan.
      - A few collaborative members noted that shared savings for other utilities were the result of discussions and negotiations prior to filing Plans. FirstEnergy noted that there is not time for discussions due to Plan filing deadline but will hold settlement discussions on January 7, 2010, after the collaborative members have had a chance to review the Plan.
   d. The Plan is based on partial year savings. Implications of changes is that the program is much more front loaded and the program budget has increased accordingly. FirstEnergy supports annualized savings, and if the Commission supports, would return the Plan to annualized savings.
      - Dylan Sullivan, NRDC: Noted that annualized savings makes program implementation easier because you don't have to start and stop programs or front-load programs earlier in the year.

3. Final Program Portfolio Plan presented by Luisa Freeman, Black & Veatch:
   a. Reviewed programs to be included in the EE&PDR Program Portfolio Plan.
   b. New Construction
      - Would not need to meet LEED certification. New construction tends to be more market transformational, and would not want to restrict participation. The Plan uses the ACEEE - E092 report, March 2009, for Ohio as the standard for new construction in the modeling. This represents a conservative approach, but over time the programs can move toward a higher goal. The program looks to incentivize on a portion of the cost (major renovations included).
      - FirstEnergy is working with EPRI on induction lighting. Sent some lighting there to have some testing performed. The Company will

consider adding emerging technologies to the portfolio in subsequent years.

- Dylan Sullivan, NRDC: Would agree that the new construction programs should not be restricted to LEED. EnergyStar® is a great model to use. If LEED is mandated as part of the utility program, then the utility could end up doing "green" things and not necessarily energy efficiency.
- John D'Angelo, Cleveland Clinic: Lowe's did large scale induction lighting in some warehouses, will send copy of the report to Kurt Turosky.

c. Government Lighting
- Government buildings would be able to participate in any of the C/I programs. FirstEnergy does not have a way to identify those customers.

d. Small C/I Audits and Equipment
- The small C/I Audits tend to look more like residential audits. Intent would be to have a vendor that would perform the audits, subsidized by FirstEnergy but paid by customer ($250). The Plan has an assumption on what an audit should cost but open to options as to who actually performs the audit.
- Brynn Allio, COSE: COSE would like to be involved in the development of the Small C/I Audit program. They have been working on something similar for a couple of years.
- John D'Angelo, Cleveland Clinic: The Association of Energy Engineers, OHIO/Northern - Cleveland/Akron Chapter (330-283-4604) have a lot of different programs where they can get low-cost or no-cost audits for small businesses.

e. Program Marketing
- FirstEnergy will utilize a press release when the Plan is filed as well as websites specific to each state, and bill inserts. From a Corporate perspective, FirstEnergy will describe the programs at the portfolio level first, then in more detail individually as the programs are rolled out, starting with bill inserts in January regarding the On-line audit. As programs are launched, the program implementation CSP's will do direct marketing. FirstEnergy wants to avoid having customers calling the call center for program information prior to the programs being implemented.
- Joseph Meissner, Legal Aid Society, City of Cleveland: There needs to be cooperation between the collaborative and marketing done by the Company.

f. Existing Programs presented by Steve Ouellette, FirstEnergy:
- Direct Load Control program is being suspended until a new vendor is selected. The communication link will be suspended with installed units and we plan to restart the program in the spring.
- Home Performance with EnergyStar® was suspended in August 2009, and all related program costs are ending. There are comprehensive programs in the Plan that should compensate. The Company will have more discussions with the residential and low-income subcommittee and the OCC.

- Greg Toth, FirstEnergy: Community Connections will be moving forward, details are contained in the filing.
- Kevin Murray, IEU: What is the company doing in relation to DR as it moves transmission assets into PJM ?
- Steve Ouellete, FirstEnergy: The plan is to use the ELR tariff as a means to help meet the DR targets until May 2011, after that the Company will be issuing an RFP for interruptible load response to help meet the DR targets.

g. Comments from Collaborative Members on Program Portfolio Plan:
   - Joseph Meissner, Legal Aid Society, City of Cleveland: The programs sound good from the initial descriptions. Would like to see more details.
   - Lusia Freeman, Black & Veatch: Program details are in the Plan. Assumptions are also included regarding customers and participation rates. FirstEnergy will contract with vendors that will get into more detail regarding marketing, and implementation related details. TRC results will also be included in the Plan.
   - Dylan Sullivan, NRDC: Is the Company going to issue an RFP for all programs, or run some itself? Also requested that FirstEnergy share and get comment upon draft RFPs with interested Collaborative members before they are released. Other collaboratives (AEP) have done this.
   - Kurt Turosky, FirstEnergy: FirstEnergy is in the process of selecting program Implementation vendors in Pennsylvania. In Ohio, FirstEnergy may issue RFPs or may leverage vendors running programs for its Pennsylvania utilities. FirstEnergy may also implement some programs directly.
   - Joseph Meissner, Legal Aid Society, City of Cleveland: Doesn't want someone from the media finding flaws in the Programs that would darken acceptance of the entire Plan.

4. Other Matters – Utility taking full or partial credit where other funding is leveraged:
   a. Kurt Turosky, FirstEnergy: The Company's position is that it should get full credit towards SB 221 targets, including instances where the customer receives additional funding. This would avoid competing interests and would be consistent with the decision on this issue in Pennsylvania, where the Commission allowed the utilities to count full credit. There were differences of opinion in Pennsylvania and the issue was fully addressed. The Pennsylvania Commission decision on this issue is included as a separate attachment.
   b. Kevin Schmidt, Ohio Manufacturers' Association: Does not agree with the argument against allowing the utilities to claim full credit. Does not believe there is a downfall by not allowing utilities to take full credit. Utilities should be allowed to get credit for 100% of the savings. If they are only allowed partial credit then administrative costs would be much higher, and that seems defeating to incur unreasonable administrative costs. The goal is trying to find least cost option for avoiding new generation capacity. All customers benefit with no new generation. He doesn't particularly care where the savings come from; he just wants them to be the least cost.

c. Dylan Sullivan, NRDC: Believes that the utilities should only get the credit for the savings that they pay for. Coordination should be occurring where appropriate. Should be viewed in the same way as other evaluation questions, to determine what would have happened if the funding stream had not been put into place. Often public programs are supported because they provide additional savings, not used to offset utility investments.
d. Greg Poulos, Ohio Consumers' Council: Would echo the same concerns as the NRDC. Nexus is the key, the funding connection to the program and getting credit for it.
e. Ned Ford, Ohio Chapter of the Sierra Club: Inclined to take a wait and see approach. Does not think there will be cases where less than full credit is justified. If no one else is seeking credit, then the credit should be given to the utilities. He would like to revisit issue again if the situation arises.
f. Todd Williams, Ohio Environment Council: Supports the NRDC in their position, and also agrees with the Ohio Chapter of the Sierra Club. The issue is not ripe for a blanket statement.
g. Ted Robinson, Citizen Power: Agrees with the Ohio Environmental Council that the issue is not ripe for a blanket statement. He feels that if there are other sources of funding, then the sources with the best leverage are preferable for obtaining credit.
h. John D'Angelo, Cleveland Clinic: The only entity that can get credit for the energy efficiency savings is the utility company under the law. The credits are of no use to anyone else.
i. Wilson Gonzalez, Ohio Consumers Council: In the future there may be a "white tag" market in Ohio for energy efficiency. The markets are developing and other entities may want to claim the credits in the future.
j. Greg Sheck, PUCO: Should look at the context of the federal stimulus money in Ohio. There is a total of $11.3 million of the entire state. Two-thirds to three-quarters of the funding is for electric measures. If customers are not aware of the funding, then it may take additional funding by the utility for the customers to take action. The nexus to the program does make sense.
k. Dave Rinebolt, Ohio Partners for Affordable Energy: The first year of the programs, the savings are going to be based on the TRM. Until the program is evaluated, savings and getting credit for it is not an issue. The ratepayer and taxpayer are ultimately the ones that are paying for the programs. There are aggressive targets in Ohio, and the utilities will need to include full credit from the programs to meet those targets. To the extent that the utilities can count all savings, then the riders are lower and everyone benefits.

5. Next Steps:
    a. The 2010-2012 Program Portfolio Plan will be filed on December 15, 2010.
    b. FirstEnergy will distribute New Construction Residential and C/I fact sheets with the meeting minutes, (see Ohio Portfolio Plan sent under separate cover by Kathy Kolich on 12/15/09). The applicable section of the Pennsylvania Commission Order addressing full vs. partial savings is attached as a separate file with these meeting minutes.

c. A meeting of the Collaborative will be held January 7, 2010 to begin settlement discussions. Collaborative members should review filing and provide comments to FirstEnergy by January 4, 2010 to aid in settlement discussions. FirstEnergy recommended that Collaborative members have an attorney present at discussions unless members are authorized to speak on behalf of their respective organizations.

6. Adjourn

Upcoming Actions:

- Meeting minutes will be distributed for the Collaborative review and response, to be approved at the next Collaborative meeting.
- Next Collaborative meeting is scheduled for January 7, 2010, for settlement discussions on the 2010 – 2012 EE&PDR Program Portfolio Plan.

- **FE Attendees:** John Paganie, Kurt Turosky, Steve Ouellette, Kathy Kolich, Ebony Miller, Greg Toth, Wade Williams, Gretchan Sekulich, Diane Rapp, Eren Demiray, Rebecca Harder
- **Black & Veatch Attendees:** Luisa Freeman, George Fitzpatrick, Shawn Intorcio,

"X" indicates attended in person or by teleconference

	Name	Organization		Name	Organization
X	Allio, Brynn	COSE		Moser, Nolan	Ohio Environmental Council
	Allwein, Chris	Ohio Consumers' Council	X	Murray, Kevin	IEU - Ohio
	Ballenger, Brian	NOAC - Northwood	X	Natal, Pete	Ohio Partners for Affordable Energy
X	Barich, Mark	Summa Health Systems	X	O'Brien, Thomas	OMA/OHA
	Beeler, Steven	City of Cleveland		O'Connor, Kathi	Parma Community General Hospital
	Bell, Langdon	Ohio Manufacturers' Association		Parke, Morgan	FirstEnergySolutions Corp
	Bentine, John	Kroger Company	X	Porter, Andre	City of Cleveland & Independent Colleges & Universities of Ohio
	Boehm, Kurt	Ohio Energy Group	X	Poulos, Gregory	Ohio Consumers' Counsel
	Clark, Joseph	IEU - Ohio		Rack, Frank	PUCO
	Cottrell, Dave	Ohio School Council		Randazzo, Sam	IEU - Ohio
X	D'Angelo, John L., PE	Cleveland Clinic		Reese, Richard	Ohio Consumers' Counsel
	Dethloff, Karen	Metro Health Medical Center		Reisinger, Will	Ohio Environmental Council
	Dougherty, Trent	Ohio Environmental Council	X	Rinebolt, David	Ohio Partners for Affordable Energy
	Dunn, Gregory	City of Cleveland	X	Robinson, Ted	Citizen Power
X	Eckhart, Henry	Natural Resources Defense Council		Royer, Barth	Ohio Environmental Council
	Farris, Donald	Ohio Schools Council		Sarver, John	OPAE & CHN
X	Ford, Ned	Ohio Chapter of the Sierra Club	X	Sawmiller, Dan	Ohio Consumers' Council
	Fortney, Robert	PUCO	X	Scheck, Greg	PUCO
	Froehle, Tom	IEU - Ohio	X	Schmidt, Kevin	Ohio Manufacturers' Association
	Given, Robert	Cuyahoga Cty Dept of Development	X	Seeley, Ben	EGroup
	Goldberg, Paul	NOAC - City of Oregon		Siegel, Sandy	PUCO
X	Gonzalez, Wilson	Ohio Consumers' Council	X	Sites, Rick	Ohio Hospital Association
	Harper, Stacia	Ohio Consumers' Council		Skaff, Paul	NOAC - Holland
	Hausback, Peter	Appliance Recycling Center of America		Small, Jeffrey	Ohio Consumers' Counsel
	Hays, Thomas	NOAC - Lake Township		Smith, Craig	Material Sciences Corporation
	Johnson, Dan	PUCO	X	Stika, Nicole	COSE
	Keiffer, Lance	NOAC - Lucas County		Stinson, Dane	NextEra Energy Resources/Gexa Energy Ohio
	Khan, Majid A.	PUCO		Stone, Garrett	Nucor Steel Marion, Inc.
	Knodel, Ken	Summit County	X	Sullivan, Dylan	NRDC
	Kovach, Michael A.	The E-Group, Program Manager EE&DR		Tharp, Dora	OPAE
	Kovacik, Leslie	NOAC - Toledo		Turkenton, Tammy	PUCO
	Krassen, Glenn	NOPEC		Van Allen, Roy	Ohio Schools Council
	Kurtz, Michael	Ohio Energy Group		Verdile, John	COSE
	Laurent, Paul	PUCO		Vicas, Linda	Kroger Company
	Lavanga, Michael	Nucor Steel Marion, Inc.		Vollman, Sean	City of Akron
	McAdams, Sheilah	NOAC - Maumee		Walker, Claire	COSE
X	McAlister, Lisa	IEU - Ohio		Wall, Bruce	Appliance Recycling Center of America
	McMurray, Christian	Nucor Steel Marion, Inc.	X	Wannock, Matt	Ohio Schools Council
X	Meissner, Joseph	Legal Aid Society, City of Cleveland		Weldele, Eric	COSE
	Mikkelsen, Eileen	The E-Group, Director		Weston, Bruce	Ohio Consumers' Council
X	Millard, Steve	COSE		White, Matthew	Kroger Company
	Miller, Christopher	City of Cleveland		Wiese, Richard (Dick) J.	Ohio Hospital Association
	Miller, Jennifer	Ohio Chapter of the Sierra Club	X	Williams, Todd	Ohio Environmental Council
	Moan, James	NOAC - Sylvania	X	Wolfe, Robert	PUCO
	Mooney, Colleen	Ohio Partners for Affordable Energy		Yurick, Mark	Kroger Company

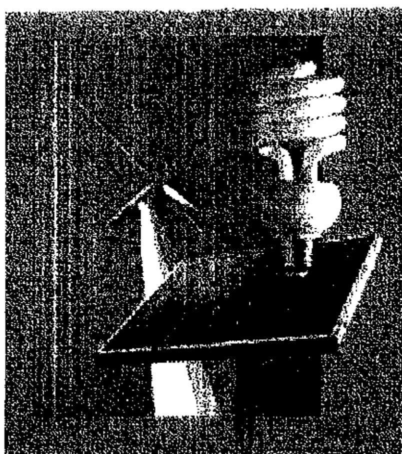
~~OCC Ex 2~~

OCC Ex. 7 5

Energy Efficiency

FirstEnergy

Ohio Energy Efficiency Collaborative: Final Presentation of FirstEnergy Portfolio



Ohio Edison Company
The Illuminating Company
Toledo Edison Company

December 10, 2009

Agenda – Collaborative Meeting

1:00 pm

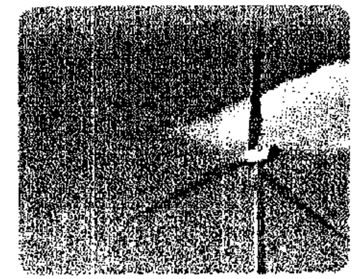
- Introductions, approve minutes from Nov. 23rd meeting
- Portfolio Plan Changes since Last Meeting
- Final Program Portfolio Plan
- Other Matters & Next Steps

3:00 pm

- Next Meeting – Jan. 7, 2010

BUILDING A WORLD OF DIFFERENCE®

BLACK & VEATCH



Program Portfolio Plan for 2010-2012

Ohio Energy Efficiency Collaborative

December 10, 2009

Changes Since Last meeting

- Updated filing based upon:
  - Filed LTFR
  - Rolling CFL Program into Portfolio Plan
  - Partial vs. Full Year Savings
- Include Shared Savings Concept
- File entire Portfolio by Dec 15th

Implications of changes for portfolio

The changes based on PUCO orders:	Implications of New Direction:
1. The PUCO approved re-filing of the CFL program as part of the portfolio plan rather than separately	Limited impact
2. However, as a result, the PUCO revised the filing date for the three portfolio plans including the CFL program to Tuesday Dec. 15th	Accelerated schedule
3. The programs will only be able to claim partial rather than full-year savings	Requires rebalancing of portfolio, *acceleration of more programs* to launch sooner, at *significantly higher annual* portfolio costs
Additional changes made by FirstEnergy:	
4. FE now using previously filed LTFR forecast	Changes the kWh and kW targets, and new analysis of programs to achieve the new targets

General Approach & What Has Changed

- Determine the extent to which existing and already filed programs can meet the targets
- Design next phase of programs to roll out when needed to meet targets
    - *Partial-year savings in 2010 mean that more programs are needed sooner to meet targets*
- Build in safety net above targets
    - *Costs associated with Partial-year savings make this more difficult and expensive to achieve*

Final Portfolio Content

- ***Then*** - What is needed to meet the targets in most cost efficient manner, with some cushion to account for uncertainties in the market?
  - *Consideration of total costs, reasonable lead times, capacity building, staged introduction*
- ***Now*** – A larger group of cost effective programs must be launched to meet the targets, given partial-year savings and regulatory approval process.
  - *Will require rapid learning curve, will favor experienced vendors, and cost significantly more*

Content of Portfolio is Drawn from:

- Modifications to Existing FirstEnergy Programs
- Most Cost Effective Programs from Market Potential Study
- Collaborative / Subcommittee Input
- Industry Best Practices

Subcommittee Program Input

- C/I Energy Audits (COSE, IEU, others)
- Technical Assessment Umbrella Program (IEU)
- Residential New Homes Program (NRDC)
- Community Connections to distribute CFLs (OPAE)
- CFLs for Small Business (COSE)
- C/I New Construction (NRDC, Cleveland Clinic)

FirstEnergy Ohio EE/PDR Program Portfolio

1. Direct Load Control Program
2. Appliance Turn-In Program
3. Energy Efficient Products Program
4. Efficient New Homes Program
5. Comprehensive Residential Retrofit Program
6. Online Audit Program
7. Online Efficient Products Program
8. CFL Program
9. Community Connections Program
10. Small Enterprise Audits & Equipment Program
11. C/I Equipment Program
12. Technical Assessment Umbrella Program
13. C/I Equipment (Industrial Motors)
14. C/I Interruptible Demand Reduction Program
15. C/I New Construction Program
16. Government Lighting Program
17. Mercantile Self-Direct
18. T&D Projects

C/I New Construction Program

- Targets Developers and Building Owners
- Encourages adoption of higher energy efficiency levels per square foot
- Modeled after Energy STAR for 30% above code
- Performance based rather than prescriptive
- Will pay 50% of incremental costs up to a cap
- Incentives will be customized to each project

FirstEnergy Ohio Energy Efficiency Targets

FirstEnergy Ohio Operating Company	2010 Targets (MWH)	2011 Targets (MWH)	2012 Targets (MWH)
Ohio Edison	200,126	368,873	570,852
CEI	151,829	280,437	432,993
Toledo Edison	81,123	148,622	229,935
Total	**433,078**	**797,932**	**1,233,780**

FirstEnergy Ohio Demand Reduction Targets

FirstEnergy Ohio Operating Company	2010 Targets (MW)	2011 Targets (MW)	2012 Targets (MW)
Ohio Edison	91.1	130.3	174.0
CEI	71.5	102.7	137.8
Toledo Edison	34.4	49.4	65.9
Total	**197.0**	**282.4**	**377.7**

Ohio Portfolio Plan Timeline Estimate

Program Portfolio Plan Development/Stakeholder Input	May - Dec 2009
2010 – 2012 Program Portfolio Plan Filing	Dec 15
60 Day Comment Period	Jan – Feb 2010
PUCO Hearings on Program Portfolio Plan	Mar 2010
PUCO Expected Approval of Program Portfolio Plan	1st/2nd Qtr. 2010
Program Portfolio Plan Implementation	Upon Approval

Dates may vary. FirstEnergy will seek expedited approval for at least four programs.

