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December 16, 2010

Chairman Alan Schriber
Ohio Power Siting Board
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215-3793

Matthew J. Satterwhite
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RE:

In the Matter of City of Newark -)
North Fire Station #2 and Ohio)
Power Company for Approval)
of A Special Arrangement)
Agreement with a Mercantile)
Customer)

Case No. 10-1632-EL-EEC

Dear Chairman Schriber,

Attached please find the Joint Application of Ohio Power Company (OPCo) and mercantile customer City of Newark – North Fire Station #2 for approval of a Special Arrangement of the commitment of energy efficiency/peak demand reduction (EE/PDR) resources toward compliance with the statutory benchmarks.

Amended Substitute Senate Bill 221 sets forth in R.C. 4928.66 EE/PDR benchmarks that electric distribution utilities shall be required to meet or exceed. The statute allows utilities to include EE/PDR resources committed by mercantile customers for integration into the utilities programs to be counted toward compliance with a utility's EE/PDR benchmarks. The statute also enables the Commission to approve special arrangements for mercantile customers that commit EE/PDR resources to be counted toward compliance with EE/PDR benchmarks.

The Commission's Order in Case No. 10-834-EL-EEC, established a streamlined process to expedite review of these special arrangements by developing a sample application process for parties to follow for consideration of such programs implemented during the prior three calendar years. Attached is OPCo's version of that application and accompanying affidavit. Any confidential information referenced in the Joint Application has been filed in Commission Docket 10-1599-EL-EEC, under a request for protective treatment. OPCo respectfully requests that the Commission treat the two cases as associated dockets.

Cordially,

//s/ Matthew J. Satterwhite
Matthew J. Satterwhite, Senior Counsel

Attachments



Public Utilities Commission

Application to Commit Energy Efficiency/Peak Demand Reduction Programs (Mercantile Customers Only)

Case No.: 10-1632-EL-EEC

Rule 4901:1-39-05(F), Ohio Administrative Code (O.A.C.), permits a mercantile customer to file, either individually or jointly with an electric utility, an application to commit the customer's existing demand reduction, demand response, and energy efficiency programs for integration with the electric utility's programs. The following application form is to be used by mercantile customers, either individually or jointly with their electric utility, to apply for commitment of such programs implemented during the prior three calendar years.

Completed applications requesting the cash rebate reasonable arrangement option (Option 1) in lieu of an exemption from the rider will be automatically approved on the sixty-first calendar day after filing, unless the Commission, or an attorney examiner, suspends or denies the application prior to that time. Completed applications requesting the exemption from the electric utilities' energy efficiency rider option (Option 2) will not qualify for the 60-day automatic approval.

Complete a separate application for each customer program. Projects undertaken by a customer as a single program at a single location or at various locations within the same service territory should be submitted together as a single program filing, when possible. Check all boxes that are applicable to your program. For each box checked, be sure to complete all subparts of the question, and provide all requested additional information. Submittal of incomplete applications may result in a suspension of the automatic approval process or denial of the application.

If you consider some of the items requested in the application to be confidential or trade secret information, please file a copy of the application under seal, along with a motion for protective order pertaining to the material you believe to be confidential. Please also file a copy of the application in the public docket, with the information you believe to be confidential redacted.

Section 1: Company Information

Name: CITY OF NEWARK

Principal address: 40 W. Main St., Newark, Oh 43055

Address of facility for which this energy efficiency program applies: 1140 Hollander St, Newark, Oh 43055-6043

Name and telephone number for responses to questions:

Carl Hurst, City Of Newark, (740) 670-7783

Electricity use by our company (at least one must apply to your company – check the box or boxes that apply):

- ☐ We use more than seven hundred thousand kilowatt hours per year at our facility. (Please attach documentation.)

See Confidential and Proprietary Attachment 4 – Calculation of Rider Exemption and UCT which provides the facility consumption for the last three years, benchmark kWh, and the last 12 months usage.

- ☒ We are part of a national account involving multiple facilities in one or more states. (Please attach documentation.) When checked, see Attachment 6 – Supporting Documentation for a listing of the customer's name and service addresses of other accounts in the AEP Ohio service territory.

Section 2: Application Information

A) We are filing this application (choose which applies):

- ☐ Individually, on our own.
- ☒ Jointly with our electric utility.

B) Our electric utility is: Ohio Power Company

The application to participate in the electric utility energy efficiency program is
"Confidential and Proprietary Attachment 3 – Self Direct Program Project
Completed Application."

C) We are offering to commit (choose which applies):

- ☐ Energy savings from our energy efficiency program. (Complete Sections 3, 5, 6, and 7.)
- ☐ Demand reduction from our demand response/demand reduction program. (Complete Sections 4, 5, 6, and 7.)
- ☒ Both the energy savings and the demand reduction from our energy efficiency program. (Complete all sections of the Application.)

Section 3: Energy Efficiency Programs

A) Our energy efficiency program involves (choose whichever applies):

- ☒ Early replacement of fully functioning equipment with new equipment. (Provide the date on which you replaced your fully functioning equipment, 12/30/2007 and the date on which you would have replaced your equipment if you had not replaced it early. Please include a brief explanation for how you determined this future replacement date (or, if not known, please explain why this is not known)).

