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2009 SEP 14 AM 9:48

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September 11, 2009

*Via Federal Express
and Facsimile (614-466-0313)*

09-714-EL-KWC

Ms. Renee J. Jenkins
Director, Administration Department
Secretary to the Commission
Docketing Division
The Public Utilities Commission of Ohio
180 Broad Street
Columbus, OH 43215-3793

Dear Ms. Jenkins:

**Re: *In the Matter of the Adoption of a Portfolio Plan Template for
Electric Utility Energy Efficiency and Peak-Demand Reduction
Programs***

Enclosed for filing, please find the original and seventeen (17) copies of the *Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company* regarding the above-referenced case. Please file the enclosed *Comments*, time-stamping the two extras and returning them to the undersigned in the enclosed envelope.

Thank you for your assistance in this matter. Please contact me if you have any questions concerning this matter.

Very truly yours,



Ebony L. Miller

ELB/jhp
Enclosures

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Adoption of a Portfolio
Plan Template for Electric Utility Energy
Efficiency and Peak-Demand Reduction
Programs.

Case No. 09-714-EL-UNC

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

Ebony L. Miller

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AND THE TOLEDO EDISON COMPANY**

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TABLE OF CONTENTS

| | Page |
|---|-------------|
| I. Introduction | 3 |
| II. Comments to Draft Portfolio Plan Template | |
| 1. Section 2- Energy Efficiency Portfolio – Program Summary | 3 |
| 2. Section 3- Program Descriptions | 5 |
| 3. Section 4- Planning, Reporting and Tracking Systems | 6 |
| 4. Section 10- Tables for Portfolio Plan Template | 7 |
| III. Conclusion | 7 |

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COMMENTS OF OHIO EDISON COMPANY,
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THE TOLEDO EDISON COMPANY

I. INTRODUCTION

Pursuant to the Commission's Entry of August 28, 2009 ("August 28th Entry"), Ohio Edison Company ("Ohio Edison"), The Cleveland Electric Illuminating Company ("CEI"), and The Toledo Edison Company ("Toledo Edison") (collectively, the "Companies"), respectfully file their comments to the draft portfolio plan template proposed by the Commission in the August 28th Entry.¹ The Companies appreciate the opportunity to comment and acknowledge the hard work of the Staff reflected in the draft portfolio plan template. The Companies respectfully request that the Commission consider their comments and appropriately modify the draft portfolio plan template.

II. COMMENTS TO DRAFT PORTFOLIO PLAN TEMPLATE

1. Section 2- Energy Efficiency Portfolio- Program Summary²

¹ The Companies note that the draft portfolio plan template references Ohio Administrative Code (O.A.C.) provisions that do not exist and have no legal effect. The Companies have not set forth their specific concerns herein to the proposed O.A.C. rules referenced in the draft portfolio plan template. However, the Companies hereby incorporate herein all of their comments and concerns previously filed in Case No. 08-888-EL-ORD.

² The Companies oppose the seven new customer classifications or sectors that are first set forth in Section 2, and again appear in a number of other sections of the draft portfolio plan template. The Companies set forth their arguments against such a sector approach in Section 2. However, the Companies' arguments in Section 2 are intended and shall be incorporated in each section wherein the new sectors are referenced.

The draft portfolio plan template proposes the following customer classifications: (1) Residential, (2) Residential Low-Income, (3) Small Enterprise, (4) Mercantile Self-Direct, (5) Mercantile-Utility, (6) Governmental & Nonprofit, and (7) Transmission & Distribution. The Companies believe that organizing customers into these sectors is unreasonable, administratively burdensome, and cost prohibitive.³ The proposed sectors are unreasonable in that they have no relationship to the Companies' Commission-approved rate schedules; and would require the Companies to assign customers to these new sectors without sufficient customer information to properly place customers in the designated new sectors. The proposed classifications are administratively burdensome and cost prohibitive in that the Companies would have to redesign and reconfigure their current systems (including extensive changes to the Companies' information technology systems) to attempt to identify, classify, and appropriately bill customers, with no discernible benefits to customers. Moreover, the Companies just completed a Market Study based on the Companies' current classifications. To address the proposed new classifications the Companies would incur additional expenses and experience significant delays in defining and executing energy efficiency plans.⁴

In addition to the challenges set forth above, it simply is not practical for the Companies to plan based on sectors that are not customer class related. For example, the Transmission and Distribution ("T&D") program consists of a number of projects designed to make the transmission and distribution system run more efficiently. The

³ The sector approach would also mandate that Residential Low-Income customers bear the expense of all energy efficiency programs within their sector (as opposed to such costs being spread across the entire residential class of customers).

