

### Shared Savings Determination

The Companies include in this report the Shared Savings Incentive Mechanism (“Incentive Mechanism”) calculation performed in a manner consistent with the March 20, 2013 Opinion and Order in Case 12-2190-EL-POR, *et al.* Shared savings is calculated annually on an individual Company basis, consistent with information as presented in each Company’s EE&PDR Plan and Annual Portfolio Status Report, and consistent with the Commission rules as set forth in Rules 4901:1-39-05 and 4901:1-39-06, Ohio Administrative Code.

The Incentive Mechanism calculation is completed in four steps and shown below in CE, OE and TE Tables 1-4. First, the Incentive Mechanism Trigger is calculated. As shown in CE, OE and TE Table 1, each Company triggers the Incentive Mechanism by exceeding both its annual and cumulative energy savings targets in 2015 as set forth in Section 4928.66 (A)(1)(a), Revised Code. Second, the Incentive Percentage is calculated. As shown in CE, OE and TE Table 2, each Company’s energy savings result in a 13.00% Incentive Percentage. Third, the Adjusted Net Benefits are calculated. Discounted Net Lifetime Benefits are calculated by the Companies’ Independent evaluator, ADM Associates, Inc., based upon the Utility Cost Test (UCT). The Discounted Net Lifetime Benefits are then adjusted to exclude the effect of Mercantile Customer projects that were installed prior to March 23, 2011, the date the Companies’ Plans were approved by the Commission in Case No. 09-1947-EL-POR, *et al.*, and the effects of Behavioral Modification Projects that do not demonstrate persistence. No adjustments are made for Transmission and Distribution (T&D) projects since no Discounted Net Lifetime Benefits for T&D projects undertaken by the Companies are included. Each Company’s Adjusted Net Benefits is shown in CE, OE and TE Table 3. Fourth, the Company Incentive is calculated as a result of the Incentive Percentage and the Adjusted Net Benefits. Each Company’s Incentive is shown in CE, OE and TE Table 4.

For the 2015 reporting year, the Incentive Mechanism calculation includes savings from only those programs suspended at the end of 2014. The calculation of shared savings includes the net benefits related to customer commitments made under these programs prior to their suspension for projects that were completed in 2015<sup>1</sup>.

Considering each Company Incentive, the Companies have collectively earned \$14,793,513 in shared savings. According to the cap established with the March 20, 2013 Opinion and Order in Case 12-2190-EL-POR, *et al.*, the Companies will limit collection of shared savings to \$10 million on an after-tax basis through Rider DSE2.

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<sup>1</sup> PUCO November 20, 2014 Order in 12-2190-EL-POR, *et al.* Paragraphs 47-48.

**SHARED SAVINGS: CE**

Cleveland Electric Illuminating

**Table CE-1: Incentive Mechanism Trigger Calculation**

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Achieved Annual Energy Savings MWh	Achieved Cumulative Energy Savings MWh
2015	0.00%	0	4.20%	737,547	99,603	1,509,065

(a) Greater of zero and the difference between 2014 and 2015 cumulative benchmarks. See Table 2-1 in the respective Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2015	>115%	205%	Y

**Table CE-2: Incentive Percentage Calculation**

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (b)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2015	0	99,603	NA	99,603	>115%

Incentive Tier	Compliance Percentage	Incentive Percentage
1	<100%	0.00%
2	100-105%	5.00%
3	>105-110%	7.50%
4	>110-115%	10.00%
5	>115%	13.00%

(b) The Company did not have a prior year cumulative deficit. See Table 2-1 in the Companies Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio for 2014.

**Table CE-3: Adjusted Net Benefits**

Program	Discounted Lifetime Costs	Discounted Lifetime Benefits	Total Discounted Net Lifetime Benefits
Appliance Turn-In	\$148,284	\$82,354	-\$65,930
Energy Efficient Products	\$165,861	\$2,313,439	\$2,147,577
Home Performance	\$346,477	\$448,152	\$101,675
C&I Energy Efficiency Equipment-Small	\$2,209,978	\$26,637,889	\$24,427,911
Energy Efficient Buildings-Small	\$235,554	\$464,621	\$229,068
C/I Energy Efficient Equipment-Large	\$1,626,416	\$9,231,033	\$7,604,617
Energy Efficient Buildings-Large	\$28,321	\$0	-\$28,321
Government Tariff Lighting	-\$403	\$0	\$403
Other Costs	\$1,420	\$0	-\$1,420
<b>Total</b>	<b>\$4,761,909</b>	<b>\$39,177,489</b>	<b>\$34,415,580</b>

Adjustments		
Behavioral Modification Projects that do not demonstrate persistence (c)	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>

**Adjusted Discounted Net Lifetime Benefits** **\$34,415,580**

(c) Discounted lifetime benefits from Behavioral Modification Projects included in the Home Performance Program are based on current year participation only. The Company has not claimed persistence beyond the current year for Home Energy Reports.

