[Company Exhibit ____]

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 Nos. 09-1947-EL-POR 09-1948-EL-POR 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 Nos. 09-1942-EL-EEC 09-1943-EL-EEC 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 Nos. 09-580-EL-EEC 09-581-EL-EEC 09-582-EL-EEC

REBUTTAL TESTIMONY OF

KATHERINE M. KETTLEWELL

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

Q. HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN THIS PROCEEDING?

A. Yes. I submitted direct testimony in this case on December 15, 2009, in connection with the Energy Efficiency & Peak Demand Reduction Program Portfolio and Initial Benchmark Report (the "Plans") filed by Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, the "Companies").

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to statements made by Dr. Dennis W. Goins in his direct testimony filed in this proceeding on February 17, 2010. In particular, I respond to his recommendations regarding estimating the interruptible capability of the Companies' interruptible program.

Q. IN HIS DIRECT TESTIMONY, DR. GOINS STATES ON PAGE 6, PARAGRAPH 6, LINES 12, 13, AND 14 THAT "FIRSTENERGY ADOPTED A MEASUREMENT APPROACH THAT UNDERSTATES THE PDR VALUE OF RIDERS ELR AND OLR." DO THE COMPANIES BELIEVE THAT THIS CALCULATION UNDERSTATES THE PDR VALUE OF RIDERS ELR AND OLR?

A. Yes, but the Companies disagree with Dr. Goin's alternative methodology for calculating the PDR value, which I refer to as "Interruptible Capability."

Q. WHY DO YOU AGREE THAT THE ESTIMATE IS UNDERSTATED?

A. Section 4901:1-39-05(E) states: "An electric utility may satisfy peak-demand reduction benchmarks through a combination of energy efficiency and peak demand response programs…"

Section 49-1:1-39-05(E)(1) addresses energy efficiency programs, indicating that "an electric utility may count the programs' effects resulting in coincident peak-demand savings." Section 4901:1-39-05(E)(2) addresses demand response programs and allows an electric utility to count peak-demand reductions through one of several options, including a demonstration of its capability to reduce its peak demand through a peak-demand reduction program that "meets the requirements to be counted as a capacity resource under the tariff of a regional transmission organization approved by the Federal Energy Regulatory Commission." When calculating the Interruptible Capability – which is a peak-demand reduction, rather than energy efficiency program – the Companies used the energy efficiency methodology set forth in 4901:1-39-05(E)(1). The Companies should have used the peak-demand reduction methodology set forth in Section 4901:1-39-05(E)(2). Under the latter methodology, Interruptible Capability on a combined basis would be 258 MWs.

Q. HOW DO THE COMPANIES CURRENTLY REGISTER THEIR ELR INTERRUPTIBLE CAPABILITY WITH MISO?

A. The Companies currently register the Companies' ELR Interruptible Capability as load modifying resource (LMR) capacity in MISO through Module E. The Companies believe that this valuation of Interruptible Capability is consistent with the requirements of Section 4901:1-39-05(E)(2) of the Green Rules, and plan to submit this valuation method for compliance with 2009 and 2010 benchmarks. The Companies utilize a multi-factor calculation to develop the LMR capacity utilized by MISO for emergency purposes. The multifactor calculation looks at

maximum performance, average on-peak performance, average performance at system monthly peaks including the hour before and the hour after the peak, and average performance during the hours of 3 p.m. to 6 p.m., Monday through Friday, June through August. These factors are then given weights to arrive at a realistic operational capability associated with interruptible resources. The time period covered by this multi-factor calculation is consistent with the time periods that would most likely result in emergency interruptions. Currently the amounts registered through Module E are: 48 MWs for CEI, 66 MWs for Ohio Edison and 144 MWs for Toledo Edison.

Q. ON PAGE 9, LINES 15, 16 AND 17 OF HIS TESTIMONY, DR. GOINS RECOMMENDS THAT THE COMMISSION "DETERMINE THAT FIRSTENERGY MAY USE RIDER ELR AND OLR INTERRUPTIBLE LOAD TOWARD MEETING ITS PEAK DEMAND REDUCTION BENCHMARKS UNDER REVISED CODE § 4928.66(A)." DO YOU AGREE WITH THIS RECOMMENDATION?

A. No. The calculation of interruptible capability in Rider ELR is not provided for in the Green Rules as an option. The calculation in Rider ELR is intended to be used to calculate the value of the interruptible capability to the customer, and it does not reflect the operational interruptible capability that would qualify under an RTO tariff. While it is likely that actual interruptions could be called on during the time period specified in Rider ELR, that time period is too broad. It is unlikely that actual interruptions would be called during all hours of that specified time period, or that the maximum load of all ELR customers would be available

for curtailment all the time. The calculation in Rider ELR would significantly overstate our actual interruptible capability. However, the Companies are not opposed to using this methodology should the Commission choose to allow it.

Q. HOW DO THE COMPANIES INTEND TO CALCULATE INTERRUPTIBLE CAPABILITY FOR COMPLIANCE WITH THE STATUTORY BENCHMARKS IN 2011 AND 2012?

A. For compliance in 2011 and 2012, interruptible capability for the purpose of compliance to the benchmarks would be valued using PJM rules. To be considered a demand resource in PJM, the interruptible capability would need to be qualified as a demand resource in the Reliability Pricing Model (RPM) and would need to clear through either the ATSI utilities' FRR auction or any subsequent incremental auctions. The compliance value for 2011 and 2012 will be equal to the value of demand resources that have cleared in either the FRR auction or any subsequent incremental auctions. For years beyond 2012, the Companies would begin to value interruptible capability based on the demand resources that clear in annual RPM Base Residual Auctions or incremental auctions.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.

Summary: Testimony (Rebuttal) of Katherine M. Kettlewell electronically filed by Mr. James F Lang on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company