⁴ Even if the Companies do not re-perform the market research based on the new classifications, at a minimum, the market research underlying the original market study will be less accurate than if the classifications remain as they are today.

T&D program is not customer based; nor is it appropriate to establish an independent baseline for this specific program. The Mercantile Utility and Mercantile Self-Direct classifications are also program distinctions and not customer classifications, and it is not appropriate to have separate baselines for these programs. Moreover, in the case of Mercantile Self-Direct, the Companies could not direct or control the planning, implementation, or results of such programs. Such programs by definition are not the Companies' programs.

The Companies recommend a modification to the portfolio plan template to utilize the Companies' existing customer classifications -- residential, commercial, industrial, and street lighting for planning purposes. Such classifications are already imbedded in the Companies' customer information systems and baselines. In addition, the Companies' existing customer classifications can be utilized to obtain other customer information required in the proposed portfolio plan template. The Companies' recommended approach is also consistent with the Companies' Commission-approved cost recovery rider, rate design, and rate schedule structure. Costs can be accumulated based on these rate schedules and charged back to customers without any cross subsidization between rate schedules.

As stated above, the Companies recommend that the portfolio plan template be modified to allow the Companies to utilize their existing customer classifications of residential, commercial, industrial and street lighting for planning purposes, while the associated costs continue to be accumulated and recovered based on the Companies' Commission approved rate schedules.

Section 3- Program Descriptions

Section 3.8 requires programs to include a cost-effectiveness (Total Resource Cost test) analysis, including values for each benefit and cost component of the Total Resource Cost ("TRC") test. This analysis may be appropriate for certain utility programs ultimately paid for by ratepayers, but the analysis is not appropriate for mercantile self directed programs that are paid for by the mercantile customer. A mercantile customer is motivated to create cost effective programs based on their own criteria specific to their operations. Moreover, the TRC test results are irrelevant for purposes of determining program costs to be passed on to the Companies' customers. Irrespective of whether a mercantile customer invests \$50,000 in a project that yields 1 MW of energy savings or invests \$100,000 in a project that yields 1 MW, the cost to the utility customer is the same. It is not appropriate for the Companies to commit limited resources to re-evaluate mercantile customer business decisions.

Section 4- Planning, Reporting and Tracking Systems

The requirement for quarterly reporting set forth in Section 4.3 is too frequent and far exceeds the annual reporting requirement clearly contemplated in R.C. 4928.66(B) which provides:

(B) In accordance with rules it shall adopt, the public utilities commission shall produce and docket at the commission an annual report containing the results of its verification of *the annual levels* of energy efficiency and of peak demand reductions achieved by each electric distribution utility pursuant to division (A) of this section. . . [(emphasis added).]

Further, given the level of work with which Staff will be dealing, the costs in time and resources far outweighs any benefits that may be derived from such an aggressive reporting schedule. And, finally, the Companies are having difficulty

seeing the purpose served by submitting reports to the Commission every three months and no supporting rationale was provided in the proposed portfolio template. The costs in time and resources far outweighs any benefits that may be derived from such an aggressive reporting schedule.

Section 10- Tables for Portfolio Plan Template

The Companies recommend deleting Table 5. Section 7.2 represents that Table 5 reflects how a cost recovery mechanism will ensure that measures approved are financed by the same customer class that will receive the direct energy and conservation benefits. However, Table 5 does not appear to illustrate that the customer class incurring the energy efficiency expense is receiving the direct energy and conservation benefit. On the contrary, it appears that Table 5 is attempting to illustrate some sort of equity among class comparison. The Companies recommend that Table 5 be deleted or clarified. If Table 5 is clarified the Companies request an opportunity at such time to make comments on the revised Table 5.

The Companies also note that Table 2 and Table 3 should set forth three (3) years of information pursuant to R.C. 4928.66, not four (4) years.

III. CONCLUSION

The Companies thank the Commission for the opportunity to present comments and respectfully request the Commission to incorporate the Companies' recommendations as set forth above in the portfolio plan template adopted in this proceeding.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Ebony L. Miller", written over a horizontal line.

Ebony L. Miller

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