Proposed Portfolio & NEW Start Dates

Anticipated Start Dates				
FE Existing & Pre-Filed Programs	**2009**	**2010**	**2011**	**2012**
Transmission and Distribution Projects 2009				
Direct Load Control				
Community Connections				
Mercantile Self-Direct				
C/II Interruptible Demand Reduction Program				
Online Audit Program				
Online Efficient Products Program				
CFL Program				
New Programs:	**2009**	**2010**	**2011**	**2012**
Transmission and Distribution Projects 2010 - 2012				
Residential Appliance Turn-In Program				
C/I Equipment (Industrial Motors)				
C/I Equipment Program (Lighting)				
Comprehensive Residential Retrofit Progam				
Residential Energy Efficient Products Program				
Small Enterprise Audits & Equipment Program				
C/I Technical Assessment Umbrella Program				
C/I New Construction Program				
Municipal Traffic & Pedestrian Lighting Program				

Other Matters

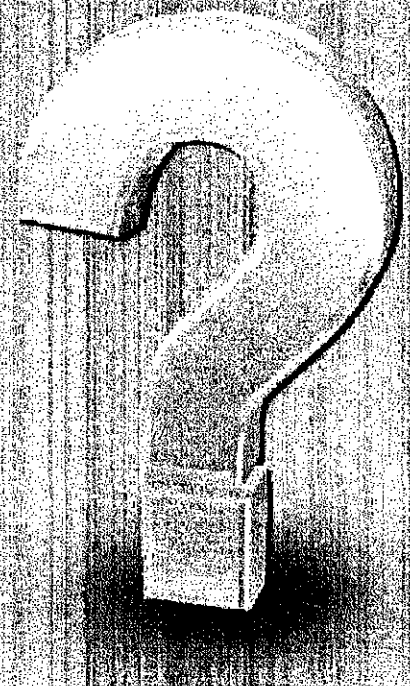
- TRM values and policies still under development
- Portfolio Plan Template still under development
- PUCO Ruling on Administrator Agreements
- Counting program savings
- Update on status of existing Residential Programs
  - DLC T-stats
  - HPWES

Next steps

- File the Program Portfolio Plan December 15
- Settlement/expedited plan approval will be sought
  - Jan 7, 2010 – Collaborative Settlement Discussions
- Prepare for quick launch once programs are approved

BUILDING A WORLD OF DIFFERENCE

BLACK & VEATCH



Questions?

OCC Exh. 8 OCC Exh. 3

From:	<williamsw@firstenergycorp.com>
To:	<ballio@cose.org>, <allwein@occ.state.oh.us>, <ballengerlawbjb@sbcglobal...
CC:	<jepaganie@firstenergycorp.com>, <kjkolich@firstenergycorp.com>, <wrridm...
Date:	11/24/2009 6:28 PM
Subject:	Ohio Collaborative - Program Fact Sheets / Budget Information
Attachments:	FOR COLLABORATIVE REVIEW 11-24-09 FE Program Descriptions v2.pdf

To Ohio Collaborative Members:

As a follow-up from our Collaborative meeting on Monday, November 23, 2009, attached are Program Fact Sheets for your review. Also, as an indication of the preliminary program budgets, we offer the following. For the 2010 -2012 Portfolio Plan, we anticipate the program costs will be in the range of $135 million to $175 million. These budgets include estimates for incentives/rebates, program administration, M&V and marketing.

If you have any comments on this material, we need to have your input no later than close of business November 30, 2009, send any feedback to me.

Thanks,
Wade

Attachment - (See attached file: FOR COLLABORATIVE REVIEW 11-24-09 FE Program Descriptions v2.pdf)

OhioEdison A FirstEnergy Company   Illuminating Company A FirstEnergy Company   ToledoEdison A FirstEnergy Company

PROGRAM FACT SHEETS FOR FINAL COLLABORATIVE REVIEW

This set of program fact sheets is provided by the FirstEnergy Ohio Companies (Ohio Edison, Toledo Edison and Cleveland Electric Illuminating--hereinafter collectively referred to as the "Companies") for final review in preparation of a filing to be submitted to the PUCO in December 2009. These descriptions reflect the input of Collaborative Residential / Low-Income and Commercial / Industrial and Demand Response subcommittee members to the program design concepts presented by FirstEnergy and its contractor Black & Veatch over a period of several months.

Residential Programs that will appear in the FirstEnergy Program Portfolio are:

1. Community Connections
2. CFL Program
3. Comprehensive Residential Program
4. Thermostat Direct Load Control
5. On-Line Audit
6. On-Line Energy Efficient Products Catalog Program
7. Appliance Turn-In Program
8. Energy Efficient Products Program
9. Residential New Construction Program

Commercial, industrial, government and institutional programs appearing in the portfolio are:

10. C/I Energy Audits
11. C/I Equipment Rebates Program
12. Industrial Motors and Variable Speed Drives Program
13. C/I Technical Assessment Umbrella Program
14. Municipal Traffic & Pedestrian Signal Program

Three other non-residential initiatives are contributing to the achievement of targets under the FirstEnergy Portfolio, but are not included in the Program Descriptions here due to their unique nature:

15. Interruptible Load for Demand Response
16. Mercantile Self-Directed Energy Efficiency Projects
17. Transmission and Distribution Projects

It should be noted that these fact sheets contain the latest information and outputs from Black & Veatch's modeling efforts as of November 20, 2009. All figures should be considered preliminary, but are representative of what will be contained in the final portfolio. In particular, it is likely that some budgetary and savings figures may change slightly prior to filing of the portfolio based on additional model iterations as well as any final comments of Collaborative members.

OhioEdison A FirstEnergy Company | Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

RESIDENTIAL PROGRAMS

1 – Community Connections Program (existing)

Overview	The Community Connections Program provides weatherization measures, energy efficient solutions, and client education to Ohio Edison, Cleveland Electric Illuminating, and Toledo Edison's ("Companies") low-income customers to whom the Companies provide electric service. This program is administered by **Ohio Partners for Affordable Energy** (OPAE) and includes working with subcontractors to perform weatherization measures, energy efficient solutions, and client education.
Target Market	The target beneficiaries of this program are the Companies' residential customers and landlords of residents eligible for one of the following: the Ohio Home Weatherization Assistance Program (HWAP), Percentage of Income Payment Plan (PIPP), or Home Energy Assistance Program (HEAP). The Companies may count kWh savings measures toward fulfilling the requirements of R.C. 4928.66.
Program Design	This program involves the Companies providing funding to OPAE who provides weatherization measures, energy efficient solutions, and client education to the Companies' low-income residential customers. OPAE reserves the right to use subcontractor agencies in fulfilling work agreements. All work shall be pursuant to appropriate government permits and inspected as required. All services shall use due care to assure that all services, materials and supplies are of good quality, reasonable priced, and installed in a professional workmanlike manner and all contractors are duly qualified to complete the work they have been assigned. The Companies will provide OPAE the Community Connections Program funds in the amount up to $5,000,000 per year for eligible services. Services are to be performed across the Companies' service territory in a division of 40% to Ohio Edison, 40% to Cleveland Electric Illuminating Company, and 20% to Toledo Edison. The Companies have the right to sample and verify the installation and performance any measures in the program as well as the quality of work performed.
Delivery Agents	Information regarding the program will be communicated through OPAE including using community-based agencies as well as through the Companies' call center.
Eligible Equipment	Energy efficiency measures must meet the State of Ohio Weatherization Program standards and must satisfy the Total Resource Cost Test or similar test and verify KWH savings. Weatherization measures, energy efficient solutions, and client education include but are not limited to; Home energy audits, installation of compact fluorescent light bulbs (CFLs), weather

	stripping, roof repairs, duct sealing, appliance replacement, refrigerator coil cleaner kits, wiring upgrades, water heater wraps, blower door tests, insulation and ventilation, outlets, ground fault circuit interrupters, spool and socket wiring, replacement of older fuse boxes with electrical circuit breakers, pipe insulation, low-flow shower heads, and faucet aerators.
Incentives	Qualified customers will receive, at no cost, weatherization measures, energy efficient solutions, and client education. Landlords of qualified low-income residential customers will receive weatherization measures and energy efficiency solutions at 50% of installed cost. These improvements will result in more efficient electricity usage which will result in less electric consumption.

2 – CFL Program (already distributed)

OhioEdison A FirstEnergy Company | The Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

3- Comprehensive Residential Program

Overview	This program offers residential customers a comprehensive home energy audit with the cost of the audit subsidized by FirstEnergy. After completing a home energy audit, customers are provided with a list of energy savings measures applicable to their home and the associated energy savings impacts. Customers who implement eligible energy savings measures are entitled to rebates from FirstEnergy.
Target Market	The target market for this program is residential homeowners.
Program Design	Certified home energy auditors perform diagnostic tests on customers' homes, such as blower door tests and infrared scans. After the audit is completed, the home energy auditor produces a report of recommended improvements the customer can install to achieve energy savings. Customers can choose which energy savings measures they wish to install.
Delivery Agents	Total administration of the program, including the actual home audits and the attendant training, marketing, call center, quality assurance, and general administration is provided by a third party vendor. Independent contractors can become certified to install the energy savings home improvements.
Eligible Equipment	There is a range of equipment available under this program – all home systems such as heating, water heating, air conditioning, etc.
Incentives	The program offers residential customers a home energy audit at a subsidized cost and additional rebates for energy efficient improvements. Additional incentives are available to independent contractors for training, certification, equipment, and other incentives.

OhioEdison
A FirstEnergy Company

The Illuminating Company
A FirstEnergy Company

ToledoEdison
A FirstEnergy Company

4 - Direct Load Control Thermostat Program (current and new)

Overview	This program has and will continue to offer to residential customers a free programmable thermostat. Currently, the program achieves load shed using a set back thermostat with two pager communication. This device effects a one time 4 degree rise in household temperatures. In future deployments,, the thermostat will include a two-way communications device that will cycle the compressors of central air conditioners using a 33% cycling strategy. This will allow FirstEnergy to cycle central air conditioning compressor load during summer peak periods and receive confirmation of cycling as well as feedback on customer behavior. The result of this equipment upgrade will provide FirstEnergy with a program result that will have the capability to reduce loads over more hours during the summer. Participating customers can also program the thermostat for their preferred day, night, and seasonal settings in order to achieve electric and gas energy savings all year around. In addition, customers can program the thermostat through a secure website.
Background	This program began in the summer of 2007 under the terms of FirstEnergy's Rate Certainty Plan (RCP) Supplemental Stipulation. Per the terms of the RCP Supplemental Stipulation, funding for the program continues through the end of 2009. As of September 2009, approximately 11,300 thermostats have been installed. FirstEnergy is currently reviewing an alternate thermostat that communicates over broadband Internet instead of using a paging signal.
Target Market & Program Eligibility	The target market for this program is residential homeowners who meet the following criteria: (1) The customer must reside in a location that receives the two-way wireless paging signal, (2) The customer must have a working central air conditioner or heat pump, (3) The customer must use at least 1,000 KWH in any summer month (June, July, or August), and (4) The customer must not be in arrears in payments for greater than 60 days.
Program Design	During summer peak periods, FirstEnergy can currently curtail air conditioning usage by "setting back" the thermostat by four (4) degrees for up to four (4) hours during a critical peak day. Customers have the ability to override (i.e. opt out of) a curtailment event. With the new program, a compressor cycling process will be employed.
Delivery Agents	Total administration of the program, including installation of thermostat, marketing, call center, and general administration is provided by a third party vendor.
Incentives	The program offers customers a free programmable thermostat that can be used to achieve year around electric and gas energy savings. The thermostat can be programmed through a secure website. No monetary or rate-related incentives are provided to participating customers.

OhioEdison A FirstEnergy Company | Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

5 – Online Home Energy Audit

Overview

The Online Home Energy Education Tool ("The Aclara Tool") is a $1.2 million (annual expense) software program which will provide the FirstEnergy Companies with the necessary tools and equipment needed to properly supply customers with the information and education necessary to lower their energy costs through energy efficiency program participation and other actions. The Aclara Tool provides an approach that increases the efficiency and effectiveness of the Companies' customer service by helping their residential and business customers better understand and manage their bills, resulting in increased customer satisfaction. The tool converts the customers' input of raw data (e.g., their energy usage characteristics) into information customers can understand and act upon, including such things as the cost of heating and cooling their homes, the reasons their bills may have changed, and whether the customer takes service on the most favorable tariff.

Program Cost

	2009 Partial year	2010	2011	2012	2013
Aclara Cost	$340,000	$420,000	$420,000	$420,000	$420,000
Education and Marketing Cost	$750,000	$750,000	$750,000	$750,000	$750,000
TOTAL Cost	$1,090,000	$1,170,000	$1,170,000	$1,170,000	$1,170,000

Program Design

Helping customers use electricity more efficiently is only one piece of the goal. Educating consumers on what is possible through changing their lifestyles and buying habits is the ultimate goal to achieve sustainable energy savings in years to come. Customer education will be mass marketed through traditional utility channels as well as through innovative approaches like electronic communications and program awareness campaigns with third parties. Based on prior experience, about 15% of the total residential customer base uses the application.

Program Accessibility

The Aclara Tool is a software application, accessible at no cost to customers through the Companies' web site, which customers use on their own computers. Customers who do not have computer access may call the Companies' contact center and have a customer service representative (CSR) walk them through the application, inputting the customer's data for them. Once entry of the customer's data is complete, the CSR can provide the conservation and savings findings over the phone or print and mail the comprehensive report to the customer. Repeated customer use of the tool will be strongly encouraged.

Draft Program Descriptions

OhioEdison — Illuminating Company — ToledoEdison

Program Impact	The Aclara Tool helps residential and small business customers better understand and manage their energy usage. It provides customers with information on how their energy bill is impacted by choices on control of appliances (including heat and air conditioning) as well as choices on purchases of new appliances. Experience shows customers completing the energy audit save approximately 300 kWh per year through implementation of just low cost or zero cost measures; the Companies anticipate applying this conservative 300 kWh per customer estimate toward 2009 compliance with the energy efficiency benchmarks.
Incentives	The Aclara Tool is available to customers at no cost. Surveys conducted in other states demonstrate that customers who take advantage of this service show an immediate change in their behavior, including implementation of measures such as replacement of air conditioning and space and water heating systems, weatherization of homes by replacing windows and adding insulation, and installation of programmable thermostats.

OhioEdison A FirstEnergy Company | The Illuminating Company | ToledoEdison A FirstEnergy Company

6 – Online Energy Efficient Products Catalog Program

Overview	Provides FirstEnergy Companies' customers with a way to quickly and directly purchase energy efficiency measures and products via a sponsored link to the Energy Federation Institute (EFI) product catalog on line.
Target Market	The target market for this program is residential customers but the catalog may be accessed by any FirstEnergy customer. (For the purposes of program design, participation assumptions are based on residential customer participation only.)
Program Design	Provides a suite of energy efficiency products through an on- line (computer based) catalog services that customers can use to place an order, purchase desired items, and have them mailed directly to the customer's home or business.
Delivery Agents	The program is delivered to customers by a web-based on-line store on behalf of FirstEnergy Companies that will establish a link on the FE website to the catalog website.
Eligible Equipment	A range of smaller energy efficient equipment and related measures (weatherization, water conservation measures, etc.) is offered through the catalog service.
Incentives	FirstEnergy customers receive immediate discounts on popular products when purchasing through the online catalog store.

7 - Residential Appliance Turn-In Program

Overview	Provides for free pick and disposal of certain old inefficient appliances that are in working order but not in use. Households receive an incentive payment for turning in older refrigerators or freezers, and coupons for replacement products for room air conditioners, torchiere lamps and holiday lights. Large appliances will be picked-up over an extended period where others may be turned in for exchange coupons at periodic events. All appliances will be disposed of in an environmentally responsible manner.
Target Market	The target market for this program is existing households, multifamily and single family, renters and home owners. Equipment is to be working order at the time of pick up.
Program Design	Provides an incentive payment to customers turning in an appliance.
Delivery Agents	Program services would be delivered to customers by a vendor involved in the environmentally responsible recycling of the appliances.
Eligible Equipment	Equipment that is typical of turn in programs includes: ➢ Second refrigerators or refrigerators ➢ Freezers Exchange events would include: ➢ Room air conditioners ➢ Torchiere lamps ➢ Holiday lights
Incentives	The customer receives a check following pick up of major appliances. Other equipment may be included in exchange events, where old units are swapped out for new high efficiency units or a coupon is provided toward the purchase of a new high efficiency unit.

OhioEdison A FirstEnergy Company | The Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

8 - Residential Energy Efficient Products Program

Overview	The Energy Efficient Products Program provides a combination of financial incentives to households and retailers. Households can take advantage of discounted energy efficiency products through the FirstEnergy Ohio On Line catalog. Retailers that sell energy efficient products, such as Energy Star® qualified appliances or compact fluorescent light bulbs will receive promotional support, point-of-sale materials, training, promotional events and rebates for selling select appliances.
Target Market	All FirstEnergy Companies' customers can participate in the On-Line Catalogue. Customers may also participate through purchase of appliances from retailers. Participation is open to all residential and small commercial customers (replacement of existing units, end-of-life units and new); homeowners and renters living in one to four family dwellings. Multifamily renters may also qualify for selected products.
Program Design	This program involves consumer education and dealer marketing and incentives for selling appliances with Energy Star® brand labels. All participants must complete an application form and demonstrate proof of purchase.
Delivery Agents	FirstEnergy has a Catalogue vendor in place; and a vendor will be secured to implement the retail program.
Eligible Equipment	For the proposed program, the minimum qualifying efficiency ratings are based on current Energy Star® Qualified Appliances published by the US EPA. Equipment would include: ➢ Refrigerators ➢ Freezers ➢ Clothes washers ➢ Dryers ➢ Heat pump water heaters ➢ Ceiling fans ➢ Room air conditioners ➢ Single speed pumps and motors ➢ Compact fluorescent lamps ➢ LED bulbs ➢ Torchiere lamps ➢ LED holiday lights
Incentives	Dealer incentives and special promotional "events" to encourage sales of high efficiency products, and/or retirement of less efficient equipment (e.g. Torchiere lamps) through "buy down" of first cost and/or promotion of eligible equipment to customers. Customer rebates available for selected appliances.

OhioEdison A FirstEnergy Company | The Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

9 - Residential New Homes Program

Overview	This program provides incentives to new home owners and/or builders for incorporating high efficiency ENERGY STAR® products in newly constructed homes. This program involves promoting the use of CFLs and high-efficiency, ENERGY STAR® compliant appliance and electricity consuming equipment in new housing.
Target Market	The target market for this program is new homeowners and builders of new residential construction.
Program Design	Provides rebates to new home owners and/or local builders. To qualify for this program, the equipment must exceed the State energy efficiency standards OR those as published by the Department of Energy under the ENERGY STAR® program.
Delivery Agents	Program services would be delivered to participants through two other programs – the Residential Efficient Products and CFL Programs.
Eligible Equipment	The program covers high efficiency lighting, appliances and HVAC equipment installed in new housing in place of standard.
Incentives	The customers, contractors or builders would receive rebates upon documentation of the installation of high efficiency qualified equipment covered under the two rebate programs.

