

## APPENDIX D – SHARED SAVINGS

### **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*, and as modified by the Commission in the October 12, 2016 Fifth Entry on Rehearing in Case No. 14-1297-EL-SSO (the Companies’ ESP IV case), and as approved in the November 21, 2017 Order in Case 16-743-EL-POR. 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 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 using adjusted achieved annual and cumulative energy efficiency savings. 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 2019 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, energy savings result in a 13.0%, 13.0%, and 13.0% Incentive Percentage for CE, OE, and TE, respectively. 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 exclude the effect of non-cost-effective programs, the historic Mercantile Customer Program, and Transmission and Distribution projects. Discounted Net 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. 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.

Considering each Company Incentive, the Companies have collectively earned \$46,080,167 in shared savings. However, the collection of shared savings is limited to the cap established in the Companies’ Stipulated Fourth Electric Security Plan as modified, approved, and adopted by the Commission in Case No. 14-1297-EL-SSO.

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

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Adjusted Achieved (b) Annual Energy Savings Savings MWh	Adjusted Achieved (b) Cumulative Energy Savings MWh
2019	1.00%	167,662	7.20%	1,207,168	241,157	2,169,331

(a) Compliance Baseline (Appendix B) x 1%  
(b) Adjusted Achieved Energy Savings exclude results from the Customer Action Program.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2019	143.8%	179.7%	Y

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

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (c)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2019	167,662	241,157	N/A	241,157	143.8%

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%

(c) 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 2018.

**Table CE-3: Adjusted Net Benefits (UCT)**

Program (d)	Discounted Lifetime Costs (UCT)	Discounted Lifetime Benefits (UCT)	Total Discounted Net Lifetime Benefits (UCT)
Appliance Turn In	\$1,557,234	\$6,216,368	\$4,659,134
EE Products	\$3,283,827	\$25,592,665	\$22,308,838
EE Homes (e)	\$4,011,636	\$14,688,848	\$10,677,212
Energy Solutions for Business - Small	\$6,527,431	\$59,467,014	\$52,939,583
Mercantile Customer	\$1,258,613	\$25,154,598	\$23,895,984
Energy Solutions for Business - Large	\$3,164,941	\$23,903,752	\$20,738,811
Low Income EE	\$2,634,493	\$3,643,664	\$1,009,172
Government Tariff Lighting	\$12,778	\$156,269	\$143,492
<b>Total</b>	<b>\$22,450,952</b>	<b>\$158,823,178</b>	<b>\$136,372,225</b>

(d) Excludes non-cost-effective programs and the historic Mercantile Customer Program.  
(e) 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 (UCT)	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2019	\$136,372,225	143.8%	5	13.0%	\$17,728,389

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

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Adjusted Achieved (b) Annual Energy Savings Savings MWh	Adjusted Achieved (b) Cumulative Energy Savings MWh
2019	1.00%	215,226	7.20%	1,549,624	310,797	2,404,270

(a) Compliance Baseline (Appendix B) x 1%  
(b) Adjusted Achieved Energy Savings exclude results from the Customer Action Program.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2019	144.4%	155.2%	Y

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

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (c)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2019	215,226	310,797	N/A	310,797	144.4%

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%

(c) 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 2018.

**Table OE-3: Adjusted Net Benefits (UCT)**

Program (d)	Discounted Lifetime Costs (UCT)	Discounted Lifetime Benefits (UCT)	Total Discounted Net Lifetime Benefits (UCT)
Appliance Turn In	\$2,151,425	\$9,004,214	\$6,852,788
EE Products	\$4,819,921	\$27,919,052	\$23,099,131
EE Homes (e)	\$6,013,738	\$22,798,383	\$16,784,646
Energy Solutions for Business - Small Mercantile Customer	\$8,118,537	\$71,082,792	\$62,964,256
Energy Solutions for Business - Large	\$618,419	\$8,719,561	\$8,101,142
Low Income EE	\$5,673,316	\$50,725,341	\$45,052,025
Government Tariff Lighting	\$2,788,483	\$2,897,240	\$108,757
<b>Total</b>	<b>\$34,256</b>	<b>\$192,974</b>	<b>\$158,718</b>
	<b>\$30,218,096</b>	<b>\$193,339,558</b>	<b>\$163,121,462</b>

(d) Excludes non-cost-effective programs and the historic Mercantile Customer Program.

(e) 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 (UCT)	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2019	\$163,121,462	144.4%	5	13.0%	\$21,205,790

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

Year	Annual Benchmark	Annual Target (a) MWh	Cumulative Benchmark	Cumulative Target MWh	Adjusted Achieved (b) Annual Energy Savings Savings MWh	Adjusted Achieved (b) Cumulative Energy Savings MWh
2019	1.00%	68,462	7.20%	492,925	96,780	948,447

(a) Compliance Baseline (Appendix B) x 1%  
(b) Adjusted Achieved Energy Savings exclude results from the Customer Action Program.

Year	Annual Compliance	Cumulative Compliance	Eligible for Incentive?
2019	141.4%	192.4%	Y

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

Year	Annual Target MWh	Achieved Annual Energy Savings MWh	Prior Year Cumulative Deficit (c)	Adjusted Annual Energy Savings MWh	Incentive Mechanism Compliance Percentage
2019	68,462	96,780	N/A	96,780	141.4%

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%

(c) 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 2018.

**Table TE-3: Adjusted Net Benefits (UCT)**

Program (d)	Discounted Lifetime Costs (UCT)	Discounted Lifetime Benefits (UCT)	Total Discounted Net Lifetime Benefits (UCT)
Appliance Turn In	\$576,658	\$2,189,537	\$1,612,879
EE Products	\$1,686,561	\$10,622,401	\$8,935,840
EE Homes (e)	\$1,974,497	\$8,341,839	\$6,367,342
Energy Solutions for Business - Small	\$2,641,347	\$24,927,104	\$22,285,757
Mercantile Customer	\$252,597	\$2,600,312	\$2,347,715
Energy Solutions for Business - Large	\$1,862,183	\$14,353,431	\$12,491,247
Low Income EE	\$1,127,908	\$1,207,354	\$79,445
Government Tariff Lighting	\$2,174	\$851,086	\$848,912
<b>Total</b>	<b>\$10,123,925</b>	<b>\$65,093,063</b>	<b>\$54,969,138</b>

(d) Excludes non-cost-effective programs and the historic Mercantile Customer Program.  
(e) 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 TE-4: Company Incentive Calculation**

Year	Adjusted Net Benefits (UCT)	Compliance Percentage	Incentive Tier	Incentive Percentage	Company Incentive
2019	\$54,969,138	141.4%	5	13.0%	\$7,145,988