

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Portfolio Status	)	
Report on the Status of the	)	
Energy Efficiency and Peak Demand Case	)	
Reduction Results for the Year Ended	)	<b>Case No. 12-1533-EL-EEC</b>
December 31, 2011 on Behalf of Ohio	)	<b>12-1534-EL-EEC</b>
Edison Company, The Cleveland Electric	)	<b>12-1535-EL-EEC</b>
Illuminating Company and The Toledo	)	
Edison Company	)	

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**REPLY COMMENTS OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC  
ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY**

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**I. INTRODUCTION**

On May 16, 2012, pursuant to Rule 4901:1-39-05, Ohio Administrative Code (“OAC”) and the Commission’s December 14, 2011 Entry in Case No. 11-4627-EL-WVR,<sup>1</sup> Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, “Companies”) submitted their Energy Efficiency and Peak Demand Reduction Program Portfolio Status Reports for the year ending December 31, 2011 (“Status Reports”). Pursuant to Rule 4901:1-39-06(A), OAC, interested parties were permitted to file comments on the Status Reports. The Office of the Ohio Consumers’ Counsel (“OCC”), the Sierra Club, and the Natural Resources Defense Council (“NRDC”) jointly with the Ohio Environmental Council (“OEC”) (collectively “NRDC/OEC”) submitted comments on the Reports. The Companies hereby submit their reply to these comments.

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<sup>1</sup> *In re Application of [the Companies], Columbus Southern Power Company, Ohio Power Company, The Dayton Power and Light Company and Duke Energy Ohio, Inc., for Waiver with Regard to Rule 4901:1-39-05(C), Ohio Administrative Code, Case No. 11-4627-EL-WVR.*

## II. BACKGROUND

Rule 4901:1-39-05 requires an Electric Distribution Utility (“EDU”) to file an annual status report that addresses “the performance of all approved energy efficiency [“EE”] and peak-demand reductions [“PDR”] that its programs were designed to achieve, relative to its corresponding baselines.” At a minimum, the report should include the following information:

- (a) An update to the EDU’s benchmark report;
- (b) A comparison between the benchmark and actual EE and PDR results achieved;
- (c) An affidavit as to whether the reported performance complies with the statutory benchmarks;
- (d) Program performance assessment;
- (e) An evaluation, measurement and verification (“EMV”) report; and
- (f) A recommendation as to whether each program should be continued, modified or eliminated.<sup>2</sup>

On May 16, 2012, the Companies filed their Status Reports. An update to the Companies’ benchmark report was included in Exhibits 1 and 2 to the Status Reports. A comparison between actual results and benchmark requirements both on an annualized and pro rata basis were included in the Status Reports in Tables 2-1, 2-2 and 2-3, while an affidavit of compliance was attached to the Status Reports as Exhibit 3. The cost effectiveness of each program was set forth in Table 3-1. The Total Resource Cost (“TRC”) test results included in the Status Reports were calculated and provided by the Companies’ independent EMV contractor, ADM Associates, Inc. (“ADM”).<sup>3</sup> In accordance with Rule 4901:1-39(C)(2)(a) and (b), OAC, a description of each approved energy efficiency or peak demand reduction program, along with a recommendation as to

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<sup>2</sup> See generally Rule 4901:1-39-05(C)(1) – (2), OAC.

<sup>3</sup> NRDC/OEC assume that “the program cost-effectiveness scores presented in Section 3.1 of the portfolio status report were compiled by the Companies and not reviewed by [ADM].” (NRDC/OEC Comments, p. 2.). This is incorrect. The TRC results were calculated by ADM and were included in the Status Reports.

whether to continue, modify or eliminate any of the programs was included in Section 4 of the Status Report.<sup>4</sup> Finally, EMV reports prepared by ADM were included for each program as Appendices B-I to the Status Report. These reports were prepared consistent with the EMV report template provided by the State's Independent Program Evaluator ("Statewide Evaluator" or "SWE"). In other words, the Status Reports include everything as required by the Commission's rules and as suggested by the SWE, and include virtually all of the same information in generally the same format as that included in the 2010 and 2009 status reports filed by the Companies in Case Nos. 11-2956-EL-EEC et al and 10-227-EL-EEC et al, respectively.

