

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Edison	)	
Company, The Cleveland Electric Illuminating	)	Case No. 09-1820-EL-ATA
Company and The Toledo Edison Company	)	Case No. 09-1821-EL-GRD
for Approval of Ohio Site Deployment of the	)	Case No. 09-1822-EL-EEC
Smart Grid Modernization Initiative and Timely	)	Case No. 09-1823-EL-AAM
Recovery of Associated Costs.	)	

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**MOTION TO INTERVENE, MEMORANDUM IN SUPPORT, AND  
COMMENTS OF INDUSTRIAL ENERGY USERS-OHIO**

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**December 30, 2009**

**Attorneys for Industrial Energy Users-Ohio**

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company	)	Case No. 09-1820-EL-ATA
for Approval of Ohio Site Deployment of the Smart Grid Modernization Initiative and Timely Recovery of Associated Costs.	)	Case No. 09-1821-EL-GRD
	)	Case No. 09-1822-EL-EEC
	)	Case No. 09-1823-EL-AAM

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**MOTION TO INTERVENE OF INDUSTRIAL ENERGY USERS-OHIO**

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Industrial Energy Users-Ohio ("IEU-Ohio") hereby respectfully moves the Public Utilities Commission of Ohio ("Commission"), pursuant to Section 4903.221, Revised Code, and Rule 4901-1-11, Ohio Administrative Code, for leave to intervene in the above-captioned matters with the full powers and rights granted by the Commission, specifically by statute or by the provisions of the Ohio Administrative Code, to intervening parties.

On November 18, 2009, Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, "FirstEnergy") filed an Application for approval of several components of FirstEnergy's Smart Grid Modernization Initiative. FirstEnergy requested Commission approval of its Application on or before December 9, 2009.

As demonstrated further in the Memorandum in Support attached hereto and incorporated herein, IEU-Ohio has a direct, real, and substantial interest in the issues and matters involved in the above-captioned proceedings, and is so situated that the disposition of these proceedings may, as a practical matter, impair or impede its ability to protect that interest. IEU-Ohio believes that its participation will not unduly prolong or

delay these proceedings and that it will significantly contribute to the full development and equitable resolution of the factual and other issues in these proceedings. The interests of IEU-Ohio will not be adequately represented by other parties to the proceedings and, as such, IEU-Ohio is entitled to intervene with the full powers and rights granted by the Commission, specifically by statute and by the provisions of the Ohio Administrative Code, to intervening parties.

Respectfully submitted,

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**MEMORANDUM IN SUPPORT OF MOTION TO INTERVENE  
AND COMMENTS ON FIRSTENERGY'S APPLICATION**

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**I. Memorandum in Support of IEU-Ohio Motion to Intervene**

In support of this Motion to Intervene, IEU-Ohio states that it is an association of ultimate customers. A current listing of IEU-Ohio member companies is available on IEU-Ohio's website at [http://www.ieu-ohio.org/member\\_list.aspx](http://www.ieu-ohio.org/member_list.aspx). IEU-Ohio members purchase substantial amounts of electric and related services from FirstEnergy, which is a public utility subject to the jurisdiction of the Commission.

IEU-Ohio members work together to address matters that affect the availability and price of utility services. Additionally, IEU-Ohio seeks to promote customer-driven policies that will assure an adequate, reliable, and efficient supply of energy for all consumers at competitive prices. To this end IEU-Ohio has worked, including actively participating in the legislative process related to SB 221 and will continue to work, to produce legislative, regulatory, and market outcomes that are consistent with the state policy contained in Section 4928.02, Revised Code.

Many IEU-Ohio member companies are served by FirstEnergy and may be affected by FirstEnergy's Smart Grid Modernization Initiative. IEU-Ohio has a real and substantial interest in these proceedings, specifically in the provision of electric service

to IEU-Ohio members' manufacturing facilities. Specifically, IEU-Ohio's direct interest in these proceedings is the result of the effect that these proceedings shall have upon the price, adequacy, and reliability of the electric supply and related services within Ohio, including the areas presently served by FirstEnergy.

## **II. IEU-Ohio Comments on FirstEnergy's Application**

In its Application, FirstEnergy proposes to recover costs of approximately \$36.1 million associated with its Smart Grid Modernization Initiative through Revised Rider Advanced Metering Infrastructure ("Rider AMI"). As proposed, Rider AMI would recover these costs through a uniform charge per kilowatt hour ("kWh"), initially set at 0.0273 cents per kWh, applicable to all customers other than those customers served under Rate General Service – Transmission.

As FirstEnergy indicates in its filing, the key components of its Smart Grid Modernization Initiative are distribution automation, voltage control, substation relay-based protective strategies, alternate pricing programs/AMI, and communications and data infrastructure installation. These are all components of the distribution system. Therefore, the allocation and recovery of these costs should be consistent with FirstEnergy's current distribution revenue responsibility and rate design. For commercial and industrial customers, distribution revenues are collected through a combination of monthly customer charges and demand charges.

IEU-Ohio recommends that Rider AMI be modified if the Commission approves FirstEnergy's Application. The estimated \$36.1 million in costs associated with the Smart Grid Modernization Initiative should be allocated between customer classes (rate schedules) based upon their current proportional responsibility for base distribution revenues. Any costs allocated to commercial and industrial rate schedules should be

recovered through either an increase in the monthly customer charge or an increase in the monthly distribution demand charge.

