

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the of the Commission's)
Review of the Rules Concerning Long-)
Term Forecast Reports Contained in) Case No. 10-2912-GE-ORD
Chapters 4901:5-1; 4901:5-3; 4901:5-5)
and 4901:5-7, Ohio Administrative Code.)

**REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL, AND
THE NATURAL RESOURCE DEFENSE COUNCIL**

I. INTRODUCTION

On December 15, 2010, the Public Utilities Commission of Ohio ("PUCO" or "Commission") issued an Entry requesting comments from interested persons on possible revisions to the PUCO long-term forecast rules (Ohio Adm. Code §§4901:5-1; 4901:5-3; 4901:5-5 and 4901:5-7).¹ On January 18, 2011, the Office of the Ohio Consumers' Counsel ("OCC") filed initial comments which proposed a change to Ohio Adm. Code Rule 4901:5-7-02. This change was a specific additional requirement to the reports filed by Ohio natural gas utilities.² Columbia Gas of Ohio ("Columbia") also filed initial comments proposing one natural gas related change.³ In addition, the Toledo Edison Company, the Ohio Edison Company and Cleveland Electric Illuminating Company ("FirstEnergy" or "Companies") filed comments proposing several changes to electric

¹ PUCO Entry at page 2, ¶5 (December 15, 2010).

² OCC Motion to Intervene and Comments at 4 (January 18, 2011).

³ Columbia Comments at 2 (January 18, 2011).

utility reports.⁴ The OCC and the Natural Resource Defense Council (“NRDC”) (together “Joint Advocates”), in accordance with the procedural schedule listed in the PUCO Entry, timely files these Reply Comments (“Reply”) to the proposed changes presented by Columbia and FirstEnergy.

II. REPLY COMMENTS

A. The Change Proposed by Columbia Gas to Ohio Adm. Code 4901:5-7-01 Should be Rejected Because the Proposal is Overbroad.

In its comments, Columbia Gas recommends language that would exempt all gas distribution companies serving more than one hundred thousand customers and that have implemented a wholesale or retail auction for acquiring gas from 4901:5-7-01.⁵

Columbia’s broad and sweeping language should be rejected by the Commission. Just because a Local Distribution Company (“LDC”) procures its supply through a wholesale or retail auction does not mean that the Commission and interested parties should not be provided the critical information required in 4901:5-7-01. In fact, the bulk of the information required by 4901:5-7-01, relates to the demand forecast, which is not altered regardless of how the gas is procured, and whether it is procured directly by the LDC or through a competitive auction setting. Reporting on a “Special subject area” such as “Energy Conservation” is also important when trying to assess how the LDCs are complying with Ohio statutory policy goals⁶ in this area. Even FirstEnergy, an electric services company who has corporately separated its generation assets and procures its

⁴ The Toledo Edison Company, the Ohio Edison Company and Cleveland Electric Illuminating Company Comments at 1-3 (January 18, 2011).

⁵ Columbia Comments at 2.

⁶ R.C. 4929.02(A)(12) presents state policy which is, *inter alia*, intended to: “Promote an alignment of natural gas company interests with consumer interest in energy efficiency and energy conservation.”

generation through a wholesale auction, files an analogous electric forecast report for its electric distribution companies.

B. The PUCO Should Reject the Recommendation by FirstEnergy to Remove Rule 4901:5-5-03(C)(4)(b) Because of the Developments in the Area of Smart Grid Deployment.

FirstEnergy seeks clarification and then the removal of rule 4901:5-5-03(C)(4)(b) concerning price responsive demand.⁷ The projected beneficial impacts of Smart Meter enabled price responsive demand on wholesale generation prices, grid reliability and customer energy costs is one of the main drivers of Smart Grid deployments nationwide. For example, the Cleveland Electric Illuminating Company (“CEI”) has been awarded Smart Grid funding by the Department of Energy to deploy smart meters and conduct a small customer dynamic pricing pilot.⁸ CEI received approval from the Commission to undertake this pilot program in Case No. 09-1820-EL-ATA on June 30, 2010. Therefore specifying a demand function is essential in determining the future benefits of FirstEnergy’s and the other Ohio electric companies’ Smart Grid deployments in this area. It should be noted that rule 4901:5-5-03(C)(4)(b) starts with “To the extent possible, * * *” in recognition that the analyses in the price responsive demand area are contingent on the development of a Smart Grid infrastructure with accompanying dynamic rate designs and as such this type of analysis will evolve. The Commission should reject FirstEnergy’s recommendation to remove rule 4901:5-5-03(C)(4)(b).

⁷ FirstEnergy Comments at 1-2.

⁸*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of Ohio Deployment of the Smart Grid Modernization Initiative and Timely Recovery of Associated Costs*, Case No. 09-1820-EL-ATA, Finding and Order (June 30, 2010).

C. The PUCO Should Reject the Recommendation by FirstEnergy to Remove Rule 4901-5-5-04(D)(1) and Eliminate the Accompanying Forms Because This Would Reduce Transparency and Because the Information is an Important Part of an Electric Company's Submission and Would be Difficult for Interested Parties and the PUCO to Obtain Elsewhere.

Rule 4901-5-5-04(D)(1) and (2); Form FE3-T9 [section (1)] and FE3-T10

[Section (2)] should be retained. Eliminating this form would serve to reduce the transparency in the public regulatory review process. Simply providing the information is no more difficult than providing an electronic link and does not create an administrative burden for the utilities. In addition, requiring the Commission and interested parties to try to navigate the very complex and information laden websites of PJM and MISO to retrieve the information in question is not an efficient process and may lead to wasted hours trying to retrieve this information. Having the Companies provide a link is also an inadequate alternative, as web links often change or expire, leaving information seekers frustrated. Therefore, these forms and supporting text should not be removed and should continue to be part of the filing requirements for an individual electric company's long term forecast report.

D. The PUCO Should Reject the Recommendation by FirstEnergy to Modify Rule 4901-5-5-06(A) Because it Lacks Specifics and Could Eliminate Important Information from a Company's Long Term Forecast Submission.

FirstEnergy's request concerning Rule 4901-5-5-06(A) ("Resource Plans") is problematic in that they want to be exempt from all forms "related to interruptibles, reserve margins, and available reserve and available capability" but they do not

specifically indicate the Form numbers.⁹ There are ten forms contained in Rule 4901-5-5-

06(A). Also, information on residential interruptibles (such as through the direct load control of air-conditioners, water heaters and swimming pool pumps) can be important in distribution planning when considering system upgrades. These types of time differentiated programs are expected to increase with the deployment of smart meters. Therefore, if the Commission rules that a utility is not required to provide the information in question, the utility at a minimum should have to indicate who is providing the information, and how this information is to be obtained in the future. Thus, without further clarification and available time to comment by interested parties, the PUCO should not institute this rule change.

III. CONCLUSION

For the reasons stated above, the Joint Advocates recommend that the PUCO reject the modifications to the proposed Long Term Forecast rules requested by Columbia Gas and FirstEnergy.

Respectfully submitted,

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⁹ FirstEnergy Comments at 3.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of these *Reply Comments by the Office of the Ohio Consumers' Counsel and The Natural Resource Defense Council* were served on the persons stated below *via* electronic service, this 1st day of February, 2011.

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Summary: Reply Reply Comments by The Office of the Ohio Consumers' Counsel, and The Natural Resource Defense Council electronically filed by Mrs. Mary V. Edwards on behalf of Serio, Joseph P. Mr. and Office of the Ohio Consumers' Counsel