### III. COMMENTS OF THE COMPANIES

The Sierra Club<sup>5</sup> urges the Commission to require "additional current reporting year information along with cumulative [i]nformation." They also want new sections added to the Status Reports in which the Companies discuss their participation in the capacity auction process and "the expected cost of additional transmission upgrades PJM has approved ...."<sup>6</sup> They then ask the Commission to include as future requirements information such as total program spending and estimated net present value of current year program activities.<sup>7</sup> As already demonstrated, the Status Reports include all information required by the Commission's rules. If the Sierra Club desires an amendment to future reporting requirements, then it must follow the proper rule making process. Sierra Club's request transcends issues related solely to the Companies' Status

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<sup>4</sup> Other information as required by Section 4901:1-39-05(C)(2)(a) can be found in tables included in the Status Report.

<sup>5</sup> Generally the OCC mirrored some of the Sierra Club comments and, accordingly, to the degree they are the same, the Companies' responses equally apply to the comments of both Sierra Club and OCC.

<sup>6</sup> Sierra Club Comments, pp. 5-6.

<sup>7</sup> For a list of additional supplemental information requested by Sierra Club beyond that required by rule, see generally Sierra Club Comments, pp. 8-9.

Reports. Therefore, other EDUs (as well as other parties) should have an opportunity to express their opinions. Inasmuch as Sierra Club did not follow proper rule making procedures, its request for the Commission to order supplemental reporting information and/or modifications to reporting requirements as set forth in the Commission's rules should be denied.<sup>8</sup>

Further, the Commission opened a separate docket to review the Companies' PJM bidding strategy and other actions taken to mitigate potential constraints in the PJM ATSI zone.<sup>9</sup> This issue was also discussed and addressed in the Companies' recent Electric Security Plan Case,<sup>10</sup> the Companies' 2012 Long Term Forecast Report,<sup>11</sup> and the Companies' 2013-2015 Energy Efficiency and Peak Demand Reduction Program Portfolio Plan Case.<sup>12</sup> Therefore, Sierra Club's request for information on this topic is not only misplaced in this proceeding, but is also redundant and unnecessary.

Sierra Club also criticizes the Companies' Status Reports, claiming that they include "no comparison of forecasted savings to verified savings, the magnitude of the savings, and/or a trend analysis of how anticipated savings will be realized over the life of the program...."<sup>13</sup> This simply is wrong. The aforementioned information was

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<sup>8</sup> The Sierra Club is a member of the Companies' Ohio Collaborative. The Companies have attempted to provide any relevant and reasonable information requested by collaborative members when ever such requests are made. There is nothing to prevent the Sierra Club from making such a request through the collaborative process.

<sup>9</sup> *In re Commission's Review of [the Companies'] May 2012 PJM Reliability Pricing Model Auction*, Case No. 12-814-EL-UNC.

<sup>10</sup> *See generally, In the Matter of the [Companies] Application for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan*, Case No. 12-1230-EL-SSO, Order at 35-38 (July 18, 2012).

<sup>11</sup> *In re [Companies] 2012 Long Term Forecast Report*, Case No. 12-504-EL-FOR (April 16, 2012).

<sup>12</sup> *In re Application of [the Companies] For Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2013 through 2015*, Case No. 12-2190-EL-POR, et seq. (July 31, 2012).

<sup>13</sup> Sierra Club Comments, p. 5.

included in the trend analysis provided with each individual program description in Section 4 of the Status Reports.

NRDC/OEC focused the vast majority of their comments on the technical aspects surrounding the Companies' EMV reports prepared by ADM<sup>14</sup> and making recommendations that *they believe* are necessary in order to improve program performance.<sup>15</sup> With regard to the EMV reports, NRDC/OEC claim that the reports are deficient because they allegedly (i) "include no cost effectiveness- or even cost -- information;"<sup>16</sup> (ii) include no "meaningful suggestions to improve program performance"<sup>17</sup>; and (iii) describe EMV processes that were not performed in a manner preferred by NRDC/OEC."<sup>18</sup>

Although the Companies failed to indicate in Table 3-1 to the Status Reports that the TRC values included therein were calculated by ADM, this was in fact the case.<sup>19</sup> Therefore, contrary to NRDC/OEC's claims, the cost information was included in the Status Report and was independently reviewed and verified.

