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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the 2010 Long-Term
Forecast Report of The Cleveland Electric
Illuminating Company, Ohio Edison
Company, The Toledo Edison Company
and American Transmission Systems, Inc.**

Case No. 10-504-EL-FOR

**MEMORANDUM OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY, THE TOLEDO EDISON COMPANY AND
AMERICAN TRANSMISSION SYSTEMS, INCORPORATED
CONTRA MOTION TO INTERVENE BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL**

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I. INTRODUCTION

In this proceeding, the Commission will evaluate the 2010 Electric Long-Term Forecast Report (“LTFR”) filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company and American Transmission Systems, Incorporated (collectively “Companies”). See R.C. 4935.04(C)-(E). On July 1, 2010, the Office of the Ohio Consumers’ Counsel (“OCC”) filed a Motion to Intervene. Although the Companies do not oppose intervention in this case by OCC, the Companies oppose OCC’s request that the Companies perform additional load forecast studies pertaining to so-called “all-electric customers.”¹ Specifically, OCC asks the Commission to direct the Companies to: (i) conduct a “comprehensive load research study” of consumption by all-electric customers; (ii) report on the impact of energy efficiency programs related to all-electric customers; and (iii) analyze “different scenarios” reflecting the load impact of “future discounted rates” for all-electric customers. (Mot., p. 4.)

The Commission should reject OCC’s request for these additional studies. There are four reasons why. *First*, no statute, Commission rule or other authority requires the Companies to perform the additional studies for purposes of a LTFR. OCC does not allege that the Companies’ LTFR fails to comply with any applicable authority. Rather, OCC seeks to impose a burden beyond what those authorities require. OCC’s request should be denied for that reason alone.

¹ OCC’s reference to “all-electric customers” presumably includes customers who, for example, currently receive (or who may receive in the future) discounted electric rates or credits for living in all-electric homes, as determined by the Commission in the pending case No. 10-176-EL-ATA. In that case, Commission, Staff and the parties (including the Companies and OCC) will work to generate options for possible future all-electric discounted rates. Staff currently is developing a report that will set forth proposed options, but there is no timetable for when that report will be published. See Second Entry on Reh’g dated Apr. 15, 2010, No. 10-176-EL-ATA, ¶ 7.

Second, there is no reason why the Commission should require additional studies. For example, OCC fails to allege any actual benefit that will arise from them. OCC does not identify any substantive inadequacy in the current LTFR. Instead, it baldly asserts, without explanation, that such information will “assist” the Commission in determining the long-term all-electric rates that may be established in Case No. 10-176-EL-ATA. But issues relating to possible future all-electric rates should be litigated in *that* rate-setting proceeding, not in this case.

Third, separate statutes, rules and proceedings exist to deal with energy efficiency programs and the assessment and impact thereof. While the outcome of those programs may be reflected in the LTFR, the debate around the design and structure of those programs occurs in other proceedings and should not be duplicated here.

Fourth, the additional studies requested by OCC will impose an unnecessary yet considerable burden on the Companies. Although the Companies indisputably have complied with the statutes and rules applicable to long-term forecast reports, OCC purports to demand that they spend additional time and money collecting more data (that would be unhelpful in any event). OCC has failed to justify this additional expense.

For these reasons, the Companies respectfully request that the Commission deny OCC’s request for the additional studies specified in OCC’s Motion to Intervene.

II. ARGUMENT

A. The Studies Requested By OCC Are Not Required By Any Statute Or Commission Rule.

Long-term forecast reports are governed by Chapter 4935 of the Revised Code and by Chapter 4901:5-5 of the Ohio Administrative Code. The Companies’ LTFR fully complies with the content and format prescribed by those authorities. Specifically, the LTFR contains, among other required items:

- a summary section containing an overview of energy and peak load demand forecasts and identifying planning objectives, key assumptions and the process followed in generating the forecast (Rule 4901:5-5-03(A); LTFR, pp. 6-10);
- a description of the extent to which the reporting entities coordinate their load forecasts with affiliated systems and an overview of polls, surveys or other data-gathering activities used in preparation of the forecast (Rule 4901:5-5-03(C); LTFR, p. 11);
- a description of existing energy efficiency, demand reduction and demand response programs and an estimate of those programs' impact on energy demand and supply resources (Rule 4901:5-5-03(C)(3); LTFR, p. 12);
- a description of the model(s) used to identify the relationship between price and energy consumption and dynamic retail prices and peak load (Rule 4901:5-5-03(C)(4); LTFR, pp. 12-14);
- an explanation of how controllable and interruptible loads and load factors are incorporated into the forecast (Rule 4901:5-5-03(D)(1)(e), (f); LTFR, p. 15);
- identification of any changes in methodology from the forecast report submitted in the previous year (Rule 4901:5-5-03(D)(1)(g); LTFR, p. 16 (explaining that current LTFR includes ten more years of historical data than report submitted in 2009));
- a description of the existing and planned transmission system and identification of any transmission constraints and critical contingencies (for American Transmission Systems, Incorporated) (Rule 4901:5-5-04(C)(1), (D); LTFR, pp. 18-21);
- an analysis of load flow by voltage class of distribution system performance (for the FirstEnergy operating companies) (Rule 4901:5-5-05(C); LTFR, pp. 28-31);
- resource plans, including a description of anticipated technological changes that may influence the use of energy efficiency and peak-demand reduction programs (Rule 4901:5-5-06; LTFR, pp. 32-34); and
- forecast forms prescribed by the Commission, which appear on the Commission's website (Rule 4901:5-5-02(B), 4901:5-5-04(B); LTFR, Appendices C, D, E).