The remaining life of the equipment varies and is not known with certainty. The future replacement date is unknown and has historically been at the end of equipment life. Replacement was completed early to achieve energy savings and to reduce future maintenance costs.

- ☐ Installation of new equipment to replace equipment that needed to be replaced. We installed our new equipment on the following date(s):
- ☐ Installation of new equipment for new construction or facility expansion. We installed our new equipment on the following date(s):

B) Energy savings achieved/to be achieved by your energy efficiency program:

- a) If you checked the box indicating that your project involves the early replacement of fully functioning equipment replaced with new equipment, then calculate the annual savings [(kWh used by the original equipment) - (kWh used by new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Unit Quantity (watts) = Existing (watts x units) - Installed (watts x units)

kWh Reduction (Annual Savings) = Unit Quantity x (Deemed kWh/Unit)

Annual savings: 18,800 kWh

See Confidential and Proprietary Attachment 5 - Self Direct Program Project Calculation for annual energy savings calculations and Attachment 8 - Prescriptive Protocols for the work papers that provide all methodologies, protocols, and practices used in this application for prescriptive measures, as needed.

- b) If you checked the box indicating that you installed new equipment to replace equipment that needed to be replaced, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by the higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Annual savings: kWh

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment.

- c) If you checked the box indicating that your project involves equipment for new construction or facility expansion, then calculate the annual savings [(kWh used by less efficient new equipment) - (kWh used by higher efficiency new equipment) = (kWh per year saved)]. Please attach your calculations and record the results below:

Annual savings: kWh

Please describe the less efficient new equipment that you rejected in favor of the more efficient new equipment.

Section 4: Demand Reduction/Demand Response Programs

A) Our program involves (choose which applies):

- ☒ Coincident peak-demand savings from our energy efficiency program.
- ☐ Actual peak-demand reduction. (Attach a description and documentation of the peak-demand reduction.)
- ☐ Potential peak-demand reduction (choose which applies):

➤ Choose one or more of the following that applies:

- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a tariff of a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission.
- ☐ Our peak-demand reduction program meets the requirements to be counted as a capacity resource under a program that is equivalent to an RTO program, which has been approved by the Public Utilities Commission of Ohio.

B) What is the date your peak demand reduction program was initiated?

The coincident peak-demand savings are permanent installations that reduce demand through energy efficiency and were installed on the date specified in Section 3 A above.

C) What is the peak demand reduction achieved or capable of being achieved (show calculations through which this was determined):

Unit Quantity (watts) = Existing (watts x units) - Installed (watts x units)

KW Demand Reduction = Unit Quantity (watts) x (Deemed KW/Unit (watts))

3.6 kW

See Confidential and Proprietary Attachment 5 - Self Direct Program Project Calculation for peak demand reduction calculation, and Attachment 8 - Prescriptive Protocols for the work papers that provide all methodologies, protocols, and practices used in this application for prescriptive measures, as needed.

Section 5: Request for Cash Rebate Reasonable Arrangement (Option 1) or Exemption from Rider (Option 2)

Under this section, check the box that applies and fill in all blanks relating to that choice.

Note: If Option 2 is selected, the application will not qualify for the 60-day automatic approval. All applications, however, will be considered on a timely basis by the Commission.

A) We are applying for:

☒ Option 1: A cash rebate reasonable arrangement.

OR

☐ Option 2: An exemption from the cost recovery mechanism implemented by the electric utility.

B) The value of the option that we are seeking is:

Option 1: A cash rebate reasonable arrangement, which is the lesser of (show both amounts):

☐ A cash rebate, based on avoided generation cost, of \$_____ (Attach documentation showing the methodology used to determine the cash rebate value and calculations showing how this payment amount was determined.)

OR

☒ A cash rebate valued at no more than 50% of the total project cost, which is equal to \$ 1,557.75. (Attach documentation and calculations showing how this payment amount was determined.)

See Confidential and Proprietary Attachment 5 – Self Direct Program Project Calculation for incentive calculations for this mercantile program.

Option 2: An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider.

☐ An exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for _____ months (not to exceed 24 months). (Attach

calculations showing how this time period was determined.)

OR

- ☐ Ongoing exemption from payment of the electric utility's energy efficiency/peak demand reduction rider for an initial period of 24 months because this program is part of an ongoing efficiency program that is practiced by our organization. (Attach documentation that establishes your organization's ongoing efficiency program. In order to continue the exemption beyond the initial 24 month period your organization will need to provide a future application establishing additional energy savings and the continuance of the organization's energy efficiency program.)

Section 6: Cost Effectiveness

The program is cost effective because it has a benefit/cost ratio greater than 1 using the (choose which applies):

- ☐ Total Resource Cost (TRC) Test. The calculated TRC value is: _____
(Continue to Subsection 1, then skip Subsection 2)
- ☒ Utility Cost Test (UCT) . The calculated UCT value is: 5.0 (Skip to Subsection 2.)