NRDC/OEC also claim that ADM fails to achieve "one of the main purposes of energy efficiency evaluation" because they allegedly did not provide "meaningful" suggestions for program improvement.<sup>20</sup> As a preliminary matter, nowhere in Rule 4901:1-39-05(C)(2)(b), OAC, does it require the EMV report to include recommendations for program improvements. Instead, this rule focuses on ensuring that

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<sup>14</sup> NRDC/OEC Comments, pp. 2-8.

<sup>15</sup> Id. at 9-12.

<sup>16</sup> Id., p. 2.

<sup>17</sup> Id.

<sup>18</sup> Id. at 3-8.

<sup>19</sup> Because the template provided by the SWE did not include a section for reporting TRC results, the Companies simply included these results in Table 3-1, which summarizes other program cost information.

<sup>20</sup> NRDC/OEC Comments, p. 2.

the measures were actually installed and had generated the results being reported,<sup>21</sup> which then must be verified by the SWE who focuses on “monitoring, verifying and evaluating the energy savings and peak-demand reductions resulting from the electric utility programs and mercantile customer activities.”<sup>22</sup> Indeed, it is the role of the *electric utility*, and not the EMV contractor, to include a section in its status report in which it makes a recommendation as to whether each program should be “continued, *modified* or eliminated.”<sup>23</sup> The Companies included their assessment of each of the programs in their program descriptions included in Section 4 of the Status Reports. Inasmuch as the Companies are responsible for achieving the statutory EE and PDR benchmarks, it is the role of the Companies to evaluate and administer these programs as they deem appropriate. However, in order to assist them in this endeavor, the Companies rely on their various consultants, program administrators, vendors and interested parties who comprise the Companies’ Ohio collaborative group. These sources provide recommendations *throughout the plan period* and not simply in EMV or status update reports. Rather than criticizing the programs in comments to a status report, NRDC/OEC should try to utilize the collaborative process and raise the issues in a forum in which the issues can be fully vetted by *all* interested parties with a goal of achieving consensus on how to modify programs.<sup>24</sup>

Notwithstanding the foregoing, because the EMV report template provided by the SWE included a section for such program recommendations, ADM also included

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<sup>21</sup> Rule 4901:1-39-05(C)(2)(b), OAC.

<sup>22</sup> Rule 4901:1-39-05(D), OAC.

<sup>23</sup> Id. at (C)(2)(c) (emphasis added).

<sup>24</sup> According to attendance records, NRDC and OEC attended 1 and 5 meetings, respectively, of the 18 meetings or subcommittee meetings held by the Companies during 2011. Therefore, neither party is in a position to know details of discussions with the full collaborative that may have taken place regarding their concerns set forth in their comments.

recommendations for program changes in a section included in each of Appendices B-I. Simply because these recommendations do not satisfy NRDC/OEC does not make the Status Reports deficient.

Finally, NRDC/OEC criticize the EMV methodology utilized by ADM when performing its measurement and evaluation process. Moreover, NRDC/OEC argue that ADM's approach on the Home Energy Audit ("HEA") Program was improper because ADM did not utilize an approach recommended by the United States Department of Energy in a report released in March 2012 – *after* all EMV work on the HEA Program had been completed. There are several approaches to EMV, many of which were discussed with the SWE prior to ADM performing the work. The Companies are reviewing this and the other EMV suggestions made by NRDC/OEC with ADM and will incorporate appropriate modifications to future EMV processes as deemed necessary. However, simply because EMV was not performed as NRDC/OEC would like, does not make ADM's approach inappropriate or improper, especially since much of the EMV methodology utilized by ADM was discussed with the State's EMV contractor prior to performing the work. It is the role of the SWE, and not the NRDC/OEC, to review the EMV methodology utilized by ADM. Therefore, rather than providing an explanation or response to each criticism made by NRDC/OEC on the EMV process, the Companies will await Staff's review and provide any further explanation at that time should any explanation be deemed necessary.

