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one-time incentive payment to the Customer or exempt the Customer from the EE/PDR rider as outlined above. Upon approval, the agreement will be implemented and the Company will reflect the cost recovery as part of the EE/PDR rider.

Staff's Review

Pursuant to paragraph (G) of section 4901:1-39-05 of the Administrative Code, the filing must:

- (a) Address coordination requirements between the electric utility and the mercantile customer, including specific communication procedures.
- (b) Grant permission to the electric utility and staff to measure and verify energy savings and/or peak-demand reductions resulting from customer-sited projects and resources.
- (c) Identify all consequences of noncompliance by the customer with the terms of the commitment.
- (d) Include a copy of the formal declaration or agreement that commits the mercantile customer's programs for integration, including any requirement that the electric utility will treat the customer's information as confidential and will not disclose such information except under an appropriate protective agreement or a protective order issued by the commission.
- (e) Include a description of methodologies, protocols, and practices used or proposed to be used in measuring and verifying program results, and identify and explain all deviations from any program measurement and verification guidelines that may be published by the commission.

Staff reviewed the Joint Application and additional supporting documentation provided by the Company, including engineering studies, engineering estimates, and lighting and motor invoicing. The Customer uses more than 700,000 kWh annually, or otherwise meets the requirements to be classified as a mercantile customer. The Customer has provided documentation as evidence that the methodology used to calculate energy savings conforms to the general principals of the International Performance Measurement Verification Protocol (IPMVP) that is used by the Company. Within the Company's Self Direct Program agreement, the customer committed the Energy Projects for the life of the projects.

The Joint Application includes a project overview that outlines the project, customer size, project installation date, kWh reduction, peak kW demand reduction, total project cost, incentive total, the eligible self direct incentive, and the exemption period from the rider. The Customer has attested to the validity of the information, and its intention to participate in the program.

The project presented in the Joint Application is consistent with the presumption that a mercantile project is part of a demand response, energy efficiency, or peak demand reduction program to the extent the project either provides for early retirement of fully functioning equipment, or achieves reductions in energy use and peak demand that exceed the reductions that

would have occurred had the customer used standard new equipment or practices where practicable.

The Customer has implemented the Energy Projects. The Kroger Company's projects consist of lighting system replacements and the installation of Electronically Commutated Motors (ECM). The lamps and ECMs that were installed meet all the current energy savings requirements. Invoicing was provided for substantiation of purchase and installation. Further, the Energy Projects were installed September 30, 2009.

Staff Recommendation

Based upon its review, the Staff believes that the Energy Projects meet the requirements for integration in the Company's EE/PDR compliance plan.

This joint application does not appear to be unreasonable, was properly filed in conformance with the applicable rules, and Staff recommends approval of this special arrangement providing The Kroger Company to choose either Option 1 or Option 2. Option 1 provides a one time incentive payment of \$11,788.78. Option 2 allows an exemption from the EE/PDR rider for 82 months.

Prepared by: R. Wolfe
Date: 25-June-2010