OhioEdison
The Illuminating Company
ToledoEdison

COMMERCIAL AND INDUSTRIAL PROGRAMS

10 – C/I Energy Audits

Overview	Provides two levels of energy audits for non-residential customers of the FirstEnergy Ohio Companies: 1) Small business customers may obtain a simple walk-through audit appropriate for small buildings or facilities with non-complex loads to help identify existing end uses of energy and find specific ways in which energy savings can be achieved. The audit helps to identify rebates and other incentives available from other FirstEnergy Ohio programs. 2) Medium and large commercial and non-residential customers may elect to obtain an audit that covers more complex equipment as well as larger buildings up to XXX sq. ft. {need to set some upper limit? NOTE that a third type of audit is available as part of the Technical Assessment Umbrella Program for industrial, complex or multi-facility customers).
Target Market	All existing non-residential buildings are eligible for this program. Small businesses and offices in residential buildings (defined on a kWh, kW or square footage basis) would constitute a special target market.
Program Design	This program provides an energy audit/assessment to document the building's existing equipment and efficiency opportunities prior to installation of energy efficiency measures.
Delivery Agents	This program would be delivered in one of two ways: 1) through a national vendor using trained staff hired and certified by the vendor, or 2) through qualified local contractors that agree to terms for participation. These trade allies would have to attend training in order to appear on a list of participating vendors. All delivery *agents will use the same audit software and/or reporting format to ensure* standardization.
Eligible Equipment	All electricity consuming equipment will be considered in the audits. Secondarily, those end uses that are operated using electricity will also be audited for other contingent benefits– for example water savings and water heat savings measures will be considered if the water heater is electric; infiltration reduction will be considered if the facility heats with electricity. Office equipment audits will be included for appropriate building types to ensure proper efficiency settings on equipment, and to indentify savings potential for plug loads.
Incentives	There are no incentives associated with this program. The small business audits will be charged on a fixed fee basis; the larger audits on a per square footage basis. In both cases, fees may be reduced or waived for non-profits or local government buildings. The cost for small business audits that was used in the analysis is $XXX, which is a significantly subsidized rate for this service, according to industry research..

OhioEdison | The Illuminating Company | ToledoEdison

11 – C/I Equipment Rebate Program

Overview	This program provides rebates for high efficiency electric equipment and building shell related measures for non-residential customers. Rebates are intended to buy down selected equipment or overall job scopes to a 5 year payback or less. Participants are encouraged, but not required, to complete an energy audit prior to participating in this program.
Target Market	All existing and new construction commercial, industrial, municipal and multifamily buildings that are customers of FirstEnergy Ohio.
Program Design	This program provides a range of incentives paid to customers for the reduction in the incremental technology costs ("capital costs") of high efficiency units over standard efficiency units. The program would be promoted via the implementation vendor as well as to the following target markets by Program Administrators: **a. Schools and Institutional Customers** **b. Health Services Customers** **c. Government Buildings**
Delivery Agent	This program would be administered by a qualified national vendor under contract to FirstEnergy. Program Administrators can perform services such as assistance in completing rebate applications, fulfilling required purchase documentation, or by serving as aggregators for selected equipment through a group purchase.
Eligible Equipment	*Eligible equipment includes the following for which per unit rebate amounts will be established:* **HVAC** ➢ Rooftop End of Life Change-Out ➢ Rooftop Unitary Packaged AC Retrofit ➢ Packaged Terminal Air Conditioning (PTAC) End of Life Change-Out ➢ HVAC Chiller Retrofit ➢ HVAC Chiller End of Life Change-Out **Lighting** ➢ Lamp replacements lamp/ballast (T5SO, T8, HID) ➢ LED EXIT light replacement ➢ LED street traffic signals and pedestrian signs ➢ Stairwell Replacement with Occupancy Sensor System ➢ Lighting Controls/sensors ➢ Building lighting control systems ➢ CFL Replacement (of incandescent) **Food Services Equipment** ➢ Ice machines ➢ Pre-rinse spray valves ➢ High efficiency cooking equipment ➢ High efficiency refrigerators/freezers **Plug Loads & Controls** ➢ Office equipment audits to ensure proper efficiency settings on equipment ➢ Control devices and power strips ➢ Lighting controls ➢ Occupancy sensors Custom Measures and other measures such as building shell improvements not identified here or in the final rebate schedule will be considered on a case by case basis and an appropriate rebate amount calculated.

Draft Program Descriptions

OhioEdison
A FirstEnergy Company

The Illuminating Company
A FirstEnergy Company

ToledoEdison
A FirstEnergy Company

Incentives	Incentives will be set at levels to achieve approximately a 5 year payback. The incentives are targeted at reducing the incremental cost of the most advanced, commercially available technology for each equipment category, when compared to the commonly available replacement (not including installation costs).

OhioEdison A FirstEnergy Company | Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

12 – Industrial Motors and VSD Program

Overview	This program is designed to encourage the Companies' commercial and industrial customers to upgrade their existing motors to NEMA Premium® motors when switching out old motors due to breakdowns and or programmed replacements. Customers will now have the option of purchasing new motors with significant buy downs of the first cost, or having their old motors rewound. The program also supports installation of variable speed drives on motors that do not always operate at the same speed. The variable speed drive program is designed for commercial and industrial customers whose motors are utilized for increased operating hours and have a higher variability of loads on the system (centrifugal pumps and fans) or the application of use includes mechanical throttling (valves, dampers, etc). This is because variable speed drives match the speed of the motor-driven equipment to the process requirement. Applications with low variability of loads such as vibrating conveyors, punch presses, rock crushers, machine tools and other applications where the motor runs at constant speed are not good candidates for a variable-speed drive.
Target Market	The target market is all commercial and industrial customers with substantial motor loads. This would include, but not be limited to, the following business categories: industrial manufacturing, government facilities, office buildings, education, health care, retail and other commercial customers.
Program Design	This program seeks to provide an incentive for the Companies' customers to recognize that energy savings and cost reductions are possible when motors are upgraded to NEMA Premium® motors rather than just being rewound. The relatively low cost of electrical energy in the Companies' service territories may have resulted in many customers not focusing on or considering upgrading their motors.
Delivery Agents	This program would be administered through regional motor distributors who would be incentivized to move the products. A dealer network might be developed by a qualified vendor from the list of contractors.
Eligible Equipment	The program addresses motors and related equipment such as Variable Speed Drives (VSDs). It covers motors purchased and installed or purchased and placed into stock on or after XX/ZZ/YY. Eligible equipment includes existing motors upgraded to new, three phase, induction motors, NEMA Design A & B, 1-200 HP, Open Drip Proof (ODP) or Totally Enclosed Fan Cooled (TEFC), 1200, 1800, or 3600 RPM. The VSD incentives apply to motors equal to or greater than 5 HP.
Incentives	Incentives to customers and motors distributors will be in the form of a rebate per unit replaced. 1. To qualify for an incentive, the motor(s) must operate a minimum of 3,000 hrs/yr 2. The motor upgrade program's individual incentives per motor range from $XX to $XXXX. (1HP to 200HP respectively). 3. The variable-speed drive incentive is $XX per horsepower of the motor being used.

OhioEdison A FirstEnergy Company | Illuminating Company A FirstEnergy Company | ToledoEdison A FirstEnergy Company

13 –Technical Assessment Umbrella Program

Overview	Business and manufacturing customers in Ohio have limited knowledge of the full spectrum of energy saving opportunities that may be available to them in their facilities.
Target Market	This program is intended to assist larger non-residential customers with complex opportunities, custom measures and/or multi-year projects that they wish to pursue. There is no prerequisite for participation other than being a customer of record of FirstEnergy's Ohio Companies. This program would also apply for C/I new construction projects and major renovations.
Program Design	This program provides incentives toward the installation of measures identified in a comprehensive facility energy audit, where the incentives is based on the anticipated performance of a package of measures or an overall project rather than a series rebates for individual measures. As such, this program is targeted to complex, custom, staged or phased projects that do not readily fit into the C/I Equipment Rebate program.
Delivery Agents	A reputable contractor would be hired by the customer to conduct a thorough energy audit review of the facility and propose a long term strategy for capturing identified energy savings. The plan would be shared with FirstEnergy for approval of whatever portion of the plan the customer intends to pursue, and a rebate amount calculated based on the estimated energy savings. Once the project is completed, a FirstEnergy QA/QC contractor would inspect the job to determine its acceptability and a rebate check issued. The customer can then pursue additional projects over time in the same manner. The rebate level will be expressed as a $/kWh or $/kW payment for the anticipated energy/demand saved.
Eligible Equipment	This program is not based on a package of measures and does not restrict what can be installed to any specific list. The requirement is that the documentation from the audit must show the overall project to save energy. This can be demonstrated by calculations supplied by the auditor, or building simulation modeling or other means to be determined.
Incentives	Incentives will be determined on a case by case basis on a set $/kWh saved and $/kW reduced for a portion of the claimed savings.

OhioEdison · The Illuminating Company · ToledoEdison

14 – Municipal Traffic Signal and Pedestrian Signal Program

Overview	The intent of this program is to target an easily addressed energy savings opportunity that will help local governments save money. This program provides local governments with rebates for replacing inefficient traffics signals and pedestrian light signals with high efficiency LED equipment. $XX per light fixture will be provided for the retrofitting of this significant source of energy and cost savings.
Target Market	Local governments within the services territories of FirstEnergy Ohio Companies.
Program Design	This program provides arrangement and facilitation benefits either directly to customers or through the Program Administrators. ESCOs may take advantage of rebates to help increase the size and comprehensiveness of projects.
Delivery Agents	This program will consist of delivery of rebate checks to local government to pay for the new equipment, with the lights to be installed by local government staff that currently maintains traffic signals and pedestrian signals.
Eligible Equipment	LED 3-light traffic signals (red, yellow and green) LED pedestrian signals
Incentives	Provides rebates of $XX for retrofitting a three light signal and a rebate of $XX for retrofitting a pedestrian signal.

OCC Ex. 9

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

Nucor Set 1 DR-17 Refer to pages 9-10 of Mr. Ouellette's testimony.

(a) Identify and explain in detail any statutory authority for FirstEnergy's proposal to recover "shared savings."

(b) Identify and explain in detail any regulatory authority for FirstEnergy's proposal to recover "shared savings."

(c) Explain in detail the basis for FirstEnergy's proposal to receive 15% of the net benefits.

(d) Explain in detail how a 15% share (for shared savings) was determined.

(e) Identify and provide all calculations and other evidence or documentation supporting the choice of a 15% shared savings.

(f) Is the purpose of the shared savings proposal to incentivize the Companies to achieve more energy efficiency and peak demand reductions in a given year than what is required by statute?

(g) Explain in detail why achieving greater reductions than the statutory benchmarks is appropriate and should be incentivized.

(h) If the answer to (f) is yes, explain in detail why an incentive is necessary.

(i) Explain in detail whether FirstEnergy would seek to achieve reductions over the statutory benchmarks even if no shared savings proposal were in place.

(j) If the answer to (f) is yes, would a percentage of shared savings less than 15% also provide such an incentive?

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

(k) If the answer to (f) is yes, what would be the minimum incentive (percentage and dollar amount) necessary to motivate FirstEnergy?

(l) Has FirstEnergy done any estimates of how the 15% shared savings proposal will affect costs of the energy efficiency and peak demand reduction portfolio to retail customers? If the answer is yes, provide all such estimates.

Case No. 09-1947-EL-POR, Case No. 09-1948-EL-POR, Case No. 09-1949-EL-POR, et al

In the Matter of the Application of 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 Mechanisms

RESPONSES TO DATA REQUESTS

Response:

(a) Objection. Attorney work product.
(b) see (a)
(c) FirstEnergy's proposal of 15% is comparable to the requests of other utilities in Ohio. AEP has proposed this in their portfolio plan. Duke has been approved with a rate of return cap that is 15%.
(d) See (c)
(e) See testimony of Jon F. Williams and David M. Roush in Case No. 09-1089-EL-POR. Also see testimony of Theodore E. Schultz in Case No. 08-920-EL-SSO.
(f) The purpose of the shared savings is to give the Companies incentive to exceed benchmarks and to control program costs. See EPA's "Aligning Utility Incentives with Investment in Energy Efficiency" at http://www.epa.gov/RDEE/documents/incentives.pdf for a discussion of shared savings and its role in sustainable energy efficiency programs.
(g) To the extent there are cost effective measures available beyond what the utility is required to meet using statutory benchmarks, the customers benefit through the postponement of constructing new generation. Further, for those utilities without generation, there is less demand in the market, which generally reduces wholesale prices. Without a financial incentive, there would be no reason for the Companies to exceed that which is required by law.
(h) The utility does not currently have an incentive to go beyond the legal requirements of SB 221 because it does not earn a rate of return on energy efficiency.
(i) No, it would not. See (h)
(j) It might. However, the Companies have not made such calculations, instead choosing to use the same savings percentage as used by other Ohio utilities.
(k) Objection. Attorney work product.
(l) No

OCC 10

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 Edison Company For Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2010 through 2012 and Associated Cost Recovery Mechanisms. : Case Nos. 09-1947-EL-POR, 09-1948-EL-POR, 09-1949-EL-POR

In the Matter of the Application of 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

DEPOSITION OF GEORGE L. FITZPATRICK

FRIDAY, FEBRUARY 12, 2010

DEPOSITION

of George L. Fitzpatrick, taken before me, Julieanna Hennebert, a Notary Public in and for the State of Ohio, at the offices of FirstEnergy, 76 South Main Street, Akron, Ohio, on Friday, February 12, 2010, at 9:00 a.m.

ARMSTRONG & OKEY, INC.
222 East Town Street, 2nd Floor
Columbus, Ohio 43215
(614) 224-9481 - (800) 223-9481
FAX - (614) 224-5724

APPEARANCES:

FirstEnergy
By Ms. Ebony L. Miller
And Ms. Kathy J. Kolich
76 South Main Street
Akron, Ohio 44308
On behalf of the Company.

Office of Consumers' Counsel
By Mr. Gregory J. Poulos
Mr. Christopher J. Allwein
And Mr. Daniel Sawmiller
10 West Broad Street, Suite 1800
Columbus, Ohio 43215

On behalf of the Residential Consumers.

Environmental Law and Policy Center
By Mr. Michael E. Heintz
1207 Grandview Avenue, Suite 201
Columbus, Ohio 43212

On behalf of the ELPC.

Ohio Environmental Council
By Mr. Will Reisinger
and Mr. Nolan Moser
1207 Grandview Avenue
Columbus, Ohio 43212
On behalf of the OEC.

Brickfield, Burchette, Ritts & Stone, PC
By Mr. Michael K. Lavanga
1025 Thomas Jefferson Street NW
8th Floor, West Tower
Washington, DC 20007-5201
On behalf of the Nucor Steel Marion.

Friday Morning Session,
February 12, 2010.

STIPULATIONS

It is stipulated by and among counsel for the respective parties that the deposition of George L. Fitzpatrick, a witness called by the residential consumers under the applicable Rules of Civil Procedure, may be reduced to writing in stenotypy by the Notary, whose notes thereafter may be transcribed out of the presence of the witness; And that proof of the official character and qualification of the Notary is waived.

INDEX

GEORGE L. FITZPATRICK
being by me first duly sworn, as hereinafter certified, deposes and says as follows:

CROSS-EXAMINATION

By Mr. Poulos:

Q. Good morning, Mr. Fitzpatrick.

A. Good morning.

MR. POULOS: I'm going to start by taking a roll call since there are a number of parties participating by phone. My name is Greg Poulos from the Ohio Consumers' Counsel, and my co-counsel who's here with me is Chris Allwein.

MS. KOLICH: Kathy Kolich representing the companies.

MR. TRAINOR: Joe Trainor from Black & Veatch.

MR. FITZPATRICK: And George Fitzpatrick, Black & Veatch.

MR. SAWMILLER: Dan Sawmiller with the Ohio Consumers' Counsel.

MR. HEINTZ: Michael Heintz from the Environmental Law and Policy Center. And Nolan Moser with Ohio Environmental just walked back into the room.

MR. LAVANGA: Mike Lavanga representing

Nucor Steel Marion.

MR. POULOS: I think we have everyone.

MS. MILLER: Ebony Miller at FirstEnergy.

MR. POULOS: Anyone else? That being said, I think we can start.

Please let me know if the questions -- if you need help understanding the questions or the answers. We will try to accommodate as best we can if there are phone connection issues.

Q. (By Mr. Poulos) Again, Mr. Fitzpatrick, good morning. I'm Greg Poulos from the OCC and representing FirstEnergy's residential customers.

The questions I'll be asking you today pertain to the case filed in the Public Utilities Commission regarding FirstEnergy, and that would be the three Ohio companies, their energy efficiency and peak demand production program portfolio plan for 2010 through 2012, and their approval for their initial benchmark report.

A. Okay.

Q. I recognize from your attachment that you have been deposed many times before and testified many times before. Have you testified in Ohio before?

A. No.

Q. Have you been deposed in Ohio before?

A. No.

Q. Have you testified -- I know you have, you testified for FirstEnergy before, correct?

A. Yes.

Q. And when were those times?

A. It was in the summer of 2009 for the FirstEnergy Pennsylvania companies pursuant to their PA Act 129 energy efficiency and demand response program plans.

Q. And what did your testimony pertain to? If you could get a little bit more into it than that.

A. I sponsored the plans and I provided some ideas to the Commission about recommendations.

Q. Any other testimony for FirstEnergy companies outside of the state of Ohio?

A. No.

Q. Were you deposed in that case in Pennsylvania?

A. No. Telephone.

Q. Just to make sure we're clear as we go forward here, if I ask you a question and you don't understand it, you will make sure to let me know that, correct?

A. Yes, I will.

43a71ddb-c4ab-4616-b86b-1e049da87e34

Q. And if you don't know the answer, you'll let me know that as well.
A. I certainly will.
Q. Thank you.
At this point do you have your testimony in front of you?
A. I do.
Q. What else do you have in front of you?
A. I have one of the spreadsheets that looks at the savings by quarter, and I also have the notice to take deposition, and I have one of the plans of the Ohio Edison Company energy efficiency and peak demand production program portfolio and initial benchmark report.
Q. And you have a notebook it looks like in front of you.
A. I have a notebook to take notes of questions that you ask that I find that I need to provide additional information or to take notes for myself.
Q. And that's everything?
A. That's it, yes. And a bottle of water.
Q. Thank you.
And as you look at your testimony are there any changes that you suspect you'll be making

to your testimony at this time?
A. No.
Q. Mr. Fitzpatrick, when were you hired to work on designing or developing this plan, the energy efficiency and peak demand production program plan for FirstEnergy Ohio?
A. I think the contract for this was executed sometime in the late summer I believe. Black & Veatch executed the contract with FirstEnergy.
Q. Late summer, was that before the CFL program, the initial CFL program was to launch?
A. No, it was after.
Q. And what were the job expectations when you initially started? When you initially were hired.
A. FirstEnergy's expectations of our work?
Q. Yes.
A. They retained us to do a market assessment for Ohio, and then to develop the plans, the energy efficiency and peak demand production portfolios for each of the Ohio operating companies.
Q. Was the expectation also to implement the plans? Or just to develop plans?
A. Develop the plans.

