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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application of Ohio Edison)
Company, The Cleveland Electric Illuminating)
Company and The Toledo Edison Company for)
Approval of an Experimental Critical Peak)
Rider, a revised Generation Service Rider)
which Includes a Time-of-Day Option, and an)
Experimental Real Time Pricing Rider)

Case No. 09-541-EL-ATA

**SUPPLEMENTAL COMMENTS OF NUCOR STEEL MARION, INC.
IN SUPPORT OF PROPOSED TIME-OF-DAY RATES AND
RENEWED REQUEST FOR EXPEDITED APPROVAL**

On June 29, 2009, Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (collectively "FirstEnergy") made a filing requesting approval of a revised Generation Service Rider, which includes a Time-of-Day Option, an Experimental Critical Peak Rider, and an Experimental Real Time Pricing Rider. On July 21, 2009, Nucor Steel Marion, Inc. ("Nucor") submitted comments supporting the adoption and implementation of FirstEnergy's proposed time-of-day rates, and requesting that the Commission approve FirstEnergy's time-of-day rates on an expedited basis.¹ Since the Commission has not ruled on FirstEnergy's proposed time-of-day rates, Nucor submits these supplemental comments reiterating Nucor's support for the rates and renewing its request for expeditious approval and implementation. No party has opposed or raised any concerns about FirstEnergy's proposed time-of-day rates in the several months since the rates have been filed, and the rates would advance important

¹ As noted in Nucor's July 21 comments, Nucor supports the concepts of critical peak pricing and real-time pricing, but takes no position on the specific provisions of FirstEnergy's proposed Experimental Critical Peak Rider and Experimental Real Time Pricing Rider.

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peak demand reduction and energy efficiency policy goals embraced at both a state and federal level. *See, e.g.*, O.R.C. Section 4928.02(D) (stating that it is Ohio state policy to “[e]ncourage innovation and market access for cost-effective supply and demand-side retail electric service, including . . . demand-side management [and] time-differentiated pricing.”). Also, Nucor is interested in taking service under FirstEnergy’s time-of-day rates, which is likely the case for other customers as well. Accordingly, Nucor renews its request that the Commission approve FirstEnergy’s proposed time-of-day rates (or at least allow the rates to go into effect on a conditional basis) on an expedited basis.

I. The Benefits of FirstEnergy’s Proposed Time-of-Day Rates

Nucor discussed the important features and benefits of FirstEnergy’s proposed time-of-day rates in its July 21 comments. To summarize – FirstEnergy proposes to include three different price levels in the course of a day for both the summer and winter seasons – midday peak, shoulder peak, and off-peak. FirstEnergy derived the time-of-day rates using the same methodology as was used in its electric security plan (“ESP”) application, except that FirstEnergy added a third daily time period instead of having just two time periods.

Under FirstEnergy’s proposal, customers will receive price signals to reduce load during the higher cost periods. The time-of-day rates proposed in this proceeding provide an even greater/more precise potential demand response benefit than the unopposed time-of-use rates contained in FirstEnergy’s ESP application because the rates now proposed include a third “shoulder” daily pricing period. As the Ohio Consumers Council (“OCC”) explained in its comments in this proceeding: “[t]he addition of a shoulder period further stratifies the costing period and affords customers more flexibility in

shifting their consumption over the different periods of the day. This additional flexibility should make the program more attractive to customers than traditional two period rate designs.” OCC Comments at 5.

In short, the proposed time-of-day rates are well designed and should be attractive to customers of all types that can and will shift or reduce load in response to price signals. The price signals provided by FirstEnergy’s time-of-day rates will encourage customers to reduce peak load and energy use, which could provide a significant demand reduction benefit, particularly at times of peak system demand.

II. Renewed Request for Expedited Approval

In its July 21 comments, Nucor requested that the Commission approve FirstEnergy’s time-of-day rates on an expedited basis, noting that the rates could help FirstEnergy achieve reduced demand and energy use during peak times, particularly for the remaining summer months. The summer has passed, but it is still important that the Commission approve the time-of-day rates and allow them to go into effect as soon as possible.

