

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio)
Edison Company, The Cleveland Electric)
Illuminating Company, and The Toledo) Case No. 09-553-EL-EEC
Edison Company for Approval of)
Administrator Agreements and Statements)
of Work.)

SECOND FINDING AND ORDER

The Commission finds:

- (1) Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (FirstEnergy or the Companies) are public utilities as defined in Section 4905.02, Revised Code, and, as such, are subject to the jurisdiction of this Commission.
- (2) On June 30, 2009, FirstEnergy filed an application for approval of six administrator agreements and statements of work pursuant to the stipulation approved by the Commission in its electric security plan proceeding, which includes provisions for recovery of reasonable administration fees through a rider on customer bills. *In re FirstEnergy*, Case No. 08-935-EL-SSO, et al., Second Opinion and Order (March 25, 2009) at 13. On August 28, 2009, FirstEnergy filed a second application for approval of four additional administrator agreements and statements of work.
- (3) On December 2, 2009, the Commission issued its Finding and Order in this proceeding, approving the applications as modified by the Commission. Applications for rehearing were timely filed by FirstEnergy and various other parties. On January 13, 2010, the Commission granted rehearing for the purpose of further consideration of the matters specified in the applications for rehearing

and scheduled oral arguments before the Commission, which were held on January 20, 2010.

Subsequently, on February 11, 2010, the Commission granted rehearing and modified its Finding and Order to permit the recovery by FirstEnergy of per kWh administration fees for historic mercantile customer programs implemented before January 1, 2009, provided that the historic mercantile customer programs are filed with the Commission prior to the issuance of a final, appealable order in FirstEnergy's energy efficiency and peak demand program portfolio plan proceeding, Case Nos. 09-1947-EL-POR, et al. Further, the Commission encouraged the Companies to work with Staff to develop an alternative compensation proposal for existing mercantile customer programs filed after the issuance of a final, appealable order in Case Nos. 09-1947-EL-POR, et al. On March 15, 2010, the Ohio Consumers' Counsel (OCC) filed an application for rehearing, which was denied by operation of law.

- (4) On September 17, 2010, FirstEnergy filed an application for approval of modifications to its administrator compensation structure. Specifically, FirstEnergy proposes to reduce the compensation paid to administrators for historic mercantile customer programs which were implemented before January 1, 2009, and filed with the Commission after the issuance of a final, appealable order in Case Nos. 09-1947-EL-POR, et al. For such programs, FirstEnergy proposes to reduce the compensation paid to administrators from \$0.01 per kWh for the first 2,000,000 kWh of annual energy efficiency savings to \$0.005 per kWh for the first 2,000,000 kWh of annual energy efficiency savings. Further, the Companies propose to maintain the existing \$0.0025 per kWh payment for energy efficiency savings above the 2,000,000 kWh threshold.

In addition, in order to provide an equal incentive for administrators to pursue either new mercantile customer projects or utility sponsored projects, the Companies

propose a new compensation structure for utility sponsored commercial and industrial programs of \$0.01 per kWh for the first 2,000,000 kWh of annual energy efficiency derived from utility-sponsored projects and \$0.0025 per kWh for any remaining energy efficiency savings derived from the same project.

- (5) In support of its application, FirstEnergy represents that, consistent with the Commission's directive, the Companies met with Staff and administrators to develop an alternative administrator compensation structure for existing mercantile customer programs and that FirstEnergy reviewed the proposed compensation structure with its Ohio energy efficiency collaborative. In addition, FirstEnergy claims that it met with OCC, the Natural Resources Defense Council, and Ohio Environmental Council to seek suggestions for the modification of the proposed compensation structure.
- (6) The Commission finds that differentiating the compensation paid for new programs from the compensation paid for existing programs will facilitate the achievement of new energy savings as directed by the Commission in our January 13, 2010, Entry on Rehearing, at 3. Therefore, we find that FirstEnergy's application to modify its administrator compensation structure is reasonable and should be granted. Further, the Commission finds that FirstEnergy's request for authorization to recover fees paid pursuant to the modified administrator compensation program through its Rider DSE is reasonable and should be granted.

It is, therefore,

ORDERED, That the application filed by FirstEnergy be approved. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That a copy of this Second Finding and Order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Paul A. Centolella


Valerie A. Lemmie


Steven D. Lesser


Cheryl L. Roberto

GAP/sc

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MAR 16 2011



Renee J. Jenkins
Secretary

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CONCURRING OPINION OF COMMISSIONER CHERYL L. ROBERTO

While I remain concerned, as expressed in my dissent in this matter filed on December 2, 2009, that the approved structure does not ensure that payments to administrators will only be made for cost-effective energy efficiency programs, I do believe that the adjustments made in today's order are an improvement in the administrator program and should be adopted.



Cheryl L. Roberto, Commissioner