Q. Was there anything else in the expectations?
A. Another component of our work was to provide support for FirstEnergy in its efforts to, you know, develop and communicate with the collaborative.
Q. Anything else?
A. The only additional work perhaps was to support the plans once they were filed with the Commission.
Q. Is this all stated out in a contract that states all this?
A. I believe there's a task order which is an addendum to a contract.
MR. POULOS: Kathy, can we have a copy of that task order?
MS. KOLICH: I'll have to look at it first, but I'll see what I can do. You want the scope of work?
MR. POULOS: Yeah.
Q. Has the expectations of what Black & Veatch will be doing changed since the contract was assigned?
A. The only substantive change that I can think of is that initially we had intended and

discussed performing the analysis on an annual basis, and that had changed later on in the assignment to be a quarterly analysis. But that is basically the extent of any changes.
Q. Doesn't a quarterly analysis kind of imply that you'll be assisting in the implementation of the program -- programs?
A. No. To be clear about it, the work that we have done to develop these plans and to develop the projections of the impacts and costs of these plans was originally contemplated to be an annual analysis, if you will.
However, that changed rather late in the process, and we went to a quarterly analysis. So it was a more granular analysis. But there was never any discussion about Black & Veatch, whether it be my team or another team at Black & Veatch implementing any programs for FirstEnergy in Ohio.
Q. How many folks are working on this case from Black & Veatch?
A. Working on the case right now, there are three.
Q. I hope you don't mind, I use "case" and "plans" interchangeably.
A. No, no, I'm just trying to give you the

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 13

exact answer.
Q. And who are the three?
A. Myself, Joe Trainor, and Maggie Stanko.
Q. I was thinking you were going to say Louisa Freeman as well.
A. Well, you said this case. This case is basically we've gone -- we're in the mode of depositions, data requests, and testimony. So primarily it moves to that team.
However, for the development of the plan we had more on the order of six to eight people depending upon the time that you look at it. If you look at the filing of the plan December 15th, the December 15th filing, we had -- at one point we had eight people that were providing substantive support to the development of the documents.
Q. Let me start by asking -- going back to right now you said you had three people. And what are the roles of the three; you, Joe, and Maggie?
A. I basically am the witness in the case. I review all data requests responses that we are provided to answer.
Joe Trainor provides technical support and support with data requests. And Maggie Stanko provides us with research support and, generally

Page 14

speaking, production of documents, assist in production of documents.
Q. How would you describe the -- I know you did somewhat there, but I want to make sure I have it clear.
How would you describe the difference on what you're doing in the case and what Mr. Trainor's doing, other than testimony?
A. Basically all of the work that's done at the outset of the work is under my direction and control, and all during the process.
Joe is an expert in spreadsheet modeling. Joe and I work together on a number of projects be it spreadsheet modeling, be it complex econometric models for other clients and complex networks statistical models.
I'm the econometrician, Joe is the Excel spreadsheet expert and other packages we use. So it's a good division of labor.
Q. Is it true that the last word on making decisions from Black & Veatch's perspective that would be you versus over Joe, Mr. Trainor?
A. It would be -- yes, it would be my ultimate decision.
Q. You mentioned that there were

Page 15

approximately six to eight people who worked on this before.
A. Right.
Q. Could you just briefly run through who they were and what kind of work they were doing?
A. Sure. Louisa Freeman, who I know you have met, she worked with us in the development of the report. She's more of a market research expert and she helped with various sections of the report.
Dr. Shauna Torzeo (phonetic) has a similar background to mine, and she worked on the EM and V sections of the report, developing the plans and protocols that were required under SB 221, the overarching rules.
And Jessica Park from our Kansas City office provided market research related information and research that we required for the report and helped in the production of the report, three separate reports.
We used a fellow by the name of Dr. Eric Wayocek (phonetic) for some analysis on PJM, and he's out of our San Francisco office.
Ed Anderson, who was the basically the project manager of the project, and that really is an internal role to make sure that we remain consistent

Page 16

with the budgets that are set, you know, within the task orders, and they track that.
And then finally Ms. Carol Fusco, who assisted Anderson with those duties. And all of those folks were involved in the final, if you will, proofreading production of the three documents.
Q. The three documents that were filed on December 10 -- December 15, excuse me.
A. Right.
Q. And when you're referring to three documents, you're referring to the three utility?
A. For the three Ohio operating companies.
Q. Because there are also three -- I guess there were three different cases because there's the initial benchmark report, there's the CFL plan that was kind of incorporated with it, and there's the three utility plans.
A. I'm referring to the three utility plans that were filed I believe on December 15.
Q. And did you assist in the initial benchmark report as well?
A. You're talking about the market potential?
Q. The requirements in the Case Nos. 09-1942 through 09-1944. Basically it's part of the

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 17

application.
A. Are you referring to this report?
Q. No. Because that's part of the analysis for the companies.
A. This is the other report that we were -- yes, we've -- may I see that? If that's the report you're talking about?
MS. KOLICH: That's the plan, isn't it?
MR. POULOS: Yes, that's the plan.
A. Yes, this is the document.
Q. Just trying to clarify.
A. No, this is the report that I was referring to for each of the operating companies. I just want to make sure we're on the same page.
Q. I just want to make sure you weren't distinguishing between the two somehow.
A. No.
Q. They look and incorporate together so I wanted to make sure.
Now, as the consultant you're working with FirstEnergy, correct?
A. Correct.
MS. KOLICH: Excuse me, I think you said when you talk about FirstEnergy you're talking about the three Ohio companies?

Page 18

Q. Yes. And I will -- I tried this last time, I didn't do it a hundred percent successful, but when I'm referring to FirstEnergy I will be referring to just the three Ohio utilities; Cleveland Eletric Illuminating Company, Toledo Edison, Ohio Edison as a group. There will be times when I talk about FirstEnergy in a broader sense, but I will make that distinguishment clear.
A. Okay.
Q. Unless you prefer me to do it some other way.
A. That's fine.
Q. And I just asked -- you have been describing your work with FirstEnergy so far in this case. Now, you are working with the collaborative as well, as you mentioned in your description. You do see yourself in this case -- how would you describe your role working with the collaborative?
A. I think there are -- I view it as I have two roles; first role is to work with Louisa Freeman to -- I review all of the presentations that Black & Veatch has prepared for the collaborative.
I have sat in on a number of meetings whether it be in person or on the telephone, and however, for this phase of the work Ms. Freeman has

Page 19

taken the lead in that, although I basically advised what we should be doing, how we should present issues and information, and kind of oversee that process with her in terms of our role.
So that's how I view my role in this. Going forward that role is yet to be defined how we will be able to assist. But it is contemplated that we will assist, work with the collaborative for the best possible outcome going forward.
As yet that hasn't been decided whether it will be Louisa or me or both. So that's what I know at this point
Q. When you earlier had said that Ms. Freeman is no longer really working on this case and how is that, is the collaborative no longer -- in your perspective is the collaborative no longer meeting?
A. Oh, no, not at all. She's not working day to day on this -- these dockets. The preparation of data requests, there are times when we might consult with her about a certain data request but that is not her primary focus.
However, she remains committed to the collaborative process, as do I. So that's not an issue.

Page 20

Q. Is your role to support the collaborative or to support FirstEnergy's position in the collaborative?
A. Our role is to provide our best independent expertise and experience to the collaborative and at the same time also provide that same expertise to FirstEnergy.
Q. Do you have the same responsibilities to the collaborative as you do to FirstEnergy?
A. I think that's what we -- that's our assumption, yes. And we have been retained to serve as expert advisors or support to the collaborative. I believe that's what our task order says and that's what we were -- why we were retained.
MS. KOLICH: For the record, when you refer to "responsibilities," you're not talking about contracts or responsibilities?
MR. POULOS: I guess I was kind of trying to get to that.
Q. There's a -- is there a difference between your role to the collaborative and to FirstEnergy? Are you impartial, a member of the collaborative?
A. Well, I think we are impartial. I think we give our best advice. And we are retained by

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 21

FirstEnergy. I mean the contract is between Black & Veatch and FirstEnergy. Our perspectives are that we have got to be objective and provide objective information to the collaborative. That's what I think what we do.

Q. I'm not asking you for specific information here but is there any information that you are not able to provide to the collaborative because of your contract or your relationship with FirstEnergy? Related to these plans.

A. There may be specific -- there may be specific information that's confidential to FirstEnergy that we may be aware of that certainly wouldn't be appropriate to provide to anybody.

So I don't think I would discriminate against the collaborative, I just think there is certain information we may have or we may have been aware of that we wouldn't provide to anybody according to our confidentiality and non-disclosure agreements, but I think our job the way it was described to me when we first started discussing this, was to be an independent expert advisor or advisors to the entire collaborative which FirstEnergy is a part.

Q. So there may be confidential information

Page 22

that you cannot divulge but there's no privileged information that would inhibit you from divulging information to other parties?

MS. KOLICH: Objection as to legal assessment of what's privileged versus what's not.

MR. POULOS: Thank you.

MS. KOLICH: Just for the record. But you can answer.

Q. In your opinion.

A. I view our job as to provide our best information for the success of these programs and that the success of these programs accrues to the benefit from my perspective to the collaborative and FirstEnergy. And the state.

So I think that's my answer. I know that's my answer but I mean I'm trying to --

Q. I certainly understand your -- I certainly recognize that. I certainly recognize what you're saying. I just want to make clear though from my purposes that if I get a distinction between in your understanding to comply with the objection, your understanding of the only thing that inhibits you from giving information to the collaborative is a confidentiality agreement -- confidential aspect of the material. Not any type of privilege or strategy.

Page 23

A. Oh, I see what you're saying. No. I think our activities are transparent to -- I mean that's how we've been providing this information. Where we have a relevant role like, for example, in the programs, we have a relevant role, our advice, our input is transparent to be it the company or be it the collaborative members, and that's the way we have operated since we began our efforts on the collaborative's behalf, which of course is under contract with FirstEnergy.

Q. I think I've beaten that issue.

Let me go to page 3 of your testimony.

A. Okay.

Q. On page 3 of your testimony at the bottom on line 20, "What is the purpose of your testimony?" Under No. 1, one of the purposes is to summarize and sponsor the energy efficiency and peak demand reduction plans. Do you see that?

A. Yes, I do.

Q. Could you elaborate for me what you mean by "sponsor"?

A. From my non-lawyer perspective it's basically to bring the plans in as exhibits to my testimony and offer those plans to the Commission for their review and comment about those plans and their

Page 24

impacts and their costs, and offer suggestions about things that will be necessary to achieve success that the Commission is asking/requiring the companies to do.

Q. As part of sponsoring testimony have you made the determination that the application for the plans is reasonable?

MS. KOLICH: In a non-legal sense?

Q. In your opinion.

A. In my opinion, yes.

Q. Have you made a determination in your opinion that it's accurate?

A. May I ask a qualifying question? When you say "accurate" you mean the calculations in the plan, the assumptions in the plan, the costs in the plan, and our participation estimates in the plan?

Q. Not entirely sure what you would be distinguishing that you're saying isn't accurate. Is there anything in the plan that you would think is not accurate?

A. To the best of my knowledge and belief the work that we have done for the three operating companies in Ohio is accurate, objective, and reasonable in terms of the estimates that we are preparing -- we have prepared for the impacts and

Page 25

costs over the life of this -- of these plans.
Q. So we talked about reasonable and accurate. Is it your determination that these plans are also prudent?
MS. KOLICH: Could you define "prudent" please? Has a legal definition and a lay definition.
Q. And I was going to make this caveat before, I think if I don't make this right every time let me know, but in your determination I'm asking about these questions. So I'm not looking for a legal -- I can't look for a legal conclusion.
What do you define prudent? How would you define "prudent"?
A. Well, I define prudent as a best effort objective and reasonable approach that's consistent with the regulatory guidelines. And I believe that the work we've done is prudent, provides a prudent plan, provides a prudent estimate, prudent set of estimates by the operating company.
And I think that the way we have done this is to try to provide something that will meet the goals at the optimal cost to the consumers in Ohio with the three operating companies.
Q. As part of that statement about this being prudent, did you consider your experience and

Page 26

work in other states and compare that with what you've done here in Ohio?
A. Yes.
Q. Specifically your work in Pennsylvania with FirstEnergy's Pennsylvania utilities, would you consider it prudent in relation to the work you've done there?
A. Yes.
Q. Are you familiar with the proposed testimony of FirstEnergy's other three witnesses in this case?
MS. KOLICH: Could I have that question reread?
(Record read.)
MS. KOLICH: The filed testimony?
MR. POULOS: Filed testimony. Is there other testimony?
MS. KOLICH: Well, "proposed." I have drafts.
A. I can't give you a yes or no on that. But I could give you an explained answer.
I am familiar that they have filed testimony, I am familiar that the general subject of the filed testimony -- but no, I'm not familiar with that testimony in the detail in which to offer any

Page 27

comments or observations.
Q. And what I would like to know is how the -- your testimony which is sponsoring the plans coincides with their testimony which are sponsoring part of the plans as I understand it. So I'm going to ask you the question on that basis.
For example, Ms. Kettlewell testified regarding the forecasting, long-term forecasting report and meeting -- getting a baseline. Is that correct in your understanding?
A. It's my general understanding, yes.
Q. So how does your testimony coincide with her testimony in this case?
A. Basically we take forecasts and we employ those as baselines to compute targets.
Q. And you're relying on her testimony for your analysis; is that true?
A. No, I'm not relying on her testimony. We rely upon information provided by the company prior to in the development of our plans.
Q. So is it fair to say you did your own independent analysis of the forecast?
A. No. Certain information was provided to us. Mrs. Kettlewell may sponsor that but basically we provide that information. We used that as a basis

Page 28

for computing targets, for example. Looking at energy targets so we can meet targets.
I am not familiar with the forecast methodology. I am not, even though I am a forecaster and an econometrician, I have not looked into the forecast. That was an input provided by the company.
Q. You're not sponsoring any testimony regarding the forecasting subject in this case; is that correct?
A. No, I am not.
Q. And the same question for Mr. Ouellette who's doing the cost recovery mechanism, that aspect of the plan, but he's sponsoring the aspect of the cost recovery mechanism; is that correct?
A. To the best of my knowledge, yes.
Q. And you're not doing an overlap of that testimony.
A. No.
Q. And that would be the same of shared savings?
A. That's correct.
Q. That's -- Mr. Ouellette is doing that?
A. To the best of my knowledge, yes.
Q. And Mr. Paganie is doing the -- some of an overview like you're doing but he's also doing

43a71ddb-c4ab-4616-b86b-1e049da87e34

more of a procedural overview, and that's more his testimony and not yours.

A. That's correct.

Q. I want to make sure I understand the documents and when we talked about accuracy, how the documents kind of worked together. So I'd like to run through the Cleveland Electric Illuminating Company documents.

A. Okay. Well, I have the Ohio Edison so I've got to get the Cleveland.

Q. I know they're a little different so I'd rather prefer to go through -- I know that your counsel has it there so I'd kind of -- I think I may be able to make it a little faster by doing this way.

A. Okay.

Q. I want to have you turn to the back page to the total cost for residential customers, which is C-3, 6A-6C page of 12. Way in the back.

A. So Appendix C we're talking about.

Q. Yes. And this, just for the record, is part of the application. I'm looking at the plans for the Cleveland Electric Illuminating Company.

A. I'm sorry, you know what, I'm looking for where you are.

Q. This is the page I'm looking at.

A. One second.

Q. At this point in the application it kind of skips around, the numbers at the bottom.

MS. KOLICH: Can we go off the record.

(Off the record.)

MR. POULOS: Ready to go back on the record.

Q. Mr. Fitzpatrick, do you have the chart I'm looking at?

A. Yes, I do.

Q. And on the top of my version -- it's apparent that our versions are a little bit different. Mine was off of either your counsel's e-mail to us originally or off the website. I'm not really sure but as we're going through I think we'll see if there's any differences.

Mine says at the top Appendix C-3, Table 6A-6C, and a little bit bolder says "Table 6C Summary of Portfolio EE&C Costs."

A. This is different. Says "EE&PDR Costs."

MS. KOLICH: Off the record.

(Off the record.)

MR. POULOS: We're back. I should check to see, is everyone ready to go?

MR. SAWMILLER: I'm here.

MR. HEINTZ: We're ready to go. Nolan will be back in a second.

MR. MOSER: We're ready. Nolan Moser with the OEC, I'm here as well.

MS. MILLER: I'm still on.

MS. KOLICH: Anybody else on?

Hearing no one.

Q. (By Mr. Poulos) We'll start back up. I think we've clarified the documents and where everything is.

Mr. Fitzpatrick, am I having you look now at Appendix C-3, Table 6A-6C?

A. Yes.

Q. And right underneath that says "Table 6C: Table of Portfolio EE&C Costs."

A. Yes.

Q. This is in the Cleveland Electric Illuminating plan, correct?

A. Yes, it is.

Q. In the bottom it says page 12 of 19?

A. Correct.

Q. Let me ask you a couple preliminary questions on this document. Could you explain for me on the Appendix C-3 and Table 6A-6C, how that is working?

A. Well, if you go to -- as you just mentioned there are tables 6A -- and 6A has a number of subcategories looking at the different classes of customers, and I should say the programs. And then you have by class a roll-up of the incentives, operations costs, and total budgets for 2009 through 2012. And then on Table 6C, rolls of all those costs by class basically.

Q. And this table at the top as I mentioned says "Table 6C Equals Summary of Portfolio EE&C Costs." And the EE&C is -- it took me a while to figure that out, but it's energy efficiency and conservation costs?

A. Yes.

Q. And that's from the -- an acronym or initials from the Pennsylvania plan; is that right?

A. That's correct.

Q. And it doesn't have any -- it's the same thing as saying the EE&PDR plan for the Ohio companies.

A. Yes.

Q. The listing in this chart on page 12 of 19 that we have in front of us, you said that there were class portfolio divisions, classification, correct?

43a71ddb-c4ab-4616-b86b-1e049da87e34

A. It's the sum of the costs shown on Table 6A, the residential, residential low-income, small enterprise, mercantile self-direct, mercantile utility large, governmental, T and D, and under each one shows the specific programs that are applicable for the cost allocation to the specific class.

Q. And the classifications you're looking at here, there are seven on this -- or six on this page, correct?

A. There are six, yes.

Q. And how did you decide on six classifications?

A. These classifications are the ones that we're able to split out based on FirstEnergy's -- the way FirstEnergy calculates their costs and rolls up their customers.

Q. Did using these six classifications affect your development of this plan at all?

A. I don't think so, no.

Q. Now, are you familiar with the portfolio, the portfolio template case filed by the Public Utilities Commission?

MS. KOLICH: 5 and 112 document?

Q. No, the 09-714.

A. I'm generally familiar with it, yes.

Q. And they asked for seven classes in that one.

A. That's right.

Q. And which classification are you -- do you not have in this chart here? I see, you actually do have seven in this chart because you included residential and low-income together.

A. Right.

Q. Is there a reason you didn't split those two out in this classification?

A. We easily could have because we show that, but we included it with the residential in total.

Q. Did you take a look at classifications such as agriculture?

A. No.

Q. Are you familiar with an agriculture classification?

A. I'm familiar with the concept of having agriculture classification. One was not available in the FirstEnergy Ohio systems.

Q. What do you mean by --

A. Billing/accounting systems, we couldn't get that information.

Q. Is that the only way you could get it,

through their billing and accounting system?

A. You would basically have to survey every customer to understand whether or not they were truly agricultural customers to include a separate class. And given the time we had to do this work and the expense involved, to do such an analysis would have been, A, very costly, and B, very time consuming.

Q. Let me ask you a couple questions off of that. You said under the time you had to work. I know there was some time pressures because you wanted to file this a little earlier than maybe you initially thought you were going to, what were the time pressures that you're referring to?

A. Well, to conduct --

MS. KOLICH: I'll object to the characterization of "time pressures." That's not what he said.

MR. POULOS: Julie, can I have his answer read back?

(Record read.)

Q. Mr. Fitzpatrick, you stated that there was -- under the time that you had to work on this. So could you tell me what about the time that you had to work on this affected your ability to include a class like agriculture?

A. The classes that we show are the classes that were readily available from the FirstEnergy accounting systems. And we recognized that they -- there were other classes that might have been required but we didn't have the ability to prepare the information based upon those other classes just because, A, it wasn't available, and B, if we were to do it, it would have been extremely time consuming and not just another 15 or 30 or 40 days to do that. So the decision was made to move forward at the classes that we could get to in a reasonable fashion.

Q. And when you mean information readily available, do you mean from FirstEnergy information readily available?

A. Yes.

Q. Do you consider the agricultural classification a significant classification in the overall scheme of reviewing the portfolio and classification?