To begin with, the Stipulation in the ESP proceeding, which was agreed to by a wide array of parties and was approved by the Commission, requires FirstEnergy to “expeditiously develop and seek Commission approval of” time-of-use rates (*see* Case No. 08-935-EL-SSO, Stipulation and Recommendation at 21). It was clearly Nucor’s understanding, and we believe also the understanding of the other parties to the Stipulation, that the rates would be filed and hopefully approved and implemented quickly. Although the rates were filed in late June, the time-of-day rate option still must be approved and implemented in order for customers to take advantage of the rates. We

are aware of no reason to further delay approval. If the rates are not approved and implemented expeditiously, the intent of the Stipulation with respect to time-of-day rates will be frustrated.

Second, Nucor, and probably other customers as well, are ready and willing to take service under FirstEnergy's time-of-day option. In its initial comments, Nucor urged the Commission to approve the rates by August 1, so that they would be in effect for the likely system peak. However, simply because the summer has now passed, it should not be assumed that there is no need to approve the rates quickly. On the contrary, it still makes sense to approve the time-of-day rates as soon as possible. After all, the rates provide on-peak and off-peak price signals throughout the year, not just during the summer. Further, customers who are interested in the rates will likely need time to adjust their operations in order to take advantage of the time-of-day rates. Implementing the rates now would give customers ample time to fully evaluate the rates, adjust their operations to time-of-day rates, and become familiar with the operation of the rates well before the summer of 2010. Also, if the rates are approved and implemented soon, there will be several months for new customers to sign up for the rates before next summer. This will make it more likely that a larger pool of customers will be on time-of-day rates when next summer rolls around, which will increase the peak demand reduction benefits provided by the rates. Equally, if not more importantly, time-of-day rates may provide some immediate relief to those businesses suffering from the economic downturn that can shift their usage from on-peak to off-peak to lower their costs.

Third, it is worth noting again that no party has opposed the proposed time-of-day rates, dating back to when the rates were initially proposed in FirstEnergy's ESP. Even

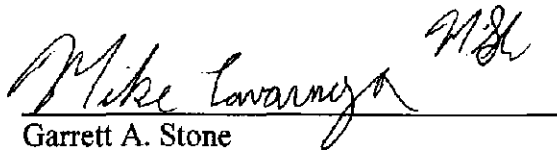
after Nucor filed its first request for expedited approval of the rates in July, no party objected to Nucor's request or the rates themselves. In fact, the Ohio Energy Group, an organization of large industrial customers, also filed comments supporting expedited approval of the time-of-day rates, which signals interest in these rates by some of Ohio's largest and most important employers. Parties have had ample opportunity to express concern about the FirstEnergy's proposed time-of-use rates, yet no such concerns have been raised. It appears, therefore, that the stakeholders in FirstEnergy's region either support or do not oppose FirstEnergy's proposed time-of-day rates. This should come as no surprise given that the proposed time-of-day rates are optional, so that no customer will be forced to take service under the rates if it does not want to.

Finally, it is no exaggeration to say that the Commission's plate is full right now, as it attempts to hammer out its rules and standards relating to energy efficiency and demand response, all while evaluating individual utility programs and proposals aimed at meeting the 2009 statutory mandates for peak demand reduction and energy efficiency. Approving FirstEnergy's time-of-day rates would allow an important and potentially significant demand response mechanism to go into effect, and would allow both the Commission and FirstEnergy to focus on other pending matters related to energy efficiency and peak demand reduction. On the other hand, setting the time-of-day rates for hearing or otherwise extending the period for deliberation of the rates would further drain the Commission's limited resources. Such a course is not necessary, especially given the lack of opposition to or concern about the rates raised by stakeholders, and the pressing need to get effective demand response and energy efficiency measures approved and in place as soon as possible.

III. CONCLUSION

For the reasons discussed above, Nucor supports FirstEnergy's proposed time-of-day rates, and hereby requests the Commission to approve the rates on an expedited basis, or at least approve the rates on a conditional basis, and allow them to go into effect no later than November 1, 2009.

Respectfully submitted,

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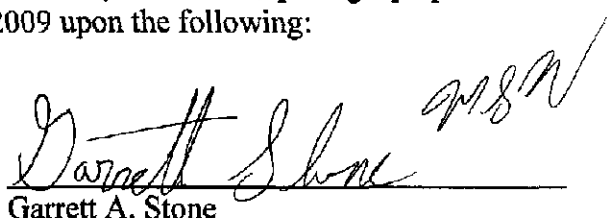
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *Supplemental Comments of Nucor Steel Marion, Inc. in Support of Proposed Time-of-Day Rates and Renewed Request for Expedited Approval* was served via by first-class, postage prepaid U.S. mail, or electronic mail on this 14th day of October, 2009 upon the following:


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