NRDC/OEC also criticize the implementation of the Companies' programs. As already discussed, this is not the forum in which to make changes to programs. There are numerous parties interested in how the programs perform and not all may agree with

NRDC/OEC's suggestions. In an effort to provide a forum for discussion on all programs and an opportunity for all interests to be equally considered, the Companies hold regular collaborative meetings in which any party can raise any issue or concern surrounding any of the programs being offered by the Companies. As explained by John Dargie, Vice President of Energy Efficiency, the Companies provided a number of opportunities for collaborative members to offer suggestions for program improvement.<sup>25</sup> It may have been more productive had NRDC/OEC participated in the collaborative process had they wanted program changes made, instead of waiting to submit comments on programs included in a plan that is scheduled to expire in less than six months. Because the Companies recently filed their 2013-2015 EE and PDR Portfolio Plan ("2013 EEPDR Case") with the Commission,<sup>26</sup> and many of the programs included in that plan are extensions of the EE and PDR plans currently in effect,<sup>27</sup> NRDC/OEC should focus their efforts on modifying programs that will be in place during the next three year reporting period -- something that can be done through the evidentiary hearing process in the 2013 EEPDR Case. This approach will provide all parties with an opportunity to express their views on the suggestions of NRDC/OEC and provide the Commission with a more complete assessment of the programs being offered by the Companies and the modifications being suggested by various parties, including NRDC/OEC.

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<sup>25</sup> *In re [the Companies] Application For Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2013 through 2015*, Case No. 12-2190-EL-POR et al. (Company Exhibit 1 – Dargie Testimony, July 31, 2012)

<sup>26</sup> *See generally, In re [the Companies] Application For Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2013 through 2015*, Case No. 12-2190-EL-POR et al. (July 31, 2012).

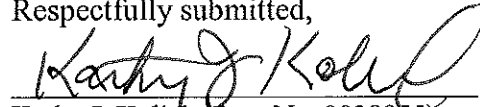
<sup>27</sup> *Id.* Company Exhibit 1 (Dargie Testimony) at 7.

#### IV. CONCLUSION

In sum, the Companies' Status Reports include all information as required by Commission rules, and is presented in a manner that is consistent with SWE recommendations, and are similar in format and content as that presented in prior reports submitted by the Companies for years ending 2009 and 2010. Requests for Commission orders to require supplemental or future information are not consistent with standard rulemaking procedures and/or are redundant with information provided through other dockets. Accordingly request for such supplemental information should be rejected. Finally the criticisms of NRDC/OEC are misplaced. Many of the issues that these parties raise are better dealt with through the collaborative process, should NRDC/OEC desire to actively participate. Before the changes recommended by NRDC/OEC can be implemented, they should be vetted with other interested parties with a goal of achieving consensus on how to proceed. Moreover, by the time the suggestions for the current programs can be implemented, the programs and the approved plans under which they are offered will be ready to expire. NRDC/OEC's efforts should focus on the Companies' next three year EE and PDR portfolio case currently pending before the Commission.

The Companies thank the Commission for the opportunity to respond to the various criticisms surrounding their Status Reports and stand ready to provide any additional information Staff may need in order to complete its recommendations to the Commission.

Respectfully submitted,

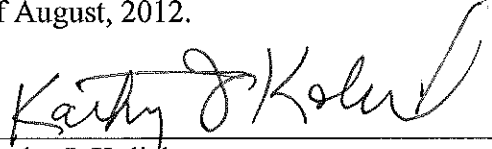
  
Kathy J. Kolich (Reg. No. 0038855)  
Senior Corporate Counsel

FirstEnergy Service Company  
76 South Main Street  
Akron, OH 44308  
Telephone: 330-384-4580  
Fax: 330-384-3875  
E-mail: [kjkolich@firstenergycorp.com](mailto:kjkolich@firstenergycorp.com)

Attorney for Ohio Edison Company  
The Cleveland Electric Illuminating  
Company and The Toledo Edison  
Company

**CERTIFICATE OF SERVICE**

I hereby certify that the Reply Comments submitted by Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company, was filed electronically through the Docketing Information System of the Public Utilities Commission of Ohio on this 22d day of August, 2012.

  
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Kathy J. Kolich

One of the Attorneys for Applicants, Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company

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Summary: Reply Comments electronically filed by Ms. Kathy J Kolich on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company