MS. KOLICH: I'm going to object to this line of questioning. First of all, the rules by the Commission did not require an agriculture section, and second, it's not part of this plan.

Having said that, you can answer the question.

A. For the purposes of our plan, no.
Q. You didn't consider it a significant class?
A. We proceeded with the classes that we had selected and that were available for analysis.
Q. In your experience looking at other jurisdictions are you aware of other jurisdictions that include an agricultural class?
A. You know, I don't recall. I don't recall. I worked in a number of other jurisdictions. There may be specific equipment that is rebated for specific classes. So that is possible, yes.
And I've seen that type of equipment rebated, but those types of like, for example, lighting, there are other types of machinery that's rebated.
So there are places in which it has been done but it really depends upon the data that's available to do it in the time you have -- you have at your disposal.
Q. If the availability of data is not an issue, do you think it's an important classification to include?
A. There are measures right now that we have in there that would be beneficial to agricultural

customers. And I think they're treated fairly and they have opportunities to save.
Q. I'm not sure, can't recall your answer from a little bit ago, but did you say that it's your opinion these classifications are reasonable that are provided on this page?
A. Oh, yes, they are.
Q. And that would include a classification for low-income residential customers.
A. Yes.
Q. Who was this chart -- who created this chart, if you know?
A. The individual that created the chart?
Q. Yes.
A. Mr. Trainor.
Q. And who provided him the information that went into the chart, if you're aware?
A. FirstEnergy.
Q. There's a similar chart in the plans for Ohio Edison and Toledo Edison; is that correct, with different figures in the chart?
A. May I clarify my previous answer?
The dollars that are in these charts are based upon the development of Black & Veatch's work to develop the plan. Some of the underlying customer

accounts, the underlying customer accounts came from FirstEnergy.
Q. Thank you.
A. You're welcome.
Q. So these are similar charts in Ohio Edison and Toledo Edison, correct?
A. Yes, they're the same format charts.
Q. And for the residential including low-income the total of all costs for implementing the portfolio would be $31,301,081, correct?
A. That is correct.
Q. And that includes a total sector portfolio specific cost of $31,007,889 and then a common -- total common cost category, correct?
A. Yeah, the sector portfolio specific cost was 31,007,889, yes. And there is a common. I just want to make sure I got the number right.
Q. Yes.
A. The common cost was $293,192.
Q. And we talked about the implementation of the portfolio costs, this -- what this chart is talking about, this chart includes costs for 2010, 2011, 2012, correct? And let me even add a little bit, it also includes 2009?
A. It includes -- for the residential

portfolio it has the budget is 2009 through 2012. For the low-income it's 2011 through 2013 but essentially it's 2010 to 2012. You know, the program years.
Q. But for the residential it's 2009 as well.
A. We anticipated at one point that we were going to get an early launch on the CFL program, for example. So that's why the heading is the way it's shown.
Q. Well, there are -- strike that. I'll come back to that.
Look at the total common costs category, what are the common costs that are included in this category?
A. Can I take a minute?
Q. Certainly.
(Off the record.)
A. I'm ready when you're ready.
Q. Okay.
A. The common costs would be costs to develop the plan and/or the legal costs that we would have. The cost elements shown on Table 6A all by major sector are the incentives in the operation costs which add up to the portfolio specific costs.

Q. And are you referring to a different page for that?
A. Sorry?
Q. Are you looking at a different page when you're giving that answer?
A. Yeah, I was looking at Table 6A, all the tables on 6A, and then the summary table on 6C.
Q. If I understood your answer correctly, the common costs are the legal costs?
A. Basically if you look at table 6B, for example, you'll see where those costs, those common costs come from.
Q. The small table.
A. The little table.
MS. KOLICH: The eye chart.
A. The one that I can hardly read.
The consultant costs and employee expenses for plan development and measurement and verification tracking and reported software. Those are the common costs that would be allocated to each program.
Q. And what we're referring to is Table 6B which is on the bottom corner says "page 11 of 19," and it looks like the fourth column has the total of 753,728, which matches up with the common costs on

6C?
A. That's correct. I'm having trouble reading that small table.
Q. Now, again looking at the common costs on Table 6C, page 12 of 19 in the bottom, the common costs -- and of the six categories you have listed, six classifications you have listed on Table 6C, the common costs are split up -- are not uniformly split up; is that correct?
A. That is correct.
Q. And could you explain how you allocated the common costs between the six classifications?
A. You know, I don't remember the detail on that. I know they were allocated on a weighted basis but if I may ask you to just have Mr. Trainor run through the math on that.
Q. Not even getting to the math because I could ask Mr. Trainor, as you suggest, but what is the reason for not having the common costs allocated equally across the six classifications?
A. Well, it would depend on the dollars spent, the impacts achieved by the major classes, by these major classes, and the allocation would more appropriately be based upon the weighted component of what's achieved by each class.

Q. Now I'm going to have you turn to page 8 of 19, which is -- I'm just going to get that first. Which is Appendix C-3, Table 6A-6C, and says at the top "Table 6A: Portfolio-Specific Assignment of EE&C Costs." In the bottom right corner it says "page 8 of 19."
Are we on the same page?
A. Yes, we are.
Q. Who was this page created by?
A. By Mr. Trainor.
Q. And there's a similar chart for both Ohio Edison and Toledo Edison with different figures in those plans, correct?
A. That's correct.
Q. And on this chart you did split up -- this is residential excluding low-income.
A. That's correct.
Q. And the first part, the top part of this has a category for "Peak Demand Reduction Programs," and the bottom part of this page has "Energy Efficiency Programs"?
A. Correct.
Q. This top part regarding the peak demand reduction programs does not include any cost for residential customers for the existing OLR and ELR

interruptible programs? Are you familiar with those programs?
A. These are costs based upon the -- for the direct load control programs for residential. So they would be direct load control programs.
And you're saying are they included in that program as well?
Q. Let me restate it just to clarify.
Are there other programs -- are you aware of other peak demand reduction programs that FirstEnergy provides that would have costs for residential customers?
A. There is a direct load control program that's currently being modified.
Q. Direct load control for residential customers?
A. Direct load control for residential customers, yes.
Q. Are there any other peak demand reduction programs that you're aware of?
A. There are peak demand reduction programs for commercial/industrial customers.
Q. Do you know if any of those costs for that program are charged to the residential class?
A. Are we talking -- may I ask a clarifying

question?

Are we talking allocation of costs for commercial/industrial peak demand reduction program participation?

I really haven't looked at the rate implications of how they're allocated with rates. That might be a question better asked of Mr. Ouellette.

Q. So this may not be -- with that understanding, this may not be all the costs that residential customers are incurring?

A. These are the costs, these are the incentives that residential customers that will participate will be paid and they're the operational costs of this direct load control program.

MR. POULOS: Off the record for a second.

(Off the record.)

Q. Mr. Fitzpatrick, I want to have you turn your attention on this chart in Table 6A to the appliance turn-in program for energy efficiency programs, do you see that?

A. Yes, I do.

Q. And the first column talks about total incentives and for appliance turn-in program it has a figure of $1,027,250.

A. Right.

Q. Can you tell me how that figure was developed?

A. Basically it's developed by estimating number of participants from our market research, just around 400 completed surveys per operating company that we utilized. We looked at customers that might consider or would consider participating and we evaluated -- for each of the different programs we evaluated what level of participation we might obtain.

We then took that information, we have turn-in incentives that we give customers and those turn-in incentives for the first six months, for example for refrigerators, is $75, after that it's 50. For first six months residential air conditioning, room air conditioning would be $25 across the entire program period.

For refrigerator/freezer recycling I said 75 to 50. So we basically took that information, we multiplied it by the participation forecast that we made to come up with what the total incentives that would be paid for all of the elements for that program.

Q. There's two components that I want to

explore. The one fact that you stated it was $75 for the first six months and then 50 thereafter.

A. Right.

Q. How did you determine that 75 was the appropriate dollar amount for the first six months?

A. We recognized that we needed to obtain quick traction for this, And it was an important program to help us achieve our 2010 goals.

So we looked at what other customers or other utilities might be offering, we spoke with people within FirstEnergy, both people in Ohio and other operating areas, Pennsylvania, for example.

We looked at -- I believe we even spoke with vendors to talk about what do they see in terms of what's the possibility to get more participation with higher impacts, and we decided given the fact we needed these impacts, we would increase it, and so I would say it is more of a consensus discussion.

There wasn't one thing that determined the $75 but rather after discussion with a number of people, experts and people with experience, vendors, $75 was selected as a number we thought made sense to jump start participation.

Also what it does is when you put this program out there, that kind of incentive will give

more market recognition to this program. And that is basically how we came up with that number.

Q. Did you do any studies or analysis regarding the difference in doing the $75 initial roll-out versus the $50 initial roll-out?

A. A specific supply/demand curve type analysis?

Q. Yes.

A. No.

Q. Any other analysis?

A. The analysis that we did in my opinion was more of a research type of a market and customer and vendor research looking at what the experts both locally in FirstEnergy in Pennsylvania, for example, and the Black & Veatch team had seen experience in other service territories, that's the type of research we did. It was not specific quantitative supply and demand curve analysis.

Q. Do you have -- based on the analysis you did, do you have an understanding of the difference in the participation level that you'll get from a $75 initial roll-out versus $50 roll-out?

A. We've made some assumptions on that but we've not made a specific study to determine what the differential would be in the supply/demand curve.

Q. What are the assumptions you've made?
A. We made the assumptions that we have increased participation in the early months and then we -- that kind of drops off as we get to the $50 level.
Q. And how much of a difference would it be?
A. I don't know if I have the detail. Let me see. Can you give me a minute?
Q. Sure.
A. It's hard to read these small charts so just bear with me.
For quarter 2 participation, which obviously we're not getting a full quarter, was about 1,600 participants, and in quarter 3 and quarter 4 would be about roughly 3,300 participants.
Bear with me please.
That participation after that initial six-month period drops in half to around 1,600 participants.
Q. That participation would drop no matter when you started.
A. I'm sorry?
Q. That participation level would drop no matter if you started at $75 and dropped to $50 or started at $50 and went to $35; is that correct?

Would you agree with that?
A. Given your premise I would agree there would be a drop. But I don't know, I think a $75 incentive will create more market traction than a $50 market incentive. And at this particular point in time we need that additional market incentive to meet our 2010 goals.
Q. And that gets to the heart of my question is what's the difference in that more market segment? I would like to know if you could distinguish, if you have any analysis or studies to support how great a difference that will be.
A. We basically started out with the $50 based upon information that we received from vendors about this. We've been talking to vendors, there's a vendor already engaged in Pennsylvania to do this work. We're aware of it in other states as well, and what are the reasonable incentives to offer.
And I think that our decision was to offer this level based upon those discussions as well as discussions with other utilities and also other FirstEnergy personnel we believe that that's the right level.
I mean, we have not done a specific

supply/demand curve for Ohio customers, but we believe those are the appropriate levels and if we end up with too low incentive where it's not worth the customer's while to do this, the result of that would give us an unacceptable result for 2010.
So given the economics of this program, we felt that -- we believe that this incentive level was an appropriate one and still the program is a winner. It's a good program.
Q. I think you said this in your answer, but there's no specific analysis that was done or study that was done that depicts the difference -- distinguishes what the participation level will be if you started with $50 and went to 35 or as you're proposing $75 to $50.
A. There was no quantifiable supply/demand curve developed for Ohio customers, that's true.
Q. Looking back at Table 6A and looking at the total operational costs at the bottom, it says 15 million in the middle for operational costs, $15,053,220 for -- that the residential program will be assessed; is that correct?
A. That is correct.
Q. And that along with the $9,340,401 would create the total budget that the residential class to

be assessed of $24,393,622.
A. That's correct.
Q. That's just for the residential portfolio excluding the low-income.
A. That's correct.
Q. And the next page, page 9 of 19, you have a residential low-income portfolio class. And I want to know why you split out the residential and the residential low-income in this chart.
A. We had a method by which we could identify that subsegment and we chose to split it out.
Q. Do you find that splitting out is a better way of identifying where the costs will be spent or where the costs will be incurred by customers?
A. I think the reason for splitting it out is more to ensure that the plans have recognized and to what extent they have recognized low-income customers. I think that was an important thing to do.
MS. KOLICH: Greg, I don't know if this helps or not, but I'll put it on the record that the company is stipulating that it has agreed to change the rebate levels, the initial rebate levels from

Page 53

$75 to $50 with the understanding that they would be reduced after six months to $35 with the proviso being that should the company not be achieving the numbers it believes necessary to make its goals or its benchmarks, that the company would have the opportunity to raise the issue with the collaborative to increase those rebates in the late subsequent months with the further understanding that it will be the company's ultimate decision given that they're on the hook to achieve those benchmarks.

But it will be collaborative should the company feel that there's a need to increase those different than what I just described.

MR. POULOS: And that will be part of the analysis that's done at the collaborative level after six months?

MS. KOLICH: Correct, that is the plan.

MR. POULOS: Thank you.

Q. (By Mr. Poulos) Mr. Fitzpatrick, I'm now going to have you turn to PUCO Table 5, which is the budget and parity analysis summary which is page 141.

A. Okay.

Q. Do you know who created this chart?

A. I'll let you know when I get there.

Q. Sorry.

Page 54

A. That's okay.

I am at PUCO Table 5.

Q. And at the top of this page, page 141, this is the Cleveland Electric Illuminating plan again.

A. Yes, it is.

Q. And the top says "7.0 Cost Recovery Mechanism"?

A. Yes, it does.

Q. And you are familiar with this chart, correct?

A. Yes, I am.

Q. Do you know who created this chart?

A. This chart was again created by Mr. Trainor.

Q. And there are similar charts in Ohio Edison and Toledo Edison plans?

A. Yes, there are.

Q. And those would have different figures though.

A. They would.

Q. Looking at this chart, you see at the residential subtotal column it says $31,007,889?

A. Yes.

Q. And that equates to 38.90 percent of the

Page 55

total EDC budget. Correct? Based on my reading of the chart.

A. Yes.

Q. I could not figure out what EDC was. Trying to play with all these different things, I couldn't figure that one out.

A. It's the EE/PDR.

Q. Yes, I know it's the equivalent but -- off the record.

(Off the record.)

Q. What does the "EDC" stand for?

A. "Electric Distribution Company."

Q. And that's from the Pennsylvania plan, that --

A. The acronym holds for any operating company, for any utility, but this is for -- this is the budget for the energy efficiency peak demand reduction program.

Q. Thank you for that clarification.

I look at this residential subtotal and that includes the residential and the residential low-income, correct?

A. Yes.

Q. And this PUCO Table 5 is something that's created as part of the PUCO template portfolio plan.

Page 56

A. Correct.

Q. To comply with that.

A. Correct.

Q. Now, this number, this $31,007,889 is different than the first document we looked at page 12 of 19.

A. Correct.

Q. Because at 12 of 19, which is Table 6C, the summary of portfolio EE&C cost, that one included total common costs.

A. Correct.

Q. Why doesn't this budget and parity analysis summary on PUCO Table 5 include the total common costs in the analysis?

A. My recollection, which you have to check with Mr. Trainor, is that those common costs were not included in this table as required. That's what we did, we didn't include it.

Q. You did --

A. We did not include them because that was our understanding of the table.

Q. And if they were included, the EDC percent would be higher than for residential customers, wouldn't it?

A. I would have to do the math to know.

Because everything would change on the table.
Q. And I could do this at a different time.
A. Okay.
Q. It's simply a math problem.
Now I turn your attention to Appendix B-1, "Budget Year 1," and it's the equivalent of page 168.
A. You said B-1, 168.
Q. Appendix B-1, it's the equivalent of page 168.
A. All right, one second.
I'm looking at 168. It's not 168, bear with me
Q. The reason I have a 168 page, there's a 167 though so that's why I say it's the equivalent of 168.
A. Appendix B-1 "Detailed Budget Year 1." Yep. 1 of 3. I'm there.
Q. Great. At the top it says Appendix B-1 and it says "Detailed Budget Year 1"; is that correct?
A. That's correct.
Q. And who created this page? If you know.
A. Well, it would have been one of two people; and it's either Mr. Trainor or Ms. Stanko.

But I believe Mr. Trainor did create this.
Q. And if you're familiar, there -- is it true there is an equivalent budget projection for Ohio Edison and Toledo Edison in their plans with different figures?
A. That's correct.
Q. I want to look at the -- looks like this chart's split into three. I want to look at the first category which starts "FirstEnergy Prefiled Programs" and lists eight programs. Do you see that?
A. I do.
Q. And in this first grouping the only costs that are associated I guess except for the vast majority of costs associated in this first level is all assigned to labor costs. You see that?
A. I do.
Q. And could you describe what is under the "Labor Cost" category that is being -- that these costs are being incorporated?
A. I think this is a catch-all for both the program and the labor costs as provided. This information for these programs was provided by FirstEnergy and we did not provide this information or analyze this information. We took the information from the company and it was put into this table.

If you'll -- it's also on the mercantile savings there's another value under incentive rebates for equipment of 2,877,460, which is part of that as well. So that information was provided by FirstEnergy.
Q. And do you know what date that these costs were incurred? Let me ask this, strike that.
Are these costs that have already been incurred or costs that are projected? And that's in the "Utility Program/Labor Cost" category for the First -- FirstEnergy prefiled programs.
A. I would defer to Mr. Trainor on these costs because I did not obtain these costs.
Q. And you said you did not review these costs.
A. I did not review the company's costs, no. For these programs. These were their budgets developed I believe by FirstEnergy personnel for Ohio.
Q. So at this point in your opinion you couldn't say that these costs were reasonable, could you?
A. I think that we did not have input into the development of these costs and I did not review these costs, but I do know that these programs were

ones that were deployed by the company and I believe the collaborative looked at these as well. That's my sense of it, but I did not personally look at these costs, no.
Q. And it's your opinion that the collaborative looked at these cost?
A. My opinion is the collaborative knew about these programs. But I personally did not look at these costs, no.
Q. Just to make sure I go through all of them real quick, the Appendix B-2, which is the next page.
A. Can I have a minute please?
Q. Sure.
(Off the record.)
MS. KOLICH: We're back on.
A. If I might go back, I wanted to check something.
Q. Yes.
A. And the B-1 -- after I spoke I realized B-1, B-2, and B-3 are calendar year budgets and they're for 2010, '11 and '12. And the top eight programs are programs that the FirstEnergy companies have had in effect earlier than 2010.
The numbers, I recall these numbers, we

43a71ddb-c4ab-4616-b86b-1e049da87e34

did look at these numbers but -- we did take the numbers from FirstEnergy but we did look at each number they gave us and fit it into these -- this particular appendix. And also the overall plan.

And if you notice, for example, if a -- good example would be if you go to 2011, which is B-2.

Q. That's page 2 of 3?

A. Yes. You see communities, the companies have pledged $5 million across the three companies. That is basically the share of Cleveland Electric Illuminating, that $1,818,480.

And these numbers represent the numbers that the company developed for their budgets through 2012. We received those numbers and obviously they're not split out like our numbers are but they have -- they provided us these values which we put into this plan in this appendix.

So the key question was this, I think you asked about costs already incurred. These budgets B-1, B-2, and B-3, the values shown for the first eight programs are going-forward values. They're not -- they don't include historical costs. I think that was your question

Q. Yes, that is my question.

A. Yes.

Q. And let me just get the sheets down first and then I want to run through an example with the CFL program.

A. Okay.

Q. But you addressed Appendix B-2 and that would be the equivalent of Detailed Budget Year 2 and that would be 2011.

A. Yes.

Q. Appendix B-3 would be calendar year 2012.

A. That's correct.

Q. And these charts were created by Black & Veatch with information from FirstEnergy?

A. They were created by Black & Veatch with information both from FirstEnergy and also from our modeling for if you look at lines 11 through 25.