See also R.C. 4935.04.

The Companies' LTFR thus complies with all statutes and rules applicable to long-term forecast reports. Notably, OCC does not allege otherwise. Nevertheless, OCC requests additional studies reflecting "a number of different scenarios" for the amount, duration and scope of future all-electric rates, all of which have yet to be decided by the Commission. *See* Mot., pp.

3-4; *see also* Finding and Order dated Mar. 3, 2010, No. 10-176-EL-ATA, ¶¶ 10-12. But nothing in the Revised Code or the Commission's Rules requires those additional studies. Nothing in those authorities requires that long-term forecast reports include information specific to a subclass of residential customers. And nothing requires that an accurate, complete forecast report be "updated" to reflect hypothetical scenarios. There simply is no authority for OCC's request. OCC does not allege otherwise. The Companies' LTFR complies with all applicable statutes and Commission rules, and OCC's attempt to impose a new requirement beyond those authorities should be rejected.

B. OCC Fails To Identify Good Cause For The Additional Studies.

OCC also fails to identify any good cause why the Companies should perform the additional studies. As noted, the LTFR complies with all applicable statutes and rules. Notably, OCC fails to identify a single instance in which the LTFR is inadequate or incomplete, a single assumption that OCC believes is incorrect or a single conclusion or piece of data that would change as a result of the additional studies. Although OCC's proposed studies will impose a significant additional burden on the Companies, *see* p. 6, *infra.*, OCC fails to articulate a substantive reason why those studies—which are not required—should nonetheless be performed.

In fact, OCC gives only one reason for its request, baldly alleging that the additional studies "will assist the Commission in developing the long-term solutions it is reportedly seeking in Case No. 10-176." (Mot., p. 4.) Beyond this conclusory allegation, OCC does not bother to explain how those studies "will assist the Commission," and its request should be rejected for that reason alone.

Moreover, OCC's requests are unlikely to lead to any worthwhile information. Simply put, the status of all-electric discounts in the future is uncertain. Although Staff currently is working to generate a "range of options" regarding proposed discounts and associated cost recovery in Case No. 10-176-EL-ATA, *see* Finding and Order dated Mar. 3, 2010, ¶ 12, there is no timetable for publication of that report, and there is no official indication what that "range of options" might include. *See* Second Entry on Reh'g dated Apr. 15, 2010, No. 10-176-EL-ATA, ¶ 7. At present, it thus is unclear what will be the amount of future all-electric discounts, how long those discounts will be in effect and what the eligibility requirements be will for customers to receive them. Given these uncertainties, any attempt at OCC's additional proposed studies would yield only a confusing and uninterpretable wide—and thus unhelpful—range of possible effects on load. There is no reason for the Companies to expend additional time and resources on this futile exercise, particularly when OCC has failed to explain how load studies will be helpful to the Commission in deciding the outcome of this LTFR. There is no good reason for the Commission to require these additional studies.

Moreover, assessing the impact of energy efficiency programs on subsets of customer classes also is beyond the scope of this proceeding. The Companies have complied with the Commission rules in this regard. *See* Rule 4901:5-5-(C)(3). Further, energy efficiency programs are being addressed under different statutory and regulatory authority, and it would be inappropriate and confusing to duplicate those efforts in this proceeding. *See In re Adoption of a Portfolio Plan Template for Elec. Utility Energy Efficiency and Peak-Demand Reduction Programs*, No. 09-714-EL-UNC; Chapter 4901:1-35, Ohio Administrative Code.

C. The Additional Studies Requested By OCC Would Impose An Undue Burden On The Companies.

The additional studies requested by OCC are no small matter for the Companies. Were the Commission to grant OCC's request, the Companies would be forced to spend a considerable amount of resources to conduct them. Specifically, those studies likely will take 18 months (or more) to conduct, during which time Company personnel would have to develop an appropriate sample size of all-electric customers, obtain and install meters to be used in the studies, collect the underlying data at a variety of temperatures in different seasons, and analyze the results. Waiting on the results of these studies thus will significantly delay the Commission's resolution of all-electric issues in Case No. 10-176-EL-ATA. Moreover, the additional studies requested by OCC would cost the Companies hundreds (if not thousands) of man-hours and between 1 and 2 million dollars.

All to what end? There is no reason why the Companies should be forced to expend those resources. No statute or Commission rule requires those studies, and OCC has failed to explain why they are necessary. OCC's request involves little benefit to the Commission or other all-electric stakeholders, but considerable burden to the Companies.

III. CONCLUSION

For the above reasons, the Companies respectfully request that the Commission deny OCC's request for the additional studies specified in OCC's Motion to Intervene.

DATED: July 16, 2010


Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Memorandum of The Cleveland Electric Illuminating Company, Ohio Edison Company, The Toledo Edison Company and American Transmission Systems, Incorporated Contra the Motion to Intervene by the Office of the Ohio Consumers' Counsel was delivered to the following persons by first class mail, postage prepaid, and e-mail this 16th day of July, 2010:


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