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**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 for Approval of Their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2010 Through 2012 and Associated Cost Recovery Mechanisms.	)	Case No. 09-1947-EL-POR
	)	Case No. 09-1948-EL-POR
	)	Case No. 09-1949-EL-POR
In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of Their Initial Benchmark Reports.	)	Case No. 09-1942-EL-EEC
	)	Case No. 09-1943-EL-EEC
	)	Case No. 09-1944-EL-EEC
In the Matter of the Energy Efficiency and Peak Demand Reduction Program Portfolio of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company.	)	Case No. 09-580-EL-EEC
	)	Case No. 09-581-EL-EEC
	)	Case No. 09-582-EL-EEC

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**OBJECTIONS OF OHIO PARTNERS FOR AFFORDABLE**

Pursuant to Rule 4801:1-39-04(D), Ohio Partners for Affordable Energy ("OPAE") hereby files its objections to the Applications of The Cleveland Electric Illuminating Company, Ohio Edison Company, and The Toledo Edison Company (collectively "the Companies" or "FirstEnergy"), as required by the Entry of January 14, 2010.

**OBJECTIONS**

1. OPAE objects to the failure of the Applications to include provisions to coordinate the Efficient New Homes Program with similar programs operated by natural gas utilities.

Residential efficiency programs targeting new homes are more cost-effective when natural gas and electric utility programs are delivered jointly because

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common costs are reduced. Cost-effectiveness is important to ratepayers that pay for programs operated by both utilities. Program coordination also provides comprehensive services to homebuilders ensuring that the benefits from energy efficiency are maximized. The Applications fail to provide a mechanism for such coordination and this oversight should be corrected.

**2. OPAE objects to the failure of the Applications to include provisions to coordinate the Comprehensive Residential Retrofit Program with similar programs operated by natural gas utilities.**

Residential efficiency retrofit programs targeting existing homes are more cost-effective when natural gas and electric utility programs are delivered jointly because common costs are reduced. Cost-effectiveness is important to ratepayers that pay for programs operated by both utilities. Program coordination provides comprehensive services to homeowners, ensuring that the benefits from energy efficiency are maximized. The Applications fail to provide a mechanism for such coordination and this oversight should be corrected.

**3. OPAE objects to the failure of the Applications to include provisions to coordinate the commercial and large enterprise New Construction Program with similar programs operated by natural gas utilities.**

Commercial efficiency programs targeting new commercial construction are more cost-effective when natural gas and electric utility programs are delivered jointly because common costs are reduced. Cost-effectiveness is important to ratepayers that pay for programs operated by both utilities. Program coordination also provides comprehensive services, ensuring that the benefits of

energy efficiency are maximized. The Applications fail to provide a mechanism for such coordination and this oversight should be corrected.

- 4. OPAE objects to the request in the Applications that the Companies be authorized to recover shared savings in contravention of the Stipulation approved by the Commission in Case No. 08-935-EL-SSO.**

The Stipulation approved by the Public Utilities Commission of Ohio

("Commission") in Case No. 08-935-EL-SSO permits the recovery of:

costs reasonably incurred by the Companies associated with energy efficiency, peak load reduction and demand side management programs, including program administration costs and recovery of lost distribution revenues as permitted by the Commission rules....

The Applications in these cases violate the terms of the Stipulation by requesting recovery of shared savings. While both are permitted under the Commission rules and by SB 221, the Stipulation excludes shared savings from recovery. The proposal in the Applications to permit collection of shared savings should be denied.

- 5. OPAE objects to the provision in the Applications that recoverable costs cannot be adjusted based on the monitoring and verification of energy efficiency savings or peak demand reductions.**

The Applications request that adjustments to Rider DSE for over- or under-recovery of costs and recovery of variable distribution revenues not be subject to adjustments based on monitoring and verification of energy efficiency savings or peak demand reduction. This provision of the Applications implies that the engineering estimates used to design the programs and project costs used to set

the riders cannot be adjusted based on monitoring and verification activities. This blanket prohibition against utilizing monitoring and verification results to determine the actual costs associated with these programs, especially lost revenues, is improper. While the level of savings associated with individual efficiency measures can only be adjusted on a going forward basis if the Technical Resource Manual is modified or the Commission opts to substitute the savings as determined by an in-field evaluation of the program as implemented, there is no prohibition against determining recovery of lost variable distribution revenues by ascertaining the amount of revenue actually lost. The approach proposed in the Applications for determining lost revenues or otherwise reconciling the riders should be rejected and collection should be based on actual costs or losses when not prohibited by applicable regulations.

**6. OPAE objects to the failure of the Applications to provide any mechanism for flowing back the generation-related savings associated with the Economic Load Response Rider (ELR) and Optional Load Response Rider (OLR) to customers.**

The Stipulation in Case No. 08-835-EL-SSO provides for collection of revenue shortfalls resulting from ELR and OLR from all customers classes. However, these Applications include no provision for netting these collections against savings resulting from the use of load response during periods of peak demand or another mechanism to refund these savings to customers. The public policy for promoting demand response is to reduce the need to purchase generation during the most expensive periods and thus reduce the cost of electricity for end-use customers. Collection of the revenue lost as a result of

demand response programs has been agreed to and approved by the Commission. However, the value of the demand response should be either netted or passed back to customers either through Rider DSE or through another mechanism. The value can be easily calculated based on the avoided cost resulting from the peak demand reduction allocated to customer classes.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Objections was served electronically upon the following parties identified below in these cases on this 17th day of February, 2010.



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### Facsimile Cover Sheet

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Fax # 614-466-0313

From: Dave Rinebolt/Ohio Partners for Affordable Energy

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THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Ohio	)	
Edison Company, The Cleveland Electric	)	Case No. 09-1947-EL-POR
Illuminating Company and The Toledo Edison	)	Case No. 09-1948-EL-POR
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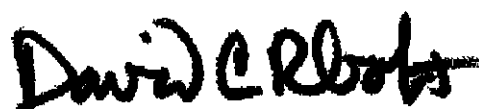
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