Q. That was based on your modeling.

A. Yes, sir.

Q. And there's similar charts and your answer would be the same for the charts for Ohio Edison and Toledo Edison.

A. That's correct.

Q. Now I want to look at the CFL programs, so again on Appendix B-1, line 5, which again relates to FirstEnergy prefiled programs. Let me correct

that, I'm going to look at line 3.

A. Okay.

Q. Talks about "CFL Program," it says in the total column it says "Res," residential, right?

A. That's correct.

Q. And then under the next column over on the "Utility Program/Labor Cost" it says $1,910,235.

A. Yes, that's correct.

Q. And what is your explanation for where that number comes from or what that number means?

A. That number is the 2010, calender 2010 costs provided by the FirstEnergy team for that particular program.

Q. And that's a projection going forward?

A. It's for 2010 expenditures, yes.

Q. Not for 2009 expenditures.

A. No.

Q. I want to look at the second section and -- actually I'll hold that off.

Let's go a little bit further in the CFL because we've gotten a lot of specific information recently on this so I want to start by looking at Appendix C-3, Table 6A-6C, which is page 8 of 19.

A. Okay.

Q. And this is the page we looked at before,

correct? And it says at the top "Table 6A: Portfolio-Specific Assignment."

A. Yes.

Q. And for this one it has operational costs for the CFL program of $3,820,470. See that? And that's the total budget too. There's no incentives.

A. Right.

Q. And then there's also a cost for low-income, residential low-income which is on the next page, and it's $824,838.

A. Okay.

Q. I also want to kind of get the other companies and look at their numbers and I have a document that I believe is from your discovery responses that shows all the companies together.

(Exhibit marked.)

MS. KOLICH: Greg, do you know who the witness was who sponsored this document in the discovery response?

MR. POULOS: Not off the top of my head.

MS. KOLICH: You can go ahead, if he's familiar with it you're more than welcome to ask him questions.

A. I've seen the --

Q. Do you recognize this document?

Page 65

A. I've seen this. I've reviewed this, yes.
Q. And let me for the record say on the top right corner it says "OCC Set 1-RPD 10 Attachment 3," which is alluding to the fact this was a response to a discovery by FirstEnergy, a response to OCC's discovery requests.
"CFL Program Costs" is right in the top in the middle, the title. And you said you have seen this before?
A. I've reviewed this, yes.
Q. Are you familiar with the figures that are used in this?
A. May I take a minute to look at my DR information?
Q. Sure.
(Off the record.)
Q. Do you recognize -- you said you did recognize --
A. Yes, I do.
Q. And this CFL program costs, these identify the CFL program costs for all three FirstEnergy Ohio utilities?
A. Yes, it is.
Q. And this is --
(Interruption.)

Page 66

Q. If I take this in Table 6A, the CFL program costs of 3,820,470, that matches up with the CFL program costs I just gave you in Exhibit 1 to split in two; is that correct?
A. I hate to ask you to repeat that but I want to make sure I follow what you're saying.
Q. In CFL program costs, Fitzpatrick Exhibit 1 for CE has a 2010 cost of CFL program of 1,910,235.
A. Right.
Q. And 2011 the same cost, see that?
A. Yes, I do.
Q. If you add those together, $3,820,470.
A. I'll accept your math, subject to check.
Q. And would you agree with me understanding, subject to check, that you could do the same for OE and -- for Ohio Edison and for Toledo Edison?
A. You could.
Q. And subject to check, that the total for 2010 and 2011 of those CFL program costs would be 10,691,402.
A. Would you like me to check that now?
Q. No, I don't think -- I'm just looking for more of a ballpark understanding. But does it seem

Page 67

reasonable that I'm close at least?
MS. KOLICH: You want to accept subject to check?
A. Yeah, I'll accept it subject to check, sure.
Q. And the residential low-income, if I do the same analysis, it's only for 2010, but as you can look for the CFL program for residential low-income for Cleveland Electric Illuminating, Appendix C-3, second page is 824,838. Do you see that?
A. Yes, I do.
Q. And that matches up with the number on Exhibit 1. Correct?
A. Yes, it does.
Q. Do you know why that was only for one year? That program was -- the low-income is only being assessed that charge for -- wasn't split, it was just one for the budget for 2010?
A. The appendix -- you have to bear with me. I know the Appendix B-1 is calendar year, so I've got to -- and you're saying the question was on the low-income?
Q. Yeah, why was it just put in 2010 and not split up with 2011 like the rest of the residential class?

Page 68

A. Had to do with the timing of the program.
Q. The timing of costs?
A. The timing of the way the program gets administrated -- administered.
Q. Is it your opinion that -- let me strike that.
What in your opinion are these costs that I just added up, the 10,691,402 for the residential class except for low-income, and then the other figures for the low-income, what do those equate to in your understanding?
A. So you're saying the 10 million plus the 2 and a half million.
Q. Yes.
A. The 13 million.
Q. Yes.
A. That's the total cost in the program for the CFL program.
Q. Going forward.
A. In the plan. Yes.
(Off the record.)
MR. POULOS: Go back on the record.
Per agreement I'm going to defer the rest of the CFL questions, related CFL questions to Mr. Trainor and then come back to Mr. Fitzpatrick on

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 69

them at a later point today.
Q. So I'm going to move on, Mr. Fitzpatrick, to a couple other questions I have, some questions I have in the collaborative.
Did you attend collaborative meetings?
A. I did. I attended a few of them. Two or three I believe.
Q. Which ones if you recall?
A. I'm sorry, you know, I don't recall. I really don't recall. But I know I attended some. I attended them in person and other ones I listened on the phone.
Q. But you said two or three you've attended?
A. I believe so. I believe it was two or three. I think I was in Columbus for one and Brecksville. Maybe Columbus for two and Brecksville for one. I believe that's true.
Q. And in your opinion how were the meetings conducted?
MS. KOLICH: Objection as to the form of that question. Feel free to answer it if you know what he's asking.
A. I thought that the meetings were conducted with a good information exchange and there

Page 70

were a number of participants in person and on the phone and insofar as collaboratives that I have witnessed in the past, I thought it was a most likely type of interaction.
What I've seen, I've seen collaboratives where there might have been more agreement or different and I've seen collaboratives that, frankly, were -- did not work. But I think this one worked.
Q. In your experience in the collaborative you were just discussing, if there are documents provided to the parties that are used at the collaborative what is a reasonable time frame to allow parties to review those documents?
A. My answer is really based upon what kind of time pressure the collaborative and the company is under. And I've seen a collaboratives where you might get information three to five days in advance. I've seen depending -- and again, in this particular case my sense is that there were significant time pressures and I think that I know there were documents that were not provided until the day before, in some cases maybe even the morning of there might have been changes to it.
I think given the fact that everybody was participating there's a bandwidth and I think the

Page 71

bandwidth goes from a few days to right before, as we've seen.
But the moderating or the modifying data point that I look at is the time pressure under which everybody involved was required to -- the company was required to make a filing, the company was required, and I know because we had folks working seven days a week. I mean we literally did.
And so I realize that there was time pressure on everybody, but given the amount of time that we had to get this stuff done, there was a shorter amount of time but still there was enough time for interested folks to look at it and evaluate the information provided.
Q. In your experience with other collaboratives does the situation where you provided documents of the day notice, does that affect the ability -- did that affect the ability of the collaborative to address the issues?
A. I think it can if a particular collaborative member is not invested in the process. I think that if folks are invested in the process, you know, they know where we're going with this, not "we're going" but where the company might be going.
I think that there was a -- because I

Page 72

know that I've dealt with John Paganie and Kurt Turosky and Kathy, and I know there was a good faith effort to try to get things out because we were under not only pressure to produce on our work but also to provide whatever we needed to provide to get -- to meet the schedules that we had to meet.
And we had situations in many times where we had and where Louisa Freeman would work with us to do things and then get on a plane that night to be here, to be in Columbus, or to be in Brecksville.
So to answer your question, I think if you're invested in the process, and I think a number of the collaborative members were invested in the process, getting information, and it wasn't like detailed drilling in information where you had to do analysis, it was I thought pretty good summary information.
Some of the meetings that I went to or listened in on subcommittees there's a lot of specific discussion in those meetings. So I felt like it was good communications and maybe it would have been better to have more time in some cases but still I think if you're invested, you make the time. That's my sense.
Q. Do you think in your opinion that the

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 73

collaborative members had a reasonable opportunity to review the plans prior to being filed?

MS. KOLICH: Objection. You're asking him to decide what the other parties think is reasonable?

Q. You can answer if you know. I asked if you believe it was a reasonable amount of time.

A. I think there was enough time to review all the elements --

MS. KOLICH: Wait a minute. We're talking about how many different meetings. Do you have a specific meeting or a specific piece of information that you want him to assess whether they had enough time to review? What are we talking about here, because there were like, what, more than a dozen meetings, if I recall.

Q. Do you understand how your attorney wants you to answer the question now?

MS. KOLICH: Well, I'd like him to answer your question which I'm not quite sure I understood and I'm not sure if you understood. So if you understood his question, answer it.

A. I think there was sufficient opportunity to look at the development of all the elements over a number of meetings and months.

Page 74

Q. I want to ask you a couple questions about the fast track programs, just the accelerated programs, and there are four programs, correct, in the fast track?

A. Appliance turn-in, CFL, commercial lighting, commercial motors.

Q. Who made the decision to include those four programs in the accelerated portion of the application?

A. My recollection is that the company-recommended CFL program was discussed well before Black & Veatch arrived on the scene with the collaborative. And that was a program that was being worked on when we began attending the meetings.

So I assume that was a collaborative FirstEnergy decision. I know there were iterations to that program.

I think the appliance turn-in might have been recommended by FirstEnergy. The commercial motors program I believe was as a result of a collaborative member or two suggesting that might be a good program to put in there. And the commercial lighting was another one recommended by FirstEnergy from what I recall.

Q. When was the decision made to have an

Page 75

accelerated portion of the application, a proposed accelerated portion?

A. Well, I was not intimately involved with the collaborative but I know that when we were looking at the fact we didn't have a final TRM, we didn't have approval, we started looking at the numbers and it became evident to us that without an acceleration of the implementation of these programs it would be extremely unlikely that the companies could meet their 2010 goals.

And that happened I guess right after the summer, we were looking at this maybe in the early fall. So I'm not sure of the exact timing on that, that would have been better for John Paganie to have opined on because I don't remember that.

But I know that I still to this day think those fast track programs are critical to making our 2010 goals.

MS. KOLICH: Mr. Trainor has more information on this issue, if you want to ask him those questions.

MR. POULOS: Okay, I'll reserve this area too and do the same thing with Joe.

MS. KOLICH: I know he has more information on the timing because he was running the

Page 76

analyses. I don't know what other questions you have so you may want to see what's -- off the record.

(Off the record.)

MR. POULOS: I'm going to move on to -- based on our discussions off the record, I'm going to move on and ask Mr. Trainor questions first.

Q. I'm going to ask you a different area, Mr. Fitzpatrick. I would like to know about the annualization part of the discussion in the application.

It's my understanding that one of the reasons that a fast track is needed is because of the Commission's decision -- Commission's current position on annualization pro-rata of savings; is that correct?

A. That's correct.

Q. What is your -- first of all, tell me what your understanding is of annualization.

A. When you analyze impacts, you basically take credit for those impacts regardless of when they are installed at customer sites throughout the year.

Basically have a score card that says at the end of the year we put in so many CFLs, and on an annual basis they're worth these many kilowatt hours towards our goals.

Page 77

If you start looking at them on a prorated basis, you get partial year savings for the installation of specific measurement. And so therefore while -- so you spend the money, basically it's the same amount of money you might spend but you're not getting the full amount of savings, therefore you have to accelerate the amount of activity that you have on a program particular basis to allow for you to capture those partial year savings.
Q. When you're looking at the pro rata savings, the partial year savings, would you agree with me that that's for -- at least that year is a more accurate way of identifying savings to when they actually happen?
A. I'm sorry, could you repeat that?
Q. For example -- let me ask it a different way.
If you have an installation, say, of a light bulb in November and you get partial year savings, you're going to get savings for November and December; is that correct? Under pro rata system.
A. I understand that, yes.
Q. But under an annualization you would get it for the whole year even though you installed it in

Page 78

November of that year.
A. But basically what you've done is you've installed a specific piece of plant or equipment that will have a long-term impact and therefore the goals in my opinion is more cost-effective to have an annualized look at this because I think it's a better way to spend money in these programs, it makes more sense.
Q. I'm going to get there, I just want to make sure I have a full understanding of how you see it working.
A. Okay.
Q. Make sure I know that.
A. Sure.
Q. So as I said, pro rata, you would have -- I think if the light bulb's installed November 1, you would have November and December, that's the savings you would get, which is the actual savings.
A. That's the actual savings that that particular light bulb or whatever contributes.
Q. To that year.
A. To the system energy requirements of the operating costs.
Q. And an annualization if you analyze it what you would be doing is taking that

Page 79

November/December and estimating that or establishing a way to do it for the whole year what that would be equivalent for a whole year.
A. It would basically be an annualization of the results achieved in each month.
Q. And giving that credit, say we're talking about 2010, for the whole 2010, correct?
A. You would give -- yes, you would give credits to the programs for the amount of equipment they installed.
Q. Going forward in my example, 2011, under the pro rata system you would get, say, credit for an equivalent of a year would be all the way to October 31 of 2011 under the pro rata system, right?
A. I'm sorry?
Q. Well, under a -- let's go on annualization, annualized way of looking at it. If you analyze all of 2009 even though you only had a -- analyze all of 2010, even though you only had a light bulb in November and December of 2010, in 2011 that would -- and you're only doing one year of savings, in 2011 you would get no credit for that savings?
A. If you put in the last two months of 2010?
Q. Yes. But you counted -- under an

Page 80

annualized view you counted it for the whole year.
A. Right.
Q. Right? Let me ask you --
A. I'm sorry.
Q. Please, could you explain the difference how you're going to account for energy savings between annualized versus pro rata mechanism?
A. Well, we -- that's what we have done. We have basically developed our plans looking at the prorated basis. That's how we've done that prior that we had performed an analysis which looked at the -- all of the measures and the implementation of those measures, if you will, and annualized the savings. And then we went and did it on a prorated basis. So the plan is -- we filed on a prorated basis.
Q. And if you had done an annualized mechanism, would you have the exact same amount of savings in the end accounted for?
A. At the end of the implementation of the plans on annualized basis going forward you have the same level of savings.
The thing about it is that we -- because of the Commission directive we had to basically, as you said, bring those lamps or whatever it is, air

conditioners or turn-ins, we only counted partial year savings on them.

So when they got installed we counted partial year savings for the first year so we lowered our totals, had to increase our budgets to hit the same targets we needed to hit prior to that.

Q. So if I understand, the savings would be the same whether it's annualized or pro-rata, the difference would be annualized you would realize the savings faster. Would you agree with that?

A. Annualized you realize the savings faster and there will be less cost to the customer.

Q. In the end though they would match up savings-wise.

A. At the end of the day. Years out, yes.

Q. And that would be -- would the end of the day be at the end of the program plan, so end of 2012?

A. Right.

Q. They would match up.

A. Actually at the end of 2013.

Q. Why 2013?

A. You need a full year savings. In other words, if you were able to count full year savings in each year you would -- you'd have one level, say, a

hundred. What happens, it would ramp up so that if you installed at the end of 2012 you would still not catch those savings till 12 months after that end of 2012.

Q. And what is -- you said -- strike that.

What is your understanding of the Commission's current position regarding this?

A. They have -- as far as I know they have ordered the companies to submit plans with prorated savings, which is what we have done.

Q. And what is your understanding based on?

A. That's the understanding of what FirstEnergy has told us to do.

Q. If the Commission allowed annualization, does the company's proposal for annualization, would it address only the energy efficiency benchmarks or would it also -- that's individually, but would it also affect lost revenues and shared savings?

MS. KOLICH: Can I have that question read back?

(Record read.)

A. You know, I don't feel -- that's not the subject of my testimony. I prefer not to answer that one because I don't know what changes there might be in the way, for example, lost revenues or shared

savings would be as a result of any Commission action.

Q. Have you done any analysis to determine how an annualized approach would affect the residential customers?

A. Well, it would reduce the cost of the programs.

Q. I'm going to have you look at the testimony real quick. I don't know if I have a copy of Mr. Ouellette's testimony. I wanted you to look at one thing in here real quick.

MS. KOLICH: I have a copy of it. You say you have Ouellette's?

MR. POULOS: I have it right here.

MS. KOLICH: So the witness needs a copy?

MR. POULOS: Yes.

Q. I'll refer you to page 5, line 1. And three little (iii), "The rate filed on December 1, 2009 for DSE1 would be applicable to all of 2010 and would be reconciled and filed on December 1, 2010 to be effective on January 1, 2011."

Are you aware of figures behind that or do you know the numbers behind that?

A. No, I do not.

Q. Do you know who would know?

A. Mr. Ouellette.

Q. He deferred to you. Or Black & Veatch.

MS. KOLICH: "The numbers," what numbers are you referring to?

MR. POULOS: Rate filed on December 1, 2009 would be applicable to all of 2010 and would be reconciled and filed on December 1, 2010. So we wanted to see what has already been done that needs to be reconciled.

MS. KOLICH: Not to testify on behalf of Mr. Ouellette, and the record will reflect what he exactly said, but I think what he meant was the numbers that they were using to perform this reconciliation were provided by Black & Veatch. Is that where you're going with this?

MR. POULOS: Yes. And what was the basis of this.

MS. KOLICH: But the question is what numbers do you want to talk about so he knows -- has a reference.

MR. POULOS: And we're just looking for the support documents.

A. Well, the support documents I presume would be the plans that we filed with the prorated savings.

43a71ddb-c4ab-4616-b86b-1e049da87e34

To the extent that those prorated savings are met or exceeded, that would obviously change the rate going forward. But I think maybe -- I don't know. But that's all I can think of.

Our task was to provide these plans and I am not aware specifically of how Mr. Ouellette used our plans, but that's what we did and that's what I'm testifying to. So maybe that's what he was referring to, I don't know.

Q. And he's referring -- just for clarification, he's referring to costs incurred for customers under DSE1 which would be applicable for all 2010 and would be reconciled, and I'm curious if there's any costs that you know of would be reconciled at this point.

A. I don't know.

Q. I'm going to have you go to your testimony now. And specifically on page 5. And on page 5 of your testimony, looking at line 6 -- starting on line 5, "While the TRC test results vary by sector and program, the overall Plans for each Company achieve TRCs greater than 1...." Do you see that?

A. Yes, I do.

Q. What is the importance of a TRC or how do

you see the importance of a TRC test? In general.

A. Basically says that the benefits from the portfolio are greater than the costs.

Q. Do you believe it is important to achieve a TRC greater than 1?

A. An overall portfolio basis I think it's an important consideration, yes.

Q. Now, you said "an overall portfolio basis." Why do you make that caveat?

A. Generally speaking if you look at a program, you would look at the cost-effectiveness of the program. In this particular case the Commission has ordered the company to look at the portfolio, the overall portfolio.

And I think that what we did, we balanced the economics of the TRCs for the individual programs with our ability -- or, the ability of these programs and measures to achieve the goals set in SB 221.

So, therefore, I think that you kind of got competing objectives; you want to make sure that the TRC is greater than 1 but you also want to make sure you meet your objectives, your goals.

So, therefore, you don't necessarily need to worry about whether each measure or program is greater than 1, you want to make sure that your

overall portfolio is greater than 1 and also you can meet your objectives.

And a lot of the programs that are in there are important elements of an energy efficiency peak demand reduction plan, and they kind of work hand in hand to bring the entire service territories for the three companies to a level of energy efficiency that meets the goals set out in SB 221.