Subsection 1: IRC Test Used (please fill in all blanks).

The TRC value of the program is calculated by dividing the value of our avoided supply costs (capacity and energy) by the sum of our program costs and our electric utility's administrative costs to implement the program.

Our avoided supply costs were _____.

Our program costs were _____.

The utility's administrative costs were _____.

Subsection 2: UCT Used (please fill in all blanks).

We calculated the UCT value of our program by dividing the value of our avoided supply costs (capacity and energy) by the costs to our electric utility (including administrative costs and incentives paid or rider exemption costs) to obtain our commitment.

Our avoided supply costs were \$ 2,108.70

The utility's administrative costs were \$ 112.80

The utility's incentive costs/rebate costs were \$ 1,557.75.

Section 7: Additional Information

Please attach the following supporting documentation to this application:

- Narrative description of your program including, but not limited to, make, model, and year of any installed and replaced equipment.

See Attachment 1 - Self Direct Project Overview and Commitment for a description of the project. See Attachment 6 - Supporting Documentation, for the specifications of the replacement equipment Attachment 8 - Prescriptive Protocols for the work papers that provide all methodologies, protocols, and practices used in this application for prescriptive measures, as needed. Due to the length of time since the equipment replacement, the make, model and year of the replaced equipment is not available.

- A copy of the formal declaration or agreement that commits your program to the electric utility, including:

- 1) any confidentiality requirements associated with the agreement;

See Attachment 2 - Self Direct Program Project Blank Application including Rules and Requirements. All confidentiality requirements are pursuant to the Retrospective Projects/Rules and Requirements that are part of the signed application which is provided as Confidential and Proprietary Attachment 3 - Self Direct Program Project Completed Application.)

- 2) a description of any consequences of noncompliance with the terms of the commitment;

See Attachment 2 - Self Direct Program Project Blank Application including Rules and Requirements. All consequences of noncompliance are pursuant to the Retrospective Projects/Rules and Requirements that are part of the signed application which is provided as Confidential and Proprietary Attachment 3 - Self Direct Program Project Completed Application.

- 3) a description of coordination requirements between you and the electric utility with regard to peak demand reduction;

None required because the resources committed are permanent installations that reduce demand through increased efficiency during the Company's peak summer demand period generally defined as May through September and do not require specific coordination and communication to provide demand reduction capabilities to the Company.

- 4) permission by you to the electric utility and Commission staff and consultants to measure and verify energy savings and/or peak-demand reductions resulting from your program; and,

See Attachment 2 – Self Direct Program Blank Application including Rules and Requirements granting such permission pursuant to the Retrospective Projects/Rules and Requirements that are part of the signed application which is provided as Confidential and Proprietary Attachment 3 – Self Direct Program Project Completed Application.

- 5) a commitment by you to provide an annual report on your energy savings and electric utility peak-demand reductions achieved.

See Attachment 1 - Self Direct Project Overview and Commitment for the commitment to comply with any information and compliance reporting requirements imposed by rule or as part of the approval of this arrangement by the Public Utilities Commission of Ohio.

- A description of all methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results. Additionally, identify and explain all deviations from any program measurement and verification guidelines that may be published by the Commission.

The Company applies the same methodologies, protocols, and practices to Self Direct Program retrospective projects that are screened and submitted for approval as it does to prospective projects submitted through its Prescriptive and Custom Programs. The Commission has not published a technical reference manual for use by the Company so deviations can not be identified. The project submitted is a prescriptive project and energy savings are determined as described in Confidential and Proprietary Attachment 5 - Self Direct Program Project Calculation, and Attachment 8 – Prescriptive Protocols for the work papers that provide all methodologies, protocols, and practices used in this application for prescriptive measures, as needed.



Public Utilities Commission

Application to Commit
Energy Efficiency/Peak Demand
Reduction Programs
(Mercantile Customers Only)

Case No.: 10-1632-EL-EEC

State of OHIO :

WILLIAM RINGROSE, Affiant, being duly sworn according to law, deposes and says that:

1. I am the duly authorized representative of:

KEMA Services, Inc agent of Ohio Power
2. I have personally examined all the information contained in the foregoing application, including any exhibits and attachments. Based upon my examination and inquiry of those persons immediately responsible for obtaining the information contained in the application, I believe that the information is true, accurate and complete.
3. I am aware of fines and penalties which may be imposed under Ohio Revised Code Sections 2921.11, 2921.31, 4903.02, 4903.03, and 4903.99 for submitting false information.

William Ringrose QC MANAGER
Signature of Affiant & Title

Sworn and subscribed before me this 30th day of November, 2010 Month/Year

Angie Doan
Signature of official administering oath

Angie Doan, Outreach Manager
Print Name and Title

My commission expires on 01-03-11



ANGIE DOAN
Notary Public, State of Ohio
My Commission Expires 01-03-11

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 10-1632-EL-EEC

Summary: Application Application electronically filed by Mr. Matthew J Satterwhite on behalf of American Electric Power Service Corporation