Additionally, none of the other Ohio electric distribution utilities (“EDUs”) recover or have proposed to recover their Smart Grid costs entirely on a per kWh basis. For example, pursuant to its approved electric security plan (“ESP”), a fixed charge per customer methodology is required to recover Smart Grid costs incurred by Duke Energy Ohio (“DE-Ohio”).<sup>1</sup> Dayton Power and Light (“DP&L”) has proposed to recover its AMI and Smart Grid costs using a customer charge and an energy charge component in order to “reflect the fact that nearly half of the costs are incurred because of the number of customers, rather than the amount of electricity each customer consumes.”<sup>2</sup> In the DP&L case, Staff has recommended that DP&L’s rider to recover AMI and Smart Grid costs be recovered through fixed customer charges.<sup>3</sup> Finally, Columbus Southern Power Company (“CSP”) recovers the Smart Grid costs approved in its ESP case through a charge that is applied as a percentage of base distribution charges.<sup>4</sup>

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<sup>1</sup> See *In The Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan*, PUCO Case Nos. 08-920-EL-SSO, *et al.*, Stipulation and Recommendation at 13-14 (October 27, 2008). A pending Stipulation and Recommendation (“Stipulation”) in DE-Ohio’s Smart Grid case would recover costs through a monthly charge of \$0.49 for residential customers and \$0.72 for non-residential customers. *In the Matter of the Application of Duke Energy Ohio to Adjust and Set Its Gas and Electric Recovery Rate for SmartGrid Deployment Under Riders AU and DR-IM*, PUCO Case Nos. 09-543-GE-UNC, *et al.*, Stipulation and Recommendation (November 19, 2009).

<sup>2</sup> *In the Matter of the Dayton Power and Light Company for Approval of its Electric Security Plan*, PUCO Case Nos. 08-1094-EL-SSO, *et al.*, Notice of Filing The Dayton Power and Light Company’s Revised Business Cases for AMI and Smart Grid, Book II – Customer Conservation and Energy Management Programs, Executive Summary at 9 (August 4, 2009).

<sup>3</sup> *In the Matter of the Dayton Power and Light Company for Approval of its Electric Security Plan*, PUCO Case Nos. 08-1094-EL-SSO, *et al.*, Comments of the Staff of the Public Utilities Commission of Ohio at 1-2 (December 15, 2009).

<sup>4</sup> See Columbus Southern Power Company, P.U.C.O. No. 7, Original Sheet No. 84-1, gridSMART Rider (effective Cycle 1 April 2009). Ohio Power Company does not have a rider to recover Smart Grid costs inasmuch as the pilot program authorized in American Electric Power-Ohio’s ESP was only implemented in CSP’s territory.

Further, Commission precedent supports the recovery of fixed costs such as those associated with FirstEnergy's Smart Grid Implementation Plan through customer or demand rates.<sup>5</sup> The Commission has found that only variable costs should be recovered through a volumetric kWh-based rate inasmuch as doing otherwise misaligns the revenue collected from larger customers with the costs incurred to serve larger customers. As proposed by FirstEnergy, Rider AMI unreasonably shifts a disproportional amount of the costs associated with the Smart Grid Modernization Initiative to larger, more energy intensive customers.

### **III. Conclusion**

IEU-Ohio respectfully requests the Commission grant its Motion to Intervene and adopt IEU-Ohio's recommended changes to Rider AMI if the Commission approves other elements of FirstEnergy's Application.

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<sup>5</sup> *In the Matter of the Complaint and Appeal of Columbia Gas of Ohio, Inc., from Ordinance No. 1192-76, of Columbus, Ohio, on July 19, 1976, to continue the Presently Established Schedules of Rates Being charged by Columbia Gas of Ohio, Inc., for Gas Service in the City of Columbus, Ohio, until August 1, 1978*, Case No. 76-704-GA-CMR, Opinion and Order at 7 (June 29, 1977); *In the Matter of the Application of Columbus Southern Power Company to Adjust its Power Acquisition Rider Pursuant to its Post-Market Development Period Rate Stabilization Plan*, Case No. 07-333-EL-UNC, Application for Rehearing by the Office of the Ohio Consumers' Counsel and Ohio Partners for Affordable Energy at 7-8, 10, 17-18 (July 27, 2007); *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of a Market Rate Offer*, Case No 08-936-EL-SSO, Opinion and Order at 22-24 (November 25, 2008); *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code in the Form of an Electric Security Plan*, Case No 08-935-EL-SSO, Opinion and Order at 19-23 (December 19, 2008).

Respectfully submitted,

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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing *Motion to Intervene, Memorandum in Support, and Comments of Industrial Energy Users-Ohio* was served upon the following parties of record this 30<sup>th</sup> day of December 2009, via first class mail, postage prepaid.

/s/ Joseph M. Clark

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Summary: Motion to Intervene, Memorandum in Support, and Comments of Industrial Energy Users-Ohio electronically filed by Mr. Joe Clark on behalf of Industrial Energy Users-Ohio