

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of)
the Cleveland Electric Illuminating)
Company and 4 C's for Integration of a) Case No. 09-1105-EL-EEC
Mercantile Customer Energy Efficiency)
or Peak-Demand Reduction Program.)

FINDING AND ORDER

The Commission finds:

- (1) Section 4928.66, Revised Code, requires electric utilities to meet certain annual energy efficiency and peak demand reduction benchmarks specified in the statute. Further, the statute enables mercantile customers to commit their peak demand reduction, demand response, and energy efficiency programs for integration with an electric utility's programs in order for the electric utility to meet the statutory benchmarks.
- (2) Section 4928.01(A)(19), Revised Code, defines a mercantile customer as a commercial or industrial customer that consumes more than 700,000 kilowatt hours of electricity per year or that is part of a national account involving multiple facilities in one or more states.
- (3) The Cleveland Electric Illuminating Company (CEI) is a public utility as defined in Section 4905.02, Revised Code, and, as such, is subject to the jurisdiction of this Commission. CEI recovers its costs of complying with the energy efficiency and demand reduction (EEDR) requirements imposed by Section 4928.66, Revised Code, from its customers through its Rider DSE2.
- (4) Rule 4901:1-39-05(G), Ohio Administrative Code (O.A.C.), provides for the filing of an application by a mercantile customer, either individually or jointly with an electric utility, to commit the customer's demand reduction, demand response, and energy efficiency programs for integration with an electric utility's programs in order to meet the utility's statutory requirements.

- (5) On December 30, 2009, CEI and 4 C's (customer) filed a joint energy efficiency credit (EEC) application pursuant to Rule 4901:1-39-05(G), O.A.C., to commit the customer's lighting system upgrades which were implemented in 2006 for integration with CEI's programs to meet the utility's EEDR benchmarks. On April 5, 2011, CEI refiled amended exhibits including the wattage consumption correction for the existing metal halide fixtures that were changed out for this lighting project.
- (6) On April 7, 2011, the Commission Staff filed a report recommending approval of the application and the customer's exemption from Rider DSE2 through 2018. Staff reports that the customer's lighting upgrade project consisted of replacing 218 (458 watt metal halide) fixtures with 215 (226 watt T-8 fluorescent) fixtures, which resulted in an average annualized savings of 336,431 kwh. Staff compared the customer's average annual energy baseline consumption with the energy savings achieved to verify the length of exemption of the DSE2 Rider and concluded that the exemption period is accurately calculated. The customer's annual savings equals approximately 8.3 percent of its three-year weather adjusted average baseline usage. With the energy savings achieved, 4 C's will be exempt from the DSE2 Rider through 2018. Staff found that the application was properly filed in conformance with the applicable rules. Staff has verified that the customer meets the definition of a mercantile customer and has provided documentation that the methodology used to calculate energy savings conforms to the general principals of the International Performance Measurement Verification Protocol used by CEI. Staff also verified that the company's avoided cost exceeds the cost that CEI will spend to acquire the customer's commitment for integration of the self-directed energy efficiency project.
- (7) Upon review of the application, supporting documentation, and Staff's recommendations, the Commission finds that the joint application meets the requirements for mercantile commitment pursuant to Rule 4901:1-39-05, O.A.C., and for mercantile customer EEDR rider exemptions pursuant to Rule 4901:1-39-08, O.A.C., and does not appear to be unjust or unreasonable. As noted in the Commission's entry of September 15, 2010 in Case No. 10-834-EL-EEC establishing

an 18-month pilot program, the Commission will not preclude cash rebates or exemptions from EEDR riders for projects with a payback of less than one year or the use of the benchmark comparison method, for EEC applications filed prior to that date. September 15, 2010 Entry at 4-5, 7-8. Thus, a hearing on this matter is unnecessary, and we find that the application should be approved. As a result of such approval, we find that CEI should adjust its baselines, pursuant to Section 4928.66(A)(2)(c), Revised Code, and Rule 4901:1-39-05, O.A.C. We note, however, that approval of this project is subject to evaluation, measurement, and verification in the portfolio status report proceeding initiated by the filing of CEI's portfolio status report, as set forth in Rule 4901:1-39-05(C), O.A.C. The Commission also notes that every arrangement approved by this Commission remains under our supervision and regulation and is subject to change, alteration, or modification by the Commission.

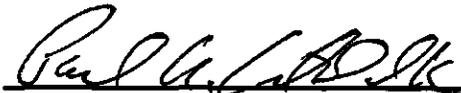
It is, therefore,

ORDERED, That this application be approved and that the record of this case be closed. It is, further,

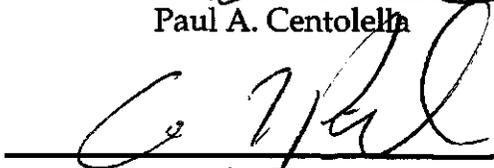
ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Todd A. Snitchler, Chairman


Paul A. Centolella


Steven D. Lesser

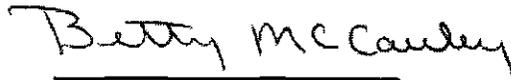

Andre T. Porter


Cheryl L. Roberto

RMB/dah

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Betty McCauley
Secretary

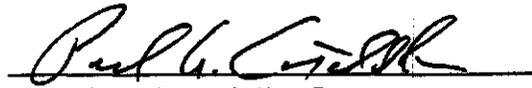
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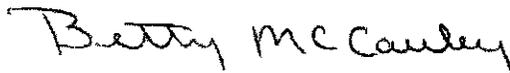
CONCURRING OPINION OF COMMISSIONER PAUL A. CENTOLELLA

This case presents comparable circumstances to those in Case No. 09-595-EL-EEC, *In the Matter of the Application of Progressive Insurance Company and The Cleveland Electric Illuminating Company for Approval a Special Arrangement with a Mercantile Customer*. For the reasons stated in my Concurring Opinion in Case No. 09-595-EL-EEC, I would approve the proposed agreement subject to future reexamination based on the total exemptions granted for this utility using a benchmark comparison approach.


Paul A. Centolella, Commissioner

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Betty McCauley
Secretary

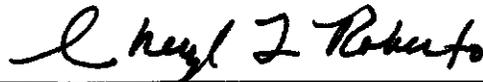
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DISSENTING OPINION OF COMMISSIONER CHERYL L. ROBERTO

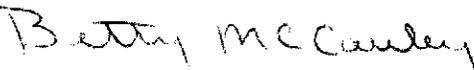
I congratulate 4 C's on the energy savings achieved in their facility and agree with my colleagues that such savings warrant an incentive and/or waiver of rider DSE2. However, I continue to believe, consistent with the more comprehensive dissent I filed in *In the Matter of the Application of Toledo Edison Company and Toledo Correctional Institute for Integration of a Mercantile Customer Energy Efficiency or Peak Demand Reduction Program*, Case No. 09-1315-EL-EEC, Dissenting Opinion (March 30, 2011), that utilizing the benchmark comparison method to calculate the appropriate waiver period undermines Ohio's public policies promoting energy efficiency. For this reason, I dissent.



Cheryl L. Roberto, Commissioner

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Betty McCauley
Secretary