Q. Are there certain programs that you would expect -- strike that.

Are there certain programs that in your opinion should always be above 1 in the TRC test?

A. Obviously you want to make sure that on an overall basis that the plan meshes well. But I think depends on the underlying assumptions that you would use.

So I would say that, generally speaking, you'll see a lot of programs that will achieve a TRC greater than 1. And so you would expect that, to see that.

Q. For example, would you think that a CFL program is reasonable if its TRC is less than 1?

A. I think that would be just a matter of looking at the design of it. I think it's -- I think CFL programs are pretty good programs.

Q. You could see a situation where there could be a CFL program that has a TRC less than 1 and be reasonable?

A. I can't speak to that. You'd have to give me a hypothetical. And then I would have problems with your hypothetical, probably would have to go through that for quite a while.

Q. Looking at your testimony on the bottom of page 5, why -- and the question that your answer is "Why are the plans designed to exceed statutory goals?"

And so it is part of your proposal that the plan does -- are designed to exceed statutory goals; is that correct?

A. They're designed to exceed statutory goals as we ramp up and then we are mindful of getting to the end result and we do not -- we want to make sure we have enough in the early ramp-up of these programs so that we do have a cushion because the reality is, and I think I point this out, that we're -- a lot of these programs have been performed other places but we don't have a lot of Ohio-specific experience.

We have some good market research, Ohio-specific market research, but we really need to make sure that we hit the ground running with these programs. And we -- if we can overachieve, that's fine, we always have the opportunity to cut them back.

But let's make sure that we have a good solid foundation and a good infrastructure as we begin this undertaking. And that's why we designed the cushion.

Q. By designing them with a cushion they will cost more to implement these programs, correct?

A. Fast track programs we're ready to go with those programs, generally speaking, the company is. At the end of the day I couldn't tell you to the level that they would cost more.

It's possible I could think of some areas by getting the infrastructure in place and getting these programs in the field, it could really reduce costs going forward because we'll get the market transformed for energy efficiency and making it more cost-effective for programs that follow the fast track.

Q. But some of the other programs that -- you designed other programs other than the fast track ones in the way that will help exceed the statutory goals?

A. I think primarily the fast track programs were the ones that we put out there to build the cushion in the first year. Those are the ones that are going to be -- really be the ones going to carry the water in the first six months.

Beyond that I think our program designs are very cost-effective. I think these are very cost-effective too and may yield significant benefits going forward, because at the end of the day the companies are required -- and it's a laudable statewide goal.

They're required to perform these energy efficiency and peak demand response programs for the good of their ratepayers and the good of Ohio in general. So it's a long-winded way of saying I think that you have to ramp these up quickly, but ultimately you're going to maybe move that market, seed that market place so it's an easier time to get the total amount of the goal.

Q. And these programs as you've designed, they don't have a cost cap on the implementation costs; is that correct?

A. There's no cost cap imposed by the SB 221 or the Commission.

Q. And you have designed programs before in

the past that have had cost caps.

A. Yes.

Q. Do you find in your opinion that the cost cap is an effective way of reducing costs for these programs? And but yet still have them be effective?

MS. KOLICH: Can I have it read back please?

(Record read.)

MS. KOLICH: Thank you.

A. Well, we lived through the Pennsylvania experience and the cost cap, it required a lot of balancing different programs and impacts. And I think that the Ohio plan developments benefited from that because I think this is a prudently costed plan.

So specific -- I took it from the general to the specific. I think what we've done in Ohio has benefited from our experience in Pennsylvania in terms of containing those costs and getting most bang for every dollar we spend, or the companies spend.

Q. And designing these programs as a collaborative -- strike that.

Designing these programs do you think it's efficient to have cost caps?

MS. KOLICH: I'm going to object to this entire line of questioning just simply because there

are no cost caps in Ohio and his views on cost caps in a situation that doesn't exist in Ohio is pretty much irrelevant.

You may answer the questions.

A. We don't -- the reality is in Ohio we don't have cost caps. So as I said before, cost caps in this particular instance would not give you a lower cost overall plan to meet the objectives because I think we've taken a lot of information, a lot of work out of Pennsylvania. That's helped. That's really helped our team develop a program that is the lowest prudent cost to achieve the goals.

Q. I want to have you turn to page 7 of your testimony, and looking at line 4, that bullet point that starts there. And you may need to start on page 6, the question was "What was Black & Veatch's role in development of the Companies' plans?"

And the answer starts "Black & Veatch performed the following tasks during the development of the Plans:"

And on page 7 the bullet point that starts on line 4 is "Balanced the Plan components to achieve the degree possible -- achieve to the degree possible the goals set forth in S.B. 221, while factoring in the Commission directives."

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 93

So my question is what are the goals that you were trying to achieve?
A. Well, there are energy efficiency goals and peak demand reduction goals that were in SB 221, and we basically -- and then you also with the directives we had directives about partial year savings, we had draft -- still a draft TRM around, we hadn't gotten the final TRM yet.
And other goals we had in providing the opportunity for customer classes to share in the energy efficiency of portfolio benefit. And we also had the objective of meeting the goals that we were -- the companies were tasked to meet.
Q. And those are the goals you were trying to achieve to the degree possible?
A. Yes. There's more to that. If you give me a moment.
Can we take a break?
Q. Yes.
(Off the record.)
MR. POULOS: We're back. Do we have everyone back?
MR. SAWMILLER: This is Dan, I'm here.
MR. HEINTZ: I'm here.
MR. MOSER: Nolan here.

Page 94

MR. POULOS: Mike Lavanga, you on here?
MR. LAVANGA: Yeah, Greg, I'm here.
MR. SAWMILLER: Greg, this is Dan. I just want to mention I've been out of the office for about an hour. I came back in and we were on break but I missed about the last hour or so.
MR. POULOS: Okay.
Q. (By Mr. Poulos) Did you have something to clarify, Mr. Fitzpatrick?
A. Yes. The previous question you asked about the goals set forth in 221. We have looked at that and also the state policy 4928.02 where they talk about coherent transparent means of giving appropriate incentive in technologies that can adapt successfully to environmental mandates.
Also encourage education of small business owners and really facilitates the state's effectiveness in global economy, which these programs will do.
So there are a number of issues that we had plus our own goals were to make sure that customer classes were able to share in energy efficiency programs and we weren't discriminating against any other class.
And we couple that with there are certain

Page 95

programs and classes that really can contribute shorter term savings, more short-term savings to meet the goals. So those are all the combination of things that we dealt with.
Q. And let me take just a limited portion of that because you had a number of areas and goals you were talking about.
A. Okay.
Q. And in this statement on page 7 talking about the "to the degree possible the goals set forth in S.B. 221," and specifically referring to the state policies, were there any that you couldn't or --
A. Can I?
Q. Yeah.
A. We have not had a ruling yet on the mercantile savings for 2009. We did not have programs in place, we did not have Commission directives in place for us to mount program responses to meet 2009 goals, but the mercantile savings if approved would go a long way to meet those.
Q. Any others?
A. Not that I can think of, no. We tried to cover everything that we were supposed to cover.
Q. And looking at the bottom of page 7, line 21, "Developing each of the Companies' three EE&PDR

Page 96

Plans was a collaborative effort between Black & Veatch and the Companies' in-house experts," who are the in-house experts you're referring to?
A. Specific?
Q. Specific.
A. Wade Williams and Kurt Turosky. Very knowledgeable fellows that were extremely helpful to us. Kathy Kettlewell of course. There are other folks, names escape me.
And there are a couple of people in Pennsylvania who also chipped in their expertise as well from FirstEnergy, Chris Seebens, Kent Hatt (phonetic) from Pennsylvania. And there were a few other people, and their names, I apologize, their names escape me, but they were very helpful as well.
Q. To here in Ohio?
A. Yes. Good group of people that we enjoyed working with.
Q. If I could have you turn to page 14 of your testimony, and the question on line 3 is "Were any other resources used during the development of the plans?"
And when you cite these resources on this list did you also review the energy efficiency and peak demand reduction plans of the other Ohio

utilities?
A. I think we might have, yes.
Q. Which ones?
A. I want to say we looked at AEP's. I believe.
Q. Did you look at Dayton Power and Light?
A. I don't recall.
Q. What about Duke?
A. I'm thinking.
We were aware of Duke's work from other jurisdictions. We were aware of them. So to that extent it certainly -- I wouldn't say "certainly," but to that extent it was considered.
Q. Were there specific parts of the AEP portfolio plan that you looked at?
A. I don't recall.
Q. Were there specific parts if you recall that you used in your analysis of this plan?
A. No.
Q. Were there specific parts of the Duke plan that you recall that you used for this plan?
A. No.
Q. I'm going to hand you a recent Commission entry.
(Exhibit marked.)

Q. For the record this is Finding and Order in case, initial Case No. 09-1004, and this is regarding the FirstEnergy's requests to get a waiver or amend their 2009 energy efficiency benchmarks numbers. I want to refer you to the last page of this document, page 4.
Do you recognize this document?
A. I've seen this, yes.
Q. I want to ask you some questions about Finding No. 10, Finding and Order No. 10. "The Commission will determine the level of FirstEnergy's amended benchmarks for 2010, 2011 and 2012 when we consider FirstEnergy's comprehensive energy efficiency program...."
Do you see where I read that?
A. Yes, I did.
Q. And I'd like to know has -- does the plan incorporate the 2009 energy efficiency benchmarks that are required by SB 221?
A. The benchmarks are cumulative?
Q. Yes.
A. So to that extent the ramp-up would have the 2009 built in, but it would flow back into the plan since we didn't have approval in 2009.
Does that answer your question?

Q. So based on the fact that it's cumulative, it does meet -- it's your opinion it does meet the 2009 benchmarks?
A. Basically we -- there were specific goals set for 2009 which we could not meet for two reasons; one is we didn't have rules, two, we don't know the status of mercantile savings, and three, we don't have approval to move forward anything but the existing programs that FirstEnergy had in the past.
So that the company basically, and I think it says here that they can meet revised benchmarks in the period not longer than three years. So I think that answered your question.
Q. I'd like to have you look at the exhibits to your testimony.
A. Okay.
Q. And the first one is Exhibit FE-GLF-1.
A. Yes.
Q. Do you know who created this document?
A. This was part of the report, and Joe Trainor created these exhibits for me.
Q. Could you explain for me how the discounted rate was determined?
A. It's the weighted average cost of capital for the Ohio companies. Ohio operating companies.

Q. And that would be different than, say, the weighted cost for the Pennsylvania companies; would that be correct?
A. Yes.
Q. As I look through your exhibits Exhibit FE-GLF-1, 2, 3, those are all created by who?
A. Mr. Trainor.
Q. And looking at FE-GLF-2, who created those documents?
A. Mr. Trainor.
Q. Did you have any role in developing these documents?
A. I certainly reviewed them. Reviewed the logic of all the models and basically checked back with Joe.
We started out by designing how we wanted to do this, then we looked at all the various data elements that were required, so I had a role in that, but I did not do the Excel spreadsheet work.
Q. But you are sponsoring these exhibits.
A. I certainly am.
Q. And the same for Exhibit FE-GLF-3, all three pages?
A. Yes, I am.
MR. POULOS: If we can go off the record.

43a71ddb-c4ab-4616-b86b-1e049da87e34

(Off the record.)

MR. POULOS: At this point I've concluded my questions. Thank you, I appreciate it.

I will defer some questions, as discussed off record, for later this afternoon after Mr. Trainor, but if there are other parties who need to ask questions, this is the appropriate time.

MS. KOLICH: Mike, I think you said you have some, Mike Lavanga?

MR. LAVANGA: I do, Kathy, I have a couple of questions for Mr. Fitzpatrick.

MS. KOLICH: We do have copies of the discovery requests and how about the other parties?

MR. MOSER: This is Nolan Moser, I do have a few questions.

MR. HEINTZ: Michael Heintz, I do not have any questions, but, Kathy, background noise at your office is starting to make it hard to hear. Can you guys close the door or something?

MS. KOLICH: They are closed. That's the problem, we're in the Plaza and there's a bunch of places to eat down here and some guy's singing down here.

(Off the record.)

MS. KOLICH: Is there any preference as

to who goes first? Since we got Mike Lavanga's stuff in front of us why don't we get his done.

\- - -

CROSS-EXAMINATION

By Mr. Lavanga:

Q. Mr. Fitzpatrick, good afternoon, my name is Mike Lavanga. I'm an attorney for Nucor Steel Marion. Can you hear me okay?

A. Yes, sir.

Q. Now, you were the witness that sponsored the TRC test done on the portfolio?

A. Yes.

Q. Do you have a copy of the data request responses to Nucor's first set of data requests to FirstEnergy in front of you?

A. I do. I have I guess specific ones, yes.

Q. Can you look at the spreadsheet entitled Interbudget Ohio?

MS. KOLICH: Hang on, Mike, this is going to get interesting because they're on 8-1/2 by 11. So let us put them together here. Which one are you looking for?

MR. LAVANGA: Spreadsheet entitled "Interbudget Ohio."

(Off the record.)

MS. KOLICH: We're ready to go back on the record.

Q. (By Mr. Lavanga) Mr. Fitzpatrick, are you familiar with this spreadsheet?

A. Yes, I am.

Q. Did you prepare it?

A. It was prepared by FirstEnergy but I reviewed it and this information was used by Black & Veatch in our analysis.

Q. You say it was prepared by FirstEnergy. Who at FirstEnergy prepared it?

A. I want to say it was Wade Williams. I'm not sure. You know, I really don't know. I'd have to check that.

Q. Okay.

A. I'm sorry. There's been a lot of data requests, but.

Q. But you're familiar with the contents?

A. I'm familiar with the contents, yes.

Q. If you -- do you have a copy that shows the spreadsheet number lines?

MS. KOLICH: Hang on. You mean the calculations down below the text?

Q. Yeah, I mean I had the Excel spreadsheet pulled up on my computer and it has line numbers. I

was going to refer to the line number to ask my question but I wanted to make sure the copy that you had had those line numbers.

A. No, it does not.

Q. There's a line that's entitled "Marketing M and V and Admin."

A. Yep.

Q. See that line?

A. I see it.

Q. And it's got values to 2010, 2011, and 2012?

A. I see it.

Q. Can you explain to me what those costs are?

A. They're marketing related costs and measurement verification and administrative charged to this particular program.

Q. Do you have any idea what those specific costs would be for the interruptible program?

A. You mean the specific breakdown?

Q. Yes, the specific marketing and admin costs, what have you.

A. I don't have that, no.

Q. Now, if you go down to the budget line, there are three values for 2010, 2011, 2012.

A. Bear with me. Budgets, Ohio Edison, okay.
Q. Is it correct that that line is the sum of the "Incentives Line" plus the "Marketing M and V and Admin" line?
A. That's correct.
Q. The next line down, "Avoided Capacity"?
A. Right.
Q. You see those lines there. Is it correct that those numbers are taken directly from an additional spreadsheet that was included in the data request response titled "Avoided Costs"? OHD-2.
A. Bear with me a second, I want to double check.
Q. Okay.
A. They are T and D avoided -- they're basically avoided peak costs.
Q. Right. Do you have the spreadsheet "Avoided Costs - OHD2" in front of you?
A. I don't have that spreadsheet in front of me.
MS. KOLICH: What does it look like, Mike?
MR. LAVANGA: Kathy, this is the second spreadsheet that I identified in my e-mail to you.

Again it's entitled "Avoided Costs - OHD2," it's got -- there's no -- the first line is inflation based on Moody forecast.
MS. KOLICH: I've not seen your e-mail but I got copies sent down. I think we've got it, hang on.
Yeah, we've got it.
A. Yep.
Q. (By Mr. Lavanga) Going back to the Interbudget Ohio spreadsheet, avoided capacity numbers for 2010, 2011, and 2012 are taken from -- or, are the same as the weighted capacity numbers avoided cost spreadsheet that we just referred to for those same years; is that correct?
A. Right.
Q. Referring back to those avoided cost spreadsheets again, can you explain to me how the base inflated peak megawatts day figures were calculated?
A. The megawatt day is translated into the kilowatt year number using the number of hours in the year.
Q. Right.
A. So that's the basic calculation. I'll have to look at the formula on that to give you the

exact calculation. Can I provide that to you or?
Q. Well, I guess you explained how you converted from megawatt day into kilowatt year. What I'm concerned about is how you got that figure in the first place.
A. You're concerned about which figure, I'm sorry? Just tell me the figure you're concerned about. The avoided peak costs?
Q. Hold on a second, Mr. Fitzpatrick.
A. Okay.
Q. Yeah, let's just talk about the avoided peak costs.
A. Avoided -- one second here.
Avoided peak cost, yes.
Q. Can you just explain to me how those costs are derived?
A. Well, you know, these avoided peak costs were provided to us. I'm going to have to respond to you on this in writing because I am not comfortable in giving you an explanation off the top of my head.
Q. Okay, let me ask you this, can you tell me who, at least who provided that to you?
A. This information was provided by FirstEnergy, and I believe -- well, I'm not sure. It might have been Wade Williams but I'm not really

sure. I'll have to find out. I don't know.
MS. KOLICH: Do you know?
MR. TRAINOR: Lauren Quam (phonetic).
A. We have a name Lauren Quam.
Q. Lauren Quam?
A. Quam, yeah.
We're going to have to provide you an explanation of these costs if that's okay.
MS. KOLICH: Mike, don't take this as testimony, but -- we will follow up and confirm it, but my understanding is these costs were derived from a public document, and I don't remember which one, adjusted to bring them back to the Cynergy hub. And I thought we had answered that in a discovery request as to that source, but I may be wrong. But we'll get you an answer.
Q. Okay. Mr. Fitzpatrick, if we can go back to the -- actually, no.
If we could go to the Nucor's data request, your response to data request 14.
A. Yes.
Q. Did you prepare this response?
A. It was prepared for me by the company and I reviewed it.
Q. Now, the question in subpart E, what

measure life was assumed in the reduction. Your answer was "No life was assumed."
A. One year life.
Q. Why is that the case? Why is it one year?
A. Because we basically looked at this program expiring and we basically assumed it was one year, and then to the extent it continues, we built cost in going forward. Because I think this particular rider expires in 2011.
Q. So if the rider were to continue, it would be a program life of longer than a year.
A. That's correct.
Q. I think that's all I have, Mr. Fitzpatrick.
A. We will get back to you with a written response on that spreadsheet.
Q. That would be great.
A. Thank you.
MR. LAVANGA: Thank you.
MS. KOLICH: Was it Nolan?
MR. MOSER: Yes, that's correct.
- - -

CROSS-EXAMINATION
By Mr. Moser:
Q. Mr. Fitzpatrick, my name is Nolan Moser. I represent the Ohio Environmental Council. Can you hear me fine?
A. Yes, I can.
Q. I'll just a have a series of questions on one exhibit that you provided with your testimony, Exhibit FE-GLF-2, and specifically I'd like to ask you about page 3 of that exhibit. So I'll start with this question: When was this exhibit created?
A. I'm looking at Exhibit GLF-2, page 3 of 3?
Q. That's correct.
A. Okay, this exhibit was created in early- to mid-December.
Q. What was the purpose of this exhibit?
A. It was really to summarize the energy and demand savings for Toledo Edison.
Q. Now I'd like you to look at heading "Program Year 2009," megawatt hours saved and the percent reduction from baseline. For the 2009 column that number for that data-point is .3 percent; is that correct?
A. That is correct.

