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Public Utilities Commission of Ohio
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In re: Case Nos. 09-1947-EL-POR, 09-1948-EL-POR and 09-1949-EL-POR
Case Nos. 09-1942-EL-EEC, 09-1943-EL-EEC and 09-1944-EL-EEC
Case Nos. 09-580-EL-EEC, 09-581-EL-EEC and 09-582-EL-EEC

Dear Sir/Madam:

Please find enclosed an original and twenty (20) copies of REPLY BRIEF OF THE OHIO ENERGY GROUP fax-filed in the above-referenced matter.

Copies have been served on all parties on the attached certificate of service. Please place this document of file.

Respectfully yours,

David F. Boehm, Esq.
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BOEHM, KURTZ & LOWRY

MLKkw
Encl.
Cc: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that true copy of the foregoing was served by electronic mail (when available) or ordinary mail, unless otherwise noted, this 12th day of April, 2010 to the following:



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**BEFORE THE
PUBLIC UTILITY 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-BL-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

**REPLY BRIEF OF
THE OHIO ENERGY GROUP**

The Ohio Energy Group ("OEG") addressed one issue in our initial brief. How should the EE/PDR program costs for the Large Commercial and Industrial consumers served under Rates GP, GSU and GT be allocated among those business customers? We advocated that those program costs be allocated directly to the Rate Schedule that benefits from the program, just like the Companies proposed to do with the residential customers on Rate RS and the small commercial customers on Rate GS.

The Companies addressed cost allocation on page 19 of their initial brief. They described how the EE/PDR costs are tracked and allocated to "*six customer sectors*". The Mercantile-Utility (Large Enterprise) sector is comprised of Rates GP, GSU and GT. The Companies argue that combining Rates GP, GSU and GT into one sector "*continues the parties' agreement in the [2009] ESP Case that*

allocation of costs would be on a rate schedule basis." (FirstEnergy Initial Brief at 19). But this is precisely what the Companies did not do.


Combining Rates GP, GSU and GT into one sector (Mercantile-Utility Large Enterprise) does not allocate costs on a rate schedule basis. That is our complaint.

The 2009 ESP Stipulation cited by the Companies provides as follows: *"The Demand Side Management and Energy Efficiency rider will be implemented as proposed in the Companies' ESP, excluding smart grid; provided, however, that the allocation of costs will be on a rate schedule/class specific basis or as otherwise recommended as part of the energy efficiency collaborative..."* (February 19, 2009 Stipulation Case No. 08-935-EL-SSO, Section E.2, page 21). OEG was a party to the 2009 ESP Stipulation and we specifically bargained for this provision. The direct Rate Schedule allocation method proposed by OEG is consistent with the Stipulation. Combining Rates GP, GSU and GT into one "sector" does not.

A single example demonstrates the practical implications of grouping the largest business customers into one "sector". Exhibit SEO-C3 shows the Companies' proposed EE/PDR allocation for Toledo Edison. The combined energy usage for Rates GP, GSU and GT is 5,111,703 mwh. This constitutes 51.6% of all energy sold by Toledo Edison. The Companies' allocation method assumes that the usage characteristics of the businesses that make up this "sector" is similar, despite the fact that the companies on Rates GP, GSU and GT that make up over half of Toledo Edison's energy sales range from large steel companies to primary voltage distribution warehouses. The EE/PDR programs that are appropriate for steel makers vary greatly from those appropriate for warehouses. There is no precision to the Companies' method. It is unnecessarily blunt and inaccurate. It is not the *"rate schedule/class specific basis"* to which the parties agreed in the 2009 ESP Stipulation.

The Rate Schedule specific assignment method proposed by OEG is consistent with the ESP Stipulation. Further, it ensures that the Rate Schedule that receives the benefit of EE/PDR programs pays the costs, no more and no less.

Respectfully submitted,



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