**Table CE-4: Company Incentive Calculation**

Year	Adjusted Net Benefits	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2015	\$34,415,580	>115%	5	13.0%	\$4,474,025

**SHARED SAVINGS: OE**

Ohio Edison

**Table OE-1: Incentive Mechanism Trigger Calculation**

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Achieved Annual Energy Savings MWh	Achieved Cumulative Energy Savings MWh
2015	0.00%	0	4.20%	940,856	190,614	1,730,033

(a) Greater of zero and the difference between 2014 and 2015 cumulative benchmarks. See Table 2-1 in the respective Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2015	>115%	184%	Y

**Table OE-2: Incentive Percentage Calculation**

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (b)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2015	0	190,614	NA	190,614	>115%

Incentive Tier	Compliance Percentage	Incentive Percentage
1	<100%	0.00%
2	100-105%	5.00%
3	>105-110%	7.50%
4	>110-115%	10.00%
5	>115%	13.00%

(b) The Company did not have a prior year cumulative deficit. See Table 2-1 in the Companies Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio for 2014.

**Table OE-3: Adjusted Net Benefits**

Program	Discounted Lifetime Costs	Discounted Lifetime Benefits	Total Discounted Net Lifetime Benefits
Appliance Turn-In	\$223,900	\$111,043	-\$112,857
Energy Efficient Products	\$130,366	\$2,533,313	\$2,402,947
Home Performance	\$552,087	\$682,123	\$130,036
C&I Energy Efficiency Equipment-Small	\$1,979,223	\$24,062,223	\$22,083,000
Energy Efficient Buildings-Small	\$204,889	\$246,762	\$41,874
C/I Energy Efficient Equipment-Large	\$4,106,462	\$28,956,056	\$24,849,595
Energy Efficient Buildings-Large	\$631,364	\$1,214,334	\$582,970
Government Tariff Lighting	-\$2,797	\$0	\$2,797
Other Costs	\$0	\$0	\$0
<b>Total</b>	<b>\$7,825,495</b>	<b>\$57,805,855</b>	<b>\$49,980,360</b>

Adjustments		
Behavioral Modification Projects that do not demonstrate persistence (c)	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>

**Adjusted Discounted Net Lifetime Benefits** **\$49,980,360**

(c) Discounted lifetime benefits from Behavioral Modification Projects included in the Home Performance Program are based on current year participation only. The Company has not claimed persistence beyond the current year for Home Energy Reports.

**Table OE-4: Company Incentive Calculation**

Year	Adjusted Net Benefits	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2015	\$49,980,360	>115%	5	13.0%	\$6,497,447

**SHARED SAVINGS: TE**

Toledo Edison

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Achieved Annual Energy Savings MWh	Achieved Cumulative Energy Savings MWh
2015	0.00%	0	4.20%	312,265	89,435	683,714

(a) Greater of zero and the difference between 2014 and 2015 cumulative benchmarks. See Table 2-1 in the respective Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2015	>115%	219%	Y

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (b)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2015	0	89,435	NA	89,435	>115%

Incentive Tier	Compliance Percentage	Incentive Percentage
1	<100%	0.00%
2	100-105%	5.00%
3	>105-110%	7.50%
4	>110-115%	10.00%
5	>115%	13.00%

(b) The Company did not have a prior year cumulative deficit. See Table 2-1 in the Companies Energy Efficiency and Peak Demand Reduction Program Portfolio Status Report to the Public Utilities Commission of Ohio for 2014.

Program	Discounted Lifetime Costs	Discounted Lifetime Benefits	Total Discounted Net Lifetime Benefits
Appliance Turn-In	\$67,897	\$17,097	-\$50,800
Energy Efficient Products	\$38,127	\$730,600	\$692,473
Home Performance	\$230,928	\$207,260	-\$23,667
C&I Energy Efficiency Equipment-Small	\$1,487,197	\$13,889,920	\$12,402,724
Energy Efficient Buildings-Small	\$61,107	\$16,217	-\$44,890
C/I Energy Efficient Equipment-Large	\$2,790,902	\$17,261,617	\$14,470,715
Energy Efficient Buildings-Large	\$604,449	\$2,558,563	\$1,954,114
Government Tariff Lighting	\$358	\$0	-\$358
Other Costs	\$0	\$0	\$0
<b>Total</b>	<b>\$5,280,965</b>	<b>\$34,681,276</b>	<b>\$29,400,312</b>

Behavioral Modification Projects that do not demonstrate persistence (c)	Discounted Lifetime Costs	Discounted Lifetime Benefits	Total Discounted Net Lifetime Benefits
	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Adjusted Discounted Net Lifetime Benefits** **\$29,400,312**

(c) Discounted lifetime benefits from Behavioral Modification Projects included in the Home Performance Program are based on current year participation only. The Company has not claimed persistence beyond the current year for Home Energy Reports.

Year	Adjusted Net Benefits	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2015	\$29,400,312	>115%	5	13.0%	\$3,822,041