Q. For the 2010 column that number is .9 percent; is that correct?
A. That is.
Q. And for 2011 the number is .7; is that correct?
A. 1.7 percent.
Q. Thank you.
Then finally for 2012 that number is 2.5 percent; is that correct?
A. That is correct.
Q. Now, these numbers are cumulative; is that correct?
A. Yes.
Q. According to -- accordingly then, the 2009 .3 percent number is added savings created in 2010 to create the 2010 .9 percent number and so on until the 2.5 percent cumulative number; is that correct?
A. Basically that's correct.
Q. You testified earlier that your testimony, the plan and your exhibits were correct to the best of your knowledge; am I right about that?
A. Yes.
Q. Now I'd like you to look at the "Portfolio Plan Total Cumulative Savings" row there

on the exhibit.
Under "Program Year 2009," megawatt hours saved, that number is 29,000 -- 29,234; is that correct?
A. Okay, I see that.
Q. Then there's two more years here, for 2010 the number of hours saved is 170,868; is that correct?
A. For 2011 megawatt hours saved.
Q. Okay. Then -- well, then for 2010, I'm sorry, the number is 91,331; is that correct?
A. That is correct.
Q. So in those three years this represents an anticipated cumulative savings of roughly 230,000 megawatt hours; is that correct?
A. Basically the 1 -- 170,000 is a cumulative savings number.
Q. Thank you very much for that.
Just a few more questions here. Was the 2009 benchmark achieved by the company?
MS. KOLICH: I'll object to that and ask just for a clarification. Are you talking about the revised benchmark to zero or the statutory benchmark?
Q. Statutory benchmark.
A. We don't know the outcome yet because we

43a71ddb-c4ab-4616-b86b-1e049da87e34

Page 113

don't know if mercantile savings will be allowed to be counted. I think we're still waiting for an order on that.

Q. You anticipate that the statutory benchmark will be achieved if those mercantile savings are counted.

A. It will bring us a long way towards those, yes. I don't know if it will be achieved or not but I also know that there's been a -- there has been a relaxation, if you will, of achieving in 2009 because we had no -- we had some programs but not our portfolio plan in place.

Q. One clarifying question then. To the best of your knowledge is the 29,230 for megawatt hours saved number in the "Portfolio Plan Total Cumulative Adjusted Savings" row for 2009 correct?

A. Actually it's correct as of when it was calculated.

Q. And as you indicated earlier, that was early- to mid-December.

A. That's right. And it probably reflected actual information through October.

Q. One final question. Have the companies to your knowledge filed any revisions to its benchmarks in the POR plan since your testimony and

Page 114

exhibits were filed?

A. No.

Q. Thank you, I don't have anything else.

A. Thank you.

MS. KOLICH: OCC, do you have any follow-up based on what you heard?

MR. POULOS: I'll wait till after Joe. I don't have any follow-up directly though, no.

Michael Heintz, did you have any?

MR. HEINTZ: No, I'm going to resist the urge to talk and say I don't have any questions.

MS. KOLICH: Good answer.

OCC, does this conclude, with the understanding you may call Mr. Fitzpatrick back?

MR. POULOS: Yes, it does.

MS. KOLICH: Thanks, guys.

(Signature not waived.)

(Deposition concluded at 12:55 p.m.)

\- - -

Page 115

State of Ohio :
: SS:
County of ________________ :

I, George L. Fitzpatrick, do hereby certify that I have read the foregoing transcript of my deposition given on Friday, February 12, 2010; that together with the correction page attached hereto noting changes in form or substance, if any, it is true and correct.

____
George L. Fitzpatrick

I do hereby certify that the foregoing transcript of the deposition of George L. Fitzpatrick was submitted to the witness for reading and signing; that after he had stated to the undersigned Notary Public that he had read and examined his deposition, he signed the same in my presence on the _______ day of __________________, 2010.

____
Notary Public

My commission expires ______________, ________.

\- - -

Page 116

CERTIFICATE

State of Ohio :
: SS:
County of Franklin :

I, Julieanna Hennebert, Notary Public in and for the State of Ohio, duly commissioned and qualified, certify that the within named George L. Fitzpatrick was by me duly sworn to testify to the whole truth in the cause aforesaid; that the testimony was taken down by me in stenotypy in the presence of said witness, afterwards transcribed upon a computer; that the foregoing is a true and correct transcript of the testimony given by said witness taken at the time and place in the foregoing caption specified and completed without adjournment.

I certify that I am not a relative, employee, or attorney of any of the parties hereto, or of any attorney or counsel employed by the parties, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal office at Columbus, Ohio, on this 21st day of February, 2010.

____
Julieanna Hennebert, Registered Professional Reporter and RMR and Notary Public in and for the State of Ohio.

My commission expires February 19, 2013.
(JUL-1520)

\- - -

43a71ddb-c4ab-4616-b86b-1e049da87e34

OCC Ex. 11

CFL Program Costs

Residential

	OE	CEI	TE
Number of Blubs	1,566,453	1,124,194	455,355
Cost per Blub	3.40	3.40	3.40

2010	$2,661,725	$1,910,235	$773,741
2011	$2,661,725	$1,910,235	$773,741

Residential Low-Income

	OE	CEI	TE
Number of Customers	49,684	33,367	16,950
Number of Bulbs	298,103	200,200	101,698
Costs per Customer	24.72	24.72	24.72

2010	$1,228,206	$824,838	$419,002

Note: Program costs for Residential CFL were allocated between 2010 and 2011. Program costs for Residential Low-Income CFL were included in 2010 program costs.

Co. 9

Errata Items: CEI, OE, TE Energy Efficiency & Peak Demand Reduction Program Portfolio And Initial Benchmark Report

Case No: 09-1947-EL-POR, 09-1948-EL-POR, 09-1949-EL-POR
09-1942-EL-EEC, 09-1943-EL-EEC, 09-1944-EL-EEC
09-0580-EL-EEC, 09-0581-EL-EEC, 09-0582-EL-EEC

	EDC	Document	Page of Document	Description
(1)	CEI	EE&PDR Plan	1	CE Table 2 should reference Total FirstEnergy Ohio S.B. 221 Benchmarks for the Period 2009-2012. Initial Filing values reflected CE values. Update shows total FirstEnergy Benchmarks. Corresponding OE and TE tables are not affected. A replacement page is included with updated values.
(2)	CEI	EE&PDR Plan	5	CE Table 4 should reference Cleveland Electric S.B. 221 Benchmarks for the Period 2009-2012. Initial Filing values reflected OE values. Update shows CE Benchmarks. Corresponding OE and TE tables are not affected. A replacement page is included with updated values.
(3)	ALL	EE&PDR Plan	5-6	Table 5 "# of Customers" values updated. Replacement pages are included with updated values.
(4)	ALL	EE&PDR Plan	27 (OE,CEI) 26 (TE)	Section 3.1.4 references should be updated from EDC Table 4 to EDC Table 5
(5)	CEI	EE&PDR Plan	161-162, Appendix C-3 pp. 9-10	Column headings for Total Budget should read 2010 - 2012. All but Mercantile Self-Direct state 2010 - 2013. Corresponding OE and TE tables are not affected.
(6)	CEI	EE&PDR Plan	145, Appendix C-3 p. 17	Table 7E - TRC values not displayed for interruptible demand reduction 2011-12. Values should read: 2011 - 0.43, 2012 - 0.77. Corresponding OE and TE tables are not affected.
(7)	ALL	EE&PDR Plan	143-146 (CEI, TE) 144-147 (OE) Appendix C-3 pp. 13-19	Tables 7A-F: program costs and benefits column headings show measure as ($000). The ($000) measure should be struck.

1.0 OVERVIEW OF PLAN

1.0 OVERVIEW OF PLAN

1.1. Summary describing the electric utility's Energy Efficiency and Peak Demand ("EE&PDR") Reduction Program Portfolio Plan ("Plan")to meet or exceed the statutory benchmarks for EE &PDR reductions.

On July 31, 2008, Am. Sub. S.B. 221 ("S.B. 221") was enacted to revise Chapter 4928 of the Ohio Revised Code ("R.C.") to, among other things, establish statutory benchmarks for energy efficiency ("EE") and peak demand reductions ("PDR"). These benchmarks are set forth in R.C. 4928.66(A)(1)(a) and (b) and require Ohio's electric utilities to reduce energy consumption and peak demands for the period 2009 through 2012 as follows:

CE Table 1: S.B. 221 Percentage EE&PDR Benchmarks

Year[1]	Energy Consumption MWh	Peak Demand KW
2009	.3%	1.0%
2010	.8%	1.8%
2011	1.5%	2.5%
2012	2.3%	3.3%

Based on specific data for Ohio Edison Company ("Ohio Edison" or "OE"), The Cleveland Electric Illuminating Company ("CEI" or "CE") and The Toledo Edison Company ("Toledo Edison" or "TE") (collectively, the "Companies"), the above benchmarks translate into the following kWh and KW reduction requirements for the Companies as a whole:

CE Table 2: Total FirstEnergy Ohio S.B. 221 Benchmarks

Year	Energy Efficiency Benchmarks	Required Energy Efficiency Savings	Peak Demand Reduction Benchmarks	Required Peak Demand Reductions
	Percentage	MWh	Percentage	Mw
2009	0.30%	~~58,162~~166,310	1.0%	~~41.6~~115
2010	0.80%	~~151,829~~433,078	1.8%	~~71.5~~197
2011	1.50%	~~280,437~~797,932	2.5%	~~102.7~~282
2012	2.30%	~~432,993~~1,233,780	3.3%	~~137.8~~378

The Public Utilities Commission of Ohio ("Commission") adopted rules that address, among other things, the measurement and reporting of a utility's results ("Rules").[2] Pursuant to R.C. § 4928.66 and the related Rules,

[1] While Rule 4901:1-39-04 appears to require the Company to file a three year plan for the period January 1, 2010 through December 31, 2012 the Company, as part of its first report to the Commission is also including the results of its EE&PDR efforts for 2009. These results are summarized in Appendix G of this Plan.

CE Table 4: Cleveland Electric S.B. 221 Benchmarks for the Period 2009 - 2012

Year	Energy Efficiency Benchmarks	Required Energy Efficiency Savings	Peak Demand Reduction Benchmarks	Required Peak Demand Reductions
	Percentage	MWh	Percentage	Mw
2009	0.30%	~~76,796~~58,162	1.0%	~~53~~41.6
2010	0.80%	~~200,126~~151,829	1.8%	~~94~~71.5
2011	1.50%	~~368,873~~280,437	2.5%	~~130~~102.7
2012	2.30%	~~570,852~~432,993	3.3%	~~174~~137.8

The figures in CE Table 4 represent the Company's planning benchmarks as required by Rule 4901:1-39-05. They have been calculated consistent with this Rule's requirements and the provisions of R.C. §4928.66(A)(2)(c). These benchmarks are based on information provided in the Company's April 15, 2009 Long-Term Forecast Report ("LTFR") in PUCO Form FE4-D1, adjusted for weather and the results of mercantile customer self-directed projects that have been filed with the Commission prior to December 1, 2009. These benchmarks have been established for planning purposes and will be adjusted, as necessary, in the Company's annual filings that are required by the Commission.

The programs outlined in this Plan were designed to achieve a balance of costs and end results, keeping in mind the Company's three primary goals: (i) comply with statutory requirements; (ii) provide at least one program for each of the major customer classes; and (iii) develop a portfolio that provides the greatest impact on a kWh reduction per dollar spent basis.

CE Table 5 shows the number of customers and sales or revenues that make up each of the Company's major customer segments addressed in this Plan.[5]

CE Table 5: FirstEnergy Ohio Company Characteristics

CE-2010			
	# of Customers	MWH	KW
Residential	~~623,284~~605,681	5,256,060	1,470,184
Residential Low-Income	~~44,040~~61,643	371,381	103,880
Small Enterprise	~~40,386~~80,772	6,789,208	1,593,564
Mercantile-Utility (Large Enterprise)	710	6,032,203	1,069,019
Governmental	~~2,010~~293	228,964	N/A

[5] Although the Commission has preliminarily indicated a preference for information to be provided for customer segments different from that set forth in CE Table 5, (*see* Docket No. 09-0714-EL-UNC), no final order has been issued in that docket. In light of this, as well as the fact that the Companies do not track data in a manner that would allow them to present the data in the format requested by the Commission, the Companies have attempted to present the data in a format that most closely resembles that requested by the Commission.

1.0 OVERVIEW OF PLAN

Total	**~~709,791~~49,099**	**18,677,817**	**4,236,647**

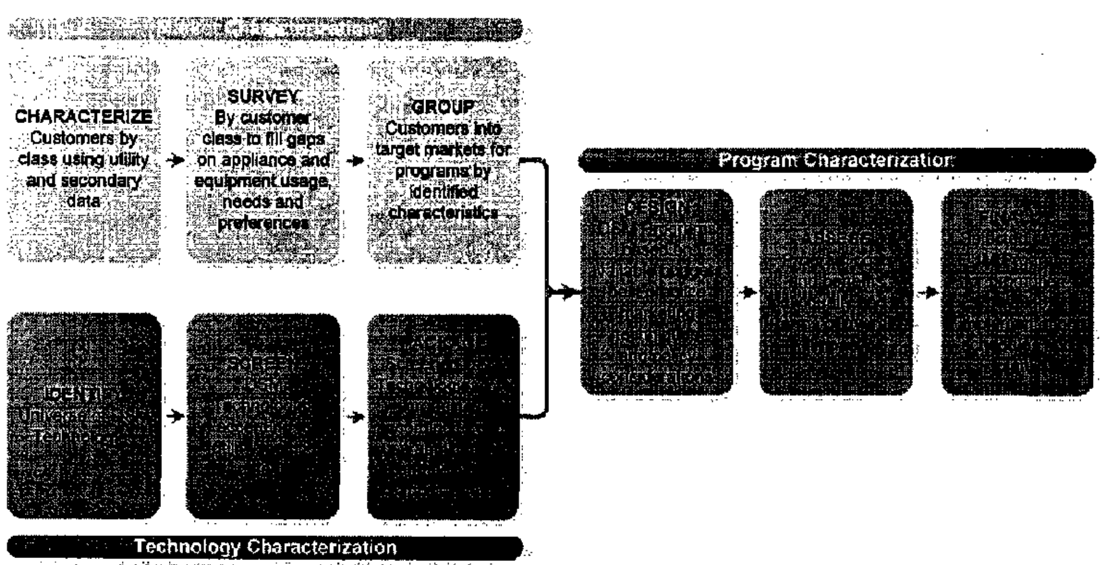
Forecasted 2010 usage from the LTFR has been assigned to five categories: (i) Residential-Other; (ii) Residential Low Income; (iii) General Service; (iv) Primary Service; and (v) Street Lighting and Traffic/Pedestrian Lighting. . Residential Customers taking service under the RS tariff were split between "low income" and "other". Because the Company currently has no way to determine which of its approximately 667,000 residential customers fit within the formal definition of "low income", customers who were enrolled in the Percentage of Income Payment Program ("PIPP") as of August 31, 2009 were used as a proxy for the low income category for program design and tracking purposes. For purposes of this plan, the General Service group comprises the Company's Small Enterprise plan sector. The Primary Service group consists of large C&I customers taking service on the General Service Primary ("GP"), General Service Sub-transmission ("GSU"), and General Service Transmission ("GT") rate schedules. For purposes of this Plan, the Primary Service group comprises the Company's Mercantile Utility plan sector. Customers were assigned to these categories based on available information in the billing systems.

1.2. Summary of the process used and key assumptions to develop the Plan

Process

Figure 1, below illustrates the process undertaken in the Market Potential Study (Appendix D) by the planning team to develop the EE&PDR Plan

Figure 1: FirstEnergy EE&PDR Plan Development Process



The Company's approach balances four key sources of information:

- External stakeholder experience and opinions captured through a collaborative process[6]

[6] The Companies' established a collaborative process in which interested parties met with the Companies to discuss the development of the Programs included in the Companies' Plans ("Collaborative Group"). This Collaborative Group process is discussed in Section 3.1.4 of the Plans.

OE Table 4: Ohio Edison S.B. 221 Benchmarks for the Period 2009 - 2012

Year	Energy Efficiency Benchmarks	Required Energy Efficiency Savings	Peak Demand Reduction Benchmarks	Required Peak Demand Reductions
	Percentage	MWh	Percentage	Mw
2009	0.30%	76,796	1.0%	53
2010	0.80%	200,126	1.8%	91
2011	1.50%	368,873	2.5%	130
2012	2.30%	570,852	3.3%	174

The figures in OE Table 4 represent the Company's planning benchmarks as required by Rule 4901:1-39-05. They have been calculated consistent with this Rule's requirements and the provisions of R.C. §4928.66(A)(2)(c). These benchmarks are based on information provided in the Company's April 15, 2009 Long-Term Forecast Report ("LTFR") in PUCO Form FE4-D1, adjusted for weather and the results of mercantile customer self-directed projects that have been filed with the Commission prior to December 1, 2009. These benchmarks have been established for planning purposes and will be adjusted, as necessary, in the Company's annual filings that are required by the Commission.

The programs outlined in this Plan were designed to achieve a balance of costs and end results, keeping in mind the Company's three primary goals: (i) comply with statutory requirements; (ii) provide at least one program for each of the major customer classes; and (iii) develop a portfolio that provides the greatest impact on a kWh reduction per dollar spent basis.

OE Table 5 shows the number of customers and sales or revenues that make up each of the Company's major customer segments addressed in this Plan.[5]

OE Table 5: FirstEnergy Ohio Company Characteristics

Ohio Edison 2010			
	# of Customers	MWH	KW
Residential-Other	868,485	8,806,290	2,544,063
Residential Low-Income	65,576	664,934	192,094
Small Enterprise	110,454	6,864,588	2,253,405
Mercantile-Utility (Large Enterprise)	~~2191~~1,315	8,062,963	1,015,782
Governmental	1,~~006~~935	177,391	N/A
Total	**1,04~~5,7~~407,765**	**24,576,165**	**6,005,344**

[5] Although the Commission has preliminarily indicated a preference for information to be provided for customer segments different from that set forth in OE Table 5, (*see* Docket No. 09-0714-EL-UNC), no final order has been issued in that docket. In light of this, as well as the fact that the Companies do not track data in a manner that would allow them to present the data in the format requested by the Commission, the Companies have attempted to present the data in a format that most closely resembles that requested by the Commission.

TE Table 5: FirstEnergy Ohio Company Characteristics

Toledo Edison 2010			
	# of Customers	**MWH**	**KW**
Residential-Other	252,461	2,336,021	782,265
Residential Low-Income	22,371	201,216	67,381
Small Enterprise	~~17,895~~35,791	2,191,378	738,381
Mercantile-Utility (Large Enterprise)	~~80~~401	5,111,702	689,834
Governmental	728	71,574	N/A
Total	~~293,536~~311,752	**9,911,891**	**2,277,862**

Forecasted 2010 usage from the LTFR has been assigned to five categories: (i) Residential-Other; (ii) Residential Low Income; (iii) General Service; (iv) Primary Service; and (v) Street Lighting and Traffic/Pedestrian Lighting. Residential Customers taking service under the RS tariff were split between "low income" and "other". Because the Company currently has no way to determine which of its approximately 274,800 residential customers fit within the formal definition of "low income", customers who were enrolled in the Percentage of Income Payment Program ("PIPP") as of August 31, 2009 were used as a proxy for the low income category for program design and tracking purposes. For purposes of this plan, the General Service group comprises the Company's Small Enterprise plan sector. The Primary Service group consists of large C&I customers taking service on the General Service Primary ("GP"), General Service Sub-transmission ("GSU"), and General Service Transmission ("GT") rate schedules. For purposes of this Plan, the Primary Service group comprises the Company's Mercantile Utility plan sector. Customers were assigned to these categories based on available information in the billing systems.

1.2. Summary of the process used and key assumptions to develop the Plan

<u>Process</u>

Figure 1, below illustrates the process undertaken in the Market Potential Study (Appendix D) by the planning team to develop the EE&PDR Plan

to present the data in the format requested by the Commission, the Companies have attempted to present the data in a format that most closely resembles that requested by the Commission.